

METHVEN LIMITED	
Results for announcement to the market	
Reporting Period	Year ended 31 March 2007
Previous Reporting Period	Year ended 31 March 2006

	Amount (000s)	Percentage change
Sales revenue from ordinary activities	\$70,420	+21.0%
Profit from ordinary activities after tax attributable to shareholders	\$7,304	+7.9%
Net Profit attributable to shareholders.	\$7,304	+7.9%

Final Dividend	Gross amount per share	Imputation tax credit per share
	5.69 cents	2.80 cents
Record Date	21 June 2007	
Dividend Payment Date	29 June 2007	

Audit	The abridged financial statements attached to this report have been audited.
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Comments:	Refer to the following section for commentary.
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Methven Group Performance Highlights 2006-07

- Group operating revenue of \$70.4 million, up 21.0 percent
- Group EBITDA of \$13.4 million, up 8.5 percent
- Group Net profit after tax of \$7.3 million, up 7.9 percent
- Australian shower and tapware sales up 54 percent
- New Zealand sales up 8.8 percent
- Group result includes USA start-up loss of \$970,000 in line with half year guidance and expectation
- Final dividend of 5.69 cents per share to be paid on 29 June 2007 in addition to interim dividend of 5.72 cents per share paid in December 2006

Methven, New Zealand's leading designer, manufacturer and supplier of showerware and tapware, has reported a pleasing full year result with growth in turnover, earnings, profit and dividend that exceed earlier market advice.

Despite more challenging market conditions, including margin pressure from unprecedented rises in the cost of raw material, and increased infrastructure and market development expenditure, Methven maintained impetus to deliver a net profit after tax up almost 8 percent on the previous year to \$7.3 million for the year ended 31 March 2007.

Methven had a strong second half with growth and revenue momentum in Australasia, driven from offering a full range of Methven branded showers, tapware and valving products that appeal to different price points and segments and which are supported by a tailor-made sales, marketing and service infrastructure.

Group operating revenue increased to \$70.4 million, up 21.0 percent, with EBITDA of \$13.4 million, up 8.5 percent, largely as a result of very strong year on year growth in Australia.

Off-shore sales accounted for 43 percent of Group operating revenue in 2006-07 year and Methven's aim is to continue to build its core design, branding, supply, marketing and distribution capabilities to drive growth internationally.

At the same time it will work to extend its leadership in New Zealand where it has 40 percent market share and sustain growth in Australia where Methven currently has an estimated 30 percent of the target showerware market, with the proprietary, water efficient Satinjet shower products now well established as a preferred consumer choice.

Methven's distribution start-up in the United States is still very much in the proving stage with key challenges being to broaden the currently limited range of Satinjet style choices and to achieve retail channel support. However, encouraging consumer research and the planned launch of new products underpin continued confidence in Methven's ability to carve out a long term, profitable position in this significant market.

Unprecedented increases in raw material costs, particularly brass, offset much of the savings from outsourcing in the 2006-07 year, but Methven believes it is well positioned to benefit from further gains in 2007-08 from its global manufacturing outsourcing programme to long established partners in China.

As a USD net importer, Methven has benefited from the relative strength of the NZD although this is partially offset by the impact of a high NZ/AUD exchange rate on its Australian dollar earnings. At this stage Methven's USD cover for the 2007-08 year is at slightly better rates than realised in respect of the 2006-07 year.

Group cash flow remained healthy although working capital requirements increased in line with growth in sales and higher manufacturing out-sourcing and raw material costs.

A fully imputed final dividend of 5.69 cents per share is intended to be paid on 29 June 2007 on top of the interim dividend of 5.72 cents per share paid in December 2006. This represents a 7.7 percent gross dividend yield on the current share price of around \$2.20 per share. Given the company's minimal debt level the directors intend to retain the current dividend ratio at 80 percent at this point.

Market Review

New Zealand

- Sales of \$40.5 million, up 8.8 percent
- EBITDA of \$12.3 million, up 5.2 percent
- Satinjet sales up 41%
- Nefa valve sales up 17.2% (excludes Australian valve exports)

In New Zealand, the continued success of Satinjet, Methven's exclusive proprietary shower range, and plumber support of new valving products contributed to Methven maintaining sales growth of 8.8.percent to reach \$40.5 million in a challenging domestic market. However, the largest contributor to sales growth was the effect of market price rises necessitated by increased raw material costs.

Methven's strategy is to focus on the more stable renovation and replacement market, offering a full range of showerware, tapware and valving that appeal to consumers and the trade. This strategy has continued to underpin earnings stability and growth.

New Zealand EBITDA of \$12.3 million reflects margin pressure from higher raw material costs, only partly mitigated through price increases to customers in the period, and the ongoing investment by the New Zealand head office in design, marketing and placement of an on site logistics team in China to oversee the outsourcing programme.

Methven's aim in the 2007-08 is to further consolidate its domestic market leadership and sustain its current market share and profitability by continuing to deliver a competitive and attractive offering to bathroom renovators and new home builders at different price points as well as continuing to provide plumbers with dependable, quality valving, showers, tapware and service.

Australia

Showers and tapware

- Shower and tapware sales \$23.7 million, up 54.0 percent
- EBITDA of \$2.1 million, up 174.0 percent
- Satinjet sales up 181 percent

Valves (ex New Zealand)

- Sales of \$5.3 million, up 22.7 percent

Australian tap and showerware sales continued to grow strongly and profitably, driven by the now well established sales, distribution and operating infrastructure.

Methven's Australian business was created through the acquisition and successful integration of an established showerware distributor, Flexispray. It has been further developed by adding Methven's proprietary and more differentiated products and brands to the offer and establishing its own dedicated sales force to support sales. This business model is now delivering significant returns on the investment.

The 54 percent increase in shower and tapware sales was largely driven by Methven's proprietary Satinjet shower range which continues to be extended to appeal to mid to high end consumers seeking a superior showering experience with environmental efficiencies.

Satinjet achieved record sales in March and now accounts for over 20 percent of Methven's Australian shower sales. It was recently recognised as the top performing water efficient shower in Australia based on independent testing by Australia's leading consumer magazine, *Choice*.

Methven also benefited from ongoing government and private sector initiatives to encourage and incentivise consumers to buy water saving showers with \$2.6 million in lower margin, non-Satinjet shower sales.

Australian EBITDA of \$2.1 million reflects increases in prices and volumes, partially offset by increased raw material related supply costs and lower margin sales at the competitive commodity end of the market, which include the water saving programme sales.

The aim in 2007-08 is to drive further sales growth in Australia but maintain focus on enhancing margins and brand positioning of its unique ranges of bathroomware.

Methven recovered its position in the highly competitive Australian valving market by stabilising sales and improving margins and is now establishing its own dedicated in-market sales and distribution team to drive market share growth in this important product category.

USA

- EBITDA loss of \$970,000 in line with expectation and half year guidance

The United States, Methven's latest export market, is in the proving stage with merchant channel support for the current narrow product range representing a harder barrier to crack despite encouraging consumer research findings.

As signalled in September a higher full year loss was expected due to the lag in gaining sales traction, and profitability may take longer to reach than initially targeted.

With Methven's greenfield entry into the USA, it has taken time to gain a thorough understanding of market and consumer drivers, structures and channels that will deliver sales.

Minimal sales to-date highlight the challenge of displacing incumbent suppliers' products with a relatively narrow, new product and style offering, and without the

benefit of existing merchant relationships. The relative success of Satinjet in Australia demonstrates the benefits of leveraging off a platform of established trading relationships and availability of complementary products compared to the challenges of a start-up operation.

US consumer research on Satinjet, conducted in November 2006, is very encouraging but the priority remains to bed down an effective distribution, sales and marketing model that reaches through to retail and the consumer.

Methven intends to widen its American product offering, including launching a new and highly distinctive Satinjet product range late in 2007.

On-going investment in developing the USA market will be tightly managed against defined project milestones and success criteria.

Strategic Focus

- Design and development of proprietary platform technologies and products
- Brand development and execution
- Expanded global distribution reach
- Development of an internationally competitive supply chain

Methven's strategy to deliver sustainable profitable growth will continue to be driven by the company's ability to take proprietary branded and differentiated shower experiences to world markets.

Methven, with 14 patents and a further five patents pending, has in 2006-07 continued to develop its capability to deliver design resolved, world class products that are distinctive, attractive, functional, efficient and fit consumers' needs.

Methven currently commits around 7 percent of revenue to product, process and market development activities and has a 21-strong design and production engineering team at its New Zealand headquarters in Auckland, charged with producing a strong pipeline of next generation offerings.

A unique and compelling international brand story is being developed, informed by in-market research which has confirmed the potential for Methven to credibly and uniquely position itself at the mid-high end of the market where it believes it can earn the greatest rewards.

A priority for Methven is to leverage its higher margin, proprietary branded products like Satinjet to achieve greater geographic reach by acquiring established and complementary businesses, entering into third party distribution agreements and/or developing its own start up operations.

Outsourcing and global logistics functions are also being developed to the level required to support targeted international expansion. The continued migration of Methven's mass manufacturing to world-class, cost effective partners who can rapidly upscale production and deliver direct to customers, is on schedule.

New Zealand will remain as the design hothouse and test market and Methven will retain its manufacturing and production engineering capability to ensure speed to market of new proprietary products.

Outlook

Methven is gearing up for an exciting year ahead with continued growth targeted in New Zealand and Australia, which remain the engine rooms for the company's sales and profitability. Methven will continue to work on gaining traction in the USA and progressing opportunities to gain a beachhead in the United Kingdom.

A series of launches of new and consumer appealing branded shower products has been programmed throughout the year to reinforce Methven's positioning as a leader in the creation of innovative and distinctly designed products and experiences and to further improve the international appeal of the Methven offering.

Methven's Annual Report will be distributed in late June.

METHVEN LIMITED
Consolidated Statement of Financial Performance

For the year ended 31 March 2007

NZ\$000	12 mths ended 31-Mar-07 audited	12 mths ended 31-Mar-06 audited
Continuing activities		
Operating revenue	70,420	58,195
Operating expenses	(59,378)	(48,006)
Net profit before tax	11,042	10,189
Income tax expense	(3,738)	(3,419)
Net profit attributable to parent shareholders	7,304	6,770

Consolidated Statement of Movements in Equity

for the year ended 31 March 2007

NZ\$000	12 mths ended 31-Mar-07 audited	12 mths ended 31-Mar-06 audited
Equity at beginning of year comprising		
Parent shareholders interest	21,873	18,272
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Net profit for the year comprising		
Parent shareholders interest	7,304	6,770
Movement in foreign currency translation reserve	(372)	343
Total recognised revenues and expenses	6,932	7,113
Shares issued	54	-
Distribution to shareholders of the Parent	(5,533)	(3,420)
Impact of adoption of FRS 40 ¹	-	(92)
Net increase in equity	1,453	3,601
Equity at end of year	23,326	21,873

¹ This represents the impact of the adoption of the requirements of FRS 40 - *Transitional Arrangements for the Early Adoption of the New Zealand Equivalent to IAS 19 Employee Benefits*.

METHVEN LIMITED
Consolidated Statement of Financial Position
For the period ended 31 March 2007

NZ\$000	as at 31-Mar-07 audited	as at 31-Mar-06 audited
Equity		
Share capital	17,170	17,116
Retained earnings	6,324	4,553
Foreign currency translation reserve	(168)	204
Total equity	23,326	21,873
Non-current liabilities		
Employee accruals	85	77
Borrowings	-	1,968
Total non-current liabilities	85	2,045
Current liabilities		
Trade creditors	5,567	4,220
Employee accruals	1,710	1,720
Other creditors and accruals	2,999	2,923
Provisions	751	665
Income tax payable	75	70
Current portion of borrowings	3,547	67
Total current liabilities	14,649	9,665
Total liabilities	14,734	11,710
Total liabilities and equity	38,060	33,583
Non-current assets		
Property, plant & equipment	6,747	6,670
Patents and trademarks	351	237
Future tax benefit	537	555
Intangible assets	5,285	5,635
Total non-current assets	12,920	13,097
Current assets		
Cash and bank balances	1,102	2,042
Trade receivables	12,446	8,863
Prepayments and other assets	459	368
Inventories	11,133	9,213
Total current assets	25,140	20,486
Total assets	38,060	33,583

METHVEN LIMITED
Consolidated Statement of Cash Flows

For the year ended 31 March 2007

NZ\$000	as at 31-Mar-07 audited	as at 31-Mar-06 audited
Operating Activities		
<i>Cash was provided from:</i>		
Receipts from customers	66,795	56,372
Interest received	19	30
 <i>Cash was applied to:</i>		
Payments to suppliers	(43,819)	(31,492)
Payments to employees	(13,629)	(12,382)
Interest paid	(228)	(257)
Income tax paid	(3,715)	(3,602)
Net cash inflows (outflows) from operating activities	5,423	8,669
Investment Activities		
<i>Cash was applied to:</i>		
Purchase of property, plant, equipment, patents and trademarks	(2,024)	(2,143)
Net cash inflows (outflows) from investment activities	(2,024)	(2,143)
Financing Activities		
<i>Cash was applied to:</i>		
Draw down / (Repayment) of borrowings	1,512	(2,105)
Dividends paid to shareholders	(5,533)	(3,420)
Cost of share issue	54	-
Net cash inflows (outflows) from financing activities	(3,967)	(5,525)
Net increase (decrease) in cash held	(568)	1,001
Foreign currency translation adjustment	(372)	343
Cash at beginning of period	2,042	698
Cash at end of period	1,102	2,042

Statements of Cash Flows (continued)

for the year ended 31 March 2007

NZ\$000	as at 31-Mar-07 audited	as at 31-Mar-06 audited
RECONCILIATION WITH OPERATING PROFIT		
Net profit attributable to parent	7,304	6,770
Items not involving cash flows		
Goodwill amortisation expense	350	349
Patent and trademark amortisation expense	10	67
Depreciation expense	1,823	1,546
Movement in future tax benefit	18	(16)
Impact of changes in working capital items		
Trade receivables	(3,583)	(1,779)
Inventory	(1,920)	1,029
Other receivables, prepayments and other assets	(91)	(222)
Trade creditors	1,347	717
Other creditors, accruals and provisions	154	203
Items classified as investing activities		
Loss (profit) on disposal of assets	11	5
Net cash flow from operating activities	5,423	8,669

METHVEN LIMITED

Segment results

For the year ended 31 March 2007

In NZ\$'000	as at 31-Mar-07 audited	as at 31-Mar-06 audited
Segment assets		
New Zealand	33,801	30,200
Australia	11,996	9,315
USA	117	52
Eliminations	(7,854)	(5,984)
Consolidated	38,060	33,583
Sales revenue		
New Zealand	46,724	42,803
Australia	23,653	15,362
USA	24	
Consolidated	70,401	58,165
EBITDA		
New Zealand	12,313	11,707
Australia	2,080	759
USA	(959)	(88)
Consolidated	13,434	12,378
NPBT		
New Zealand	10,846	10,070
Australia	1,166	207
USA	(970)	(88)
Consolidated	11,042	10,189

Segment EBITA and NPBT are reported before Group charges. This is to provide the reader with a clear understanding of the underlying trading performances of each segment. Comparative segmental results have been restated for this change.

The Australian segment sales exclude sales of NEFA valves as they are sold through a third party distributor. The Australian segment results only include the Methven Australian entity which sells tapware, showerware and gas flues.

New Zealand segment sales include export sales of \$6,246,000 (2006 \$5,581,000), including NEFA valves.

Methven established a USA subsidiary in September 2005 to distribute Satinjet showers to the US market.

The Group operates in one industry segment, being the design and supply of tap and showerware and domestic water control valves. Intersegment sales are on an arm's length basis.

There have been no significant changes in accounting policies during the current year. All accounting policies have been applied on a basis consistent with the prior year.

Earnings per Security (EPS)

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

	Current full-year (cents per share)	Previous corresponding full-year (cents per share)
Basic EPS	14.26	13.23
Diluted EPS	14.20	13.15

Dividends Paid / Payable

	Date Paid	Cents per share (fully imputed)
Final Dividend for the year ended 31 March 2007	29 June 2007	5.69
Interim Dividend for the year ended 31 March 2007	15 December 2006	5.72

Net Tangible Assets per share

	Current full-year	Previous corresponding full-year
Net Tangible Assets per share	\$0.35	\$0.31