Preliminary Final Report and Dividend Announcement

EMBELTON LIMITED ACN 004 401 496
For Year Ended 30 June 2006

Results for Announcement to the Market

				$A'000
Revenues	up	6.6%	to	19,348
Profit after tax attributable to members	up	21.0%	to	710
Net profit for the period attributable to members	up	21.0%	to	710

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	9.0¢	9.0¢
Previous corresponding period		
Final Dividend	7.5¢	
Special Distribution	4.0¢	
Total Dividend (including special distribution)	11.5¢	11.5¢

Record date for determining entitlements to the dividend 29 September 2006.

Condensed consolidated income statement

	Current period ($A'000)	Previous corresponding period ($A'000)
Revenues	19,348	18,148
Expenses	18,316	17,290
Finance costs	-	1
Profit before tax	1,032	857
Income tax	322	270
Profit after tax	**710**	**587**
Net profit for the period attributable to members	**710**	**587**

Consolidated retained profits

	Current period ($A'000)	Previous corresponding period ($A'000)
Retained profits at the beginning of the financial period	5,698	5,424
Net profit attributable to members	710	587
Dividends and other equity distributions paid	410	313
Retained profits at end of financial period	**5,998**	**5,698**

Earnings per security (EPS)

	Current period	Previous corresponding period
Basic EPS	33 cents	27 cents
Diluted EPS	33 cents	27 cents

Notes to the condensed consolidated income statement

Revenue and expenses

	Current period ($A'000)	Previous corresponding period ($A'000)
Revenue from sales or services	19,293	18,136
Interest revenue	11	7
Other relevant revenue	44	5
Details of relevant expenses		
Cost of goods sold	11,870	11,038
Employee entitlements	425	427
Depreciation and amortisation excluding amortisation of intangibles	272	276

Comparison of half year profits

	Current year ($A'000)	Previous year ($A'000)
Consolidated profit after tax attributable to members reported for the 1st half year	444	430
Consolidated profit after tax attributable to members for the 2nd half year	266	157

Condensed consolidated balance sheet

	At end of current period ($A'000)	At end of corresponding prior period ($A'000)
Current assets		
Cash and cash equivalents	277	241
Receivables	2,488	2,222
Inventories	3,744	3,543
Other	194	222
Total current assets	**6,703**	**6,228**
Non-current assets		
Property, plant and equipment (net)	3,774	3,803
Tax assets	375	364
Total non-current assets	**4,149**	**4,167**
Total assets	**10,852**	**10,395**
Current liabilities		
Payables	2,584	2,409
Tax liabilities	79	126
Provisions exc. tax liabilities	939	885
Total current liabilities	**3,602**	**3,420**
Non-current liabilities		
Tax liabilities	9	8
Provisions exc. tax liabilities	32	58
Total non-current liabilities	**41**	**66**
Total liabilities	**3,643**	**3,486**
Net assets	**7,209**	**6,909**
Equity		
Capital/contributed equity	1,156	1,156
Reserves	55	55
Retained profits	5,998	5,698
Equity attributable to members of the parent entity	**7,209**	**6,909**
Total equity	**7,209**	**6,909**

Condensed consolidated cash flow statement

	Current period ($A'000)	Previous corresponding period ($A'000)
Cash flows related to operating activities		
Receipts from customers	19,082	18,122
Payments to suppliers and employees	(18,053)	(17,305)
Interest and other items of similar nature received	11	7
Interest and other costs of finance paid	-	(1)
Income taxes paid	(363)	(307)
Net operating cash flows	**677**	**516**
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	(244)	(366)
Proceeds from sale of property, plant and equipment	13	8
Net investing cash flows	**(231)**	**(358)**
Cash flows related to financing activities		
Repayment of borrowings	-	(9)
Dividends paid	(410)	(313)
Net financing cash flows	**(410)**	**(322)**
Net increase/(decrease) in cash held	**36**	**(164)**
Cash and cash equivalents at beginning of period	241	405
Cash and cash equivalents at end of period	**277**	**241**

Notes to the Condensed Consolidated Cash Flow Statement

Reconciliation of cash and cash equivalents

Reconciliation of cash at the end of the period (as shown in the consolidated cash flow statement) to the related items in the accounts is as follows.	Current period ($A'000)	Previous corresponding period ($A'000)
Cash on hand and at bank	176	41
Deposits at call	101	200
Total cash and cash equivalents at end of period	**277**	**241**

Statement of Changes in Equity

	Contributed Equity ($A'000)	Foreign Currency Translation Reserve ($A'000)	Retained Profits ($A'000)	Total ($A'000)
As at 1 July 2004	1,156	55	5,424	6,635
Net income recognised directly in equity	-	-	-	-
Profit for the period	-	-	587	587
Total recognised income and expenditure	-	-	587	587
Dividends paid	-	-	(313)	(313)
At 30 June 2005	**1,156**	**55**	**5,698**	**6,909**
Net income recognised directly in equity	-	-	-	-
Profit for the period	-	-	710	710
Total recognised income and expenditure	-	-	710	710
Dividends paid	-	-	(410)	(410)
At 30 June 2006	**1,156**	**55**	**5,998**	**7,209**

Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding period
Profit before tax / revenue Consolidated profit before tax as a percentage of revenue	5.3%	4.7%
Profit after tax / equity interests Consolidated net profit after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	9.9%	8.5%

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	$3.34	$3.20

Dividends

Date the dividend (distribution) is payable	13 October 2006
Record date to determine entitlements to the dividend	29 September 2006
If it is a final dividend, has it been declared?	This is a declared Final Dividend

Amount per security

	Amount per security	Franked amount per security (at 30% tax)	Amount per security of foreign source dividend
Final Dividend:			
Current Year	9.0¢	9.0¢	Nil
Previous Year			
Final Dividend	7.5¢	7.5¢	Nil
Special Distribution	4.0¢	4.0¢	Nil
Total Distribution	11.5¢	11.5¢	
Interim dividend: Current year	7.5¢	7.5¢	
Previous year	7.0¢	7.0¢	Nil

Total dividend per security (interim *plus* final)

	Current year	Previous year
Ordinary securities	16.5¢	18.5¢
Preference securities	-	-

Preliminary final report – total dividend for the year on all securities

	Current period ($A'000)	Previous corresponding period ($A'000)
Ordinary securities	356	399
Preference securities	-	-
Other equity instruments	-	-
Total	**356**	**399**

Segmental Information

	Technical Products ($A'000)	Flooring Products ($A'000)	Manufacturing ($A'000)	Consolidated ($A'000)
12 months to June 2006				
Revenue				
Total Operating Revenue	5,976	11,656	5,117	22,749
Less Elimination on Consolidation			(3,456)	(3,456)
Total External Operating Revenue	**5,976**	**11,656**	**1,661**	**19,293**
Results				
Segment results	923	102	150	1,175
Unallocated expenses				143
TOTAL OPERATING PROFIT BEFORE INCOME TAX				1,032
Assets	2,640	4,816	3,288	10,744
Unallocated assets				108
TOTAL ASSETS				**10,852**

First Time Adoption of Australian Equivalents to International Financial Reporting Standards ("AIFRS")

This is the first time that the financial statements of the Group have been prepared using Australian equivalents to IFRS. The following information summarises the impact of the transition from previous GAAP at transition date (1 July 2004) and at the end of the previous financial year:

a) AASB 1 Transitional Exemptions

The group has elected to use the transitional exemptions allowed by AASB 1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards to nominate the carrying value of certain revalued assets as at 1 July 2004 as deemed cost.

b) Reconciliation of equity at 1 July 2004

		Previous GAAP at 1 July 2004 ($A'000)	Effect of transition to AIFRS ($A'000)	AIFRS at 1 July 2004 ($A'000)
Current Assets		6,146	-	6,146
Non-current Assets		4,305	-	4,305
Current Liabilities		3,452	-	3,452
Non-current Liabilities		94	-	94
Net Assets		6,635	-	6,635
Equity				
Contributed equity		1,156	-	1,156
Reserves	(i)	1,483	(1,428)	55
Retained Profits	(i)	3,996	1,428	5,424
Total Equity		6,635	-	6,635

c) Reconciliation of equity at 1 July 2005

		Previous GAAP at 1 July 2005 ($A'000)	Effect of transition to AIFRS ($A'000)	AIFRS at 1 July 2005 ($A'000)
Current Assets		6,228	-	6,228
Non-current Assets		4,167	-	4,167
Current Liabilities		3,420	-	3,420
Non-current Liabilities		66	-	66
Net Assets		6,909	-	6,909
Equity				
Contributed equity		1,156	-	1,156
Reserves	(i)	1,483	(1,428)	55
Retained Profits	(i)	4,270	1,428	5,698
Total Equity		6,909	-	6,909

d) Reconciliation of profit for year ended 30 June 2005
The transition to AIFRS has had no impact on the profit or cash flows for the year ended 30 June 2005.

Notes to reconciliations

(i) **Consolidated Entity**
Following the group's election to nominate the carrying value of certain revalued assets as at 1 July 2004 as deemed cost, the group has transferred a revaluation reserve of $1,139,294 into retained profits.

In addition, capital and general reserves of $21,258 and $267,923 respectively are considered to no longer be recognisable under AIFRS, and consequently these amounts have also been transferred to retained earnings.

The remaining balance of $55,448 in reserves is the foreign currency translation reserve.

DIRECTORS' COMMENTS

A satisfactory outcome from the year's operations yielded record earnings which increased by more than 20 percent compared with the previous period. The result was underpinned by moderate growth in revenues coupled with steady margins and control of operating costs.

Completion of several major engineering projects led to a strong result for the technical division but although the Company's timber flooring activities grew in terms of both revenue and market share, increasingly competitive conditions restrained profitability of the flooring division.

Manufacturing operations provided a mixed result but the Metals division responded well to increased demand for metal alloy fabrication and pipe bending.

Current period activity has been steady, but given restrained prospects for growth in overall levels of building activity, particularly in NSW, prediction of full year results must remain uncertain at this stage.

A final dividend of 9 cents per share has been declared which, together with the interim dividend, represents a distribution of 50% of net earnings.

Basis of financial report preparation

Material factors affecting the revenues and expenses of the economic entity for the current period.

NIL

A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

NIL

Retained profits and reserves that could be distributed as franked dividends using franking credits in existence (at 30% tax rate)

$ 5,553,983

Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

NIL

Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year.

NIL

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report.

NIL

Annual meeting

The annual meeting will be held as follows:

Place	147 Bakers Road, Coburg 3058
Date	Tuesday 31 October 2006
Time	11am
Approximate date the annual report will be available	3 October 2006

Compliance statement

1. This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX .
2. This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed (see note 2).
4. This report is based on accounts to which one of the following applies.
   (Mark one)
   - ☐ The accounts have been audited.
   - ☐ The accounts have been subject to review.
   - ☒ The accounts are in the process of being audited or subject to review.
   - ☐ The accounts have *not* yet been audited or reviewed.
5. If the audit report or review by the auditor is not attached, details of any qualifications are attached/will follow immediately they are available.
6. The entity does not have a formally constituted audit committee.

BR Dunn

B R Dunn
Director

8 September 2006