

# GARRATT'S LIMITED

ACN 000 003 725

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

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14 August 2009

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

Via ASX Online

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## ANNOUNCEMENT

### **PRELIMINARY FINAL RESULTS**

In accordance with ASX Listing Rule 4.3A, we attach Appendix 4E (Preliminary Final Report) for the year ended 30 June 2009.

Stephanie Noble  
Company Secretary

# Appendix 4E

## Preliminary Final Report

Introduced 1/1/2003.

GARRATT'S LIMITED ABN: 93 000 003 725
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1.	Financial year ended ('reporting period')	30-Jun-09
	Financial year ended ('previous corresponding period')	30-Jun-08

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

		\$A'000			
Movements from previous corresponding period					
2.1	Revenues from ordinary activities ( <i>item 3.1</i> )	down	15.6%	to	17,094
2.2	Profit from ordinary activities after tax attributable to members ( <i>item 3.6</i> )	down	70.7%	to	1,757
2.3	Net profit for the period attributable to members ( <i>item 3.6</i> )	down	70.7%	to	1,757

2.4 Explanation of items 2.1 to 2.3 above:

The financial results for the prior period included a change in accounting estimates that (exclusive of income tax) increased revenue and decreased trade payables by \$3,251,654; and increased expenses and decreased prepayments by \$784,897.

Compared to the prior year, without the change referred to above:

i) Turnover

- Group (a)	Increased by	0.5%
- Education (b)	Increased by	17.8%
- Fasteners (b)	Decreased by	15.2%

ii) Contribution pre tax

- Group (a)	Increased by	2.9%
- Education (b)	Increased by	7.8%
- Fasteners (b)	Decreased by	35.4%

(a) *Item 12.2*

(b) *Item 14.3*

### 3. Condensed consolidated income statement

	Reporting period - \$A'000	Previous corresponding period - \$A'000
3.1 Revenues from ordinary activities ( <i>see items 3.7 - 3.9</i> )	17,094	20,265
3.2 Expenses from ordinary activities ( <i>see item 3.10</i> )	(14,629)	(15,226)
3.3 Finance costs	(29)	(204)
<b>3.4 Profit from ordinary activities before tax</b>	<b>2,436</b>	<b>4,835</b>
3.5 Income tax benefit on ordinary activities	(679)	1,173
<b>3.6 Profit from ordinary activities after tax</b>	<b>1,757</b>	<b>6,008</b>

#### Notes to the condensed consolidated income statement

##### Revenue and expenses from ordinary activities

3.7 Revenue from sales or services		
- Sales	7,425	8,754
- Services	9,501	11,380
3.8 Interest revenue	33	86
3.9 Other relevant revenue		
- Other	135	46
3.10 Details of relevant expenses		
- Depreciation and amortisation	349	410
- Costs of sales	4,367	5,155
- Costs of services	4,076	4,133
- Employee benefits expense	2,852	2,788
- Insurance	273	247
- Lease rental expense – operating leases	946	868
- Legal expenses	63	163
- Non-executive directors fees	74	64
- Payroll Tax	156	154

4 <b>Condensed consolidated balance sheet</b>	Reporting period - \$A'000	Previous corresponding period - \$A'000
<b>Current assets</b>		
4.1 Cash	1,912	811
4.2 Receivables	1,774	2,333
4.3 Inventories	2,949	2,846
4.4 Other		
- Prepayments	367	549
- Other	1	1
4.5 <b>Total current assets</b>	<b>7,003</b>	<b>6,540</b>
<b>Non-current assets</b>		
4.6 Plant and equipment	1,473	1,733
4.7 Deferred tax assets	495	1,173
4.8 Intangibles	2,906	2,906
4.9 <b>Total non-current assets</b>	<b>4,874</b>	<b>5,812</b>
4.10 <b>Total assets</b>	<b>11,877</b>	<b>12,352</b>
<b>Current liabilities</b>		
4.11 Payables	2,611	3,786
4.12 Short-term borrowings	35	32
4.13 Short-term provisions	613	607
4.14 <b>Total current liabilities</b>	<b>3,259</b>	<b>4,425</b>
<b>Non-current liabilities</b>		
4.15 Long-term borrowings	24	20
4.16 Long-term provisions	459	717
4.17 <b>Total non-current liabilities</b>	<b>483</b>	<b>737</b>
4.18 <b>Total liabilities</b>	<b>3,742</b>	<b>5,162</b>
4.19 <b>Net assets</b>	<b>8,135</b>	<b>7,190</b>
<b>Equity</b>		
4.20 Capital/contributed equity	14,220	14,220
4.21 Retained profits (accumulated losses)	(6,085)	(7,030)
4.22 <b>Total equity</b>	<b>8,135</b>	<b>7,190</b>

5 **Condensed consolidated cash flow statement**

	Reporting period - \$A'000	Previous corresponding period - \$A'000
<b>Cash flows from operating activities</b>		
5.1 Receipts from customers	17,644	19,157
5.2 Payments to suppliers and employees	(15,634)	(15,581)
5.3 Interest received	33	86
5.4 Finance costs	(32)	(201)
5.5 <b>Net operating cash flows</b>	<b>2,011</b>	<b>3,461</b>
<b>Cash flows from investing activities</b>		
5.6 Proceeds from sale of plant and equipment	11	7
5.7 Purchases of plant and equipment	(72)	(224)
5.8 Purchase of other non-current assets	-	-
5.9 <b>Net investing cash flows</b>	<b>(61)</b>	<b>(217)</b>
<b>Cash flows from financing activities</b>		
5.10 Proceeds from borrowings	-	-
5.11 Dividends paid	(812)	(525)
5.12 Repayment of borrowings	(37)	(2,712)
5.13 Proceeds from issue of shares	-	-
5.14 <b>Net financing cash flows</b>	<b>(849)</b>	<b>(3,237)</b>
5.15 <b>Net increase (decrease) in cash held</b>	<b>1,101</b>	<b>7</b>
5.16 Cash at beginning of period	811	804
5.17 <b>Cash at end of period</b>	<b>1,912</b>	<b>811</b>

5.18 **Non-cash financing and investing activities**

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows: NIL

5.19 **Reconciliation of cash**

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Reporting period - \$A'000	Previous corresponding period - \$A'000
5.20 Cash on hand and at bank (item 5.17)	1,912	811

**6. Dividends**

On 15 October 2008 the Company paid an unfranked dividend of one cent per share, the payment amount was \$405,906 and on 18 March 2009 the Company paid an unfranked dividend of one cent per share, the payment amount was \$405,906.

The Company proposes to pay an unfranked dividend of two cents per share. The payment amount will be \$811,811.

Dividend Dates

Ex Dividend	25-Sep-09
Record	1-Oct-09
Payment	15-Oct-09

**7. Dividend reinvestment plans**

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

**8. Statement of retained earnings**

	Reporting period - \$A'000	Previous corresponding period - \$A'000
8.1 Retained profits (accumulated losses) at the beginning of the financial period	(7,030)	(12,632)
8.2 Net profit attributable to members ( <i>item 3.6</i> )	1,757	6,008
8.3 Dividend paid	(812)	(406)
8.4 Dividend provided for	-	-
8.5 Retained profits (accumulated losses) at end of financial period	(6,085)	(7,030)

**9. Net tangible Assets**

	Reporting period	Previous corresponding period
Net tangible asset backing per ordinary share	12.9 cents	10.6 cents

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

Australian Trades Institute Pty Limited ( paid up capital of \$2.00 ) was incorporated during the reporting period.

There was no gain or loss of control over any other entity during the reporting period.

**11. 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.

12. **Other significant information**

Change in accounting estimates prior year

- 12.1 The financial results for the year ended 30 June 2008 included a change in accounting estimates that (exclusive of income tax) increased revenue and decreased trade payables by \$3,251,654; and increased expenses and decreased prepayments by \$784,897.
- 12.2 Compared to the prior year, without the change in Note 12.1 above, revenue increased by \$80,458 (0.5%) to \$17,094,144 and pre-tax contribution by \$67,605 (2.9%) to \$2,436,091.

13. **Foreign entities**

No member of the Group is a foreign entity.

14. **Commentary on results**

14.1 **Earnings per security (EPS)**

	Reporting period	Previous corresponding period
Basic EPS - After tax	4.3 cents	19.0 cents
Basic EPS - Pre tax	6.0 cents	15.3 cents

Options

No options were on issue during the period under review.

- 14.2 Returns to shareholders.  
A dividend of two cents per share is proposed.
- 14.3 Significant features of operating performance.

**Education**

Compared to the prior year, without the changes in Note 12.1 above, revenue increased by \$1,457,326 (17.8%) to \$9,640,360 and contribution by \$203,711 (7.8%) to \$2,815,225.

**Fasteners**

Compared to the prior year, revenue decreased by \$1,330,726 (15.2%) to \$7,426,978 and contribution decreased by \$327,259 (35.4%) to \$598,242.

14.4 The results of segments.

Refer Appendix

14.5 Ratios.

	Reporting period	Previous corresponding period
<b>Profit before tax / revenue</b> Consolidated profit from ordinary activities before tax ( <i>item 3.4</i> ) as a percentage of revenue ( <i>item 3.1</i> )	14.25%	23.86%
<b>Profit after tax / equity interests</b> Consolidated net profit from ordinary activities after tax attributable to members ( <i>item 3.6</i> ) as a percentage of equity at the end of the period ( <i>item 4.22</i> )	21.60%	83.57%

15. This report is based on accounts which are in the process of being audited.

16. These accounts are not likely to be subject to dispute or qualification.

Signed: .....

Date: .....

Stephanie Noble  
(Group Finance Manager)

**GARRATT'S LIMITED  
AND CONTROLLED ENTITIES  
APPENDIX - SEGMENT REPORT**

	FASTENERS		EDUCATION		CONSOLIDATED	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Business Segments</b>						
External sales	<b>7,425</b>	8,753	<b>9,501</b>	11,380	<b>16,927</b>	20,133
Other revenue	<b>2</b>	4	<b>139</b>	55	<b>140</b>	59
	<b>7,427</b>	8,757	<b>9,640</b>	11,435	<b>17,067</b>	20,192
Unallocated revenue					<b>27</b>	73
<b>Total revenue</b>					<b>17,094</b>	20,265
Segment result	<b>598</b>	926	<b>2,815</b>	5,078	<b>3,413</b>	6,004
Unallocated expenses net of unallocated revenue					<b>(948)</b>	(965)
Finance costs					<b>(29)</b>	(204)
<b>Profit before income tax</b>					<b>2,436</b>	4,835
<b>Segment assets</b>	<b>6,312</b>	6,599	<b>2,996</b>	3,034	<b>9,308</b>	9,633
Unallocated					<b>2,569</b>	2,719
Total assets					<b>11,877</b>	12,352
<b>Segment liabilities</b>	<b>838</b>	1,203	<b>1,927</b>	2,654	<b>2,765</b>	3,857
Unallocated					<b>977</b>	1,305
Total liabilities					<b>3,742</b>	5,162
<b>Acquisition of non-current segment assets</b>	<b>58</b>	85	<b>58</b>	139	<b>116</b>	224
<b>Depreciation and amortisation of segment assets</b>	<b>111</b>	188	<b>108</b>	92	<b>219</b>	280

**Geographical Segments**

The economic entity's business segments operate predominantly in Australia.