

<b>METHVEN LIMITED</b>	
<b>Results for announcement to the market</b>	
Reporting Period	Half Year ended 30 September 2009
Previous Reporting Period	Half Year ended 30 September 2008

	Amount (000s)	Percentage change
Sales revenue from ordinary activities	\$68,064	-5.1%
Profit from ordinary activities after tax attributable to shareholders	\$4,198	-15.4%
Net Profit attributable to shareholders	\$4,198	-15.4%

	Gross amount per share	Imputation tax credit per share
Interim Dividend	5.5 cents	2.36 cents
Record Date	18 December 2009	
Dividend Payment Date	31 December 2009	

Audit	The 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	6.3	7.5
Diluted EPS	6.3	7.5

### Dividends Paid/Payable

	Date Paid	Cents per share (fully imputed)
Final Dividend for the year ended 31 March 2009	30 June 2009	5.50
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	\$0.19	\$0.17

**METHVEN GROUP LIMITED**  
**RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**  
**APPENDIX ONE COMMENTARY**

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## **Methven Group interim results outperform guidance**

### **Performance Summary**

- Methven Group outperforms half year guidance
- Net Debt down 47.4% from \$35.0M to \$18.3M, better than 30% forecast reduction
- Underlying NPAT down 3.2% on prior corresponding period from \$4.3M to \$4.2M (reported NPAT down 15.4% from \$5.0M to \$4.2M)
- EBITDA down 11.5% from \$9.6M to \$8.5M and Operating Revenue down 5.1% from \$71.8M to \$68.1M
- Fully imputed interim dividend of 5.5 cps to be paid on 31 December 2009, same as June 2009 final dividend and in line with guidance

### **Directors' Report**

Methven Group has achieved a solid reduction in debt levels by reducing working capital and generating creditable Group profitability for the six months ended 30 September 2009.

The interim result was better than half year guidance provided to the market in July.

Net Debt had been forecast to fall by 30% on the prior corresponding period but was reduced by 47.4% from \$35.0 million to \$18.3 million (37.0% improvement before currency translation with NZD/GBP benefit of \$3.5 million).

Underlying Group interim NPAT was down 3.2% from \$4.3 million to \$4.2 million compared to the corresponding prior half year (after excluding last year's one off UK tax credit of \$636,000). Reported Group NPAT was down 15.4% from \$5.0 million to \$4.2 million. This too was considerably better than the July guidance of a 30-35% reduction in first half profitability.

The result was based on Operating Revenue of \$68.1 million, down 5.1% from \$71.8 million. EBITDA of \$8.5 million for the period was down 11.5% from \$9.6 million on the previous year's first half.

### **Dividend and Cash Flows**

As Methven has continued to maintain strong operating cash flows despite the adverse trading conditions, the Directors have recommended a fully imputed interim dividend of 5.5 cps to be paid on 31 December 2009. The

amount is the same as the June 2009 final dividend and is in line with guidance.

In addition to the interim dividend, a supplementary dividend of 0.9707 cps will be paid to non-resident shareholders on the same day.

## Market Review

### New Zealand – resilient and defensive strategies proving successful

NZ\$000	Unaudited	
	30-Sep-09	30-Sep-08
Operating Revenue-Total	22,354	24,184
EBITDA excluding non-operating fx and inter-segmental charges	5,701	5,833

- Total Operating Revenue down 7.6% from \$24.2 million to \$22.4 million
- Domestic Revenue down 2.6% from \$20.1 million to \$19.6 million despite a decline in combined new build and renovations of 17%
- EBITDA down 2.3% from \$5.8 million to \$5.7 million on 1H 09
- EBITDA up 17.9% on 2H 09
- Growth in market share and consolidation of domestic leadership a culmination of:
  - Our strength in the renovation sector
  - New product releases and increased promotional activity
  - Strong support from merchants based on our ability to provide superior service

### Australia – continued revenue and earnings growth

AU\$000	Unaudited	
	30-Sep-09	30-Sep-08
Operating Revenue	18,562	17,499
EBITDA excluding non-operating fx and inter-segmental charges	1,212	829

- Operating Revenue up 6.1% from A\$17.5 million to A\$18.6 million
- EBITDA up 46.2% from A\$0.8 million to A\$1.2 million
- Topline sales growth as a result of integrating Methven and Nefa sales teams
- Tapware sales up 49% on corresponding prior period
- Nefa valve sales up 16%
- Business now reached critical mass and strategy shifting to growth and driving profitability

## UK – margin pressure in depressed market

GB£000	Unaudited	
	30-Sep-09	30-Sep-08
Operating Revenue-Total	10,083	11,327
EBITDA excluding non-operating fx and inter-segmental charges	881	1,254

- Operating Revenue down 11% from £11.3 million to £10.1 million
- EBITDA down 29.7% from £1.3 million to £0.9 million
- EBITDA in NZ\$ down 33.6% from 29.8% due to weakening of Sterling, however this has resulted in a NZ\$3.5 million reduction in the value of Sterling denominated borrowing
- Margin decline was as anticipated given the depressed and competitive UK market conditions
- Overheads reduced 17% with operational, marketing and employment costs savings
- Slower than expected progress introducing Methven proprietary products and implementing strategies to address this
- Likely non-renewal of a key DIY customer contract; strategies in place to mitigate impact

## USA – loss reduced significantly

- Operating loss cut 80.2 % from NZ\$475,000 to NZ\$94,000
- Sales now managed from New Zealand

## Strategic Focus

The stronger than forecast performance in the first half gives us confidence that our strategies are working.

There is no better time to be marketing energy and water efficiency and Methven is making good progress with an initiative to fit Satinjet showerware in hotels and leisure outlets. Resource has now been deployed in the UK and Asia to focus more on the hotel segment opportunities.

Given the breadth of bathroomware products from premium through to value available under Methven brands, we now have a compelling offer to take to plumbing distributors in new markets. A small, dedicated export team is being created to develop this exciting opportunity.

Methven is extending its reach into new beauty and wellbeing segments with innovations like the Methven HomeSpa range, which is being trialled in New Zealand through Smith and Caughey department store, Life Pharmacies and selected plumbing retailers as well as on line through Methven's website.

The market response has been very encouraging and the revolutionary new infusions and complementary body products which turn a shower into a HomeSpa experience creates a consumables business aligned to our core shower and tapware offering. This unique, world first innovation was recognised with a Gold at the New Zealand Best Awards 2009.

Methven has not cut back on strategic innovation despite firm cost controls and will continue to quickly bring to market enhancements to its platform technologies to grow the business.

Methven aspires to be a leading global brand, recognised and loved worldwide for delivering superior, life-enhancing shower experiences, creating a sensory revolution in the shower.

## **Outlook**

The full year NPAT guidance provided in July 2009 remains unchanged at 15-20% down.

New Zealand is expected to continue to perform well against the corresponding second half in 2008-09 due to a resilient renovation market, strong merchant support and introduction of new products.

We are targeting strong year on year growth in Australian profitability, based on increased topline sales, underpinned by the comparative strength of the Australian economy.

The UK is forecast to be down markedly on the second half 2008-09 due to continued pressure on margins in a severely depressed market. In addition, we have forecast the potential loss of a key DIY customer as they move to sourcing tapware direct from Chinese manufacturers.

Our mitigation and UK market development strategy is to:

- Step up sales activity of premium, proprietary Methven products to Showrooms and Plumbing Merchants
- Leverage existing tapware channels to increase share of UK showerware market
- Target sales in the hotel sector
- Extend Europe and Middle East distributor base
- Rationalise costs further

Year end Net Debt is expected to improve further on the July 2009 guidance level (of around 20% reduction) and finish down 30-35% on prior year.

We have tactical plans in place and a strategy of having diverse geographic markets, channels and ranges to enable us to ride out the current economic downturn and be in a strong position to accelerate growth as we see the recovery emerging.

**Phil Lough**  
Chairman

**Rick Fala**  
Group CEO

**METHVEN LIMITED & SUBSIDIARIES  
FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED  
30 SEPTEMBER 2009**

**METHVEN LIMITED**  
**FINANCIAL STATEMENTS**  
**30 September 2009**

The Directors have pleasure in presenting the interim financial statements, set out on pages 2 to 13 of Methven Limited for the half year ended 30 September 2009. The Directors authorised these financial statements for issue on 30 November 2009.

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Phil Lough  
Chairman  
30 November 2009

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Rick Fala  
Managing Director and Group CEO

**CONSOLIDATED INCOME STATEMENT**

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2009

NZ \$000	Notes	<b>6 MTHS ENDED 30-SEPT-09 UNAUDITED</b>	6 MTHS ENDED 30-SEPT-08 UNAUDITED	12 MTHS ENDED 31-MAR-09 AUDITED
Revenue	3			
Sales revenue		<b>68,064</b>	71,753	137,321
Cost of sales		<b>(43,836)</b>	(42,145)	(81,627)
Gross profit		<b><u>24,228</u></b>	<u>29,608</u>	<u>55,694</u>
Other revenue		<b><u>20</u></b>	<u>53</u>	<u>9</u>
Expenses				
Research, design and engineering		<b>(1,014)</b>	(1,566)	(2,659)
Sales, distribution, marketing & brand development		<b>(12,585)</b>	(16,186)	(29,100)
Administration and other expenses		<b>(4,111)</b>	(4,042)	(7,938)
Finance costs		<b>(539)</b>	(1,478)	(2,553)
Profit before income tax		<b>5,999</b>	6,389	13,453
Income tax expense		<b>(1,801)</b>	(1,428)	(3,397)
Net profit attributable to shareholders of the parent		<b><u>4,198</u></b>	<u>4,961</u>	<u>10,056</u>
Profit for the period	3	<b><u>4,198</u></b>	<u>4,961</u>	<u>10,056</u>
Earnings per share for profit attributable to the shareholders of the parent:				
Basic earnings per share (cents)		<b>6.3</b>	7.5	15.1
Diluted earnings per share (cents)		<b>6.3</b>	7.5	15.1

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

**STATEMENT OF COMPREHENSIVE INCOME**

AS AT 30 SEPTEMBER 2009

NZ \$000	<b>6 MTHS ENDED 30-SEPT-09 UNAUDITED</b>	6 MTHS ENDED 30-SEPT-08 UNAUDITED	12 MTHS ENDED 31-MAR-09 AUDITED
<b>Profit for the half-year</b>	<b>4,198</b>	4,961	10,056
Movement in foreign currency translation reserve	<b>(3,526)</b>	2,216	108
Movement in cashflow hedge reserve	<b>(2,259)</b>	2,566	1,423
Deferred tax on hedge reserve	<b>674</b>	(770)	(438)
Movement in share option reserve	<b>37</b>	44	87
<b>Other comprehensive income for the period net of tax</b>	<b>(5,074)</b>	4,056	1,180
Total comprehensive income for the period attributable to the shareholders of the parent	<b>(876)</b>	9,017	11,236

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

**CONSOLIDATED BALANCE SHEET**

AS AT 30 SEPTEMBER 2009

NZ \$000	Notes	AS AT 30-SEPT-09 UNAUDITED	AS AT 30-SEPT-08 UNAUDITED	AS AT 31-MAR-09 AUDITED
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents		4,403	3,453	3,732
Trade receivables		25,097	27,095	25,307
Inventories		26,248	37,209	31,849
Derivative financial instruments		38	2,411	1,672
Income tax receivable		767	205	-
Prepayments and other assets		1,135	1,162	861
<b>Total current assets</b>		<u>57,688</u>	<u>71,535</u>	<u>63,421</u>
<b>Non-current assets</b>				
Property, plant and equipment		7,994	9,047	8,444
Deferred tax assets		785	-	1,767
Intangible assets	5	<u>40,764</u>	<u>48,912</u>	<u>45,932</u>
<b>Total non-current assets</b>		<u>49,543</u>	<u>57,959</u>	<u>56,143</u>
<b>Total assets</b>		<u>107,231</u>	<u>129,494</u>	<u>119,564</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade creditors		16,068	16,473	13,167
Interest bearing liabilities	4	22,745	13,628	4,045
Derivative financial instruments		997	10	376
Income tax payable		1,642	-	1,558
Provisions		412	512	471
Other creditors and accruals		6,781	9,744	9,886
Employee accruals		2,776	2,187	2,011
<b>Total current liabilities</b>		<u>51,421</u>	<u>42,554</u>	<u>31,514</u>
<b>Non-current liabilities</b>				
Interest bearing liabilities	4	-	24,827	26,527
Derivative financial instruments		62	-	39
Deferred tax liabilities		2,159	2,089	3,353
Non-current employee accruals		119	91	123
<b>Total non-current liabilities</b>		<u>2,340</u>	<u>27,007</u>	<u>30,042</u>
<b>Total liabilities</b>		<u>53,761</u>	<u>69,561</u>	<u>61,556</u>
<b>Net assets</b>		<u>53,470</u>	<u>59,933</u>	<u>58,008</u>
<b>Equity</b>				
Share capital		46,986	46,986	46,986
Reserves		(5,373)	2,577	(299)
Retained earnings		11,857	10,370	11,321
<b>Total equity</b>		<u>53,470</u>	<u>59,933</u>	<u>58,008</u>
Net tangible assets per security (cents)		19.08	16.55	18.00

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2009

NZ \$000	UNAUDITED	Share capital	Hedge reserve	Share options reserve	Retained earnings	Currency translation reserve	Total equity
<b>Balance at 1 April 2008</b>		46,986	(116)	93	9,424	(1,456)	54,931
Movement in foreign currency translation reserve		-	-	-	-	2,216	2,216
Movement in cashflow 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
<b>Total comprehensive income</b>		-	1,796	44	4,961	2,216	9,017
Dividends		-	-	-	(4,015)	-	(4,015)
<b>Balance at 30 September 2008</b>		46,986	1,680	137	10,370	760	59,933
NZ \$000	UNAUDITED	Share capital	Hedge reserve	Share options reserve	Retained earnings	Currency translation reserve	Total equity
<b>Balance at 1 April 2009</b>		46,986	869	180	11,321	(1,348)	58,008
Movement in foreign currency translation reserve		-	-	-	-	(3,526)	(3,526)
Movement in cashflow hedge reserve		-	(2,259)	-	-	-	(2,259)
Deferred tax on hedge reserve		-	674	-	-	-	674
Movement in share option reserve		-	-	37	-	-	37
Profit for the half-year		-	-	-	4,198	-	4,198
<b>Total comprehensive income</b>		-	(1,585)	37	4,198	(3,526)	(876)
Dividends		-	-	-	(3,662)	-	(3,662)
<b>Balance at 30 September 2009</b>		46,986	(716)	217	11,857	(4,874)	53,470

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)**

NZ \$000	AUDITED	Share capital	Hedge reserve	Share options reserve	Retained earnings	Currency translation reserve	Total equity
<b>Balance at 1 April 2008</b>		46,986	(116)	93	9,424	(1,456)	54,931
Movement in foreign currency translation reserve		-	-	-	-	108	108
Movement in cashflow hedge reserve		-	1,423	-	-	-	1,423
Deferred tax on hedge reserve		-	(438)	-	-	-	(438)
Movement in share option reserve		-	-	87	-	-	87
Profit for the year		-	-	-	10,056	-	10,056
<b>Total comprehensive income</b>		-	985	87	10,056	108	11,236
Dividends		-	-	-	(8,159)	-	(8,159)
<b>Balance at 31 March 2009</b>		46,986	869	180	11,321	(1,348)	58,008

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

**CONSOLIDATED CASH FLOW STATEMENT**  
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2009

NZ \$000	6 MTHS ENDED 30-SEPT-09 UNAUDITED	6 MTHS ENDED 30-SEPT-08 UNAUDITED	12 MTHS ENDED 31-MAR-09 AUDITED
<b>Cash flows from operating activities</b>			
Receipts from customers	66,841	72,434	139,426
Payments to suppliers	(42,141)	(53,692)	(92,995)
Payments to employees	(11,581)	(11,586)	(25,355)
	<u>13,119</u>	<u>7,156</u>	<u>21,076</u>
Interest received	20	52	9
Interest paid	(494)	(1,198)	(2,415)
Income taxes paid	(1,729)	(1,629)	(2,123)
<b>Net cash inflow / (outflow) from operating activities</b>	<u>10,916</u>	<u>4,381</u>	<u>16,547</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment, patent and trademarks	(993)	(1,410)	(2,611)
Proceeds from sale of property, plant and equipment	-	-	63
<b>Net cash inflow / (outflow) from investing activities</b>	<u>(993)</u>	<u>(1,410)</u>	<u>(2,548)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	-	422	-
Repayment of borrowings	(5,375)	-	(6,092)
Dividends paid	(3,663)	(4,016)	(8,159)
<b>Net cash inflow / (outflow) from financing activities</b>	<u>(9,038)</u>	<u>(3,594)</u>	<u>(14,251)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	885	(623)	(252)
Cash and cash equivalents at the beginning of the period	3,732	3,930	3,930
Foreign currency translation adjustment	(214)	146	54
<b>Cash and cash equivalents at end of the period</b>	<u>4,403</u>	<u>3,453</u>	<u>3,732</u>

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

## 1 General information

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

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.

This condensed consolidated interim financial information was approved for issue by the Board of Directors on [30] November 2009.

## 2 Summary of significant accounting policies

These financial statements for the half year ended 30 September 2009 have been prepared in accordance with generally accepted accounting practice in New Zealand, IAS 34 and NZ IAS 34 Interim Financial Reporting as applicable for profit oriented entities.

Except as described below the accounting policies that materially affect the measurement of the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, 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 2009 and the unaudited financial statements for the six months ended 30 September 2008.

The following new standards are mandatory for the first time for the financial year beginning 1 April 2009 and have been applied for the first time in the current period:

- NZ IAS 1 (revised), 'Presentation of financial statements' requires 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The group has elected to present two statements: an income statement and a statement of comprehensive income in these interim financial statements.
- NZ IFRS 8, 'Operating segments'. NZ IFRS 8 replaces NZ IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a decrease in the number of reportable segments presented, as the previously reported US and China segments have been combined and reported as 'other' as they do not meet the requirements for a reportable segment.

There has been no impact on the measurement of the group's assets and liabilities. Comparatives for the previous periods presented have been restated. Refer to note 3.

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 2009.

## 3 Segment information

### (a) Description of segments

The Group designs and supplies shower, tapware and domestic water control valves. Inter-segment sales are on an arm's length basis.

Management has determined the operating segments based on the reports reviewed by the Group Board of Directors, Group CEO and Group CFO together for the purpose of allocating resources, assessing performance and making strategic decisions.

#### *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 and domestic water valves in New Zealand and Pacific Islands.

Product is both manufactured in New Zealand and outsourced from China.

#### *Australia*

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

### 3 Segment information (continued)

*United Kingdom*

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

*Other*

Comprises:

- sales and marketing operations in the United States of America supplying shower and tapware,
- global sales and marketing of the Homespa beauty range,
- China operation providing quality control and sourcing services in Asia for the Group.

Once a reportable segment becomes material and enhances the evaluation of business activities in the Group, the segment will be reported separately.

Profit is before inter-segmental dividends as this is the way it is viewed by the chief operating decision maker.

**HALF YEAR ENDED 30  
SEPTEMBER 2009**

UNAUDITED

NZ \$'000	New Zealand \$'000	Australia \$'000	UK \$'000	Other \$'000	Total continuing operations \$'000	Inter- segment eliminations/ unallocated \$'000	Total \$'000
Sales revenue from external customers	19,897	23,173	24,861	133	68,064	-	68,064
Inter-segmental revenue	<u>2,457</u>	-	-	-	<u>2,457</u>	<u>(2,457)</u>	-
Total sales revenue	22,354	23,173	24,861	133	70,521	(2,457)	68,064
Earnings before interest, tax, depreciation, amortisation, non- operating foreign exchange gain/(loss) and inter-segmental charges	5,701	1,513	2,170	(794)	8,590	(30)	8,560
Non-operating foreign exchange gain/(loss)	(741)	-	-	-	(741)	668	(73)
Inter-segmental charges	<u>54</u>	<u>(588)</u>	<u>(179)</u>	<u>677</u>	<u>(36)</u>	<u>36</u>	-
Earnings before interest, tax, depreciation and amortisation expense	5,014	925	1,991	(117)	7,813	674	8,487
Depreciation and amortisation expense	(766)	(431)	(591)	(180)	(1,968)	-	(1,968)
Interest received/(paid)	<u>101</u>	<u>(146)</u>	<u>(475)</u>	<u>-</u>	<u>(520)</u>	<u>-</u>	<u>(520)</u>
Profit before income tax	<u>4,349</u>	<u>348</u>	<u>925</u>	<u>(297)</u>	<u>5,325</u>	<u>674</u>	<u>5,999</u>
Income tax expense							<u>(1,801)</u>
Profit for the half year							<u>4,198</u>
<b>Other segmental items</b>							
Assets	64,802	20,514	56,408	434	142,158	(34,927)	107,231
Liabilities	11,716	15,102	35,321	286	62,425	(8,664)	53,761
Acquisitions of property, plant and equipment and intangibles	640	301	24	-	965	-	965

### 3 Segment information (continued)

**HALF YEAR ENDED 30 SEPTEMBER  
2008**

UNAUDITED

	New Zealand	Australia	UK	Other	Total continuing operations	Inter- segment eliminations/ unallocated	Total
NZ \$000							
Sales revenue from external customers	20,637	21,545	29,536	35	71,753	-	71,753
Inter-segmental revenue	3,547	-	-	-	3,547	(3,547)	-
Total sales revenue	24,184	21,545	29,536	35	75,300	(3,547)	71,753
Earnings before interest, tax, depreciation, amortisation, non- operating foreign exchange gain/(loss) and inter-segmental charges	5,833	1,001	3,269	(613)	9,490	(471)	9,019
Non-operating foreign exchange gain/(loss)	568	-	-	-	568	-	568
Inter-segmental charges	(420)	(61)	-	481	-	-	-
Earnings before interest, tax, depreciation and amortisation	5,981	940	3,269	(132)	10,058	(471)	9,587
Depreciation and amortisation	(702)	(398)	(599)	(23)	(1,722)	-	(1,722)
Interest received/(paid)	(3)	(226)	(1,247)	-	(1,476)	-	(1,476)
Profit before income tax	5,276	316	1,423	(155)	6,860	(471)	6,389
Income tax expense							(1,428)
Profit for the half year							4,961
<b>Other segmental items</b>							
Assets	66,960	19,315	79,316	1,070	166,661	(37,167)	129,494
Liabilities	13,512	13,953	52,219	1,251	80,935	(11,374)	69,561
Acquisitions of property, plant and equipment and intangibles	610	750	50	-	1,410	-	1,410

### 3 Segment information (continued)

YEAR ENDED 31 MARCH 2009

UNAUDITED

NZ \$000	New Zealand	Australia	UK	Other	Total continuing operations	Inter- segment eliminations/ unallocated	Total
Sales revenue from external customers	38,138	41,564	57,542	77	137,321	-	137,321
Inter-segmental revenue	5,764	-	-	-	5,764	(5,764)	-
Total sales revenue	43,902	41,564	57,542	77	143,085	(5,764)	137,321
Earnings before interest, tax, depreciation, amortisation, non- operating foreign exchange gain/(loss) and inter-segmental charges	10,669	2,148	7,900	(1,285)	19,432	2	19,434
Non-operating foreign exchange gain/(loss)	318	-	-	-	318	-	318
Inter-segmental charges	(1,155)	(121)	-	1,319	43	(43)	-
Earnings before interest, tax, depreciation and amortisation	9,832	2,027	7,900	34	19,793	(41)	19,752
Depreciation and amortisation	(1,594)	(850)	(1,258)	(53)	(3,755)	-	(3,755)
Interest received/(paid)	176	(447)	(2,272)	-	(2,543)	(1)	(2,544)
Profit before income tax	8,414	730	4,370	(19)	13,495	(42)	13,453
Income tax expense							(3,397)
Profit for the year							10,056

#### Other segmental items

Assets	62,244	21,002	68,623	1,142	153,011	(33,447)	119,564
Liabilities	10,842	15,803	41,271	1,211	69,127	(7,571)	61,556
Acquisitions of property, plant and equipment and intangibles	1,154	1,067	336	54	2,611	-	2,611

#### (b) Notes to and forming part of the segment information

The UK segment generated \$425,000 (September 2008: \$1,404,000, March 2009: \$1,858,000) of reported revenue in the Middle East.

Revenue from the Group's top 5 customers comprises 39% (September 2008: 39%, March 2009: 38%) of the total Group revenue. Revenue from the top 5 customers is spread across our three main segments of New Zealand, Australia & the United Kingdom.

### 4 Interest bearing liabilities

The primary NZD & GBP denominated debt facilities expire on the 27 August 2010. The Group continues to operate comfortably within its facility limits. Renewal discussions have commenced and facility renewal is expected to be confirmed well in advance of the expiry date.

## 5 Non-current assets - Intangible assets

### (a) Impairment Test for Customer Relations

At balance date the Group has assessed the recoverable amount of intangible assets attributable to Customer Relations which were acquired through The Deva Tap Company Limited on 31 August 2007. The recoverable amount has been determined on a value in use basis. The Group has considered the following influential factors as trigger events requiring the assessment of the recoverable amount to be under taken:

- The global economic recession and its impact on the UK economy
- The potential loss of a key customer relationship

The recoverable amount uses cash flow projections based on management forecasts through to March 2012. The basis for using these forecasts is they reflect management's experience of past performance adjusted for the expectations of future events, including expectations of future market conditions. Cash flows beyond March 2012 are extrapolated using estimated growth rates of 3% for the balance of the valuation model which is intended to reflect the long run average growth rate for products sold by Methven in the UK. The key assumptions in the forecasts are:

- The potential loss of a key customer. This is offset by the further key assumptions below.
- Higher sales volumes of showerware utilising value end DIY product and the benefits of Methven proprietary product for greater representation in show rooms of the customer relationships.
- Pull through sales strategy to hotel and other commercial institutions through the existing customer relationships.

A discount rate of 9.9% has been used in the impairment test of customer relationships. This assumption was used on the basis that it reflects management's assessment of current market risks specific to the customer relationships in the United Kingdom. The customer relations value at balance date \$7.14m is amortised on a straight line basis with a remaining amortisation period of 7 years and 11 months. This test did not indicate any impairment as at 30 September 2009. No impairment has been recognised in any of the prior periods presented.

### (b) Impairment Test for Goodwill

The recoverable amount of the intangible assets attributable to goodwill is determined based on value in use calculations for each Cash Generating Unit (CGU) that an intangible relates to. The Group considers the global economic recession and its impact on the UK economy as a trigger event requiring the assessment of the recoverable amount to be under taken specifically with regards to the UK cash generating unit. The calculations use cash flow projections based on management forecasts to March 2012. The forecasts are based on past performance adjusted for expectations of future events, including expectations of future market conditions. The key assumptions in these forecasts relate to growth strategies described under (a) above and revenue growth in domestic UK and export markets. Cash flows beyond March 2012 are extrapolated using an estimated growth sales rate of 3%. A discount rate of 8.4% has been used in the impairment test of goodwill, which reflects management's assessment of current market risks specific to the CGU in the United Kingdom. This test did not indicate any impairment as at 30 September 2009. No impairment has been recognised in any of the prior periods presented.

### Intangible assets

	<b>6 MTHS ENDED 30-SEPT-09 UNAUDITED</b>	<b>6 MTHS ENDED 30-SEPT-08 UNAUDITED</b>	<b>12 MTHS ENDED 31-MAR-09 AUDITED</b>
Customer relations	7,137	9,733	8,603
Goodwill	32,916	38,721	36,599
Patents and trademarks	433	389	252
Software	278	69	478
Closing net book amount	<u>40,764</u>	<u>48,912</u>	<u>45,932</u>

Management does not expect a reasonably possible change in key assumptions that would reduce the recoverable amount of any cash generating units below its carrying amount.

## 6 Contingencies

As at 30 September 2009 the parent entity and the Group had no contingent liabilities or assets (30 September 2008: nil and 31 March 2009: nil).

The Commerce Commission intends to prosecute Methven under the Fair Trading Act for allegedly making misleading claims in advertising relating to the extent of water savings achieved by the Satinjet twin jet technology. Methven intends to defend against this claim and does not expect a material financial impact on the Company. Proceedings are scheduled to commence in December 2009.

## 7 Events occurring after the balance sheet date

Subsequent to period end, the Board of Directors resolved to pay a interim dividend of 5.5 cents per share. The dividend will be paid on 31 December 2009 to all shareholders on the Company's register at the close of business on 18 December 2009.

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

## 8 Reconciliation of profit after income tax to net cash inflow from operating activities

NZ \$000	6 MTHS ENDED 30-SEPT-09 UNAUDITED	6 MTHS ENDED 30-SEPT-08 UNAUDITED	12 MTHS ENDED 31-MAR-09 AUDITED
Profit for the year	4,198	4,961	10,056
Depreciation	1,391	1,136	2,423
Amortisation	575	586	1,332
Employee share options amortisation	37	44	87
Net (gain) loss on disposal of assets	-	-	17
Derivative financial instruments movement	26	(299)	(103)
Cost of debt amortisation	45	45	89
Impact of changes in working capital items			
Trade receivables	(1,162)	943	2,151
Inventories	4,119	(5,889)	(1,305)
Prepayments and other assets	(274)	73	390
Trade creditors	1,892	1,148	(1,427)
Other operating liabilities	(3)	1,834	1,564
Tax receivable	(683)	246	1,717
Deferred income tax	755	(447)	(444)
Net cash inflow from operating activities	<u>10,916</u>	<u>4,381</u>	<u>16,547</u>