Preliminary Final Report and Dividend Announcement

EMBELTON LIMITED ACN 004 401 496
For Year Ended 30 June 2012

Results for Announcement to the Market

				$A'000
Revenues	up	7.9%	to	36,756
Profit after tax attributable to members	down	10.1%	to	1,375
Net profit for the period attributable to members	down	10.1%	to	1,375

Dividends (distributions)	Amount per security	Franked amount per security
Interim Dividends	13.0¢	13.0¢
Final Dividend		
Ordinary Dividend	16.0¢	16.0¢
Total Dividends for year	29.0¢	29.0¢
Previous Corresponding Period:		
Final Ordinary Dividend	15.0¢	15.0¢
Special Dividend	5.5¢	5.5¢
	20.5¢	20.5¢

Record date for determining entitlements to the dividend	21 September 2012

Condensed consolidated statement of comprehensive income

	Current period ($A'000)	Previous corresponding period ($A'000)
Revenues	36,756	34,052
Expenses	34,732	31,851
Finance costs	23	-
Profit before tax	**2,001**	**2,201**
Income tax	626	671
Profit after tax	**1,375**	**1,530**
Net profit for the period attributable to members	**1,375**	**1,530**

Consolidated retained profits

	Current period ($A'000)	Previous corresponding period ($A'000)
Retained profits at the beginning of the financial period	9,147	8,296
Net profit attributable to members	1,375	1,530
Dividends and other equity distributions paid	723	679
Retained profits at end of financial period	**9,799**	**9,147**

Earnings per security (EPS)

	Current period	Previous corresponding period
Basic EPS	64 cents	71 cents
Diluted EPS	64 cents	71 cents

Notes to the condensed consolidated statement of comprehensive income

Revenue and expenses

	Current period ($A'000)	Previous corresponding period ($A'000)
Revenue from sales or services	36,357	33,882
Interest revenue	67	78
Other relevant revenue	332	92
Details of relevant expenses Cost of goods sold	23,700	22,127
Depreciation and amortisation excluding amortisation of intangibles	340	331

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	904	817
Consolidated profit after tax attributable to members for the 2nd half year	471	713

Condensed consolidated statement of financial position

	At end of current period ($A'000)	At end of corresponding prior period ($A'000)
Current assets		
Cash and cash equivalents	4	3,212
Receivables	3,803	3,537
Inventories	9,736	5,734
Other	218	141
Total current assets	**13,761**	**12,624**
Non-current assets		
Property, plant and equipment (net)	3,705	3,540
Tax assets	556	552
Total non-current assets	**4,261**	**4,092**
Total assets	**18,022**	**16,716**
Current liabilities		
Bank overdraft	954	-
Payables	4,744	4,803
Tax liabilities	45	244
Provisions exc. tax liabilities	1,247	1,332
Total current liabilities	**6,990**	**6,379**
Non-current liabilities		
Tax liabilities	25	12
Provisions exc. tax liabilities	52	22
Total non-current liabilities	**77**	**34**
Total liabilities	**7,067**	**6,413**
Net assets	**10,955**	**10,303**
Equity		
Contributed equity	1,156	1,156
Retained profits	9,799	9,147
Equity attributable to members of the parent entity	**10,955**	**10,303**
Total equity	**10,955**	**10,303**

Condensed consolidated statement of cash flows

	Current period ($A'000)	Previous corresponding period ($A'000)
Cash flows related to operating activities		
Receipts from customers	36,490	33,996
Payments to suppliers and employees	(38,676)	(30,869)
Interest and other items of similar nature received	67	78
Finance costs	(23)	-
Income taxes paid	(816)	(645)
Net operating cash flows	**(2,958)**	**2,560**
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	(554)	(371)
Proceeds from sale of property, plant and equipment	72	42
Net investing cash flows	**(481)**	**(329)**
Cash flows related to financing activities		
Dividends paid	(723)	(679)
Net financing cash flows	**(723)**	**(679)**
Net (decrease) increase in cash held	**(4,162)**	**1,552**
Cash and cash equivalents at beginning of period	3,212	1,660
Cash and cash equivalents at end of period	**(950)**	**3,212**

Notes to the Condensed Consolidated Statement of Cash Flows

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	4	358
Bank overdraft	(954)	-
Deposits at call	-	2,854
Total cash and cash equivalents at end of period	**(950)**	**3,212**

Statement of Changes in Equity

	Contributed Equity ($A'000)	Retained Profits ($A'000)	Total ($A'000)
As at 1 July 2010	**1,156**	**8,296**	**9,452**
Profit for the period	-	1,530	1,530
Total recognised income and expenditure	-	1,530	1,530
Dividends paid	-	(679)	(679)
At 30 June 2011	**1,156**	**9,147**	**10,303**
Profit for the period	-	1,375	1,375
Total recognised income and expenditure	-	1,375	1,375
Dividends paid	-	(723)	(723)
At 30 June 2012	**1,156**	**9,799**	**10,955**

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	5.4%	6.5%
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	12.6%	14.9%

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	$5.08	$4.78

Dividends

Date the dividend (distribution) is payable	12 October 2012
Record date to determine entitlements to the dividend	21 September 2012
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			
Ordinary Final Dividend	16.0¢	16.0¢	Nil
Previous Year			
Ordinary Dividend	15.0¢	15.0¢	Nil
Special Dividend	5.5¢	5.5¢	Nil
Interim dividend: Current year	13.0¢	13.0¢	Nil
Previous year	12.5¢	12.5¢	Nil

Total dividend per security (interim *plus* final)

	Current year	Previous year
Ordinary securities	29.0¢	33.0¢
Preference securities	-	-

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

	Current period ($A'000)	Previous corresponding period ($A'000)
Ordinary securities	626	712
Preference securities	-	-
Other equity instruments	**-**	**-**
Total	**626**	**712**

Segmental Information

	Technical Products ($A'000)	Flooring Products ($A'000)	Manufacturing ($A'000)	Consolidated ($A'000)
12 months to June 2012				
Revenue				
Total Operating Revenue	6,875	28,250	6,381	41,506
Less Elimination on Consolidation	-	-	(5,149)	(5,149)
Total External Operating Revenue	**6,875**	**28,250**	**1,232**	**36,357**
Results				
Segment results	351	1,703	60	2,114
Unallocated expenses				(113)
TOTAL OPERATING PROFIT BEFORE INCOME TAX				2,001
Assets	2,848	11,799	3,375	18,022
Unallocated assets				0
TOTAL ASSETS				**18,022**

DIRECTORS COMMENTS

After a strong first half compared to the prior year, the second six months were more difficult with a fall in earnings reflecting challenging market conditions as the year progressed.

Increasing competition flowed from the slowdown in building activity across Australia which directly affected both technical and flooring operations. With fewer major projects, Technical Division revenues declined although this was offset to some degree by growth in flooring where new initiatives to increase market share were implemented, especially in the wholesale and commercial sectors. With most flooring products now sourced offshore, higher stock levels have been required to support this activity which has been funded by cash reserves and a small overdraft. Without these initiatives, it is probable that traditional flooring division revenues would also have fallen.

Manufacturing remains under pressure as the high Australian dollar provides increasing competition from imports with all production operations under review to ensure their ongoing contribution in the period ahead.

Whilst we remain optimistic about the future for our diversified businesses and remain hopeful that economic conditions will improve from this current period of low activity, it is expected that revenue and margins will continue to face pressure during the first half of FY13.
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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

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	14 November 2012
Time	11.00am
Approximate date the annual report will be available	28 September 2012

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.

James Embelton
Managing Director

27 August 2012