

Breville

24 February 2015

Manager, Company Announcements,
Australian Securities Exchange Limited,
Level 4, 20 Bridge Street,
Sydney NSW 2000

**Half Year Ended 31 December 2014
Appendix 4D**

Attached is a copy of the Breville Group Limited Appendix 4D including Independent Review Report and Auditor's Independence Declaration for the Half Year Ended 31 December 2014.

Yours faithfully



Sasha Kitto
Company Secretary
Breville Group Limited

Telephone: (02) 9384 8100

Breville Group Limited
ABN 90 086 933 431

Building 2, Port Air Industrial Estate
1a Hale St, Botany NSW 2019 Australia

T + 61 (2) 9384 8100 F + 61 (2) 9700 1249
breville.com

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Breville Group Limited

ABN 90 086 933 431

Appendix 4D – Half year report

Note: The numbering marked with [] within this half year report is consistent with the numbering used in the guidelines issued by the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.3.

Current reporting period [1]: half year ended 31 December 2014

Previous corresponding period [1]: half year ended 31 December 2013

Results for announcement to the market

	Percentage change			Amount
	Up or down	%		A\$'000
Total revenues [2.1]	Down	5.6%	to	293,937
Earnings before interest, tax, depreciation & amortisation (EBITDA)	Down	4.0%	to	47,193
Earnings before interest and tax (EBIT)	Down	4.5%	to	43,559
Net profit after income tax for the half year attributable to members [2.2] [2.3]	Down	4.9%	to	29,658
Dividends [2.4]	Date paid / payable [5]	Amount per security [2.4]	Franked amount per security at 30% tax [2.4]	Amount per security of foreign source dividend [5]
Interim dividend				
Current reporting period	2 APR 2015	14.0¢	14.0¢	0.0¢
Previous corresponding period	9 APR 2014	14.0¢	14.0¢	0.0¢
Ex-dividend date for the interim dividend: 16 March 2015 The record date for determining entitlements to the interim dividend [2.5]: 18 March 2015				
Dividend reinvestment plan [6]				
The dividend reinvestment plan will not be in operation for the current reporting period interim dividend.				
Brief explanation [2.6]				
Please refer to the commentary in the review of results and operations section of the directors' report.				
For further explanation please refer to the ASX report announcement accompanying this half year report.				

Net tangible assets [3]		
	Current period	Previous corresponding period
Net tangible assets per security	113.63¢	110.95¢
Control gained or lost over entities [4]		
The group has not gained or lost control of any entities during the half year ended 31 December 2014.		
Total dividend paid / payable [5]		
	Current period A\$'000	Previous corresponding period A\$'000
Final dividend paid	16,912	15,611
Interim dividend payable / paid	18,213	18,213
Associates and joint venture entities [7]		
The group held no interests in associates or joint ventures during the half year ended 31 December 2014.		
For foreign entities, which set of accounting standards are used in compiling the report [8]		
Not applicable.		
Compliance statement		
The results for announcement to the market should be read in conjunction with the attached half year report for the half year ended 31 December 2014 and the 2014 Annual Report.		
No review dispute or qualification is contained in the attached independent review report for the half year ended 31 December 2014 ^[9] .		
Sign here:	 _____ Sasha Kitto Company secretary	
Date:	_____ 24 February 2015	

Breville Group Limited

ABN 90 086 933 431

Half year report

FOR THE HALF YEAR ENDED

31 December 2014

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Corporate information

This half year report covers the consolidated entity comprising Breville Group Limited and its subsidiaries (company or group).

A description of the group's operations and of its principal activities is included in the review of results and operations and principal activities in the directors' report on page 5. The directors' report is unaudited and does not form part of the financial report.

Directors

Steven Fisher
Non-executive chairman

Timothy Antonie
Non-executive director

Sally Herman
Non-executive director

Dean Howell
Non-executive director

Steven Klein
Non-executive director

Lawrence Myers
Non-executive director
Lead independent director

Samuel Weiss
Non-executive director

Company secretaries

Mervyn Cohen
Sasha Kitto

Registered office and principal place of business

Building 2
Port Air Industrial Estate
1A Hale Street
Botany NSW 2019
Telephone: (+61 2) 9384 8100

Company websites

brevillegroup.com
breville.com
kambrook.com.au
ronson.com.au
sageappliances.co.uk

ABN

Breville Group Limited ABN 90 086 933 431

Share register

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Enquiries within Australia: (02) 8280 7111
Enquiries outside Australia: (+61 2) 8280 7111
Website: linkmarketservices.com.au

Auditors

Ernst & Young
680 George Street
Sydney NSW 2000

Bankers

Australia and New Zealand Banking Group Limited
20 Martin Place
Sydney NSW 2000

Directors' report

The board of directors of Breville Group Limited has pleasure in submitting its report in respect of the financial half year ended 31 December 2014.

Directors

The names of the company's directors in office during the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Steven Fisher	Non-executive chairman
Timothy Antonie	Non-executive director
Sally Herman	Non-executive director
Dean Howell	Non-executive director
Steven Klein	Non-executive director
Lawrence Myers	Non-executive director
Samuel Weiss	Non-executive director

Review of results and operations

Revenues of the consolidated entity for the half year to 31 December 2014 were \$293,937,000, a decrease of 5.6% from the revenues for the previous corresponding half year (2013: \$311,277,000).

The reduction in revenue was primarily driven by the North American segment which was impacted by a resetting of the juicer category (expected to stabilise during the second half of the 2015 financial year). Excluding the juicer category, there was good low double digit revenue growth in North America reflecting a strong diversified product presence.

The decrease in group EBIT by 4.5% to \$43,559,000 (2013: \$45,593,000) for the half year ended 31 December 2014 was caused primarily by the lower sales in the North American segment. The Australia and New Zealand segment showed EBIT growth, following selective price increases, brand sales mix and cost efficiency savings.

The continued success of Sage in the UK, which achieved double digit revenue growth and now represents approximately one third of the rest of world segment revenue, partially offset the lower rest of world distribution business revenues.

The basic earnings per share for the consolidated entity was 22.80 cents per share (2013: 23.97 cents per share).

Principal activities

During the half year, the principal activities of the consolidated entity were the innovation, development, marketing and distribution of small electrical appliances.

In Australia and New Zealand, the group trades under its company owned brands, Breville and Kambrook and also distributes a range of Philips' products in the personal care and garment care categories under a licence agreement with Philips.

In North America, the group distributes Breville branded products through premium channels.

In the United Kingdom the marketing and distribution of Breville designed products through premium channels is under the company owned Sage brand, which is endorsed by internationally acclaimed chef Heston Blumenthal.

The group's Hong Kong office performs the functions of a group procurement and quality assurance centre and also, a supplier of primarily Breville designed products to distributors globally. These distributors are located outside of the group's principal markets of Australia, New Zealand, North America and the United Kingdom. The products sold to distributors located in Europe (excluding United Kingdom) are sold on a non-Breville branded basis. The products sold to distributors outside of Europe, including in the Asia Pacific region, the Middle East and South America, are Breville branded products.

Directors' report (continued)

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC class order 98/100. The company is an entity to which the class order applies.

Auditor's independence declaration

Attached on page 21 is a copy of the auditor's independence declaration provided under section 307C of the Corporations Act 2001 in relation to the review for the half year ended 31 December 2014. This auditor's independence declaration forms part of this directors' report.

Signed in accordance with a resolution of the directors.



Steven Fisher
Non-executive chairman

Sydney
24 February 2015

Statement of comprehensive income

for the half year ended 31 December 2014

	Half year ended 31 Dec 2014 \$'000	Half year ended 31 Dec 2013 \$'000
Revenue	293,937	311,277
Cost of sales	(194,405)	(207,113)
Gross profit	99,532	104,164
Other income	355	692
Employee benefits expenses	(26,562)	(26,940)
Premises, lease & utilities expenses	(4,881)	(5,314)
Advertising & marketing expenses	(14,469)	(15,800)
Other expenses	(6,782)	(7,664)
Earnings before interest, tax, depreciation & amortisation (EBITDA)	47,193	49,138
Depreciation & amortisation expenses	(3,634)	(3,545)
Earnings before interest and tax (EBIT)	43,559	45,593
Finance costs	(1,257)	(1,045)
Finance income	376	391
Profit before income tax	42,678	44,939
Income tax expense	(13,020)	(13,760)
Net profit after income tax for the half year attributable to members of Breville Group Limited	29,658	31,179
Other comprehensive income/(loss)		
<i>Items that may be reclassified to profit or loss</i>		
Foreign currency translation differences	6,177	2,304
Net change in fair value of cash flow hedges	4,643	(1,012)
Income tax on other comprehensive income/(loss) and other items taken directly to equity	(1,493)	415
Other comprehensive income for the half year, net of income tax	9,327	1,707
Total comprehensive income for the half year attributable to members of Breville Group Limited	38,985	32,886
	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of Breville Group Limited:		
- basic earnings per share	22.80	23.97
- diluted earnings per share	22.80	23.97

The accompanying notes form an integral part of this statement of comprehensive income.

Statement of financial position

as at 31 December 2014

	Note	31 Dec 2014 \$'000	30 June 2014 \$'000	31 Dec 2013 \$'000
Current assets				
Cash and cash equivalents	3, 7	42,069	70,885	41,853
Trade and other receivables		133,032	78,442	139,862
Inventories		97,063	94,274	91,692
Other financial assets	4	2,691	7	1,111
Current tax assets		36	1,110	988
Other assets		2,948	2,629	2,152
Total current assets		277,839	247,347	277,658
Non-current assets				
Plant and equipment	5	8,654	6,860	4,765
Deferred tax assets		9,012	7,164	7,768
Intangible assets – other	6	53,844	50,333	49,245
Intangible assets – goodwill	6	31,047	24,558	24,558
Total non-current assets		102,557	88,915	86,336
Total assets		380,396	336,262	363,994
Current liabilities				
Trade and other payables		93,633	81,793	95,267
Borrowings	7	18,098	56	32,521
Current tax liabilities		7,806	5,037	6,687
Provisions		10,935	9,056	9,532
Other financial liabilities	4	5	1,967	110
Total current liabilities		130,477	97,909	144,117
Non-current liabilities				
Other payables		3,645	-	136
Borrowings	7	12,258	23,780	-
Provisions		1,300	1,527	1,602
Total non-current liabilities		17,203	25,307	1,738
Total liabilities		147,680	123,216	145,855
Net assets		232,716	213,046	218,139
Equity				
Equity attributable to equity holders of the parent				
Issued capital	8	140,050	140,050	140,050
Reserves		(5,014)	(11,938)	(7,472)
Retained earnings		97,680	84,934	85,561
Total equity		232,716	213,046	218,139

The accompanying notes form an integral part of this statement of financial position.

Cash flow statement

for the half year ended 31 December 2014

Note	Half year ended 31 Dec 2014 \$'000	Half year ended 31 Dec 2013 \$'000
Cash flows used in operating activities		
	264,330	288,227
	(261,629)	(279,501)
	-	(5,445)
	(850)	(1,045)
	(9,104)	(12,745)
	376	391
	(6,877)	(10,118)
Cash flows used in investing activities		
5	-	7
5	(1,381)	(1,856)
6	-	227
6	(8,610)	(4,167)
	(9,991)	(5,789)
Cash flows used in financing activities		
	11,876	16,698
	(8,351)	(7,721)
8(b)	(2,620)	(1,041)
2(a)	(16,912)	(15,611)
	(16,007)	(7,675)
	(32,875)	(23,582)
	70,885	66,550
	3,927	(1,115)
3	41,937	41,853

The accompanying notes form an integral part of this cash flow statement.

Statement of changes in equity

for the half year ended 31 December 2014

	Note	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
At 1 July 2013		138,368	(7,165)	69,993	201,196
Foreign currency translation reserve		-	2,304	-	2,304
Cash flow hedges		-	(1,012)	-	(1,012)
Income tax on items taken directly to equity		-	415	-	415
Net gain recognised directly in equity		-	1,707	-	1,707
Profit for the half year		-	-	31,179	31,179
Total recognised income for the half year		-	1,707	31,179	32,886
Dividends paid	2(a)	-	-	(15,611)	(15,611)
Ordinary shares acquired by the Trustee of the Breville Group Performance Share Plan Trust	8(b)	(1,041)	-	-	(1,041)
Transferred to participants of the performance rights plan	8(b)	2,723	(2,723)	-	-
Share-based payments		-	709	-	709
At 31 December 2013		140,050	(7,472)	85,561	218,139
At 1 July 2014		140,050	(11,938)	84,934	213,046
Foreign currency translation reserve		-	6,177	-	6,177
Cash flow hedges		-	4,643	-	4,643
Income tax on items taken directly to equity		-	(1,493)	-	(1,493)
Net gain recognised directly in equity		-	9,327	-	9,327
Profit for the half year		-	-	29,658	29,658
Total recognised income for the half year		-	9,327	29,658	38,985
Dividends paid	2(a)	-	-	(16,912)	(16,912)
Ordinary shares acquired by the Trustee of the Breville Group Performance Share Plan Trust	8(b)	(2,620)	-	-	(2,620)
Transferred to participants of the performance rights plan	8(b)	2,620	(2,620)	-	-
Share-based payments		-	217	-	217
At 31 December 2014		140,050	(5,014)	97,680	232,716

The accompanying notes form an integral part of this statement of changes in equity.

Notes to the half year report

for the half year ended 31 December 2014

Note 1. Basis of preparation of the half year financial report

(a) Corporate information

The financial report of Breville Group Limited (the company) for the half year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 24 February 2015. Breville Group Limited is a for profit company limited by shares incorporated in Australia. Breville Group Limited shares are quoted on the Australian Securities Exchange.

The nature of the operations and principal activities of the group are described in the directors' report.

(b) Summary of significant accounting policies

The half year consolidated financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half year report should be read in conjunction with the annual report of Breville Group Limited as at 30 June 2014.

It is also recommended that the half year report be considered together with any public announcements by Breville Group Limited and its controlled entities during the half year ended 31 December 2014 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Where necessary, comparatives have been reclassified and repositioned for consistency with current half year disclosures.

(i) Basis of accounting

The half year consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*.

The half year financial report has been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

The amounts contained in this report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC class order 98/100. The company is an entity to which the class order applies.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

(ii) Significant accounting policies

The accounting policies adopted in the preparation of the half year consolidated financial statements are consistent with those followed in the preparation of the group's annual consolidated financial statements for the year ended 30 June 2014.

(iii) Basis of consolidation

The half year consolidated financial statements comprise the financial statements of Breville Group Limited and its subsidiaries as at 31 December 2014 (the group).

(c) Seasonality of operations

The financial performance of the group is exposed to seasonality in the volume of sales; such that the company's financial performance is historically weighted in favour of the half year to 31 December. This seasonality is a reflection of the additional retail sales generated during the Christmas trading period each year.

This seasonality in the volume of sales also generally results in a higher level of receivable and inventory balances at the half year compared to year end, resulting in a higher working capital requirement and lower operating cash flows at the half year.

Notes to the half year report (continued)

for the half year ended 31 December 2014

	Half year ended 31 Dec 2014 \$'000	Half year ended 31 Dec 2013 \$'000
Note 2. Dividends		
(a) Dividends on ordinary shares paid during the half year to equity holders		
Final franked dividend for the financial year ended 30 June 2014 of 13.0 cents per share (2013: final franked dividend for the financial year ended 30 June 2013 of 12.0 cents per share)		
Dividend paid in cash	16,912	15,611
Final dividend	16,912	15,611
(b) Dividends proposed and not recognised as a liability to equity holders		
Fully franked interim dividend for the financial year ending 30 June 2015 of 14.0 cents per share (2014: 14.0 cents per share, fully franked)		
	18,213	18,213

	31 Dec 2014 \$'000	30 June 2014 \$'000	31 Dec 2013 \$'000
Note 3. Cash and cash equivalents			
For the purposes of the cash flow statement, cash and cash equivalents comprise the following:			
Cash and cash equivalents	42,069	70,885	41,853
Borrowings (current) – bank overdraft	(132)	-	-
Total cash and cash equivalents, net	41,937	70,885	41,853

Note 4. Financial assets and liabilities

Financial instruments

During the half year, the group designated forward exchange contracts in hedges of highly probable forecasted purchases of inventory, principally in US dollars. The forecast purchases are expected to occur between 0-12 months from 1 January 2015. The terms of the forward exchange contracts have been negotiated to match the terms of the forecast transactions. Consequently, the hedges were assessed to be highly effective. As at 31 December 2014, an unrealised gain of \$4,643,000 (2013: loss of \$1,012,000) is included in other comprehensive income.

Forward exchange contracts are initially recognised in the statement of financial position at fair value and subsequently remeasured to their fair value. Accordingly, there is no difference between the carrying value and the fair value of derivative financial instruments at reporting date.

The carrying value and estimated net fair values of the borrowings held with banks is assumed to approximate their fair value, being the amount at which the liability could be settled in a current transaction between willing parties.

Notes to the half year report (continued)

for the half year ended 31 December 2014

Note 4. Financial assets and liabilities (continued)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 — quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 — other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3 — techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

All forward exchange contracts were measured at fair value using the Level 2 method.

Valuation techniques

The forward exchange contracts are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies.

Note 5. Plant and equipment

Acquisitions and disposals

During the half year ended 31 December 2014, the group capitalised items into plant and equipment with a cost of \$2,761,000 (2013: \$1,936,000). Plant and equipment with a net book value of nil were disposed of by the group during the half year ended 31 December 2014 (2013: nil), resulting in a profit on disposal of nil (2013: profit \$7,000).

Note 6. Intangible assets

Additions and disposals

During the half year ended 31 December 2014, the group capitalised items into intangible assets (including goodwill, customer relationships, computer software and development costs) with a cost of \$12,532,000 (2013: \$4,516,000). Intangible assets with a net book value of \$nil were disposed of by the group during the half year ended 31 December 2014 (2013: \$227,000), resulting in a profit on disposal of \$nil (2013: \$nil).

During the half year ended 31 December 2014, the group acquired the culinary division of the USA based business PolyScience for upfront consideration of \$5,310,000 plus an earnout which is included in other payables, resulting in the recognition of goodwill of \$6,489,000 and customer relationships of \$1,835,000 (included as part of intangible assets capitalised, as described above).

	31 Dec 2014 \$'000	30 June 2014 \$'000	31 Dec 2013 \$'000
Note 7. Borrowings			
Current	18,098	56	32,521
Non-current	12,258	23,780	-
Total borrowings	30,356	23,836	32,521

The net cash position of the group at 31 December 2014 amounted to \$11,713,000 (30 June 2014: net cash position of \$47,049,000, 31 December 2013: net cash position of \$9,332,000).

Notes to the half year report (continued)

for the half year ended 31 December 2014

	Note	31 Dec 2014 \$'000	30 June 2014 \$'000	31 Dec 2013 \$'000
Note 8. Issued capital				
Ordinary shares – issued	(a)	140,050	140,050	140,050
Ordinary shares – held by the Breville Group Performance Share Plan Trust	(b)	-	-	-
Total contributed equity		140,050	140,050	140,050

	Half year ended 31 Dec 2014		Half year ended 31 Dec 2013	
	Number of shares	\$'000	Number of shares	\$'000
(a) Movements in ordinary issued shares during the half year:				
Beginning of the half year	130,095,322	140,050	130,095,322	140,050
Movements during the half year	-	-	-	-
End of the half year	130,095,322	140,050	130,095,322	140,050

	Note	Half year ended 31 Dec 2014		Half year ended 31 Dec 2013	
		Number of shares	\$'000	Number of shares	\$'000
(b) Movements in ordinary shares held by the Breville Group Performance Share Plan Trust:					
Beginning of the half year		-	-	(249,000)	(1,682)
Movements during the half year					
Ordinary shares acquired by the Breville Group Performance Share Plan Trust during the half year - cash	(i)	(362,000)	(2,620)	(121,500)	(1,041)
Ordinary shares transferred to participants of the Breville Group Performance Share Plan	(ii)	362,000	2,620	370,500	2,723
End of the half year		-	-	-	-

(i) During the half year the Trustee of the Breville Group Performance Share Plan Trust acquired 362,000 ordinary shares (2013: 121,500) in order to fulfil its obligations under the Breville Group Performance Share Plan. The average value placed on these acquisitions was \$7.24 per share (2013: \$8.57 per share).

(ii) During the half year the Trustee of the Breville Group Performance Share Plan Trust transferred 362,000 ordinary company shares (2013: 370,500) to participants in order to fulfil its obligations under the Breville Group Performance Rights Plan.

Notes to the half year report (continued)

for the half year ended 31 December 2014

Note 9. Operating segments

The following tables present the revenue and profit information regarding operating segments for the half year periods ended 31 December 2014 and 31 December 2013.

	ANZ Distribution \$'000	North America Distribution \$'000	Rest of World \$'000	Other \$'000	Total \$'000
Half year ended 31 December 2014					
Revenue					
Sale of goods	142,866	115,697	35,068	-	293,631
Commission income	-	306	-	-	306
Inter segment revenue	-	-	6,954	14,074	21,028
Total segment revenue	142,866	116,003	42,022	14,074	314,965
Inter segment elimination					(21,028)
Total consolidated revenue					293,937
Segment results					
EBITDA	16,887	20,792	8,882	632	47,193
Depreciation & amortisation	(601)	(182)	(36)	(2,815)	(3,634)
EBIT	16,286	20,610	8,846	(2,183)	43,559
Finance income	363	9	4	-	376
Finance costs	(178)	(464)	(207)	(408)	(1,257)
Profit before income tax – Segment profit	16,471	20,155	8,643	(2,591)	42,678

Notes to the half year report (continued)

for the half year ended 31 December 2014

Note 9. Operating segments (continued)

	ANZ Distribution \$'000	North America Distribution \$'000	Rest of World \$'000	Other \$'000	Total \$'000
Half year ended 31 December 2013					
Revenue					
Sale of goods	144,622	128,726	36,634	-	309,982
Commission income	-	1,295	-	-	1,295
Inter segment revenue	-	-	7,537	14,249	21,786
Total segment revenue	144,622	130,021	44,171	14,249	333,063
Inter segment elimination					(21,786)
Total consolidated revenue					311,277
Segment results					
EBITDA	16,581	22,914	9,563	80	49,138
Depreciation & amortisation	(519)	(162)	(16)	(2,848)	(3,545)
EBIT	16,062	22,752	9,547	(2,768)	45,593
Finance income	374	14	3	-	391
Finance costs	(320)	(468)	(257)	-	(1,045)
Profit before income tax – Segment profit	16,116	22,298	9,293	(2,768)	44,939

Notes to the half year report (continued)

for the half year ended 31 December 2014

Note 10. Contingencies

At 31 December 2014, there are no material contingent liabilities or contingent assets.

Note 11. Events after the balance sheet date

There are no other matters or circumstances that have arisen since the end of the half year, which significantly affected or may affect the operation of the consolidated entity.

Directors' declaration

In accordance with a resolution of the directors of Breville Group Limited, I state that:

In the opinion of the directors:

- (a) the financial report of the consolidated entity is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (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.

On behalf of the board



Steven Fisher
Non-executive chairman

Sydney
24 February 2015

To the members of Breville Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Breville Group Limited, which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year 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 controls as the directors determine are 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Breville Group Limited and the entities it controlled during the half-year, 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.

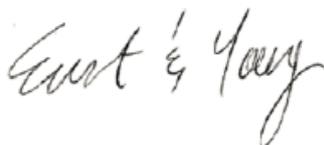
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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 Breville Group Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



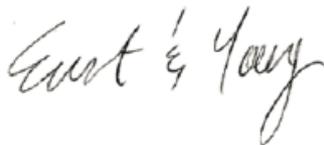
Ernst & Young



P S Barnard
Partner
Sydney
24 February 2015

Auditor's Independence Declaration to the Directors of Breville Group Limited

In relation to our review of the financial report of Breville Group Limited for the half year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



P S Barnard
Partner
24 February 2015