Appendix 4D
Half Year Report
For the half year ended 31 March 2014

Name of entity:	**DULUXGROUP LIMITED**
ABN:	**42 133 404 065**

Half year ended ('current period')	Half year ended ('previous corresponding period' or 'prior period')
31 March 2014	31 March 2013

Results for announcement to the market

				$'000
Consolidated revenue from operations	Up	16.5%	to	804,455
Profit for the period attributable to ordinary shareholders of DuluxGroup Limited	Up	87.7%	to	59,997

Dividends		Amount per security	Franked amount per security at 30% tax
Interim dividend – Ordinary	Cents	10.0	10.0
Previous corresponding period			
Interim dividend – Ordinary	Cents	8.0	8.0

Record date for determining entitlements to the dividend:	Ordinary shares	30 May 2014
Payment date of dividend:	Ordinary shares	20 June 2014
The Company's Dividend Reinvestment Plan (DRP) will operate with respect to the interim dividend. The last date for receipt of election notices for participation in the interim dividend under the DRP:	Ordinary shares	2 June 2014

	Current period (Cents)	Previous corresponding period (Cents) [(1)]
Net tangible assets backing per ordinary security	10.86	(6.26)

(1) The prior period comparative has been restated as a result of a change in accounting standard AASB 119 *Employee Benefits.* Refer to Note 13 for details.

For commentary regarding the financial performance during the half year, financial position as at the half year end and any other significant information needed by an investor to make an informed assessment of DuluxGroup Limited and its controlled entities' results, please refer to the accompanying DuluxGroup Limited Profit Report. We note that this Profit Report has not been subject to review or audit by DuluxGroup's auditors.

Table of Contents

DuluxGroup Limited is an Australian company that owns the Dulux® trade mark in Australia, New Zealand, Papua New Guinea, Samoa and Fiji only. DuluxGroup Limited is not associated with, and has no connection to, the owners of the Dulux® trade marks in any other countries, nor does it sell Dulux® products in any other countries.

Directors' Report

The Directors of DuluxGroup Limited (the Company) present the financial report for the Company and its controlled entities (collectively 'the consolidated entity' or 'the Group' or 'DuluxGroup') in the form of Appendix 4D of the Australian Securities Exchange (ASX) Listing Rules for the half year ended 31 March 2014 and the auditor's review report thereon.

Directors

The directors of the Company during the half year and up to the date of this report are:

Peter Kirby, Chairman
Patrick Houlihan, Managing Director and Chief Executive Officer
Stuart Boxer, Chief Financial Officer and Executive Director
Gaik Hean Chew
Garry Hounsell
Andrew Larke
Judith Swales

Directors were in office for the entire period.

Review and results of operations

A review of the operations of the consolidated entity and of the results of those operations for the half year ended 31 March 2014 is contained in the accompanying DuluxGroup Limited Profit Report.

Lead Auditor's Independence Declaration

A copy of the lead auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 25.

Rounding

The amounts shown in this report and in the financial statements have been rounded off, except where otherwise stated, to the nearest thousand dollars, the Company being in a class specified in the ASIC Class Order 98/100 dated 10 July 1998.

Signed on behalf of the Board in accordance with a resolution of the directors of the Company.

Peter M. Kirby
Chairman
19 May 2014

Consolidated Income Statement

For the half year ended 31 March:

	Notes	2014 $'000	2013 Restated[1] $'000
Revenue		**804,455**	690,753
Other income	5	**4,491**	1,279
Expenses			
Changes in inventories of finished goods and work in progress		**(7,511)**	(2,188)
Raw materials and consumables used and finished goods purchased for resale		**336,963**	283,630
Employee benefits expense		**180,065**	154,602
Depreciation and amortisation expense		**16,709**	15,647
Purchased services		**93,778**	90,382
Repairs and maintenance		**5,944**	5,362
Lease payments - operating leases		**24,847**	19,680
Outgoing freight		**31,450**	28,987
Other expenses		**33,418**	37,563
Share of net profit of joint venture accounted for using the equity method	11	**(600)**	(715)
		715,063	632,950
Profit from operations		**93,883**	59,082
Finance income		**358**	220
Finance expenses		**(13,220)**	(13,750)
Net finance costs		**(12,862)**	(13,530)
Profit before income tax expense		**81,021**	45,552
Income tax expense	12	**(21,669)**	(15,509)
Profit for the half year		**59,352**	30,043
Attributable to:			
Ordinary shareholders of DuluxGroup Limited		**59,997**	31,956
Non-controlling interest in controlled entities		**(645)**	(1,913)
Profit for the half year		**59,352**	30,043

	Notes	cents	cents
Earnings per share			
Attributable to ordinary shareholders of DuluxGroup Limited:			
Basic earnings per share	4	**16.2**	8.8
Diluted earnings per share	4	**15.8**	8.6

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

(1) The prior period comparative has been restated as a result of a change in accounting standard AASB 119 *Employee Benefits*. Refer to Note 13.

Consolidated Statement of Comprehensive Income

For the half year ended 31 March:

	2014 $'000	2013 Restated[1] $'000
Profit for the half year	**59,352**	30,043
Other comprehensive income		
Items that may be reclassified subsequently to the income statement		
Effective portion of changes in fair value of cash flow hedges	**(216)**	73
Foreign currency translation gain on foreign operations	**2,445**	589
Income tax on items that may be reclassified subsequently to the income statement	**65**	(22)
Total items that may be reclassified subsequently to the income statement, net of tax	**2,294**	640
Items that will not be reclassified to the income statement		
Actuarial gains on defined benefit plan	**300**	6,944
Revaluation of other financial assets at fair value through other comprehensive income	**-**	(940)
Income tax on items that will not be reclassified to the income statement	**(90)**	(2,083)
Total items that will not be reclassified to the income statement, net of tax	**210**	3,921
Other comprehensive income for the half year, net of tax	**2,504**	4,561
Total comprehensive income for the half year	**61,856**	34,604
Attributable to:		
Ordinary shareholders of DuluxGroup Limited	**63,726**	36,607
Non-controlling interest in controlled entities	**(1,870)**	(2,003)
Total comprehensive income for the half year	**61,856**	34,604

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

(1) The prior period comparative has been restated as a result of a change in accounting standard AASB 119 *Employee Benefits*. Refer to Note 13.

Consolidated Balance Sheet

As at:

	Notes	**31 March 2014 $'000**	30 September 2013 $'000
Current assets			
Cash and cash equivalents		**24,619**	46,374
Trade and other receivables		**208,623**	226,666
Inventories		**204,390**	195,779
Derivative financial assets		**119**	298
Other assets		**9,758**	6,211
Total current assets		**447,509**	475,328
Non-current assets			
Trade and other receivables		**68**	96
Investment accounted for using the equity method		**5,278**	4,678
Property, plant and equipment		**261,167**	263,809
Intangible assets		**235,981**	235,758
Deferred tax assets		**46,335**	48,906
Other assets		**3,749**	4,231
Total non-current assets		**552,578**	557,478
Total assets		**1,000,087**	1,032,806
Current liabilities			
Trade and other payables		**209,970**	248,401
Interest-bearing liabilities		**5,923**	15,707
Derivative financial liabilities		**279**	2
Current tax liabilities		**2,949**	14,915
Provisions		**28,240**	37,124
Total current liabilities		**247,361**	316,149
Non-current liabilities			
Interest-bearing liabilities		**410,258**	419,372
Deferred tax liabilities		**17,724**	17,802
Provisions		**39,586**	40,249
Defined benefit liability		**7,799**	8,266
Total non-current liabilities		**475,367**	485,689
Total liabilities		**722,728**	801,838
Net assets		**277,359**	230,968
Equity			
Contributed equity	9	**215,455**	193,383
Reserves		**(91,316)**	(92,717)
Retained earnings [1]		**150,347**	125,559
Total equity attributable to ordinary shareholders of DuluxGroup Limited		**274,486**	226,225
Non-controlling interest in controlled entities		**2,873**	4,743
Total equity		**277,359**	230,968

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

(1) The retained earnings of the consolidated entity includes the profits reserve of the parent entity, DuluxGroup Limited.

Consolidated Statement of Changes in Equity

For the half year ended 31 March 2014:

	Total equity attributable to ordinary shareholders of DuluxGroup Limited								
	Contributed equity $'000	Share-based payments reserve $'000	Cash flow hedge reserve $'000	Foreign currency translation reserve $'000	Common control reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 October 2013	193,383	7,514	1	(2,530)	(97,702)	125,559	226,225	4,743	230,968
Profit for the half year	-	-	-	-	-	59,997	59,997	(645)	59,352
Other comprehensive income, net of tax	-	-	(151)	3,670	-	210	3,729	(1,225)	2,504
Total comprehensive income for the half year	**-**	**-**	**(151)**	**3,670**	**-**	**60,207**	**63,726**	**(1,870)**	**61,856**
Transactions with owners, recorded directly in equity									
Shares issued under the DuluxGroup dividend reinvestment plan	11,337	-	-	-	-	-	11,337	-	11,337
Share-based payments	-	2,232	-	-	-	-	2,232	-	2,232
Shares vested under the ESIP and LTEIP[1]	10,735	(4,350)	-	-	-	-	6,385	-	6,385
Dividends paid[2]	-	-	-	-	-	(35,419)	(35,419)	-	(35,419)
Balance at 31 March 2014	**215,455**	**5,396**	**(150)**	**1,140**	**(97,702)**	**150,347**	**274,486**	**2,873**	**277,359**

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

(1) Refer to Note 9 for details of the shares vested under the DuluxGroup Long-Term Executive Investment Plan (LTEIP) and Employee Share Investment Plan (ESIP).

(2) Refer to Note 7 (a) for details of the dividend paid during the period.

Consolidated Statement of Changes in Equity (continued)

For the half year ended 31 March 2013:

	Total equity attributable to ordinary shareholders of DuluxGroup Limited									
	Contributed equity $'000	Share-based payments reserve $'000	Cash flow hedge reserve $'000	Foreign currency translation reserve $'000	Common control reserve $'000	Revaluation reserve - other financial assets $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 October 2012	172,695	5,176	(67)	(11,995)	(97,702)	(752)	102,538	169,893	12,959	182,852
Adjustment resulting from change in accounting policy (net of tax)[1]	-	-	-	-	-	-	1,749	1,749	-	1,749
Restated balance as at 1 October 2012	**172,695**	**5,176**	**(67)**	**(11,995)**	**(97,702)**	**(752)**	**104,287**	**171,642**	**12,959**	**184,601**
Profit for the half year	-	-	-	-	-	-	31,956	31,956	(1,913)	30,043
Other comprehensive income, net of tax	-	-	51	679	-	(940)	4,861	4,651	(90)	4,561
Total comprehensive income for the half year	**-**	**-**	**51**	**679**	**-**	**(940)**	**36,817**	**36,607**	**(2,003)**	**34,604**
Transactions with owners, recorded directly in equity										
Shares issued under the DuluxGroup dividend reinvestment plan	10,358	-	-	-	-	-	-	10,358	-	10,358
Share-based payments	-	1,303	-	-	-	-	-	1,303	-	1,303
Shares vested under the ESIP[2]	53	(25)	-	-	-	-	-	28	-	28
Transfer of reserve to retained earnings[3]	-	-	-	-	-	1,692	(1,692)	-	-	-
Finalisation of non-controlling interest on acquisition of a subsidiary[4]	-	-	-	-	-	-	-	-	348	348
Dividends paid[5]	-	-	-	-	-	-	(29,241)	(29,241)	-	(29,241)
Balance at 31 March 2013	**183,106**	**6,454**	**(16)**	**(11,316)**	**(97,702)**	**-**	**110,171**	**190,697**	**11,304**	**202,001**

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

(1) The prior period comparative has been restated as a result of a change in accounting standard AASB 119 *Employee Benefits*. Refer to Note 13.

(2) Refer to Note 9 for details of the shares vested under the DuluxGroup ESIP.

(3) As permitted under Australian Accounting Standards, the revaluation of Alesco shares previously held at fair value through other comprehensive income was transferred to retained earnings after the successful acquisition of Alesco.

(4) This adjustment relates to the merger of DuluxGroup Limited's DGL International entities with the operations of National Lacquer Paint and Products Co Ltd (NLPP) in Hong Kong and China. Non-controlling interest as recognised at 30 September 2012 comprises shares issued in DuluxGroup's wholly owned subsidiary, DGL Camel International Limited, with a fair value of $12,460,000 and NLPP's retained 49% interest in Camelpaint Chemicals Company Limited and its wholly owned subsidiaries (CCC Group) of $4,084,000. During the half year ended 31 March 2013 as part of the acquisition accounting process, the fair value of shares issued in DGL Camel International Limited was subsequently amended to $12,112,000 and NLPP's retained 49% interest in CCC Group was amended to $4,780,000.

(5) Refer to Note 7 (a) for details of the dividend paid during the period.

Consolidated Statement of Cash Flows

For the half year ended 31 March:

	2014 **$'000**	2013 $'000
Cash flows from operating activities		
Receipts from customers	**902,730**	788,892
Payments to suppliers and employees	**(840,556)**	(738,422)
Interest received	**358**	220
Interest paid	**(13,852)**	(11,895)
Income taxes paid	**(30,552)**	(16,713)
Insurance recoveries	**-**	1,040
Net cash inflow from operating activities	**18,128**	23,122
Cash flows from investing activities		
Payments for property, plant and equipment	**(13,785)**	(9,247)
Payments for intangible assets	**(109)**	(557)
Payments for purchase of businesses and controlled entities, net of cash acquired	**-**	(145,531)
Proceeds from disposal of business	**10,776**	-
Proceeds from sale of property, plant and equipment	**265**	48
Proceeds from price adjustment on purchase of controlled entities	**710**	-
Net cash outflow from investing activities	**(2,143)**	(155,287)
Cash flows from financing activities		
Proceeds from short term borrowings	**-**	3,085
Repayments of short term borrowings	**(9,824)**	(76,208)
Proceeds from long term borrowings	**2,018,522**	2,045,145
Repayments of long term borrowings	**(2,028,500)**	(1,822,000)
Proceeds from employee share plan repayments	**6,360**	391
Dividends paid (net of shares issued as part of DuluxGroup's dividend reinvestment plan)	**(24,082)**	(18,883)
Net cash (outflow)/inflow from financing activities	**(37,524)**	131,530
Net decrease in cash held	**(21,539)**	(635)
Cash at the beginning of the half year	**46,374**	28,508
Effects of exchange rate changes on cash	**(216)**	2
Cash at the end of the half year	**24,619**	27,875

Reconciliation of cash

Cash and cash equivalents at the end of the half year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash at bank and on hand	**24,619**	24,965
Cash at bank - restricted[(1)]	**-**	2,910
	24,619	27,875

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

(1) DuluxGroup operates a customer loyalty programme, which was managed on behalf of DuluxGroup by a third party. Under the terms of this arrangement, DuluxGroup was required to maintain sufficient funds in a programme specific bank account to honour in full the potential redemption value of rewards by customers. The ability to use this cash was contractually restricted and therefore presented separately. During the half year ended 31 March 2014, management of this programme was transferred back to the Group.

Notes to the Half Year Report

1 Accounting policies

The significant accounting policies adopted in preparing the financial report of DuluxGroup Limited (the Company) and of its controlled entities (collectively 'the consolidated entity' or 'the Group' or 'DuluxGroup') are stated below to assist in a general understanding of this financial report.

Except as described below, the accounting policies and methods of computation applied by the Group in this Half Year Report are the same as those applied by DuluxGroup Limited in its consolidated financial statements for the year ended 30 September 2013.

a. Basis of preparation

This financial report (Half Year Report) has been prepared on a historical cost basis, except for derivative financial instruments, investments in financial assets (other than controlled entities and joint ventures) and defined benefit obligations which have been measured at fair value.

The financial report for the half year ended 31 March 2014 was approved by the Board of Directors on 19 May 2014. This financial report is presented in Australian dollars, which is DuluxGroup Limited's functional and presentation currency.

This general purpose financial report for the half year reporting period ended 31 March 2014 has been prepared in accordance with the requirements of applicable Australian Accounting Standards including AASB 134 *Interim Financial Reporting*, Australian Interpretations and the *Corporations Act 2001*.

This Half Year Report does not include all of 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 30 September 2013 prepared under Australian Accounting Standards including Australian Interpretations and the *Corporations Act 2001*, changes in accounting policies for the requirements summarised below and any public announcements made by the Company during the half year reporting period ended 31 March 2014 in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 October 2013:

- AASB 10 *Consolidated Financial Statements.*
- AASB 11 *Joint Arrangements.*
- AASB 12 *Disclosure of Interests in Other Entities.*
- AASB 119 *Employee Benefits.*
- AASB 127 *Separate Financial Statements.*
- AASB 128 *Investments in Associates and Joint Ventures.*

For details of the impact of adopting the revised AASB 119 *Employee Benefits*, refer to Note 13. Adoption of the other standards did not have a significant impact on the consolidated interim financial statements or has impacted disclosures only.

The standards and interpretations relevant to the Group that have been early adopted during the half year are:

- AASB CF2013-1 *Amendments to Australian Accounting Standards Conceptual Framework.*
- AASB 2013-9 (Part A: Conceptual Framework) *Amendments to Australian Accounting Standards Conceptual Framework, Materiality and Financial Instruments.*

Adoption of these standards and interpretations did not have a significant impact on the consolidated financial statements.

The standards and interpretations relevant to the Group that have not been early adopted are:

- AASB 2013-9 (Part B: Materiality) *Amendments to Australian Accounting Standards Conceptual Framework, Materiality and Financial Instruments* – applicable for annual reporting periods beginning on or after 1 January 2014 with early adoption not permitted.
- AASB 2013-9 (Part C: Financial Instruments) *Amendments to Australian Accounting Standards Conceptual Framework, Materiality and Financial Instruments* – applicable for annual reporting periods beginning on or after 1 January 2015.

DuluxGroup expects to adopt these standards and interpretations in subsequent financial years - however they are not expected to have a significant impact on the financial results of DuluxGroup.

Notes to the Half Year Report (continued)

2 Businesses acquired

2013

On 18 December 2012, DuluxGroup announced that it had been successful in acquiring over 90% of the ordinary share capital of Alesco and had commenced compulsory acquisition for the remainder of the shares. Compulsory acquisition was completed on 29 January 2013.

From an accounting perspective, the acquisition date is 12 December 2012, being the date on which DuluxGroup's offer for Alesco Group was made unconditional and DuluxGroup obtained the ability to govern the financial and operating policies of Alesco Group through securing Board and management control of this group. The results of the acquired businesses have been consolidated from the close of business on 11 December 2012.

The acquisition accounting for this transaction has now been finalised. The assets and liabilities recognised as a result of this acquisition by the consolidated entity are as follows:

2013	Book value $'000	Fair value adjustment $'000	Fair value total $'000
Consideration			
Cash payments to ordinary shareholders of Alesco[1]	145,940	-	145,940
Investment in Alesco at fair value through other comprehensive income	35,908	-	35,908
Net cash acquired	(571)	-	(571)
Total consideration	181,277	-	181,277
Net assets of controlled entities acquired			
Trade and other receivables[2]	82,714	(841)	81,873
Inventories	72,517	(7,135)	65,382
Property, plant and equipment	56,669	5,127	61,796
Intangibles including purchased goodwill[3]	333,194	(276,882)	56,312
Other assets	2,414	(61)	2,353
Deferred tax assets	13,839	5,286	19,125
Trade and other payables	(68,781)	(2,492)	(71,273)
Interest-bearing liabilities	(75,001)	-	(75,001)
Leased properties provisions	(4,642)	(4,306)	(8,948)
Contingent liabilities	-	(9,951)	(9,951)
Current income tax provision	(4,486)	(1,824)	(6,310)
Other provisions	(1,931)	(2,254)	(4,185)
Provision for employee entitlements	(12,933)	(970)	(13,903)
Deferred tax liabilities	(2,803)	(14,925)	(17,728)
Net identifiable assets acquired	390,770	(311,228)	79,542
Goodwill on acquisition[4]			101,735

(1) Cash payment to ordinary shareholders of Alesco for accounting purposes comprises $125,584,000 relating to the purchase of ordinary shares in Alesco and $20,356,000 in relation to payment of a special dividend.

(2) Includes an insurance receivable of NZD 700,000 (AUD 550,000) for recoveries from the Christchurch earthquake.

(3) Book value includes purchased goodwill of $230,125,000.

(4) None of the goodwill recognised is expected to be deductible for tax purposes.

Transaction costs recognised in respect to this acquisition during the half year ended 31 March 2014 were $NIL (2013 $5,705,000). These costs were included as part of purchased services in the consolidated income statement. For the full year ended 30 September 2013 transaction costs of $6,305,000 were recognised.

Notes to the Half Year Report (continued)

2 Businesses acquired (continued)

Results contributed by the acquired business from acquistion date to 31 March 2013:

	$'000
Revenue	127,558
Loss from operations	168

If the acquisition had occured on 1 October 2012, the results of the consolidated entity at 31 March 2013 would have been:

	$'000
Revenue	777,878
Profit from operations [(1)]	67,407

(1) The prior period disclosure has been restated as a result of a change in accounting standard AASB 119 *Employee Benefits*. Refer to Note 13.

The information on revenue and profit before income tax expense above was compiled by management based on financial information made available following acquisition and assuming no material transactions between DuluxGroup and the acquired businesses.

Goodwill on the purchase of Alesco Group is attributable mainly to the skills and technical talent of the acquired businesses' work forces and the synergies expected to be achieved from integrating these businesses.

3 Businesses disposed

2014

On 18 December 2013, DuluxGroup entered into an agreement to dispose of the Opel business in China for RMB 55,453,000 (AUD 10,315,000), net of sales related taxes, to Nippon Paint (China) Co., Limited. This transaction was completed on 15 January 2014, with the sale proceeds received in full during the half year ended 31 March 2014.

The income statement includes a profit on disposal before tax of $3,714,000 ($3,714,000 net of tax) after taking account of transaction costs of $317,000, and allocation of $917,000 for DuluxGroup's 51% share of the goodwill pertaining to the part of the China CGU disposed in this transaction. Goodwill attributable to the non-controlling interest's 49% share, has not been recognised as the merger of the Group's Hong Kong and China net assets with those of National Lacquer Paint and Products Co Ltd (NLPP) was accounted for on a proportional basis, meaning that only DuluxGroup's share of goodwill is recognised on the balance sheet. DuluxGroup's share of the profit is $1,445,000, with the balance of $2,269,000 attributable to non-controlling interest. The profit on disposal is included in 'Other income' in the income statement and is disclosed as part of 'Other businesses' in the segment report (refer Note 6).

In addition to DuluxGroup's 51% share of goodwill explained above, assets totalling $5,367,000 were disposed, including: trademarks and intellectual property rights attaching to the Opel brand name of $981,000; saleable inventory of $640,000; receivables of $3,746,000; as well as all customer lists and supplier contracts and the relevant know how and formulations for all products sold under the Opel brands.

As a consequence of the Opel business disposal, the Group has incurred further restructuring costs totalling $2,798,000 relating to the exit of this business. DuluxGroup's share of these costs is $1,427,000, with the balance of $1,371,000 attributable to non-controlling interest. These costs include amounts for relocation of manufacturing, lease surrender, redundancies, disposal of assets (including asset write offs for remaining raw materials and work in progress inventories, excess software licenses and fixed assets), and termination of supplier arrangements. These costs are included as part of other expenses and employee benefits expense in the consolidated income statement.

Accordingly, the net impact of this transaction inclusive of restructuring costs on net profit attributable to DuluxGroup shareholders was $18,000.

2013

On 29 August 2013, DuluxGroup entered into an agreement to dispose the Robinhood kitchen and laundry appliance business, which was acquired through the Alesco acquisition, for $3,428,000. This transaction was completed on 16 September 2013. During the financial year ended 30 September 2013 DuluxGroup received proceeds of $2,967,000 (net of GST), with the balance of $461,000 received during the half year ended 31 March 2014.

Notes to the Half Year Report (continued)

4 Earnings per share (EPS)

As reported in the consolidated income statement	31 March 2014 Cents per share	31 March 2013 Restated[1] Cents per share
Total attributable to ordinary shareholders of DuluxGroup Limited		
Basic earnings per share	**16.2**	8.8
Diluted earnings per share	**15.8**	8.6
	$'000	$'000
Earnings used in the calculation of basic and diluted earnings per share		
Profit for the half year attributable to ordinary shareholders of DuluxGroup Limited	**59,997**	31,956
	Number	Number
Weighted average number of ordinary shares outstanding used as the denominator:		
Number for basic earnings per share	**369,602,312**	363,316,737
Effect of the potential vesting of shares under the LTEIP and ESIP[2]	**9,605,560**	8,717,275
Number for diluted earnings per share	**379,207,872**	372,034,012

(1) The prior period comparative has been restated as a result of a change in accounting standard AASB 119 *Employee Benefits*. Refer to Note 13.

(2) The calculation of the weighted average number of shares has been adjusted for the effect of these potential ordinary shares from the earlier of the date of issue or the beginning of the half year. For further details on the LTEIP and ESIP refer to Note 9.

5 Other income

	31 March 2014 $'000	31 March 2013 $'000
Net profit on disposal of a business (Note 3)	**3,714**	-
Royalty income	**253**	57
Rental income	**203**	485
Insurance recoveries[1]	**-**	331
Net foreign exchange gains	**28**	63
Other	**293**	343
	4,491	1,279

(1) Comprises recoveries from the Christchurch earthquake.

Notes to the Half Year Report (continued)

6 Segment report

Segment information is presented in respect of the consolidated entity's reportable segments. The Chief Operating Decision Maker (CODM) for the Group has been assessed as the Group's Managing Director and Chief Executive Officer.

The consolidated entity's policy is to transfer products internally at negotiated commercial prices. The major products and services from which DuluxGroup's segments derived revenue during the half year ended 31 March 2014 were:

Defined reportable segments	**Products/services**
Paints Australia	Manufacture and supply of paints and other surface coatings to the decorative market in Australia for both consumer and professional markets.
Paints New Zealand	Manufacture and supply of paints and other surface coatings to the decorative market in New Zealand for both consumer and professional markets.
Selleys Yates	Manufacture and distribution of home improvement and garden care products in Australia and New Zealand for both consumer and professional markets.
Garage Doors and Openers	Manufacture and supply of a range of garage doors for domestic and commercial use as well as commercial and residential automatic openers.
Parchem	Manufacture and supply of construction chemicals, decorative concrete solutions and related equipment.
Lincoln Sentry	Distributor of hardware and components to the cabinet making industry and window, door and glazing fabricators.
Other businesses	China and South East Asia specialty coatings and adhesive businesses, Papua New Guinea business, the powders and industrial coatings business in Australia and New Zealand and trading from the former Robinhood kitchen and laundry appliance business.

On 1 April 2014 a new organisational structure came into effect. Refer to Note 14 for further details.

Notes to the Half Year Report (continued)

6 Segment report (continued)

Reportable segments 31 March 2014 $'000	Paints Australia	Paints New Zealand	Selleys Yates	Garage Doors and Openers	Parchem	Lincoln Sentry	Other businesses	Total reportable segments	Unallocated (1)	Consolidated
Revenue										
External revenue	**335,705**	**53,540**	**119,804**	**81,041**	**61,259**	**76,850**	**76,256**	**804,455**	**-**	**804,455**
Inter-segment revenue	**3,475**	**361**	**5,105**	**-**	**-**	**-**	**337**	**9,278**	**(9,278)**	**-**
Total revenue	**339,180**	**53,901**	**124,909**	**81,041**	**61,259**	**76,850**	**76,593**	**813,733**	**(9,278)**	**804,455**
Other income (2)	**56**	**23**	**132**	**35**	**34**	**18**	**2,389**	**2,687**	**1,804**	**4,491**
Total revenue and other income	**339,236**	**53,924**	**125,041**	**81,076**	**61,293**	**76,868**	**78,982**	**816,420**	**(7,474)**	**808,946**
Results										
Profit/(loss) before net financing costs and income tax expense	**61,632**	**9,515**	**13,973**	**7,482**	**3,759**	**3,378**	**2,381**	**102,120**	**(8,237)**	**93,883**
Profit/(loss) from operations	**61,632**	**9,515**	**13,973**	**7,482**	**3,759**	**3,378**	**2,381**	**102,120**	**(8,237)**	**93,883**
Finance income										**358**
Finance expense										**(13,220)**
Profit before income tax expense										**81,021**
Income tax expense										**(21,669)**
Profit for the half year										**59,352**
Segment assets	**311,798**	**55,221**	**132,970**	**155,886**	**88,100**	**80,903**	**88,628**	**913,506**	**86,581**	**1,000,087**
Segment liabilities	**139,023**	**11,098**	**38,357**	**19,961**	**18,740**	**24,420**	**30,035**	**281,634**	**441,094**	**722,728**
Investment accounted for using the equity method	**-**	**-**	**5,278**	**-**	**-**	**-**	**-**	**5,278**	**-**	**5,278**
Acquisitions of property, plant and equipment and intangible assets	**7,696**	**229**	**818**	**1,521**	**419**	**945**	**1,534**	**13,162**	**-**	**13,162**
Impairment/(reversal of impairment) of inventories	**216**	**(165)**	**248**	**(115)**	**(113)**	**(15)**	**522**	**578**	**-**	**578**
Impairment/(reversal of impairment) of trade and other receivables	**410**	**56**	**-**	**203**	**31**	**(6)**	**841**	**1,535**	**-**	**1,535**
Depreciation expense	**5,748**	**1,312**	**1,340**	**1,278**	**938**	**486**	**2,080**	**13,182**	**362**	**13,544**
Amortisation expense	**294**	**41**	**139**	**1,632**	**235**	**663**	**155**	**3,159**	**6**	**3,165**
Non-cash expenses other than depreciation and amortisation:										
Share-based payments	**371**	**61**	**30**	**103**	**51**	**24**	**33**	**673**	**1,559**	**2,232**
Share of net profit of joint venture accounted for using the equity method	**-**	**-**	**600**	**-**	**-**	**-**	**-**	**600**	**-**	**600**

(1) Unallocated largely comprises centrally managed income, costs, assets and liabilities relating to properties, tax, treasury, DuluxGroup's defined benefit pension plan, integration costs of $2,436,000 associated with the acquisition of the Alesco Group and reversal of the provision for contingent liabilities from business acquisitions relating to the Option Convertible Note (OCN) tax matter of $5,555,000.

(2) Includes foreign exchange gains/(losses) in various reportable segments and profit from the disposal of the Opel business of $3,714,000 (before restructuring costs of $2,798,000 relating to the exit of this business).

Notes to the Half Year Report (continued)

6 Segment report (continued)

Reportable segments **31 March 2013 Restated** [(1)] **$'000**	Paints Australia	Paints New Zealand	Selleys Yates	Garage Doors and Openers	Parchem	Lincoln Sentry	Other businesses	Total reportable segments	Unallocated[(2)]	Consolidated
Revenue										
External revenue	321,438	45,219	121,257	46,325	34,856	41,354	80,304	690,753	-	690,753
Inter-segment revenue	3,081	204	5,298	-	-	(1)	241	8,823	(8,823)	-
Total revenue	324,519	45,423	126,555	46,325	34,856	41,353	80,545	699,576	(8,823)	690,753
Other income[(3)]	4	26	23	440	44	63	104	704	575	1,279
Total revenue and other income	324,523	45,449	126,578	46,765	34,900	41,416	80,649	700,280	(8,248)	692,032
Results										
Profit/(loss) before net financing costs and income tax expense	56,120	7,065	12,054	2,745	190	(59)	2,143	80,258	(21,176)	59,082
Profit/(loss) from operations	56,120	7,065	12,054	2,745	190	(59)	2,143	80,258	(21,176)	59,082
Finance income										220
Finance expense										(13,750)
Profit before income tax expense										45,552
Income tax expense										(15,509)
Profit for the half year										30,043
Segment assets[(4)]	297,775	51,017	133,345	169,436	87,974	81,115	100,101	920,763	112,043	1,032,806
Segment liabilities[(4)]	143,711	14,211	42,895	24,978	18,699	23,080	39,713	307,287	494,551	801,838
Investment accounted for using the equity method[(4)]	-	-	4,678	-	-	-	-	4,678	-	4,678
Acquisitions of property, plant and equipment and intangible assets	5,399	225	1,276	899	233	156	970	9,158	-	9,158
Impairment of property, plant and equipment	-	-	-	-	-	-	140	140	-	140
Impairment/(reversal of impairment) of inventories	872	157	91	124	24	214	(163)	1,319	-	1,319
Impairment/(reversal of impairment) of trade and other receivables	1,096	72	-	(191)	15	(36)	(149)	807	-	807
Depreciation expense	5,327	1,290	1,455	1,149	908	386	2,226	12,741	413	13,154
Amortisation expense	377	36	164	1,080	192	419	219	2,487	6	2,493
Non-cash expenses other than depreciation and amortisation:										
Share-based payments	370	56	93	-	-	-	40	559	744	1,303
Share of net profit of joint venture accounted for using the equity method	-	-	715	-	-	-	-	715	-	715

(1) The prior period comparative has been restated as a result of a change in accounting standard AASB 119 *Employee Benefits*. Refer to Note 13.

(2) Unallocated largely comprises centrally managed income, costs, assets and liabilities relating to properties, tax, treasury, DuluxGroup's defined benefit pension plan and transaction costs ($5,705,000) and integration costs ($4,771,000) associated with the acquisition of the Alesco Group.

(3) Includes foreign exchange gains/(losses) in various reportable segments and recoveries from the Christchurch earthquake of $331,000.

(4) Balance as at 30 September 2013.

Notes to the Half Year Report (continued)

7 Dividends

The declaration of dividends is subject to the Company satisfying the 'solvency test' requirements of the *Corporations Act 2001*.

a) Ordinary shares

2014

On 13 November 2013, the Directors declared a fully franked final dividend of 9.5 cents per ordinary share. Dividends totalling $35,419,000 were paid on 18 December 2013.

2013

On 13 May 2013, the Directors declared a fully franked final dividend of 8.0 cents per ordinary share. Dividends totalling $29,575,000 were paid on 14 June 2013.

On 14 November 2012, the Directors declared a fully franked final dividend of 8.0 cents per ordinary share. Dividends totalling $29,241,000 were paid on 17 December 2012.

b) Subsequent events

On 19 May 2014, the directors declared an interim dividend of 10.0 cents per ordinary share, fully franked and payable on 20 June 2014. The financial effect of this interim dividend is not included in the financial statements for the half year ended 31 March 2014 and will be recognised in the 2014 annual financial statements.

The Company's Dividend Reinvestment Plan (DRP) will operate with respect to the interim dividend. The DRP pricing period will be the five trading days from 3 June 2014 to 10 June 2014 inclusive. A discount of 2.5% will be applied to the DRP price. Ordinary shares issued under the DRP will rank equally with all other ordinary shares.

8 Intangible assets

Impairment testing of goodwill and intangible assets with indefinite useful lives

For the purpose of impairment testing, the allocation of goodwill and brand names with indefinite lives are as follows:

	Goodwill (1)		**Brand names (2)**	
	31 March 2014 $'000	30 September 2013 $'000	**31 March 2014 $'000**	30 September 2013 $'000
Paints Australia	**21,777**	8,063	**23,500**	23,500
Selleys Yates	**29,953**	20,325	**14,858**	14,858
China(3)	**9,036**	9,882	**-**	-
Garage Doors and Openers	**38,750**	53,139	**15,000**	15,000
Parchem	**21,501**	25,187	**3,400**	3,400
Lincoln Sentry	**18,193**	21,808	**2,400**	2,400
	139,210	138,404	**59,158**	59,158

(1) Goodwill acquired in a business combination is measured at cost less any accumulated impairment losses.

(2) Brand names assessed to have indefinite lives are identified on the basis of brand strength, expectations of continuing profitability and future business commitment to these brands.

(3) Includes DuluxGroup's operations in China and Hong Kong.

Impairment testing at 31 March 2014 did not result in impairment charges being recognised by DuluxGroup.

The calculation of recoverable amount for DuluxGroup impairment testing purposes is sensitive to changes in discount rates, terminal value growth rates applied in perpetuity, expected sales revenue growth rates in the forecast period, and earnings varying from the assumptions and forecast data used. As such, sensitivity analysis was undertaken to examine the effect of a change in a variable on each cash generating unit (CGU). For all other CGUs other than the China CGU, a reasonable possible change in these inputs would not cause the recoverable amount to be below the carrying amount

At 30 September 2013, the carrying value of the China CGU was impaired to its recoverable amount determined based on its fair value less costs to sell, which took account of recent observable market based information, in particular gross margin and revenue multiples for similar businesses in China. Following completion of the impairment testing on this basis for the half year ended 31 March 2014, it was determined that the carrying amount of the China CGU continues to be carried at its recoverable amount and as such any further decline in this recoverable amount will result in further impairment losses to be recognised in future financial periods.

Notes to the Half Year Report (continued)

9 Contributed equity

	31 March 2014 $'000	30 September 2013 $'000
Issued and fully paid		
Ordinary shares	**223,114**	201,099
Less treasury shares	**(7,659)**	(7,716)
Ordinary shares of the consolidated entity	**215,455**	193,383

Movements in fully paid ordinary shares on issue since 1 October 2012 were as follows:

Details	**Number of shares**	**Issue price $**	**$'000**
Ordinary shares			
Balance at 1 October 2012	368,984,902	-	180,457
Shares issued under the DuluxGroup 30 September 2012 final dividend reinvestment plan (DRP)[(1)]	2,976,371	3.48	10,358
Shares issued under the DuluxGroup 31 March 2013 interim DRP[(1)]	2,303,145	4.44	10,226
Shares issued under the ESIP and the LTEIP	2,755,012	-	-
Shares vested under the ESIP[(2)]	-	-	58
Balance at 30 September 2013	377,019,430		201,099
Shares issued under the DuluxGroup 30 September 2013 final DRP[(1)]	2,155,331	5.26	11,337
Shares issued under the ESIP and the LTEIP	1,919,189	-	-
Shares vested under the ESIP[(2)]	-	-	1,202
Shares vested under the LTEIP[(3)]	-	-	9,476
Balance at 31 March 2014	**381,093,950**		**223,114**
Less treasury shares	2,636,891	-	7,659
Ordinary shares of the consolidated entity	**378,457,059**	**-**	**215,455**

(1) The Company has established a DRP under which holders of ordinary shares may be able to elect to have all or part of their dividend entitlements satisfied by the issue of new fully paid ordinary shares or shares purchased on-market by DuluxGroup. A discount of 2.5% has been applied to the DRP issue price.

(2) Upon cessation of employment and settlement of amounts outstanding for their ESIP shares or in the ordinary course of the vesting rules for the 2010 ESIP, 469,593 shares vested to plan participants (2013 35,770).

(3) In accordance with the plan rules 3,705,682 shares vested under the 2010 LTEIP and proceeds of $5,723,000 were received as settlement, being the residual balance after applying dividends and debt foregiveness of $3,800,000. In addition, the share-based payment reserve amount of $3,753,000 was transferred from the share-based payment reserve to contributed equity.

Notes to the Half Year Report (continued)

9 Contributed equity (continued)

a) Shares issued to subsidiaries and treasury shares

DuluxGroup has formed a trust to administer the Group's employee share schemes (the LTEIP and ESIP). DuluxGroup (Employee Share Plans) Pty Ltd, is the trustee for the plans. The trust is consolidated as the substance of the relationship is that the trust is controlled by DuluxGroup.

Where new ordinary share capital is issued to the trust for the purpose of the employee share schemes, this ordinary share capital is not recognised in contributed equity on consolidation. The following table summarises the movements in the number of shares, including Treasury shares, held by the trust since 1 October 2012.

	Number of shares		
Details	**Issued to subsidiaries**	**Treasury**	**Total**
Balance at 1 October 2012	4,718,966	2,672,288	7,391,254
Shares vested under the ESIP	(20,040)	(15,730)	(35,770)
Shares issued for the LTEIP and ESIP[1]	2,755,012	-	2,755,012
Balance at 30 September 2013	7,453,938	2,656,558	10,110,496
Shares vested under the ESIP	(449,926)	(19,667)	(469,593)
Shares vested under the LTEIP	(3,705,682)	-	(3,705,682)
Shares issued for the LTEIP and ESIP[1]	1,919,189	-	1,919,189
Balance at 31 March 2014[2]	**5,217,519**	**2,636,891**	**7,854,410**

(1) DuluxGroup's LTEIP and ESIP requirements were satisfied by an issue of 1,919,189 (2012 2,755,012) DuluxGroup ordinary shares and the reallocation of forfeited 2010, 2011 and 2012 LTEIP and ESIP shares (2012 reallocation of 2010 and 2011 shares) returned to DuluxGroup during the vesting period by executives and employees leaving DuluxGroup respectively. As these shares are held by the trust, these shares are either recognised as treasury shares or not recognised depending on whether the shares were originally purchased on-market or were from a new share issue.

(2) In the event that all shares held by the trust vest in full with no debt foregiveness, the maximum outstanding proceeds expected to be received from employee share plan repayments is $26,483,000.

10 Share-based payments

Total expenses arising from share-based payment transactions recognised during the half year as part of employee benefit expense were as follows:

	31 March 2014 $	31 March 2013 $
DuluxGroup Long Term Equity Incentive Plan	**1,297,000**	1,302,526
DuluxGroup Employee Share Investment Plan	**934,575**	-
	2,231,575	1,302,526

Under the LTEIP, the shares issued to the executives can be newly issued shares, purchased on-market or reallocated forefeited shares. Details of shares issued under the LTEIP during the half year ended 31 March 2014 were:

	Number at issue date	**Issue date**	**Issue price**
2013 LTEIP grant	2,191,852	20 December 2013	$5.34

Notes to the Half Year Report (continued)

10 Share-based payments (continued)

i) Fair value of share options granted in December 2013

The fair value at grant date for the purposes of AASB 2 is independently determined using an adjusted form of the Black-Scholes option pricing model. Standard option pricing inputs include underlying share price, exercise price, expected dividends, expected risk-free interest rates and expected share price volatility. In addition, specific factors in relation to the likely achievement of performance hurdles and employment tenure have been taken into account.

The fair value inputs for share options granted during the half year ended 31 March 2014 include:

	LTEIP 2013
Grant date	20 December 2013
Fair value estimate at grant date ($)	$1.71
Gateway condition(1)	EPS
Performance condition(2)	TSR ranking
Expected life of share options (years)	3.1
Expected dividend yield (%)	NIL
Expected risk-free interest rate (%)	2.96%
Expected share price volatility (%)	22.5%
Grant date share price ($)	$5.45

(1) The Board has implemented a 'gateway' level of minimum performance for the DuluxGroup LTEIP below which no benefit accrues. This 'gateway' is the compound annual EPS growth over the life of the share option and is calculated based on the EPS measure at 30 September 2013, restated for the retrospective adoption of the revised AASB 119 *Employee Benefits* as explained in Note 13, and must equal or exceed 4%.

(2) The relative Total Shareholder Return (TSR) performance hurdle is used to determine the level of loan forgiveness under the DuluxGroup LTEIP (the forgiveness amount). There is no loan forgiveness amount if DuluxGroup's relative TSR is below the 51st percentile against a Board approved comparator group. If DuluxGroup's relative TSR is greater than or equal to the 51st percentile, a proportion of the initial loan balance (on a 'sliding scale' from 10% at the 51st percentile up to a maximum of 30% at or above the 75th percentile) is forgiven.

b) DuluxGroup Employee Share Investment Plan (ESIP)

In December 2013, eligible Australian employees of the Group were invited to acquire DuluxGroup ordinary shares to the value of $500 (through salary sacrifice) with DuluxGroup matching this participation up to a further $500 (December 2012 $1000 with no matching). Eligible employees in New Zealand were invited to acquire ordinary shares to the value of NZD 390 (through salary sacrifice) with DuluxGroup matching this participation up to a further NZD 390 (December 2012 NZD 780 with no matching).

The number of DuluxGroup shares allocated was based on the volume weighted average price at the time of allocation under the ESIP. The offer was only open to full time and permanent part time employees who had been continuously employed within the DuluxGroup business for a period of three months prior to the date of the offers and specifically excluded members of the senior management team and Directors.

In accordance with AASB 2 the accounting expense to the Group for the matching is recognised in full at the time of the offer. Details of shares issued under the ESIP during the half year ended 31 March 2014 were:

	Number of participants	**Number at issue date**	**Issue date**	**Issue price**
2013 ESIP	1,954	350,028	20 December 2013	$5.34

Notes to the Half Year Report (continued)

11 Investments accounted for using the equity method

The consolidated entity has an interest in the following entity:

Name of entity	Percentage of ownership interest held at end of the half year		Contribution to net profit	
	31 March 2014 %	31 March 2013 %	**31 March 2014 $'000**	31 March 2013 $'000
Pinegro Products Pty Ltd[(1)]	**50.0**	50.0	**600**	715

(1) Acquired on 1 December 2009 and incorporated on 10 April 1979.

12 Income tax expense

The current year tax expense of $21,669,000 (2013 $15,509,000) represents an effective tax rate of 26.7% (2013 34.0%). The current year effective tax rate is below the Australian company tax rate of 30% primarily as a result of non-assessable income and income in offshore jurisdictions that have lower corporate tax rates. The prior year effective tax rate was above 30% as a result of one-off non-deductible transaction costs.

a) New Zealand Inland Revenue Department proceedings

On 14 February 2014, DuluxGroup announced that it had reached a settlement with the New Zealand Commissioner of Inland Revenue in relation to its Option Convertible Note matter. The total provision, recognised as part of provisions for contingent liabilities from business acquisitions and current tax, immediately prior to the settlement was NZ$15,238,000. This total liability was recognised through acquisition accounting. As a result of this settlement, the total provision has been substantially utilised, with DuluxGroup making cash payments totalling NZ$8,931,000 (AUD 8,452,000) and recognising a reversal of provisions of NZ$5,907,000 (AUD 5,555,000) (recognised as part of other expenses in the consolidated income statement).

13 Application of revised accounting standard

As a result of the mandatory application of the revised AASB 119 *Employee Benefits*, the Group has changed its accounting policy with respect to the basis for determining the income or expense related to defined benefits.

Under the revised AASB 119 *Employee Benefits* the defined benefit expense no longer includes the expected return on the plan's assets. This expected return is replaced by a net interest income or expense, calculated using a discount rate applied to the net defined benefit asset or liability. In addition, a gross rather than net of investment tax discount rate is used to determine the net defined benefit liability and service cost component of the defined benefit expense.

The transitional provisions of the revised standard require that it is adopted retrospectively. Accordingly adjustments to the net defined benefit liability have been recognised at the beginning of the earliest comparative period presented (1 October 2012) and the income statement and statement of comprehensive income have also been restated for the comparative period.

There is no impact on the balance sheet as at 30 September 2013 as the net defined benefit liability was already determined based on the gross discount rate at 30 September 2013.

Notes to the Half Year Report (continued)

13 Application of revised accounting standard (continued)

The impact of these adjustments is summarised in the tables below. Line items that were not affected by the change are not disclosed. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

Consolidated Income Statement

	Reported 31 March 2013 $'000	AASB 119 Employee Benefits $'000	Restated 31 March 2013 $'000
Expenses			
Employee benefits expense	153,467	1,135	154,602
Total expenses	631,815	1,135	632,950
Profit from operations	60,217	(1,135)	59,082
Finance expenses	(13,508)	(242)	(13,750)
Net finance costs	(13,288)	(242)	(13,530)
Profit before income tax expense	46,929	(1,377)	45,552
Income tax expense	(15,922)	413	(15,509)
Profit for the half year	31,007	(964)	30,043
Attributable to:			
Ordinary shareholders of DuluxGroup Limited	32,920	(964)	31,956
Non-controlling interest in controlled entities	(1,913)	-	(1,913)
Profit for the half year	31,007	(964)	30,043

Consolidated Statement of Comprehensive Income

	Reported 31 March 2013 $'000	AASB 119 Employee Benefits $'000	Restated 31 March 2013 $'000
Profit for the half year	31,007	(964)	30,043
Items that will not be reclassified to the income statement			
Actuarial gains on defined benefit plan	6,900	44	6,944
Income tax on items that will not be reclassified to the income statement	(2,070)	(13)	(2,083)
Total items that will not be reclassified to the income	3,890	31	3,921
Other comprehensive income for the half year, net of tax	4,530	31	4,561
Total comprehensive income for the half year	35,537	(933)	34,604
Attributable to:			
Ordinary shareholders of DuluxGroup Limited	37,540	(933)	36,607
Non-controlling interest in controlled entities	(2,003)	-	(2,003)
Total comprehensive income for the half year	35,537	(933)	34,604

Notes to the Half Year Report (continued)

13 Application of revised accounting standard (continued)

Consolidated Balance Sheet

	Reported 1 October 2012 $'000	AASB 119 Employee Benefits $'000	Restated 1 October 2012 $'000
Non-current assets			
Deferred tax assets	**36,186**	**(749)**	**35,437**
Total non-current assets	**377,689**	**(749)**	**376,940**
Total assets	**696,736**	**(749)**	**695,987**
Non-current liabilities			
Defined benefit liability	**20,869**	**(2,498)**	**18,371**
Total non-current liabilities	**289,300**	**(2,498)**	**286,802**
Total liabilities	**513,884**	**(2,498)**	**511,386**
Net assets	**182,852**	**1,749**	**184,601**
Equity			
Retained earnings	**102,538**	**1,749**	**104,287**
Total equity attributable to ordinary shareholders of DuluxGroup Limited	**169,893**	**1,749**	**171,642**
Non-controlling interest in controlled entities	**12,959**	**-**	**12,959**
Total equity	**182,852**	**1,749**	**184,601**

14 Events subsequent to balance date

On 19 May 2014, the directors declared an interim dividend of 10.0 cents per ordinary share, fully franked and payable on 20 June 2014. The financial effect of this interim dividend is not included in the financial statements for the half year ended 31 March 2014 and will be recognised in the 2014 annual financial statements.

On 1 April 2014 a new organisational structure came into effect. The key feature of this new structure will be the formation of a Consumer and Construction Products division comprising the Selleys and Parchem businesses. In addition, the Yates business will be managed on a stand-alone basis and reported as part of the Other businesses segment. Further, as a result of the increasing harmonisation and the similarity of the long term economic outlook, it is expected that the paints businesses in Australia and New Zealand will be aggregated into one reportable segment. This will impact the reportable segments disclosure as at 30 September 2014.

The directors have not become aware of any other significant matter or circumstance that has arisen since 31 March 2014, that has affected or may affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent years, which has not been covered in this report.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and the notes set out on pages 4 to 23 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair value of the consolidated entity's financial position as at 31 March 2014 and of its performance for the half year ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

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

Peter M. Kirby
Chairman

Melbourne

19 May 2014

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of DuluxGroup Limited:

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 March 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Alison Kitchen

Alison Kitchen
Partner

Melbourne

19 May 2014

KPMG

Independent auditor's review report to the members of DuluxGroup Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of DuluxGroup Limited ("the Company"), which comprises the consolidated balance sheet as at 31 March 2014, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001,* including giving a true and fair view of the Group's financial position as at 31 March 2014 and its performance for the half-year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.* As auditor of DuluxGroup Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

KPMG

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of DuluxGroup Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 March 2014 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Alison Kitchen
Partner

Melbourne

19 May 2014