

**METHVEN LIMITED****Results for announcement to the market**

Reporting Period	Half Year ended 30 September 2008
Previous Reporting Period	Half Year ended 30 September 2007

	Amount (000s)	Percentage change
Sales revenue from ordinary activities	\$71,753	+65.9%
Profit from ordinary activities after tax attributable to shareholders	\$4,961	+29.4%
Net Profit attributable to shareholders.	\$4,961	+29.4%

Interim Dividend	Gross amount per share	Imputation tax credit per share
	6.25 cents	3.08 cents
Record Date	19 December 2008	
Dividend Payment Date	31 December 2008	

Audit	The abridged financial statements attached to this report have not been audited.
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Comments:	Refer to the following section for commentary.
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## Earnings per Security (EPS)

Calculation of basic and fully diluted EPS in accordance with IAS 33: Earnings Per Share

	Current half-year (cents per share)	Previous corresponding half-year (cents per share)
Basic EPS	7.45	7.32
Diluted EPS	7.45	5.76

## Dividends Paid / Payable

	Date Paid	Cents per share (fully imputed)
Final Dividend for the year ended 31 March 2008	27 June 2008	6.00
Interim Dividend for the year ended 31 March 2009	31 December 2008	6.25

## Net Tangible Assets per share

	Current half-year	Previous corresponding half-year
Net Tangible Assets per share	\$0.17	\$0.04

## **METHVEN GROUP LIMITED**

### **RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008**

#### **Performance Summary**

- Group NPAT up 29.4% from \$3.8m to \$5.0m (up 13.1% before extra UK tax credits of \$626,000)
- Group operating revenues up 65.9% from \$43.2m to \$71.8m
- Group EBITDA up 34.6% from \$7.1m to \$9.6m
- UK contributed full six months compared with one month last year with sales of \$29.5m, up from \$4.9m and EBITDA of \$3.3m, up from \$0.4m
- Australian shower and tapware division sales up 25.8% to \$15.8m and EBITDA up 29.8% to \$1.7m
- Australian NEFA valving business EBITDA loss of \$0.7m on sales of \$5.1m (excludes New Zealand manufacturing profit)
- Methven New Zealand EBITDA down 8.6% to \$6.1m and domestic sales down 7.9% to \$20.1m
- Methven USA loss of \$0.5m to reduce further as cost base starts to reflect the downscaled operation
- Interim dividend of 6.25 cps to be paid on 31 December 2008, up from 5.7 cps last year.

#### **Directors' Report**

Methven Group has continued its momentum of growth into the six months to 30 September 2008, reporting growth in revenue, cash operating earnings and net profit as the UK business contributed fully despite an extremely difficult trading climate.

While the deterioration in world economies has been much more severe than anticipated, Methven has achieved a satisfactory half year result and remains confident that it can weather the storm to be well positioned to accelerate growth as conditions improve.

We are now seeing the true benefit of an international spread of markets that has allowed Methven to cushion the effect of a slowing New Zealand economy with continued growth in Australia and a reasonable result in the UK, considering the market's weakness.

The company has a unique and appealing range of water and energy efficient showerware that provides the potential for market share growth to mitigate the adverse trading conditions. This is supported by a strong management team with the skills and experience to deal with economic downturns and the commitment to innovation and design to drive consumer preference.

The positive half year result reflects primarily a full six months' contribution from the UK compared with one month's contribution last year and continued strong growth in the Australian shower and tapware market where the release of new high end proprietary Satinjet showerware and complementary tapware ranges has boosted sales and operating profit. It also takes into account lower New Zealand sales, realisation of only part of the impact of cost savings in the USA where operations were wound back and the impact of management's increased focus on cost reduction to adjust spending to current conditions.

Group NPAT was up 29.4% from \$3.8 million to \$5.0 million (up 13.1% before UK tax credits of \$626,000) compared to the same time last year. This was on the back of a 34.6% lift in EBITDA, up from \$7.1 million to \$9.6 million, and 65.9% growth in Group operating revenues, up from \$43.2 million to \$71.8 million.

The six month profit was boosted by an extra tax benefit of GBP240,000 (\$626,000) arising from a UK enterprise management staff share scheme tax incentive, crystallised by the acquisition of Deva.

While trading conditions are likely to prove very testing for some time the company will continue to invest strategically in new technology such as shower infusions that will generate new sales, extend market share and create new distribution channels and build Methven's brand reputation as a world leader in innovative, efficient and beautiful showering experiences.

## **Market Review**

### **United Kingdom**

- United Kingdom EBITDA of \$3.3m and sales of \$29.5m achieved in line with budget despite dire economic climate
- Proprietary products, including Satinjet, launched with small sales volumes to date, but room to grow market niche and benefit from next year's new building regulations. These are expected to mandate new shower water efficiency requirements of 8.5 litres per minute for which Satinjet is ideally positioned
- Tapware market share increased, based on Deva's superior delivery performance and competitive product offering for the specification market
- Dubai sales office established with first half tapware and accessories sales of GBP490,000 and platform in place to promote proprietary shower products.

### **Australia**

#### SHOWER AND TAPWARE

- Australian shower and tapware division EBITDA up 29.8% to \$1.7m on sales of \$15.8m, up 25.8%

- Methven continues to grow strongly despite housing and consumer spend weakness
- Satinjet sales up 30%, contributing 23% of total sales, up from 21% year on year
- Newly released Tahi and Kiri shower, tapware and thermostatic ranges now carried by 250-store nationwide chain to provide further growth impetus
- Tapware sales up 37%, generating 18% of total sales, from 15% this time last year, with further growth opportunities from new three-hole range and new single lever designs.

#### NEFA VALVES

- Australian NEFA valving business EBITDA loss \$0.7m on sales of \$5.1m was higher than expectation as margins squeezed in intensely competitive market
- Product cost savings achieved from China sourcing with more significant savings to come, partially offset by reductions in New Zealand manufacturing contribution
- New product targeted for launch in second half to lift sales and improve margins.

#### New Zealand

- Methven New Zealand EBITDA down 8.6% to \$6.1m on last year. This reflects the decline in the renovation and new build segments, the partial loss of manufacturing margin on NEFA valves being outsourced to China and additional Group resources to improve global branding and sourcing initiatives in China
- Domestic sales down 7.9% on last year to \$20.1m despite a 15% fall in combined renovation and new build permits
- Methven is the leading shower and tap supplier with more than 50% of the market and therefore the economic downturn will impact our full year result, though the underlying strength in the renovation sector and support of our installer plumber base will provide some cushioning.

#### USA

- Methven USA loss of \$0.5m only partly reflects the scaling back of staff and reduced marketing costs with expectation to reach close to breakeven in the second half.

#### Maia and Infusions

- Maia beauty shower US market development costs of \$0.2m included in the result
- Market research and product trials support the expectation for strong consumer interest for Maia products and the revolutionary new Shower Infusion ranges which are under development. A trial launch into a US television home shopping channel is scheduled for the last quarter plus a retail store launch in New Zealand in May 2009.

## **Dividend and Cash Flows**

Having reviewed the balance sheet and performance outlook, taking into account reduced working capital and borrowings at a reasonable level, Directors have declared a fully imputed interim dividend of 6.25 cps to be paid on 31 December 2008, up 0.55 cps on the previous year's interim.

Methven has a solid balance sheet with very good debt financing arrangements. We have a three year debt facility in place for the period to August 2010 with fixed bank margins which are considerably more favourable than current rates on offer following the current global credit crisis. In addition the majority of our \$35.0 million debt is denominated in pound sterling which has a more favourable base rate than the New Zealand base rate.

## **Focus**

Methven is focused on internationalising the business to compete on the world stage with a design led strategy based on:

- expanding the suite of proprietary, water and energy efficient shower and tapware which will form the basis of continued growth over the next three years
- design and development of new proprietary products that will improve the quality of water such as Maia and also enhance the experience as with Shower Infusions to provide new revenue streams and channels to market
- establishing brand presence and choice with products and experiences to fit different price points and preferences
- extending the geographic market reach including the addition of non-traditional channels such as the beauty channel for Methven's proprietary products
- gaining supply chain efficiencies from manufacturing outsourcing, wider supplier base, global sourcing and quality assurance systems.

## **Outlook**

Despite the extremely difficult conditions, Methven is tracking to plan to achieve an improved full year result and maintain its momentum of continued growth.

Management is focused on reducing costs and working capital, gaining greater operational efficiencies and savings from outsourcing to mitigate potential risks from any further deterioration in market conditions.

At the same time, Methven is committed to continued prudent investment in key new proprietary technologies, particularly related to water and energy efficiency, improving water quality with its Maia vitamin C de-chlorinator and enhancing the shower experience with home spa shower infusions.

New products including Satinjet Tahī and Kiri showerware, which have already won a raft of prestigious marketing and design awards, and complementary tapware are expected to underpin continued growth and increased market share in the second half, especially in Australia.

Growth in UK market share is targeted from increased specification activity and proprietary product sales. Further opportunities were also emerging in Dubai for our tapware and water and energy efficient showerware.

Domestically, consumer spending is contracting with the second half not expected to show any significant lift resulting in a lower full year sales and operating profit result for the New Zealand business compared to last year.

While we are not planning to commit large investment in the USA market at this time with so much market turbulence, we will maintain a downsized plumbing distribution and sales presence and continue our drive to break even in the second half.

We are also planning to test launch the shower infusion range through a US home shopping television channel in the final quarter of the year and high end beauty retailers in New Zealand early in the new financial year.

The Board and management intend to exercise prudence, pragmatism and flexibility to ensure our targets can be met, but remain cautiously optimistic that Methven is well equipped to maintain profit growth while positioning itself to take full advantage of an eventual improvement in the global economy.

**Phil Lough**  
Chairman

**Rick Fala**  
Group CEO

Methven Limited  
 Consolidated Income Statement  
 For the half-year ended 30 September 2008

**Consolidated Income Statement**

	<b>6 mths ended 30-Sept-08 unaudited</b>	6 mths ended 30-Sept-07 Unaudited	12 mths ended 31-Mar-08 Unaudited
NZ\$'000			
Sales revenue	<b>71,753</b>	43,248	114,759
Cost of sales	<b>(42,145)</b>	(24,545)	(66,110)
<b>Gross profit</b>	<b><u>29,608</u></b>	<u>18,703</u>	<u>48,649</u>
Other revenue	<b>53</b>	156	354
<b>Expenses</b>			
Design and engineering	<b>(1,566)</b>	(1,239)	(2,566)
Sales, distribution, marketing & brand development	<b>(16,186)</b>	(9,172)	(24,592)
Administration and other expenses	<b>(4,042)</b>	(2,226)	(5,405)
Finance expenses	<b>(1,478)</b>	(479)	(2,006)
<b>Profit before income tax</b>	<b><u>6,389</u></b>	<u>5,743</u>	<u>14,434</u>
Income tax expense	<b>(1,428)</b>	(1,908)	(4,677)
<b>Net profit attributable to shareholders</b>	<b><u>4,961</u></b>	<u>3,835</u>	<u>9,757</u>
<b>Earnings per share for profit attributable to the shareholders:</b>			
Basic earnings per share (cents)	<b>7.45</b>	7.32	18.3
Diluted earnings per share (cents)	<b>7.45</b>	5.76	18.0

*The above consolidated income statement should be read in conjunction with the accompanying notes.*

Methven Limited  
Consolidated Balance Sheet  
As at 30 September 2008

**Consolidated Balance Sheet**

	<b>As at 30-Sept-08 unaudited</b>	As at 30-Sept-07 unaudited	As at 31-Mar-08 Unaudited
NZ\$'000			
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3,453	2,280	3,930
Trade receivables	27,095	28,971	27,458
Inventories	37,209	32,975	30,546
Derivative financial instruments	2,411	-	504
Income tax receivable	205	245	159
Prepayments and other assets	1,162	663	1,099
<b>Total current assets</b>	<b>71,535</b>	<b>65,134</b>	<b>63,696</b>
<b>Non-current assets</b>			
Property, plant and equipment	9,047	8,588	8,640
Intangible assets	48,912	52,540	46,756
<b>Total non-current assets</b>	<b>57,959</b>	<b>61,128</b>	<b>55,396</b>
<b>Total assets</b>	<b>129,494</b>	<b>126,262</b>	<b>119,092</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade creditors	16,473	27,925	14,594
Interest bearing liabilities	13,628	160	12,634
Derivative financial instruments	10	594	599
Provisions	512	608	491
Other creditors and accruals	9,744	-	8,377
Current employee accruals	2,187	2,424	1,870
<b>Total current liabilities</b>	<b>42,554</b>	<b>31,711</b>	<b>38,565</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	24,827	34,353	23,892
Deferred tax liabilities	2,089	5,268	1,613
Non-current employee accruals	91	85	91
<b>Total non-current liabilities</b>	<b>27,007</b>	<b>39,706</b>	<b>25,596</b>
<b>Total liabilities</b>	<b>69,561</b>	<b>71,417</b>	<b>64,161</b>
<b>Net assets</b>	<b>59,933</b>	<b>54,845</b>	<b>54,931</b>
<b>Equity</b>			
Share capital	46,986	46,957	46,986
Reserves	2,577	(270)	(1,479)
Retained earnings	10,370	8,158	9,424
<b>Total equity</b>	<b>59,933</b>	<b>54,845</b>	<b>54,931</b>
Net tangible assets per security (cents)	16.55	3.46	12.27

*The above consolidated balance sheet should be read in conjunction with the accompanying notes.*

Methven Limited  
Consolidated Statement of Movement in Equity  
For the half-year ended 30 September 2008

**Consolidated Statement of Movement in Equity**

For the half-year ended 30 September 2008

<b>Unaudited</b>	<b>Share capital \$'000</b>	<b>Hedge reserve \$'000</b>	<b>Share options reserve \$'000</b>	<b>Retained earnings \$'000</b>	<b>Currency translation reserve \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 April 2007	17,170	(456)	42	6,378	(168)	22,966
Designation of foreign currency translation reserve	-	-	-	-	985	985
Movement in cash flow hedge reserve	-	256	-	-	-	256
Deferred tax on hedge reserve	-	(76)	-	-	-	(76)
Movement in share option reserve	-	-	7	-	-	7
Profit for the half-year	-	-	-	3,835	-	3,835
Total recognised income and expense for the year	-	180	7	3,835	985	5,007
Dividends	-	-	-	(2,915)	-	(2,915)
Shares issued	29,787	-	-	-	-	29,787
Balance at 30 September 2007	46,957	(276)	49	7,298	817	54,845

<b>Unaudited</b>	<b>Share capital \$'000</b>	<b>Hedge reserve \$'000</b>	<b>Share option reserve \$'000</b>	<b>Retained earnings \$'000</b>	<b>Currency translation reserve \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 April 2008	46,986	(116)	93	9,424	(1,456)	54,931
Designation of foreign currency translation reserve	-	-	-	-	2,216	2,216
Movement in cash flow hedge reserve	-	2,566	-	-	-	2,566
Deferred tax on hedge reserve	-	(770)	-	-	-	(770)
Movement in share option reserve	-	-	44	-	-	44
Profit for the half-year	-	-	-	4,961	-	4,961
Total recognised income and expense for the half-year	-	1,796	44	4,961	2,216	9,017
Dividends	-	-	-	(4,015)	-	(4,015)
Balance at 30 September 2008	46,986	1,680	137	10,370	760	59,933

*The above consolidated statement of movement in equity should be read in conjunction with the accompanying notes.*

Methven Limited  
 Consolidated Statement of Movement in Equity  
 For the half-year ended 30 September 2008  
 (continued)

**Consolidated Statement of Movement in Equity (continued)**

<b>Unaudited</b>	<b>Share capital \$'000</b>	<b>Hedge reserve \$'000</b>	<b>Share option reserve \$'000</b>	<b>Retained earnings \$'000</b>	<b>Currency translation reserve \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 April 2007	17,170	(456)	42	6,378	(168)	22,966
Designation of foreign currency translation reserve	-	-	-	-	(1,288)	(1,288)
Movement in cash flow hedge reserve	-	512	-	-	-	512
Deferred tax on hedge reserve	-	(172)	-	-	-	(172)
Movement in share option reserve	-	-	51	-	-	51
Profit for the year	-	-	-	9,757	-	9,757
Total recognised income and expense for the half-year	-	340	51	9,757	(1,288)	8,860
Costs attributed to raising share capital	(592)	-	-	-	-	(592)
Dividends	-	-	-	(6,711)	-	(6,711)
Share options exercised	352	-	-	-	-	352
Shares issued	30,056	-	-	-	-	30,056
Balance at 31 March 2008	46,986	(116)	93	9,424	(1,456)	54,931

*The above consolidated statement of movement in equity should be read in conjunction with the accompanying notes.*

Methven Limited  
Consolidated Cash Flow Statement  
For the half-year ended 30 September 2008

**Consolidated Cash Flow Statement**

	<b>6 mths ended 30-Sept-08 unaudited</b>	6 mths ended 30-Sept-07 unaudited	12 mths ended 31-Mar-08 Unaudited
NZ\$'000			
<b>Cash flows from operating activities</b>			
Receipts from customers	72,434	39,580	111,676
Payments to suppliers	(53,692)	(22,777)	(73,769)
Payments to employees	(11,586)	(8,016)	(20,075)
	<u>7,156</u>	<u>8,787</u>	<u>17,832</u>
Interest received	52	156	158
Interest paid	(1,198)	(319)	(1,568)
Income taxes paid	(1,629)	(1,587)	(5,613)
<b>Net cash inflow / (outflow) from operating activities</b>	<u>4,381</u>	<u>7,037</u>	<u>10,809</u>
<b>Cash flows from investing activities</b>			
Payment for purchase of subsidiary, net of cash acquired	-	(43,411)	(43,411)
Payments for property, plant and equipment, patent and Trademarks	(1,410)	(2,541)	(4,318)
Proceeds from sale of property, plant and equipment	-	-	664
<b>Net cash inflow / (outflow) from investing activities</b>	<u>(1,410)</u>	<u>(45,952)</u>	<u>(47,065)</u>
<b>Cash flows from financing activities</b>			
Net proceeds from issues of shares and other equity securities	-	27,451	27,480
Proceeds from borrowings	422	15,557	18,347
Dividends paid	(4,016)	(2,915)	(6,711)
<b>Net cash inflow / (outflow) from financing activities</b>	<u>(3,594)</u>	<u>40,093</u>	<u>39,116</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(623)</b>	<b>1,178</b>	<b>2,860</b>
Cash and cash equivalents at the beginning of the half-year	<b>3,930</b>	<b>1,102</b>	<b>1,102</b>
Foreign currency translation adjustment	<b>146</b>	<b>-</b>	<b>(32)</b>
<b>Cash and cash equivalents at end of the half-year</b>	<u><b>3,453</b></u>	<u><b>2,280</b></u>	<u><b>3,930</b></u>

*The above consolidated cash flow statement should be read in conjunction with the accompanying notes.*

Methven Limited  
Notes to the financial statements  
For the half year ended 30 September 2008

## 1 General information

Methven Limited (the "Company") and its subsidiaries (together "Methven" or the "Group") designs, manufactures and markets shower and tapware products.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 447 Rosebank Road, Avondale, Auckland.

These financial statements have been approved for issue by the Board of Directors on 30 October 2008.

## 2 Summary of significant accounting policies

These financial statements for the half year ended 30 September 2008 have been prepared in accordance with generally accepted accounting practice in New Zealand, International Accounting Standard 34 and NZ IAS 34 Interim Financial Reporting as applicable for profit oriented entities.

The accounting policies that materially affect the measurement of the Income Statement, Balance Sheet and the Cash Flow Statement have been applied on a basis consistent with those used in the audited financial statements for the year ended 31 March 2008 and the unaudited financial statements for the six months ended 30 September 2007.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2008.

## 3 Segment information

### (a) Description of segments

#### Business segments

The Group operates in one industry segment, being the design and supply of shower and tapware. Inter-segment sales are on an arm's length basis.

#### *New Zealand*

The home country of the parent entity is the base for new design and technology development, strategic and management support, sales and marketing of shower and tapware in New Zealand.

#### *Australia*

Comprises sales and marketing operations in Australia supplying shower and tapware and domestic water control valves.

#### *China*

Provides the Asian sourcing and quality assurance services for the Group.

#### *USA*

Comprises sales and marketing operations in the United States of America supplying shower and tapware.

#### *United Kingdom*

Comprises sales and marketing operations in the United Kingdom supplying shower and tapware.

Methven Limited  
Notes to the financial statements  
For the half year ended 30 September 2008  
(continued)

**3 Segment information (continued)**

**(b) Business segments**

<b>Half year ended 30 September 2008</b>	<b>New Zealand *</b>	<b>Australia</b>	<b>China</b>	<b>USA</b>	<b>UK</b>	<b>Total continuing operations</b>	<b>Inter- segment eliminations/ unallocated</b>	<b>Total</b>
<b>Unaudited</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Sales revenue	24,184	21,545	-	35	29,536	75,300	(3,547)	71,753
Earnings before interest, tax, depreciation, amortisation and marketing support	6,401	1,001	(138)	(475)	3,269	10,058	(471)	9,587
Marketing support	(420)	(61)	134	347	-	-	-	-
Earnings before interest, tax, depreciation and amortisation expense	5,981	940	(4)	(128)	3,269	10,058	(471)	9,587
Depreciation and amortisation expense	(702)	(398)	(7)	(16)	(599)	(1,722)	-	(1,722)
Interest received/(paid)	(3)	(226)	-	-	(1,247)	(1,476)	-	(1,476)
Profit before income tax	5,276	316	(11)	(144)	1,423	6,860	(471)	6,389
Income tax expense								(1,428)
Profit for the half year								4,961
Assets	66,960	19,315	90	980	79,316	166,661	(37,167)	129,494
Liabilities	13,512	13,953	-	1,251	52,219	80,935	(11,374)	69,561
Acquisitions of property, plant and equipment and intangibles	610	750	-	-	50	1,410	-	1,410

\* The New Zealand result includes Maia development costs of \$222,000 and an unrealised foreign exchange gain of \$568,000 on intercompany advances. The portion relating to the UK advance is eliminated on consolidation.

<b>Half year ended 30 September 2007</b>	<b>New Zealand **</b>	<b>Australia</b>	<b>USA</b>	<b>UK</b>	<b>Total continuing operations</b>	<b>Inter- segment eliminations/ unallocated</b>	<b>Total</b>
<b>Unaudited</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Sales revenue	22,234	16,072	43	4,899	43,248	-	43,248
Earnings before interest, tax, depreciation, amortisation and marketing support	6,347	918	(534)	393	7,124	-	7,124
Marketing support	(688)	148	540	-	-	-	-
Earnings before interest, tax, depreciation and amortisation	5,659	1,066	6	393	7,124	-	7,124
Depreciation and amortisation	(709)	(350)	(5)	(17)	(1,081)	23	(1,058)
Interest received/(paid)	63	(150)	-	(236)	(323)	-	(323)
Profit before income tax	5,013	566	1	140	5,720	23	5,743
Income tax expense							(1,908)
Profit for the half year							3,835
Assets	66,242	15,739	416	83,378	165,775	(39,513)	126,262
Liabilities	13,615	11,604	467	59,316	85,002	(13,585)	71,417
Acquisitions of property, plant and equipment and intangibles	1,666	851	24	-	2,541	-	2,541

\*\* The New Zealand result includes Maia development costs of \$280,000 and an unrealised foreign exchange gain of nil on intercompany advances.

Methven Limited  
Notes to the financial statements  
For the half year ended 30 September 2008  
(continued)

<b>Year ended 31 March 2008 Unaudited</b>	New Zealand *** \$'000	Australia \$'000	USA \$'000	Other \$'000	Total continuing operations \$'000	Inter- segment eliminations/ unallocated \$'000	Total \$'000
Sales revenue	49,775	34,695	51	37,325	121,846	(7,087)	114,759
Earnings before interest, tax, depreciation, amortisation and marketing support	12,145	2,905	(1,225)	5,105	18,930	(3)	18,927
Marketing support	(1,452)	269	1,183	-	-	-	-
Earnings before interest, tax, depreciation and amortisation	10,693	3,174	(42)	5,105	18,930	(3)	18,927
Depreciation and amortisation	(1,246)	(675)	(9)	(715)	(2,645)	-	(2,645)
Interest received/(paid)	125	(382)	-	(1,591)	(1,848)	-	(1,848)
Profit before income tax	9,572	2,117	(51)	2,799	14,437	(3)	14,434
Income tax expense							(4,677)
Profit for the year							9,757
Assets	67,387	17,854	682	70,841	156,764	(37,672)	119,092
Liabilities	15,534	11,500	777	46,401	74,212	(10,051)	64,161
Acquisitions of property, plant and equipment and intangibles	2,914	1,350	35	14	4,313	-	4,313
Acquisition of business	-	-	-	18,371	18,371	-	18,371

\*\*\* The New Zealand result includes Maia development costs of \$592,000 and an unrealised foreign exchange gain of \$24,000 on intercompany advances.

#### 4 Contingencies

As at 30 September 2008 the Group had no contingent liabilities or assets (30 September 2007: nil and 31 March 2008: nil).

#### 5 Events occurring after the balance sheet date

Subsequent to period end, the Board of Directors resolved to pay a final dividend of 6.25 cents per share. The dividend will be paid on 31 December 2008 to all shareholders on the Company's register at the close of business on 19 December 2008.

There have been no other events occurring after balance date which would materially affect the accuracy of these financial statements.

Methven Limited  
Notes to the financial statements  
For the half year ended 30 September 2008  
(continued)

**6 Reconciliation of profit after income tax to net cash inflow from operating activities**

	<b>6 mths ended 30-Sept-08 unaudited</b>	6 mths ended 30-Sept-07 unaudited	12 mths ended 31-Mar-08 Unaudited
NZ\$'000			
Profit for the year	<b>4,961</b>	3,835	9,757
Depreciation	<b>1,136</b>	888	2,645
Employee share options amortisation	<b>44</b>	7	51
Intangible asset amortisation	<b>586</b>	163	-
Net (gain) loss on disposal of assets	<b>-</b>	5	(176)
Derivative financial instruments movement	<b>(299)</b>	-	(293)
Cost of debt amortisation	<b>45</b>	-	52
Impact of changes in working capital items			
Trade receivables	<b>943</b>	(3,589)	(2,965)
Inventories	<b>(5,888)</b>	(2,685)	(2,490)
Prepayments and other assets	<b>73</b>	514	90
Trade creditors	<b>1,148</b>	4,689	1,653
Other operating liabilities	<b>1,834</b>	3,392	392
Tax receivable	<b>246</b>	-	(282)
Deferred income tax	<b>(447)</b>	(182)	2,375
Net cash inflow from operating activities	<b><u>4,382</u></b>	<u>7,037</u>	<u>10,809</u>