McPherson's Limited
ABN: 98 004 068 419
Half Year ended 31 December 2015

Results for Announcement to the Market

				$000's
Revenue	down	8.8%	to	**168,399**
Profit before tax excluding significant items[1]	up	2.1%	to	**12,390**
Profit after tax excluding significant items[1]	up	2.2%	to	**8,829**
Profit before tax[1]	up	9.6%	to	**13,529**
Profit after tax[1]	up	8.4%	to	**10,092**
Profit after tax attributable to members[1]	up	8.4%	to	**10,092**
Net profit for the period attributable to members[1]	up	8.4%	to	**10,092**

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	**7 April 2016**
Record date for determining entitlements to the dividend	**21 March 2016**

[1] See Note 1(a) in the attached financial statements for details about restatements of prior period comparatives.

McPherson's Limited
Directors' Report
For the half year ended 31 December 2015

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 2015.

(a) Directors

The following persons were Directors of McPherson's Limited during or since the half year period to the date of this report:

G.A. Cubbin (appointed Chairman on 1 July 2015 and was Chairman of the Audit Risk Management and Compliance Committee until 18 November 2015)
P.J. Maguire
A.M. Lacaze
J.M. McKellar
P.M. Payn (appointed as a non-executive Director on 12 October 2015 and as Chairman of the Audit Risk Management and Compliance Committee on 18 November 2015)
D.J. Allman (resigned as Director and Chairman on 1 July 2015)

(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, Swisspers, Moosehead, Maseur, Euromaid, Baumatic and Multix.

During the period the Group divested 51% of its New Zealand 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 7 April 2016. 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 2015.

(e) Events subsequent to balance date

On 22 February 2016, the Directors of the Company declared an interim dividend of 6.0 cents per share fully franked which is payable on 7 April 2016 (refer to Note 5).

On 22 February 2016, the Group received notification from the Facklemann Group that it will exercise its call options over the McPherson's Limited Group's 49% ownership in the Housewares New Zealand, Hong Kong and Singapore businesses. On the same date, McPherson's Limited Group notified the Facklemann Group that McPherson's Limited Group will exercise its put option over its 49% ownership in the Housewares Australia business. The final values of the options will be contingent on the net asset values of these businesses at 31 March 2016.

Other than the matters 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
Directors' Report (continued)
For the half year ended 31 December 2015

(f) 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.

(g) 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 4.

Signed in accordance with a resolution of the Directors.

Dated at Sydney this 23rd day of February 2016.

G.A.Cubbin	**P.J. Maguire**
Director	Director

Auditor's Independence Declaration

As lead auditor for the audit of McPherson's Limited for the half-year ended 31 December 2015, 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 audit; and

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

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

P.J. Carney

Paddy Carney
Partner
PricewaterhouseCoopers

Sydney
23 February 2016

Liability limited by a scheme approved under Professional Standards Legislation.

McPherson's Limited
Consolidated Statement of Comprehensive Income
For the half year ended 31 December 2015

	Note	Half Year December 2015 $000's	Half Year December 2014[1] $000's
Revenue			
Sales revenue		**168,276**	184,697
Interest		**123**	6
Total revenue		**168,399**	**184,703**
Commission		**49**	82
Contingent consideration adjustment		**1,558**	1,752
Other income		**179**	303
Total revenue and other income		**170,185**	**186,840**
Expenses			
Materials and consumables used		**(98,033)**	(107,941)
Employee costs		**(21,973)**	(25,016)
Advertising and promotional		**(11,301)**	(10,246)
Cartage and freight		**(7,230)**	(9,255)
Third party warehousing		**(3,055)**	(4,149)
Rental expenses relating to operating leases		**(2,814)**	(3,345)
Depreciation		**(1,039)**	(1,229)
Amortisation of other intangibles		**(287)**	(164)
Restructure costs	2	**(208)**	(1,400)
Other expenses		**(8,501)**	(8,756)
Borrowing costs		**(3,706)**	(3,293)
Share of net profit of associates accounted for using the equity method		**1,491**	303
Profit before income tax expense		**13,529**	**12,349**
Income tax expense	6	**(3,437)**	(3,037)
Profit for the half year		**10,092**	**9,312**

[1] Refer Note 1 (a) for details about restatements of prior period comparatives.

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 2015

	Note	Half Year December 2015 $000's	Half Year December 2014[1] $000's
Profit for the half year		**10,092**	**9,312**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges		**(1,253)**	7,721
Exchange differences on translation of foreign operations		**1,028**	1,788
Income tax relating to these items		**334**	(2,311)
Other comprehensive income for the half year		**109**	7,198
Total comprehensive income for the half year		**10,201**	**16,510**

	Note	Cents	Cents[1]
Basic earnings per share	11	**10.4**	9.7
Diluted earnings per share	11	**10.4**	9.7

[1] Refer Note 1 (a) for details about restatements of prior period comparatives.

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 2015

	Note	31 December 2015 $000's	30 June 2015 $000's
Current assets			
Cash and cash equivalents		**16,647**	11,283
Trade and other receivables		**59,018**	55,009
Inventories		**75,210**	57,785
Other receivables		**4,686**	-
Derivative financial instruments		**1,366**	1,951
Current tax assets		**1,034**	1,118
Assets classified as held for sale	7	**-**	43,905
Total current assets		**157,961**	171,051
Non-current assets			
Other receivables	7	**-**	2,587
Investments accounted for using the equity method	7	**12,823**	8,829
Property, plant and equipment		**6,144**	5,501
Intangible assets	8	**114,655**	89,418
Deferred tax assets		**5,657**	5,555
Total non-current assets		**139,279**	111,890
Total assets		**297,240**	282,941
Current liabilities			
Trade and other payables		**51,215**	60,427
Borrowings	9	**101**	406
Derivative financial instruments		**1,539**	1,211
Provisions		**10,703**	16,564
Liabilities directly associated with assets classified as held for sale	7	**-**	6,447
Total current liabilities		**63,558**	85,055
Non-current liabilities			
Borrowings	9	**109,354**	88,069
Derivative financial instruments		**1,638**	1,601
Provisions		**1,035**	1,115
Deferred tax liabilities		**14,353**	8,363
Total non-current liabilities		**126,380**	99,148
Total liabilities		**189,938**	184,203
Net assets		**107,302**	98,738
Equity			
Contributed equity	10	**149,414**	149,191
Reserves		**3,129**	2,933
Accumulated losses		**(45,241)**	(53,386)
Total equity		**107,302**	98,738

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 2015

	Contributed equity $000's	Reserves $000's	Accumulated losses $000's	Total equity $000's
Balance at 1 July 2015	**149,191**	**2,933**	**(53,386)**	**98,738**
Profit for the half year	-	-	10,092	10,092
Other comprehensive income	-	109	-	109
Total comprehensive income	**-**	**109**	**10,092**	**10,201**
Transactions with shareholders				
Shares issued, net of transaction costs and tax	223	-	-	223
Dividends provided for or paid	-	-	(1,947)	(1,947)
Share-based payment transactions with employees	-	87	-	87
Total transactions with shareholders	223	87	(1,947)	(1,637)
Balance at 31 December 2015	**149,414**	**3,129**	**(45,241)**	**107,302**

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)
For the half year ended 31 December 2015

	Contributed equity $000's	Reserves $000's	Accumulated losses $000's	Total equity $000's
Balance at 1 July 2014[1]	**147,003**	**(2,585)**	**(51,653)**	**92,765**
Profit for the half year	-	-	9,312	9,312
Other comprehensive income	-	7,198	-	7,198
Total comprehensive income	**-**	**7,198**	**9,312**	**16,510**
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**	**(47,113)**	**105,878**

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

[1]As noted in the 30 June 2015 Annual Report, 30 June 2014 numbers were restated as a result of an error. Refer to Note 1(a) of the 30 June 2015 Annual Report for further details. Also, refer Note 1 (a) for details about restatements of prior period comparatives.

McPherson's Limited
Consolidated Statement of Cash Flows
For the half year ended 31 December 2015

	Note	**Half Year December 2015 $000's**	Half Year December 2014 $000's
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**186,431**	203,167
Payments to suppliers and employees (inclusive of GST)		**(185,479)**	(183,376)
Interest received		**53**	6
Interest and borrowing costs paid		**(3,431)**	(3,983)
Income taxes paid		**(2,707)**	(2,900)
Net cash (outflows) / inflows from operating activities		**(5,133)**	12,914
Cash flows from investing activities			
Payments for acquisition of business assets	13	**(6,637)**	(8,050)
Payments for purchase of property, plant and equipment		**(1,854)**	(1,470)
Payments for purchase of intangible assets		**(327)**	(758)
Proceeds from sale of business assets	7	**125**	6,571
Proceeds from sale of property, plant and equipment		**49**	26
Net cash outflows from investing activities		**(8,644)**	(3,681)
Cash flows from financing activities			
Proceeds from borrowings		**36,041**	75,400
Repayment of borrowings		**(15,345)**	(73,858)
Dividends paid		**(1,723)**	(3,297)
Net cash inflows / (outflows) from financing activities		**18,973**	(1,755)
Net increase in cash held		**5,196**	7,478
Cash at beginning of the half year		**11,283**	3,722
Effects of exchange rate changes on cash		**168**	86
Cash at end of the half year		**16,647**	11,286

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 2015 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 2015 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.

(iii) Restatement of prior period comparatives – Revenue recognition

In the prior year, the Group reviewed its processes surrounding revenue recognition, in particular with respect to the timing of recognition of promotional discount claims against revenue. As a consequence of this review some adjustments with respect to the timing of recognising revenue and the associated claims and discounts were required to be made. These adjustments are also required to be made to the half year comparative period ended 31 December 2014.

McPherson's Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2015

1. Significant Accounting Policies (continued)

(a) Basis of Preparation (continued)

(iii) Restatement of prior period comparatives – Revenue recognition (continued)

The affected financial statement line items impacted by the error for the prior period ended 31 December 2014 are as follows:

	As previously presented $'000	Restatement $'000	31 December 2014 Restated $'000
Half year ended 31 December 2014			
Opening accumulated losses as at 1 July 2014	**(49,874)**	**(1,779)**	**(51,653)**
Closing accumulated losses as at 31 December 2014	**(44,711)**	**(2,402)**	**(47,113)**
Sales revenue	186,640	(1,943)	184,697
Profit before income tax	13,239	(890)	12,349
Income tax expense	(3,304)	267	(3,037)
Net profit for the period	**9,935**	**(623)**	**9,312**
Other comprehensive income	7,198	-	7,198
Total comprehensive income	**17,133**	**(623)**	**16,510**
Basic earnings per share (cents)	10.4	(0.7)	9.7
Diluted earnings per share (cents)	10.4	(0.7)	9.7

1. Significant Accounting Policies (continued)

(b) Significant Accounting Estimates

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant are discussed below:

Estimated recoverable amount of goodwill and indefinite lived brandnames

The Group tests goodwill and indefinite lived brandnames annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. In calculating the recoverable amount of these assets the use of assumptions is required. Refer to Note 8 for details of these assumptions.

Estimated carrying value of provision for contingent consideration

A number of the Group's recent acquisitions have included a contingent consideration arrangement whereby the Group may be required to pay the vendors a variable amount of money depending on the performance of the acquired business over a set period post acquisition. In accordance with Australian Accounting Standards, management is required to estimate how much of the contingent consideration it is expecting to pay in the future. The actual payout amount differed to what has been estimated. Refer to Note 13 for further details.

Estimated carrying value of put/call option associated with the Housewares disposal

The final amount to be received from the Group upon sale of the remaining shares in the Housewares Group has been estimated as at 31 December 2015. The actual amounts received by the Group may significantly differ to what has been estimated. Refer to Note 7(iv) for details.

McPherson's Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2015

2. Significant Items

The Group's profit after income tax includes the following items that are significant because of their nature or size:

	Note	Half Year December 2015 $000's	Half Year December 2014 $000's
(a) Contingent consideration adjustment	7(iv)	**1,558**	1,752
Less: Applicable income tax expense		**-**	-
		1,558	1,752
(b) Restructure costs		**(208)**	(1,400)
Less: Applicable income tax benefit		**61**	414
		(147)	(986)
(c) Acquisition and one off legal costs		**(211)**	(134)
Less: Applicable income tax benefit		**63**	40
		(148)	(94)
Total significant items		**1,139**	218
Less: Applicable income tax benefits		**124**	454
		1,263	672

2. Significant Items (continued)

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

Contingent consideration adjustment

During the current period the Group recognised a $1,558,000 gain associated with the reassessment of the receivable for contingent consideration relating to the divestment of its Housewares business. The reassessment was based on the available facts, circumstances and forecasts that existed at 31 December 2015. Refer to Note 7(iv) for further information.

During the prior 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.

Restructure costs

The restructure costs recognised in the current and prior periods primarily relate to redundancy, inventory clearance and other restructuring activities undertaken by the Group.

Acquisition and one off legal 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 prior period. During the period the Group has incurred one off legal expenses totalling $153,000.

McPherson's Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2015

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 2015 and 30 June 2015 on a recurring basis:

	31 December 2015				30 June 2015			
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	-	1,366	-	1,366	-	1,951	-	1,951
Put/call option	-	-	4,686	4,686	-	-	2,587	2,587
Total financial assets at fair value	**-**	**1,366**	**4,686**	**6,052**	**-**	**1,951**	**2,587**	**4,538**
Financial liabilities at fair value								
Derivative financial instruments	-	3,177	-	3,177	-	2,812	-	2,812
Contingent consideration	-	-	1,884	1,884	-	-	6,637	6,637
Total financial liabilities at fair value	**-**	**3,177**	**1,884**	**5,061**	**-**	**2,812**	**6,637**	**9,449**

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.

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.

3. Fair value measurement of financial instruments (continued)

The following table presents the changes in level 3 instruments for the half year ended 31 December 2015:

	Financial asset	Financial liability
	Put/call option receivable $000's	**Contingent consideration payable $000's**
Opening balance at 1 July 2015	**2,587**	**6,637**
Disposal of business (refer note 7)	541	-
Part acquisition of a business (refer note 13)	-	(6,637)
Adjustments arising from reassessment of the option/provision (refer Note 7 & 13)	1,558	1,884
Closing balance at 31 December 2015	**4,686**	**1,884**

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 7 and 13 for further information.

The put/call option has been reclassed from a non-current asset at 30 June 2015 to a current asset at 31 December 2015.

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 $21,081,000 (2014: $38,956,000) and $27,606,000 (2014: $32,152,000) were derived from two external customers. These revenues were attributable to the Australian segment.

Segment assets
Segment assets are allocated based on where the asset is located. Assets arising from transactions between segments are eliminated on consolidation.

McPherson's Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2015

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
2015					
Sales to external customers	156,082	7,222	4,972	-	168,276
Inter-segment sales	987	194	48,978	(50,159)	-
Total sales revenue	**157,069**	**7,416**	**53,950**	**(50,159)**	**168,276**
Other revenue / income (excluding interest)	1,706	(573)	653	-	1,786
Total segment revenue and other income	**158,775**	**6,843**	**54,603**	**(50,159)**	**170,062**
EBITDA before significant items	15,637	402	1,260	-	17,299
Depreciation and amortisation expense	(1,215)	(99)	(12)	-	(1,326)
Segment result before significant items	**14,422**	**303**	**1,248**	**-**	**15,973**
Significant items (refer Note 2)	1,287	(638)	490	-	1,139
Segment result including significant items	**15,709**	**(335)**	**1,738**	**-**	**17,112**
Net borrowing costs					(3,583)
Profit before income tax					**13,529**
Income tax expense					(3,437)
Profit after income tax					**10,092**
Segment assets	274,499	15,039	35,714	(28,012)	297,240
Non-current assets (other than financial assets and deferred tax)	125,260	6,554	1,808	-	133,622
Additions to non-current assets (other than financial assets and deferred tax)	3,991	75	6	-	4,072

McPherson's Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2015

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[1]					
Sales to external customers	161,712	16,778	6,207	-	**184,697**
Inter-segment sales	954	28	63,482	(64,464)	-
Total sales revenue	**162,666**	**16,806**	**69,689**	**(64,464)**	**184,697**
Other revenue / income (excluding interest)	1,987	9	141	-	2,137
Total segment revenue and other income	**164,653**	**16,815**	**69,830**	**(64,464)**	**186,834**
EBITDA before significant items	13,663	1,639	1,509	-	16,811
Depreciation and amortisation expense	(1,130)	(241)	(22)	-	(1,393)
Segment result before significant items	**12,533**	**1,398**	**1,487**	**-**	**15,418**
Significant items (refer Note 2)	492	(274)	-	-	218
Segment result including significant items	**13,025**	**1,124**	**1,487**	**-**	**15,636**
Net borrowing costs					(3,287)
Profit before income tax					**12,349**
Income tax expense					(3,037)
Profit after income tax					**9,312**
Segment assets	260,774	23,927	45,411	(39,980)	290,132
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

[1] Refer Note 1 (a) for details about restatements of prior period comparatives.

McPherson's Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2015

5. Dividends

Details of dividends declared or paid during or subsequent to the half year ended 31 December 2015 are as follows:

	Half Year December 2015 $000's	Half Year December 2014 $000's
Ordinary		
Final 30 June 2015 dividend of 2.0 cents per fully paid share (2014: 5.0 cents per fully paid share) fully franked @ 30%	**1,947**	4,772
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 (2014: 6.0 cents per fully paid share). The aggregate amount of the dividend to be paid on 7 April 2016 but not recognised as a liability at half year end is:	**5,860**	**5,801**

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 21 March 2016 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 22 March 2016. 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 22 March 2016.

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 2015

6. Income tax expense

	Half Year December 2015 $000's	Half Year December 2014[1] $000's
Profit before tax	**13,529**	12,349
Prima facie income tax at 30%	**4,059**	3,705
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable contingent consideration adjustment	**(467)**	(526)
Tax rate differences in overseas entities	**(168)**	(218)
Share-based payments expense / (income)	**26**	(29)
Under / (over) provision in prior years	**285**	(9)
Non-assessable share of net profit of associates accounted for using the equity method	**(435)**	(91)
Other	**137**	205
Income tax expense	**3,437**	3,037

[1] Refer Note 1 (a) for details about restatements of prior period comparatives.

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

(i) Current Period

Housewares NZ disposal

On 1 July 2015, the Group sold 51% of its New Zealand Housewares business to the Fackelmann Group for NZ$2,279,000 paid in stages. The consideration received was equal to the adjusted carrying value of the net assets disposed. The Group's New Zealand Housewares business was disclosed as held for sale at 30 June 2015.

The details of the disposal are set out below:

	$000's
Cash received	2,039
Fair value of put/call option	541
Total sale consideration	2,580
Fair value of 49% interest retained	2,458
Carrying amount of net assets disposed	(5,038)
Gain on sale	**-**

The carrying amounts of assets and liabilities disposed of:

	$000's
Inventories	3,984
Property, plant and equipment	78
Intangible assets	1,060
Deferred tax assets	33
Total assets	**5,155**
Employee benefits	117
Total liabilities	**117**
Net assets	**5,038**

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 $2,458,000. This amount was recognised as the carrying value of the Group's investment in the joint venture immediately after the disposal. The consideration for the sale was received in two tranches, with $1,914,000 received during June 2015 and $125,000 received in September 2015.

During the period from 1 July 2015 to 31 December 2015 the Group has equity accounted for its share of the joint venture's net profit. This has resulted in the Group recognising a $129,000 equity accounted profit in its current period net profit and $56,000 in other comprehensive income. The Group's carrying value of its investment in the New Zealand joint venture has accordingly increased to $2,643,000.

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

(i) Current Period (continued)

Housewares NZ disposal (continued)

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 31 December 2015. 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 2015 the Group determined that the value of the option is a liability of $35,000.

(ii) Prior Period

Housewares Australia, Singapore and Hong Kong 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 venture markets and distributes 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.

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 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	**-**

McPherson's Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2015

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

(ii) Prior Period (continued)

Housewares Australia, Singapore and Hong Kong 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.

(iii) Interest in joint venture

Investment in Housewares joint venture:

	$000's
Investment in Housewares joint venture	**12,823**
Movement during the year :	
Balance at 1 July 2015	8,829
Investment in joint venture	2,458
Share of net profit in joint venture	1,491
Shares of other comprehensive income of joint venture	45
Closing balance at 31 December 2015	**12,823**

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

(iv) Put/Call option for Housewares Group

As noted in the 30 June 2015 financial statements, the Group had entered into a reciprocal put/call option as part of the sale of the Housewares group of businesses. The put and call options can be exercised by either party at any time from 1 January 2016 (for the Australian business) and from 1 January 2017 the put option can be exercised by the Group for the New Zealand, Hong Kong and Singapore businesses. Otherwise, the call option is available by Facklemann at any time from 1 January 2016 for the New Zealand, Hong Kong and Singapore businesses. 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 and the net asset position at the date of sale.

At 31 December 2015, the Group determined that the fair value of the combined options over the Housewares businesses was $4,686,000. This amount is based on management's best estimates of the likely future payments based on the facts, circumstances and forecasts at the reporting date. The reassessment of the receivable for contingent consideration resulted in the recognition of $1,558,000 as a gain in the statement of comprehensive income.

(v) Assets and liabilities classified as held for sale

During the financial year ended 30 June 2015, the Directors decided to pursue a sale of the Group's housewares New Zealand businesses. As previously disclosed, the sale of the housewares New Zealand business to the Fackelmann Group took place on 1 July 2015.

Further, the Group previously was pursuing the sale of the household consumables business. The net assets of the business are no longer deemed as held for sale. The net assets have been reclassified to their respective financial statement line items in the Balance Sheet. Note the net asset value of the business at 31 December 2015 was approximately $31,800,000 (excluding any trade debtors or creditors). This amount includes inventory ($15,200,000), brandname ($20,166,000), goodwill ($2,784,000), offset by deferred tax liability ($6,0500,000) and employee entitlements ($300,000). No impairment writedowns were required as a result of the reclassification of these items.

McPherson's Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2015

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

(v) Assets and liabilities classified as held for sale (continued)

	31 December 2015 $000's	30 June 2015 $000's
Inventories	-	19,676
Property, plant and equipment	-	102
Intangible assets	-	24,010
Deferred tax assets	-	117
Total assets classified as held for sale	**-**	43,905
Employee benefits	-	397
Deferred tax liabilities	-	6,050
Total liabilities directly associated with assets classified as held for sale	**-**	6,447

8. Intangible assets

	31 December 2015 $000's	30 June 2015 $000's
Goodwill	**37,717**	34,764
Brandnames	**74,225**	52,153
Other intangibles	**8,010**	7,511
Accumulated amortisation	**(5,297)**	(5,010)
	2,713	2,501
Total intangibles	**114,655**	89,418

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 2015		34,764	52,153	2,501	89,418
Additions	13	-	1,906	306	2,212
Transfers / adjustments	7,13	2,784	20,166	193	23,143
Disposal					
Amortisation charge		-	-	(287)	(287)
Foreign currency exchange differences		169	-	-	169
Carrying amount at 31 December 2015		**37,717**	**74,225**	**2,713**	**114,655**

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

During December 2015, the Group had settled the terms of the final consideration payable for the Dr LeWinn's and Revitanail acquisition. As such $1,906,000 (including related stamp duty) has been capitalised to the carrying amount of the brandnames. This was paid in January 2016.

Transfer of goodwill and brandname being reclassified from held for sale at 30 June 2015.

Transfers of other intangibles relate to assets previously held in property, plant and equipment transferred to software.

8. Intangible assets (continued)

Impairment Testing

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

	31 December 2015 $000's	30 June 2015 $000's
Australia (excluding Home Appliances)	15,655	13,042
Home Appliances	19,393	19,393
New Zealand	2,669	2,329
	37,717	**34,764**

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 2015			**30 June 2015**		
	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%	9.8%	13.1%	2.0%	9.8%	13.1%
Home Appliances	3.0%	10.0%	13.1%	3.0%	10.0%	13.1%
New Zealand	2.0%	10.3%	13.6%	2.0%	10.3%	14.0%

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 2015, 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 $12,012,000 (June 2015: $16,713,000). The surplus amount within the Home Appliances calculation is $2,329,000 (June 2015: $21,144,000). The surplus amount within the New Zealand calculation is NZD$56,000 (June 2015: NZD$127,000).

8. 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 an impairment loss of $4,364,000 would arise.

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 (10.75% instead of 9.75%) an impairment loss of $4,521,000 would arise.

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%) an impairment loss of $1,266,000 would arise.

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 $2,680,000 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 (11.0% instead of 10.0%) an impairment loss of $3,655,000 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%) an impairment loss of $2,587,000 would arise.

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 an impairment loss of NZ$737,000 would arise.

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 (11.25% instead of 10.25%) an impairment loss of NZ$684,000 would arise.

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%) an impairment loss of NZ$531,000 would arise.

8. Intangible assets (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 2015	30 June 2015
Estimated growth rates	1.0% - 3.0%	1.0% - 3.0%
Post-tax discount rate	9.8% - 10.0%	9.8% - 10.0%
Pre-tax discount rate equivalent	12.7% - 13.5%	13.0% - 13.1%

At 31 December 2015, the total carrying value of brandnames tested using the value-in-use method was $74,225,000 (June 2015: $52,153,000). The value-in-use calculations for these brandnames exceeded their carrying values.

In the current period, there are no brandnames held for sale. Refer Note 7 (v) 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, an impairment loss of $5,611,000 would arise.

If the year one contribution margin percentages were 2.0 percentage points below the current estimates used in the value-in-use calculations, for the brands tested using this method, an impairment loss of $14,842,000 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, an impairment loss of $992,000 would arise.

McPherson's Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2015

9. Borrowings

	31 December 2015 $000's	30 June 2015 $000's
Current		
Other borrowings	101	406
Total current	**101**	406
Non-current		
Bank loans – secured	51,000	30,000
Bonds – unsecured	60,000	60,000
Issue costs	(1,646)	(1,931)
Total non-current	**109,354**	88,069
Total borrowings	**109,455**	88,475

In April 2015 the Group completed its refinancing and significantly changed the structure and tenure associated with its funding sources. The Group's new facilities are denominated in Australian dollars and comprise:

- $30,000,000 unsecured variable rate corporate bonds. The bonds mature in March 2019 and pay a coupon rate of 4.30% over the 90 day Bank Bill Swap Rate;
- $30,000,000 unsecured fixed rate corporate bonds. The bonds mature in March 2021 and pay a fixed rate of 7.10%;
- $63,000,000 core two year revolving secured bank working capital facility. This facility provides an additional $10,000,000 seasonal uplift during the period 1 August 2015 to 28 February 2016. Drawings under this facility are required to be backed by eligible trade debtor and inventory assets.

The corporate bonds were issued to professional and sophisticated investors only under Part 6D.2 of the *Corporations Act 2001*.

Under the terms of the borrowing facilities the Group is required to comply with the following key financial covenants:

- The secured leverage ratio must not exceed 2.50 times on the secured bank facility;
- The total leverage ratio must not exceed 4.50 times;
- The EBIT interest cover ratio must not be less than 3.50 times; and
- Total Shareholder funds must not be less than $80,000,000.

9. 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	Between 2 & 3 Years $'000	Between 4 & 6 Years $'000	Total Contractual Cash Flows $'000	Carrying Amount $'000
31 December 2015						
Payables	51,215	-	-	-	51,215	51,215
Borrowings	6,075	56,497	36,690	32,663	131,925	109,455
Contingent consideration[1]	1,884	-	-	-	1,884	1,884
Total non-derivative financial liabilities	**59,174**	**56,497**	**36,690**	**32,663**	**185,024**	**162,554**
30 June 2015						
Payables	60,427	-	-	-	60,427	60,427
Borrowings	5,527	34,850	37,646	33,728	111,751	88,475
Contingent consideration[1]	6,637	-	-	-	6,637	6,637
Total non-derivative financial liabilities	**72,591**	**34,850**	**37,646**	**33,728**	**178,815**	**155,539**

[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 2015 and 30 June 2015 respectively. The final payment amounts may significantly differ from the amounts disclosed above. Refer to Note 13 for further information.

10. Contributed equity

	31 December 2015 $000's	30 June 2015 $000's
Issued and paid up capital: 97,669,421 (June 2015: 97,338,017) ordinary shares - fully paid	**149,414**	149,191

Movements in ordinary share capital

Date	**Details**	**Number of Shares**	**Price $**	**$000's**
1 July 2015	Opening balance	97,338,017		149,191
10 November 2015	Shares issued - Dividend reinvestment plan	331,404	0.68	225
	Transactions costs associated with shares issue	-		(3)
	Tax effect of share issue transaction costs recognised directly in equity	-		1
31 December 2015	**Closing Balance**	**97,669,421**		**149,414**

McPherson's Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2015

11. Earnings Per Share

	Half Year December 2015 Cents	Half Year December 2014 Cents[1]
Basic earnings per share	10.4	9.7
Diluted earnings per share	10.4	9.7
Basic earnings per share excluding significant items	9.1	9.0

Reconciliation of earnings used in calculating earnings per share

	Half Year December 2015 $000's	Half Year December 2014 $000's[1]
Basic and diluted earnings per share		
Profit for the period (excluding significant items)	8,829	8,640
Significant items, net of tax	1,263	672
Profit for the period	10,092	9,312

Weighted average number of shares used as the denominator

	Half Year December 2015 Number	Half Year December 2014 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	97,430,375	95,776,110
Potential ordinary shares	-	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	97,430,375	95,776,110
Options and performance rights that are not dilutive and are therefore not included in the calculation of diluted earnings per share	1,459,000	1,111,000

[1] Refer Note 1 (a) for details about restatements of prior period comparatives.

12. Net tangible asset backing

	31 December 2015 Cents	31 December 2014 Cents[1]
Net tangible asset backing per ordinary share	(7.5)	(9.6)

[1] Refer Note 1 (a) for details about restatements of prior period comparatives.

13. Acquisitions

Current period

(i) *Acquisition*

On 6 July 2015 the Group's Australian business acquired the remaining 17.79% of the Home Appliances business for $6,637,000. The Home Appliances business is now a 100% owned subsidiary of the Group.

(ii) Contingent consideration

During December 2015, the Group had settled the terms of the final consideration payable for the Dr LeWinn's and Revitanail acquisition. As such $1,906,000 (including related stamp duty) has been capitalised to the carrying amount of the brandnames. This was paid in January 2016. At 30 June 2015 due to the facts and circumstances known at that time, no provision was held by the Group for this settlement.

Prior period

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.

13. Acquisitions (continued)

Prior period (continued)

A'kin, Al'chemy and Lapurete (continued)

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

	$000's
Purchase consideration	
Cash paid	8,061
Total purchase consideration	**8,061**

The assets acquired were as follows:

Inventories	787
Property, plant and equipment	17
Brandnames	7,257
Net assets acquired	**8,061**
Purchase consideration – cash outflow	
Cash consideration paid	8,061
Outflow of cash to acquire business assets – investing activities	**8,061**

14. Contingent liabilities

From time to time, and in the ordinary course of business, claims arise against the Group including claims relating to product and general liability. The Directors consider these claims to be minor which will not materially affect the results of the Group.

15. Subsequent events

On 22 February 2016, the Directors of the Company declared an interim dividend of 6.0 cents per share fully franked which is payable on 7 April 2016 (refer to Note 5).

On 22 February 2016, the Group received notification from the Facklemann Group that it will exercise its call options over the McPherson's Limited Group's 49% ownership in the Housewares New Zealand, Hong Kong and Singapore businesses. On the same date, McPherson's Limited Group notified the Facklemann Group that McPherson's Limited Group will exercise its put option over its 49% ownership in the Housewares Australia business. The final values of the options will be contingent on the net asset values of these businesses at 31 March 2016.

Other than the matters 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 5 to 36 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 2015 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 2016.

G. A. Cubbin
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 (the company), which comprises the consolidated balance sheet as at 31 December 2015, 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 McPherson's Limited and controlled entities (the consolidated entity). The consolidated entity comprises 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 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 Australian 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 2015 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*.

Liability limited by a scheme approved under Professional Standards Legislation.

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 2015 and of its performance for the half-year ended on that date;

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

PricewaterhouseCoopers

PricewaterhouseCoopers

P.J. Carney

Paddy Carney	Sydney
Partner	23 February 2016