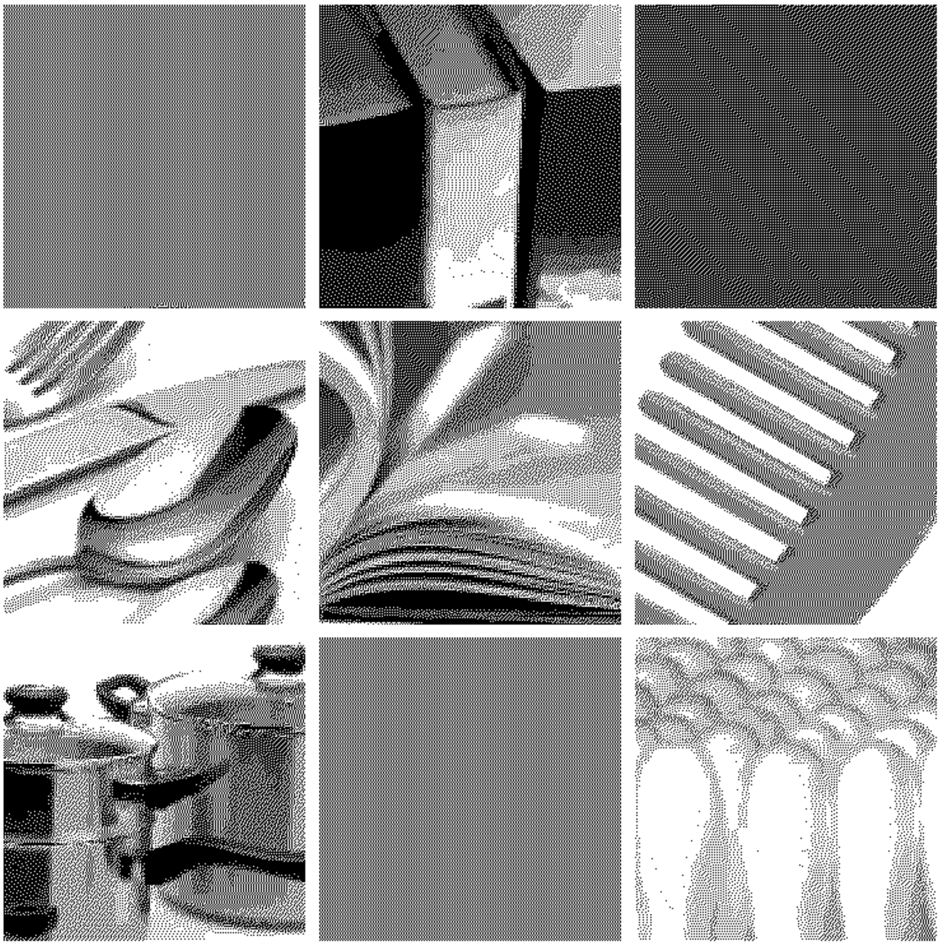


ANNUAL REPORT 2005

McPherson's Limited

Contents

Vision

McPherson's primary objective is to increase shareholder wealth through the payment of dividends and long term share price appreciation. This will be achieved through operating businesses which are capable of producing superior returns and utilising cash flow to acquire compatible businesses in order to produce growth, enhance returns through rationalisation benefits, reduce risk and improve competitive position.

Key Financial Objectives

Achieve an after tax, pre amortisation rate of return on shareholders' funds of 20% per annum.

Achieve long term earnings per share growth of 10% per annum.

Dividend Policy

To distribute 50% of the Company's net earnings before amortisation of goodwill to shareholders.

Financial Calendar*

Payment of final dividend for 2005	October 2005
Publication of results to 31 December 2005	February 2006
Preliminary results to 30 June 2006	August 2006
Report and accounts for year to 30 June 2006	October 2006

* Subject to change

Annual General Meeting

The 2005 Annual General Meeting of McPherson's Limited will be held at the ASX Theatrette, 530 Collins Street, Melbourne at 11.00 am on Friday, 4 November 2005.

The Year's Performance

- A net profit after tax (before goodwill amortisation) of $26.7 million, representing earnings of 45.5 cents per share.
- An 8% increase in after tax profit (before goodwill amortisation and excluding a surplus on a business divestment and non-recurring provisioning) to $22.8 million which represents a 19.3% return on average shareholders' funds.
- A 2% increase in earnings per share to 38.8 cents (before goodwill amortisation and excluding the net surplus on a business divestment and non-recurring provisioning).
- Dividend payout increasing by 16% to 22.0 cents per share, fully franked, from 19.0 cents last year.
- Consistent contribution (EBITA) from the Consumer Products Division (excluding Multix and Accantia) of $26.0 million.
- Accantia (acquired effective 1 July 2004) and Multix (acquired effective 1 October 2004) produced a combined contribution (EBITA) of $11.5 million.
- A decrease in Printing divisional profit (EBITA) to $6.8 million, following the divestment of the Directory Printing business effective 1 October 2004.

Group Financial Summary 2005	Note		2005	2004
Sales		$000's	**344,730**	328,967
Operating profit before tax and amortisation of goodwill	1	$000's	**30,343**	27,749
Operating profit before tax	1	$000's	**23,113**	23,420
Income tax expense		$000's	**(7,574)**	(6,609)
Operating profit after tax	1	$000's	**15,539**	16,811
Profit after tax and before amortisation of goodwill	1	$000's	**22,769**	21,140
Shareholders' funds	2	$000's	**127,989**	107,495
Return on average shareholders' funds (ROSF)	3	%	**13.2**	16.7
ROSF before amortisation of goodwill		%	**19.3**	21.0
Earnings per share (EPS)	3	Cents	**26.5**	30.0
EPS before amortisation of goodwill		Cents	**38.8**	38.0
Dividends per share (fully franked)		Cents	**22.0**	19.0
Operating cash flow	4	$000's	**30,606**	43,794
Net debt		$000's	**140,468**	79,674

Note 1: Amounts shown for 2005 exclude the surplus from the divestment of the Directory Printing business and non-recurring provisioning.
Note 2: Shareholders' funds at the end of the financial year.
Note 3: Calculated using operating profit after tax.
Note 4: Pre tax cash flow before capital expenditure and dividend payments.

Chairman's and Managing Director's Report

The year to 30 June 2005 was another eventful year for our Company. McPherson's continued its acquisition strategy by investing in two compatible businesses with strong market positions which employ low levels of capital intensity and which meet return on investment objectives. The Company sold its Telephone Directory Printing business during the year and achieved earnings growth despite tougher trading conditions being experienced in the second half of the year in the consumer products businesses.

After tax profit for the year (before goodwill amortisation of $7.2 million) rose to $26.7 million. Excluding a surplus on the divestment of the Telephone Directory Printing business, as well as non-recurring provisioning, the underlying net profit before goodwill amortisation increased by 8% to $22.8 million. Earnings per share on a corresponding basis, rose 2% to 38.8 cents.

Fully franked dividends of 22.0 cents per share were declared during the year, an increase of 16% over the 19.0 cents declared for the previous year.

The 2004-05 result was impacted by the closure of the garment hanger supply business and the cessation of royalty income from the UK, both of which occurred in the last quarter of the 2003-04 year, and reduced contribution following the divestment of the Directory Printing business which occurred in October 2004. The Board's decision to exit these declining and/or non-core businesses in favour of synergistic businesses with stronger fundamentals limited growth in 2004-05, but should benefit earnings in the longer term.

Multix Pty Ltd (Multix) and Accantia Health & Beauty Pty Ltd (Accantia) were acquired during the year for a combined consideration of $86 million. Multix markets products in the household bags, wraps and foil category. It occupies the overall number two position in the Australian market in this category and the number one position in several key segments within the category. Accantia markets personal care products under the Swisspers brand and is the market leader in the cotton wool category.

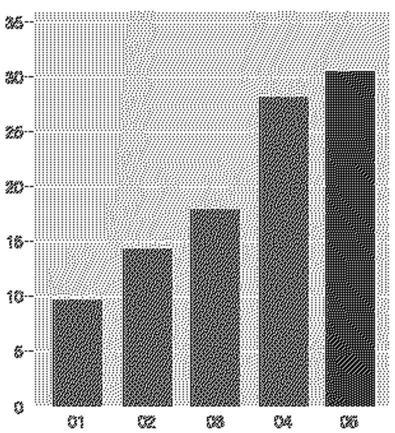
These acquisitions have strengthened the Company's position in the supermarkets and pharmacy channels, both of which tend to be more stable than the Company's more traditional sales channels of department stores and discount stores.

Consumer Products' earnings before interest, tax and amortisation (EBITA) increased from $26.3 million to $37.5 million, despite the loss of $6.6 million in EBITA from the discontinued businesses. The growth in contribution was due to four major factors – synergies flowing from the amalgamation of the McPherson's Housewares and Cork businesses to form McPherson's Consumer Products, an improved performance in New Zealand, lower restructuring expense and the acquisition of the Multix and Accantia businesses during the year. Further synergies from the Consumer Products amalgamation and a full year's contribution from Multix and Accantia should benefit earnings in 2005-06.

Printing EBITA reduced from $12.2 million last year to $6.8 million in 2004-05, $2.6 million of which was contributed by the Directory Printing business prior to its divestment in October 2004. The Book and Commercial Printing contribution of $4.2 million was in line with the previous year. Approximately $10 million in capital expenditure was invested in upgrading the Book Printing business during 2004-05 and a further $6 million is being invested prior to December 2005. The operational benefits from the capital investment are expected to commence flowing during the second half of 2005-06.

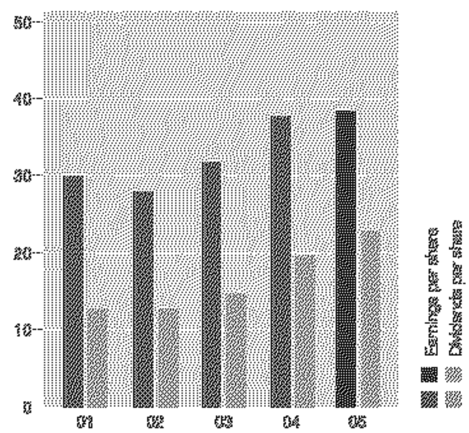
The Company continues to pursue its objective of growth through acquisition and is currently evaluating suitable opportunities.

Profit*
(in millions of dollars)



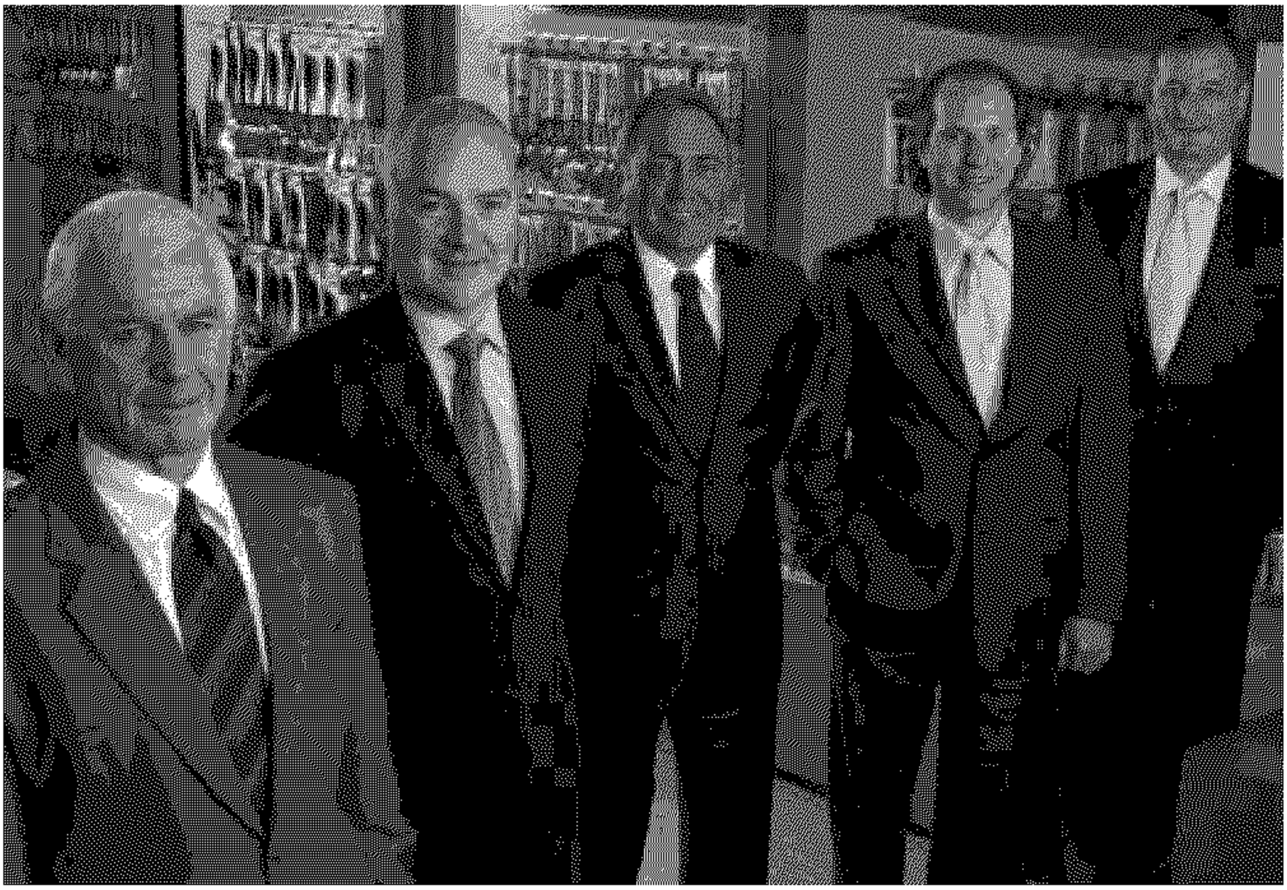
** Operating profit before tax and amortisation of goodwill and excluding non-recurring items.*

Earnings and Dividends Per Share*
(in cents)



** Earnings per share before amortisation of goodwill and excluding non-recurring items.*

Board of Directors



Left to right: Raymond C. King, Chairman; John P. Clifford; Simon A. Rowell; Alex Waislitz; and David J. Allman, Managing Director.

Raymond C. King, B.COM, DIP.ED., MBA

Chairman

Experience and Expertise

Mr King has been a non-executive Director of McPherson's Limited since 1998 and was appointed Chairman in July 1999. Mr King was the CEO of Mildara Blass Limited for 17 years prior to his appointment as a Director of McPherson's Limited.

Other Current Directorships

Chairman of Nylex Limited (Director since October 2003), Taverner Hotel Group Pty Ltd (Director since March 2002) and Space Time Research Pty Ltd (Director since February 2001) and a Director of AFL Club St Kilda since December 2000.

Former Directorships in Last Three Years

Non-executive Director of Austereo Limited from December 2000 to July 2004, Hochma Pooled Development Fund Pty Ltd from June 2000 to January 2004, Tox Free Solutions Limited from February 2002 to August 2003, and Cheviot Bridge Pty Ltd from May 2003 to June 2004.

Special Responsibilities

A member of the Audit Risk Management and Compliance Committee since October 1999.

Chairman of the Nomination and Remuneration Committee.

Interests in Shares and Options

1,315,000 ordinary shares in McPherson's Limited.

David J. Allman, B.SC

Managing Director

Experience and Expertise

Mr Allman was appointed Chief Executive in December 1994 and became Managing Director in March 1995.

Prior to joining McPherson's Limited Mr Allman was Managing Director of Cascade Group Limited, a position he held for seven years. Before this he held senior positions with Elders IXL Limited and Castlemaine Tooheys Limited. Mr Allman holds a degree in engineering and prior to obtaining general management positions held managerial roles in production management, finance and marketing.

David J. Allman (continued)

Other Current Directorships
None.

Former Directorships in Last Three Years
None.

Special Responsibilities
Managing Director.

Interests in Shares and Options
306,500 ordinary shares in McPherson's Limited and 300,000 options.

John P. Clifford, M.ENG & MAN

Non-executive Director

Expertise and Experience
Mr Clifford was appointed a Director of McPherson's Limited in 2003.

Mr Clifford is currently an Executive Director of Bayard Group Ltd, a leading manufacturer of utility meters with worldwide operations, trading as Landis+Gyr, Ampy, and Email Metering. He also sits on a number of Boards representing private equity investors. Formerly he was a Director in the private equity group of NM Rothschild (Australia) Ltd, and an Investment Director of 3i PLC in South East Asia and the UK, in which capacity he was involved in over 30 MBO and development capital transactions in the UK, South East Asia, USA and Australia.

Other Current Directorships
An Executive Director of Bayard Group Pty Ltd. Chairman of Rise Apparel Pty Ltd (trading as Turning Point Imports Pty Ltd). Non-executive Director of 4114 Pty Ltd (trading as MitchDowd Pty Ltd). Non-executive Director of Moonpig Australia Pty Ltd.

Former Directorships in Last Three Years
Mr Clifford was a Director of Brand Equity Pty Ltd from 2003 to 2004, Australian Leather Holdings Pty Ltd from 2000 to 2003 and Frigrite Refrigeration Pty Ltd from 2000 to 2003.

Interests in Shares and Options
None.

Simon A. Rowell, B.A. (HONS), C.A., FAICD

Non-executive Director

Expertise and Experience
Mr Rowell was appointed a Director of McPherson's Limited in 2003.

Mr Rowell is the former Managing Director of Snack Foods Ltd, Australia's largest listed snackfood company which was acquired in a friendly takeover by Arnott's Biscuits Ltd in 2002 for approximately $300 million.

Prior to Snack Foods, he spent 12 years as CEO of the Jack Chia Group, a diversified business including property, food and confectionery, engineering, textiles and finance. Achievements included floating Long Homes on the Stock Exchange and the acquisition of AV Jennings Homes, Dollar Sweets and Players Biscuits. He was also Managing Director of AV Jennings Homes until 1998.

Mr Rowell is a Chartered Accountant and has an honours degree in Arts.

Other Current Directorships
Mr Rowell is Chairman of Green's Foods Ltd, Chairman of MMC Contrarian Ltd, both of which are listed on the Australian Stock Exchange, and an operational partner of Ironbridge Private Equity. He is also Chairman of the Management Committee for the redevelopment of Prince Henry Hospital at Little Bay.

Former Directorships in Last Three Years
Mr Rowell was a director of Snack Foods Ltd from 1991 to 2002.

Special Responsibilities
A member of the Audit Risk Management and Compliance Committee since 2003, and appointed Chairman of the Committee in November 2003.

Interests in Shares and Options
14,082 ordinary shares in McPherson's Limited.

Alex Waislitz, B.ECON, LL.B.

Non-executive Director

Experience and Expertise
Mr Waislitz has been a non-executive Director of McPherson's Limited since March 1998. Mr Waislitz is Executive Chairman of the Thorney Investment Group. He has extensive business experience, and is a Director of various Pratt Group and Visy Board companies.

Other Current Directorships
Non-executive Director of the Collingwood Football Club and Adacel Technologies Limited.

Former Directorships in Last Three Years
Mr Waislitz was a non-executive director of Snack Foods Limited from 2000 to 2002.

Special Responsibilities
A member of the Nomination and Remuneration Committee.

Interests in Shares and Options
None.

Peter D. Landos (Alternate for Alex Waislitz)

Experience and Expertise
Mr Landos of the Thorney Investment Group was appointed as an alternate Director for Mr Waislitz in July 2003.

Other Current Directorships
Alternate Director to Mr Alex Waislitz at Adacel Technologies Limited and director of Biological Wool Harvesting Limited.

Former Directorships in Last Three Years
None.

Interests in Shares and Options
None.

Company Secretary

The Company Secretary is Mr Philip R. Bennett, B.Com, ACA.

Mr Bennett was appointed to the position of Company Secretary in 1995 and is also Chief Financial Officer of McPherson's Limited. Before joining McPherson's Limited he held Company Secretarial and senior financial positions with another listed company for two years and prior to that was a senior manager with a major accounting practice.

Attendance at Board and Committee Meetings

The number of Board, Audit Risk Management and Compliance, and Nomination and Remuneration Committee meetings held during the year ended 30 June 2005, and the number of meetings attended during that period by each Director, are set out below:

	Board Meetings		Audit Risk Management and Compliance Committee Meetings		Nomination and Remuneration Committee Meetings	
Director	Held	Attended	Held	Attended	Held	Attended
Raymond C. King	13	12	4	2	1	1
David J. Allman	13	13				
John P. Clifford	13	12	4	4		
Simon A. Rowell	13	13	4	4		
Alex Waislitz	13	10			1	1
Peter D. Landos (Alternate for Alex Waislitz)	13	3				

Group Profile

Consumer Products Division

Australasia

Trading as McPherson's Consumer Products and McPherson's Consumer Products New Zealand, the Australasian business markets an extensive range of kitchen utensils, glassware and other kitchenware products, including tabletop, food preparation and hardware. The business also markets a range of beauty care and hair care products in Australia, New Zealand and Singapore, and supplies impulse merchandising products to major Australian retailers. McPherson's Consumer Products is the leading marketer of non-electrical housewares products in Australasia.

Europe

The European business trades as Richardson Sheffield, and markets a wide range of kitchen knives, an extensive range of utensils and other kitchenware products, and hair and beauty products in the United Kingdom and Europe.

North America

Trading as Regent-Sheffield, the North American business distributes kitchen knives and flatware through a leading distributor of housewares products.

Hong Kong

The Division's Hong Kong operation co-ordinates the sourcing of products for the Consumer Products Division's business units.

Multix

Multix markets a wide range of products in the household plastic bags, food wraps and aluminium foil category in the Australian retail market.

Accantia

Accantia sources and distributes personal care products including cotton wool balls, pads, squares and rounds, and facial and baby wipes. The business also markets a range of toiletry and skincare products under a licensing arrangement.

Printing Division

Book and Commercial Printing

The Division's book and commercial printing business is one of Australia's major diversified commercial printing companies. The business offers a wide range of high quality commercial printing services and is the largest book manufacturer in Australia.

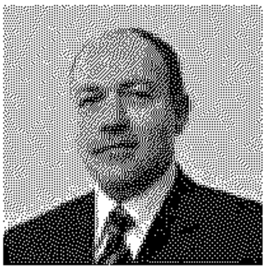
Directory Printing

The Division's telephone directory printing business was sold during the year.

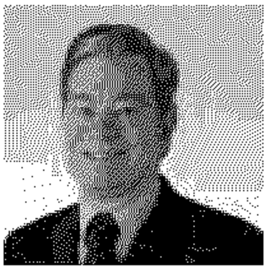
Corporate

The Group's Corporate Office is based in Mulgrave, Victoria and provides corporate services for the Group including finance, accounting and company secretarial functions.

Mark O'Kelly
Managing Director
Consumer Products Division



Paul Maguire
Chief Executive Officer
Multix



Alan Fahy
Chief Executive Officer
Book and Commercial Printing

Phil Bennett
Chief Financial Officer
and Company Secretary

Review of Operations

Overview

McPherson's Limited produced a 16% increase in after tax profit to $19.5 million in 2004-05 (2003-04 $16.8 million) on turnover up 5% to $344.7 million. Before amortisation of goodwill and excluding a net surplus arising from a business divestment and non-recurring provisioning, profit after tax for 2004-05 of $22.8 million was 8% ahead of the prior year's $21.1 million.

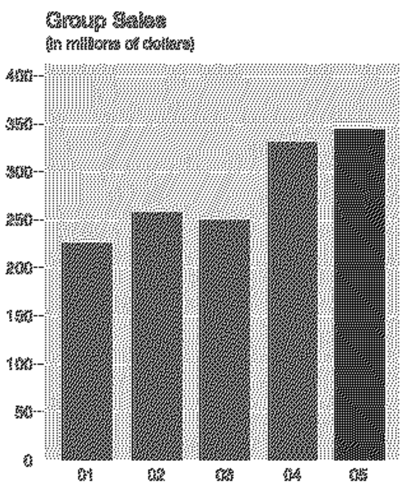
Earnings per share (before amortistion of goodwill, and excluding the net surplus arising from a business divestment and non-recurring provisioning) increased to 38.8 cents, compared with 38.0 cents in the previous year.

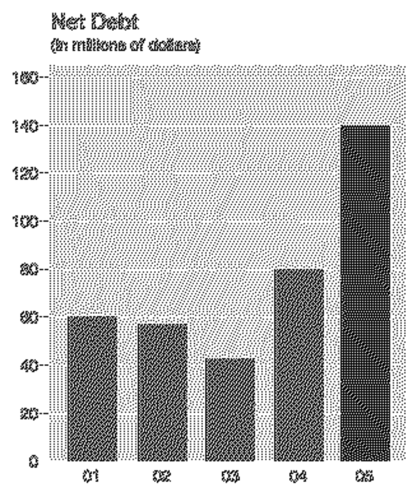
Dividends of 22.0 cents per share were declared for 2004-05, an increase of 3.0 cents per share or 16% over the previous year. The final dividend will again be fully franked, and it is expected that future dividends will continue to be fully franked.

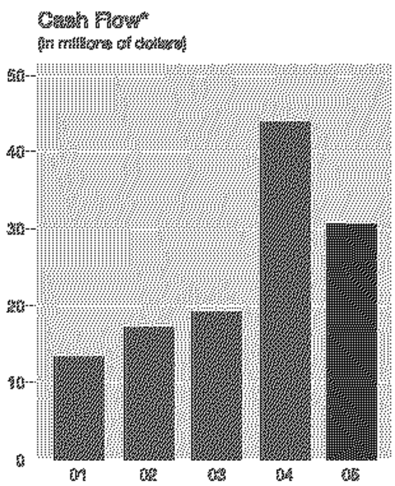
The Consumer Products Division (previously referred to as the Housewares Division and excluding Multix and Accantia) produced a reasonable performance, delivering a profit (before interest, tax and amortisation) of $26.0 million which was consistent with the previous year despite the closure of the hanger supplier business and cessation of royalty income from the UK at the end of the 2003-04 year. Profit growth achieved in Australasia was offset by a reduction in some international markets.

The two businesses acquired during the year, Accantia Health & Beauty Pty Ltd and Multix Pty Ltd, produced a very pleasing combined contribution to profit of $11.5 million (before interest, tax and amortisation) in 2004-05. Both revenue and the EBITA contribution from these businesses exceeded expectations.

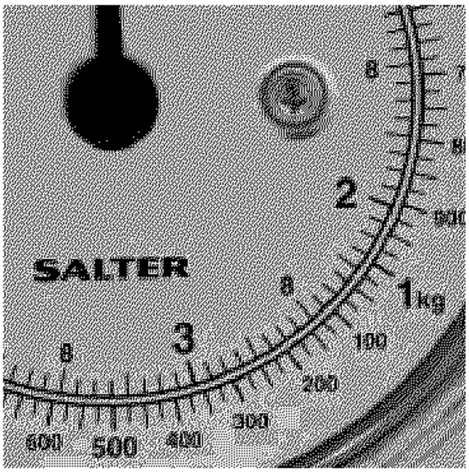
The Printing Division's earnings (before interest, tax and amortisation) reduced to $6.8 million from the previous year's contribution of $12.2 million as a consequence of the directory printing business being sold during the year. The book and commercial printing operation reported a contribution in line with the previous year.

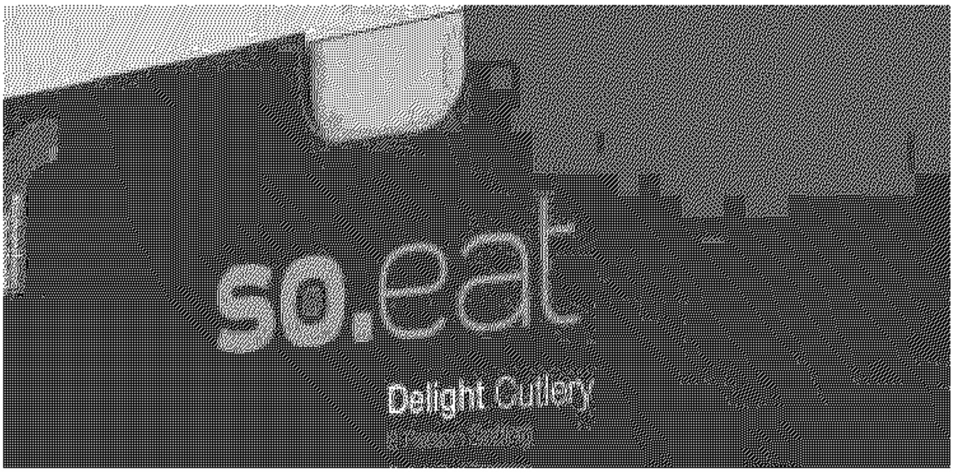






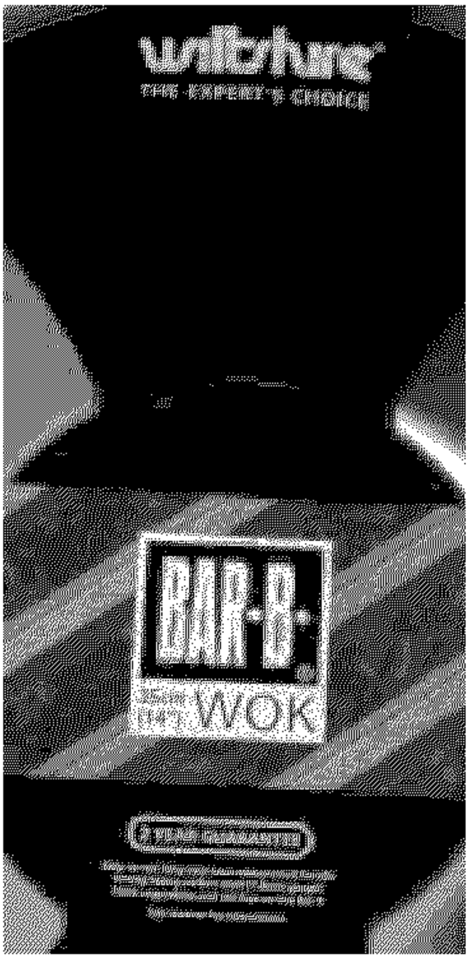
* Pre-tax cash flow before capital expenditure and dividend payments.


SALTER

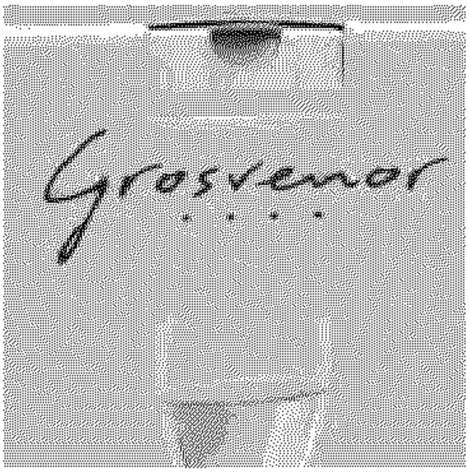

so.eat
Delight Cutlery


STAYSHARP
STAINLESS
11 PIECE KNIFE BLOCK SET


wiltshire
QUICK EASY
MicroBake


wiltshire
THE EXPERT'S CHOICE
BAR-B-
WOK


wiltshire
5 Piece Cooks
16cm (1.5 litre) saucepan & lid


Grosvenor

Consumer Products Division*

Divisional Activities

The Consumer Products Division markets a wide range of products both within Australia and internationally. Products are mostly imported from the Division's sourcing operation in Hong Kong.

The product range includes cutlery, kitchen knives, kitchen utensils, scales, bakeware, glassware, hardware and garden products. Following the acquisition and integration of Cork Asia Pacific, the Australian, New Zealand and European businesses also market a range of hair and beauty care accessories, impulse merchandising products and baby care accessories. The Division is the leading marketer of non-electrical housewares products in Australasia.

The Division markets reputable, established brands including owned brands Wiltshire, Grosvenor, Strachan, Crown, Eterna, Ai-de-Chef, Deco, Manicare, Lady Jayne, Cameo, Bebelle, Home Living and Kids 'r' Cool. Agency distribution arrangements are also in place allowing the marketing of third party brands, including Salter, Chef'n, Ballarini, Trudeau and Typhoon.

Apart from a limited manufacturing facility at Sheffield in the United Kingdom, the business mainly markets finished products that are sourced from Asia, and, in particular, China. McPherson's Chinese based sourcing operation supports the Division's marketing activities by supplying products from a large number of independent Asian manufacturers. During the year the two Hong Kong offices (as a consequence of the Cork acquisition) were relocated and combined into new premises. The rationalisation will produce efficiency benefits and cost savings going forward.

Regional Activities

Australia

The final stage of the consolidation of the Consumer Products businesses into the Kingsgrove, NSW site was completed during the year, with the remaining sales and marketing teams now fully integrated. A single sales team has been formed and is responsible for all sales channels.

The major product launches for the year centred around houseware products including the new 'Microbake' (metal bakeware suitable for use in the microwave) and 'Bend & Bake' (a range of silicone products for the bakeware category). New glassware ranges have been launched under the Grosvenor brand for department stores and the independent channel. Additional distribution gains for the impulse merchandising (clip-strip) ranges saw significant growth in the year for this category.

Crown have also secured exclusive distribution for Luigi Bormioli, a quality range of Italian glassware for the commercial sector. This new agency will allow Crown to further extend the glassware range and access additional restaurants and hotels that require a premium glass range.

The focus for the Australian business is to increase current listings for branded products whilst working with customers to provide private label product ranges, should these be required. Sourcing strategies are constantly reviewed to facilitate optimum quality and pricing for the varied product range. Optimising the use of the business' existing in-store merchandising sales force will assist in this regard.

New Zealand

The pre-existing New Zealand housewares business was amalgamated with Cork International (NZ) Limited to form McPherson's Consumer Products (NZ) Limited in January 2005. The amalgamation followed the successful integration of the Wellington based business of PAK Imports acquired in the previous year.

The combined business serves all major retail channels across the three primary business categories of Housewares, Glassware and Personal Care. The sales and marketing teams have been strengthened following the amalgamation which will ensure brand strategies are achieved and customer and consumer expectations are exceeded.

The personal care category was enhanced in the latter part of the year with the integration of the Accantia branded products Swisspers and Simple. The sales, merchandising and logistics for Accantia products in New Zealand are all now managed within McPherson's Consumer Products (NZ), whereas some of these services were previously outsourced. Synergy savings and sales revenue growth will be realised during 2005-06.

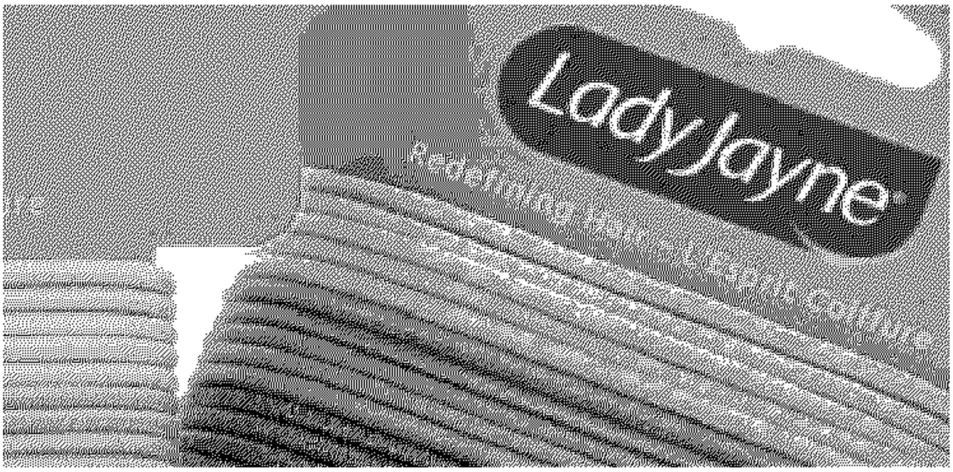
The housewares category achieved strong growth during the year following the enhancement of product and packaging development of key brands within the core product categories of knives, cutlery and cookware. Business performance from the glassware category also

* *In prior years the Consumer Products Division was referred to as the Housewares Division.*

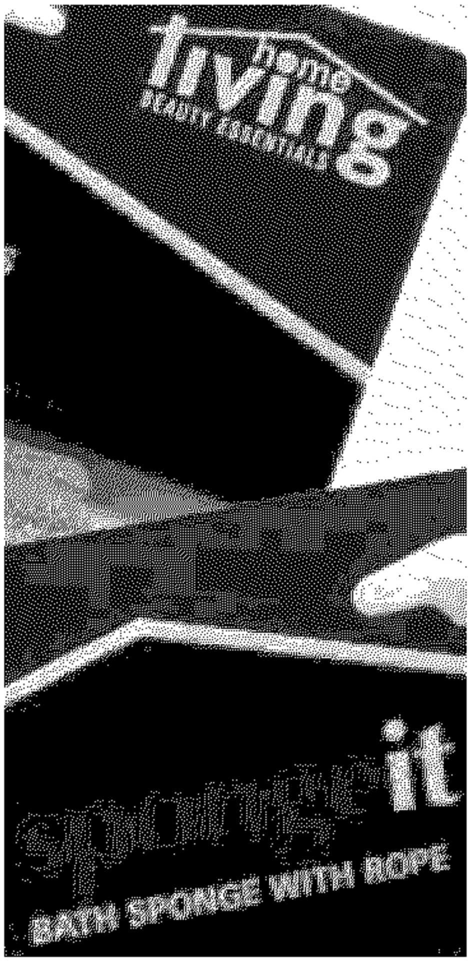

Gripi


Manicare


soft
GRIP
handle


Lady Jayne


STRACHAN


home living
BEAUTY ESSENTIALS
BATH SPONGE WITH ROPE

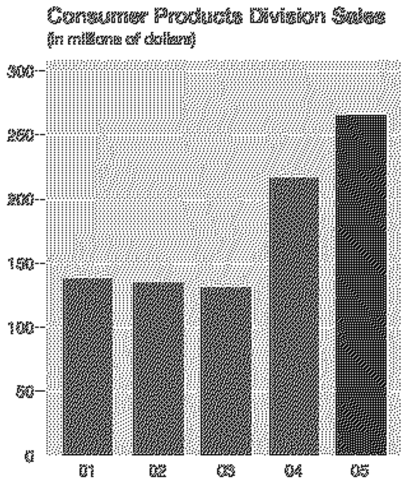
remains consistently strong, retaining dominance of the drinkware market segment in New Zealand.

International

The international operation sells product into Europe and North America.

- The European business markets the Company's Richardson, Laser, Fusion Edge, Sabatier, Balance, So.Eat and Gripi brands.
- The North American business trades through a leading North American distributor of housewares products, under an exclusive Licence and Supply Agreement. The business mainly sells the Company's Wiltshire and Regent Sheffield brands.

In Europe, sales revenue grew by 8% over the previous financial year, largely as a result of the successful integration of the impulse merchandising, hair and beauty brands (Home Living, Lady Jayne and Manicare) with the traditional housewares product range of tabletop, food preparation and hardware products. In January 2005, Richardson launched new brand packaging, adopting a 'good, better, best' approach using the Homestuff, Richardson Sheffield and So.Eat brands.

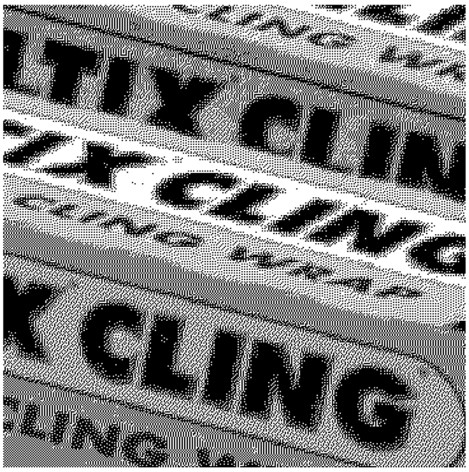


Region	Trading names	Product range
Australasia	McPherson's Consumer Products McPherson's Consumer Products New Zealand	Extensive range of tabletop, food preparation, glassware, hardware and hair and beauty products.
Europe	Richardson Sheffield	Wide range of tabletop, food preparation and hardware and hair and beauty products.
North America	Regent Sheffield	Kitchen knives and cutlery.

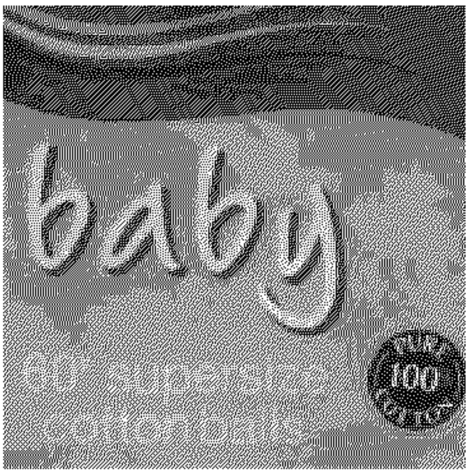

MULTIX
MULTIX
TIDY BAGS
25 LARGE
DEGRADABLE BAG

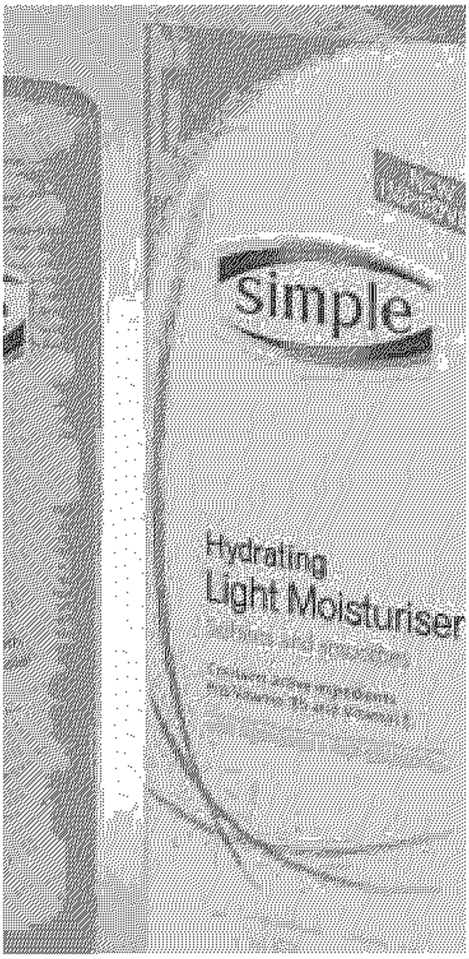

Swisspers
pure softness


MULTIX ALFOIL
STRONGER THAN ORDINARY FOIL
10
ALFOIL


X CLING


MULTIX WARE


baby
100


simple
Hydrating
Light Moisturiser

Multix and Accantia

McPherson's Limited completed the acquisition of two businesses during the year; Accantia Health & Beauty Pty Ltd (Accantia) effective 1 July 2004, and Multix Pty Ltd (Multix), with effect from 1 October 2004.

Multix

Multix markets a wide range of products in the household plastic bags, food wraps and aluminium foil category in the Australian retail market. Multix has strong customer relationships and prides itself on its reputation for quality and innovation. The Multix brand has a 30 year heritage in the retail market and is well recognised by Australian consumers. Products marketed under the Multix brand include aluminium foil, aluminium trays, cling wrap, baking paper and various types of plastic bags; such as freezer bags, kitchen tidy bags, garbage bags, garden bags and trolley liners.

The Multix brand has a strong presence within all major supermarkets in Australia, occupying the number two position in the bags, wraps and foils category and the number one position in several key segments within that category.

Multix has its own sales team dedicated to ensuring that the merchandising needs of all major supermarkets are appropriately met, including the supply of both branded products and private label products to Australian supermarkets.

Multix sources its products globally through long standing supplier relationships, and continues to strengthen its supplier base with a number of new supplier relationships established throughout Asia in recent years. McPherson's Chinese sourcing operation will greatly assist in fast-tracking Multix's sourcing initiatives in 2005-06.

Along with the various product upgrades and packaging enhancements throughout 2005, ten new products were successfully launched under the Multix brand, helping to lift Multix's market share in the category. The launch of Multix's colour scented kitchen tidy bags was a highlight, one of the most successful product launches in the category in many years. Recent examples of product innovation include Multix's range of degradable plastic bags, heavy-duty foil, extra wide cling wrap and the colour scented kitchen tidy bags and garbage bags.

By working closely with the Consumer Products Division businesses, Multix will leverage its strengths and significantly expand its business in the coming year. Growth opportunities have already been identified in various new channels and markets, including the launch of Multix products in New Zealand.

Accantia

Accantia is involved in the sourcing and distribution of personal care products including cotton balls, pads, squares, rounds and facial and baby wipes. These products are mainly sold under the owned Swisspers brand. Accantia also markets and distributes the Simple toiletries and skincare range under a licensing agreement.

The primary distribution channels for the Accantia range of products are major supermarkets, discount department stores, and pharmacies throughout Australia.

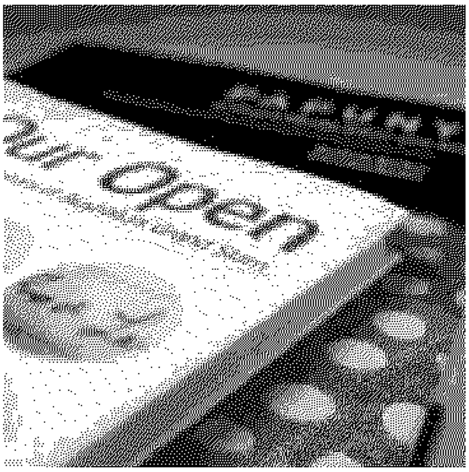
Swisspers has established itself as the leading brand in cotton wool with Swisspers branded products holding the number one position in all key segments within the cotton wool category.

Simple holds a unique position in the market place and is formulated specifically for the needs of consumers with sensitive skin. All Simple products are 100% perfume and colour free, ensuring that even consumers with sensitive skin can access a range of effective skin care products, whilst minimizing the risk of skin reaction. Simple continues to gain wide acceptance across all retail distribution channels; grocery, pharmacy and discount department stores.

Brands marketed by Accantia are supported by on-going magazine advertising, advertorial, TV commercial campaigns and website activity.

During 2005 Accantia consolidated its position in the market for cosmetic/make-up removal wipes under the Swisspers brand, further enhancing Accantia's market position in feminine make-up removal products. Swisspers also competes in the baby wipes and nursery pads markets.

Accantia's limited manufacturing facility is being closed, with products now sourced through McPherson's sourcing operations. Quality assurance programmes overseen by Accantia ensure continued product quality.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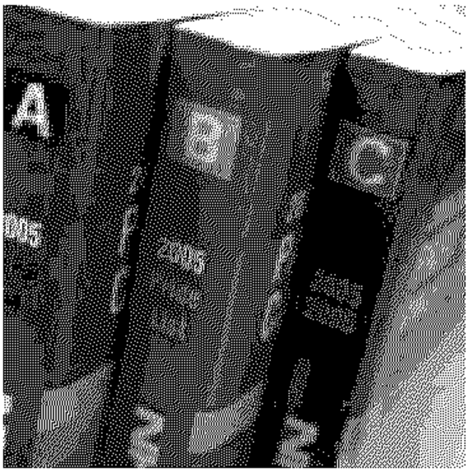
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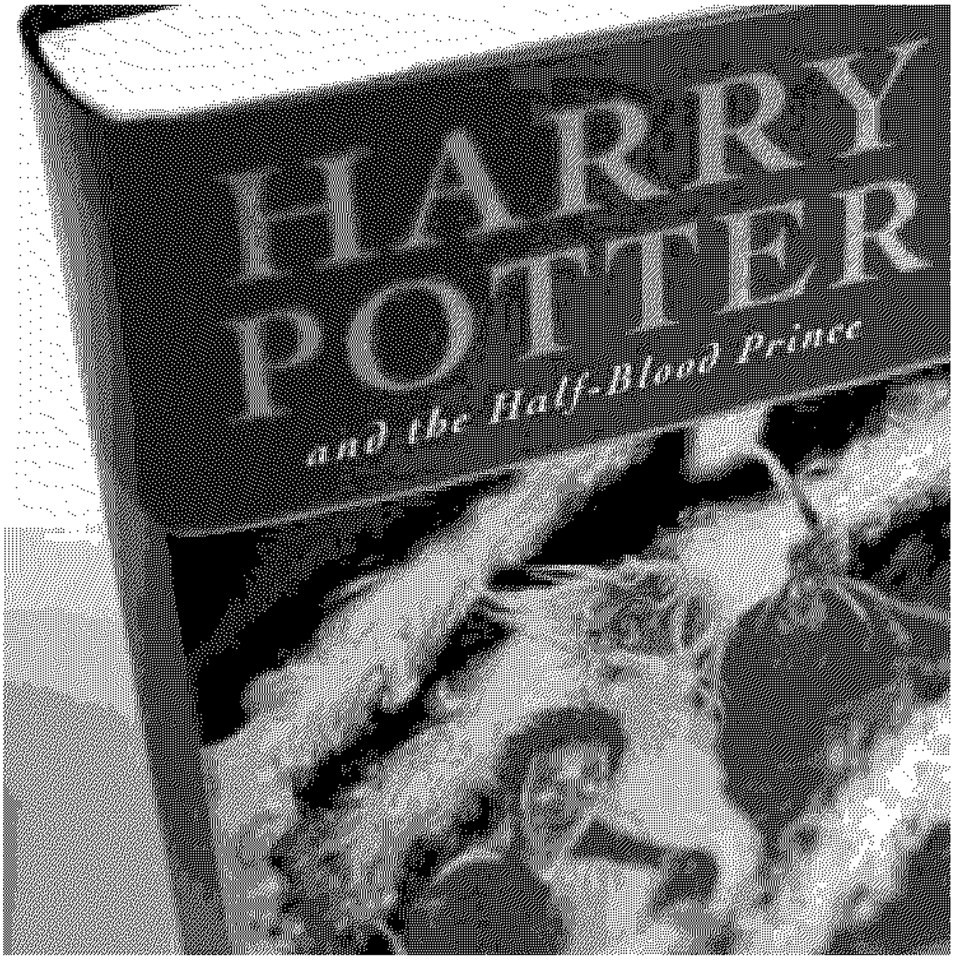
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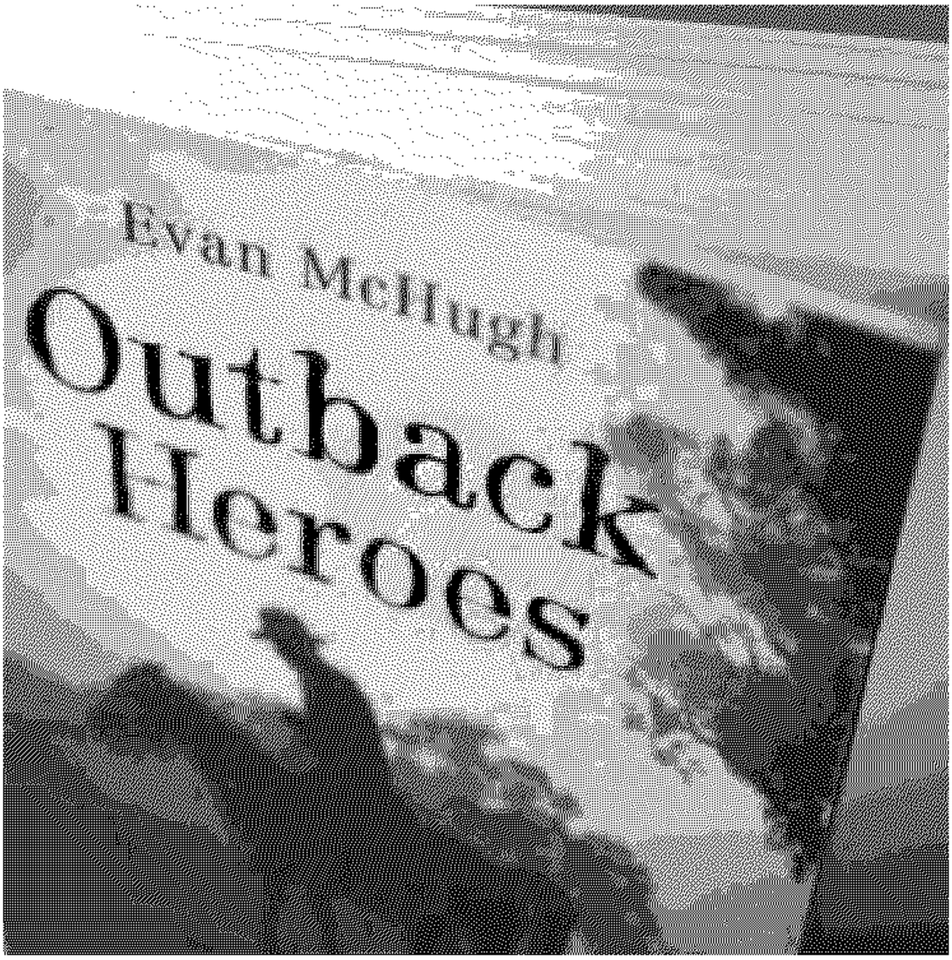
POTTER
and the Half-Blood Prince


Evan McHugh
Outback
Heroes

Book and Commercial Printing

Company Activities

McPherson's Book and Commercial Printing business trades as McPherson's Printing Group, and is a highly efficient producer of books and commercial printing supported by comprehensive logistical services. Both printing plants meet or exceed Australian and International quality accreditation standards.

McPherson's Printing Group remains Australia's leading manufacturer of books in conjunction with other general commercial printing products and services.

New Equipment

The business is currently undertaking a major re-equipping program (scheduled for completion in December, 2005) ensuring that it remains the best equipped diversified book manufacturer in Australia, equal with the highest world standards. The program includes a new high speed quick make ready web printing press and binder, expanded direct to plate pre-press equipment and a new state of the art high speed digital twin web printing system with associated in-line finishing equipment.

Information Technology (IT)

On-going investment in IT infrastructure and systems ensures that the business continues to support the changing demands of its diverse customer base. This has also allowed full integration of the Maryborough and Mulgrave plant production facilities with the complementary warehousing and fulfilment services to provide a comprehensive solution for core customers.

Customers

McPherson's Printing Group has been successful in securing contract renewals with several key long-term core customers. Contracts with new customers have also been won consistent with the strategy of developing long-term relationships by adding value in partnership with customers.

While focussing on operational efficiencies and associated benefits to customer service, McPherson's Printing Group has maintained its commitment to innovation and creativity.

The Group was pleased to receive recognition for its role in printing the 'Australian Printed Book of the Year' awarded by the Printing and Publishing industry at the Annual Galley Club Awards for the title 'Outback Heroes' published by Penguin Australia.

Employee Training

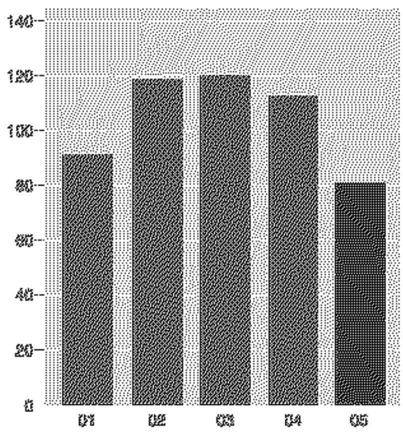
Training and development of employees remains a high priority for the business with continued in-house and external programs across all levels of management and shop floor skills development. Positive results from this program are evident.

Management

On 1 July 2005, Mr Alan Fahy was appointed Chief Executive Officer of McPherson's Book and Commercial Printing business. On the same date, Mr George Gatehouse left the Company after 16 years heading the Printing Division.

The Company expresses its sincere appreciation to George Gatehouse for his significant contribution over that period.

Printing Division Sales
(in millions of dollars)



Production plants	Products
Maryborough (166 km NW of Melbourne) Mulgrave (Melbourne)	Mono and colour books, including paperbacks and hard cased; catalogues; directories; technical manuals; commercial printing including journals; security printing; loose-leaf product; warehousing and fulfilment services; digital printing and data management

Corporate Governance Statement

This statement outlines the main Corporate Governance practices that were in place within the McPherson's Limited Group throughout the financial year. McPherson's supports the Australian Stock Exchange Corporate Governance Council's Principles of Good Corporate Governance Best Practice ("ASX CGC").

Unless indicated otherwise, the Corporate Governance practices discussed in this statement are consistent with the practices adopted in the previous financial year. The practices are dealt with in this statement under the following headings:

- Board of Directors
- Nomination and Remuneration Committee
- Audit Risk Management and Compliance Committee
- Risk Management
- Internal Control and Compliance Framework
- Ethical Standards and Stakeholders
- Communications to Shareholders

Board of Directors

The Board of Directors is responsible to shareholders, and has a primary objective of achieving long-term growth in the value of McPherson's Limited shares.

The Board of Directors is also responsible for the overall Corporate Governance of McPherson's Limited and its subsidiary companies ("the Group") including establishing the Group's strategic direction, establishing goals for management, and monitoring the achievement of those goals.

The Board's role had been documented in a Board Charter and in a Retained and Delegated Authorities of the Board document. The Board Charter is posted on the Company's website.

The Board has an Audit Risk Management and Compliance Committee and a Nomination and Remuneration Committee to assist in the execution of its responsibilities.

The Board has established a framework for the management of the Group including an overall framework for risk management, internal control and compliance.

Board Evaluation

McPherson's has undertaken a review of its Board and individual Directors with respect to the year ended 30 June 2005. The process involves all Directors completing a questionnaire. The results are collated and the Board then meet to discuss the outcomes of the review. Directors are also asked to complete individual questionnaires by way of self-assessment. The Chairman then meets with each of the Directors to discuss the results.

Composition of the Board

The Directors of the Company in office at the date of this statement together with particulars of their qualifications, experience and special responsibilities are set out on pages 3 to 5 of the Annual Report.

The composition of the Board is determined using the following principles:

- The number of Directors must not be less than three nor more than 12. Directors may determine the size of the Board within these parameters.
- The Board is to be comprised of a majority of independent non-executive Directors.
- The Chairman of the Board is to be an independent non-executive Director.
- The roles of the Chairman and Chief Executive Officer are not to be exercised by the same person.
- The Board should comprise Directors with a broad range of expertise both nationally and internationally that is relevant to the strategic direction of the Group.

When a vacancy exists, through whatever cause, or where it is considered that the Company would benefit from the services of a new Director with particular skills, the Nomination and Remuneration Committee selects a panel of candidates with the appropriate expertise and experience. The Board then appoints the most suitable candidate who must stand for election at the next Annual General Meeting of shareholders.

The terms and conditions of the appointment and retirement of Directors are set out in an agreement between the Company and Directors (called a "Director's Deed"). The Director's Deed also includes provisions relating to Directors' other rights and obligations. The Director's Deed was approved at an Annual General Meeting of shareholders.

The Company's Articles of Association require that one-third of the Directors retire from office each year and, if otherwise eligible, stand for re-election at the next Annual General Meeting of members. This requirement does not apply to the Managing Director or to Directors who have been elected in the previous three years. The Director or Directors retiring pursuant to the above requirement are the Directors longest in office since last being elected.

The Articles of Association also provide that persons who have attained the age of 70 years or more may not be appointed as a Director, unless they are appointed by a special resolution of shareholders.

Independence of Directors

The Board has determined to follow the ASX CGC definition of independence and considers that a non-executive Director will be independent if they:

1. have not been a substantial shareholder of a company or an officer of or otherwise associated directly with, a substantial shareholder of the Company;
2. have not within the last three years been employed in an executive capacity of the Company or another Group member, or been a director after ceasing to hold such employment;
3. have not in the last three years been a principal of a material professional adviser or a material consultant to the Company (or Group) or an employee materially associated with the service provided;
4. are not a supplier or customer of a company or other Group member or an officer or otherwise associated directly or indirectly with a material supplier;
5. do not have a material contractual relationship with the Company or another Group member other than as a Director of the Company;
6. have not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
7. are free from any interest and any business or other relationship, which could or reasonably could be perceived to materially interfere with the Director's ability to act in the best interests of the Company.

Application of the above definition of independence indicates that the independent Directors are Raymond King, John Clifford and Simon Rowell.

Independent Professional Advice

Each Director has the right to seek independent professional advice at the Group's expense. Prior approval of the Chairman is required, which approval is not to be unreasonably withheld.

Nomination and Remuneration Committee

To assist in the execution of its responsibilities the Board has an established Nomination and Remuneration Committee.

The role of the Nomination and Remuneration Committee is fully documented in a Charter, which is approved by, and considered for amendment by the Directors annually. The Nomination and Remuneration Committee is comprised of two directors, commensurate with the size of the Board, and is chaired by the Chairman of the Board.

The names of Nomination and Remuneration Committee members and their attendance at meetings are detailed at page 5 of the Annual Report.

The responsibilities of the Nomination and Remuneration Committee are set out in its Charter which is published on the Company's website. Key responsibilities include:

Nominations

- A process for determining the necessary and desirable competencies of Board members and the assessment of those competencies.
- The appointment of suitably qualified candidates to the Board in accordance with board policy.
- A process for the evaluation of the Chief Executive Officer.

Remuneration

- The Company's recruitment, retention and termination policies and procedures for executive/senior management.
- Any report on executive remuneration, which is required pursuant to any Listing Rule or legislative requirement or which is proposed for inclusion in the Annual Report.
- Non-executive Director remuneration.
- Staff incentive plans proposed by the Managing Director, including bonus, share and option plans, and the basis of their application amongst differing levels of staff.
- Salary, benefits and total remuneration packages of the Managing Director and senior staff reporting to the Managing Director.
- Employee succession planning to ensure the continuity and quality of management.

Remuneration Policy

The Group's remuneration policy and structure is equitable, competitive and consistent so as to ensure the recruitment and retention of personnel of the capability, competence and experience necessary for the successful achievement of the Group's strategies and goals. Remuneration is accordingly set to the following principles:

- No individual may be involved directly in determining his/her remuneration. External advice in relation to remuneration will be sought, where appropriate.
- Remuneration disclosure to shareholders will at a minimum comply with the requirements of legislation and Accounting Standards and reflect all benefits including:
  - base salary and incentives;
  - superannuation payments; and
  - any other material benefits.

- Incentive payments for executives are related to company performance, individual performance against goals, market conditions and independent expert advice where appropriate and may include options over shares in the Company granted at the discretion of Directors or the Nomination and Remuneration Committee under the McPherson's Limited Employee Share/Option Purchase Plan.
- Remuneration for non-executive Directors is determined by the Board or the Nomination and Remuneration Committee within a maximum amount determined by shareholders from time to time at the Annual General Meeting. Non-executive Directors are not entitled to participate in any incentive scheme.

The Company previously paid retirement benefits to non-executive Directors but the policy was amended on 4 March 2003. Consequently the Company no longer pays retirement benefits to non-executive Directors appointed after the date of the change, other than statutory superannuation. The Directors' Deeds for non-executive Directors appointed before 4 March 2003 were amended so that they are now entitled to receive a retirement allowance equivalent to the aggregate remuneration received by them during the three years immediately prior to 4 March 2003. Retirement allowances for these Directors therefore cannot increase even though their remuneration may increase.

Where considered necessary, Directors may obtain independent advice on the appropriateness of remuneration packages.

The remuneration of certain senior executives may include the issue of options over ordinary shares under the McPherson's Limited Employee Share/Option Purchase Plan.

Details of options issued during the year ended 30 June 2005 and in previous years including performance hurdles are contained in the Remuneration Report in the Directors' Report.

The total remuneration to be paid by the Company to the Directors for each financial year is determined from time to time at the Annual General Meeting of shareholders. Any Director who serves on a committee or who devotes special attention to the business of the Group outside the scope of their ordinary duties may receive an additional payment commensurate with the extra duties performed.

Information regarding Directors' remuneration is set out in the Remuneration Report in the Directors' Report.

The Audit Risk Management and Compliance Committee

The purpose of the Audit Risk Management and Compliance Committee is to provide the Board with further assurance in relation to the:

- operation of the risk management, internal control and compliance systems;
- reliability of financial information prepared for use by the Board; and
- evaluation of the audit process.

The role of the Audit Risk Management and Compliance Committee is fully documented in a Charter, which is approved by, and considered for amendment by the Directors annually. The Charter is published on the Company's website. In accordance with this Charter, all members of the Committee must be non-executive Directors.

The ASX CGC recommend that an audit committee should consist of only non-executive Directors, and have a majority of independent directors, an independent chairperson (who is not chairperson of the Board), and at least three members. The McPherson's Limited Audit Risk Management and Compliance Committee complies with the recommended principles, except that the Committee comprises two Directors. This committee structure is considered appropriate and adequate given that the Board has a total of only four non-executive directors.

The Chairman and any non-executive Director may attend the Audit Risk Management and Compliance Committee Meetings. The internal and external auditors, the Managing Director and the Chief Financial Officer are invited to Audit Risk Management and Compliance Committee meetings at the discretion of the Committee. The Committee is therefore able to meet without management being present. The Committee also ensures that it meets with the internal and external auditors without management being present on at least an annual basis.

The Audit Risk Management and Compliance Committee make recommendations to the Board in relation to the appointment of the external auditors and review their performance on an annual basis. The Company uses the services of an outsourced internal audit provider to assess the effectiveness of the Company's risk management internal control and compliance system. The internal auditor is independent of the external auditor and is appointed by the Board on recommendation from the Committee. The Committee meets with the internal and external auditors during the year to consider all aspects of their respective audit functions.

The Audit Risk Management and Compliance Committee requests that the external auditor attend the Annual General Meeting to answer questions about the conduct of the audit and the content of the audit report.

The names and qualifications of Audit Risk Management and Compliance Committee members and their attendance at meetings are detailed at pages 3 to 5 of the Annual Report.

Risk Management

McPherson's aims to use risk management systems to support its business activities and safeguard shareholder value. The Board has adopted a risk policy which:

- uses a proven risk management approach to ensure appropriate focus is given to the identification, evaluation, treatment, monitoring, pricing and reporting of all significant risks to the McPherson's Board;
- ensures that managing risk is an integral part of business planning and management processes;
- informs, skills and motivates management and staff to enable them to implement effective risk management practices; and
- maintains a cost/benefit focus when developing risk treatment strategies, such as insurance.

Internal Control Framework

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has established an internal control framework that can be described under the following headings:

- Financial reporting – a comprehensive budgeting system is in place with an annual budget approved by the Directors. Monthly actual results are reported against budget and revised forecasts for the year are prepared regularly for internal use by Directors and management. The Group reports to shareholders on an annual basis and to the ASX half-yearly. Procedures are also in place to ensure that price sensitive information is reported to the ASX in accordance with the continuous disclosure requirements of the ASX Listing Rules.
- Quality and integrity of personnel – the Group's personnel policies are detailed in a Policies & Procedures Manual, compliance with appropriate sections of which is mandatory by all operating units.
- Environmental controls – the Group has a specific policy under the terms of which it is mandatory for all business units within the Group to operate in a manner which complies with all applicable environmental laws, regulations and permits.
- Operating unit controls – financial controls and procedures including information systems controls are detailed in the Policies & Procedures Manual.
- Functional specialty reporting – the Group has identified a number of key areas which are subject to regular reporting to the Board including environmental, employee safety, legal and insurance matters.
- Investment appraisal – the Group has clearly defined guidelines for capital expenditure. These include annual budgets, detailed justification and review procedures and levels of authority and due diligence requirements.

Ethical Standards and Stakeholders

The Policies & Procedures Manual maintained by the Group has a section on Ethics and Business Conduct that prescribes the standards in accordance with which each employee of the Group is expected to act. The manual covers issues such as professional conduct, dealing with customers, suppliers and competitors, and dealing with the community and other employees. The manual also provides clear guidelines for Directors and employees intending to deal in McPherson's Limited shares, which are published on the Company's website.

All Directors, managers and employees are expected to maintain the standards of ethical conduct established by the Group in accordance with the Ethics and Business Conduct Policy. A copy of the policy is posted on the Company's website.

Communication to Shareholders

The Board informs shareholders of all major developments affecting the Company's state of affairs. The Company has a policy entitled the Announcements & Media Statements Policy to ensure compliance with the ASX Listing Rules disclosure requirements in relation to accountability for disclosure to the markets.

McPherson's has established a website which provides information to investors including:

- announcements to the market for the past three years;
- half-yearly and annual financial data for the past three years; and
- Corporate Governance policies including the policy entitled Announcements & Media Statements Policy.

The Board seeks to encourage participation of shareholders at the Annual General Meeting to ensure a high level of accountability. Important issues are presented as single resolutions.

Employees

McPherson's people represent the key to the Company's future success. We have established clear structures and reporting programmes to ensure that a safe and comfortable working environment exists for all employees.

During the year ended 30 June 2005 the Company's employees decreased by 144, due to a net reduction following the divestment of the Company's Directory Printing business and acquisition of the Accantia and Multix businesses. At 30 June 2005, the Company had 1,302 employees based in five countries as shown in the table below. McPherson's is committed to maintaining positive and effective relations with their employees through safe working conditions, training programmes and in endeavoring to help all employees reach their full potential.

The Company maintains a policy that requires all business units to recruit new staff members on the basis of merit, in line with affirmative action principles and without discrimination. Ongoing performance management processes exist which allow the Company to develop staff to their full potential, and for them to effectively contribute to the success and growth of the Company.

Training, as an investment in the future, continues to be a high priority at all sites. Employees at all levels are encouraged to improve their range of skills and business knowledge through in-house, external and on the job training programmes.

McPherson's Limited – Employees
By geographical area at 30 June 2005

Australia	1,059
New Zealand	91
Hong Kong/China	38
Singapore	33
United Kingdom	81
Total	1,302

Safety

Safety in the workplace is treated as a very serious issue, with all McPherson's business units being required to maintain comprehensive safety management systems and accident prevention programmes.

There is an ongoing commitment to reduce accidents and injuries, the results of which are monitored at various levels within the organisation, including reporting to the McPherson's Limited Board on a regular basis. The Company requires that the safety committees maintained at each site place great emphasis on all aspects of occupational health and safety, including increased training and additional accident prevention initiatives.

Superannuation

Superannuation arrangements provided by the Company in each country are at least consistent with the local practices and legal requirements of those countries. For most Australian employees, the Company outsources the superannuation function to ensure that employees are able to access the full range of benefits and options that superannuation specialists provide, and to fully comply with fund choice legislation.

Environment

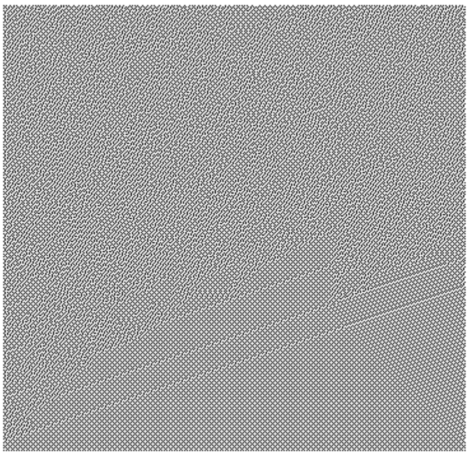
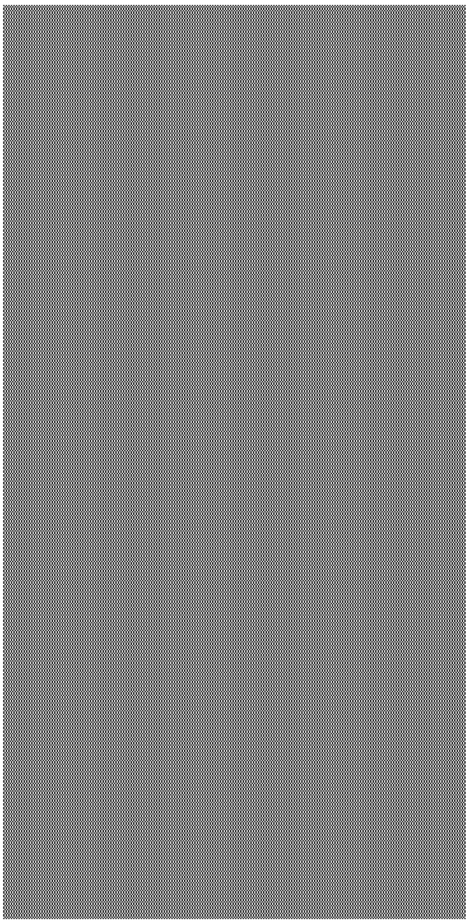
The Company has a specific policy under the terms of which it is mandatory for all business units within the Group to operate in a manner that complies with all applicable environmental laws and regulations. Where appropriate, site audits are required to be carried out to assist continuing compliance.

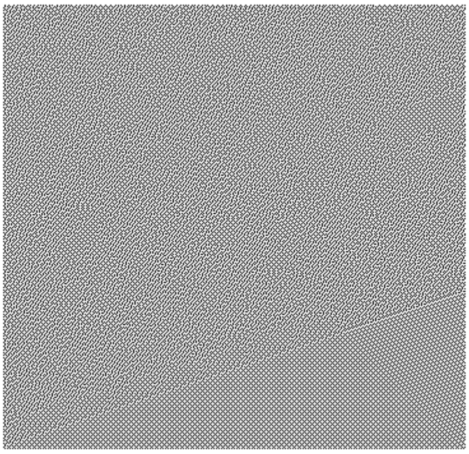
Procedures are in place whereby all businesses throughout the Group are required to report environmental matters to the Board on a regular basis, including confirmation of compliance with Company policy.

Community

The Board approves a number of specific donations annually, which include donations to major charitable institutions such as the Australian Red Cross, the Salvation Army and the Brotherhood of St. Laurence. Business units also provide some assistance to designated local charities, hospitals and community service clubs.

Financial Statements



Group Financial Summary

	Note		2005	2004	2003	2002	2001
Sales		$000's	344,730	328,967	248,669	252,970	225,577
Operating profit before tax and amortisation of goodwill	1	$000's	30,343	27,749	17,702	14,227	9,287
Operating profit before tax	1	$000's	23,113	23,420	16,572	13,138	8,626
Income tax (expense) credit		$000's	(7,574)	(6,609)	(4,726)	(3,490)	2,401
Operating profit after tax	1	$000's	15,539	16,811	11,846	9,648	11,027
Profit after tax and before amortisation of goodwill	1	$000's	22,769	21,140	12,976	10,737	11,688
Shareholders' funds	2	$000's	127,989	107,495	62,453	50,310	45,871
Return on average shareholders' funds (ROSF)	3	%	13.2	16.7	21.0	20.1	26.1
ROSF before amortisation of goodwill		%	19.3	21.0	23.0	22.3	27.7
Earnings per share (EPS)	3	Cents	26.5	30.2	29.1	24.6	28.1
EPS before amortisation of goodwill		Cents	38.8	38.0	31.9	27.4	29.8
Dividends per share (fully franked)		Cents	22.0	19.0	15.0	12.0	12.0
Operating cash flow	4	$000's	30,606	43,794	19,155	17,298	13,147
Net debt		$000's	140,468	79,674	42,866	56,734	59,522

Note 1: Amounts shown for 2005 exclude the surplus from the divestment of the Directory Printing business and non-recurring provisioning.
Note 2: Shareholders' funds at the end of the financial year.
Note 3: Calculated using operating profit after tax.
Note 4: Pre-tax cash flow before capital expenditure and dividend payments.

Directors' Report

The Board of Directors issues the following report on the consolidated financial statements of the economic entity at the end of, and for the year ended 30 June 2005.

(a) Directors

The names of the Directors of McPherson's Limited who were in office from the beginning of the financial year to the date of this report are as follows:

R.C. King, D.J. Allman, A. Waislitz, S.A. Rowell and J.P. Clifford.

(b) Principal Activities

The principal activities of the economic entity constituted by McPherson's Limited and the entities it controlled during the year were:

(i) Consumer Products
Manufacturers, importers, exporters and marketers of kitchen knives, scissors, cutlery, kitchen utensils, glassware, hair and beauty care and other consumer products. Following the acquisition of Multix Pty Ltd and Accantia Health & Beauty Pty Ltd during the year, the segment now also markets products in the plastic bags, wraps, foils and personal care categories.

(ii) Printing
Printers of a wide range of products including quality books, paperbacks, greeting cards and loose-leaf printing. The directory printing business was sold during the year.

(c) Dividends

Details of dividends in respect of the current year are as follows:	**$000's**
• Interim ordinary dividend of 11.0 cents per fully paid ordinary share paid on 1 April 2005 (fully franked)	6,536
• Final ordinary dividend of 11.0 cents per fully paid ordinary share declared by Directors (fully franked) but not recognised as a liability at year end.	6,567
Total dividends in respect of the year	**13,103**

The 2004 final ordinary dividend of $5,652,000 (10.0 cents per fully paid ordinary share) referred to in the Directors' Report dated 24 August 2004 was paid on 30 September 2004.

(d) Consolidated Results

The consolidated profit after tax from operations of McPherson's Limited and its controlled entities for the year ended 30 June 2005 was $19,458,000 (2004: $16,811,000).

(e) Review of Operations

The review of operations of the economic entity is contained in the Chairman's and Managing Director's Report on page 2 and the review of operations on pages 7 to 15 of the Annual Report and forms part of this report.

(f) Significant Changes in the State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the economic entity which have not been disclosed elsewhere in the Annual Report.

(g) Events Subsequent to Balance Date

No matters have arisen since 30 June 2005 that have significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in financial periods subsequent to 30 June 2005.

(h) Likely Developments

In the opinion of the Directors, it would prejudice the interests of the economic entity to include additional information, except as reported in this Directors' Report and the Annual Report, which relates to likely developments in the operations of the economic entity and the expected results of those operations in financial periods subsequent to 30 June 2005.

(i) Information on Directors

Particulars of the qualifications, experience and special responsibilities of each Director as at the date of this report are set out on pages 3 to 5 of the Annual Report and form part of this Directors' Report.

Particulars as to the number of Directors' meetings (including meetings of the Audit Risk Management and Compliance and the Nomination and Remuneration Committees of Directors) and the number of meetings attended by each of the Directors of the Company during the year are set out on page 5 of the Annual Report and form part of this Directors' Report.

The interests of Directors in the share capital of the parent entity or in a related entity are contained in the register of Directors' shareholdings of the Company as at the date of this report and are set out on pages 3 to 5 of the Annual Report and form part of this Directors' Report.

(j) Company Secretary

Particulars of the qualifications and experience of the Company Secretary are set out on page 5 of the Annual Report and form part of this Directors' Report.

(k) Remuneration Report

The remuneration report is set out under the following main headings:

- Director and executive disclosures
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share based compensation – options
- Loans to Directors and executives
- Other transactions with Directors and executives

The details disclosed in this remuneration report have been audited.

Director and executive disclosures

Directors

The following persons were Directors of McPherson's Limited during the financial year:

Chairman (non-executive)
R.C. King

Executive Director
D.J. Allman, Managing Director

Non-executive Directors
A. Waislitz
J.P. Clifford
S.A. Rowell
P.D. Landos (Alternate for A. Waislitz)

Executives (other than Directors) with the greatest authority for strategic direction and management
The following persons were the eight executives with the greatest authority for the strategic direction and management of the consolidated entity ("specified executives") during the financial year:

Name	Position	Employer
M.A. O'Kelly	General Manager, Consumer Products Division	McPherson's Limited
G.V. Gatehouse	General Manager, Printing Division	McPherson's Printing Pty Ltd
S.K. Chan	Managing Director, McPherson's Hong Kong	McPherson's Consumer Products (HK) Ltd
P.R. Bennett	Chief Financial Officer and Company Secretary	McPherson's Limited
M.G. Dagg	Commercial Director, McPherson's Consumer Products	McPherson's Consumer Products Pty Ltd
P.J. Maguire	Chief Executive Officer, Multix	Multix Pty Ltd
A.E. Fahy	General Manager Commercial, Printing Division	McPherson's Limited
G.P. Mitchell	General Manager, McPherson's Consumer Products NZ	McPherson's Consumer Products (NZ) Ltd

M.A. O'Kelly, G.V. Gatehouse, S.K. Chan and P.R. Bennett were also specified executives during the year ended 30 June 2004.

Executives with the highest remuneration (other than specified executives)
Other than the specified executives listed above, the following persons were the executives who received the highest remuneration during the financial year:

Name	Position	Employer
B.R. Collins	Sales Director, McPherson's Consumer Products	McPherson's Consumer Products Pty Ltd
L.A. Kumst	Marketing Director, McPherson's Consumer Products	McPherson's Consumer Products Pty Ltd

Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders.

McPherson's Limited has a remuneration policy and structure that is equitable, competitive and consistent so as to ensure the recruitment and retention of personnel of the capability, competence and experience necessary for the achievement of the Company's strategies and goals.

The remuneration framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives.

The overall level of executive reward takes into account the performance of the economic entity over a number of years, with greater emphasis given to the current year. Over the past five years, the consolidated entity's profit from ordinary activities after income tax and before amortisation of goodwill has grown at an average rate of 17.7%, and shareholder wealth reflecting share price movements and dividends has grown at an average rate of 33% per annum. During the same period, executive remuneration has grown by approximately 3% per annum.

Nomination and Remuneration Committee
McPherson's has a Nomination and Remuneration Committee which has been established by the Board of Directors to annually review, evaluate and make recommendations to the Board in relation to remuneration, including:

- Non-executive Director remuneration;
- Staff incentive plans proposed by the Managing Director, including bonus, share and option plans, and the basis of their application;
- Salary, benefits and total remuneration packages of the Managing Director and other senior executives; and
- Substantial changes to the principles of the Company's superannuation arrangements.

(k) Remuneration Report (continued)

Non-executive Directors

Fees paid to non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Remuneration of non-executive Directors is determined by the Board within the maximum aggregate amount approved by the shareholders from time to time at the Annual General Meeting. The aggregate was last considered by shareholders in 1989 when a total remuneration of $315,000 was approved. Non-executive Directors' remuneration for the year ended 30 June 2005 totalled $266,731.

Non-executive Directors are not entitled to participate in any incentive scheme, nor are they eligible to receive share options.

The current base remuneration of individual non-executive Directors was last reviewed by the Nomination and Remuneration Committee as at 1 October 2004, at which time Directors' fees were increased by 4%. Prior to that, fees were last reviewed effective 1 July 2000. The Chairman and other non-executive Directors receive additional fees for their membership of the Board's Audit Risk Management and Compliance Committee. Members of the Nomination and Remuneration Committee do not receive additional fees for their membership of this Committee.

At the Annual General Meeting of shareholders held on 7 November 1997, shareholders authorised the Company to enter into agreements with Directors (called "Director's Deeds") which set out certain rights and obligations of the Director and provide for benefits to be paid on the retirement or death of the non-executive Director. The maximum benefit payable to a non-executive Director under the Director's Deed at that time was the total remuneration of the Director in the three year period immediately preceding their retirement or death, plus any superannuation entitlements arising from contributions made by the Company.

On 4 March 2003, the Board resolved to remove retirement allowances for non-executive Directors appointed after that date. The Directors' Deeds for non-executive Directors appointed before 4 March 2003 were amended so that they are now entitled to receive a retirement allowance equivalent to the aggregate remuneration received by them during the three years immediately prior to 4 March 2003. Retirement allowances for these Directors therefore cannot increase even though their remuneration may increase.

The Directors' Deeds do not reflect a fixed term of appointment as Directors are subject to retirement and re-election by shareholders at least every three years.

Executive remuneration

The executive remuneration and reward framework has three components:

- Base pay and benefits;
- Short-term performance incentives; and
- Long-term incentives.

The combination of these comprises an executive's total remuneration.

Base Pay and Benefits
Base pay is structured as a package amount which may be delivered as cash, prescribed non-cash financial benefits including motor vehicles and superannuation contributions at the executive's discretion. Base pay is reviewed annually to reflect increases in responsibility and to ensure that the executive's pay is competitive in the market. There are no guaranteed base pay increases included in any senior executives' contracts.

Retirement benefits are delivered by a number of superannuation funds selected by the Company or the executive. Executives may direct the Company to make superannuation guarantee contributions to any complying nominated superannuation fund. The funds selected provide retirement benefits to executives and other employees on an accumulation basis.

Short-term Performance Incentives
Short-term incentives in the form of cash bonuses are available to senior executives providing the Company, operating division or business most closely aligned with the executive's areas of responsibility achieve or exceed pre-determined profit and/or other financial targets and key personal performance objectives. Profit and other Company performance targets have been selected because this ensures that variable reward is only available when value has been created for shareholders and when profit and other targets are consistent with or exceed the business plan. For senior executives the maximum target bonus opportunity is 50% of the base package amount. Each year the Nomination and Remuneration Committee considers the appropriate targets and key performance indicators together with the level of payout if targets are met or exceeded.

An assessment regarding eligibility for a cash bonus is made by reference to actual performance outcomes when these are known following the conclusion of the financial year. Short-term incentives are normally payable in September following the end of the financial year to which the incentive relates.

Subject to the discretion of the Nomination and Remuneration Committee, the maximum likely short-term incentive payable to a senior executive in future years is 50% of the executive's base salary package amount. The minimum payable would be zero in cases where the specified performance targets were not achieved.

Long-term Incentives
Long-term incentives in the form of options over ordinary shares in the Company may be granted to executives at the discretion of the Nomination and Remuneration Committee. Further information regarding share based compensation in the form of options is contained later in the Remuneration Report on pages 32 to 34 of the Annual Report.

Details of remuneration

Details of the nature and amount of each element of the remuneration of each Director of McPherson's Limited, the eight specified executives of the consolidated entity and for each of the five officers (if applicable) of the Company and the consolidated entity receiving the highest remuneration for the year ended 30 June 2005 are set out in the following tables. The specified executives may not necessarily be the highest remunerated executives.

(k) Remuneration Report (continued)

Directors of McPherson's Limited

		Primary			Post-employment		Equity	
Name and Title	Year	Cash Salary and Fees $	Cash Bonus $	Non-Monetary Benefits[1] $	Super-annuation $	Termination Benefits $	Options[14] $	Total $
R.C. King	2005	102,588	–	–	9,233	–	–	111,821
Chairman (non-executive)	2004	99,600	–	–	8,964	–	–	108,564
D.J. Allman	2005	577,173	–	20,217	20,619	–	145,125	763,134
Managing Director	2004	461,776	262,500	29,497	20,619	–	92,244	866,636
A. Waislitz	2005	39,552	–	–	3,560	–	–	43,112
Non-executive Director	2004	38,400	–	–	3,456	–	–	41,856
J.P. Clifford[2]	2005	51,067	–	–	4,596	–	–	55,663
Non-executive Director	2004	37,500	–	–	3,375	–	–	40,875
S.A. Rowell[2]	2005	51,500	–	–	4,635	–	–	56,135
Non-executive Director	2004	37,500	–	–	3,375	–	–	40,875
P.D. Landos								
Alternate Director	2005	–	–	–	–	–	–	–
for A. Waislitz	2004	–	–	–	–	–	–	–
Total Directors' Remuneration	2005	821,880	–	20,217	42,643	–	145,125	1,029,865
Total Directors' Remuneration	2004	674,776	262,500	29,497	39,789	–	92,244	1,098,806

Note: The numbered notes below also relate to the table of executive remuneration on the following page.

(1) Non-monetary benefits comprise salary sacrificed components of remuneration packages including motor vehicles and related fringe benefits tax, and medical insurance premiums and private telephone expenses.

(2) Appointed 8 October 2003.

(3) Employed by McPherson's Limited.

(4) Employed by a controlled entity of McPherson's Limited.

(5) Employment terminated 1 July 2005. Termination benefits include accrued annual leave and long service leave entitlements of $188,213.

(6) Previously employed as General Manager of McPherson's Directory Printing business until 3 November 2004.

(7) Employment commenced 1 October 2004 (on acquisition of Multix Pty Ltd).

(8) Appointed Chief Executive Officer, McPherson's Printing Group, effective 1 July 2005.

(9) Certain executives included in 2005 were not disclosed as specified or highest remunerated executives in 2004 because they were not specified executive nor the highest remunerated in that year. Comparative 2004 amounts are not shown for these executives.

(10) Totals in respect of 2004 do not equal the sums of amounts disclosed for 2004 for individuals specified in 2005, as different individuals were specified in 2004.

(11) Totals are not provided for the highest remunerated executives in 2004 because neither of the executives disclosed were required to be disclosed in 2004.

(12) Employment terminated 20 June 2005. Termination benefits include accrued annual leave and long service leave entitlements of $39,921.

(13) Employment terminated 20 June 2005. Termination benefits include accrued annual leave and long service leave entitlements of $24,244.

(14) The 2004 comparatives for option remuneration have been restated to comply with the valuation requirements of AASB 1046A.

Specified Executives and Other Highest Remunerated Executives

		Primary			Post-employment		Equity	
Name and Title	Year	Cash Salary and Fees $	Cash Bonus $	Non-Monetary Benefits[1] $	Super-annuation $	Termination Benefits $	Options[14] $	Total $
Specified Executives[9]								
G.V. Gatehouse[4][5] General Manager, Printing Division	2005	155,606	–	110,867	7,121	440,234	44,550	758,378
	2004	187,497	136,000	108,745	49,730	–	34,786	516,758
M.A. O'Kelly[3] Managing Director, Consumer Products Division	2005	329,698	–	34,882	–	–	57,150	421,730
	2004	295,841	68,200	21,464	5,068	–	31,472	422,045
S.K.S. Chan[4] Managing Director, McPherson's Consumer Products (HK)	2005	284,527	–	–	24,433	–	22,275	331,235
	2004	280,304	10,843	–	24,104	–	17,393	332,644
P.R. Bennett[3] Chief Financial Officer and Company Secretary	2005	247,077	–	21,322	17,160	–	44,550	330,109
	2004	236,635	65,000	21,524	17,160	–	34,786	375,105
M.G. Dagg[4][6] Commercial Director, McPherson's Consumer Products	2005	232,857	135,000	29,080	19,685	–	22,275	438,897
P.J. Maguire[4][7] Chief Executive Officer, Multix	2005	205,966	112,500	20,432	27,000	–	27,472	393,370
A.E. Fahy[3][8] General Manager Commercial, Printing Division	2005	248,679	–	18,967	10,800	–	22,275	300,721
G.P. Mitchell[4] General Manager, McPherson's Consumer Products (NZ)	2005	182,129	–	28,843	16,104	–	22,275	249,351
Total Specified Executives' Remuneration	2005	1,886,539	247,500	264,393	122,303	440,234	262,822	3,223,791
Total Specified Executives' Remuneration	2004[10]	1,455,781	480,766	285,899	138,146	332,300	170,616	2,863,508
Other Highest Remunerated Executives[9]								
B.R. Collins[4][12] Sales Director, McPherson's Consumer Products	2005	117,566	–	19,859	15,151	202,679	18,563	373,818
L.A. Kumst[4][13] Marketing Director, McPherson's Consumer Products	2005	135,988	–	19,601	15,880	179,814	18,563	369,846
Total Other Highest Remunerated Executives' Remuneration	2005	253,554	–	39,460	31,031	382,493	37,126	743,664
Total Other Highest Remunerated Executives' Remuneration	2004[11]	–	–	–	–	–	–	–

Note: Refer to page 28 for the numbered note references.

(k) Remuneration Report (continued)

Amounts disclosed as remuneration of Directors and executives exclude premiums paid by the consolidated entity in respect of Directors' and officers' liability insurance contracts. Further information relating to these insurance contracts is set out in paragraph (m) of the Directors' Report.

Cash bonuses and options

For each cash bonus and grant of options included in the above tables, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonuses or grants of options are payable in future years. The table below also shows the performance related and non-performance related remuneration as a percentage of total remuneration.

	Cash Bonus		Options		Proportion of Total Remuneration	
Name	Vested %	Forfeited %	Vested %	Forfeited %	Performance related %	Non-performance related %
D.J. Allman	–	100%	–	–	19%	81%
G.V. Gatehouse	–	100%	–	–	6%	94%
M.A. O'Kelly	–	100%	–	–	14%	86%
M.G. Dagg	100%	–	–	–	36%	64%
P.R. Bennett	–	100%	–	–	13%	87%
P.J. Maguire	100%	–	–	–	36%	64%
A.E. Fahy	–	100%	–	–	7%	93%
S.K.S. Chan	–	100%	–	–	7%	93%
G.P. Mitchell	–	100%	–	–	9%	91%
B.R. Collins	–	100%	–	100%	5%	95%
L.A. Kumst	–	100%	–	100%	5%	95%

A cash bonus vested for each of M.G. Dagg and P.J. Maguire in the financial year because objectives relating to specific performance criteria for these executives were satisfied during the year ended 30 June 2005.

Service agreements

Remuneration and other terms of employment for the Managing Director and the executives disclosed above are formalised in employment agreements. Each of these agreements set out details of the base package amount, inclusive of superannuation and motor vehicle benefits, and provide for performance related cash bonuses and other benefits. Other benefits include health insurance premiums and the payment of private telephone accounts. The agreements also provide for participation, when eligible, in the McPherson's Limited Employee Share/Option Purchase Plan. The agreements do not normally reflect a fixed term of employment or nominate a specified amount to be paid on termination of employment. The agreements normally provide that the termination notice period may be paid out by the company.

Other major provisions of the employment agreements relating to remuneration for the executives disclosed are set out below.

D.J. Allman, Managing Director

- Base salary package, inclusive of superannuation, with effect from 1 October 2004 of $580,000, to be reviewed annually in October by the Nomination and Remuneration Committee.
- The contract may be terminated on 12 months notice by the Company and on six months notice by the executive.

M.A. O'Kelly, Managing Director – Consumer Products Division

- Base salary package, inclusive of superannuation, with effect from 1 October 2004 of $365,000, to be reviewed annually in October by the Nomination and Remuneration Committee.
- The contract is for an initial term of four years from 1 September 2003, which can be extended at the option of the executive providing the executive's expatriate visa status is able to be extended.
- The contract may be terminated on 12 months notice by either the Company or the executive.

G.V. Gatehouse, General Manager – Printing Division

- Base salary package, inclusive of superannuation, with effect from 1 October 2004 of $340,000.
- The employment of Mr Gatehouse finished with effect from 1 July 2005.

M.G. Dagg, Commercial Director – McPherson's Consumer Products

- Base salary package, inclusive of superannuation, with effect from 1 October 2004 of $270,000, to be reviewed annually in October by the Nomination and Remuneration Committee.
- The contract may be terminated on one months notice by either the Company or the executive.

P.R. Bennett, Chief Financial Officer and Company Secretary

- Base salary package, inclusive of superannuation, with effect from 1 October 2004 of $285,000, to be reviewed annually in October by the Nomination and Remuneration Committee.
- The contract may be terminated on 12 months notice by the Company and on six months notice by the executive.

P.J. Maguire, Chief Executive Officer, Multix

- Base salary package, inclusive of superannuation, with effect from 1 October 2004 of $300,000, to be reviewed annually in October by the Nomination and Remuneration Committee.
- The contract may be terminated on 12 months notice by either the Company or the executive until 30 September 2006, when the notice period becomes three months.

A.E. Fahy, General Manager Commercial, Printing Division

- Base salary package, inclusive of superannuation, with effect from 1 October 2004 of $280,000.
- Mr Fahy has been appointed as Chief Executive Officer, McPherson's Printing Group effective 1 July 2005 with a revised base salary package of $310,000, which will be reviewed annually in October by the Nomination and Remuneration Committee with the next review in October 2006.
- The contract may be terminated on 12 months notice by the Company and on six months notice by the executive.

S.K.S. Chan, Managing Director, McPherson's Consumer Products (HK) Limited

- Base salary package, inclusive of superannuation, with effect from 1 October 2004 of $316,611, to be reviewed annually in October by the Nomination and Remuneration Committee.
- The contract may be terminated on three months notice by either the Company or the executive.

G.P. Mitchell, General Manager, McPherson's Consumer Products (NZ) Limited

- Base salary of $169,767 with effect from 1 October 2004, plus vehicle, superannuation and medical insurance, to be reviewed annually in October by the Nomination and Remuneration Committee.
- The contract may be terminated on one months notice by either the Company or the executive.

(k) Remuneration Report (continued)

Share based compensation – options

Options over ordinary shares can be granted as remuneration to the Managing Director and other executives under the McPherson's Limited Employee Share/Option Purchase Plan, which was originally approved by shareholders at an Extraordinary General Meeting in 1987 and subsequently considered at the 1992 Annual General Meeting when certain amendments to the plan were approved.

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as follows:

			Value per Option at Grant Date			Date Exercisable			
						First 50%		Second 50%	
Grant Date	Expiry Date	Exercise Price	First 50%	Second 50%	Total Value	From	To	From	To
18-Sep-03	17-Sep-08	$3.26	$0.98	$1.01	$1.00	17-Sep-05	17-Sep-07	17-Sep-07	17-Sep-08
10-Nov-03	09-Nov-08	$3.26	$1.29	$1.29	$1.29	09-Nov-05	09-Nov-07	09-Nov-07	09-Nov-08
11-Dec-03	10-Dec-08	$3.26	$1.27	$1.27	$1.27	10-Dec-05	10-Dec-07	10-Dec-07	10-Dec-08
14-Oct-04	13-Oct-09	$4.84	$0.82	$0.93	$0.88	13-Oct-06	13-Oct-08	13-Oct-08	13-Oct-09

Options are issued under the plan for a consideration of one cent per share option, with other terms and conditions, including performance criteria, being determined by the Board's Nomination and Remuneration Committee. The Committee selected share price performance hurdles as the relevant criteria because an increase in the Company's share price is considered to be the major contributor to shareholders' overall return on investment. The Committee is however considering amending the criteria for any future options issued to reflect a combination of share price and dividend performance, and/or the Company's stated key financial objectives.

For options issued during the years ended 30 June 2004 and 2005, share price hurdles were set at 128% (for the first 50% of the options) and 148% (for the second 50%) of the share price current at the date the option was issued.

Options issued during the year ended 30 June 2005 were issued on the following terms:

(a) 50% of the options granted may be exercised between two and four years from the date of issue, provided that the Company's shares have traded on the Australian Stock Exchange at or above $6.29 (measured on a weighted average basis) for five consecutive trading days within the two year period from the date of issue; and

(b) 50% of the options granted may be exercised between four and five years from the date of issue, provided that the Company's shares have traded on the Australian Stock Exchange at or above $7.26 (measured on a weighted average basis) for five consecutive trading days within the four year period from the date of issue.

Options issued during the year ended 30 June 2004 were issued on the following terms:

(a) 50% of the options granted may be exercised between two and four years from the date of issue, provided that the Company's shares have traded on the Australian Stock Exchange at or above $4.30 (measured on a weighted average basis) for five consecutive trading days within the two year period from the date of issue; and

(b) 50% of the options granted may be exercised between four and five years from the date of issue, provided that the Company's shares have traded on the Australian Stock Exchange at or above $5.00 (measured on a weighted average basis) for five consecutive trading days within the four year period from the date of issue.

The Nomination and Remuneration Committee performs an assessment to determine whether the share price criteria have been satisfied before the commencement of the respective exercise periods.

The exercise price is to be equivalent to the average market price of the Company's shares traded on the Australian Stock Exchange over the five trading days (measured on a weighted average basis) prior to the date the decision to grant the options was made. Entitlements to the options are vested as soon as they become exercisable. Options granted under the plan carry no dividend or voting rights. When exercised, each option is converted into one ordinary share in the Company.

The amounts disclosed for emoluments relating to options is the assessed fair value at grant date of each 50% component of the options granted to senior executives net of any consideration paid by the executive, allocated equally over the period from grant date to the expected vesting date. Subject to the discretion of the Nomination and Remuneration Committee regarding the granting of further options in the future, the value of emoluments relating to options in future years will be the allocation of existing options on this basis.

Fair values at grant date are determined using a binomial option pricing model that takes into account the grant date, the exercise price, the term of the option, the vesting and performance criteria, the non-tradable nature of the option, the share price at grant date, the expected price volatility of the underlying share (30%) and the risk-free interest rate for the term of the option.

The terms and conditions of the McPherson's Limited Employee Share/Option Purchase Plan provide that in the event of the death of an employee, the exercise period for options may be reduced at the discretion of the directors, whereby the options can be exercised within 30 days of the Directors' discretion being applied, instead of during the prescribed exercise period(s).

Further details relating to options are set out below.

Name	**A Remuneration Consisting of Options %**	**B Value at Grant Date $**	**C Value at Exercise Date $**	**D Value at Lapse Date $**	**E Total of Columns B to D $**
D.J. Allman	19%	–	–	–	–
G.V. Gatehouse	6%	–	–	–	–
M.A. O'Kelly	14%	–	–	–	–
M.G. Dagg	5%	–	–	–	–
P.R. Bennett	13%	–	–	–	–
P.J. Maguire	7%	105,420	–	–	105,420
A.E. Fahy	7%	–	–	–	–
S.K.S. Chan	7%	–	–	–	–
G.P. Mitchell	9%	–	–	–	–
B.R. Collins	5%	–	–	–	–
L.A. Kurnst	5%	–	–	–	–

A The percentage of the value of remuneration consisting of options allocated to the 2004-05 financial year, based on the value at grant date.

B The value at grant date calculated in accordance with AASB 1046 *Director and Executive Disclosures by Disclosing Entities* of options granted in 2004-05 as part of remuneration.

C The value at exercise date of options that were granted as part of remuneration and were exercised during the year.

D The value at lapse date of options that were granted as part of remuneration and that lapsed during the year.

Apart from 120,000 options granted to Mr P.J. Maguire (Chief Executive Officer, Multix) in October 2004, there were no other options granted over unissued ordinary shares of McPherson's Limited during or since the end of the financial year to any of the Directors, the specified executives or the other most highly remunerated officers of the Company and the consolidated entity as part of their remuneration.

(k) Remuneration Report (continued)

Option holdings

The number of options over ordinary shares in the Company held during the financial year by each Director of McPherson's Limited, the specified executives of the consolidated entity and the other most highly remunerated officers of the Company and the consolidated entity, including their personally-related entities, are set out below.

Name	Balance at the Start of the Year	Granted During the Year as Remuneration	Exercised During the Year	Other Changes During the Year	Balance at the End of the Year	Vested and Exercisable at the End of the Year
Directors						
D.J. Allman	300,000	–	–	–	300,000	–
Executives						
G.V. Gatehouse	120,000	–	–	–	120,000	–
M.A. O'Kelly	120,000	–	–	–	120,000	–
P.R. Bennett	120,000	–	–	–	120,000	–
P.J. Maguire	–	120,000	–	–	120,000	–
S.K.S. Chan	60,000	–	–	–	60,000	–
M.G. Dagg	60,000	–	–	–	60,000	–
A.E. Fahy	60,000	–	–	–	60,000	–
G.P. Mitchell	60,000	–	–	–	60,000	–
B.R. Collins	50,000	–	–	(50,000)	–	–
L.A. Kumst	50,000	–	–	(50,000)	–	–

There were no options vested and exercisable at the end of the financial year.

Shares provided on exercise of remuneration options

No ordinary shares have been issued during the year to Directors, to the specified executives or to the other highest remunerated executives of the Company and the consolidated entity as a result of the exercise of remuneration options.

Share holdings

The number of shares in the Company held during the financial year by each Director of McPherson's Limited, by the specified executives of the consolidated entity and by each of the other most highly remunerated officers of the Company and the consolidated entity, including their personally-related entities, are set out below.

Name	Balance at the Start of the Year	Received During the Year on the Exercise of Options	Other Changes During the Year	Balance at the End of the Year
Directors				
R.C. King	1,000,000	–	315,000	1,315,000
D.J. Allman	306,500	–	–	306,500
A. Waislitz	–	–	–	–
J.P. Clifford	–	–	–	–
S.A. Rowell	13,422	–	660	14,082
P.D. Landos	–	–	–	–
Executives				
G.V. Gatehouse	–	–	–	–
M.A. O'Kelly	–	–	–	–
P.R. Bennett	4,364	–	(3,314)	1,050
P.J. Maguire	–	–	–	–
S.K.S. Chan	100,000	–	(100,000)	–
M.G. Dagg	–	–	–	–
A.E. Fahy	–	–	–	–
G.P. Mitchell	–	–	–	–
B.R. Collins	–	–	–	–
L.A. Kumst	–	–	–	–

There were no shares in the Company nominally held by the above Directors and executives.

Loans to Directors and executives

There were no loans made to Directors of McPherson's Limited, to any of the specified executives of the consolidated entity or to any of the other most highly remunerated officers of the Company and the consolidated entity, including their personally-related entities during the year, nor were there any loans outstanding at the end of the current or prior financial year.

Other transactions with Directors and executives

There were no transactions between the consolidated entity and the Directors of McPherson's Limited, with any of the specified executives of the consolidated entity or with any of the other most highly remunerated officers of the Company and the consolidated entity, including their personally-related entities, during the financial year, other than those disclosed above relating to remuneration and to transactions concerning options and shares.

(l) Shares Under Option

Unissued ordinary shares of McPherson's Limited under option at the date of this report are as follows:

Date Options Granted	Expiry Date	Exercise Price	Number Under Option
18 September 2003	17 September 2008	$3.26	1,230,000
10 November 2003	9 November 2008	$3.26	300,000
11 December 2003	10 December 2008	$3.26	120,000
14 October 2004	13 October 2009	$4.84	120,000
			1,770,000

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

There were no ordinary shares of McPherson's Limited issued during the year ended 30 June 2005 on the exercise of options granted under the McPherson's Limited Employee Share/Option Purchase Plan, or since that date.

(m) Indemnification and Insurance of Officers

The Company has agreed to indemnify the current Directors and certain current officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors or officers of the Company, to the extent permitted by law. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

During the financial year, McPherson's Limited paid a premium to insure Directors and certain officers of the Company and controlled entities. The officers of the Company covered by the insurance policy include the current Directors and Secretary of McPherson's Limited, Directors or Secretaries of controlled entities who are not or were not also Directors or Secretaries of McPherson's Limited, senior management of the Company and senior management of divisions and controlled entities of McPherson's Limited. As the insurance policy operates on a claims made basis, former Directors and officers of the Company are also covered.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company or controlled entities. The insurance policy outlined above does not contain details of premiums paid in respect of individual Directors and officers of the Company. The insurance policy prohibits disclosure of the premium paid.

(n) Environmental Regulation

The consolidated entity is subject to significant environmental regulation in respect of its printing operations and manufacturing activities as set out below.

The consolidated entity has printing operations in Victoria which are required to comply with a number of Australian pollution control and environmental regulations. The business concerned takes all reasonable precautions to minimise the risk of an environmental incident, including the removal of solid and liquid wastes by licensed contractors, arranging environmental compliance audits by qualified external organisations and ensuring that personnel receive appropriate training. There have been no instances of non-compliance with environmental regulations during the year.

(n) Environmental Regulation (continued)

The consolidated entity has a facility in Sheffield in the United Kingdom which undertakes certain manufacturing operations, and which is required to comply with a number of United Kingdom environmental regulations. The operation takes all reasonable precautions to reduce the risk of an environmental incident. Waste is removed from the site by licensed contractors and environmental audits of exhaust ventilation, noise levels and atmospheric conditions are undertaken regularly. There have been no instances of non-compliance with environmental regulations during the year.

(o) Non-audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Risk Management and Compliance Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Risk Management and Compliance Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 38.

	Consolidated	
	2005	**2004**
	$	**$**
During the year the following fees were paid or payable for services provided by the auditor of the parent entity and the auditor's related practices:		
Assurance services		
1. Audit services		
PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	521,289	400,359
Overseas affiliates of PricewaterhouseCoopers Australian firm	183,163	178,493
Total remuneration for audit services	704,452	578,852
2. Other assurance services		
PricewaterhouseCoopers Australian firm:		
Audit of regulatory returns	–	1,800
Due diligence services	55,936	–
IFRS accounting services	–	3,960
Overseas affiliates of PricewaterhouseCoopers Australian firm		
Audit of pension plans	8,343	7,204
Total remuneration for other assurance services	64,279	12,964
Total remuneration for assurance services	768,731	591,816

(p) Rounding

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report and Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(q) Audit Risk Management and Compliance Committee

As at the date of this report, McPherson's Limited has an Audit Risk Management and Compliance Committee consisting of the following non-executive Directors:

- S.A. Rowell (Chairman)
- R.C. King

Signed in accordance with a resolution of the Directors.

Dated at Melbourne this 6th day of September 2005.

R.C. King	D.J. Allman
Director	Director

Auditors' Independence Declaration

PRICEWATERHOUSECOOPERS

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As lead auditor for the audit of McPherson's Limited for the year ended 30 June 2005, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

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

Andrew Mill
Partner
PricewaterhouseCoopers

Melbourne
6 September 2005

Directors' Declaration

We, Raymond C. King and David J. Allman, being two of the Directors of McPherson's Limited, declare that in the Directors' opinion:

(a) the financial statements and notes set out on pages 42 to 86 and the remuneration report on pages 24 to 35 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and

(b) at the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Dated at Melbourne this 6th day of September 2005.

R.C. King	D.J. Allman
Director	Director

Independent Audit Report to the Members of McPherson's Limited

PRICEWATERHOUSECOOPERS

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Audit Opinion

In our opinion:

1. the financial report of McPherson's Limited:
   - gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of McPherson's Limited and the McPherson's Limited Group (defined below) as at 30 June 2005, and of their performance for the year ended on that date; and
   - is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*; and
2. the remuneration disclosures that are contained in pages 24 to 35 of the Directors' report comply with Accounting Standard AASB 1046 *Director and Executive Disclosures by Disclosing Entities* (AASB 1046) and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report, remuneration disclosures and Directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both McPherson's Limited (the company) and the McPherson's Limited Group (the consolidated entity), for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The company has disclosed information about the remuneration of directors and executives (remuneration disclosures) as required by AASB 1046, under the heading 'remuneration report' on pages 24 to 35 of the directors' report, as permitted by the *Corporations Regulations 2001*.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with AASB 1046 and the *Corporations Regulations 2001*. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows. We also performed procedures to assess whether the remuneration disclosures comply with AASB 1046 and the *Corporations Regulations 2001*.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and remuneration disclosures; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

Andrew Mill
Partner

Melbourne
6 September 2005

Statements of Financial Performance

For the year ended 30 June 2005

		Consolidated		Parent Entity	
	Note	2005 $000's	2004 $000's	2005 $000's	2004 $000's
Revenue from ordinary activities	3	365,093	333,231	59,673	22,675
Expenses from ordinary activities	2	(330,145)	(301,902)	(29,852)	(8,904)
Borrowing costs expense		(10,769)	(7,909)	(10,018)	(5,800)
Profit from ordinary activities before income tax		24,179	23,420	19,803	7,971
Income tax (expense)/credit attributable	4	(4,721)	(6,609)	2,766	2,208
Profit from ordinary activities after income tax		19,458	16,811	22,569	10,179
Net exchange differences on translation of foreign controlled entities	23	(1,493)	900	–	–
Total revenues, expenses and valuation adjustments recognised directly in equity		(1,493)	900	–	–
Total changes in equity other than those resulting from transactions with shareholders		17,965	17,711	22,569	10,179

		Cents	Cents
Basic earnings per share	28	33.2	30.2
Diluted earnings per share	28	32.9	30.0

The above statements of financial performance should be read in conjunction with the accompanying notes.

Statements of Financial Position

As at 30 June 2005

		Consolidated		Parent Entity	
	Note	2005 $000's	2004 $000's	2005 $000's	2004 $000's
Current assets					
Cash	8	2,398	7,460	4	5
Receivables	9	50,892	45,595	2,932	6,157
Inventories	10	51,211	43,994	–	–
Deferred tax assets		3,979	5,086	3,666	4,814
Other	11	282	340	–	–
Total current assets		108,762	102,475	6,602	10,976
Non-current assets					
Receivables	12	–	7,677	115,000	81,293
Other financial assets	13	398	398	180,081	138,409
Property, plant and equipment	14	32,967	29,184	1,876	1,927
Intangibles	15	180,197	109,663	10,156	6,000
Deferred tax assets		2,280	2,012	2,266	2,012
Total non-current assets		215,842	148,934	309,379	229,641
Total assets		324,604	251,409	315,981	240,617
Current liabilities					
Payables	16	38,143	36,362	6,723	7,394
Interest bearing liabilities	17	296	334	6,499	6,088
Provisions	18	11,204	10,932	1,428	2,038
Current tax liabilities		1,612	3,622	1,664	3,604
Deferred tax liabilities		140	875	140	875
Total current liabilities		51,395	52,125	16,454	19,999
Non-current liabilities					
Payables	19	–	–	35,593	35,619
Interest bearing liabilities	20	142,552	86,781	142,000	86,000
Provisions	21	2,644	2,827	692	673
Deferred tax liabilities		24	2,181	–	2,182
Total non-current liabilities		145,220	91,789	178,285	124,474
Total liabilities		196,615	143,914	194,739	144,473
Net assets		127,989	107,495	121,242	96,144
Shareholders' equity					
Share capital	22	101,666	86,949	101,666	86,949
Reserves	23	3,054	4,547	6,831	6,831
Retained profits	23	23,269	15,999	12,745	2,364
Total shareholders' equity		127,989	107,495	121,242	96,144

The above statements of financial position should be read in conjunction with the accompanying notes.

Statements of Cash Flows

For the year ended 30 June 2005

	Note	Consolidated 2005 $000's	Consolidated 2004 $000's	Parent Entity 2005 $000's	Parent Entity 2004 $000's
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		380,269	365,901	–	–
Payments to suppliers and employees (inclusive of GST)		(340,142)	(315,721)	(2,977)	(4,056)
Interest received		96	346	9	70
Interest and borrowing costs paid		(9,721)	(6,816)	(9,698)	(5,150)
Income tax paid		(10,211)	(5,925)	(6,677)	(5,059)
Dividends received		104	84	3,881	17,142
Other revenue		–	–	4,375	6,889
Net cash inflows/(outflow) from operating activities	32 (i)	20,395	37,869	(11,087)	9,836
Cash flows from investing activities					
Payments for purchase of property, plant and equipment		(14,348)	(8,871)	(7)	(18)
Proceeds from disposal of property, plant and equipment		2,485	644	14	1
Payments for purchase of controlled entities	32 (iii)	(76,836)	(93,408)	(79,728)	(90,876)
Proceeds from disposal of controlled entity	32 (iv)	16,000	–	–	–
Costs relating to disposal of controlled entity	32 (iv)	(198)	–	(198)	–
Payments for purchase of intangibles		(61)	(30)	–	–
Movement in security deposit accounts		–	2,196	–	–
Net cash outflows from investing activities		(72,958)	(99,469)	(79,919)	(90,893)
Cash flows from financing activities					
Cash transfers from controlled entities		–	–	42,527	14,949
(Costs)/proceeds from issue of shares		(55)	32,456	(55)	32,456
Proceeds from borrowings		140,850	104,000	140,850	104,000
Repayment of borrowings		(84,850)	(66,900)	(84,850)	(66,900)
Dividends paid		(7,972)	(5,125)	(7,972)	(5,125)
Repayment of finance lease liabilities		(414)	(591)	–	–
Net cash inflows from financing activities		47,559	63,840	90,500	79,380
Net (decrease)/increase in cash held		(5,004)	2,240	(506)	(1,677)
Cash at beginning of the financial year		7,460	5,269	(3,663)	(1,986)
Net effect of exchange rate changes on cash		(126)	(49)	–	–
Cash held at end of financial year	8	2,330	7,460	(4,169)	(3,663)

The above statements of cash flows should be read in conjunction with the accompanying notes.

Notes to and forming part of the Financial Statements

1. Statement of significant accounting policies

These financial statements are a general purpose financial report which have been prepared in accordance with Accounting Standards, other mandatory professional reporting requirements, Urgent Issues Group consensus views and the *Corporations Act 2001*.

The financial statements are prepared in accordance with the historical cost convention, except for certain assets, which, as noted in the financial statements, are at valuation.

The accounting policies adopted are materially consistent with those of the previous year.

(a) Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal. The carrying values of all individual non-current assets are reviewed at least annually to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the recoverable amount. In assessing recoverable amounts, the relevant cash flows have been discounted to their present value where considered necessary.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by McPherson's Limited (parent entity) as at 30 June 2005 and the results of all controlled entities for the year then ended. McPherson's Limited and its controlled entities together are referred to as the economic entity. The controlled entities are listed in Note 29. All inter-company balances, transactions and unrealised profits resulting from inter-company transactions have been eliminated. Where control of an entity is obtained during a financial year its results are included in the consolidated profit and loss account from the date on which control commences. Where control of an entity ceases during a financial year its results are included up to the point in the year when control ceases.

(c) Depreciation

Depreciation of buildings and plant and equipment is calculated predominantly on a straight line basis so as to write off the net cost of each asset during its expected useful life. Estimates of remaining useful lives are made on a regular basis for all depreciable assets with annual reassessments for major items. Buildings are depreciated at rates ranging between 2% and 4% per annum and plant and equipment is depreciated at rates ranging between 5% and 40% per annum.

(d) Inventories

Inventories (including work in progress) are valued at the lower of cost or net realisable value. Costs are assigned to individual items of inventory mainly on a first-in first-out basis. Cost of work in progress and finished manufactured products includes materials, labour and an appropriate proportion of factory overhead expenditure, the latter being allocated on the basis of normal operating capacity. Provision is made for possible future losses on slow moving, surplus and obsolete inventory. Unrealised profits on inter-company inventory transfers are eliminated on consolidation.

(e) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave are recognised and measured as the amount unpaid at balance date at remuneration rates expected to be paid when those obligations are settled in respect of employees' service up to that date.

(ii) Long service leave

A liability for long service leave is recognised as the present value of expected future payments to be made in respect of services provided by employees up to balance date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match as closely as possible the estimated future cash outflows.

1. Statement of significant accounting policies (continued)

(e) Employee benefits (continued)

(iii) Bonus plans

A liability for employee benefits in the form of bonuses is recognised in other creditors when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial report; and
- past practice gives clear evidence of the amount of the obligation.

(iv) Superannuation

Contributions to employee superannuation funds are made by McPherson's Limited and controlled entities. Contributions are charged against income as they are made. Further information regarding superannuation is set out in Note 31.

(v) Termination benefits

Liabilities for termination benefits, not in connection with the acquisition of an entity or operations, are recognised when a detailed plan has been developed and a valid expectation has been raised in those employees affected, that the termination will be carried out. The liabilities for termination benefits are recognised in other creditors unless timing of the payment is uncertain, in which case they are recognised as provisions.

Liabilities for termination benefits related to an acquired entity or operation that arises as a consequence of acquisitions are recognised as at the date of acquisition if, at or before acquisition date, the main features of the terminations were planned and a valid expectation had been raised in those employees affected, that the terminations would be carried out and this is supported by a detailed plan developed within three months of the acquisition or prior to the completion of the financial report, if earlier. These liabilities are disclosed in aggregate with other restructuring costs as a consequence of the acquisition.

(vi) Employee benefit on-costs

Employee benefit on-costs are recognised and included in employee benefit liabilities when the employee benefits to which they relate are recognised as liabilities.

(f) Taxation

Tax effect accounting procedures are followed whereby the income tax expense is matched with the accounting profit after allowance for permanent differences. Income tax is set aside to the future income tax benefit and provision for deferred income tax accounts on cumulative timing differences and certain tax losses at the tax rates which are expected to apply when these timing differences reverse and tax losses are recouped. The effect on income tax for the current period of significant permanent differences is shown in Note 4.

No provision is made for additional taxes which could become payable if certain reserves of foreign controlled entities were distributed, as it is not expected that any substantial amount resulting in tax payable will be distributed from those reserves in the foreseeable future.

Future income tax benefits have not been brought to account in relation to North America and Europe as the asset cannot be regarded as 'virtually certain' of realisation in accordance with the criteria set out in Practice Note 36 issued by the Australian Securities and Investments Commission in relation to carried forward tax losses.

Tax Consolidation Legislation

McPherson's Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation effective 1 July 2002. As a consequence, McPherson's Limited, as the head entity in the tax consolidated group, recognises current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable or payable under an accounting Tax Funding Agreement with the tax consolidated entities are recognised separately as tax-related amounts receivable or payable. Expenses and revenues arising under the Tax Funding Agreement are presented as income tax expense (revenue).

The deferred tax balances recognised by the parent entity in relation to wholly-owned entities joining the tax consolidated group, are measured based on their carrying amounts before the implementation of the tax consolidated regime.

(g) Intangibles

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefits which is not more than 20 years.

The major brandnames of the Company, carried at Directors' valuation, have been, in some cases, in existence for more than 50 years and continue to be in active use. The brandnames are utilised predominantly on consumer products which do not suffer from technical obsolescence. The brandnames are also readily transferable between a number of different current and future product categories within the general kitchenware and household products sector. Brandnames such as Wiltshire, Rodd, Grosvenor, Strachan, Ai-de-Chef, Crown, Lady Jayne, Manicare and Multix will continue to provide support to the economic entity. The carrying amount of the brandnames is not amortised as the Directors believe that, in total, they will have a remaining useful life of at least the length of their life to date. The Directors do not expect this life to be curtailed in the foreseeable future. Amortisation of the carrying amount over this period after allowing for residual values would result in an immaterial amortisation charge in the current and future financial years. The Directors will reassess this estimate of the useful life and the need to amortise the carrying amount of the brandnames each reporting period to ensure the recoverable amount of the brandnames is not less than its carrying amount.

Goodwill, representing the excess of purchase consideration over fair value of the identifiable net assets acquired arising upon the acquisition of a business entity, is amortised on a straight-line basis. The period of amortisation is 20 years.

(h) Foreign currencies

(i) Transactions

Transactions in foreign currencies are initially translated into Australian currency at the rate of exchange ruling at the date of the transaction. Amounts outstanding at balance date denominated in foreign currencies are converted at year end rates of exchange. Resulting exchange differences are brought to account in determining the profit or loss for the year.

(ii) Hedging of specific commitments

Where contracts are taken out to hedge specific transactions, the exchange gain or loss, together with the cost of the hedge, are deferred and included in the measurement of the transaction. The net amounts receivable or payable under the hedging transactions are also recorded in the Statement of Financial Position.

If the hedging transaction is terminated prior to its maturity date and the hedged transaction is still expected to occur, deferral of any gains and losses which arose prior to termination continues and those gains or losses are included in the measurement of the hedged transaction. Where a hedging transaction is terminated prior to its maturity because the hedged transaction is no longer expected to occur, any previously deferred gains and losses are recognised in the profit and loss account on the date of termination.

If a hedge transaction relating to a commitment for the purchase or sale of goods or services is redesignated as a hedge of another specific commitment and the original transaction is still expected to occur, the gains and losses that arise on the hedge prior to its redesignation are deferred and included in the measurement of the original purchase or sale when it takes place. If the hedge transaction is redesignated as a hedge of another commitment because the original purchase or sale transaction is no longer expected to occur, the gains and losses that arise on the hedge prior to its redesignation are recognised in the profit and loss statement at the date of the redesignation.

(iii) Non-specific contracts

Any costs on hedge contracts which do not effectively hedge specific transactions are deferred and charged to the profit and loss account over the life of the hedge contract. Exchange differences are charged to profit and loss in the period in which they arise.

(iv) Translation of foreign controlled entities

Exchange differences on translation of the financial statements of self-sustaining foreign controlled entities are transferred directly to the foreign currency translation reserve.

1. Statement of significant accounting policies (continued)

(i) Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor substantially retains all such risks and benefits. Where a non-current asset is acquired by means of a finance lease, the minimum lease payments are discounted at the interest rate implicit in the lease contract. The discounted amount is established as a non-current asset at the beginning of the lease term and amortised on a straight-line basis over its expected economic life. A corresponding liability is also established and each lease payment is allocated between the principal component and interest expense.

Operating lease payments are charged to the profit and loss account in the period in which they are incurred or on a basis which reflects the pattern in which economic benefits are expected to be derived from the leased asset.

(j) Revaluation of non-current assets

Until 30 June 2000, land and buildings held by the parent entity were revalued at intervals not exceeding three years.

On applying AASB 1041 with effect from the financial year ended on 30 June 2001, the consolidated entity elected to revert to the cost basis for measuring land and buildings using the carrying value at that point in time as deemed cost.

The asset revaluation reserve is used to record increments and decrements on the revaluations of non-current assets.

(k) Leasehold improvements

The cost of improvements on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. The unexpired periods of the applicable leases at balance date range between one and six years.

(l) Cash

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts. The statements of financial position and cash flows reflect remittances from trade debtors received on the first day of the next financial period.

(m) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing the operating profit after income tax attributable to members of McPherson's Limited by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account potential ordinary shares arising from the exercise of options outstanding.

(n) Product development

Product development expenditure is expensed as incurred except to the extent that its recoverability is assured beyond any reasonable doubt, in which case it is deferred and amortised over the period in which the related benefits are expected to be realised.

(o) Deferred expenditure

Material items of expenditure are deferred to the extent that management consider it probable that future economic benefits embodied in the expenditure will eventuate and can be reliably measured.

Deferred expenditure is amortised on a straight-line basis over the period in which the related benefits are expected to be realised.

(p) Trade debtors

Trade debtors are recognised at the amounts receivable. They are generally due to be settled within 60 days or less. The collectability of debts is assessed at balance date and a provision is made for any doubtful amounts. The statements of financial position reflects remittances from trade debtors received on the first day of the next financial period.

(q) Trade and other creditors (current)

These amounts represent liabilities for goods and services provided to the economic entity prior to balance date whether or not billed at that date. Trade accounts are normally settled within 60 days.

(r) Derivative financial instruments

The economic entity may enter into formal foreign exchange and interest rate contracts for non-speculative purposes.

The accounting for forward exchange contracts is set out in Note 1(h).

The net amount receivable or payable under any interest rate swap agreement is progressively brought to account over the period from commencement to settlement. The amount recognised is accounted for as an adjustment to interest expense during the period and included in other debtors or other creditors at each reporting date.

(s) Revenue recognition

Revenue from operating activities

Sales revenue comprises revenue earned (net of returns, duties and taxes) from the provision of products or services to entities outside the economic entity. Sales revenue is recognised when the goods are despatched, or when title passes to the customer.

Telephone directory revenue is recognised at the completion of each stage of the work in process.

Revenue from outside operating activities

Revenue is recognised when the income is received or becomes receivable.

(t) Dividends

Provision is made for any dividend declared, determined or publicly recommended by the Directors on or before the end of the financial year but not distributed at balance date.

(u) Restructuring costs

Liabilities arising directly from undertaking a restructuring program, not in connection with the acquisition of an entity or operations, are recognised when a detailed plan of the restructuring activity has been developed and implementation of the restructuring program as planned has commenced, by either entering into contracts to undertake the restructuring activities or making a detailed announcement such that affected parties are in no doubt the restructuring program will proceed.

Liabilities for the cost of restructuring entities or operations acquired are recognised as at the date of acquisition of an entity, or part thereof, if the main features of the restructuring were planned and there was a demonstrable commitment to the restructuring at acquisition date and this is supported by a detailed plan developed within three months of the acquisition or prior to the completion of the financial report, if earlier.

The cost of restructuring provided for, other than related employee termination benefits, is the estimated cash flows, having regard to the risks of the restructuring activities. Cash flows are discounted where appropriate.

Liabilities for employee termination benefits associated with restructurings are brought to account on the basis described in the accounting policy note for employee benefits (Note 1(e)(v)). Liabilities for costs of restructuring and related employee termination benefits are disclosed in aggregate where the restructuring occurs as a consequence of an acquisition.

Reversals of part or all of a provision for restructuring relating to an acquisition because the costs are no longer expected to be incurred as planned, are adjusted against the goodwill or discount on acquisition.

	Consolidated		Parent Entity	
	2005 $000's	2004 $000's	2005 $000's	2004 $000's
2. Operating profit				
(a) Expenses – ordinary activities				
Materials and consumables used	150,809	134,346	–	–
Employee costs	71,960	79,659	1,741	2,041
Rental expenses relating to operating leases	10,803	16,453	83	78
Amortisation of goodwill and other intangibles	7,230	4,329	–	–
Depreciation/other amortisation	5,982	5,991	52	120
Customer allowances and co-operative advertising	21,676	12,006	–	–
Advertising and promotional	8,996	6,157	–	–
Repairs and maintenance	2,832	4,513	3	1
Cartage and freight	9,629	7,405	–	–
Restructure costs	1,040	4,351	(564)	1,465
Book value of property, plant and equipment disposed of	2,210	498	6	–
Net assets and costs associated with disposal of controlled entity	12,129	–	6,723	–
Provision for diminution in asset realisable value	2,481	–	–	–
Provision for diminution in value of investments in controlled entities	–	–	20,707	–
Debt forgiveness	–	–	–	4,304
Other expenses	22,368	26,194	1,101	895
Total expenses from ordinary activities	330,145	301,902	29,852	8,904
(b) Profit from ordinary activities before income tax expense includes the following net expenses and gains:				
Expenses				
Depreciation/amortisation:				
Property	199	197	25	25
Plant and equipment	4,920	4,828	14	15
Leasehold improvements	165	138	13	13
Leased assets	289	343	–	–
Amortisation:				
Goodwill	6,224	4,329	–	–
Other intangibles	1,006	–	–	–
Patents and trademarks	89	86	–	–
Deferred expenditure	–	67	–	67
New product development	320	332	–	–
Total depreciation and amortisation	13,212	10,320	52	120

	Consolidated		Parent Entity	
	2005 $000's	2004 $000's	2005 $000's	2004 $000's
Expenses (continued)				
Other charges against assets:				
Bad and doubtful debts – trade debtors	(159)	268	–	–
Provision for stock obsolescence	393	719	–	–
Total other charges against assets	234	987	–	–
Other provisions:				
Employee entitlements	3,956	4,418	218	245
Employee incentives	564	2,087	86	539
Restructure	1,040	4,351	(564)	1,465
Other	4,583	62	349	–
Total other provisions	10,143	10,918	89	2,249
Other expenses:				
Cost of goods sold	193,127	196,005	–	–
Loss on disposal of plant and equipment	320	63	–	3
Net exchange (gains)/losses	(67)	166	12	24
New product development	551	663	–	–
Gains				
Interest received/receivable from:				
Other than controlled entities	129	337	42	74
Profit on disposal of plant and equipment	568	55	7	–

3. Revenue

	Consolidated		Parent Entity	
Revenue from operating activities:				
Sales revenue	344,730	328,967	–	–
Revenue from outside operating activities:				
Proceeds from disposal of controlled entity	16,000	–	10,964	–
Dividends received/receivable (controlled and other entities)	50	50	34,009	17,142
Debt forgiveness	–	–	10,627	–
Interest received/receivable	129	337	42	74
Proceeds from disposal of property, plant and equipment	2,458	490	13	1
Rental	–	–	27	27
Royalties	768	1,465	1,245	1,161
Other	958	1,922	2,746	4,270
Total revenue from ordinary activities	365,093	333,231	59,673	22,675

4. Income tax

The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the operating profit. The differences are reconciled as follows:

	Consolidated		Parent Entity	
	2005 $000's	2004 $000's	2005 $000's	2004 $000's
Operating profit before tax	24,179	23,420	19,803	7,971
Prima facie income tax at 30%	7,254	7,026	5,941	2,391
Tax effect of reconciling differences:				
Amortisation of goodwill and other intangibles	2,196	1,298	–	–
Debt forgiveness	–	–	(3,188)	1,291
Borrowing costs	(76)	(470)	(76)	(470)
Equity raising costs	(16)	(334)	(16)	(334)
Other non-allowable/non-assessable items	(19)	118	42	(24)
Provision for realisation of investment in controlled entities	–	–	6,212	–
Exempt income	–	(52)	(10,203)	(4,958)
Franked dividends	(15)	(15)	–	–
Tax rate differences in overseas entities	112	168	–	–
Over provision in prior years	(197)	(159)	(31)	(50)
Net benefit of tax losses not previously recognised	(63)	(1,081)	–	–
Non taxable gain on disposal of controlled entity	(4,163)	–	(1,481)	–
Other	(292)	110	34	(54)
Income tax expense/(credit)	4,721	6,609	(2,766)	(2,208)

	Consolidated		Parent Entity	
	2005 $000's	2004 $000's	2005 $000's	2004 $000's
No part of the deferred tax assets relates to tax losses. The Directors estimate that the maximum potential deferred tax asset in respect of tax losses not brought to account at balance date is:				
North America	1,775	2,413	–	–
Europe	980	1,076	–	–
Total	2,755	3,489	–	–

This benefit for tax losses will only be obtained if:

(i) the economic entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; and

(ii) the economic entity continues to comply with the conditions for deductibility imposed by tax legislation including time limitations for tax loss utilisation where applicable; and

(iii) no changes in tax legislation adversely affect the economic entity in realising the benefit from the deductions for the losses.

Tax consolidations legislation

McPherson's Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation effective 1 July 2002. The accounting policy on implementation of the legislation is set out in Note 1(f).

The entities have entered into a Tax Sharing Agreement and a Tax Funding Agreement. Under the terms of the Tax Funding Agreement the wholly-owned entities reimburse McPherson's Limited for any current income tax payable by McPherson's Limited in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due and have therefore been recognised as a tax related receivable in the parent entity accounts. Deferred tax balances of the wholly-owned entities are assumed by the parent entity with a corresponding amount receivable from/payable to those entities in accordance with the terms of the agreement.

The Tax Sharing Agreement limits the joint and several liability of the wholly-owned entities in the case of default by the parent entity.

	Consolidated 2005 $000's	Consolidated 2004 $000's	Parent Entity 2005 $000's	Parent Entity 2004 $000's
5. Dividends				
Ordinary				
Final 30 June 2004 dividend of 10.0 cents per fully paid share – paid (2003 – 8.0 cents per fully paid share)				
Fully franked @ 30%	5,652	4,384	5,652	4,384
Interim 2005 dividend of 11.0 cents per fully paid share – paid (2004 – 9.0 cents per fully paid share)				
Fully franked @ 30%	6,536	5,038	6,536	5,038
Total dividend paid	12,188	9,422	12,188	9,422
Dividends not recognised at year end				
In addition to the above dividends, since the year end Directors have declared a fully franked final dividend of 11.0 cents per fully paid ordinary share. The aggregate amount of the dividend to be paid on 5 October 2005 out of retained profits at 30 June 2005, but not recognised as a liability at year end is:	6,567	5,652	6,567	5,652
Franked dividends				
The franked dividend recommended after 30 June 2005 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2006.				
Franking credits available for subsequent financial years based on a tax rate of 30%	10,702	9,688	10,702	9,688

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for franking credits which are expected to arise from the payment of current tax liabilities.

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
6. Auditors' remuneration				
Amounts received or due and receivable by the auditors for auditing or reviewing the accounts and consolidated accounts of McPherson's Limited and the accounts of each of its controlled entities:				
PricewaterhouseCoopers	704,452	578,852	167,936	130,109
Other Services:				
PricewaterhouseCoopers	64,279	12,964	55,936	3,960
	768,731	591,816	223,872	134,069

7. Director and executive disclosures

Remuneration of Directors and executives

Disclosures relating to Director and executive remuneration are included in the Remuneration Report which is contained within the Directors' Report. The Remuneration Report is on pages 24 to 35 of the Annual Report, and sets out details of remuneration of the Directors, the executives with the greatest authority for the strategic direction and management of the consolidated entity ("specified executives") and certain other executives with the highest levels of remuneration.

Directors and specified executives

The following persons were Directors of McPherson's Limited during the financial year:

Chairman (non-executive)
R.C. King

Executive Director
D.J. Allman, Managing Director

Non-executive Directors
A. Waislitz
J.P. Clifford
S.A. Rowell
P.D. Landos (Alternate for A. Waislitz)

The following persons were the eight executives with the greatest authority for the strategic direction and management of the consolidated entity ("specified executives") during the financial year:

Name	Position
M.A. O'Kelly	General Manager, Consumer Products Division
G.V. Gatehouse	General Manager, Printing Division
S.K. Chan	Managing Director, McPherson's Hong Kong
P.R. Bennett	Financial Officer and Company Secretary
M.G. Dagg	Commercial Director, McPherson's Consumer Products
P.J. Maguire	Chief Executive Officer, Multix
A.E. Fahy	General Manager Commercial, Printing Division
G.P. Mitchell	General Manager, McPherson's Consumer Products NZ

Equity instrument disclosures relating to Directors and executives

Option holdings

The number of options over ordinary shares in the Company held during the financial year by each Director of McPherson's Limited, the specified executives of the consolidated entity and the other most highly remunerated officers of the Company and the consolidated entity, including their personally-related entities, are set out below:

Name	Balance at the Start of the Year	Granted During the Year as Remuneration	Exercised During the Year	Other Changes During the Year	Balance at the End of the Year	Vested and Exercisable at the End of the Year
Directors						
D.J. Allman	300,000	–	–	–	300,000	–
Executives						
G.V. Gatehouse	120,000	–	–	–	120,000	–
M.A. O'Kelly	120,000	–	–	–	120,000	–
P.R. Bennett	120,000	–	–	–	120,000	–
P.J. Maguire	–	120,000	–	–	120,000	–
S.K.S. Chan	60,000	–	–	–	60,000	–
M.G. Dagg	60,000	–	–	–	60,000	–
A.E. Fahy	60,000	–	–	–	60,000	–
G.P. Mitchell	60,000	–	–	–	60,000	–
B.R. Collins	50,000	–	–	(50,000)	–	–
L.A. Kumst	50,000	–	–	(50,000)	–	–

There were no options vested and exercisable at the end of the financial year.

7. Director and executive disclosures (continued)

Shares provided on exercise of remuneration options

No ordinary shares have been issued during the year to Directors, to the specified executives or to the other highest remunerated executives of the Company and the consolidated entity as a result of the exercise of remuneration options.

Share holdings

The number of shares in the Company held during the financial year by each Director of McPherson's Limited, by the specified executives of the consolidated entity and by each of the other most highly remunerated officers of the Company and the consolidated entity, including their personally-related entities, are set out below.

Name	Balance at the Start of the Year	Received During the Year on the Exercise of Options	Other Changes During the Year	Balance at the End of the Year
Directors				
R.C. King	1,000,000	–	315,000	1,315,000
D.J. Allman	306,500	–	–	306,500
A. Waislitz	–	–	–	–
J.P. Clifford	–	–	–	–
S.A. Rowell	13,422	–	660	14,082
P.D. Landos	–	–	–	–
Executives				
G.V. Gatehouse	–	–	–	–
M.A. O'Kelly	–	–	–	–
P.R. Bennett	4,364	–	(3,314)	1,050
P.J. Maguire	–	–	–	–
S.K.S. Chan	100,000	–	(100,000)	–
M.G. Dagg	–	–	–	–
A.E. Fahy	–	–	–	–
G.P. Mitchell	–	–	–	–
B.R. Collins	–	–	–	–
L.A. Kumst	–	–	–	–

There were no shares in the Company nominally held by the above Directors and executives.

Loans to Directors and executives

There were no loans made to Directors of McPherson's Limited, to any of the specified executives of the consolidated entity or to any of the other most highly remunerated officers of the Company and the consolidated entity, including their personally-related entities during the year, nor were there any loans outstanding at the end of the current or prior financial year.

Other transactions with Directors and executives

There were no transactions between the consolidated entity and the Directors of McPherson's Limited, with any of the specified executives of the consolidated entity or with any of the other most highly remunerated officers of the Company and the consolidated entity, including their personally-related entities, during the financial year, other than those disclosed above relating to remuneration and to transactions concerning options and shares.

	Consolidated		Parent Entity	
	2005 $000's	2004 $000's	2005 $000's	2004 $000's
8. Current assets – cash				
Cash on hand	17	18	4	5
Cash at bank and on deposit (at call)	2,381	7,442	–	–
	2,398	7,460	4	5
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:				
Balances as above	2,398	7,460	4	5
Less: Bank overdrafts (Note 17)	(68)	–	(4,173)	(3,668)
Balances per statement of cash flows	2,330	7,460	(4,169)	(3,663)
9. Current assets – receivables				
Trade debtors	48,017	40,611	–	–
Provision for doubtful debts	(426)	(840)	–	–
	47,591	39,771	–	–
Other debtors/prepayments	3,301	5,824	228	121
Tax related amounts receivable from controlled entities	–	–	2,403	1,361
Other amounts receivable from controlled entities	–	–	301	4,675
	50,892	45,595	2,932	6,157
10. Current assets – inventories				
Raw materials	9,652	9,926	–	–
Work in progress	3,324	4,328	–	–
Finished goods	35,350	27,108	–	–
Stock in transit	6,438	6,226	–	–
	54,764	47,588	–	–
Provision for stock obsolescence	(3,553)	(3,594)	–	–
	51,211	43,994	–	–

The basis of inventory valuation adopted by the parent entity and the controlled entities is set out in Note 1(d).

	Consolidated 2005 $000's	Consolidated 2004 $000's	Parent Entity 2005 $000's	Parent Entity 2004 $000's
11. Current assets – other				
New product development	282	340	–	–
12. Non-current assets – receivables				
Tax related amounts receivable from controlled entities	–	–	–	892
Other amounts receivable from controlled entities	–	–	115,000	80,401
Other debtors/prepayments	–	7,677	–	–
	–	7,677	115,000	81,293
13. Non-current assets – other financial assets				
Shares in associate – at cost	398	398	–	–
Shares in controlled entities – at cost	–	–	231,537	169,158
Provision for future loss on realisation	–	–	(51,456)	(30,749)
	398	398	180,081	138,409
14. Non-current assets – property, plant and equipment				
Freehold land and buildings:				
At cost	9,509	9,947	1,900	1,900
Accumulated depreciation	(1,556)	(1,377)	(100)	(75)
	7,953	8,570	1,800	1,825
Leasehold improvements:				
At cost	3,930	3,960	103	103
Accumulated amortisation	(2,657)	(2,644)	(48)	(34)
	1,273	1,316	55	69
Total property	9,226	9,886	1,855	1,894
Leased assets:				
At cost	1,623	1,820	–	–
Accumulated depreciation	(869)	(751)	–	–
	754	1,069	–	–
Plant and equipment:				
At cost	67,066	67,594	120	119
Accumulated depreciation	(44,079)	(49,365)	(99)	(86)
	22,987	18,229	21	33
Total plant and equipment	23,741	19,298	21	33
Total property, plant and equipment	32,967	29,184	1,876	1,927

Sale of land and building

A controlled entity of McPherson's Limited has entered into a long-term conditional contract for the sale of land and buildings located in the United Kingdom. Should the sale become unconditional and subsequently complete, the net proceeds will exceed the current carrying value of $3,946,000 for that property at 30 June 2005.

Valuation of land and buildings

On applying AASB 1041 with effect from the financial year ended on 30 June 2001, the consolidated entity elected to revert to the cost basis for measuring land and buildings using the carrying value at that point in time as deemed cost. An independent valuation undertaken on an existing use basis at 30 June 2001 for all land and buildings owned by the consolidated entity was used to support the deemed cost.

An independent valuation was undertaken on an existing use basis for land and buildings owned by the consolidated entity in Australia at 30 June 2004. The valuation amounts at that date exceeded the book carrying values. The valuation was carried out by Mr G.R. Longden F.A.P.I. of Jones Lang LaSalle Advisory Services Pty Limited.

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

	Freehold Land and Buildings $000's	Leasehold Improvements $000's	Leased Assets $000's	Plant Equipment $000's	Total $000's
Consolidated					
Carrying amount at 1 July 2004	8,570	1,316	1,069	18,229	29,184
Additions	–	209	–	14,332	14,541
Transfers	–	–	(25)	25	–
Business acquisitions	–	–	–	656	656
Business disposals	–	–	–	(2,864)	(2,864)
Disposals	–	(2)	–	(2,375)	(2,377)
Depreciation/amortisation expense (Note 2)	(199)	(165)	(289)	(4,920)	(5,573)
Foreign currency exchange differences	(418)	(85)	(1)	(96)	(600)
Carrying amount at 30 June 2005	7,953	1,273	754	22,987	32,967
Parent Entity					
Carrying amount at 1 July 2004	1,825	69	–	33	1,927
Additions	–	–	–	7	7
Disposals	–	–	–	(6)	(6)
Depreciation/amortisation expense (Note 2)	(25)	(14)	–	(13)	(52)
Carrying amount at 30 June 2005	1,800	55	–	21	1,876

	Consolidated		Parent Entity	
	2005 $000's	2004 $000's	2005 $000's	2004 $000's
15. Non-current assets – intangibles				
Goodwill	145,972	91,592	–	–
Accumulated amortisation	(20,673)	(11,264)	–	–
	125,299	80,328	–	–
Other intangibles	2,352	–	–	–
Accumulated amortisation	(1,006)	–	–	–
	1,346	–	–	–
Patents and trademarks	1,747	1,866	–	–
Accumulated amortisation	(1,025)	(1,039)	–	–
	722	827	–	–
Brandnames at Directors' valuation dated 30 June 2005	52,830	28,508	10,156	6,000
Total intangibles	180,197	109,663	10,156	6,000

Valuation of brandnames

An independent valuation of brandnames acquired on 1 July 2003 was carried out by KPMG Corporate Finance. The Directors have adopted the independent valuation for these brandnames at 30 June 2005.

An independent valuation of previously owned brandnames was carried out at 30 June 2004 by KPMG Corporate Finance. The Directors, after considering the independent valuation, conservatively valued brandnames at a value below the independent valuation. This valuation did not result in brandnames being revalued in the consolidated accounts.

An independent valuation of brandnames acquired on 1 July 2004 and 1 October 2004 was carried out by KPMG Corporate Finance. Directors, after considering the valuations, have conservatively adopted values less than the independent valuation for these brandnames at 30 June 2005.

The Directors have considered the recoverable value of brandnames at balance date and are of the opinion that the carrying amount is not in excess of the recoverable amount (Note 1(g)).

	Consolidated		Parent Entity	
	2005 $000's	2004 $000's	2005 $000's	2004 $000's
16. Current liabilities – payables				
Trade creditors	23,060	21,739	–	–
Other creditors	15,083	14,623	3,497	1,540
Amounts payable to controlled entities	–	–	3,226	5,854
	38,143	36,362	6,723	7,394
17. Current liabilities – interest bearing liabilities				
Bank overdraft (Note 8)	68	–	4,173	3,668
Finance leases	228	334	–	–
Amounts payable to controlled entities	–	–	2,326	2,420
	296	334	6,499	6,088
Secured liabilities				
Bank overdraft (Note 8)	68	–	4,173	3,668
Finance leases	228	334	–	–
	296	334	4,173	3,688

The parent entity has established a legal right of set-off with a financial institution and certain deposits from controlled entities with that institution have been set-off against borrowings. Details of the security relating to each of these liabilities is set out in Note 20.

	Consolidated		Parent Entity	
18. Current liabilities – provisions				
Employee entitlements	5,548	6,088	369	428
Employee incentives	498	1,988	–	397
Restructure costs	829	1,920	29	842
Other	4,329	936	1,030	371
	11,204	10,932	1,428	2,038

18. Current liabilities – provisions (continued)

Movement in provisions

Movements in each class of provision during the financial year, other than employee entitlements are set out below:

	Employee Incentives $000's	Restructure Costs $000's	Other $000's
Consolidated 2005			
Carrying amount at start of year	1,988	1,920	936
Business acquisition	–	800	40
Additional provisions recognised	564	1,040	5,280
Payments	(2,032)	(2,930)	(1,826)
Foreign Exchange	(22)	(1)	(101)
Carrying amount at end of year	498	829	4,329
Parent Entity 2005			
Carrying amount at start of year	397	842	371
Additional provisions recognised	86	(564)	1,046
Payments	(483)	(249)	(387)
Carrying amount at end of year	–	29	1,030

	Consolidated 2005 $000's	Consolidated 2004 $000's	Parent Entity 2005 $000's	Parent Entity 2004 $000's
19. Non-current liabilities – payables				
Amount payable to controlled entities	–	–	35,593	35,619
20. Non-current liabilities – interest bearing liabilities				
Secured liabilities				
Bank loans	142,000	86,000	142,000	86,000
Finance lease	552	781	–	–
Total secured non-current liabilities	142,552	86,781	142,000	86,000

Bank loans

Bank loans are available under a five year amortising committed financing facility with the Group's bankers of which two years have elapsed. Interest at variable rates is payable on the bank loans.

Security for interest bearing liabilities

During the year, the Group continued to provide security to its bankers to secure bank overdraft, bank loan, bank bill and trade finance facilities. The security provided also secures letters of credit provided by the Group's bankers to overseas banks to support bank overdraft and loan facilities of controlled entities.

The Group facilities are secured by the following:

- fixed and floating charges over the assets of the parent and certain controlled entities;
- first mortgages over land and buildings owned by the parent entity and certain controlled entities;
- mortgages over shares held in certain controlled entities; and
- cross guarantees and indemnities provided by the parent entity and certain controlled entities.

	Consolidated		Parent Entity	
	2005 $000's	2004 $000's	2005 $000's	2004 $000's
Assets pledged as security				
First mortgage				
Freehold land and buildings	7,954	8,570	1,800	1,825
Mortgage over shares				
Investments in controlled entities	–	–	180,081	138,409
Floating charge				
Plant and equipment	24,314	19,016	76	132
Finance lease				
Plant and equipment under finance lease	754	1,045	–	–
Total non-current assets pledged as security	33,022	28,631	181,957	140,366
The following current assets are also pledged as security under the floating charge:				
Cash	6,976	10,535	4	5
Receivables – current	47,014	38,143	144	85
Inventories	50,686	42,861	–	–
Total assets pledged as security	137,698	120,170	182,105	140,456

21. Non-current liabilities – provisions

Employee entitlements	2,208	2,391	256	237
Directors' retiring benefits	436	436	436	436
	2,644	2,827	692	673

	Consolidated		Parent Entity	
	2005 $000's	2004 $000's	2005 $000's	2004 $000's
22. Share capital				
Issued and paid up capital:				
59,700,870 (2004: 56,521,048) ordinary shares – fully paid	101,666	86,949	101,666	86,949

Movements in ordinary share capital

Date	Details	Number of Shares	Issue Price	$000's
1 July 2003	Opening Balance	42,374,529		50,196
1 July 2003	Share issue	12,400,000	2.50	31,000
4 August 2003	Exercise of options issued 7 September 2000	26,500	1.50	40
31 October 2003	Dividend reinvestment plan issues	524,412	3.72	1,948
31 October 2003	Share issues – underwriting of balance of dividend reinvestment plan	654,803	3.72	2,436
30 April 2004	Dividend reinvestment plan issues	540,804	4.34	2,349
				87,969
	Less: Transaction costs arising on share issues			(1,020)
30 June 2004	Closing Balance	56,521,048		86,949
30 September 2004	Dividend reinvestment plan issues	670,966	4.51	3,024
14 October 2004	Share issue	2,222,222	4.75	10,555
1 April 2005	Dividend reinvestment plan issues	286,634	4.16	1,193
				101,721
	Less: Transaction costs arising on share issues			(55)
30 June 2005	**Closing Balance**	**59,700,870**		**101,666**

Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares issued under the plan are not issued at a discount to the market price.

Options

Information relating to the McPherson's Limited Employee Share/Option Purchase Plan, including details of options issued and exercised during the financial year and options outstanding at the end of the financial year are set out in the Directors' Report.

23. Reserves and retained profits

	Consolidated		Parent Entity	
	2005 $000's	2004 $000's	2005 $000's	2004 $000's
(a) Reserves				
Capital reserve:				
Asset revaluation reserve	6,000	6,000	6,831	6,831
Revenue reserve:				
Foreign currency translation reserve	(2,946)	(1,453)	–	–
	3,054	4,547	6,831	6,831
Movements in reserves				
Revenue reserve:				
Balance 30 June 2004 (2003)	(1,453)	(2,353)	–	–
Net exchange differences on translation of foreign controlled entities	(1,493)	900	–	–
Balance 30 June 2005 (2004)	(2,946)	(1,453)	–	–
(b) Retained Profits				
Retained profits at the beginning of the financial year	15,999	8,610	2,364	1,607
Profit from ordinary activities after tax	19,458	16,811	22,569	10,179
Dividends paid	(12,188)	(9,422)	(12,188)	(9,422)
Retained profits at the end of the financial year	23,269	15,999	12,745	2,364

24. Financial instruments

(a)(i) Forward foreign exchange contracts

Certain controlled entities and the parent entity enter into forward foreign exchange contracts to hedge anticipated purchases, sales and capital commitments denominated in foreign currencies. The terms of these commitments are rarely more than twelve months.

The following table sets out the gross Australian dollar equivalent value to be received/paid under foreign currency contracts, the weighted average contracted exchange rates and the settlement periods of contracts outstanding at balance date for the economic entity.

	2005 $000's	Weighted Average Contracted Exchange Rate	**2004 $000's**	**Weighted Average Contracted Exchange Rate**
Maturity 0 – 6 months				
Sell Australian dollars/Buy:				
United States dollars	6,434	0.7592	1,816	0.7139
Euro	719	0.6262	666	0.5961
Pounds sterling	2,674	0.3926	105	0.3808
New Zealand dollars	952	1.0864	1,010	1.0960
Swiss francs	746	0.8688	–	–
Singapore dollars	187	1.2816	–	–
Sell New Zealand dollars/Buy:				
United States dollars	3,378	0.7147	877	0.6289
Euro	709	0.5510	727	0.5122
Australian dollars	860	0.9367	402	0.9019
Pounds sterling	98	0.3795	–	–
Sell Pounds Sterling/Buy:				
United States dollars	1,721	1.8540	2,381	1.7843
Buy Australian dollars/Sell:				
United States dollars	72	0.7575	77	0.7077
New Zealand dollars	27	1.0857	121	1.1035
Maturity 6 – 12 months				
Sell Australian dollars:				
United States dollars	6,338	0.7455	–	–

As these contracts are hedging anticipated future transactions, any unrealised gains and losses on the contracts, together with the costs of the contracts are deferred and will be recognised in the financial statements at the time the underlying transaction occurs. The unrecognised gain of $136,000 and the unrecognised loss of $442,000 on hedges of anticipated foreign currency transactions valued at balance date approximates net fair value of the hedge contracts outstanding based on current forward rates for contracts with similar maturity profiles.

(a)(ii) Foreign currency options

The economic entity has also entered into foreign currency option contracts to partially hedge a portion of anticipated United States dollar purchases. At balance date, the outstanding foreign currency option contracts cover the period from July 2005 to December 2005.

As these options are hedging future transactions, any unrealised gains and losses on the options will be recognised in the financial statements at the time the underlying transaction occurs. An unrecognised loss of $195,000 valued at balance date represents net fair value of the options.

(b) Interest rate contracts

A number of hedge contracts have been entered into to limit the consolidated entity's exposure to possible increases in interest rates. These contracts have commencement dates of 1 July 2003, 1 August 2003 and 11 November 2004 and cover initial aggregate principal amounts of $133.5 million, reducing annually to an aggregate $87.0 million by 30 June 2008. Each contract is subject to different terms and conditions, but generally restrict the interest rate exposure to 6% or less.

An unrecognised gain of $312,000 and an unrecognised loss of $540,000 represent the net fair value of interest rate contracts at balance date.

(c) Interest rate risk exposure

The economic entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities at balance date is set out below. Financial assets and financial liabilities which are not listed below are not subject to interest rate risk.

2005	Floating Interest Rate $000's	Weighted Average Interest Rate %	Non-Interest Bearing $000's	Total $000's
Financial Assets				
Cash and Deposits				
Currency – Australian dollars	1,848	5.4	–	1,848
Currency – United States dollars	104	0.9	115	219
Currency – Pounds sterling	–	–	65	65
Currency – New Zealand dollars	–	–	17	17
Currency – Singapore dollars	–	–	221	221
Currency – Hong Kong dollars	–	–	11	11
Note 8	1,952		429	2,381

Non-interest bearing deposits represent clearing accounts.

24. Financial instruments (continued)

2005	Floating Interest Rate $000's	Fixed Interest Rate $000's	Total $000's	Weighted Average Interest Rate %
Financial Liabilities				
Currency – Australian dollars				
Bank loans	139,000	–	139,000	5.8
Bank bills	3,000	–	3,000	5.7
Finance leases	–	767	767	9.7
	142,000	767	142,767	5.8
Currency – Hong Kong dollars				
Finance leases	–	13	13	3.3
Bank overdraft	32	–	32	7.0
	32	13	45	5.9
Currency – Pounds sterling				
Bank overdraft	36	–	36	8.1
Notes 17 and 20	142,068	780	142,848	

Weighted average interest rates exclude the economic entity's credit margin. The floating rates are predominantly 90 days maturity.

2004	Floating Interest Rate $000's	Weighted Average Interest Rate %	Non-Interest Bearing $000's	Total $000's
Financial Assets				
Cash and Deposits				
Currency – Australian dollars	5,409	5.1	–	5,409
Currency – United States dollars	150	0.2	161	311
Currency – Pounds sterling	–	–	682	682
Currency – New Zealand dollars	–	–	217	217
Currency – Singapore dollars	–	–	220	220
Currency – Hong Kong dollars	–	–	603	603
Note 8	5,559		1,883	7,442

Non-interest bearing deposits represent clearing accounts.

2004	Floating Interest Rate $000's	Fixed Interest Rate $000's	Total $000's	Weighted Average Interest Rate %
Financial Liabilities				
Currency – Australian dollars				
Bank loans	86,000	–	86,000	5.6
Finance leases	–	1,092	1,092	9.7
	86,000	1,092	87,092	5.6
Currency – Hong Kong dollars				
Finance leases	–	23	23	3.3
Notes 17 and 20	86,000	1,115	87,115	

Weighted average interest rates exclude the economic entity's credit margin. The floating rates are predominately 90 days maturity.

(d) Credit risk exposure

Credit risk represents the loss that would be recognised if counterparties to financial instruments fail to perform as contracted.

(i) On balance sheet

The credit risk on financial assets of the economic entity which have been recognised on the balance sheet, is the carrying amount, net of any provisions for doubtful debts.

(ii) Off balance sheet

Interest rate, foreign exchange and option contracts are subject to credit risk in relation to the relevant counterparties, which are major banks. The maximum credit risk exposure on hedging contracts is the full amount the economic entity pays when settlement occurs should the counterparty fail to pay the amount which it is committed to pay to the economic entity. The full amount is disclosed in Notes 24(a) and (b) above.

(iii) Credit risk concentration

It is not considered that the economic entity is exposed to significant credit risk concentration with any single debtor. The economic entity's concentration of risk at balance date, by industry, in Australian dollars, is detailed below.

	2005 $000's	**2004 $000's**
Printing (predominantly Australia)	10,205	11,268
Consumer Products (Australasia, United Kingdom and United States)	37,812	29,343
	48,017	40,611
Less: Provision for doubtful debts	(426)	(840)
	47,591	39,771

24. Financial instruments (continued)

(e) Net fair value of financial assets and liabilities

(i) On balance sheet

The carrying amount of financial assets and financial liabilities disclosed in the balance sheet of the economic entity approximates net fair value in accordance with Accounting Standard AASB 1033.

(ii) Off balance sheet

The net fair value for forward exchange, option and interest rate contracts is taken to be the unrecognised gain or loss at balance date which reflects the estimated amounts which the economic entity would expect to pay or receive to terminate the contracts or replace the contracts at balance date. The net fair value for outstanding contracts is disclosed in Notes 24(a) and (b).

	Consolidated		Parent Entity	
	2005 $000's	2004 $000's	2005 $000's	2004 $000's
25. Contractual commitments for expenditure				
Capital expenditure				
Aggregate capital expenditure contracted for at balance date, but not provided for in the accounts, due:				
Not later than one year	4,259	4,036	–	–
Future lease commitments payable relating to non-cancellable operating leases				
Aggregate amount contracted for at balance date, but not provided for in the accounts, due:				
Not later than one year	7,138	11,144	50	30
Later than one year but not later than five years	19,848	32,261	52	36
Later than five years	17,513	14,076	–	–
	44,499	57,481	102	66
Finance leases				
Commitments in relation to finance leases are payable as follows:				
Within one year	288	419	–	–
Later than one year but not later than five years	556	846	–	–
Minimum lease payments	844	1,265	–	–
Less: Future finance charges	(64)	(150)	–	–
Recognised as a liability	780	1,115	–	–
Representing lease liabilities:				
Current (Note 17)	228	334	–	–
Non-current (Note 20)	552	781	–	–
	780	1,115	–	–

26. Contingent liabilities

The parent entity has guaranteed the repayment of borrowings of certain controlled entities.

There are a number of legal claims pending against the economic entity including claims relating to product liability and associated damages. The economic entity has disclaimed liability and is defending the actions. The Directors consider these claims will not materially affect the results of the economic entity.

27. Segment Report

	Consumer Products $000's	Printing $000's	Inter-segment Eliminations/ Unallocated $000's	Consolidated $000's
2005 Primary reporting – business segments				
Sales to external customers	263,313	81,417	–	344,730
Inter-segment sales	–	39	(39)	–
Total sales revenue	263,313	81,456	(39)	344,730
Other revenue	1,301	2,844	16,218	20,363
Total segment revenue	264,614	84,300	16,179	365,093
Profit before amortisation of goodwill and other intangibles	37,473	6,836	(2,260)	42,049
Amortisation of goodwill and other intangibles	(6,723)	(507)	–	(7,230)
Segment result	30,750	6,329	(2,260)	34,819
Net borrowing costs				(10,640)
Profit from ordinary activities before income tax				24,179
Income tax expense				(4,721)
Profit from ordinary activities after income tax				19,458
Segment assets	278,829	59,733	(13,958)	324,604
Segment liabilities	99,459	49,623	47,533	196,615
Acquisition of property, plant and equipment, intangible and other non-current segment assets	81,493	11,733	1	93,227
Depreciation and amortisation expense	9,652	3,508	52	13,212

27. Segment Report (continued)

2004 Primary reporting – business segments

	Consumer Products $000's	Printing $000's	Inter-segment Eliminations/ Unallocated $000's	Consolidated $000's
Sales to external customers	216,594	112,373	–	328,967
Inter-segment sales	–	49	(49)	–
Total sales revenue	216,594	112,422	(49)	328,967
Other revenue	2,635	1,290	339	4,264
Total segment revenue	219,229	113,712	290	333,231
Profit before amortisation of goodwill and other intangibles	26,263	12,165	(3,107)	35,321
Amortisation of goodwill and other intangibles	(3,823)	(506)	–	(4,329)
Segment result	22,440	11,659	(3,107)	30,992
Net borrowing costs				(7,572)
Profit from ordinary activities before income tax				23,420
Income tax expense				(6,609)
Profit from ordinary activities after income tax				16,811
Segment assets	187,465	86,663	(22,719)	251,409
Segment liabilities	65,059	57,221	21,634	143,914
Acquisition of property, plant and equipment, intangible and other non-current segment assets	88,164	6,340	18	94,522
Depreciation and amortisation expense	6,757	3,443	120	10,320

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

Consumer Products
Manufacturers, importers, exporters and marketers of kitchen knives, scissors, cutlery, kitchen utensils, glassware, hair and beauty care and other consumer products. Following the acquisition of Multix Pty Ltd and Accantia Health & Beauty Pty Ltd during the year, the segment now also markets products in the plastic bags, wraps, foils and personal care categories.

Printing
Printers of a wide range of products including quality books, paperbacks, greeting cards and loose-leaf printing. The directory printing business was sold during the year.

	Segment Revenues from Sales to External Customers		Segment Assets		Acquisitions of Property, Plant and Equipment, Intangibles and Other Non-Current Segment Assets	
	2005 $000's	**2004 $000's**	2005 $000's	**2004 $000's**	2005 $000's	**2004 $000's**
Secondary reporting – geographical segments						
Australia	284,000	273,181	293,907	219,140	91,517	91,865
Europe	22,026	20,063	14,252	15,423	351	258
North America	5,368	7,335	358	571	–	–
Asia, New Zealand	33,336	28,388	16,087	16,275	1,359	2,399
	344,730	328,967	324,604	251,409	93,227	94,522

28. Earnings per share

	2005	**2004**
Basic earnings per share	33.2¢	30.2¢
Diluted earnings per share	32.9¢	30.0¢
Earnings used in calculating basic earnings per share	$19,458,000	$16,811,000
Earnings used in calculating diluted earnings per share	$19,458,000	$16,811,000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	58,670,436	55,674,008
Potential ordinary shares	464,525	442,588
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	59,134,961	56,116,596
Options that are not dilutive and are therefore not included in the calculation of diluted EPS	–	–

Information concerning the classification of securities

Options

Options granted to employees under the McPherson's Limited Employee Share/Option Purchase Plan are considered to be dilutive and therefore potential ordinary shares for the purpose of calculating diluted earnings per share, where their exercise price is below the average market price.

In relation to dilutive options to acquire ordinary shares, the calculation of diluted earnings per share is performed by adding to the denominator only those potential shares that are deemed in accordance with Australian Accounting Standard AASB 1027 to have been issued for no consideration. Assumed earnings from proceeds are not added to the numerator.

The number of shares deemed to have been issued for no consideration is the difference between the number of shares that were issued at exercise price and the number of shares that would have been issued at average market price for actual proceeds.

No options have been included in the determination of basic earnings per share. Details relating to options are set out in the Directors' Report.

29. Particulars in relation to controlled entities

	Country of Incorporation
McPherson's Limited	Australia
Controlled entities of McPherson's Limited	
Domenica Pty Ltd	Australia
Owen King Holdings Australia Pty Ltd	Australia
McPherson's Printing Pty Ltd	Australia
Yevad Products Pty Ltd	Australia
McPherson's Consumer Products (NZ) Limited (formerly Wiltshire (NZ) Limited)	New Zealand
947413 Limited	Australia
718932 Pty Ltd	Australia
McPherson's Housewares Pty Limited	Australia
Cork International Holdings Limited (in liquidation)	United Kingdom
McPherson's Consumer Products Pty Ltd (formerly Cork International Pty Ltd)	Australia
Cork International Pte Ltd	Singapore
GN Holdings Pty Ltd	Australia
Multix Pty Ltd	Australia
Brand Equity International Pty Ltd	Australia
Accantia Health & Beauty Pty Ltd	Australia
McPherson's America Inc.	USA
McPherson's Publishing Inc.	USA
Regent-Sheffield Ltd	USA
McPherson's Hong Kong Limited	Hong Kong
McPherson's Consumer Products (HK) Limited (formerly McPherson's CPG Limited)	Hong Kong
Cork International Far East Limited	Hong Kong
McPherson's (UK) Limited	United Kingdom
Richardson Sheffield Limited	United Kingdom
V. Sabatier Limited	United Kingdom
Revlect Pty Ltd	Australia

All investments represent 100% ownership interest in ordinary shares except Domenica Pty Ltd which includes 100% interest in ordinary and preference shares held by McPherson's Limited.

Acquisitions and disposals of controlled entities

Acquisitions
- Brand Equity International Pty Ltd, effective acquisition date 1 July 2004.
- Accantia Health & Beauty Pty Ltd, effective acquisition date 1 July 2004.
- GN Holdings Pty Ltd, effective acquisition date 1 October 2004.
- Multix Pty Ltd, effective acquisition date 1 October 2004.

Disposals
- McPherson's Enterprises Pty Ltd was sold effective 1 October 2004.

Amalgamations
- Cork International (NZ) Limited and Wiltshire (NZ) Limited were amalgamated on 1 January 2005 to become Wiltshire (NZ) Limited which changed its name on amalgamation to McPherson's Consumer Products (NZ) Limited. With effect from the amalgamation date, Cork International (NZ) Limited ceased to exist.

30. Related parties

Directors and specified executives

Details relating to the insurance of Directors are included in the Directors' Report.

Transactions with McPherson's Limited or its controlled entities:
Some current Directors of controlled entities of McPherson's Limited are associated with firms which derive income for services provided to the economic entity. These transactions are conducted on a commercial basis with conditions no more favourable than those available to outside parties.

Mr J.B. Duncan and Ms A. Hutcheson, who were Directors of a United States controlled entity during the year, are a principal and employee respectively in the law firm J.B. Duncan P.C. This firm renders legal advice to certain controlled entities.

Directors' shares/options

Transactions of Directors and Director related entities concerning shares or share options are set out in the Directors' Report.

All transactions relating to shares and dividends were on the same basis as similar transactions with other shareholders.

Wholly-owned group

Transactions between McPherson's Limited and its controlled entities in the wholly-owned group during the year consisted of:

Amounts advanced to and by McPherson's Limited

Amounts repaid to McPherson's Limited

Amounts borrowed by McPherson's Limited

Payment and receipt of interest on certain loans

Payment of dividends to McPherson's Limited

Purchase and sale of goods

Receipt and payment of rent, management and licence fees

	Consolidated		Parent Entity	
	2005 $000's	2004 $000's	2005 $000's	2004 $000's
30. Related parties (continued)				
Related party transactions reported elsewhere:				
The aggregate amounts of transactions with related parties not reported elsewhere were as follows:				
Legal fees				
J.B. Duncan P.C.	13,435	14,307	–	–

Related party transactions and balances

Related party transactions and balances are shown throughout the financial statements as follows:

	Note Number
Interest received/receivable	2
Investment in controlled entities	29
Director and executive disclosures	7
Amounts receivable from controlled entities	9, 12
Amounts payable to controlled entities	16, 19
Superannuation funds	31

31. Superannuation commitments

McPherson's Limited and its controlled entities contribute to a number of superannuation funds. The funds provide benefits on a cash accumulation basis for employees or their dependants on resignation, retirement, total and permanent disablement or death. Benefits are based on the contributions and net income thereon held by the funds on behalf of their members. The level of these benefits varies according to the fund to which the employee belongs. Company contributions to all superannuation funds are legally enforceable. Contributions may be made by the member in addition to Company contributions, as specified by the rules of the fund.

McPherson's Limited outsources the superannuation function throughout the Group, and therefore does not sponsor any superannuation funds or pension schemes.

	Consolidated		Parent Entity	
	2005 $000's	2004 $000's	2005 $000's	2004 $000's
32. Notes to the statements of cash flows				
(i) Reconciliation of net cash provided by operating activities to operating profit after income tax				
Operating profit after income tax	19,458	16,811	22,569	10,179
Amortisation of goodwill and other intangibles	7,230	4,329	–	–
Depreciation/other amortisation	5,982	5,991	52	120
(Profit)/loss on disposal of property, plant and equipment	(248)	197	(7)	3
Profit on disposal of controlled entity	(3,871)	–	(4,938)	–
Finance charges included in lease payments	77	125	–	–
Non cash dividends	(50)	(50)	(30,128)	–
Debt forgiveness	–	–	(10,627)	4,304
Provision for realisation of investments in controlled entities	–	–	20,707	–
Operating assets and liabilities, excluding the effects from purchase or sale of businesses				
Increase/(decrease) in creditors and borrowings	(6,119)	(800)	(1,945)	(1,023)
Increase/(decrease) in other provisions	(493)	1,807	(551)	457
Increase/(decrease) in employee entitlements	(139)	(920)	(40)	4
Increase/(decrease) in tax payable	(5,458)	309	(9,443)	(7,267)
(Increase)/decrease in receivables	2,898	7,956	3,264	3,059
(Increase)/decrease in inventories	1,128	2,114	–	–
Net cash inflow/(outflow) provided by operating activities	20,395	37,869	(11,087)	9,836

	Consolidated 2005 $000's	Consolidated 2004 $000's
(ii) Acquisition of controlled entity/businesses		
Fair value of identifiable net assets acquired		
Cash	2,892	1,517
Receivables	10,916	16,170
Inventories	9,307	7,032
Plant and equipment	656	4,809
Brandnames	24,322	15,508
Other intangibles	2,352	–
Future income tax benefit	895	1,326
Payables	(8,449)	(10,074)
Provisions	(1,075)	(4,498)
Provision for income tax	(1,874)	(886)
Finance leases	–	(1,581)
	39,942	29,323
Goodwill on acquisition	51,133	65,344
Total consideration	91,075	94,667

	Consolidated		Parent Entity	
	2005 $000's	2004 $000's	2005 $000's	2004 $000's
32. Notes to the statements of cash flows (continued)				
(iii) Outflow of cash to acquire controlled entity/businesses				
Total consideration	91,075	94,667	90,261	90,876
Less: Cash acquired	(2,892)	(1,517)	–	–
Share issue	(10,555)	–	(10,555)	–
Provision for future costs	(914)	–	(100)	–
Plus: Payments for previous acquisition	122	258	122	–
Net cash outflow	76,836	93,408	79,728	90,876
(iv) Disposal of controlled entity/business				
Details of disposals during the financial year are as follows:				
Proceeds from disposal	16,000	–		
Costs relating to disposal	(198)	–		
	15,802	–		
Book value of net assets disposed of:				
Receivables	9,842	–		
Inventories	471	–		
Plant and equipment	2,864	–		
Deferred tax assets	437	–		
Payables	(725)	–		
Provisions	(958)	–		
	11,931	–		

	Consolidated		Parent Entity	
	2005 $000's	2004 $000's	2005 $000's	2004 $000's

33. Financing facilities

The economic entity has available to it a committed financing facility of $172,715,000 at 30 June 2005. As at the end of the financial year $142,068,000 of these facilities were utilised. Facilities in the main are able to be transferred between the parent entity and other members of the economic entity. Interest rates on all facilities are variable.

Unrestricted access was available at balance date to the following lines of credit:

	Consolidated 2005 $000's	Consolidated 2004 $000's	Parent Entity 2005 $000's	Parent Entity 2004 $000's
Total facilities				
Bank overdrafts	3,715	3,943		
Bank loan facilities	169,000	121,000		
	172,715	124,943		
Used at balance date				
Bank overdrafts	68	–		
Bank loan facilities	142,000	86,000		
	142,068	86,000		
Unused at balance date				
Bank overdrafts	3,647	3,943		
Bank loan facilities	27,000	35,000		
	30,647	38,943		

34. Employee benefits and related on-costs liabilities

	Consolidated 2005 $000's	Consolidated 2004 $000's	Parent Entity 2005 $000's	Parent Entity 2004 $000's
Included in other creditors – current (Note 16)	869	1,022	–	–
Included in restructure costs (Note 18)	357	1,568	–	700
Included in other provisions (Note 18)	585	42	500	–
Provision for employee entitlements – current (Note 18)	5,548	6,088	369	428
Provision for employee incentives (Note 18)	498	1,988	–	397
Provision for employee entitlements – non-current (Note 21)	2,208	2,391	256	237
Aggregate employee benefits and related on-costs liabilities	10,065	13,099	1,125	1,762

	Number		Number	
	2005	**2004**	2005	**2004**
Employee numbers at 30 June	1,302	1,446	6	6

35. Impact of adopting Australian equivalents to IFRS

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. These Australian equivalents to IFRS are referred to hereafter as AIFRS. The adoption of AIFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The consolidated entity has established a project team to manage the transition to AIFRS, including training of relevant staff and system and internal control changes necessary to gather all the required financial information. The project team is chaired by the Chief Financial Officer and reports to the Audit Risk Management and Compliance Committee or directly to the Board of Directors.

The project team has analysed all of the AIFRS and has identified the accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 *First-time Adoption of Australian Equivalent to International Financial Reporting Standards*. The choices have been analysed to determine the most appropriate accounting policy for the consolidated entity.

The known or reliably estimable impacts on the financial report for the year ended 30 June 2005 had it been prepared using AIFRS are as follows. The expected financial effects of adopting AIFRS are shown for each line item in the statements of financial performance and statements of financial position, with descriptions of the differences. No material impacts are expected in relation to the statements of cash flows.

Although the adjustments disclosed in this note are based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change. For example, amended or additional standards or interpretations may be issued by the AASB and the IASB. Therefore, until the Company prepares its first full AIFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted.

Statement of Financial Performance

	Note	Consolidated Existing GAAP $000's	Consolidated Effect of Change $000's	Consolidated AIFRS $000's	Parent Entity Existing GAAP $000's	Parent Entity Effect of Change $000's	Parent Entity AIFRS $000's
Revenue from ordinary activities							
Sales Revenue	(f)	344,730	(20,659)	324,071	–	–	–
Proceeds from disposal of controlled entity	(e)	16,000	(16,000)	–	10,964	(10,964)	–
Dividend received/receivable		50	–	50	34,009	–	34,009
Debt forgiveness		–	–	–	10,627	–	10,627
Interest received/receivable		129	–	129	42	–	42
Proceeds from disposal of property, plant and equipment	(e)	2,458	(2,458)	–	13	(13)	–
Rental		–	–	–	27	–	27
Royalties		768	–	768	1,245	–	1,245
Other		958	–	958	2,746	–	2,746
Net profit from disposal of property, plant and equipment	(e)	–	248	248	–	7	7
Net profit from disposal of controlled entity	(e)	–	3,871	3,871	–	4,241	4,241
Total revenue from ordinary activities		365,093	(34,998)	330,095	59,673	(6,729)	52,944
Expenses from ordinary activities							
Materials and consumables used		150,809	–	150,809	–	–	–
Employee costs	(c)	71,960	708	72,668	1,741	708	2,449
Rental expenses relating to operating leases		10,803	–	10,803	83	–	83
Amortisation of goodwill and other intangibles	(b)	7,230	(6,224)	1,006	–	–	–
Brandname impairment	(b)	–	1,734	1,734	–	–	–
Depreciation/other amortisation		5,982	–	5,982	52	–	52
Customer allowances and co-operative advertising	(f)	21,676	(21,676)	–	–	–	–
Advertising and promotional	(f)	8,996	1,017	10,013	–	–	–
Repairs and maintenance		2,832	–	2,832	3	–	3
Cartage and freight		9,629	–	9,629	–	–	–
Restructure costs	(g)	1,040	301	1,341	(564)	–	(564)
Book value of property, plant and equipment disposed	(e)	2,210	(2,210)	–	6	(6)	–
Net assets and costs associated with disposal of controlled entity	(e)	12,129	(12,129)	–	6,723	(6,723)	–
Provision for diminution in asset realisable value		2,481	–	2,481	–	–	–
Provision for realisation of investment in controlled entities		–	–	–	20,707	–	20,707
Other expenses from ordinary activities	(g)	22,368	875	23,243	1,101	–	1,101
Total expenses from ordinary activities		330,145	(37,604)	292,541	29,852	(6,021)	23,831
Borrowing costs expense		(10,769)	–	(10,769)	(10,018)	–	(10,018)
Profit from ordinary activities before income tax expense		24,179	2,606	26,785	19,803	(708)	19,095
Income tax expense		(4,721)	857	(3,864)	2,766	(16)	2,750
Profit from ordinary activities after income tax expense		19,458	3,463	22,921	22,569	(724)	21,845

35. Impact of adopting Australian equivalents to IFRS (continued)

Statement of Financial Performance (continued)

	Note	Consolidated Existing GAAP $000's	Consolidated Effect of Change $000's	Consolidated AIFRS $000's	Parent Entity Existing GAAP $000's	Parent Entity Effect of Change $000's	Parent Entity AIFRS $000's
Profit from ordinary activities after income tax expense		19,458	3,463	22,921	22,569	(724)	21,845
Net exchange differences on translation of foreign controlled entities		(1,493)	–	(1,493)	–	–	–
Net increase in share based payments reserve	(c)	–	708	708	–	708	708
Total revenue, expenses and valuation adjustments recognised directly in equity		(1,493)	708	(785)	–	708	708
Total changes in equity other than those resulting from transactions with shareholders		17,965	4,171	22,136	22,569	(16)	22,553

	Cents	Cents	Cents
Basic earnings per share	33.2	5.9	39.1
Diluted earnings per share	32.9	5.9	38.8

Statement of Financial Position

		Consolidated			Parent Entity		
	Note	Existing GAAP $000's	Effect of Change $000's	AIFRS $000's	Existing GAAP $000's	Effect of Change $000's	AIFRS $000's
Current assets							
Cash		2,398	–	2,398	4	–	4
Receivables	(a)	50,892	–	50,892	2,932	(139)	2,793
Inventories		51,211	–	51,211	–	–	–
Deferred tax assets	(a)	3,979	–	3,979	3,666	(3,103)	563
Other		282	–	282	–	–	–
Total current assets		108,762	–	108,762	6,602	(3,242)	3,360
Non-current assets							
Receivables		–	–	–	115,000	–	115,000
Other financial assets		398	–	398	180,081	–	180,081
Property, plant and equipment		32,967	–	32,967	1,876	–	1,876
Intangibles	(a)(b)	180,197	3,742	183,939	10,156	(6,000)	4,156
Deferred tax assets	(a)	2,280	–	2,280	2,266	(1,651)	615
Total non-current assets		215,842	3,742	219,584	309,379	(7,651)	301,728
Total assets		324,604	3,742	328,346	315,981	(10,893)	305,088
Current liabilities							
Payables	(a)	38,143	–	38,143	6,723	(3,103)	3,620
Interest bearing liabilities		296	–	296	6,499	–	6,499
Provisions		11,204	–	11,204	1,428	–	1,428
Current tax liabilities		1,612	–	1,612	1,664	–	1,664
Deferred tax liabilities	(a)	140	–	140	140	(139)	1
Total current liabilities		51,395	–	51,395	16,454	(3,242)	13,212
Non-current liabilities							
Payables	(a)	–	–	–	35,593	(2,898)	32,695
Interest bearing liabilities		142,552	–	142,552	142,000	–	142,000
Provisions		2,644	–	2,644	692	–	692
Deferred tax liabilities	(a)	24	12,916	12,940	–	1,247	1,247
Total non-current liabilities		145,220	12,916	158,136	178,285	(1,651)	176,634
Total liabilities		196,615	12,916	209,531	194,739	(4,893)	189,846
Net assets		127,989	(9,174)	118,815	121,242	(6,000)	115,242
Shareholders' equity							
Share capital	(a)	101,666	322	101,988	101,666	322	101,988
Reserves	(b)(c)	3,054	(4,776)	(1,722)	6,831	(4,776)	2,055
Opening retained profits	(a)(b)(c)(g)	15,999	(8,183)	7,816	2,364	(822)	1,542
Current year profits	(a)(b)(c)(g)	19,458	3,463	22,921	22,569	(724)	21,845
Dividends paid		(12,188)	–	(12,188)	(12,188)	–	(12,188)
Total shareholders' equity		127,989	(9,174)	118,815	121,242	(6,000)	115,242

35. Impact of adopting Australian equivalents to IFRS (continued)

Notes explaining the impact of the statements of financial performance and financial position are set out below:

(a) Income tax

Under AASB 112 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss, and current and deferred taxes cannot be recognised directly in equity.

If the policy required by AASB 112 had been applied during the year ended 30 June 2005 the following would have resulted:

An increase in total consolidated deferred tax liabilities of $12,916,000 at 30 June 2005 would have been recognised comprising:

(i) An increase in deferred tax liabilities of $6,139,000 relating to the recognition of deferred taxes on brandnames held at 1 July 2004, with a corresponding reduction of $6,139,000 in retained profits at that date.

(ii) An increase in deferred tax liabilities of $7,297,000 relating to the recognition of deferred taxes on brandnames acquired as part of a business combination during the year ended 30 June 2005, with a corresponding increase of $7,297,000 in goodwill.

(iii) A decrease in deferred tax liabilities of $520,000 reflecting the tax effect of brandname impairment during the year ended 30 June 2005, with a corresponding reduction of $520,000 in income tax expense.

A decrease in total parent entity deferred tax assets of $4,754,000 at 30 June 2005 would have been recognised relating to deferred tax assets of wholly owned Australian subsidiaries previously recognised by the parent entity. The Urgent Issues Group has recently announced changes in the recognition of tax amounts under the tax consolidation regime under AIFRS, and as a result, wholly owned subsidiaries in the tax consolidated group will be required to recognise their own deferred tax balances.

An increase in total parent entity deferred tax liabilities of $1,108,000 at 30 June 2005 would have been recognised comprising:

(i) An increase in deferred tax liabilities of $1,247,000 relating to the recognition of deferred taxes on brandnames acquired as part of a business combination during the year ended 30 June 2005.

(ii) A decrease in deferred tax liabilities of $139,000 relating to deferred tax liabilities of wholly owned Australian subsidiaries previously recognised by the parent entity.

In addition, the tax effect of transaction costs on share issues would have been recognised directly in equity, resulting in a decrease of $306,000 in retained profits at 1 July 2004, an increase in current income tax expense of $16,000 and an increase in share capital of $322,000 in both the consolidated and parent entity financial statements.

The tax effect of the reversal of provisions (refer (g)) in the consolidated financial statements would have resulted in an increase of $353,000 in deferred tax assets and a decrease of $353,000 in income tax expense. These amounts offset the adjustments required to deferred tax assets and retained profits as at 1 July 2004.

(b) Intangible assets

Under the AASB 3 *Business Combinations*, amortisation of goodwill will be prohibited, and will be replaced by annual impairment testing focusing on the cash flows of the related cash generating unit. This will result in a change to the current accounting policy, under which goodwill is amortised on a straight line basis over the period during which the benefits are expected to arise and not exceeding 20 years.

If the policy required by AASB 3 had been applied during the year ended 30 June 2005, consolidated goodwill at 30 June 2005 would have been $6,224,000 higher and consolidated amortisation expense for the year ended 30 June 2005 would have been $6,224,000 lower. There would have been no impact on the parent entity's financial statements.

Under AASB 138 *Intangible Assets*, internally generated brandnames must not be recognised as an asset. In transitioning to AIFRS, internally generated brandnames currently carried at $6,000,000 will be derecognised with effect from 1 July 2004, by reversing this value against an existing asset revaluation reserve of $6,000,000. In addition, brandnames have in general been valued by Directors as an asset class and any valuation decrements offset against valuation increments. The transition to AIFRS will require valuation decrements to be reflected as a reduction in the carrying value of brandnames. An amount of $2,045,000 will be made retrospectively as an adjustment against retained profits as at 1 July 2004, reflecting the reduction in the carrying value of brandnames at that date. If the policy required by AASB 138 had been applied during the year ended 30 June 2005, brandnames at 30 June 2005 would have been $1,734,000 lower and consolidated brandname impairment expense for the year ended 30 June 2005 would have been $1,734,000 higher. There would have been no impact in the parent entity's financial statements.

Acquired brandnames that will continue to be recognised will not be amortised under AASB 138, as Directors consider these to have an indefinite life. These brandnames will be subject to an annual impairment test.

(c) Equity-based compensation benefits

Under AASB 2 *Share-based Payment*, from 1 July 2004 the group is required to recognise an expense for those options that were issued to employees but had not vested by 1 January 2005.

This will result in a change to the current accounting policy under which no expense is recognised for equity-based compensation.

If the policy required by AASB 2 had been applied from 1 July 2004 and during the year ended 30 June 2005, consolidated and parent entity retained profits at 30 June 2005 would have been $1,224,000 lower, with a corresponding increase in the share-based payment reserve. For the year ended 30 June 2005, the consolidated and parent entity employee benefits expense would have been $708,000 higher, with a corresponding increase in the net movement in the share-based payment reserve.

(d) Financial Instruments

The Group will be taking advantage of the exemption available under AASB 1 to apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005. This allows the Group to apply previous Australian generally accepted accounting principles (Australian GAAP) to the comparative information of financial instruments within the scope of AASB 132 and AASB 139 for the 30 June 2006 financial report.

Under AASB 132, the current classification of financial instruments issued by entities in the consolidated entity would not change.

AASB 139 is likely to have the following impact:

(i) Classification and measurement of financial assets and liabilities

Under AASB 139, financial assets held by entities in the consolidated entity will be classified either at fair value through the profit and loss account, held to maturity, available for sale, or loans and receivables and, depending upon classification, measured at fair value or amortised cost.

Under AASB 139, investments in:

- Non-traded equity securities will be classified as available for sale and measured at fair value, with changes in fair value recognised directly in equity until the underlying asset is derecognised; and
- Loans and receivables and financial liabilities classifications will remain unchanged. Measurement of these instruments will initially be at fair value with subsequent measurement at amortised cost, using the effective interest rate method.

This will result in a change to the current accounting policy, under which financial assets are carried at the lower of cost and recoverable amount, with changes recognised in profit or loss.

As a result of the application of the exemption referred to above, there would have been no adjustment to classification or measurement of financial assets or liabilities from the application of AIFRS during the year ended 30 June 2005. Changes in classification and measurement will be recognised from 1 July 2005.

35. Impact of adopting Australian equivalents to IFRS (continued)

(d) Financial Instruments (continued)

(ii) Cash flow hedges

Under AASB 139, foreign exchange and interest rate contracts held for hedging purposes will be accounted for as cash flow hedges. Changes in the fair value of those contracts will be recognised directly in equity until the hedged transaction occurs, in which case the amounts recognised in equity will be included in the initial cost of the assets acquired.

This will result in a change to the current accounting policy, under which the costs or gains arising under contracts together with any realised or unrealised gains from re-measurement are included in assets or liabilities as deferred losses or deferred gains.

As a result of the application of the exemption referred to above, there would have been no adjustment to classification or measurement of cash flow hedges from the application of AIFRS during the year ended 30 June 2005. Changes in classification and measurement will be recognised from 1 July 2005 as a result of the exemption.

(e) Revenue disclosures in relation to the sale of non-current assets

Under AIFRS, the revenue recognised in relation to the sale of non-current assets is the net gain on the sale. This is in contrast to the current Australian GAAP treatment under which the gross proceeds from the sale are recognised as revenue and the carrying amount of the assets sold is recognised as an expense. The net impact on the profit or loss is nil.

(f) Sales revenue

Under AIFRS, the consolidated group will recognise sales revenue net of customer allowances. This is in contrast with the current treatment under Australian GAAP where sales revenue is recognised net of returns, duties and taxes only.

(g) Provisions

A more stringent approach to provisioning will be adopted under AIFRS. A review of provisions undertaken as part of the transition to AIFRS indicated that a decrease of $1,176,000 is required to provisions at 1 July 2004, with a corresponding increase in retained profits of $823,000 and decrease in deferred tax assets of $353,000.

For the year ended 30 June 2005, the above adjustments to provisions and deferred tax assets would reverse, with a corresponding decrease in income tax expense of $353,000.

Shareholding Information

The shareholding information set out below was applicable at 1 September 2005.

1. Share Capital

As at 1 September 2005 the ordinary share capital in the Company was held by the following number of shareholders:

Shares	Shareholders
1 - 1,000	2,897
1,001 - 5,000	2,109
5,001 - 10,000	523
10,001 - 100,000	378
100,001 and over	38
Total	**5,945**
Holding less than a marketable parcel	991

2. Voting Rights

Each ordinary share on issue entitles the holder to one vote.

3. Twenty Largest Shareholders as at 1 September 2005

	No. of Shares	%
National Nominees Limited	6,593,617	11.04
Invia Custodian Pty Limited (BLACK A/C)	6,331,674	10.61
Thorney Pty Ltd	6,300,000	10.55
JP Morgan Nominees Australia Limited	3,920,802	6.57
RBC Global Services Australia Nominees Pty Limited (GSJBW A/C)	3,272,057	5.48
AMP Life Limited	2,214,159	3.71
Citicorp Nominees Pty Limited	1,509,514	2.53
Cogent Nominees Pty Limited	1,431,634	2.40
Ledsnad Pty Ltd (THE KING FAMILY A/C)	1,161,439	1.95
Westpac Custodian Nominees Limited	869,192	1.46
RBC Global Services Australia Nominees Pty Limited (BKCUST A/C)	859,088	1.44
ANZ Nominees Limited (CASH INCOME A/C)	808,979	1.36
Cogent Nominees Pty Limited (SMP ACCOUNTS)	754,660	1.26
UBS Nominees Pty Ltd (PRIME BROKING A/C)	693,224	1.16
Citicorp Nominees Pty Limited (CFSIL CWLTH SML COS 2 A/C)	314,240	0.53
Citicorp Nominees Pty Limited (CFSIL CWLTH BOFF SUPER A/C)	290,286	0.49
Mr Trevor Bruce Winston Ward	260,000	0.44
Mr David Joseph Allman	250,000	0.42
Naumov Pty Limited	247,649	0.41
HSBC Custody Nominees (Australia) Limited	243,713	0.41
	38,325,927	**64.22**

4. Substantial Shareholders

The following is extracted from the Company's Register of Substantial Shareholders as at 1 September 2005:

	No. of Shares	Last Notified
Thorney Pty Ltd	11,728,202	9 July 2003
Paradice Cooper Investors Pty Ltd	4,071,331	15 July 2004
AMP Limited	5,436,601	30 November 2004
Jenkins Investment Management Pty Ltd	3,526,160	3 May 2005
Goldman Sachs JBWere Group Holdings Pty Ltd	3,078,609	28 July 2005

5. Listing

McPherson's Limited shares are listed on the Australian Stock Exchange, with Melbourne as the home exchange.

Corporate Directory

McPherson's Limited
ACN 004 068 419

McPherson's Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is located at:

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Abbotsford Victoria 3067

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Shareholder Enquiries
Shareholders who wish to contact the Company on any matter related to their shareholding are invited to telephone or write to the Share Registry. It is important that shareholders notify the Share Registry in writing if there is a change to their registered address. For added protection, shareholders should always quote their Shareholder Reference Number (SRN).

Comprehensive information about your shareholding can be obtained on the internet at www.computershare.com, or via the Company's web site at www.mcphersons.com.au.

Group Management
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McPherson's Limited

Phil Bennett
Chief Financial Officer
McPherson's Limited

McPherson's Consumer Products Division
Mark O'Kelly
Managing Director
McPherson's Consumer Products Pty Ltd

Paul Mitchell
General Manager
McPherson's Consumer Products (NZ) Limited
New Zealand

Sammy Chan
Managing Director
McPherson's Consumer Products (HK) Limited
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