McPherson's Limited
ACN 004 068 419

5 Dunlop Road
PO Box 4490
Mulgrave VIC 3170
Australia

Telephone: +61 3 9566 3300
Facsimile: +61 3 9574 9075

ASX and Media Release **(ASX: MCP)**

22 August 2011

McPherson's Trading Profit up 9.3%

14 cent final dividend up 40%

- **Profit after tax of $28 million (before $8.5 million printing goodwill impairment*)**
- **Statutory profit of $19.5 million after tax and goodwill impairment**
- **Full year dividends up 30% to 26 cents fully franked**
- **Debt reduced and gearing down to 28%**
- **Board rejuvenation announced**

McPherson's Limited, the consumer products and printing group, today announced an after-tax profit of $28.0 million before goodwill impairment for the year ended 30 June 2011, an increase of 9.3% over the prior year.

Results summary for the year ended	**30 Jun 10** ($ million)	**30 Jun 11** ($ million)	**Change** (%)
Sales revenue	354.0	**348.8**	(1.5)
Underlying EBIT (before goodwill impairment)	44.5	**46.4**	4.1
Profit before tax and goodwill impairment	36.6	**39.6**	8.1
Profit after tax (before goodwill impairment)	25.6	**28.0**	9.3
Goodwill impairment (Printing business)	-	**(8.5)**	-
Net profit (after goodwill impairment)	25.6	**19.5**	(24.0)
Earnings per share (cents) **	36.4	**39.0**	7.1
Final dividend (cents) fully franked	10.0	**14.0**	40.0
Full year dividends (cents) fully franked	20.0	**26.0**	30.0

Segment summary for the year ended **				
	Sales revenue ($ million)		**Underlying EBIT** ($ million)	
	30 Jun 10	**30 Jun 11**	**30 Jun 10**	**30 Jun 11**
Consumer Products	289.7	**289.9**	45.2	**48.4**
Printing	64.3	**58.9**	3.8	**2.9**
Corporate/unallocated	(0.0)	**0.0**	(4.5)	**(4.9)**
Group	354.0	**348.8**	44.5	**46.4**

**An impairment charge of $8.5 million has been included in the company's accounts to 30 June 2011 reflecting the write off of all the goodwill that arose as a result of acquisitions made by the Printing business more than 10 years ago.*

***Amounts shown for 2011 exclude the impairment charge of $8.5 million. Statutory EPS is 27.1 cents.*

Final Dividend

Reflecting the company's stronger financial position and improved earnings from trading, directors have declared a fully franked final dividend of 14 cents per share. This brings the full year dividend payout to 26 cents per share, fully franked, up 30% from the previous year.

This dividend is consistent with the company's dividend policy to distribute at least 60% of annual net profit before amortisation. The final dividend will be payable on 3 October 2011 to shareholders on the register at 9 September 2011.

Net Debt and Gearing

Strong operating cash flows resulted in net debt decreasing to $56.5 million at 30 June 2011, compared with $77.0 million a year earlier (restated following a change in accounting policy). Net debt at 30 June 2011 of $56.5 million represented 28% of shareholders' funds, an improvement from the restated gearing level of 39% at 30 June 2010.

Net interest expense for the year was $6.8 million (2010: $7.9 million) with the decrease mainly due to interest savings from lower borrowing levels. Interest cover for the year improved to 6.8 times compared with 5.6 times in the previous year.

As reported previously, term debt facilities are in place until 31 August 2013.

Consumer Products Division

McPherson's Consumer Products designs and markets a large range of consumer products. Its key brands are Wiltshire and Stanley Rogers (housewares), Manicare, Lady Jayne and Swisspers (personal care), Multix (household consumables) and Home Living (impulse merchandising). Distribution is through all major retailers throughout Australia and New Zealand, and in Asia. Manufacturing is outsourced to a range of countries, particularly China, and McPherson's has a significant presence in Hong Kong and China focused on product sourcing and quality assurance. Most products are purchased in US dollars.

The Consumer Products Division's EBIT increased by 7% to $48.4 million.

Sales revenue was maintained at the prior year's level despite the difficult trading environment experienced by the company's retail customers, particularly in the latter part of the financial year. Revenue increases from key branded products including Multix, Swisspers and Stanley Rogers were offset by lower revenue from some minor brands and agency lines, and by a decline in impulse merchandising revenue due to a reduction in available selling space for the category by some retailers.

The stronger Australian dollar during the second half continued to assist margins, and the company's foreign currency hedging programme will provide protection for the 2012 financial year, with hedging extended progressively on a rolling monthly basis. However, margin gains from the stronger currency were partially offset by increased input costs caused by higher commodity prices and factory labour costs in China, as well as by the softening in consumer confidence.

The division continues to focus on brand development, together with new and improved products, to ensure the company remains a leader in its field, providing continuous innovation to its retail partners. The company continues to pursue acquisition opportunities that leverage the division's sourcing, marketing and logistics capabilities including the distribution infrastructure of the major operations at Kingsgrove in Sydney.

Printing Division

McPherson's Printing Group provides printing services for a range of customers including major domestic and international book publishers, directory and professional reference information publishers, magazine and periodical publishers, corporate/industrial catalogue and manual publishers, the automotive and horse racing industries and a variety of other specialised users.

The Printing Division generated EBITDA of $5.9 million and delivered free operating cash flow of $6.3 million before capital expenditure.

Sales revenue was below the previous corresponding period due to a continuation of subdued market conditions which also placed additional pressure on profit margins. Excluding the impairment charge, the Printing Division's EBIT decreased to $2.9 million from $3.8 million in the prior year.

The business remains focused on cost containment and efficiency improvement through selective investment in modern printing technology. During the year the company commissioned new sheet-fed colour printing equipment at the Mulgrave plant which allowed two older presses to be decommissioned. The company has also committed to invest in state-of-the-art digital inkjet printing equipment which will be commissioned at the Maryborough plant during 2012. These investments will increase efficiency and provide opportunities to expand competitively into additional market sectors, with the full benefits to be realised progressively in 2012.

Board and Management

As part of the company's focus on the future, a thorough review was conducted of the board and management. In that regard, the company wishes to announce the following changes:

- As foreshadowed at last year's annual general meeting, Simon Rowell will retire as chairman of the board and as a director with effect from the conclusion of the next annual general meeting, scheduled for November 2011. Mr. Rowell has been a director since 2003 and was appointed chairman in 2007.

- Following a structured selection process, the board has determined that David Allman should succeed Mr. Rowell as chairman. Mr. Allman was managing director of McPherson's Limited from 1995 until 2009 and has had a long and successful career in business.

- Peter Landos will retire as a director at the conclusion of the 2011 annual general meeting. Mr. Landos has been a director since 2009 and prior to that was an alternate director.

- Amanda Lacaze is to be appointed a non-executive director with effect from 22 September 2011 and a member of the board's audit, risk management and compliance committee. With experience as a CEO of publicly listed companies and a background in marketing, including at Telstra and Nestlé, Ms. Lacaze will bring significant relevant commercial and marketing expertise to the board.

- Philip Bennett will step down as chief financial officer of the company at the end of November 2011 after a successful career with the company spanning 20 years, including more than 10 years as chief financial officer.

- Paul Witheridge, currently chief financial officer of McPherson's Consumer Products Pty Ltd, based in Sydney, will be appointed chief financial officer of McPherson's Limited at the end of November 2011. Paul has been with the company since May 2010 and has worked closely with Paul Maguire and Philip Bennett.

In conjunction with the management changes, the company will consolidate its corporate office function into the Sydney office which will lead to further efficiency gains.

Outlook

Paul Maguire, managing director, said: “Trading conditions are expected to remain challenging due to a subdued retail sales environment and continued upward pressure on costs; however the high proportion of non-discretionary items in the company’s product range, the strength of our brands and our sourcing and product development capabilities mean we remain well placed to contend with these challenges.”

Chairman Simon Rowell said: “Opportunities to grow the consumer products business through acquisition continue to be evaluated. The company’s balance sheet is strong and offers considerable flexibility in this regard.”

A results presentation will be given by McPherson's managing director, Paul Maguire, at 10.30 a.m. today, Monday 22 August 2011 at FCR - Financial & Corporate Relations Pty Limited, Level 8, 2 Bligh Street, Sydney. Interested parties are welcome to attend.

For further information please contact:
Paul Maguire, managing director, telephone (03) 9566 3388.

McPherson's Limited
ABN: 98 004 068 419
Year ended 30 June 2011

Results for Announcement to the Market

				$A000's
Revenue	Down	1.4%	to	**349,178**
Profit after tax and before impairment attributable to members	Up	9.3%	to	**28,029**
Impairment charge (see page 10)	-	-		**(8,530)**
Profit after tax and impairment attributable to members	Down	24.0%	to	**19,499**

Dividends/distributions	**Amount per security**	**Franked amount per security**
Final dividend	**14.0¢**	**14.0¢**
Interim dividend	12.0¢	12.0¢

Payment date for final dividend	**3 October 2011**
Record date for determining entitlements to the dividend	**9 September 2011**

McPherson's Limited
Statement of Comprehensive Income
For the year ended 30 June 2011

	June 2011	June 2010
	A$000's	A$000's
Revenue		
Sales Revenue	**348,823**	353,953
Interest	**313**	47
Royalties	**42**	265
Total revenue	**349,178**	354,265
Other Income		
Waste recoveries	**742**	779
Commissions	**124**	155
Net gain on disposal of property, plant and equipment	**208**	5
Sundry	**343**	695
Total Other Income	**1,417**	1,634
Share of net profit of associate	**268**	195
Total Revenue and Other Income	**350,863**	356,094
Expenses		
Materials and consumables used	**172,007**	183,556
Employee costs	**63,919**	65,485
Rental expenses relating to operating leases	**9,212**	9,588
Amortisation of other intangibles	**221**	495
Depreciation/other amortisation	**5,301**	4,972
Advertising and promotional	**11,773**	10,577
Repairs and maintenance	**1,976**	1,938
Cartage and freight	**16,112**	14,958
Restructure costs	**508**	706
Time value in option hedging contracts	**2,280**	(388)
Other expenses from ordinary activities	**20,818**	19,578
Borrowing costs expense	**7,098**	7,973
Total expenses	**311,225**	319,438
Profit before income tax expense and impairment	**39,638**	36,656
Income tax expense	**(11,609)**	(11,007)
Profit after income tax expense and before impairment	**28,029**	25,649
Impairment charge (see page 10)	**(8,530)**	-
Profit after income tax expense and impairment	**19,499**	25,649

The above Statement of Comprehensive Income should be read in conjunction with the following notes and appendices.

McPherson's Limited
Statement of Comprehensive Income (continued)
For the year ended 30 June 2011

	June 2011 A$000's	June 2010 A$000's
Profit after income tax expense and impairment	**19,499**	25,649
Other comprehensive income		
Changes in the fair value of cash flow hedges	**399**	11,604
Exchange differences on translation of foreign operations	**(1,987)**	5
Income tax relating to components of other comprehensive income	**(127)**	(3,481)
Other comprehensive income	**(1,715)**	8,128
Total comprehensive income	**17,784**	33,777

	June 2011 Cents	June 2010 Cents
Basic earnings per share before impairment charge	**39.0**	36.4
Diluted earnings per share before impairment charge	**38.8**	36.2
Basic earnings per share after impairment charge	**27.1**	36.4
Diluted earnings per share after impairment charge	**27.0**	36.2

The above Statement of Comprehensive Income should be read in conjunction with the following notes and appendices.

McPherson's Limited
Balance Sheet
As at 30 June 2011

	June 2011	June 2010[1] Restated	June 2009[1] Restated
	A$000's	A$000's	A$000's
Current assets			
Cash	**1,705**	467	2,281
Receivables	**57,930**	62,512	62,977
Inventories	**59,672**	64,297	61,251
Derivative financial instruments	**-**	258	18
Total current assets	**119,307**	127,534	126,527
Non-current assets			
Other financial assets	**1,249**	1,281	1,486
Property, plant and equipment	**23,713**	22,262	23,707
Intangibles	**179,163**	188,135	188,505
Deferred tax assets	**6,856**	6,274	9,918
Total non-current assets	**210,981**	217,952	223,616
Total assets	**330,288**	345,486	350,143
Current liabilities			
Payables	**36,742**	41,227	39,242
Derivative financial instruments	**3,251**	1,529	11,481
Borrowings	**1,235**	456	1,589
Provisions	**10,989**	10,947	11,334
Current tax liabilities	**5,376**	2,365	2,663
Total current liabilities	**57,593**	56,524	66,309
Non-current liabilities			
Derivative financial instruments	**191**	290	2,090
Borrowings	**57,000**	77,018	112,026
Provisions	**1,010**	1,084	1,211
Deferred tax liabilities	**13,696**	13,672	13,673
Total non-current liabilities	**71,897**	92,064	129,000
Total liabilities	**129,490**	148,588	195,309
Net assets	**200,798**	196,898	154,834

(1) The Company has changed the accounting policy for cash and cash equivalents and restated comparative amounts for 2010 (refer page 9 of this report). As AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* has been applied retrospectively, AASB 101 *Presentation of Financial Statements* requires presentation of a third Balance Sheet for 2009.

The above Balance Sheet should be read in conjunction with the following notes and appendices.

McPherson's Limited

Balance Sheet (continued)
As at 30 June 2011

	June 2011	Restated June 2010	June 2009 Restated
	A$000's	A$000's	A$000's
Shareholders' equity			
Share capital	**129,338**	127,193	112,727
Reserves	**(4,181)**	(2,290)	(11,352)
Retained profits	**75,641**	71,995	53,459
Total shareholders' equity	**200,798**	196,898	154,834

The above Balance Sheet should be read in conjunction with the following notes and appendices.

McPherson's Limited
Statement of Changes in Equity
For the year ended 30 June 2011

	Share Capital A$000's	Reserves A$000's	Retained Profits A$000's	Total A$000's
Balance at 1 July 2010	**127,193**	**(2,290)**	**71,995**	**196,898**
Profit after income tax and impairment	-	-	19,499	19,499
Cash flow hedges, net of tax	-	272	-	272
Exchange differences on translation of foreign operations	-	(1,987)	-	(1,987)
Total comprehensive income	**-**	**(1,715)**	**19,499**	**17,784**
Transactions with shareholders				
Share based payments expense	-	743	-	743
Share issues – options exercised	1,230	-	-	1,230
Transaction costs on share issues, net of tax	(4)	-	-	(4)
Transfers	919	(919)	-	-
Dividends paid	-	-	(15,853)	(15,853)
	2,145	(176)	(15,853)	(13,884)
Balance at 30 June 2011	**129,338**	**(4,181)**	**75,641**	**200,798**

The above Statement of Changes in Equity should be read in conjunction with the following notes and appendices.

McPherson's Limited
Statement of Changes in Equity
Prior Period Comparative

	Share Capital	**Reserves**	**Retained Profits**	**Total**
	A$000's	**A$000's**	**A$000's**	**A$000's**
Balance at 1 July 2009	**112,727**	**(11,352)**	**53,459**	**154,834**
Profit after income tax	-	-	25,649	25,649
Cash flow hedges, net of tax	-	8,123	-	8,123
Exchange differences on translation of foreign operations	-	5	-	5
Total comprehensive income	**-**	**8,128**	**25,649**	**33,777**
Transactions with shareholders				
Share based payments expense	-	986	-	986
Share issues - equity raising	15,000	-	-	15,000
Transaction costs on share issues, net of tax	(534)	-	-	(534)
Transfers	-	(52)	52	-
Dividends paid	-	-	(7,165)	(7,165)
	14,466	934	(7,113)	8,287
Balance at 30 June 2010	**127,193**	**(2,290)**	**71,995**	**196,898**

The above Statement of Changes in Equity should be read in conjunction with the following notes and appendices.

McPherson's Limited
Cash Flow Statement
For the year ended 30 June 2011

	June 2011	June 2010[1]
	A$000's	A$000's
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	**385,577**	390,753
Payments to suppliers and employees (inclusive of GST)	**(327,762)**	(341,280)
Interest received	**322**	42
Interest and borrowing costs paid	**(7,669)**	(8,073)
Income tax paid	**(9,183)**	(10,896)
Dividends received	**300**	400
Net cash inflows from operating activities	**41,585**	30,946
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	**(6,846)**	(3,618)
Proceeds from disposal of property, plant and equipment	**583**	21
Payments for purchase of intangibles	**(167)**	(77)
Net cash outflows from investing activities	**(6,430)**	(3,674)
Cash flows from financing activities		
Proceeds from exercise of options	**1,223**	-
Costs from exercise of options	**(5)**	-
Proceeds from issue of shares	**-**	15,000
Costs from issue of shares	**-**	(763)
Proceeds from borrowings	**120,000**	115,500
Repayment of borrowings	**(140,000)**	(150,500)
Dividends paid	**(15,853)**	(7,165)
Repayment of hire purchase liabilities	**(12)**	(11)
Net cash outflows from financing activities	**(34,647)**	(27,939)
Net increase/(decrease) in cash held	**508**	(667)
Cash at beginning of the financial year	**20**	702
Net effect of exchange rate changes on cash	**(42)**	(15)
Cash held at end of financial year	**486**	20

[1] The Company has changed the accounting policy for cash and cash equivalents (refer page 9 of this report). Comparative amounts for 2010 have been restated to reflect the amended policy.

The above Cash Flow Statement should be read in conjunction with the following notes and appendices.

McPherson's Limited
Notes to the Financial Statements
For the year ended 30 June 2011

Material factors affecting the revenues and expenses of the economic entity for the current period.

Material factors affecting the revenues and expenses of the economic entity for the period ended 30 June 2011 and significant trends or events since that date, are included in the attachment to this announcement.

Material factors affecting the assets, liabilities and equity of the economic entity for the current period.

Significant movements in equity are set out on Page 6.

Material factors affecting the cash flows of the economic entity for the current period.

A reconciliation of net cash provided by operating activities to operating profit after income tax is attached as Appendix A to this report. See also change in accounting policy below.

Change in accounting policy

Cash and cash equivalents

Consistent with the previously stated policy, the balance sheet and cash flows for prior years reflected remittances from trade debtors received on the first day of the next financial period. The Company has changed this policy during the current financial year to recognise only those remittances received in the current period.

The 30 June 2010 comparative information in the accounts has been adjusted and restated to reflect the application of the new policy. The restatement has resulted in trade receivables and interest bearing liabilities each being increased by $5,144,000 and receipts from customers increasing by $2,051,000 for the year ended 30 June 2010.

Fundamental errors

N/A

Extraordinary items

N/A

Reconciliation of income tax expense

A reconciliation of prima facie income tax to the actual income tax expense is attached as Appendix B to this report.

McPherson's Limited
Notes to the Financial Statements
For the year ended 30 June 2011

Segment note

Information on the business segments of the Group is attached as Appendix C to this report and is prepared in accordance with Accounting Standard AASB 8: *Segment Reporting*.

Discontinuing operations

N/A

Events occurring after reporting date

No matters have arisen since 30 June 2011 that have significantly affected or may significantly affect the operations of the Group, the results or those operations or the state of the affairs of the Group in financial periods subsequent to 30 June 2011.

Impairment Testing – Intangibles

Goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) according to business segment as follows:

	2011 $000's	**2010 $000's**
Printing	-	8,530
Consumer Products Australia	129,188	129,345
Consumer Products New Zealand	4,244	4,466
	133,432	142,341

The recoverable amount of a CGU is determined based on a value-in-use calculation. These calculations use cash flow projections based on financial budgets covering a 1 year period. Cash flows beyond the projected period are extrapolated using estimated growth rates. In performing the value-in-use calculations for each CGU, the Company has applied a post-tax discount rate to discount the forecast future attributable post-tax cash flows.

The assumption used in the value-in-use calculations are as follows:

	Printing CGU	**Consumer Products CGUs**
Estimated growth rates	- 3.9% to 2.7%	1% to 3%
Post-tax discount rate	12.6%	11.5%
Pre-tax discount rate equivalent	15.6%	15.1%

At 30 June 2011, the value-in-use of each of the Consumer Products CGUs exceeds the carrying value of their net assets.

At 30 June 2011, the value-in-use of the Printing CGU was less than the carrying value of its net assets, resulting in impairment to goodwill of $8,530,000. Should the discounted cash flows of the Printing CGU change by +/- 5%, the impact on the Printing CGU impairment assessment would be $1,300,000.

McPherson's Limited
Notes to the Financial Statements
For the year ended 30 June 2011

Impairment Testing – Intangibles (continued)

Brandnames

Brandnames are allocated to the Group's cash-generating units (CGUs) according to business segment. All brandnames are currently allocated to the Consumer Products Australia segment.

The recoverable amount of a brandname is determined using the 'relief from royalty method'. The 'relief from royalty method' assumes that if a business did not own the identifiable brandname under consideration it would have to pay a royalty to the owners of the brandname for its use. The calculation is prepared on a discounted cash flow analysis of the future royalty stream which is based on financial budgets covering a 1 year period. The calculations assume sales growth rates beyond the projected period range from 1% to 3% (2010: 1% to 3%) and a post-tax discount rate of 11.5% (2010: 11.5%), the equivalent pre-tax discount rate equating to 15.1% (2010: 15.1%).

At 30 June 2011 the discounted cash flows exceed the carrying value of the brandnames.

Basis of financial report preparation

This report is a general purpose financial report prepared in accordance with Accounting Standards, other mandatory professional reporting requirements and the Corporations Act, 2001. This report should be read in conjunction with the most recent Annual Report.

Statement of compliance

The financial report complies with Australian Accounting Standards, which includes Australian equivalents to International Financial Reporting Standards (AIFRS).

Compliance with AIFRS ensures the financial report complies with International Financial Reporting Standards (IFRS).

Additional dividend information

Details of dividends declared or paid during or subsequent to the year ended 30 June 2011 are as follows:

	A$000's
• Interim 2011 dividend of 12.0 cents per fully paid ordinary share paid on 1 April 2011 (fully franked)	**8,688**
• Final 2011 dividend of 14.0 cents per fully paid ordinary share declared by directors (fully franked) but not recognised as a liability at year end.	**10,136**

The 2010 final dividend of $7,165,000 (10.0 cents per fully paid ordinary shares) referred to in the Directors' Report dated 24 August 2010 was paid on 1 October 2010.

McPherson's Limited
Notes to the Financial Statements
For the year ended 30 June 2011

Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan remains suspended until further notice.

NTA Backing

	Current Period	Previous Corresponding Period
	cents	cents
Net tangible asset backing per ordinary share	**29.9**	12.2

Control gained over entities during the period

Nil.

Loss of control of entities during the period

Nil.

Associate entity

The Group has a 33⅓% shareholding in an associate company, Denward Court Pty Ltd, which is incorporated in Australia and whose principal activity is book binding.

Audit

This report is based on accounts which are in the process of being audited.

McPherson's Limited

P.R. Bennett
Company Secretary

Signed this 19th day of August 2011

APPENDIX A

McPherson's Limited
Reconciliation of net cash provided by operating activities to operating profit after income tax
For the year ended 30 June 2011

	June 2011	June 2010
	A$000's	A$000's
Operating profit after income tax and impairment	**19,499**	25,649
Amortisation of other intangibles	**221**	495
Depreciation/other amortisation	**5,301**	4,972
Share based payments	**743**	986
Impairment charge	**8,530**	-
Profit on disposal of property, plant and equipment	**(208)**	(5)
Time value in option hedging contracts	**2,280**	(388)
Finance charges included in lease payments	**1**	2
Share of profit in associate not received as dividends or distributions	**(268)**	(195)
Dividends received from associate	**300**	400
Operating assets and liabilities:		
Increase/(decrease) in payables	**(5,930)**	1,884
Increase/(decrease) in other provisions	**41**	(65)
Increase/(decrease) in employee entitlements	**284**	(448)
Increase/(decrease) in tax payable	**2,426**	111
(Increase)/decrease in receivables	**4,206**	491
(Increase)/decrease in inventories	**4,159**	(2,943)
Net cash inflow provided by operating activities	**41,585**	30,946

APPENDIX B

McPherson's Limited
Reconciliation of prima facie income tax to actual income tax expense
For the year ended 30 June 2011

	June 2011	June 2010
	A$000's	A$000's
Operating profit before tax and after impairment	**31,108**	36,656
Prima facie income tax at 30%	**9,332**	10,997
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share of net profit of associate	**(80)**	(59)
Share based payments	**223**	296
Impairment charge	**2,559**	-
Tax rate differences in overseas entities	**(227)**	(267)
(Over)/under provision in prior years	**(327)**	27
Net benefit of tax losses not previously recognised	**-**	(59)
Other	**129**	72
Income tax expense	**11,609**	11,007
Current tax	**12,593**	10,670
Deferred tax	**(657)**	310
(Over)/under provision in prior years	**(327)**	27
Income tax expense	**11,609**	11,007
Deferred income tax expense (revenue) included in tax expense comprises:		
(Increase)/decrease in deferred tax assets	**(669)**	293
Increase in deferred tax liabilities	**12**	17
	(657)	310

APPENDIX C

McPherson's Limited
Segment Report
For the year ended 30 June 2011

	Consumer Products $000's	Printing $000's	Inter-segment Eliminations/ Unallocated $000's	Consolidated $000's
2011 Segment Information				
Sales to external customers	**289,934**	**58,889**	**-**	**348,823**
Inter-segment sales	**-**	**45**	**(45)**	**-**
Total sales revenue	**289,934**	**58,934**	**(45)**	**348,823**
Other revenue/income	**271**	**1,167**	**334**	**1,772**
Share of net profit of associate	**-**	**268**	**-**	**268**
Total segment revenue, other income and share of net profit of associate	**290,205**	**60,369**	**289**	**350,863**
Profit before interest, tax, depreciation and amortisation	**50,994**	**5,859**	**(4,908)**	**51,945**
Depreciation and amortisation expense	**(2,548)**	**(2,973)**	**(1)**	**(5,522)**
Segment result before impairment	**48,446**	**2,886**	**(4,909)**	**46,423**
Net borrowing costs				**(6,785)**
Profit before income tax and impairment				**39,638**
Income tax expense				**(11,609)**
Profit after income tax and before impairment				**28,029**
Impairment charge	-	**(8,530)**	-	**(8,530)**
Profit after income tax and impairment				**19,499**
Segment result after impairment	**48,446**	**(5,644)**	**(4,909)**	**37,893**
Segment assets	**303,081**	**31,776**	**(4,569)**	**330,288**

APPENDIX C

McPherson's Limited
Segment Report
Prior Period Comparative

	Consumer Products $000's	Printing $000's	Inter-segment Eliminations/ Unallocated $000's	Consolidated $000's
2010 Segment Information				
Sales to external customers	289,737	64,216	-	353,953
Inter-segment sales	-	84	(84)	-
Total sales revenue	289,737	64,300	(84)	353,953
Other revenue/income	978	963	5	1,946
Share of net profit of associate	-	195	-	195
Total segment revenue, other income and share of net profit of associate	290,715	65,458	(79)	356,094
Profit before interest, tax, depreciation and amortisation	47,726	6,714	(4,391)	50,049
Depreciation and amortisation expense	(2,526)	(2,938)	(3)	(5,467)
Segment result	45,200	3,776	(4,394)	44,582
Net borrowing costs				(7,926)
Profit before income tax				36,656
Income tax expense				(11,007)
Profit after income tax				25,649
Segment assets	318,281	43,124	(15,919)	345,486

APPENDIX C

McPherson's Limited
Segment Report (continued)
For the year ended 30 June 2011

Segment Information (continued)

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 two distinct reporting segments; Consumer Products and Printing.

The above reporting segments derive revenue from the following products and services:

Consumer Products:
Producers of kitchen knives, scissors, cutlery, kitchen utensils, hair, beauty and personal care products, plastic bags, wraps, foils and other consumer products.

Printing:
Printers of a wide range of products including quality books, paperbacks and loose leaf printing.

Geographical information

	Segment revenues from sales to external customers		**Segment non-current assets**	
	2011 A$000's	2010 A$000's	**2011 A$000's**	2010 A$000's
Australia	**312,435**	317,804	**197,562**	204,606
North America	**161**	471	**-**	-
Asia, New Zealand	**36,227**	35,678	**6,563**	7,072
	348,823	353,953	**204,125**	211,678

Segment revenues

Segment revenues are allocated based on the location in which the revenue originated.

Revenues of approximately $84,746,000 (2010: $76,627,000) and $61,904,000 (2010: $65,196,000) were derived from two external customers. These revenues were attributable to the Consumer Products segment.

Segment assets

Segment assets are allocated based on where the asset is located. Non-current segment assets exclude deferred tax assets.

Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an 'arms-length' basis and are eliminated on consolidation.