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27 August 2007

Blackmores' Fourth Quarter Announcement – August 2007

Blackmores Limited (ASX:BKL) today announced a net profit after tax of $16.7 million for the year ended 30 June 2007, representing a 15.4% increase on last year's profit. Group revenue from sale of goods increased 16.0% for the year to $171.7 million.

This result represents our fourth consecutive year of record profit growth and was driven in main by:

- maintaining our brand leadership position in Australia;
- the continued success of our new product pipeline;
- further strengthening our base business; and
- a significant contribution from our Asian business.

Dividend

Directors have declared a final dividend of 46 cents per share fully franked (2006: 42 cents per share fully franked), payable on 24 September 2007 to shareholders registered on the 10 September 2007. This brings ordinary dividends to 81 cents per share fully franked for the year, representing an increase in ordinary dividends over the prior year of 17.4%.

Shareholders are again invited to participate in the Dividend Reinvestment Plan ('DRP'). Shareholders who are currently not registered to participate in the DRP but wish to do so, can elect to participate by completing a DRP election form which can be found on the Company's website www.blackmores.com.au or request a form by phoning (02) 9951 0136. Shareholders who elect to participate in the DRP by 10 September will benefit from a 5% discount.

Australia

Australian sales for the year ended 30 June 2007 grew by 14.8% to $145.1 million. Contributing to this growth was a number of successful new product launches, including:

- **Omega Range -** Blackmores Omega range consists of four highly concentrated omega-3 fatty acid products, Omega Brain, Omega Heart, Omega Joint and Omega Daily.

  The Omega range contains tailored concentrations of EPA and DHA, targeting brain, heart and joint health, as well as addressing general health. Research conducted by the Fisheries Research and Development Corporation has concluded that only 24% of Australians consume the recommended amount of fish per week. With a greater potency over standard fish oils, the Omega range conveniently delivers highly concentrated marine omega-3 fatty acids with less capsules per dose.

- **Weight-Loss Accelerate™ -** Weight-Loss Accelerate™ is designed to maximise the weight loss results achieved in conjunction with a diet and exercise program. Clinical trials showed up to three times greater weight-loss results than with diet and exercise alone. It contains hydroxycitrate complex (HCA), an ingredient derived from the rind of a South-East Asian fruit.

- **Olive Leaf Extract -** Blackmores Olive Leaf Extract has many traditional uses including relief of symptoms of colds and flu such as coughs and sore throats. Olive Leaf Extract contains high levels of the beneficial antioxidant oleuropein. It also helps maintain a healthy heart, cardiovascular system and normal healthy blood pressure.

- **Immunodefence™ -** Blackmores Immunodefence™ enhances and supports immune cell activity. It contains lactoferrin, which is produced naturally in the body by immune cells when the body is under the threat of infection. The lactoferrin in Blackmores Immunodefence™ is extracted from whey protein, which is found in cow's milk, and is particularly suitable for those who are lactose intolerant.

International

Blackmores now operates in New Zealand, Malaysia, Thailand, Taiwan, Singapore, Hong Kong and the United Kingdom.

New Zealand had a strong sales result, increasing 43.8% over last year. This can in part be attributed to prominent television advertising of Blackmores Joint Formula, Fish Oil and Sustained Release Multi, with the bulk of the success credited to the performance of our New Zealand distributor.

In Malaysia, sales were up 27.7% on last year. Blackmores' brand awareness is growing as a result of focused consumer marketing campaigns and excellent retail relationships.

Our business in Thailand has maintained a good sales contribution throughout the year, a noteworthy achievement given the economic and political uncertainty in that country.

On Australia Day 2007, Blackmores launched a range of 15 products into more than 400 Watson's personal care stores in Taiwan, making it the Company's first new market entry in a decade.

Our international business now delivers 15.5% of total external sales for the Group. Our focus in the coming year will be to grow our existing markets while investigating the potential of new markets.

New Site

Plans are progressing well to relocate our operations from Balgowlah and Brookvale to the 12,000 square metre, purpose-built premises at Warriewood, on Sydney's northern beaches. The move is expected to be completed by June 2008.

The Warriewood site will encompass office space, distribution, storage, production facilities and staff facilities and will be known as the Blackmores Campus.

Debt Levels

At the end of the financial year net debt stood at $5.3 million. This compares with $3.5 million outstanding at the end of last year. Gearing, as measured by Net Debt/ (Net Debt + Shareholders' Equity) was 10.8% at year end compared to 8.7% for the prior year.

Our People

We would like to acknowledge our people employed in our Australian and International markets as their contributions over the past years have been outstanding, often in the face of tough business conditions.

The Company's overwhelming desire is to maintain a culture of integrity, respect and passion for natural health. The Collective Agreement is a statement of how we will work together. In Australia, Blackmores introduced a new Collective Agreement in September 2006 which was voted on by 93% of eligible employees and supported by an unprecedented 97.5% of staff.

Awards

Business Review Weekly included Blackmores as the 15th best performing company in Australia based on average annual return on shareholders' funds for the second consecutive year.

Blackmores received the 2006 Sustainable Small Company of the Year Award. The award recognises our outstanding achievement and excellence in corporate sustainability in the areas of environment, social responsibility and corporate governance.

In presenting the award, Sampford and Staff CEO, Professor Charles Sampford, said: "Millions of consumers see what's in the bottle but if they peel back the label to look inside at the staff development, community support and environmental programs, they'll find a commitment to excellence that's unrivalled amongst smaller companies and one that many large companies are still working toward."

In September 2006, Blackmores received a number of other awards. Blackmores Vitamin D_3 was given the AJP (Australian Journal of Pharmacy) award for Best Complementary Healthcare product and a High Commendation for best PR campaign.

Additionally, Blackmores won the award for Best Promotion of an Existing Product in the complementary category for Joint Formula at the Australian Self-medication Industry Awards and National Pharmacies' Supplier of the Year award in September.

Outlook

Consumer demand for natural health solutions continues to grow, we are enjoying long-awaited government investment in our industry and have made significant in-roads in creating a better regulatory environment. Closer to home, we are building an innovative new Blackmores campus and have a highly motivated and engaged team. We have reason to be optimistic about the coming year.

For further information please contact:

Marcus Blackmore
Chairman
(02) 9951 0111

Peter Barraket
Chief Financial Officer
(02) 9951 0128 (direct)

Results at a Glance – Quarter Ended 30 June 2007

RESULTS ($000's)	THIS YEAR	LAST YEAR[1]	% CHANGE
Sales	171,653	147,988	16.0
Profit before net interest and income taxes (EBIT)	24,242	20,009	21.2
Net interest[2]	246	(290)	
Profit before income taxes[1]	24,488	19,719	24.2
Income taxes	(7,817)	(6,103)	28.1
Profit attributable to shareholders[1]	16,671	13,616	22.4

OTHER KEY ITEMS		THIS YEAR	LAST YEAR[1]
Total Assets	$m	83.2	68.3
Shareholders equity	$m	43.5	36.8
Net debt / (cash)	$m	5.3	3.5
Net debt / (Net debt + equity)	%	10.8	8.7
EBIT/Sales[1]	%	14.1	13.5
Interest cover (net)[3]	times	36.5	18.9
Net tangible assets per share	$	2.56	2.18
Share Price (29 June)	$	20.56	13.90
Shares on Issue	m	16.0	15.9

Notes:

(1) 2006 results exclude the impact of the sale of Balgowlah, including one-off net profit after tax of $835,000. Adding this back to the 2006 result, 2007 net profit after tax growth was 15.4%.

(2) Net interest excludes capitalised interest not charged to the profit and loss account of $767,911 for the year ending 30 June 2006 and $910,797 for the year ending 30 June 2007.

(3) Interest cover ratio includes the amounts of capitalised interest not charged to the profit and loss account highlighted in (2) above.

Preliminary Final Report of Blackmores Limited For The Financial Year Ended 30 June 2007

(ACN 009 713 437)

This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A.

Current Reporting Period:	Financial Year ending 30 June 2007
Previous Corresponding Period:	Financial Year ending 30 June 2006

Source Reference: *ASX Appdx 4E.1, ASX Listing Rules 4.3C.1*

Results For Announcement To The Market
For The Financial Year Ended 30 June 2007

Source Reference

Revenue and Net Profit/(Loss)

Source Reference			Percentage Change %		Amount $'000
ASX Appdx 4E.2.1	Revenue	up	16.1	to	172,896
ASX Appdx 4E.2.2	Profit/(loss) after tax attributable to members	up	15.4	to	16,671
ASX Appdx 4E.2.3	Net profit/(loss) attributable to members	up	15.4	to	16,671

Dividends (Distributions)

Source Reference		Amount per security	Franked amount per security
ASX Appdx 4E.2.4	Final dividend	46¢	46¢
ASX Appdx 4E.2.4	Interim dividend	35¢	35¢
ASX Appdx 4E.2.4	Special dividend	nil	nil

ASX Appdx 4E.2.5

Record date for determining entitlements to the dividend:

- Final dividend — 10 September 2007
- Interim dividend — 9 March 2007

The Company has a Dividend Reinvestment Plan. The current discount applying to shares issued under the Plan is 5%. The last date for receipt of a valid election notice by our Share Registry for participation in the Plan is 10 September 2007.

Brief Explanation of Revenue, Net Profit/(Loss) and Dividends (Distributions)

ASX Appdx 4E.2.6

Refer attached ASX announcement titled "Blackmores' Fourth Quarter Announcement – August 2007".

Consolidated Income Statement
For The Financial Year Ended 30 June 2007

	Note	2007 $'000	2006 $'000
Revenue	2	172,896	148,903
Other income	2	-	757
Promotional and other rebates		(13,881)	(11,159)
Changes in inventories of finished goods and work in progress		(304)	688
Raw materials and consumables used		(56,819)	(51,334)
Employee benefits expense		(37,405)	(32,812)
Depreciation and amortisation expenses		(1,572)	(1,855)
Borrowing costs		(438)	(756)
Selling and marketing expenses		(23,638)	(20,491)
Operating lease rental expenses		(2,509)	(1,707)
Professional and consulting expenses		(1,551)	(1,247)
Repairs and maintenance expenses		(1,577)	(1,196)
Freight expenses		(2,415)	(2,123)
Other expenses		(6,299)	(5,306)
Profit Before Income Tax Expense	2	**24,488**	**20,362**
Income tax expense		(7,817)	(5,911)
Profit for the Period		**16,671**	**14,451**

The Consolidated Income Statement is to be read in conjunction with the discussion and analysis in the attached press release and the notes to and forming part of the financial statements set out on pages 6 to 25.

Source Reference: *ASX Appdx 4E.3*

Consolidated Balance Sheet
For The Financial Year Ended 30 June 2007

	Note	2007 $'000	2006 $'000
Current Assets			
Cash and cash equivalents		10,129	6,497
Trade and other receivables		29,020	26,277
Other financial assets		1,178	437
Inventories		15,213	14,425
Other		1,419	1,051
Total Current Assets		**56,959**	**48,687**
Non-Current Assets			
Property, plant and equipment		23,818	17,504
Deferred tax assets		2,361	2,018
Other		26	75
Total Non-Current Assets		**26,205**	**19,597**
Total Assets		**83,164**	**68,284**
Current Liabilities			
Trade and other payables		17,121	15,808
Borrowings		-	-
Other financial liabilities		-	174
Current tax payables		2,723	1,615
Provisions		2,784	2,822
Total Current Liabilities		**22,628**	**20,419**
Non-Current Liabilities			
Borrowings		15,397	10,000
Deferred tax liabilities		979	481
Provisions		674	598
Total Non-Current Liabilities		**17,050**	**11,079**
Total Liabilities		**39,678**	**31,498**
Net Assets		**43,486**	**36,786**
Equity			
Issued capital		17,401	15,932
Reserves		1,657	810
Retained earnings	4	24,428	20,044
Total Equity		**43,486**	**36,786**

The Consolidated Balance Sheet is to be read in conjunction with the discussion and analysis in the attached press release and the notes to and forming part of the financial statements set out on pages 6 to 25.

Source Reference: *ASX Appdx 4E.4*

Consolidated Statement of Recognised Income and Expense
For The Financial Year Ended 30 June 2007

	Note	2007 $'000	2006 $'000
Increase in hedging reserve arising on recognition of unrealised gains on interest rate swaps		741	437
Related income tax		(353)	-
(Decrease)/increase in foreign currency translation reserve arising on translation of foreign operations		(295)	221
Net income recognised directly in equity		**93**	**658**
Profit for the period		16,671	14,451
Total recognised income and expense for the period		**16,764**	**15,109**
Attributable to equity holders of the parent company		16,764	15,109

The Consolidated Statement of Recognised Income and Expense is to be read in conjunction with the discussion and analysis in the attached press release and the notes to and forming part of the financial statements set out on pages 6 to 25.

Consolidated Cash Flow Statement
For The Financial Year Ended 30 June 2007

	Note	2007 $'000	2006 $'000
Cash Flows From Operating Activities			
Receipts from customers		193,301	171,425
Payments to suppliers and employees		(168,598)	(149,564)
Interest and other costs of finance paid		(999)	(919)
Income tax paid		(6,909)	(6,385)
Net cash provided by operating activities	5(c)	16,795	14,557
Cash Flows From Investing Activities			
Interest and bill discount received		329	162
Payment for property, plant and equipment		(7,916)	(13,607)
Proceeds from sale of property, plant and equipment		6	9,796
Net cash used in investing activities		(7,581)	(3,649)
Cash Flows From Financing Activities			
Proceeds from borrowings		11,381	20,500
Repayment of borrowings		(6,000)	(16,500)
Dividends		(10,818)	(9,531)
Other		49	104
Net cash used financing activities		(5,388)	(5,427)
Net Increase In Cash And Cash Equivalents Held		3,826	5,481
Cash And Cash Equivalents At The Beginning Of The Financial Year		6,497	862
Effects of exchange rate changes on the balance of cash held in foreign currencies		(194)	154
Cash And Cash Equivalents At The End Of The Financial Year	5(a)	10,129	6,497

The Consolidated Cash Flow Statement is to be read in conjunction with the discussion and analysis in the attached press release and the notes to and forming part of the financial statements set out on pages 6 to 25.

Source Reference: *ASX Appdx 4E.5*

Notes to the Financial Statements
For The Financial Year Ended 30 June 2007

Note	Contents
1.	Summary of Accounting Policies
2.	Profit Before Income Tax
3.	Commentary on Results
4.	Retained Earnings
5.	Notes to the Consolidated Cash Flow Statement
6.	Details Relating to Dividends/(Distributions)
7.	Earnings Per Share
8.	Net Tangible Assets Per Security
9.	Contingent Liabilities
10.	Segment Information
11.	Details of Entities Over Which Control Has Been Gained or Lost
12.	Subsequent Events
13.	Other Significant Information
14.	Information on Audit or Review

Notes to the Financial Statements
For The Financial Year Ended 30 June 2007

1. Summary of Accounting Policies

Adoption of new and revised Accounting Standards
In the current year, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted to changes in the consolidated entity's accounting policies and has not affected the amounts reported in the current or prior years, nor on the calculation of basic and diluted earnings per share.

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective:

• AASB 7 "Financial Instruments: Disclosures" and consequential amendments to other accounting standards resulting from its issue	Effective for annual reporting periods beginning on or after 1 January 2007
• AASB 101 "Presentation of Financial Statements" - revised standard	Effective for annual reporting periods beginning on or after 1 January 2007
• Interpretation 10 "Interim Financial Reporting and Impairment"	Effective for annual reporting periods beginning on or after 1 November 2006
• AASB 8 "Operating Segments" and consequential amendments to other accounting standards resulting from its issue	Effective for annual reporting periods beginning on or after 1 January 2009
• 2007-4 "Amendments to Australian Standards arising from ED 151 and Other Amendments"	Effective for annual reporting periods beginning on or after 1 July 2007
• Interpretation 11 "Group and Treasury Share Transactions" and consequential amendments to other accounting standards resulting from its issue	Effective for annual reporting periods beginning on or after 1 March 2007
• Interpretation 12 "Service Concession Arrangements" and consequential amendments to other accounting standards resulting from its issue	Effective for annual reporting periods beginning on or after 1 January 2008

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Company or the consolidated entity.
These Standards and Interpretations will be first applied in the financial report of the consolidated entity that relates to the annual reporting period beginning after the effective date of each pronouncement.

The AASB released AASB 2005-4 "Amendments to Australian Accounting Standards" in June 2005. AASB 2005-4 amends AASB 139 "Financial Instruments: Recognition and Measurement" by limiting the ability of entities to designate any financial asset or liability as 'at fair value through profit or loss'.

The application of AASB 8 'Operating Segments" will not affect any of the amounts recognised in the financial statements, but may change the disclosures presently made in relation to the consolidated entity's segment reporting.

As the entity does not engage in any public-private service concession arrangements, Interpretation 12 “Service Concession Arrangements” will have no impact on the financial statements.

These Standards and Interpretations will be first applied in the financial report of the Company that relates to the annual reporting period beginning after the effective date of each pronouncement.

Statement of Compliance
The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards (‘A-IFRS’). Compliance with the A-IFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards (‘IFRS’). The parent entity’s financial statements and notes also comply with IFRS.

The financial report includes the separate financial statements of the Company and the consolidated financial statements of the consolidated entity.

The financial statements were authorised for issue by the Directors on 27 August 2007.

Basis of Preparation
The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1988, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Significant Accounting Policies
Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Cash and cash equivalents
Cash comprises cash on hand and cash in banks. Cash equivalents are short term investments in money market instruments. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(b) Loans and Receivables
Trade receivables, loans and other receivables are recorded at amortised cost using the effective interest method less impairment.

(c) Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed through profit and loss to the extent that the carrying amount of the investment at the date that the impaiment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

(d) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(e) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(f) Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The following estimated useful lives are used in the calculation of depreciation:

- Buildings 25 – 40 years
- Leasehold improvements 3 – 13 years
- Plant and equipment 3 – 20 years

(g) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(h) Financial Instruments Issued by the Company

Debt and Equity Instruments
Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction Costs on the Issue of Equity Instruments
Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Dividends
Dividends are classified as distributions of profit.

(i) Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 ‘Consolidated and Separate Financial Statements’. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full. In the separate financial statements of the Company, intra-group transactions are generally accounted for by reference to the existing book value of the items.

(j) Borrowing Costs

Borrowing costs directly attributable to buildings under construction and the associated land are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(l) Research and Development Costs

Research and development costs are recognised as an expense as incurred.

(m) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Onerous contracts

An onerous contract is considered to exist where the consolidated entity has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

(n) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Defined Contribution Plans

Contributions to defined contribution superannuation plans are expensed when incurred.

(o) Revenue Recognition

Sale of Goods
Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Royalties
Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividend and Interest Revenue
Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.
Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(p) Foreign Currency

Individual Subsidiaries

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Blackmores Limited, and the presentation currency for the consolidated financial statements.

Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

Foreign operations

On consolidation, the assets and liabilities of the consolidated entity's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

(q) Share-based Payments

Equity-settled share-based payments granted after 7 November 2002 that were unvested as of 1 July 2005, are measured at fair value at the date of grant. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(r) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(s) Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

(t) Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

(u) Current and Deferred Tax for the Period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(v) Derivative Financial Instruments

The consolidated entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in note 37 to the financial statements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The consolidated entity designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions (cash flow hedges), or hedges of net investments in foreign operations. Derivatives not designated into an effective hedge relationship are classified as a current asset or current liability.

Fair Value Hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Cash Flow Hedges and Hedges of Net Investments in Foreign Operations

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges or hedges of net investments in foreign operations are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Derivatives That Do Not Qualify For Hedge Accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss.

Embedded Derivatives
Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

(w) Critical Accounting Judgements and Key Sources of Estimation Uncertainty
In the application of the accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the provision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Source Reference

2. Profit Before Income Tax

(a) Operating Revenue

ASX Appdx 4E.3

Revenue from continuing operations consisted of the following:

	2007 $'000	2006 $'000
Revenue from sale of goods	171,653	147,988
Interest revenue from bank deposits	329	162
Royalties	914	753
	172,896	148,903

(b) Profit Before Income Tax

Profit/(loss) before income tax has been arrived at after crediting/(charging) the following gains and losses:

	2007 $'000	2006 $'000
Gain/(loss) on disposal of property, plant and equipment	(15)	556
Net foreign exchange gains/(losses)	(601)	201
Exchange (losses) on forward exchange contracts	(116)	(270)
	(732)	487
Gains per above	-	757
Losses per above	(732)	(270)
	(732)	487

Profit/(loss) before income tax has been arrived at after charging the following expenses:

	2007 $'000	2006 $'000
Cost of sales	63,674	56,872
Finance costs:		
Interest on loans	83	452
Other finance costs	361	304
	444	756
Depreciation of non-current assets:	1,538	1,843
Amortisation of non-current assets:	34	12
	1,572	1,855
Research and development costs immediately expensed	1,090	979
Operating lease minimum lease payments	2,509	1,707

Notes to the Financial Statements
For The Financial Year Ended 30 June 2007

Source Reference

	2007 $'000	2006 $'000

2. Profit Before Income Tax (continued)

Employee benefit expense		
Post employment benefits:		
Defined contribution plans	1,952	1,719
Share-based payments:		
Equity settled share-based payments	754	642
Other employment benefits	34,732	30,450
	37,438	32,811

3. Commentary on Results

ASX Appdx 4E.14

Refer attached ASX announcement titled "Blackmores' Fourth Quarter Announcement – August 2007".

4. Retained Earnings

ASX Appdx 4E.8

	2007 $'000	2006 $'000
Balance at beginning of financial year	20,044	15,159
Net profit attributable to members of the parent entity	16,671	14,451
Dividends paid	(12,287)	(9,531)
Other	-	(35)
Balance at end of financial year	24,428	20,044

5. Notes to the Consolidated Cash Flow Statement

ASX Appdx 4E.5

(a) Reconciliation Of Cash And Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

Cash	10,129	6,497
Bank overdraft	-	-
	10,129	6,497

Source Reference

5. Notes to the Consolidated Cash Flow Statement (continued)

ASX Appdx 4E.5

	2007 $'000	2006 $'000
(b) Financing Facilities		
Secured bank overdraft facility reviewed annually and payable at call:		
Amount used	-	-
Amount unused	2,500	2,500
	2,500	2,500
Secured bank bill acceptance facility, reviewed annually:		
Amount used	15,397	10,000
Amount unused	47,603	53,000
	63,000	63,000

(c) Reconciliation Of Profit For The Period To Net Cash Flows From Operating Activities

	2007 $'000	2006 $'000
Profit for the period	16,671	14,451
(Gain)/loss on sale of non-current assets	15	(1,198)
Interest income received and receivable	(329)	(162)
Depreciation and amortisation of non-current assets	1,572	1,853
Unrealised foreign exchange gain /(loss)	254	(285)
Equity-settled share-based payment	754	643
Other	74	(131)
Increase/(decrease) in current tax liability	1,083	(461)
Increase/(decrease) in deferred tax balances	145	(55)
Increase/(decrease) in deferred tax balances related to hedge reserve in equity	(353)	(55)
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses		
(Increase)/decrease in assets		
Current receivables	(3,051)	118
Current inventories	(916)	487
Other debtors and prepayments	(378)	(422)
Increase/(decrease) in liabilities		
Current trade payables	1,216	(174)
Current provisions	(38)	(304)
Non-current provisions	76	197
Net cash from operating activities	16,795	14,557

(d) Non-cash financing activities

Dividend payments during the financial year totalled $12,287,023 of which $1,468,786 relates to shares created under the Dividend Reinvestment Plan. The balance of $10,818,237 was paid as cash to equity holders of the parent.

Source Reference

6. Details Relating to Dividends/(Distributions)

ASX Appdx 4E.6, ASX Appdx 4E.14.2

		Date dividend payable	Amount per security ¢	Amount per security of foreign sourced dividend ¢
Final dividend	2007	24 September 2007	46c	nil
	2006	14 September 2006	42c	nil
Interim dividend	2007	23 March 2007	35c	nil
	2006	22 March 2006	27c	nil
Total	2007		81c	nil
	2006		69c	nil

Total dividend (distribution) per security (interim plus final)

ASX Appdx 4E.6, ASX Appdx 4E.14.2

	2007 ¢	2006 ¢
Ordinary securities (each class separately)	81c	69c
Preference securities (each class separately)	nil	nil
Other equity instruments (each class separately)	nil	nil

Interim and final dividend (distribution) on all securities

ASX Appdx 4E.6, ASX Appdx 4E.14.2

	2007 $'000	2006 $'000
Ordinary securities (each class separately)	12,989	10,979
Preference securities (each class separately)	nil	nil
Other equity instruments (each class separately)	nil	nil
Total	12,989	10,979

Any other disclosures in relation to dividends (distributions).

ASX Appdx 4E.6, ASX Appdx 4E.14.2

The final dividend in respect of ordinary shares for the year ended 30 June 2007 has not been recognised in this preliminary final report because the final dividend was declared, determined or publicly recommended subsequent to 30 June 2007.

Dividend payments during the financial year totalled $12,287,023 of which $1,468,786 relates to shares created under the Dividend Reinvestment Plan. The balance of $10,818,237 was paid as cash to equity holders of the parent.

Source Reference

6. Details Relating to Dividends/(Distributions) (continued)

Dividend Reinvestment Plans

ASX Appdx 4E.7

The dividend or distribution plans shown below are in operation.

The Company has a Dividend Reinvestment Plan. The current discount applying to shares issued under the Plan is 5%. The last date for receipt of a valid election notice by our Share Registry for participation in the Plan is 10 September 2007.

7. Earnings Per Share

	2007 ¢ per share	2006 ¢ per share
Basic Earnings Per Share	104.3	90.9
Diluted Earnings Per Share	104.1	90.8

Basic Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2007 $'000	2006 $'000
Earnings (reconciles directly to net profit in the statement of financial performance)	16,671	14,451

	2007 Number	2006 Number
Weighted average number of ordinary shares	15,989,396	15,888,783

Source Reference

7. Earnings Per Share (continued)

Diluted Earnings per Share

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

	2007 $'000	2006 $'000
Earnings (reconciles directly to net profit in the statement of financial performance)	16,671	14,451

	2007 Number	2006 Number
Weighted average number of ordinary shares	15,989,396	15,888,783
Weighted average number of potential ordinary shares	23,085	21,737
Weighted average number of ordinary shares and potential ordinary shares (a)	16,012,481	15,910,519

(a) Potential ordinary shares reflect any unexercised options and unissued performance shares at the end of the relevant financial year, but likely to be issued subsequent to that date, taking into account exercise price for the options and performance hurdle for the performance shares.

8. Net Tangible Assets Per Security

		2007 $	2006 $
ASX Appdx 4E.9	Net tangible assets per security	2.56	2.18

9. Contingent Liabilities

	2007 $'000	2006 $'000
Contingent liabilities:		
Guarantee from Blackmores Limited to Pittwater Council in respect of the construction of the new building	738	-
Guarantees from Blackmores Limited for the issuance of performance guarantees	207	207

Source Reference

10. Segment Information

Segment Revenues

	External Sales		Inter-Segment (i)		Other		Total	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Australia	145,125	126,387	8,470	9,302	322	158	153,919	135,847
New Zealand	3,650	2,539	241	253	863	685	4,754	3,477
Asia	22,843	18,904	-	-	7	4	22,850	18,908
Other	34	158	-	-	51	68	85	226
Total of all segments							181,608	158,458
Eliminations							(8,712)	(9,555)
Consolidated							172,896	148,903

The above activity is regarded as a single business segment for reporting purposes.

(i) Inter-segment sales are recorded at cost plus 10%. Pricing is set using a budgeted exchange rate and reviewed at regular intervals, currently once a year.

Segment Results

	2007 $'000	2006 $'000
Australia	21,202	18,217
New Zealand	1,051	814
Asia	2,136	1,435
Other	33	20
Total of all segments	24,422	20,486
Eliminations	66	(124)
Profit before income tax expense	24,488	20,362
Income tax expense	(7,817)	(5,911)
Net profit	16,671	14,451

Source
Reference

10. Segment Information (continued)

Segment Assets and Liabilities

	Assets*		Liabilities**	
	2007 $'000	**2006 $'000**	**2007 $'000**	**2006 $'000**
Australia	77,921	64,094	41,779	33,426
New Zealand	3,605	3,179	33	20
Asia	12,367	10,982	3,691	3,071
Total of all segments	93,893	78,255	45,503	36,517
Eliminations	(10,729)	(9,971)	(5,825)	(5,019)
Consolidated	83,164	68,284	39,678	31,498

* Includes investments in and receivables from group companies
** Includes amounts payable to group companies

Other Segment Information

	Australia		New Zealand		Asia		Other	
	2007 $'000	**2006 $'000**	**2007 $'000**	**2006 $'000**	**2007 $'000**	**2006 $'000**	**2007 $'000**	**2006 $'000**
Acquisition of segment assets	7,855	13,470	-	-	61	137	-	-
Depreciation and amortisation of segment assets	1,504	1,797	-	-	68	58	-	-
Other non-cash expenses	369	89	(197)	44	(34)	30	-	-

Other non-cash expenses relate to changes in the obsolescence provision, employee share plan receivables, goodwill, deferred tax assets and liabilities and other provisions and accruals.

Products and Services within each Business Segment

For management purposes, the consolidated entity is organised into three major operating divisions – Australia, New Zealand and Asia. These divisions are the basis on which the consolidated entity reports its primary segment information. The principal activity in each instance is the development and marketing of health products including vitamins, herbal and mineral nutritional supplements. This activity is regarded as being a single industry segment for reporting purposes.

Source Reference

11. Details of Entities Over Which Control Has Been Gained or Lost

During 2007, the Company established no legal entities and disposed of no legal entities.

12. Subsequent Events

Nil

13. Other Significant Information

ASX Appdx 4E.12

Refer attached ASX announcement titled "Blackmores' Fourth Quarter Announcement – August 2007".

Source Reference

14. Information on Audit or Review

ASX Appdx 4E.15

This preliminary final report is based on accounts to which one of the following applies.

☑	The accounts have been audited.	☐	The accounts have been subject to review.
☐	The accounts are in the process of being audited or subject to review.	☐	The accounts have not yet been audited or reviewed.

ASX Appdx 4E.16

Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review.

Nil

ASX Appdx 4E.17

Description of dispute or qualification if the accounts have been audited or subjected to review.

Nil