

GARRATT'S LIMITED

ACN 000 003 725

Telephone: +61 2 9224 5555 Facsimile: +61 2 9224 5550

05 February 2010

Company Announcements Office
Australian Stock Exchange
Level 4
20 Bridge Street
Sydney NSW 2000

Via ASX Online

(Page 1 of 18)

ANNOUNCEMENT

HALF-YEAR REPORT

In accordance with ASX Listing Rule 4.2A, attached are the following reports for the half-year ended 31 December 2009:

- Appendix 4D
- Financial Report (includes Directors' Report and Independent Review Report to Members)

This information should be read in conjunction with the Garratt's Limited Annual Report for the year ended 30 June 2009.

Stephanie Noble
Company Secretary

Appendix 4D

Half Year Report

Half year information given to ASX under listing rule 4.2A

Introduced 1/1/2003.

GARRATT'S LIMITED ABN: 95 000 003 725
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1.	Half-year ended ('reporting period')	31-Dec-09
	Half-year ended ('previous corresponding period')	31-Dec-08

2. **Results for announcement to the market**

		\$A'000			
Movements from previous corresponding period					
2.1	Revenues from ordinary activities	up	2%	to	9,086
2.2	Profit from ordinary activities after tax attributable to members	same	0%	to	791
2.3	Net profit for the period attributable to members	same	0%	to	791

3. **Explanation of items 2.1 to 2.3 above:**

- 3.1 Revenue from ordinary activities increased by 2% to \$9,086,000 and operating profit before tax increased by 3% to \$1,130,000
- 3.2 The contribution to profitability by the fasteners operations increased by 23% from \$339,000 to \$471,000.
- 3.3 The contribution to profitability by the education operations was \$1,250,000 compared to the \$1,231,000 contributed in the previous year, an increase of 2%.

This half year report is to be read in conjunction with the most recent annual financial report.

Net tangible Assets

4.

Net tangible asset backing per ordinary share

a. Based on 41,340,562 shares at 31 December 2009

b. Based on 40,590,562 shares at 31 December 2008

Reporting period	Previous corresponding period
13.5 cents ^a	11.5 cents ^b

5. **Gain or loss of control over entities**

Not applicable.

6. **Dividends**

6.1 On 15th October 2009 the Company paid an unfranked dividend of two cents per share. The payment amount was \$811,811.

6.2 The directors have declared an unfranked dividend of one cent per share. The payment amount is \$413,406.

Dividend Dates

Ex Dividend

23-Feb-10

Record

1-Mar-10

Payment

17-Mar-10

7. **Dividend reinvestment plans**

No dividend reinvestment plans were in operation during the reporting period or the previous corresponding period.

8. **Associates and joint venture entities**

No member of the Group held an interest in, or participated in the results of, an associate or joint venture.

9. **Foreign entities**

See note 10

10. **Academies Australasia College Pte. Limited**

On 1 October 2009 the Group acquired 75% of the issued capital of Washington Institute Pte. Ltd, a college in Singapore.

The acquisition is part of the Group's overall strategy to expand its education operations.

The purchase was satisfied by the issue of 750,000 ordinary shares in Garratt's Limited. The new shares are listed on the Australian Stock Exchange. They are in escrow for 12 months to 30 September 2010. The price recorded for each of the 750,000 shares is 46 cents.

The directors are of the view that the contribution of Washington Institute Pte. Ltd for the three months to 31 December 2009 is not material.

On 29 January 2010, Washington Institute Pte. Ltd changed its name to Academies Australasia College Pte. Limited.

10. **Academies Australasia College Pte. Limited (contd.)**

	Acquiree's carrying amount	Fair Value	\$
Purchase consideration			
- Equity issued			345,000
Less:			
Cash	419,538	419,538	
Receivables	436,390	436,390	
Other assets	86,638	86,638	
Property, plant and equipment	163,789	163,789	
Loans payable	-261,689	-261,689	
Accrued expenses	-139,350	-139,350	
Other liabilities	-334,630	-334,630	
	370,686	370,686	
Identifiable assets acquired and liabilities assumed			
Share of net assets acquired (75%)			-278,014
Goodwill on acquisition			66,986
Non-controlling interest on acquisition (25%)			92,671

Signed:

Stephanie Noble
(Group Finance Manager)

Date: 5 February 2010

GARRATT'S LIMITED
ABN 93 000 003 725
AND CONTROLLED ENTITIES

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2009

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**GARRATT'S LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

For the half-year ended 31 December 2009

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2009.

Directors

The names of directors who held office during or since the end of the half-year are:

Neville Thomas Cleary
Christopher Elmore Campbell
Chiang Meng Heng
John Lewis Schlederer

Review of Operations

A summary of the Statement of Financial Performance for the half-year ended 31 December 2009 is set out below:

	2009 \$	2008 \$
Total Revenue	<u>9,086,000</u>	<u>8,950,000</u>
Operating Profit Before Income Tax	<u>1,130,000</u>	<u>1,094,000</u>
Operating Profit After Income Tax	<u>793,000</u>	<u>793,000</u>

Revenue from ordinary activities increased by 2% to \$9,086,000 and operating profit before tax increased by 3% to \$1,130,000.

Education

The contribution to profitability by the education operations was \$1,250,000 compared to the \$1,231,000 contributed in the previous year, an increase of 2%.

Fasteners

The contribution to profitability by the fasteners operations increased by 23% from \$339,000 to \$417,000.

**GARRATT'S LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

For the half-year ended 31 December 2009

Auditor's Declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* for the half year ended 31 December 2009 is set out on page 3.

Signed in accordance with a resolution of the Board of Directors.



Neville Cleary
Director



Christopher Campbell
Director

Sydney
5 February 2010

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF GARRATT'S LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2009 there have been:

- (a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.



CALABRO PARTNERS
Chartered Accountants



M TRAYNOR
Partner

Level 5
175 Eagle Street
BRISBANE QLD 4000

5 February 2010

**GARRATT'S LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
CONSOLIDATED INCOME STATEMENT**

For the half-year ended 31 December 2009

	Note	Economic Entity	
		31.12.2009 \$	31.12.2008 \$
Revenue		9,085,834	8,950,387
Finance costs		(24,065)	(13,863)
Depreciation and amortisation expense		(150,599)	(193,559)
Cost of sales		(2,284,730)	(2,556,302)
Cost of services		(2,110,582)	(2,123,836)
Employee benefits expense		(1,724,514)	(1,545,444)
Insurance		(74,373)	(143,019)
Legal fees		(66,934)	(33,011)
Lease rental expense – operating leases		(642,196)	(462,964)
Other expenses		(877,438)	(783,923)
Profit before income tax		1,130,403	1,094,466
Income tax attributable		(337,752)	(301,626)
Profit for the period		792,651	792,840
Profit attributable to non-controlling interest		2,583	-
Profit attributable to members of the parent entity		790,068	792,840
		792,651	792,840
Earnings per share:			
Basic earnings per share (cents per share)	4	1.93	1.95

The accompanying notes form part of these financial statements.

**GARRATT'S LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
CONSOLIDATED BALANCE SHEET**

For the half-year ended 31 December 2009

	Note	Economic Entity	
		31.12.2009 \$	30.06.2009 \$
ASSETS			
Current Assets			
Cash and cash equivalents		2,086,816	1,912,289
Trade and other receivables		2,306,613	1,774,327
Inventories		2,573,271	2,948,600
Other current assets		356,236	368,466
Total Current Assets		7,322,936	7,003,682
Non-Current Assets			
Plant and equipment		1,602,708	1,473,264
Deferred tax assets		224,284	494,615
Intangible assets	7	2,972,845	2,905,859
Total Non-Current Assets		4,799,837	4,873,738
Total Assets		12,122,773	11,877,420
LIABILITIES			
Current Liabilities			
Trade and other payables		2,447,333	2,610,772
Current tax liabilities		67,421	-
Short-term borrowings		32,913	35,348
Short-term provisions		546,073	612,744
Total Current Liabilities		3,093,740	3,258,864
Non-Current Liabilities			
Long-term borrowings		115,716	24,273
Long-term provisions		362,993	458,793
Total Non-Current Liabilities		478,709	483,066
Total Liabilities		3,572,449	3,741,930
NET ASSETS		8,550,324	8,135,490
EQUITY			
Issued capital	7	14,564,836	14,219,836
Retained earnings		(6,106,089)	(6,084,346)
Foreign Currency Translation Reserve	7	(2,758)	-
Non-Controlling Interest	7	94,335	-
TOTAL EQUITY		8,550,324	8,135,490

The accompanying notes form part of these financial statements.

GARRATT'S LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2009

		\$	\$	\$	\$	\$
	Note	Ordinary Shares	Retained Profits	Reserves	Non Controlling Interest	Total
Balance at 1.7.2008		14,219,836	(7,030,071)	-	-	7,189,765
Profit for the period		-	792,840	-	-	792,840
Dividend paid		-	(405,906)	-	-	(405,906)
Balance at 31.12.2008		<u>14,219,836</u>	<u>(6,643,137)</u>	<u>-</u>	<u>-</u>	<u>7,576,699</u>
Balance at 1.7.2009		14,219,836	(6,084,346)	-	-	8,135,490
Share capital Issue	7	345,000	-	-	-	345,000
Profit for the period		-	790,068	-	2,583	792,651
Exchange differences on translating foreign operations	7	-	-	(2,758)	(919)	(3,677)
Acquisition of subsidiary	7	-	-	-	92,671	92,671
Dividend paid	5	-	(811,811)	-	-	(811,811)
Balance at 31.12.2009		<u>14,564,836</u>	<u>(6,106,089)</u>	<u>(2,758)</u>	<u>94,335</u>	<u>8,550,324</u>

The accompanying notes form part of these financial statements.

GARRATT'S LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
CONSOLIDATED CASH FLOW STATEMENT

For the half-year ended 31 December 2009

	Economic Entity	
	31.12.2009	31.12.2008
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	9,056,929	8,967,504
Payments to suppliers and employees	(8,355,842)	(8,482,620)
Interest received	17,745	17,247
Finance costs	(14,803)	(16,571)
	<hr/>	<hr/>
Net cash provided by operating activities	704,029	485,560
	<hr/>	<hr/>
Cash Flows From Investing Activities		
Proceeds from sale of plant & equipment	-	810
Purchase of non-current assets	(117,971)	(23,688)
Net cash on acquisition of subsidiary	419,538	-
	<hr/>	<hr/>
Net cash used in investing activities	301,567	(22,878)
	<hr/>	<hr/>
Cash Flows From Financing Activities		
Proceeds from borrowings	-	78,644
Dividends Paid	(811,811)	(405,906)
Repayment of borrowings	(19,258)	(11,077)
	<hr/>	<hr/>
Net cash used in financing activities	(831,069)	(338,339)
	<hr/>	<hr/>
Net increase in cash held	174,527	124,343
Cash at the beginning of period	1,912,289	810,875
	<hr/>	<hr/>
Cash at the end of the period	2,086,816	935,218
	<hr/>	<hr/>

The accompanying notes form part of these financial statements.

**GARRATT'S LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

For the half-year ended 31 December 2009

NOTE 1: BASIS OF PREPARATION

The half-year consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by Garratt's Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

(a) Significant Accounting Policies

The accounting policies applied by the consolidated entity in this consolidated half-year financial report are the same as those applied by the consolidated entity in its consolidated financial report for the year ended 30 June 2009.

In the current period, the consolidated entity has adopted all new and revised Standards and Interpretations issued by the Australia Accounting Standards Board that are relevant to its operations and effective for reporting periods beginning on or after 1 July 2009. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the consolidated entity's accounting policies.

(b) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

NOTE 2: SEGMENT REPORTING

	Fasteners		Education		Economic Entity	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	\$	\$	\$	\$	\$	\$
Revenue	3,935,176	4,245,696	4,922,377	4,658,292	8,857,553	8,903,988
Other revenue	313	1,246	210,587	33,057	210,900	34,303
Total segment revenue	3,935,489	4,246,942	5,132,964	4,691,349	9,068,453	8,938,291
Unallocated revenue					17,381	12,096
Total revenue from ordinary activities					9,085,834	8,950,387
Segment profit	417,429	339,026	1,249,996	1,231,013	1,667,425	1,570,039
Unallocated expenses net of unallocated revenue					(537,022)	(475,573)
Profit before income tax					1,130,403	1,094,466
Income tax attributable					(337,752)	(301,626)
Profit after income tax					792,651	792,840

**GARRATT'S LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

For the half-year ended 31 December 2009

NOTE 3: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 4: EARNINGS PER SHARE

The earnings per share have been calculated on the weighted average ordinary shares of 40,965,562 for the half-year ended December 2009. (2008: 40,590,562)

NOTE 5: DIVIDEND PAID

On 15 October 2009, the Company paid an unfranked dividend of two cents per share. The payment amount was \$811,811.

NOTE 6: POST BALANCE DATE EVENTS

There are no matters or circumstances that have arisen since 31 December 2009 which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

NOTE 7: ACADEMIES AUSTRALASIA COLLEGE PTE. LIMITED

On 1 October 2009 the Group acquired 75% of the issued capital of Washington Institute Pte. Ltd, a college in Singapore.

The acquisition is part of the Group's overall strategy to expand its education operations.

The purchase was satisfied by the issue of 750,000 ordinary shares in Garratt's Limited. The new shares are listed on the Australian Stock Exchange. They are in escrow for 12 months to 30 September 2010. The price recorded for each of the 750,000 shares is 46 cents.

The directors are of the view that the contribution of Washington Institute Pte. Ltd for the three months to 31 December 2009 is not material.

On 29 January 2010 Washington Institute Pte. Ltd changed its name to Academies Australasia College Pte. Limited.

GARRATT'S LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2009

NOTE 7: ACADEMIES AUSTRALASIA COLLEGE PTE. LIMITED (CONTD)

	Acquiree's carrying amount	Fair value	\$
Purchase consideration:			
— Equity issued			345,000
Less:			
Cash	419,538	419,538	
Receivables	436,390	436,390	
Other assets	86,638	86,638	
Property, plant and equipment	163,789	163,789	
Loans payable	(261,689)	(261,689)	
Accrued expenses	(139,350)	(139,350)	
Other liabilities	(334,630)	(334,630)	
Identifiable assets acquired and liabilities assumed	<u>370,686</u>	<u>370,686</u>	
Share of net assets acquired (75%)			<u>(278,014)</u>
Goodwill on acquisition			<u>66,986</u>
Non-controlling interest on acquisition (25%)			<u>92,671</u>

GARRATT'S LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION

The directors of the company declare that, in the directors' opinion:

- (a) the financial statements and notes, as set out on pages 4 to 10, are in accordance with the *Corporations Act 2001*; including complying with accounting standards and giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half year ended on that date.
- (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.

Signed in accordance with a resolution of the Board of Directors.



Neville Cleary
Director



Christopher Campbell
Director

Sydney
5 February 2010

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF GARRATT'S LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Garratt's Limited (the company), which comprises the consolidated balance sheet as at 31 December 2009 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration as set out on page 4 to 11.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and with the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Australian Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 company's financial position as at 31 December 2009 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 Garratt's 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Garratt's Limited on 5 February 2010 would be in the same terms if provided to the directors as at the date of this auditor's review report.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF GARRATT'S LIMITED**

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 Garratt's 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 2009 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*.



CALABRO PARTNERS
Chartered Accountants



M TRAYNOR
Partner

Level 5
175 Eagle Street
BRISBANE QLD 4000

5 February 2010