

Blackmores Ltd

A.B.N. 35 009 713 437

23 Roseberry St
Balgowlah NSW 2093PO Box 258
Balgowlah NSW 2093
AUSTRALIATelephone 9951 0111
Facsimile 9949 1954**BLACKMORES**[®]
THE BEST OF HEALTHwww.blackmores.com.au

23 October 2003

Dear Shareholder,

Unaudited Results for the first quarter to 30 September 2003

First quarter sales for the group are up 35% to \$27.7m and group profits after tax have also improved substantially to \$3.6m this quarter vs \$0.7m for the same quarter last year. However the quarterly results should be qualified as the sales and profit increases are largely attributable to the Pan crisis since May 2003. Our major competitors, Nature's Own, Cenovis, Kordels, Biorganics, Natural Nutrition and Nutra Life etc, have been returning to shelf albeit with reduced ranges and increased costs reflected generally in higher market prices. Needless to say, our challenge is to maintain our increased market share.

Whilst Australia continues to do well, our Asian and NZ businesses have also benefited from the Pan crisis.

Debt levels

Blackmores' net debt has decreased this quarter to \$4.6m, down from \$8.2m at the end of the financial year. Cash inflow is a direct result of our sales lift and an improvement in our collection methods.

Leadership Changes

With the CEO, Mr Darin Walters, leaving at the end of October, our current Director of Operations, Ms Jenny Tait has been appointed by the Board to the position of Chief Operating Officer. In her new role, Jenny will have the overall responsibility for delivering the financial and operational performances of Blackmores as well as chairing the Executive Committee. The Company is searching for a new Chief Financial Officer and a Sales Director and announcements will be made as soon as appointments are finalised.

I would like to thank Darin Walters for his contribution to Blackmores over the past eight years and wish him all the best in his new endeavours.

Pan Crisis, a Flight to Quality

Generally, the market has all but returned to the pre Pan sales volumes, however, Blackmores' market share has significantly increased from what we perceive to be a 'Consumer driven flight to quality'.

What is particularly pleasing is the public confidence in natural healthcare that has been displayed in the marketplace since the Pan crisis devastated the industry.

Our detractors, both academic and political, who chose to use questionable manufacturing standards attributable to one manufacturer to infer that complementary medicines are not safe or efficacious have been soundly rebuffed by the market.

With the growing body of evidence showing that herbal, vitamin and mineral supplements can reduce the incidence of chronic disease, Harvard Medical School recommended last year that it would be prudent to take a multivitamin pill daily. This month, another US study determined that increased daily intake of a multivitamin by older adults could save Medicare US\$1.6 billion over 5 years.

The merits of the judicious use of supplements either from an individual wellness perspective or a public cost saving point of view are yet to be recognised by government.

Outlook

Given the market 'flight to quality', Blackmores is well positioned to continue its growth strategy, however, it is unlikely that the remaining quarters will be as profitable as the first quarter. Although Blackmores is clearly in a position of market leadership at this time, there will be greater pressure from competition in the ensuing months coupled with some increase in our cost of goods.

There is still uncertainty in our marketplace which could impact on this year's profitability, however, we do expect a marked improvement in profit for the full year but not in proportion to the indicative results for the first quarter.

Yours faithfully,



MARCUS C BLACKMORE AM
Chairman

For further information please contact Marcus Blackmore on (02) 9951 0125 (office) or 0418232074.

Results at a Glance - quarter ended 30 September 2003

RESULTS (\$000's)	THIS YEAR	LAST YEAR	% CHANGE
Sales	27,733	20,471	+35.5
Profit before net interest and income taxes (PBIT)	5,491	1,457	+276.9
Net interest & bank fees	(255)	(335)	+23.9
Profit before income taxes	5,236	1,122	+366.7
Income taxes	(1,617)	(430)	-276.0
Profit attributable to shareholders	3,619	692	+423.0

OTHER KEY ITEMS		THIS YEAR	LAST YEAR
Total Assets	\$m	56.1	46.9
Shareholders equity	\$m	27.8	19.8
Net debt	\$m	4.6	11.5
Net debt to shareholders equity	%	16.4	58.1
PBIT/Sales	%	19.8	7.1
Interest cover (net)	Times	21.5	4.3
Net tangible assets per share		1.71	1.23
Share Price Sept	\$	7.70	6.15
Shares on Issue	m	15.4	15.1