

BLACKMORES®
THE BEST OF HEALTH

BLACKMORES LIMITED FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

A.B.N. 35 009 713 437

BLACKMORES®
THE BEST OF HEALTH

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AUSTRALIA'S LEADING NATURAL HEALTH BRAND

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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 2009. 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
Christine W. Holgate
Robert L. Stovold
Naseema Sparks
Brent W. Wallace

REVIEW OF OPERATIONS

The Directors report that revenue for the six months to 31 December 2009 was \$109,266,000 (2008: \$96,092,000), an increase of 13.7%. The group profit after tax for the half-year was \$12,797,000 (2008: \$11,953,000) an increase of 7.1% on last year. These results have been reviewed by our auditor.

INTERIM DIVIDEND

The board has declared an interim dividend of 42 cents per share fully franked (2008: 39 cents fully franked), to be paid to shareholders registered at 5.00 pm on 11 March 2010 and to be paid on 25 March 2010.

DIVIDEND REINVESTMENT PLAN

A total of 95,014 shares to the value of \$1,683,000 were issued to shareholders under the Dividend Reinvestment Plan (DRP) relating to the final dividend declared for the previous financial year. The discount applied to these shares was 7.5%.

AUDITORS 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
Chairman

Sydney, 24 February 2010

DECLARATION OF INDEPENDENCE

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Fax: +61 (0) 2 9840 7001
www.deloitte.com.auThe Board of Directors
Blackmores Limited
20 Jubilee Avenue
Warriewood NSW 2093

24 February 2010

Dear Board Members

Auditor's Independence Declaration to 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 2009, 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; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



P G Forrester
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of
Deloitte Touche Tohmatsu

INDEPENDENT AUDITOR'S REVIEW REPORT



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 balance sheet as at 31 December 2009, and the income statement, the statement of comprehensive income, the statement of cash flows and the 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 19.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Interim and Other Financial Reports 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 2009 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.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of
Deloitte Touche Tohmatsu

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

Deloitte.

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

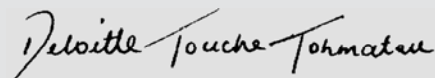
Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 2009 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



P G Forrester
Partner
Chartered Accountants
Parramatta, 24 February 2010

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,

A handwritten signature in black ink, reading "Marcus C. Blackmore", with a horizontal line underneath.

MARCUS C. BLACKMORE AM
Chairman
Sydney, 24 February 2010

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

| | NOTE | HALF-YEAR ENDED 31 DECEMBER 2009 \$'000 | HALF-YEAR ENDED 31 DECEMBER 2008 \$'000 |
|---|------|---|---|
| Revenue | 4 | 109,266 | 96,092 |
| Other income | | 356 | 10 |
| Sales and other income | | 109,622 | 96,102 |
| Promotional and other rebates | | 9,690 | 8,335 |
| Changes in inventories of finished goods and work in progress | | 3,174 | 213 |
| Raw materials and consumables used | | 33,593 | 31,420 |
| Employee benefits expense | | 23,968 | 19,732 |
| Depreciation and amortisation expense | | 1,998 | 820 |
| Selling and marketing expenses | | 8,982 | 8,890 |
| Operating lease rental expenses | | 472 | 1,372 |
| Professional and consulting expenses | | 897 | 791 |
| Repairs and maintenance expenses | | 894 | 800 |
| Freight expenses | | 1,608 | 1,358 |
| Bank charges | | 448 | 289 |
| Other expenses | | 4,290 | 4,844 |
| Total expenses | | 90,014 | 78,864 |
| Earnings before interest and tax | | 19,608 | 17,238 |
| Interest revenue | | 112 | 173 |
| Interest expense | | (1,205) | (36) |
| Net interest (expense)/revenue | | (1,093) | 137 |
| Profit before tax | | 18,515 | 17,375 |
| Income tax expense | | (5,718) | (5,422) |
| Profit attributable to equity holders of the parent | 4 | 12,797 | 11,953 |
| EARNINGS PER SHARE FOR THE HALF-YEAR | | | |
| Basic earnings per share (cents) | | 77.6 | 73.1 |
| Diluted earnings per share (cents) | | 77.6 | 72.9 |

Notes to the condensed consolidated financial statements are included on pages 13 to 19.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

| | HALF-YEAR ENDED 31 DECEMBER 2009 \$000 | HALF-YEAR ENDED 31 DECEMBER 2008 \$000 |
|---|--|--|
| Profit for the half-year | 12,797 | 11,953 |
| Other comprehensive income | | |
| Gain/(loss) recognised on cash flow hedges | 547 | (3,460) |
| Foreign currency translation of controlled entities | (795) | 2,706 |
| Transfer to hedge reserve from capital work in progress | - | 418 |
| Income tax relating to components of other comprehensive income | (164) | 1,038 |
| Other comprehensive income for the half-year (net of tax) | (412) | 702 |
| Comprehensive income for the half-year | 12,385 | 12,655 |

Notes to the condensed consolidated financial statements are included on pages 13 to 19.

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2009

| | 31 DECEMBER 2009 \$000 | 30 JUNE 2009 \$000 |
|--------------------------------------|---------------------------------|-----------------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | 13,255 | 13,716 |
| Receivables | 37,329 | 38,411 |
| Other financial assets | - | 35 |
| Inventories | 18,424 | 16,072 |
| Other | 1,412 | 1,373 |
| Total current assets | 70,420 | 69,607 |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 66,773 | 67,214 |
| Deferred tax assets | 1,575 | 1,739 |
| Other | 10 | 12 |
| Total non-current assets | 68,358 | 68,965 |
| Total assets | 138,778 | 138,572 |
| CURRENT LIABILITIES | | |
| Payables | 20,286 | 25,820 |
| Current tax liabilities | 2,850 | 2,119 |
| Other financial liabilities | 613 | 1,109 |
| Provisions | 3,051 | 2,918 |
| Total current liabilities | 26,800 | 31,966 |
| NON-CURRENT LIABILITIES | | |
| Borrowings | 47,356 | 47,356 |
| Deferred tax liabilities | 5 | 5 |
| Provisions | 692 | 682 |
| Total non-current liabilities | 48,053 | 48,043 |
| Total liabilities | 74,853 | 80,009 |
| Net assets | 63,925 | 58,563 |
| EQUITY | | |
| Issued capital | 23,363 | 21,680 |
| Reserves | 1,128 | 876 |
| Retained earnings | 39,434 | 36,007 |
| Total equity | 63,925 | 58,563 |

Notes to the condensed consolidated financial statements are included on pages 13 to 19.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

| | ISSUED CAPITAL | EQUITY SETTLED EMPLOYEE BENEFITS RESERVE | HEDGE RESERVE | FOREIGN CURRENCY TRANSLATION RESERVE | RETAINED EARNINGS | TOTAL EQUITY |
|---|-------------------|--|------------------|---|----------------------|-----------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Balance as at 1 July 2008 | 19,264 | 2,551 | 826 | (2,120) | 29,830 | 50,351 |
| Loss recognised on cash flow hedges | - | - | (3,460) | - | - | (3,460) |
| Income tax related to loss on cash flow hedges | - | - | 1,038 | - | - | 1,038 |
| Foreign currency translation of controlled entities | - | - | - | 2,706 | - | 2,706 |
| Net income recognised directly in equity | - | - | (2,422) | 2,706 | - | 284 |
| Transfer to hedge reserve from capital work in progress | - | - | 418 | - | - | 418 |
| Profit for the half-year | - | - | - | - | 11,953 | 11,953 |
| Total comprehensive income for the half-year | - | - | (2,004) | 2,706 | 11,953 | 12,655 |
| Issue of shares under Dividend Reinvestment Plan | 1,307 | - | - | - | - | 1,307 |
| Recognition of share-based payments | - | 117 | - | - | - | 117 |
| Dividend declared | - | - | - | - | (8,273) | (8,273) |
| Balance as at 31 December 2008 | 20,571 | 2,668 | (1,178) | 586 | 33,510 | 56,157 |
| Balance as at 1 July 2009 | 21,680 | 2,786 | (676) | (1,234) | 36,007 | 58,563 |
| Gain recognised on cash flow hedges | - | - | 547 | - | - | 547 |
| Income tax related to gains on cash flow hedges | - | - | (164) | - | - | (164) |
| Foreign currency translation of controlled entities | - | - | - | (795) | - | (795) |
| Net income recognised directly in equity | - | - | 383 | (795) | - | (412) |
| Profit for the half-year | - | - | - | - | 12,797 | 12,797 |
| Total comprehensive income for the half-year | - | - | 383 | (795) | 12,797 | 12,385 |
| Issue of shares under Dividend Reinvestment Plan | 1,683 | - | - | - | - | 1,683 |
| Recognition of share-based payments | - | 664 | - | - | - | 664 |
| Dividend declared | - | - | - | - | (9,370) | (9,370) |
| Balance as at 31 December 2009 | 23,363 | 3,450 | (293) | (2,029) | 39,434 | 63,925 |

Notes to the condensed consolidated financial statements are included on pages 13 to 19.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

| | NOTE | HALF-YEAR ENDED 31 DECEMBER 2009 \$'000 | HALF-YEAR ENDED 31 DECEMBER 2008 \$'000 |
|---|------|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 120,361 | 110,023 |
| Payments to suppliers and employees | | (105,076) | (95,579) |
| Interest and other costs of finance paid | | (1,205) | (325) |
| Income taxes paid | | (4,987) | (5,615) |
| Net cash provided by operating activities | 5 | 9,093 | 8,504 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | | 112 | 173 |
| Payment for property, plant and equipment ¹ | | (1,608) | (14,595) |
| Proceeds from sale of property, plant and equipment | | - | 13 |
| Net cash used in investing activities | | (1,496) | (14,409) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | | - | 11,900 |
| Repayment of borrowings | | - | (2,500) |
| Dividends paid ² | | (7,687) | (6,966) |
| Net cash (used in)/provided by financing activities | | (7,687) | 2,434 |
| Net decrease in cash and cash equivalents | | (90) | (3,471) |
| Cash and cash equivalents at the beginning of the half-year | | 13,716 | 12,153 |
| Effect of exchange rate changes on the balance of cash held in foreign currencies | | (371) | 990 |
| Cash and cash equivalents at the end of the half-year | | 13,255 | 9,672 |

Notes to the condensed consolidated financial statements are included on pages 13 to 19.

¹ Included in 'Payment for property, plant and equipment' is \$nil (2008: \$1,100,000) of interest and borrowing costs associated with the construction of new facilities at Warriewood, NSW.

² Dividends declared totalled \$9,370,000 (2008: \$8,273,000) of which \$1,683,000 (2008: \$1,307,000) relates to shares issued under the Dividend Reinvestment Plan. The balance of \$7,687,000 (2008: \$6,966,000) was paid as cash to members.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

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 marketing of health products including vitamins, herbal and mineral nutritional supplements.

2. SUMMARY OF ACCOUNTING POLICIES

Reporting Entity

Blackmores Limited (Blackmores) is a company domiciled in Australia. The Consolidated Interim Financial Report (Financial Report) of Blackmores as at and for the half-year ended 31 December 2009 comprises Blackmores and its subsidiaries (the Group).

The consolidated annual financial report of the Group as at and for the year ended 30 June 2009 is available upon request from the registered office of Blackmores at 20 Jubilee Avenue, Warriewood, NSW 2102.

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 financial report does not include all of the information 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 2009. This report must be read in conjunction with any public announcements made by Blackmores during the half-year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies

The accounting policies and methods of computation applied by the Group in this Financial Report are the same as those applied by the Group in the Consolidated Financial Report as at and for the year ended 30 June 2009, except as described below.

Comparatives

Various comparative balances have been reclassified to align with current year presentation. These amendments have no material impact on the Financial Report.

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 ending 30 June 2009.

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.

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 Interpretations effective for the current reporting period that are relevant to the Group include:

- AASB 3 Business Combinations
- AASB 8 Operating Segments
- AASB 101 Presentation of Financial Statements
- AASB 127 Consolidated and Separate Financial Statements

The adoption of these new and revised Standards and Interpretations has resulted in changes to the Group's accounting policies, however have not had any impact on the reported results.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

3. DIVIDENDS

| | 2009 | | 2008 | |
|--|-----------------|--------------|-----------------|-------------|
| | CENTS PER SHARE | TOTAL \$000 | CENTS PER SHARE | TOTAL \$000 |
| FULLY PAID ORDINARY SHARES | | | | |
| <i>Recognised Amounts</i> | 57 | 9,370 | 51 | 8,273 |
| Final dividend paid in respect of prior financial year: Franked to 100% | | | | |
| FULLY PAID ORDINARY SHARES | | | | |
| <i>Unrecognised Amounts</i> | | | | |
| Interim dividend: Franked to 100% | 42 | 6,962 | 39 | 6,356 |

The interim dividend for the half-year ended 31 December 2009 has not been recognised because the interim dividend was declared subsequent to 31 December 2009. On the basis that the directors will continue to declare dividends subsequent to the reporting date, the amounts disclosed as 'recognised' will be the final dividends in respect of the prior financial year.

On 24 February 2010 the directors declared a fully franked interim dividend of 42 cents (2008: 39 cents) per share to the holders of fully paid ordinary shares in respect of the half-year ended 31 December 2009, to be paid to shareholders on 25 March 2010.

4. SEGMENT INFORMATION

The Group has adopted AASB 8 Operating Segments and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The adoption of AASB 8 has not resulted in any change to the Group's reportable segments.

Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance is specifically focused on geographical areas. The Group's reportable segments under AASB 8 are as follows:

- Australia
- Asia
- New Zealand
- Other

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

4. SEGMENT INFORMATION (CONTINUED)

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

SEGMENT REVENUES FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

| | EXTERNAL SALES | | INTER-SEGMENT ¹ | | OTHER | | TOTAL | |
|---|----------------|---------------|----------------------------|---------------|---------------|---------------|----------------|---------------|
| | 2009 \$000 | 2008 \$000 | 2009 \$000 | 2008 \$000 | 2009 \$000 | 2008 \$000 | 2009 \$000 | 2008 \$000 |
| Australia | 90,939 | 79,684 | 8,704 | 6,710 | - | - | 99,643 | 86,394 |
| New Zealand | 1,730 | 1,462 | - | - | 423 | 425 | 2,153 | 1,887 |
| Asia | 16,124 | 14,497 | - | - | - | - | 16,124 | 14,497 |
| Other | 29 | 9 | - | - | 21 | 15 | 50 | 24 |
| Total of all segments | 108,822 | 95,652 | 8,704 | 6,710 | 444 | 440 | 117,970 | 102,802 |
| Eliminations | | | | | | | (8,704) | (6,710) |
| Consolidated revenue (excluding interest revenue and other income) | | | | | | | 109,266 | 96,092 |

Included in external sales of the Australian segment of \$90,939,000 (2008: \$79,684,000) is sales of approximately \$14,175,772 (2008: \$10,920,258) which arose from sales to the Group's largest customer.

¹ Intersegment sales are recorded at cost plus 10%. Pricing is set using a budgeted exchange rate and reviewed at regular intervals.

EXTERNAL SALES TO CUSTOMERS (NOT REVIEWED BY AUDITOR) FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

| | TOTAL | |
|------------------------------|----------------|---------------|
| | 2009 \$000 | 2008 \$000 |
| Australia | 90,939 | 79,684 |
| New Zealand | 4,234 | 4,247 |
| Asia | 16,124 | 14,497 |
| Other | 29 | 9 |
| Total of all segments | 111,326 | 98,437 |

External sales represents the sale of goods when the significant risks and rewards of ownership of the goods has transferred to the buyer. In New Zealand, the buyer of Blackmores' goods sells these products to a customer base that is equivalent to the customer base represented by external sales made in Australia and Asia. Blackmores has an agency arrangement with the buyer in New Zealand and earns royalty revenue on sales made to this customer base.

Additional disclosure has been provided in the above table so that external sales to the equivalent customer base can be compared on a geographical like-for-like basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

4. SEGMENT INFORMATION (CONTINUED)

SEGMENT RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

| | TOTAL | |
|----------------------------------|---------------|---------------|
| | 2009 \$000 | 2008 \$000 |
| Australia | 17,035 | 16,574 |
| New Zealand | 328 | 342 |
| Asia | 2,404 | 435 |
| Other | 12 | 14 |
| Total of all segments | 19,779 | 17,365 |
| Eliminations | (171) | (127) |
| Earnings Before Interest and Tax | 19,608 | 17,238 |
| Interest Revenue | 112 | 173 |
| Interest Expense | (1,205) | (36) |
| Net Interest (Expense)/Revenue | (1,093) | 137 |
| Profit Before Income Tax Expense | 18,515 | 17,375 |
| Income Tax Expense | (5,718) | (5,422) |
| Net Profit | 12,797 | 11,953 |

OTHER SEGMENT INFORMATION FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

| | TOTAL ASSETS | | DEPRECIATION AND AMORTISATION | |
|-----------------------|---------------------------------------|-----------------------------------|--|--|
| | AS AT 31 DECEMBER 2009 \$000 | AS AT 30 JUNE 2009 \$000 | HALF-YEAR ENDED 31 DECEMBER 2009 \$000 | HALF-YEAR ENDED 31 DECEMBER 2008 \$000 |
| | Australia | 128,447 | 129,555 | 1,950 |
| New Zealand | - | - | - | - |
| Asia | 16,722 | 14,311 | 48 | 53 |
| Total of all segments | 145,169 | 143,866 | 1,998 | 820 |
| Eliminations | (6,391) | (5,294) | - | - |
| Consolidated | 138,778 | 138,572 | 1,998 | 820 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

5. RECONCILIATION OF PROFIT AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

| | HALF-YEAR ENDED 31 DECEMBER 2009 \$000 | HALF-YEAR ENDED 31 DECEMBER 2008 \$000 |
|---|--|--|
| Profit for the half-year | 12,797 | 11,953 |
| Interest revenue disclosed as investing cash flow | (112) | (173) |
| Depreciation and amortisation | 1,998 | 820 |
| Unrealised foreign exchange loss | 87 | 2,127 |
| Share-based payments | 664 | 117 |
| Other | (373) | (298) |
| Increase/(decrease) in current tax liability | 731 | (197) |
| Increase/(decrease) in deferred tax balances | 164 | (1,038) |
| (Decrease)/increase in deferred tax balances related to hedge reserve in equity | (164) | 1,038 |
| Changes in net assets and liabilities: | | |
| (Increase)/decrease in assets: | | |
| • Receivables | 1,082 | (1,250) |
| • Inventories | (2,352) | (1,546) |
| • Other debtors and prepayments | (38) | 371 |
| Increase/(decrease) in liabilities: | | |
| • Payables | (5,534) | (3,344) |
| • Provisions | 143 | (76) |
| Net cash provided by operating activities | 9,093 | 8,504 |

6. ISSUANCES OF EQUITY SECURITIES

During the half-year reporting period, the Company issued 95,014 (2008: 81,702) ordinary shares for \$1,683,000 (2008: \$1,307,000) under its Dividend Reinvestment Plan and 69,269 (2008: 33,576) ordinary shares for \$nil (2008: \$nil) under its executive and employee share plans for the year ended 30 June 2009. The Company issued 8,840 (2008: nil) to employees during the half-year being a bonus of 20 shares to each eligible employee of the Company. There were no other movements in the ordinary share capital or other issued share capital of the Company in the current or prior half-year reporting period.

Under the Company Executive Performance Share Plan, during the half-year the Company granted entitlements to an allocation of ordinary shares provided specific performance objectives and hurdles are met in relation to the year ended 30 June 2010. If the performance and employment vesting conditions are met, the minimum number of 14,695 (2008: 9,838) and the maximum number of 84,479 (2008: 39,353) will be granted. These shares had a fair value at grant date of \$21.14 per share (2008: \$18.20).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

7. CONTINGENT ASSETS/LIABILITIES AND COMMITMENTS

The Company has received variations from the building contractor in respect of the construction of the Company's new building at Warriewood. The Directors believe these claims are not justified in their totality and will be addressed in accordance with the contractual arrangements. No liability has been recorded in relation to these variation claims as at 31 December 2009.

There have been no other material changes since the 30 June 2009 Annual Financial Report.