

BLACKMORES®

2015

financial report

for the Half-Year Ended
31 December 2014

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COVER – Richard Henfrey, Chief Operating Officer, with Blackmores' new easier to open, sustainable, improved shelf-life, stronger bulk pack which won a WorldStar Packaging Award, the most prestigious prize in the global packaging industry. Blackmores' innovative design also won gold, silver and bronze medals across three categories at the Australian Packaging Design Awards (APDA).

Directors' Report

The Directors of Blackmores Limited submit herewith the Financial Report of Blackmores Limited and its subsidiaries (the Group) for the half-year ended 31 December 2014. 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:

Marcus C. Blackmore

Stephen J. Chapman

Verilyn C. Fitzgerald (Retired 23 October 2014)

Christine W. Holgate

Brent W. Wallace

Helen E. Nash

David G. Ansell

REVIEW OF OPERATIONS

The Directors report that sales for the six months to 31 December 2014 were \$206,361,000 (2013: \$169,566,000), an increase of 21.7%. The Group profit after tax for the half-year was \$18,615,000 (2013: \$12,112,000) an increase of 53.7% on last year. The significantly improved results reflected the focus during the period on delivering against the Group's four strategic priorities.

- Support Blackmores Australia to build our brand and return the business to profitable growth
- Invest in BioCeuticals, Blackmores Asia and Pure Animal Wellbeing to continue to diversify our business and build new sources of growth
- Build our product leadership position through the valued research and knowledge within Blackmores Institute and a program of product range innovation
- Continue to improve operational effectiveness and transform our cost profile

Blackmores Australia sales were up 29% compared to the prior year. The result has been boosted by stronger pharmacy sales and the benefit of a growing demand for Blackmores products from Chinese consumers. This gives us confidence in the importance of our Asia growth strategy.

BioCeuticals sales were up by 17% compared to the previous corresponding half, demonstrating the benefits of the strategic focus on high quality, evidence-based products and commitment to remain a practitioner-only brand.

Asia sales were up 5% compared to the prior year, with a 15% decline in EBIT reflecting the continued retail challenges in Thailand.

The Group's EBIT result was \$28,208,000 (2013: \$18,977,000), an increase of 48.6% compared to the prior year. The Australian EBIT segment increase of 60.7% compared to the prior year included the benefit of the majority of the allocation of the Group's achievements to improve operational effectiveness.

INTERIM DIVIDEND

The Board has declared an interim dividend of 68 cents per share fully franked (2013: 44 cents fully franked), to be paid to shareholders registered at 5.00 pm on 25 March 2015 and to be paid on 13 April 2015.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 4 of the half-year Financial Report.

ROUNDING OFF AMOUNTS

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

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

On Behalf of the Directors



Marcus C. Blackmore AM

Chairman

Sydney, 26 February 2015

Auditor's Independence Declaration

Deloitte.

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

26 February 2015

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 2014, 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



Sarah Avis
Partner
Chartered Accountants

Independent Auditor's Review Report

Deloitte.

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

We have reviewed the accompanying half-year financial report of Blackmores Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2014, and the condensed consolidated statement of profit and loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 18.

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 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Blackmores Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independent Auditor's Review Report

Auditor's Independence Declaration

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Sarah Avis
Partner
Chartered Accountants
Sydney, 26 February 2015

Directors' Declaration

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group.

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

On behalf of the Directors



MARCUS C. BLACKMORE AM

Chairman

Sydney, 26 February 2015

Condensed Consolidated Statement of Profit and Loss

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	NOTES	Consolidated Half-year ended	
		31 December 2014	31 December 2013
		\$'000	\$'000
Sales	4	206,361	169,566
Other income		1,960	956
Revenue and other income		208,321	170,522
Promotional and other rebates		37,264	27,675
Changes in inventories of finished goods		617	(470)
Raw materials and consumables used		62,771	55,607
Employee benefits expenses		44,856	34,833
Selling and marketing expenses		13,971	15,162
Depreciation and amortisation expenses		3,081	3,110
Operating lease rental expenses		1,652	1,821
Professional and consulting expenses		3,718	2,125
Repairs and maintenance expenses		1,441	1,425
Freight expenses		2,925	2,922
Bank charges		550	402
Other expenses		7,267	6,933
Total expenses		180,113	151,545
Earnings before interest and tax	4	28,208	18,977
Interest revenue		212	138
Interest expense		(2,410)	(2,623)
Net interest expense		(2,198)	(2,485)
Profit before tax		26,010	16,492
Income tax expense		(7,395)	(4,380)
Profit for the period		18,615	12,112
Earnings per share			
Basic (cents per share)		108.4	71.2
Diluted (cents per share)		107.9	71.2

Notes to the Condensed Consolidated Financial Statements are included on pages 13 to 18.

Condensed Consolidated Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Consolidated Half-year ended	
	31 December 2014	31 December 2013
	\$'000	\$'000
Profit for the period	18,615	12,112
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Gain recognised on cash flow hedges	166	376
Exchange differences arising on translation of foreign controlled entities	3,717	(234)
Income tax relating to components of other comprehensive income	(50)	(113)
Other comprehensive income for the period, net of tax	3,833	29
Total comprehensive income for the period	22,448	12,141

Notes to the Condensed Consolidated Financial Statements are included on pages 13 to 18.

Condensed Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2014

	NOTES	Consolidated	
		31 December 2014	30 June 2014
		\$'000	\$'000
ASSETS			
CURRENT ASSETS			
Cash and bank balances		26,279	18,599
Receivables		81,772	70,567
Inventories		38,125	38,742
Other assets		3,663	3,468
Total current assets		149,839	131,376
NON-CURRENT ASSETS			
Property, plant and equipment		61,862	63,613
Investment property		2,160	2,160
Other intangible assets		18,775	18,363
Goodwill		16,863	16,863
Deferred tax assets		3,589	3,815
Other financial assets		391	318
Other assets		107	86
Total non-current assets		103,747	105,218
Total assets		253,586	236,594
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		62,918	49,153
Tax payable		4,195	2,793
Other financial liabilities		551	508
Provisions		5,733	5,471
Other		36	115
Total current liabilities		73,433	58,040
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	6	63,000	73,000
Provisions		691	906
Other financial liabilities		-	245
Other		221	177
Total non-current liabilities		63,912	74,328
Total liabilities		137,345	132,368
Net assets		116,241	104,226
EQUITY			
Issued capital		37,753	34,502
Reserves		7,581	3,227
Retained earnings		70,907	66,497
Total equity		116,241	104,226

Notes to the Condensed Consolidated Financial Statements are included on pages 13 to 18.

Condensed Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Issued Capital	Equity-Settled Employee Benefits Reserve	Cash flow Hedging Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2013	30,996	5,806	(692)	(720)	62,661	98,051
Dividend declared	-	-	-	-	(14,088)	(14,088)
Profit for the period	-	-	-	-	12,112	12,112
Other comprehensive income for the period, net of tax	-	-	263	(234)	-	29
Total comprehensive income for the period	-	-	263	(234)	12,112	12,141
Issue of shares under Dividend Reinvestment Plan	1,900	-	-	-	-	1,900
Balance as at 31 December 2013	32,896	5,806	(429)	(954)	60,685	98,004
Balance as at 1 July 2014	34,502	5,855	(513)	(2,115)	66,497	104,226
Dividend declared	-	-	-	-	(14,205)	(14,205)
Profit for the period	-	-	-	-	18,615	18,615
Other comprehensive income for the period, net of tax	-	-	116	3,717	-	3,833
Total comprehensive income for the period	-	-	116	3,717	18,615	22,448
Issue of shares under Dividend Reinvestment Plan	3,251	-	-	-	-	3,251
Recognition of share-based payments	-	521	-	-	-	521
Balance as at 31 December 2014	37,753	6,376	(397)	1,602	70,907	116,241

Notes to the Condensed Consolidated Financial Statements are included on pages 13 to 18.

Condensed Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	NOTES	Consolidated Half-year ended	
		31 December 2014	31 December 2013
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		217,043	183,722
Payments to suppliers and employees		(179,986)	(163,995)
Cash generated from operations		37,057	19,727
Interest and other costs of finance paid		(2,410)	(2,623)
Income tax paid		(5,855)	(3,899)
Net cash provided by operating activities	5	28,792	13,205
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		212	138
Payment for acquisition of investments		-	(713)
Payment for property, plant and equipment		(1,780)	(1,728)
Proceeds from sale of property, plant and equipment		89	27
Dividends received		-	7
Net cash used in investing activities		(1,479)	(2,269)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net repayment of borrowings		(10,000)	(6,006)
Dividends paid ¹	3	(10,954)	(12,188)
Net cash used in financing activities		(20,954)	(18,194)
Net increase/(decrease) in cash and cash equivalents held		6,359	(7,258)
Cash and cash equivalents at the beginning of the half-year		18,599	17,963
Effect of exchange rate changes on the balance of cash held in foreign currencies		1,321	41
Cash and cash equivalents at the end of the half-year		26,279	10,746

¹ Dividends declared totalled \$14,205,000 (2013: \$14,088,000) of which \$3,251,000 (2013: \$1,900,000) relates to shares issued under the Dividend Reinvestment Plan. The balance of \$10,954,000 (2013: \$12,188,000) was paid as cash to members.

Notes to the Condensed Consolidated Financial Statements are included on pages 13 to 18.

Notes to the Condensed Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

1 GENERAL INFORMATION

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Blackmores Limited (the Company) is a company domiciled in Australia. The Consolidated Interim Financial Report (Financial Report) of Blackmores as at and for the six months ended 31 December 2014 comprises Blackmores and its subsidiaries (the Group).

The Consolidated Annual Financial Report of the Group as at and for the year ended 30 June 2014 is available upon request from the registered office of Blackmores at 20 Jubilee Avenue, Warriewood, NSW 2102 or online at blackmores.com.au.

STATEMENT OF COMPLIANCE AND AASB 134 INTERIM FINANCIAL REPORTING

The half-year Financial Report is a General Purpose Financial Report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 'Interim Financial Reporting' ensures compliance with the International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report as at and for the year ended 30 June 2014.

BASIS OF PREPARATION

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

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

The accounting policies and methods of computation adopted in the preparation of the half-year Financial Report are consistent with those adopted and disclosed in the Group's 2014 Annual Financial Report for the financial year ended 30 June 2014, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

ESTIMATES

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

In preparing this Financial Report, the significant judgements made by management in applying the Group's accounting policies and the key sources of uncertainty in estimation were the same as those that applied to the Financial Report as at and for the year ended 30 June 2014.

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.

Notes to the Condensed Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT.)

ASSUMPTIONS FOR BIOCEUTICALS, PAW AND OTHER INTANGIBLES IMPAIRMENT REVIEW

The recoverable amount of the goodwill and other intangibles relating to the acquisitions of BioCeuticals and PAW are based on value in use calculations. These calculations use cash-flow projections based on five year plans approved by management, which include a terminal valuation representing cash-flow projections beyond five years. The discount rates (pre-tax) used in the calculations are 12.9% for BioCeuticals and 15.5% for Pure Animal Wellbeing.

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

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

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

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
- Interpretation 21 'Levies'

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.

IMPACT OF ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLICABLE

In December 2014 the AASB issued a new revenue standard, AASB 15 'Revenue from Contracts with Customers'. It is applicable for the annual years beginning on or after 1 January 2017 and therefore the first time this standard will be applicable is for the half year ending 31 December 2017. Management is in the process of considering the impact of this standard.

3 DIVIDENDS

	Half-year ended 31 December 2014		Half-year ended 31 December 2013	
	CENTS PER SHARE	TOTAL \$'000	CENTS PER SHARE	TOTAL \$'000
FULLY PAID ORDINARY SHARES				
Recognised Amounts				
Final dividend paid in respect of prior financial year:				
Fully franked at 30% corporate tax rate	83	14,205	83	14,088
Unrecognised Amounts				
Interim Dividend:				
Fully franked at 30% corporate tax rate	68	11,713	44	7,500

Notes to the Condensed Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

4 SEGMENT INFORMATION

BASIS OF SEGMENTATION

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

Australia
BioCeuticals
Thailand
Malaysia
Other Asia
Other
Corporate Costs

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

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

SEGMENT REVENUES

	Consolidated Half-year ended	
	31 December 2014	31 December 2013
	\$'000	\$'000
Australia ¹	137,338	106,752
BioCeuticals	26,711	22,842
Thailand	14,838	16,357
Malaysia	11,027	9,994
Other Asia ²	9,442	7,429
Other ³	7,369	6,447
Eliminations	(364)	(255)
Total Segment Revenue ⁴	206,361	169,566

1. Australia segment revenue for the half-year ended 31 December 2014 includes the benefit of sales made to Australian customers for Chinese consumers.

2. Other Asia comprises the markets of Singapore, Hong Kong, Taiwan, Korea, China, Kazakhstan and Cambodia.

3. Other comprises the New Zealand and PAW businesses.

4. Excludes interest revenue and other income.

INFORMATION ABOUT MAJOR CUSTOMERS

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

The Group had two customers who contributed more than 10% of the Group's revenue in the period. Included in Sales of the Australian segment of \$137,338,000 (2013: \$106,752,000) are sales of \$56,724,000 (2013: \$36,640,000) and \$20,834,000 (2013: \$18,009,000) which arose from sales to the Group's two largest customers.

SEGMENT RESULTS

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

	31 December 2014	31 December 2013
	\$'000	\$'000
Australia	27,674	17,220
BioCeuticals	4,112	2,941
Thailand	3,471	4,289
Malaysia	1,419	1,344
Other Asia	(3,235)	(3,693)
Other	(201)	(854)
Corporate Costs	(5,032)	(2,270)
Earnings before interest and tax	28,208	18,977

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

Notes to the Condensed Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

5 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Consolidated Half-year ended	
	31 December 2014	31 December 2013
	\$'000	\$'000
RECONCILIATION OF PROFIT AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	18,615	12,112
Interest revenue disclosed as investing cashflow	(212)	(138)
Depreciation and amortisation of non-current assets	3,081	3,110
Share-based payments	521	-
Other	(1,981)	(464)
Increase in current tax liability	1,402	111
Decrease in deferred tax asset	226	482
Decrease in deferred tax balances related to hedge reserve in equity	(88)	(113)
Changes in net assets and liabilities:		
(Increase)/decrease in assets:		
• Receivables	(8,543)	(1,375)
• Inventories	1,550	437
• Other debtors and prepayments	(39)	(1,530)
Increase/(decrease) in liabilities:		
• Payables	11,584	665
• Provisions	70	(47)
• Other	2,606	(45)
Net cash provided by operating activities	28,792	13,205

6 INTEREST-BEARING LIABILITIES

	31 December 2014	30 June 2014
	\$'000	\$'000
Non-current		
Secured:		
Bank bills at amortised cost ^{1,2}	63,000	73,000

Summary of borrowing arrangements:

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

Notes to the Condensed Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

7 FINANCIAL INSTRUMENTS

7.1 Fair value of the Group's financial assets and financial liabilities are measured at fair value on a recurring basis.

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

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	31 DECEMBER 2014	30 JUNE 2014				
	\$	\$				
1) Foreign currency forward contracts	Asset 154,003	Asset 19,327	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at market rate. Credit risk of various counterparties was not considered on the basis that the adjustment would be immaterial.	N/A	N/A
2) Interest rate swaps	Liability 551,410	Liability 753,209	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at market rate. Credit risk of various counterparties was not considered on the basis that the adjustment would be immaterial.	N/A	N/A
3) Investment in shares	Asset 390,791	Asset 317,910	Level 3	Market approach based on recent share prices traded in an unquoted market.	Share prices in unquoted market	N/A

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

7.2 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis.

The directors consider that the carrying amount of financial assets and financial liabilities recognised in the Condensed Consolidated Financial Statements approximate their fair values.

Notes to the Condensed Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

8 ISSUANCES OF EQUITY SECURITIES

During the half-year reporting period, the Company issued 109,252 (2013: 72,260) ordinary shares for \$3,251,000 (2013: \$1,900,000) under its Dividend Reinvestment Plan (DRP).

During the half-year reporting period, the Company issued 1,555 (2013: 1,695) ordinary shares for \$nil (2013: \$nil) under its executive and employee share plans for the year ending 30 June 2014. There were no other movements in the ordinary share capital or other issued share capital of the Company in the current or prior half-year reporting period.

Under the Company Executive Performance Share Plan, during the half-year the Company granted entitlements to an allocation of ordinary shares provided specific performance objectives and hurdles are met over the three year period commencing 1 July 2014 to the year ending 30 June 2017. If the performance and employment vesting conditions are met, the minimum number of rights that could be vested under the entitlement is 20,013 and the maximum number of rights that could be vested is 120,087. Several grant dates applied to these rights; as a result the following fair values applied to the number of rights listed below.

GRANT DATE

26 August 2014	\$25.22
10 December 2014	\$28.34

During the half-year ended 31 December 2013, the Company granted entitlements to an allocation of ordinary shares provided specific performance hurdles were met over a one year period commencing 1 July 2013. As the specific performance objectives and hurdles were not met in relation to financial year 30 June 2014 no rights were vested during the half-year.

9 KEY MANAGEMENT PERSONNEL

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

10 SUBSEQUENT EVENTS

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

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