Appendix 4D

HALF-YEAR REPORT
Blackmores Limited - ACN 009 713 437
For the period ended 31 December 2018

This Half-Year Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Current Reporting Period:	Half-Year ended 31 December 2018
Previous Corresponding Period:	Half-Year ended 31 December 2017

Revenue and Net Profit	**Amount $'000**	**Up / Down**	**Movement**
Revenue from ordinary activities	319,389	up	11.1%
Profit after tax attributable to members	34,325	up	0.4%
Net profit attributable to members	34,325	up	0.4%

Dividend Information	**Amount per Security**	**Franked Amount per Security**	**Tax Rate for Franking**
Interim dividend (to be paid 20 March 2019)	150¢	150¢	30%

The Company's Dividend Reinvestment Plan (DRP) remains active. The current discount applying to shares issued under the Plan is 2.5%. The last date for receipt of a valid election notice by our Share Registry for participation in the Plan is 6 March 2019. The DRP pricing period will be the five trading days from 6 March 2019 to 12 March 2019. Any shares issued pursuant to the Plan will rank equally with other existing shares

Interim Dividend Dates

Ex-dividend date	4 March 2019
Record date	5 March 2019
Payment date	20 March 2019

	31 December 2018	31 December 2017
Net tangible assets per security	$7.49	$6.83

Additional Appendix 4D disclosure requirements can be found in the Blackmores Limited Half-Year Report for the period ended 31 December 2018.

The Appendix 4D is based on the Blackmores Limited Half-Year Report for the period ended 31 December 2018 which has been reviewed by Deloitte Touche Tohmatsu. This should be read in conjunction with the most recent Annual Financial Report as at and for the year ended 30 June 2018.

Financial Report

FOR THE
HALF-YEAR ENDED
31 DECEMBER 2018

BLACKMORES®

Contents

1	Directors' Report
3	Auditor's Independence Declaration
4	Independent Auditor's Review Report
6	Directors' Declaration
7	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
8	Condensed Consolidated Statement of Financial Position
9	Condensed Consolidated Statement of Changes in Equity
10	Condensed Consolidated Statement of Cash Flows
11	Notes to the Condensed Consolidated Financial Statements

Directors' Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

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 2018. 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:

Brent Wallace
David Ansell
John Armstrong
Marcus Blackmore
Richard Henfrey
Jackie McArthur
Helen Nash
Stephen Chapman (resigned 27 November 2018)

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

The Directors report that revenue for the six months to 31 December 2018 was $319 million, up 11%, delivering a net profit after tax attributable to Blackmores shareholders of $34 million, in line with the profit result delivered in the previous corresponding period due to increased levels of investment, impacting profitability in the short-term.

Revenue in Australia and New Zealand (ANZ) of $144 million was up $23 million (or 19%) on the previous corresponding period. Revenue was boosted by Australian retailers more actively targeting export trade to China.

The earnings from our business in Australia and New Zealand increased in the half with earnings before interest and taxes (EBIT) of $33 million, up 28% compared to the previous corresponding period.

Blackmores remains the number one VDS brand[1] in Australia and we continue to benefit from strong sales of new products, including the recently launched 'Essentials' range, higher strength magnesium and curcumin for joint health.

Our reported China segment sales were down 11% in the half compared to the prior corresponding period, although when China-influenced sales through Australian retailers are taken into account, we estimate growth in sales to Chinese consumers to be around 8%.

Contributing to this China result was a channel shift with Australian retailers more directly targeting the China export trade, which has benefited our ANZ segment results. This channel shift was highlighted in quarter one and has continued to accelerate through quarter two.

Within the China segment, China in-country sales continued to grow strongly during the half. Sales during Singles Day were up 65% on 2017, with 200,000 products sold. We are investing strongly in our brand in China, including the recent appointment of Shawn Dou as Brand Ambassador.

Blackmores had a major presence at the China International Import Expo (CIIE) in Shanghai, which was attended by an estimated 500,000 visitors.

Blackmores' businesses across Asia recorded strong levels of sales growth. Korea increased 67%, Taiwan 150% and Hong Kong was up 39% on the prior corresponding period.

EBIT for Other Asia was up 268% for the half, due to success of NPD and marketing program, distribution and retailer expansion, and improved supply environment.

Our joint venture in Indonesia, Kalbe Blackmores Nutrition, continues to grow strongly with sales up 72% in the half. A key driver was the entry into Kimia Farma – Indonesia's largest pharmacy retail chain.

BioCeuticals Group delivered sales growth of 7% and continues to lead in the practitioner category in both product sales and education resources.

During the half, BioCeuticals commenced a medicinal cannabis trial for glioblastoma multiform, a form of brain cancer. The trial is running in conjunction with the Prince of Wales Hospital and Endeavour College of Natural Therapies. Endeavour's Dr Janet Schloss is the lead investigator and neurosurgeon Dr Charlie Teo is the prescribing physician.

The Blackmores Institute continues its strong focus on promoting an evidence-based approach to complementary medicine throughout the Asia Pacific region, including the launch of a Green Paper on the Health of Chinese Career Women in collaboration with the prestigious Tsinghua University.

The Institute held three health professional symposia with record attendances in Bangkok, Hanoi and Ho Chi Minh City, and Pharmacist Masterclasses on Integrative Prescribing were held around Australia.

FINANCIAL POSITION OF THE GROUP

The Blackmores balance sheet remains in a strong position at the end of the half-year.

Total Net Assets increased by $16 million to $210 million in the half. Total Current Assets of the Group were relatively flat and decreased by $1 million to $301 million during the half-year, due to slightly higher inventory levels and sponsorship prepayments offset by lower receivables balances compared to June.

Inventory levels at $110 million continue to be closely managed and include higher levels of safety stock. Since June 2018, inventory has grown by a further 6% to support increased sales and better manage risk of supply disruptions.

Non-current assets of the Group increased by $14 million to $176 million during the half-year, due the continued investment in our systems and more significantly to reflect the acquisition of the Impromy weight management brand in the half.

Directors' Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Current liabilities of the Group decreased by $28 million to $147 million during the half-year, largely due to inventory purchasing cycles.

Non-current liabilities of the Group increased during the half-year to $121 million, up $24 million since June 2018, driven by increased borrowings to fund higher working capital requirements and the recent Impromy acquisition.

Net debt increases were broadly in line with the increase in Gross Debt, with cash levels increasing by $2 million in the period to $38 million.

The Gearing Ratio has increased from 20% to 25% in the period but remains at conservative levels and we have maintained appropriate headroom against all bank covenants

Working Capital at $118 million has increased by $21 million in the period, driven by the growth in the business and timing of supplier payments.

Cash generated from operations of the Group was $34 million, an increase of 22% ($6 million) on the prior corresponding period. Cash conversion for the Group was 60%, which compares favourably to 52% delivered in the prior corresponding period.

DIVIDEND

The amounts paid or declared by way of dividend since the start of the financial year are:

- A final dividend of 155 cents per share fully franked in respect of the year ended 30 June 2018, as detailed in the Directors' Report for that financial year, was paid on 12 October 2018.
- On 18 February 2019, Directors declared an interim dividend of 150 cents per share fully franked, which is in line with the prior corresponding period. The record date is 5 March 2019 and the dividend is payable on 20 March 2019.

The Dividend Reinvestment Plan is available for the interim dividend, allowing shareholders to reinvest distributions in the Company's securities and to support the funding of growth initiatives. Shareholders who elect to participate in the DRP will benefit from a 2.5% discount.

If you wish to participate in the DRP or change your current nomination, you will need to do so by 5pm (AEDT) on 6 March 2019. Further information is available at www.blackmores.com.au/dividend

SUBSEQUENT EVENTS

Other than the declaration of the dividend, the Directors are not aware of any other matter or circumstance that has arisen since the end of the year that has significantly affected, or may significantly affect, the Group's operations or financial state of affairs in future years.

OUTLOOK

Our outlook is for modest full-year revenue growth.

However, our China sales in the third quarter are being impacted by continuing changes to the way consumers purchase our products as well as higher inventory in the trade and a general softening of consumer sentiment.

As a result, we do not expect the second half profit performance to be ahead of the first half result.

Apart from China, all other markets are expected to continue performing well and we expect overall Group sales to improve in the fourth quarter.

As our business continues to grow and evolve, we are committed to investing in initiatives to drive our future growth.

An efficient operating structure is a critical part of this plan and we are leading a Business Improvement Program across the organisation to target $60 million of savings over the next three years. This work has already commenced. The intention is that savings will be redirected to investment in strategic initiatives, investment in people and capacity, and delivery of overall margin improvement.

The Board remains confident in the future long-term growth potential for the Blackmores business.

AUDITOR'S INDEPENDENCE DECLARATION

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

ROUNDING OFF AMOUNTS

The Company is a company of the kind referred to in ASIC Corporations Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument 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

Brent Wallace
Chairman

Dated in Sydney, 18 February 2019

1. Nielsen total VDS domestic market data MAT to 31/12/2018.

Auditor’s Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Eclipse Tower
60 Station Street
Parramatta
Sydney, NSW, 2150
Australia

Phone: +61 2 9840 7000
www.deloitte.com.au

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

18 February 2019

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 2018, 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
ABN 74 490 121 060
Eclipse Tower
60 Station Street
Parramatta
Sydney, NSW, 2150
Australia

Phone: +61 2 9840 7000
www.deloitte.com.au

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 consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 20.

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 2018 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.

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.

Independent Auditor's Review Report

Deloitte.

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 2018 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, 18 February 2019

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 consolidated entity.

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

On behalf of the Directors

Brent Wallace
Chairman

Sydney, 18 February 2019

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	NOTES	31 December 2018 $'000	31 December 2017 $'000
Revenue	2.1	**319,389**	287,381
Other income		**1,057**	757
Revenue and other income		**320,446**	288,138
Raw materials and consumables used		**124,184**	112,350
Employee benefits expenses		**77,877**	68,482
Selling and marketing expenses		**31,963**	24,454
Depreciation and amortisation expenses		**5,307**	4,287
Operating lease rental expenses		**4,767**	4,565
Professional and consulting expenses		**5,622**	4,782
Repairs and maintenance expenses		**3,549**	3,236
Freight expenses		**7,938**	6,791
Bank charges		**600**	505
Licences and registrations		**2,028**	814
Impairment of financial assets		**85**	2,798
Other expenses		**6,049**	5,822
Total expenses		**269,969**	238,886
Earnings before interest and tax	2.2	**50,477**	49,252
Interest revenue		**167**	249
Interest expense		**(2,412)**	(2,231)
Net interest expense		**(2,245)**	(1,982)
Profit before tax		**48,232**	47,270
Income tax expense		**(14,132)**	(13,945)
Profit after tax		**34,100**	33,325
Profit/(loss) attributable to:			
Owners of the parent		**34,325**	34,180
Non-controlling interests		**(225)**	(855)
		34,100	33,325
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign controlled entities		**1,514**	967
Net gain/(loss) on hedging instruments entered into for cash flow hedges (net of tax)		**1**	(36)
Other comprehensive income for the period (net of tax)		**1,515**	931
Total comprehensive income for the period		**35,615**	34,256
Total comprehensive income attributable to:			
Owners of the parent		**35,838**	35,139
Non-controlling interests		**(223)**	(883)
		35,615	34,256
EARNINGS PER SHARE			
– Basic earnings per share (cents)	4.3	**198.9**	198.4
– Diluted earnings per share (cents)		**198.2**	198.0

Notes to the Condensed Consolidated Financial Statements are included on pages 11 to 20.

Condensed Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2018

	NOTES	31 December 2018 $'000	30 June 2018 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**38,104**	36,468
Receivables		**138,928**	150,788
Inventories		**110,413**	103,965
Other assets		**13,354**	10,811
Derivative assets	5.1	**664**	475
Total current assets		**301,463**	302,507
NON-CURRENT ASSETS			
Property, plant and equipment		**78,359**	76,261
Investment property		**2,160**	2,160
Goodwill and intangible assets	3.1	**77,316**	66,212
Deferred tax assets		**13,036**	12,590
Other financial assets		**1,776**	1,520
Amounts advanced to related parties		**3,600**	3,600
Total non-current assets		**176,247**	162,343
Total assets		**477,710**	464,850
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**131,363**	157,868
Current tax liability		**2,131**	4,246
Provisions		**8,782**	8,065
Other liabilities		**4,098**	4,085
Derivative liabilities	5.1	**311**	203
Total current liabilities		**146,685**	174,467
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	4.1	**109,000**	86,000
Deferred tax liabilities		**10,227**	9,341
Provisions		**1,222**	1,229
Other liabilities		**814**	483
Total non-current liabilities		**121,263**	97,053
Total liabilities		**267,948**	271,520
Net assets		**209,762**	193,330
EQUITY			
CAPITAL AND RESERVES			
Issued capital		**47,120**	37,753
Reserves		**5,476**	5,926
Retained earnings		**156,934**	149,196
Equity attributable to shareholders of Blackmores Ltd		**209,530**	192,875
Equity attributable to non-controlling interests		**232**	455
Total equity		**209,762**	193,330

Notes to the Condensed Consolidated Financial Statements are included on pages 11 to 20.

Condensed Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	ISSUED CAPITAL	EQUITY-SETTLED EMPLOYEE BENEFITS RESERVE	CASH FLOW HEDGING RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	ATTRIBUTABLE TO OWNERS OF BLACKMORES LTD	NON-CONTROLLING INTEREST	TOTAL EQUITY
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2017	37,753	5,167	(415)	(667)	135,703	177,541	1,278	178,819
Dividends declared	-	-	-	-	(24,117)	(24,117)	-	(24,117)
Profit/(loss) for the period	-	-	-	-	34,180	34,180	(855)	33,325
Other comprehensive income/(expense) for the period, net of tax	-	-	(36)	995	-	959	(28)	931
Total comprehensive income for the period	-	-	(36)	995	34,180	35,139	(883)	34,256
Share-based payments expense	-	752	-	-	-	752	-	752
Issue of shares under employee long-term incentive plans (net of on market purchases and tax)	-	(2,744)	-	-	(6,687)	(9,431)	-	(9,431)
Balance as at 31 December 2017	37,753	3,175	(451)	328	139,079	179,884	395	180,279
Balance as at 1 July 2018	**37,753**	**3,739**	**188**	**1,999**	**149,196**	**192,875**	**455**	**193,330**
Dividends declared	**-**	**-**	**-**	**-**	**(26,587)**	**(26,587)**	**-**	**(26,587)**
Profit/(loss) for the period	**-**	**-**	**-**	**-**	**34,325**	**34,325**	**(225)**	**34,100**
Other comprehensive income/(expense) for the period, net of tax	**-**	**-**	**1**	**1,512**	**-**	**1,513**	**2**	**1,515**
Total comprehensive income for the period	**-**	**-**	**1**	**1,512**	**34,325**	**35,838**	**(223)**	**35,615**
Share-based payments expense	**-**	**628**	**-**	**-**	**-**	**628**	**-**	**628**
Issue of shares under the Dividend Reinvestment Plan (DRP)	**6,776**	**-**	**-**	**-**	**-**	**6,776**	**-**	**6,776**
Issue of shares under employee long-term incentive plans (net of on market purchases and tax)	**2,591**	**(2,591)**	**-**	**-**	**-**	**-**	**-**	**-**
Balance as at 31 December 2018	**47,120**	**1,776**	**189**	**3,511**	**156,934**	**209,530**	**232**	**209,762**

Notes to the Condensed Consolidated Financial Statements are included on pages 11 to 20.

Condensed Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	NOTES	31 December 2018 $'000	31 December 2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (net of promotional and other rebates)		**374,415**	317,987
Payments to suppliers and employees		**(340,772)**	(290,313)
Cash generated from operations		**33,643**	27,674
Interest and other costs of finance paid		**(3,053)**	(2,763)
Income taxes paid		**(15,596)**	(16,296)
Net cash flows from operating activities		**14,994**	8,615
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**168**	249
Payments for property, plant and equipment		**(7,802)**	(6,459)
Payments for business combinations	3.1	**(8,686)**	-
Payments for intangible assets		**(1,912)**	-
Proceeds from disposal of property, plant and equipment		**13**	14
Dividends received		**-**	36
Amounts advanced to related parties		**-**	285
Net cash used in investing activities		**(18,219)**	(5,875)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings		**506,000**	175,080
Repayment of bank borrowings		**(483,000)**	(154,000)
Proceeds from other borrowings		**279**	-
Dividends paid	4.2	**(19,811)**	(24,117)
Net cash used in financing activities		**3,468**	(3,037)
Net increase in cash and cash equivalents		**243**	(297)
Cash and cash equivalents at the beginning of the period		**36,468**	34,251
Effects of exchange rate changes on the balance of cash held in foreign currencies		**1,393**	365
Cash and cash equivalents at the end of the period		**38,104**	34,319

Notes to the Condensed Consolidated Financial Statements are included on pages 11 to 20.

Notes
to the Condensed Consolidated Financial Statements

FOR THE HALF-YEAR ENDED
31 DECEMBER 2018

01 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 across Australia, New Zealand and Asia.

Blackmores Limited's registered office and its principal place of business is as follows:
20 Jubilee Avenue, Warriewood, NSW 2102
Telephone +61 2 9910 5000

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

1.1 REPORTING ENTITY

Blackmores Limited is a company domiciled in Australia. The Consolidated Interim Financial Report (Financial Report) of Blackmores as at and for the half-year ended 31 December 2018 comprises Blackmores and its subsidiaries (the Group).

The Consolidated Annual Financial Report of the Group for the financial year ended 30 June 2018 is available upon request from the registered office of Blackmores at 20 Jubilee Avenue, Warriewood, NSW 2102 or online at blackmores.com.au.

1.2 STATEMENT OF COMPLIANCE

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 should be read in conjunction with the most recent Annual Financial Report as at and for the financial year ended 30 June 2018.

1.3 BASIS OF PREPARATION

The half-year Financial Report has 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.

In accordance with the Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191, the 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 2018 Annual Financial Report for the financial year ended 30 June 2018, 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.

1.4 ESTIMATES

The preparation of the half-year 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 half-year 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 Annual Financial Report for the financial year ended 30 June 2018.

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.

01 GENERAL INFORMATION

1.5 APPLICATION 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 half-year.

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

• AASB 2014-1 Amendments to Australian Accounting Standards [Part C – Materiality]

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.

• AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities. This change has no impact on the classification and measurement in the half-year report.

AASB 9 changes the calculation of impairment losses in financial assets. It impacts the way the Group calculates the doubtful debt provision, now termed the credit loss allowance. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. A provision matrix is determined based on historic credit loss rates for each group of customer, adjusted for any material expected changes to the customers' future credit risk.

The impact on the half-year report is immaterial.

• AASB 15 Revenue from Contracts with Customers

In the current year, the Group has applied AASB 15 Revenue from Contracts with Customers (as amended) which is effective for an annual period that begins on or after 1 January 2018. It replaced AASB 118 Revenue and related interpretations. Apart from providing more extensive disclosures for the Group's revenue transactions, the application of AASB 15 has not had a significant impact on the financial position and/or financial performance of the Group. This is because revenue is recognised at the point control of goods passes to the customer, which is consistent with the point in time of revenue recognition under the old accounting standard AASB 118 Revenue.

Summary of revenue streams

Revenue from sale of goods is reduced for discounts and promotional and other rebates.

REVENUE STREAM	WHEN PERFORMANCE OBLIGATION IS SATISFIED	TIMING OF RECOGNITION
Revenue from sale of goods (including sale of goods on consignment)	Delivery of goods to customer and passing of legal title	At the point of delivery

• AASB 16 Leases

As disclosed in the 30 June 2018 Financial Report, AASB 16 Leases will replace existing accounting requirements for leases under AASB 117 Leases. The Group is continuing to assess the impact of the new requirements on the Group's Consolidated Financial Statements; however the impact is expected to materially 'gross-up' the Group's Consolidated Statement of Financial Position, impacting key financial ratios. As the assessment develops further, quantitative and qualitative disclosures will be provided.

02 OUR OPERATIONS

Blackmores is the leading natural healthcare company across the Asia-Pacific region. Blackmores' operations include product innovation and formulation, sourcing of the highest quality ingredients, quality programs to ensure compliance with standards of good manufacturing and the marketing, sales and distribution of products to customers and consumers.

2.1 REVENUE AND OTHER INCOME

	Consolidated Half-year ended	
	31 December 2018 $'000	31 December 2017 $'000
Sales (net of discounts)	**397,436**	351,855
Promotional and other rebates	**(78,047)**	(64,474)
Revenue	**319,389**	287,381
Other income	**1,057**	757
Revenue and other income	**320,446**	288,138

Accounting policies

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for discounts, estimated customer returns, and promotional and other rebates.

Sale of goods

Revenue from the sale of goods is recognised when the performance obligation of the sale has been fulfilled and control of the goods has been transferred to the customer. Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

Sale of goods on consignment

Revenue from the sale of goods on consignment is recognised upon the sale of the goods by the consignee. Control of the goods remains with Blackmores until such time as the goods are sold by the consignee.

Discounts, promotional and other rebates

The amount of revenue recognised for a transaction is net of any discounts, promotional and other rebates, which include growth rebates, and/or contributions to customers towards promotional activities (known as case deals).

2.2 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. The Group's reportable segments under AASB 8 are therefore as follows:

ANZ
Comprising the sales of the Blackmores, Pure Animal Wellbeing and Impromy brands across Australia and New Zealand, also including the benefit of sales made to customers which are ultimately intended for Asian markets.

CHINA
Comprising the sales of the Blackmores and Pure Animal Wellbeing brand in China (in country) and China Export Division.

BIOCEUTICALS GROUP
Comprising the BioCeuticals practitioner brands, Isowhey, Wheyless, Oriental Botanicals and Fusion Health brands.

OTHER ASIA
Comprising the Blackmores and Pure Animal Wellbeing brands in Thailand, Malaysia, Singapore, Hong Kong, Taiwan, Korea, Indonesia, Vietnam, Cambodia and Kazakhstan.

CORPORATE COSTS
Costs which cannot be reliably allocated to a specific segment, or which have been incurred for long-term growth opportunities.

02 OUR OPERATIONS

2.2 SEGMENT INFORMATION (CONT.)

2.2.1 Revenue by segment

	Consolidated Half-year ended	
	31 December 2018 $'000	31 December 2017 $'000
ANZ*	**144,227**	120,965
China	**65,395**	73,881
BioCeuticals Group	**56,840**	53,130
Other Asia	**52,927**	39,405
	319,389	287,381

The Group had one customer who contributed more than 10% of the Group's revenue in the period (2017: One). Revenue earned from this customer amounts to $83,365 thousand (2017: $63,413 thousand). This customer serves both the ANZ and BioCeuticals Group segments.

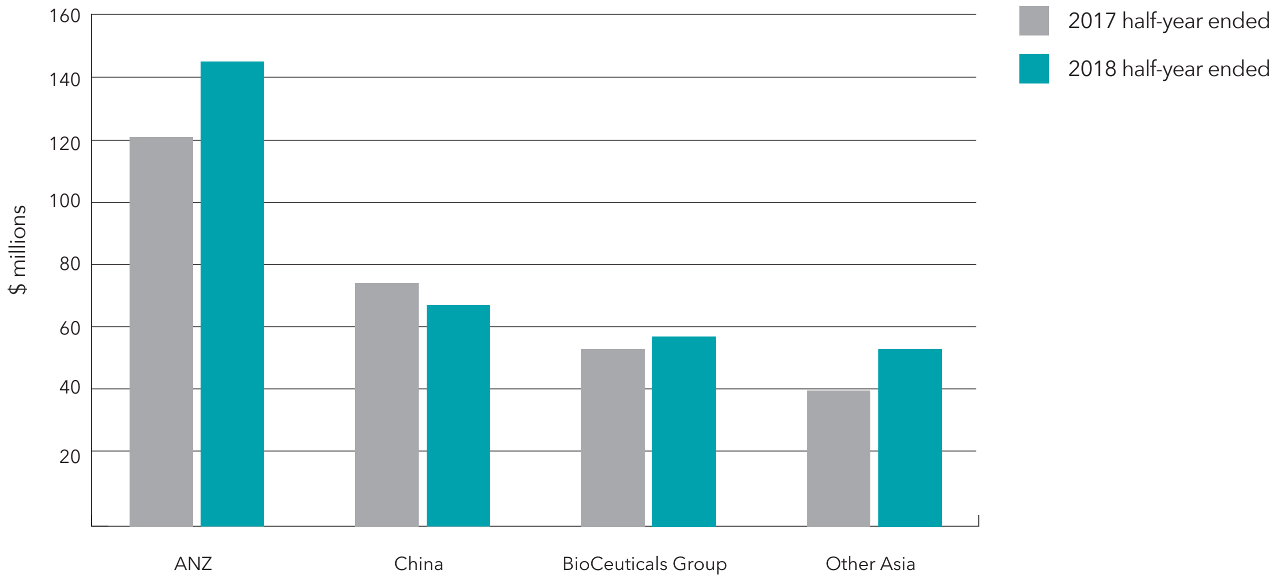
* ANZ segment includes 'other' in 2017 comparatives.

2.2.2 EBIT by segment

	Consolidated Half-year ended	
	31 December 2018 $'000	31 December 2017 $'000
ANZ*	**33,321**	26,067
China	**11,665**	20,803
BioCeuticals Group	**8,513**	7,916
Other Asia	**4,566**	1,240
Corporate Costs	**(7,588)**	(6,774)
	50,477	49,252

* ANZ segment includes 'other' in 2017 comparatives.

2.2.3 Revenue history by segment



03 OUR INVESTMENTS

3.1 BUSINESS COMBINATIONS

On 28 November 2018 Blackmores Group acquired the Impromy weight management product portfolio for $8.7 million.

	Consolidated Half-year ended 31 December 2018 $'000
3.1.1 Consideration transferred	
Cash	8,686
3.1.2 Assets acquired at date of acquisition	
Non-current assets	
Software	343
Intangible assets	1,372
	1,715
3.1.3 Goodwill arising on acquisition	
Consideration paid in cash	8,686
Less: Fair value of identifiable net assets acquired	(1,715)
	6,971

The business combination has been initially accounted for on a provisional basis, which will be retrospectively adjusted to also recognise additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine the fair value.

3.1.4 Impact of acquisition on results of the Group

The impact of the acquisition on the results of the Group is immaterial for the half-year ended 31 December 2018.

04 OUR FINANCING

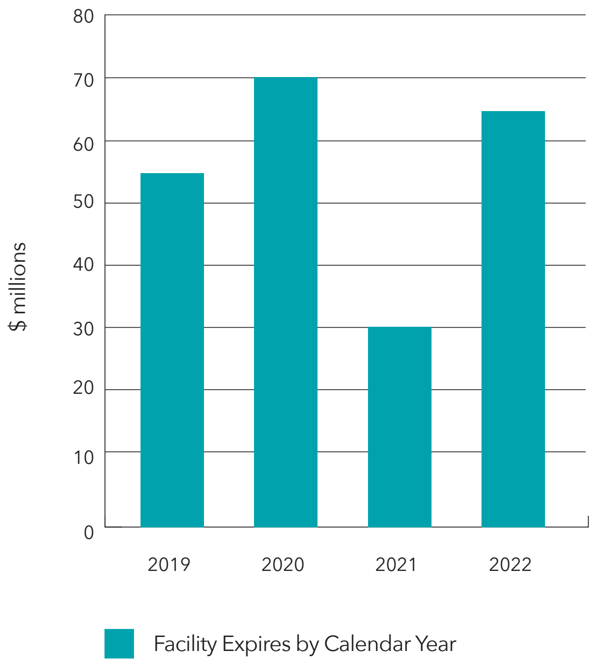
4.1 INTEREST-BEARING LIABILITIES

	31 December 2018 $'000	30 June 2018 $'000
Non-current		
Bank loan		
Unsecured - at amortised cost	**109,000**	86,000

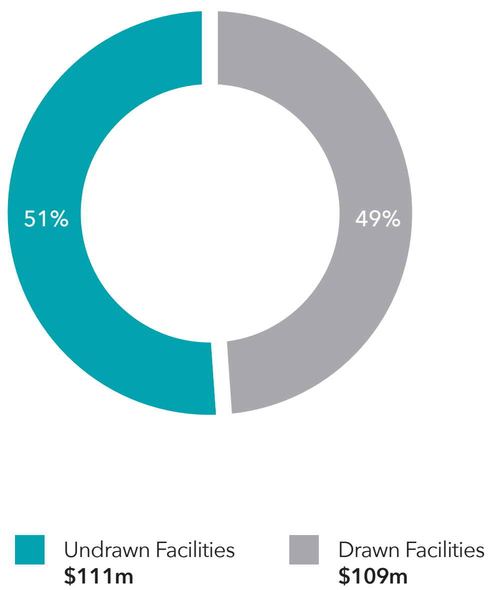
4.1.1 Reconciliation of liabilities arising from financing activities

	31 December 2018 $'000	30 June 2018 $'000
Interest-bearing liabilities		
Balance at the start of the period/year	**86,000**	78,968
Net cash inflow	**23,000**	7,032
Balance at the end of the period/year	**109,000**	86,000

Blackmores Limited Debt Maturity Profile



Debt Facilities



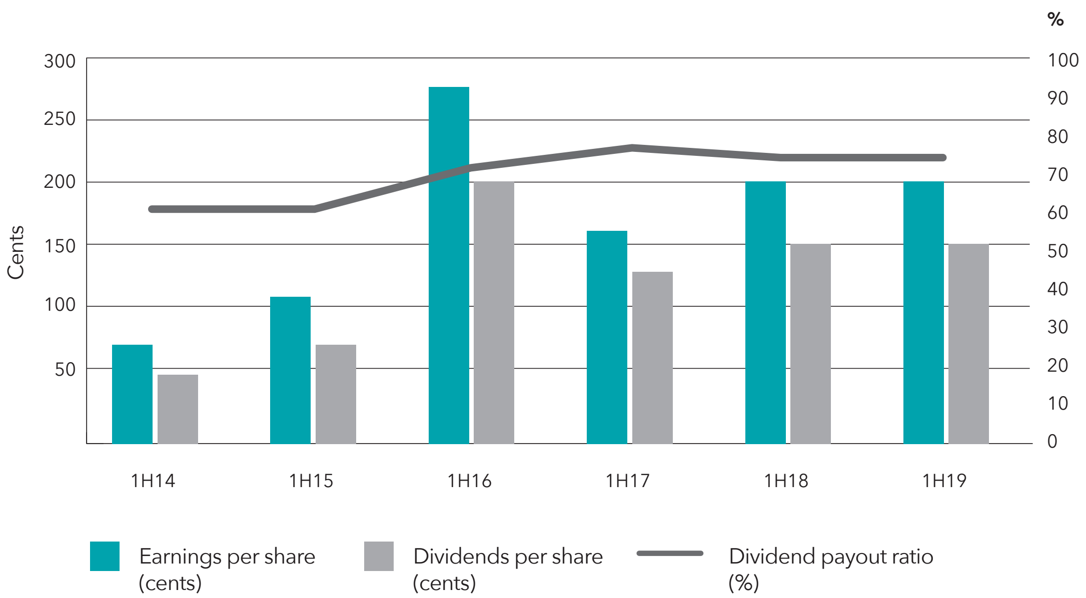
04 OUR FINANCING

4.2 DIVIDENDS

	Half-year ended 31 December 2018		Half-year ended 31 December 2017	
	CENTS PER SHARE	TOTAL $'000	CENTS PER SHARE	TOTAL $'000
Recognised amounts				
Fully paid ordinary shares				
Final dividend declared in respect of prior financial year – fully franked at 30% corporate tax rate	**155**	**26,587**	140	24,117
- Paid as cash		**19,811**		24,117
- Taken as shares issued though Dividend Reinvestment Plan (DRP)		**6,776**		-
		26,587		24,117
Unrecognised Amounts				
Fully paid ordinary shares				
Interim dividend payable in respect of current financial year – fully franked at 30% corporate tax rate	**150**	**25,945**	150	25,840

The interim dividend in respect of ordinary shares for the year ending 30 June 2019 has not been recognised in these Consolidated Financial Statements because the interim dividend was declared subsequent to 31 December 2018.

4.3 SHAREHOLDER RETURNS HISTORY



05 FINANCIAL INSTRUMENTS

5.1 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the Condensed Consolidated Financial Statements approximate their fair values.

Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

Fair value measurements recognised in the condensed consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		31 December 2018 $'000	30 June 2018 $'000
Financial assets			
Unquoted equities	Level 3	**1,419**	1,355
Foreign exchange derivatives	Level 1	**664**	449
Interest rate derivatives	Level 1	**-**	26
		2,083	1,830
Financial liabilities			
Foreign exchange derivatives	Level 1	**169**	60
Interest rate derivatives	Level 1	**142**	143
		311	203

06 OTHER

6.1 CONTINGENT LIABILITIES

Blackmores remains in active discussions with relevant authorities in Australia and in one of the countries in which it trades, pertaining to the historical use of and compliance to, export classification codes and related exemptions claimed under free trade agreements. These discussions have been ongoing for over 12 months and continue to progress. Blackmores expects a resolution to be reached in the 2019 calendar year. At signing date, no conclusions have been reached with the relevant regulatory bodies. A reliable estimate of potential risks or probable outflows as an outcome of this review cannot be determined. Accordingly, no liability has been recorded in the accounts as at 31 December 2018.

6.2 EVENTS AFTER THE REPORTING PERIOD

Interim dividend

The Directors declared a fully franked dividend of 150 cents per share on 18 February 2019 as described in note 4.2.

BLACKMORES®

Blackmores Limited
Australia's Leading Natural Health Company
ACN 009 713 437

20 Jubilee Avenue
Warriewood NSW 2102, Australia
Phone: +61 2 9910 5000
Fax: +61 2 9910 5555

blackmores.com.au