marbletrend

ANNUAL REPORT 2012

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marbletrend
GROUP LIMITED
ABN 34 087 730 667

DIRECTORS	H. Giles (Executive Chairman) J. Nicol (Managing Director, appointed 4 July 2011) P. Reilly (Non-Executive Non Independent Director) M. Evett (Non-Executive Director)
COMPANY SECRETARIES	H. Giles P. Reilly
REGISTERED OFFICE	Level 2 409 St Kilda Road Melbourne VIC 3004
PRINCIPAL PLACE OF BUSINESS	Level 2 409 St Kilda Road Melbourne VIC 3004
PRINCIPAL PLACE OF OPERATING BUSINESS	Marbletrend Pty Ltd 22 Jersey Road Bayswater VIC 3153 T: (03) 9729 6777 Email: sales@marbletrend.com.au
SHARE REGISTRY	Advance Share Registry PO Box 1156 Nedlands WA 6909 Marbletrend Group Limited shares are listed on the Australian Securities Exchange (ASX: MBD)
SOLICITORS	Norton Rose Level 24 385 Bourke Street Melbourne VIC 3000
BANKERS	Westpac Banking Corporation National Australia Bank Limited
AUDITORS	Grant Thornton Audit Pty Ltd 215 Spring Street Melbourne VIC 3000
WEBSITE	www.marbletrend.com.au

ABOUT marbletrend

MARBLETREND (Marbletrend, Marbletrend Bathrooms, Group or the Company) operates within the building product supply industry, and is a leading Australian designer, manufacturer and importer of quality bathroomware including shower bases and screens, baths, vanities and sanitaryware.

Marbletrend is headquartered in Bayswater, Victoria and has invested heavily in management and systems to support its manufacturing and distribution activities. Marbletrend has established excellent supplier relationships in China where approximately 85% of its product is manufactured.

Marbletrend Bathrooms products are distributed to 3,200 major customers throughout Australia including Bunnings, Reece, Tradelink, Plumbing Plus, Plumbtec, ABG, BIGA, Hardings, Mitre 10, Danks and hundreds of independent and specialist hardware and bathroom retailers.

The Company has evolved into a modern designer, manufacturer and distributor of fashionable, affordable bathroom products for Australian families and commercial customers.

Marbletrend Bathrooms has warehouses and branch offices in Victoria, Queensland, New South Wales, Western Australia and South Australia as well as agencies in Northern Territory, Tasmania and Northern Queensland. A national distribution footprint ensures Marbletrend products are widely available around Australia.

With origins dating back to 1939, Marbletrend Bathrooms has more than 90 employees and a growing reputation as a leader in fashionable bathroomware.

Highlights Summary

The Group's results reflect continued growth in its core product ranges and markets, despite subdued consumer spending and a challenging housing and renovations market.

KEY FINANCIAL DATA	**2012 ($m)**	2011 ($m)
Revenue	**42.9**	42.3
EBITDA	**2.2**	3.2
Net Profit After Tax	**0.8**	1.5
Total Assets	**22.9**	23.3
Net Debt	**11.7**	12.1
Shareholders Equity	**10.4**	10.1

KEY SHARE DATA	**2012 (cents)**	2011 (cents)
Earnings per share	**1.29**	1.82
Dividends per share	**10.50**	8.00
Net tangible assets per share	**13.09**	12.14

KEY RATIOS	**2012**	2011
Return on Assets (%)	**3.4**	5.0
Return on Equity (%)	**7.7**	12.7

FINANCIAL Highlights

- The Group's revenues (net of rebates and discounts) increased to $42.9 million (2011: $42.3 million), reflecting a 1.5% increase
- The Group's overall profit after tax decreased to $790,567 (2011: $1,452,455), reflecting a decrease of 45.6%
- Operating activities of the Group generated net cash inflows of $1,678,009 (2011: $1,076,223), an increase of 56%

OPERATIONAL Highlights

- Customers: Invested in an expanded national sales, key account management and customer service
- Product: Strengthened product and sourcing team, focused on product development, fashion collections and innovation.
- Distribution: Strong focus on inventory management and implementation of findings from a major logistics review
- People: Strengthened all people development processes with emphasis on training and development
- Innovation: Marbletrend Bathrooms have invested in:
    - Brand: Updated the brand to reflect a fashion focused consumer market
    - Marketing: Driving consumer demand through targeted campaigns
    - Product: Focused on core strengths while leading in innovative new products
    - Information: Development of CRM and better management information

Chairman's Report

CHAIRMAN'S Report

Dear Shareholder,

In a market during FY12 where new home construction was the weakest sector in the Australian economy and the market faced constrained household discretionary spending, Marbletrend is pleased to announce an increase in sales over FY11 notwithstanding an impact in its margins generated.

As reported in 2011, we expected to face a housing market that would be challenging in the near term and our experiences over this year have reflected difficult trading conditions particularly since Christmas.

Results

Marbletrend achieved an EBITDA of $2,229,753 (2011: $3,217,743) and net profit after tax of $790,566 on net sales revenue of $42,885,946. This represents a decrease of 45.6% on year-on-year net profit after tax and an increase of 1.5% on year-on-year sales.

Margins and profitability have been materially impacted by the difficult market conditions and product mix, despite increased sales. The Company's results were also impacted by increased investment in business systems, recruitment of an additional 12 sales, marketing and product development people and investment in new products. Additionally, major business reviews were conducted in Logistics, IT and Sales that the Board considers to be important strategic initiatives to position the Company for the future.

In particular the Board notes that notwithstanding the loss of the toilet review to Bunnings during the year, core product sales increased to a more diversified customer base which has offset this loss, resulting in an overall modest increase in sales revenue and a stronger customer base.

During the year, the company embarked on a restructuring of its sales force which has resulted in the creation of new Sales Representative roles and a strategic direction to take back ownership of customers for which Marbletrend had previously outsourced servicing. The success of this strategy over FY12 has resulted in an increase in sales revenue however margins have been impacted by the competitive nature of the market and additional costs in establishing the structure.

It would appear from recent economic data that new dwelling approvals do not indicate an early improvement in FY13 although we are pleased to report there is a consistent and significant underlying demand for our products and that Marbletrend has strategically placed itself to take advantage of this demand and develop new opportunities.

Key Strategic Initiatives

The Board and the Leadership Team have embarked on a strategic direction to develop Marbletrend's customer relationships and brand management. This has resulted in the appointment of a General Manager of Marketing and ongoing strategic focus on social media, brand enhancement and innovation. The Board is delighted with the new product development initiatives that we expect to roll out during FY13 and the diversity of the manufacturing base that has been developed over the past 18 months to de-risk the China manufacturing exposure that previously existed.

In addition, after a strategic review, Marbletrend has refocused its attention on domestic manufacture and is developing both a premium awareness of the Marbletrend product but also the ability to leverage the value attributable to domestic production.

Acquisition

As recently announced, Marbletrend has acquired a 50% interest in a joint venture established to supply concrete and building supplies to the inner Melbourne market. This is an exciting development for Marbletrend in that it provides the opportunity for a display suite of Marbletrend products in the inner city, provides direct access to builders and gives Marbletrend the opportunity to develop specifications for its products directly with clients of the joint venture. In addition, the concrete and garden supplies businesses both reflect robust business models that create a diversification of income streams and customer base for Marbletrend.

Managing Director

The Board is delighted with the impact that Jeff Nicol has made as Managing Director and Chief Executive Officer of the business over the past 12 months and he together with the Leadership Team have provided stability and strategic initiatives at a time when Marbletrend faced difficult trading conditions. The Board supports these initiatives wholeheartedly and in particular recognises the value of Marbletrend as a brand and the ability for Marbletrend to innovate and develop a range of new products to satisfy its market.

Executive Remuneration

The Board is cognisant that Marbletrend results for FY12 have not met the internal budgets and forecasts. As a consequence, no short term incentives were paid to the Leadership Team.

As a policy the Company seeks to remunerate between the median and third quartile and to reward superior performance through short term incentives aligned to each executives key performance indicators. The company continues to operate its Long Term Incentive plan to focus the Leadership Team. Details of the Short Term Incentive and Long Term Incentive plans are included within the Remuneration Report.

Dividends and Capital Management

On 29 August 2012 the Board announced the declaration of a fully franked final 2012 dividend of 0.5 cents per share payable to shareholders on 26 October 2012 together with the application of the company's Dividend and Reinvestment Plan.

During the year fully franked dividends of 1.05 cents (2011: 1.0 cent) were paid and together with the application of the company's Dividend and Reinvestment Plan, 2,253,542 shares were issued at an average price of 12.07 cents. Pursuant to the Company's Share Buy Back 893,267 shares were bought back and cancelled at an average price of 11.7 cents per share.

Our People

Over the past 12 months, Marbletrend has invested in a number of training and development initiatives with a key focus on further developing a culture of safety. The Company has also invested in developing a more robust information technology backbone to meet the needs of the business, together with an ongoing review of the Company's supply chain. The supply chain review is exciting in that we expect efficiencies to be driven to the benefit of shareholders including a better management of inventory, a greater focus on the cash cycle of the business and an ongoing focus on leveraging the China manufacturing base that the Company has developed.

Looking forward, Marbletrend will focus over the next 12 months in assessing further opportunities for China manufacture and export markets together with a heightened focus on innovation, new product development and brand management.

Finally, the Board would like to thank our customers for their ongoing support and all Marbletrend staff for their efforts and commitment to the business.

Hamish Giles
Executive Chairman
29 August 2012

Management Report

MANAGING DIRECTOR'S Report

Marbletrend has reported a modest increase in revenue despite a sharply reduced housing and renovations market but profit has reduced due to challenging economic conditions and repositioning the business to ensure we have a solid platform to take advantage of future growth opportunities.

The solid revenue result was achieved through a strong focus on targeting a wider customer base buying a deeper mix of products. This also led to a solid trading margin being achieved despite intense price competition due to the tighter market. The focus on broadening the customer base will position us well to take advantage of any upward momentum in the market.

The economy remains challenging. We have faced a combination of reduced consumer discretionary spending leading to lower renovation activity as well as a sharp downturn in housing starts across Australia but particularly in south eastern Australia. Mining accommodation activity in WA and QLD has remained strong but timing on project commencements is unpredictable.

We have spent the year strengthening all aspects of the business to ensure we can have a solid base to launch from when the economy improves.

A major strategic review has resulted in significant investment across key business areas including:

- Customers: Investing in an expanded national sales, key account management and customer service team in order to ensure we continue to grow a diverse customer base.
- Product: Strengthening our product and sourcing team with a renewed focus on product development, fashion collections and innovation and being always ahead of trend. We have built a more sustainable pipeline of new products that will benefit the business.
- Distribution: Investing in more efficient and cost effective transport and logistics systems and processes including a full review of all warehousing facilities. Additionally, substantial work has gone into ensuring our Chinese manufacturing partners are strengthened and that quality and costs are consistent. This has been achieved.
- People: Lifted the skill sets and capacity of the team through recruitment of new skills and introduced training and development programmes.
- Innovation: Introduced a new marketing strategy and team with focus on creating demand for Marbletrend products through a refreshed brand strategy and utilization of social media platforms ensuring we follow the consumer buying cycle.

In addition to the above, comprehensive reviews were conducted in key support areas. These one off reviews yielded favourable outcomes that will benefit our business over the next financial year and beyond. They included:

- Transport and Logistics: Improved sales and operational planning process to ensure stronger inventory performance. Implementation of a warehouse upgrading and efficiency plan that will lead to better and more cost effective warehouses in the growth markets of NSW and QLD.
- IT: Initiated comprehensive IT review resulting in new a CRM system as well as ensuring a robust and resilient system is in place.
- Sales: A review of all sales activities and penetration of sales efforts was undertaken resulting in the restructure of the sales team to ensure clear focus on growing the wider customer base.

MARKET Outlook

We anticipate a continued challenging housing and renovation market at least for the balance of calendar 2012 with some improvement commencing in 2013.

2012 Highlights Detail

Customers: wide customer base buying a deeper mix of products

A comprehensive review of the sales and account management structure has led to a new structure and increased resourcing to service key accounts, provide after sales service and customer care and open up new channels to market.

Product: consistent pipeline of stylish, fashionable and innovative products focused on a fashion lifecycle

We have strengthened our product and sourcing team with a renewed focus on product development, fashion collections and innovation.

Recent consumer and market research has identified new and innovative product opportunities that we expect to introduce to the market over the next financial year. Initial market research indicates these products will provide a competitive edge to the Marbletrend Bathrooms product range.

Distribution: fast, reliable, low cost distribution to our customer

Marbletrend Bathrooms has continued its focus on enhancing the stability and security of its supply chain. Additional manufacturers have been identified to broaden our range and product development pipeline.

We will continue to invest in logistics and supply chain management, focusing on growth in revenues and warehousing capabilities. Using the findings from the logistics review, we will take advantage of the commercial real estate cycle and invest in upgrading our NSW and QLD warehouses. Additionally, our stock profile is continuing to improve through our implementation of a sales and operational planning cycle.

Our product and sourcing team has spent considerable time in China developing new products with our existing long term partners as well as establishing new supply lines. Our focus is on utilizing our long term Chinese experience to drive our strategy of ensuring faster product development, low cost consolidation and distribution as well as providing consistently good quality.

People: attract and retain the best talent

We have increased the size and capability of our national sales team, marketing and product development teams and focused on developing core competencies through additional training. Marbletrend has invested in a number of training and development initiatives to enhance the skills and capabilities of its workforce. It is pleasing to note that the focus on occupational health and safety has resulted in a continued improvement in all safety metrics across Marbletrend.

Innovation

Marbletrend Bathrooms continue to innovate through:

Brand: Updating the brand to reflect a fashion focused consumer market
A comprehensive brand redevelopment has been initiated and is being introduced across the business. The familiar Marbletrend frog logo has been updated and stylised to reflect a modern, fashion-conscious consumer and serve segmented markets including consumers, builders and plumbers, interior designers, architects and specifiers.

Marketing: Driving consumer demand through targeted campaigns
Marbletrend has significantly invested in digital, online and social media. The Marbletrend Bathrooms brand can now be accessed through social media sites such as Twitter, LinkedIn and Facebook. Social media will continue to play an important role in Marbletrend's strategy to drive consumer demand and connect with the end customer through digital channels.

Product: We maintain our focus on our core strengths while leading in innovative new products based around fashion lifecycles driven by global trends.

Transport and Logistics: Continual improvement in the performance of our warehouse logistics and stock management

IT: Initiated comprehensive IT review resulting in a new CRM system being commissioned and ensuring a resilient and robust operating system that we can grow with.

Acquisitions: The Company will continue to review potential acquisitions and investments whilst maintaining a core strategic focus on development of the business through organic growth, innovation and investment in its people.

FOCUS For The Future

- Strategy: Focus on the delivery of the strategic plan including the diversification of our channels to market
- Customers: A wide range of customers buying the wider product mix
- Products: Lead the market with high quality, affordable and fashionable products
- Innovation: Leading edge, continuous improvement and enhancement across all areas of the business
- Distribution: Focus on being fast, reliable and low cost; and
- People: Developing our team and product knowledge

THREE YEAR Strategic Plan

- Continued focus on profitable organic growth
- Broadening our channels to market via implementation of new strategies and possible acquisitions
- Tight inventory and cost management
- Ongoing focus on the safety of our people
- Attracting and retaining quality staff; and
- Prudent management of capital expenditure

SUMMARY

The management and team are not satisfied with the FY12 results however we are pleased and confident about the setting of the new strategic direction and that we have now established the systems, processes and groundwork that will enable us to achieve sustainable profitable outcomes in the coming years. In spite of the unprecedented market challenges and substantial changes introduced into the business, we are pleased to have maintained our strategy, focus, and resolve, grown our customer base and to have positioned ourselves as a strong and reliable key supplier to our customers. I thank the Board for their support and the management and team for their continued focus, energy, and commitment to the business.

Jeff Nicol
Managing Director and CEO
29 August 2012

Directors Report

Marbletrend Group Limited's (Group) Directors in office during the period of this report are as follows.

Hamish M Giles LLB, B.Ec.
(Executive Chairman and Company Secretary)

Mr Giles is founder and a director of a Melbourne based consultancy firm Salmon Giles Pty Ltd which offers strategic consultancy services specifically in accounting and tax planning services and corporate advisory services. In addition Mr Giles consults in areas including human resource management consulting, strategic industrial relations and remuneration planning incorporating establishment of incentive schemes.

Mr Giles established Salmon Giles Pty Ltd 24 years ago after working with Arthur Andersen and McIntosh Securities. Mr Giles has qualifications in Law and Accounting and provides advice to a wide range of private and public companies and high net worth individuals.

Mr Giles is Chairman of the Nominations Committee and the Strategic Review and Operations Committee and a member of the Audit & Compliance Committee.

Jeff P Nicol MBA (Marketing)
(Managing Director and Chief Executive Officer) (appointed 4 July 2011)

Mr Nicol has over 25 years experience in manufacturing, distribution, wholesaling and retailing mainly in building supply and related products. Mr Nicol was formerly the General Manager of Trade at Bunnings Group Limited with profit and loss responsibility for the Bunnings Trade business and was also responsible for driving the strategies focused on developing all trade markets including residential and commercial construction

Mr Nicol is a member of the Remuneration Committee and the Strategic Review and Operations Committee.

Peter T Reilly BBAc, CA
(Non Executive and Non Independent Director and Company Secretary)

Mr Reilly has in excess of 35 years experience and achievement in Senior Executive roles. Mr Reilly has undertaken a number of strategic acquisitions, divestments and business developments and brings to the Board of Marbletrend Group Limited, significant commercial experience as a public company director.

Mr Reilly is Chairman of the Audit & Compliance Committee and a member of the Remuneration Committee and the Nominations Committee.

During the past seven years, Mr Reilly has also served as a director of the following other listed companies:

- Robe Australia Limited (since April 2005)
- CPI Group Limited (from February 2002 up to April 2011)

Michael N Evett B.Sc (Honours) Geology
(Non Executive Director)

Mr Evett has more than 20 years international experience in Senior Executive roles including a number of positions in oil and gas service industries. Since 1997 Mr Evett has held Senior Executive roles including Chief Executive Officer and Director of AUSDOC Information Management Pty Limited and Vice President and General Manager of Recall Australia Limited.

Mr Evett is Chairman of the Remuneration Committee and a member of the Audit & Compliance Committee and the Strategic Review and Operations Committee.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report (unless indicated otherwise), the interests of the directors in the shares and options of Marbletrend Group Limited were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
H. Giles	4,924,434	-
P. Reilly	14,964,401	-
M. Evett	314,879	-
J. Nicol	1,000,000	-

Company Secretaries

Hamish M Giles
Refer to page 17.

Peter T Reilly

Refer to page 17.

Dividends

	Cents	$
Dividends paid in the year: Final for 2011 shown as recommended but not provided for in the 2011 financial report on ordinary shares	0.5	300,801
Interim for the year on ordinary shares	0.55	344,030
Final for 2012 shown as recommended but not provided for in the 2012 financial report on ordinary shares	0.5	313,977

On 24 August 2011 the Board announced the declaration of a fully franked final 2011 dividend of 0.5 cents per share payable to shareholders on 28 October 2011.

On 16 February 2012 the Board announced the declaration of a fully franked interim 2012 dividend of 0.55 cents per share payable to shareholders on 27 April 2012.

On 29 August 2012 the Board announced the declaration of a fully franked final 2012 dividend of 0.5 cents per share payable to shareholders on 28 October 2012.

The Company's Dividend Reinvestment Plan (DRP) applied in relation to both dividends paid during the Financial Year.

Fully franked dividends of 1.05 cents per share (1.0 cent per share last year) were paid during the 2012 Financial Year and the DRP allowed shareholders to acquire shares in the Company at a discount to the prevailing share price at the time of the dividend.

PRINCIPAL Activities

Marbletrend Group Limited was formed to raise capital which in turn is lent to its subsidiaries to undertake various investments.

Shareholders agreed at the Annual General Meeting held on 23 November 2007 to change the underlying focus of the operations of the Company and agreed to the acquisition of a 70% interest in Marbletrend Pty Ltd, through a holding company – Marbletrend Holdings Pty Ltd. This acquisition was effective 1 November 2007 and resulted in the Company acquiring a business that manufactures, imports, warehouses and distributes bathroom products for major customers throughout Australia.

On 3 February 2011 the Board announced that it had come to agreement with representatives of John Penman Patterns Pty Ltd (JPP) in respect to the acquisition of the remaining 30% of Marbletrend Holdings Pty Ltd that Marbletrend Group Limited did not currently own. This resulted in Marbletrend Group Limited owning 100% of Marbletrend Pty Ltd – the main operating business of the Group.

CORPORATE Structure

Marbletrend Group Limited is a company limited by shares and is incorporated and domiciled in Australia. Marbletrend Group Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in the following illustration of the Group's corporate structure:

The Group has two wholly owned subsidiaries as follows:

- Marbletrend Holdings Pty Ltd (ACN 127 289 061)
- Avalon Investments (Aus) Pty Ltd (ACN 103 074 102)

Marbletrend Pty Ltd (ACN 109 273 912) and Marbletrend Investments Pty Ltd (ACN 159 110 577) are wholly owned subsidiaries of Marbletrend Holdings Pty Ltd.

Avalon Investments (Aus) Pty Ltd and Marbletrend Investments Pty Ltd have been wholly owned subsidiaries since incorporation of the subsidiary.

OPERATING and FINANCIAL Review

Group Overview

The Group's results for FY 2012 are disappointing, despite an increase in sales. Margins and profitability have been materially impacted by the difficult market conditions, despite increased sales. The Company's results were also impacted by increased investment in business systems, recruitment of an additional 12 sales and marketing people and investment in new products which the Board considers to be important strategic initiatives to position the Company for the future.

The solid revenue result was achieved through a strong focus on targeting a wider customer base buying a deeper mix of products. This also led to a solid trading margin being achieved despite intense price competition due to the tighter market. The focus on broadening the customer base will position us well to take advantage of any upward momentum in the market.

Total revenue (after rebates and discounts) for the Group was $42.9 million in FY 2012 (2011: $42.3 million). Marbletrend's core product range continued to trade well in FY 2012 with margins being maintained despite continued unpredictability in mining services revenue in both Western Australia and Queensland. We have faced a combination of reduced consumer discretionary spending leading to lower renovation activity as well as a sharp downturn in housing starts across Australia but particularly in south eastern Australia.

During the year, a major strategic review has resulted in significant investment across key business areas including:

• Customers: Investing in an expanded national sales, key account management and customer service team in order to ensure we continue to grow a diverse customer base.

• Product: Strengthening our product and sourcing team with a renewed focus on product development, fashion collections and innovation and being always ahead of trend. We have built a more sustainable pipeline of new products that will benefit the business.

• Distribution: Investing in more efficient and cost effective transport and logistics systems and processes including a full review of all warehousing facilities. Additionally, substantial work has gone into ensuring our Chinese manufacturing partners are strengthened and that quality and costs are consistent. This has been achieved.

• People: Lifted the skill sets and capacity of the team through recruitment of new skills and introduced training and development programmes.

• Innovation: Introduced a new marketing strategy and team with focus on creating demand for Marbletrend products through a refreshed brand strategy and utilization of social media platforms ensuring we follow the consumer buying cycle.

Marbletrend continues to focus on Occupational Health and Safety guidelines and standards, better management of its inventory, undertook detailed reviews of its property and warehousing requirements and assessed its manpower requirements both in terms of its distribution and manufacturing business within Australia. Various cost efficiencies have been realised during the year and further cost efficiencies are expected to be realised over the coming year.

Dynamics of the Business

The business is essentially a fashion and distribution business. Fashion - in the sense that the business provides a range of bathroom products which must reflect the current trends of fashion and consumer sentiment; and distribution - in the sense that the business manufactures and imports its product from China and must distribute it in full and on time to its customer base. Supply chain management is therefore a strategic and important component of the business. The business has over the past year strengthened its product and sourcing team with a renewed focus on product development, fashion collections and innovation.

The Company has focused extensively on understanding its markets and clients base over the past year with specific focus on developing and enhancing its marketing activities as a means of generating sustained brand recognition and value. Recent consumer and market research has identified new and innovative product opportunities that are expected to be introduced to the market over the next financial year. Initial market research indicates these products will provide a competitive edge to the Marbletrend Bathrooms product range.

In addition, the business faces volatility associated with the AUD and has taken a far more dynamic and focussed attitude to managing its exposure to the AUD / US Dollar (USD) exchange rate through the taking out of forward contracts against known deliveries. The Group does not speculate in respect to foreign currency but rather purchases foreign currency to meet its commitments once known. With continued strength in the AUD over the past year, the business has been able to negotiate with some of its manufacturers to recover some of the additional costs imposed upon it. The business is also taking a more proactive stance in relation to currency exposure and welcomes the proposed direct trade between the AUD and the RMB.

Marbletrend generates approximately 45% of its revenue from new home starts and 55% of its revenue from DIY and it notes the strength of the DIY market notwithstanding the impact of the global financial crisis.

Operating Results for the Year

The Group's profit after tax for FY 2012 decreased to a profit of $790,567 from a profit of $1,452,445 last year, a net decrease of $661,879. Pre-tax profit was a profit of $613,779 from a profit of $2,164,406, a net decline of $1,550,627.

Earnings per share decreased 29.1% to 1.29 cents (2011: 1.82 cents) and no impairment charge was recorded (2011: $Nil).

The underlying annual result reflects the impact of greater costs on the business, notwithstanding solid margins as a consequence of setting of the new strategic direction and establishing the systems, processes and groundwork that will enable Marbletrend to achieve sustainable profitable outcomes in the coming years. In spite of the unprecedented market challenges and substantial changes introduced into the business, Marbletrend has grown its customer base and is now positioned as a strong and reliable key supplier to our customers.

	2012 $	2011 $	Change %
Net profit / (loss) from total operations	**790,567**	1,105,858	(28.5%)
Net profit / (loss) from continuing operations	**790,567**	1,105,858	(28.5%)

Summarised operating results are as follows:

BUSINESS SEGMENTS	**2012 Revenues $**	2012 Results $
Bathroom Products	**42,878,124**	587,221
Corporate	**7,822**	26,558
Consolidated entity revenue and profit for the year before income tax	**42,885,946**	613,779

Shareholder Returns

Shareholder returns have decreased as a result of a decline in EBITDA. Returns on assets employed in FY 2012 decreased to 3.4% (2011: 5.0%). The average return on equity decreased to 7.7% (2011: 12.7 %).

	2012	2011	2010	2009
Basic earnings per share (cents)	**1.3**	1.8	1.5	(6.6)
Return on assets (%)	**3.4**	5.0	4.4	(17.9)
Return on equity (%)	**7.7**	12.7	13.0	(42.7)
Net interest bearing debt / equity ratio (%) (note 22)	**48.2**	51.7	42.7	45.2

Review of Financial Condition

Liquidity and Capital Resources
The consolidated Statement of Cash Flows illustrates that there was a decrease in cash and cash equivalents in the year ended 30 June 2012 of $6,740 (2011: $743,096) due to greater focus on debtor recovery and stock management. Operating activities generated $1,678,009 of net cash inflows (2011: $1,076,223).

	2012 Total Operations $	2011 Total Operations $
Debts:		
Bank Overdraft	**186,524**	198,722
Trade and other payables	**6,731,484**	6,924,283
Interest bearing loans and borrowings	**4,844,573**	5,039,540
Cash and short term deposits	**(14,039)**	(32,977)
Net debt	**11,748,542**	12,129,568
Total equity	**10,407,577**	10,059,519
Total Capital employed	**22,156,119**	22,189,087
Gearing*	**53.0%**	54.7%

*The level of gearing in the Group is within acceptable limits set by the directors. Management's policies for determining whether fixed or floating rates of interest are entered into are examined on a regular basis with the assistance of the Audit and Compliance Committee and external advisors where necessary.

Share issues and cancellations during the year
As agreed at the 2008 Annual General Meeting, the Group instigated an Executive Share Plan. During FY 2012 the Group issued 1,100,000 shares (2011: issued 500,000 shares and bought back and cancelled 955,000 shares) pursuant to the Executive Share Plan.

During the year the Company undertook an on-market share buy-back and bought back and cancelled 893,267 shares at a cost of $104,476 (2011: bought back and cancelled 1,314,351 shares at a cost of $145,210).

On 24 August 2011 the Board announced the declaration of a fully franked final 2011 dividend of 0.5 cents per share payable to shareholders on 28 October 2011. On 16 February 2012 the Board announced the declaration of a fully franked interim 2012 dividend of 0.55 cents per share payable to shareholders on 27 April 2012.

The application of the DRP allowed shareholders to acquire shares in the Company at 12.0 cents at a discount to the then prevailing share price resulting in the issue of 2,253,542 new shares and a $271,984 increase in contributed equity (2011: 931,171 Shares; $111,741 increase in contributed equity).

Review of Financial Condition

Profile of debts
The profile of the Group's interest bearing debt is as follows:

	2012 $	2011 $
Current		
Obligations under hire purchase contracts	**266,690**	175,362
Other loans	**350,000**	350,000
	616,690	525,362
Non-current		
Obligations under hire purchase contracts	**377,983**	314,278
Other loans	**3,849,000**	4,199,900
	4,227,883	4,514,178
	4,844,573	5,039,540

The Group's interest bearing debt has reduced as a result of the repayment of debt funding the acquisition of the remaining 30% of Marbletrend Holdings Pty Ltd. The Group anticipates that its debts will increase over the coming year both in order to fund additional working capital to support the forecast sales growth in the business.

The Group's currency risk and finance facilities are managed by its Audit and Compliance Committee, which operates within policies set by the Board.

Capital expenditure
There has been an increase in cash used to purchase property, plant and equipment during the year of $450,664 to $1,142,616 (2011: $691,952). Budgeted capital commitment for property, plant and equipment and motor vehicles is $475,000, before borrowings for the 2013 financial year.

Risk Management

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Group believes that it is crucial for all Board members to be part of this process, and as such the Board has not established a separate risk management committee. Instead sub-committees are convened as appropriate in response to issues and risks identified by the Board as a whole, and the sub-committee further examines the issue and reports back to the Board.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a 3 year strategic plan, which encompasses the Group's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk;
- Implementation of Board approved operating plans and the Board monitoring the progress against these plans, including the establishment and monitoring of KPIs of both a financial and non-financial nature; and
- The establishment of committees to report on specific business risks as required.

Statement of Compliance

The report is based on the guidelines in The Group of 100 Incorporated publication Guide to the Review of Operations and Financial Condition.

Significant Changes in the State of Affairs

Total equity increased from $10,059,519 to $10,407,577, an increase of $348,058. The movement was primarily as a result of the impact of the Company's Dividend Reinvestment Plan after dividend payments.

Significant Events After the Reporting Date

On 29 August 2012, Group declared a fully franked final dividend of 0.5 cents per share payable to shareholders on 26 October 2012 and confirmed the continuance of the Company's Dividend Reinvestment Plan.

On 7 August 2012, the Group announced the acquisition of up to a 50% interest in Citywide Holdings Pty Ltd (Citywide Holdings). The acquisition comprises cash consideration of $2.0 million to acquire a 50% shareholding in Citywide Holdings which controls the operations of the Citywide Cement and Citywide Garden Supplies. These businesses operate from Lorimer Street, Port Melbourne, located very close to the Melbourne CBD.

Consistent with Marbletrend's strategic focus, this investment further develops Marbletrend's building products focus and enhances the access to commercial construction for the full range of Marbletrend products. The acquisition is funded with bank debt and comprises:

- $1,750,000 being subscribed for shares to be allotted by Citywide Holdings;
- $250,000 being paid to the Vendors of shares in Citywide Holdings; and
- An earn out of $500,000 is payable to the Vendors in the event that the combined EBIT of Citywide Cement and Citywide Garden Supplies exceeds $200,000 per month for a continuous 3 month period in the 27 months post settlement.

The funds subscribed into Citywide Holdings will be utilised to construct a Warehouse and Concrete Plant on the Lorimer Street Site pursuant to the existing Permit attaching to the premises, further develop the existing Garden Supplies business and provide additional working capital.

Likely Developments and Expected Results

The Board is continually looking for opportunities to grow the business through either acquisition or organic growth or a combination of the two. In addition, Marbletrend is actively pursuing new product lines and working closely with key customers to develop new business opportunities including a specific focus on innovation and range leadership.

Environmental Regulation and Performance

The Company is not aware of any breaches of any relevant environmental protection legislation in relation to licenses issued to Group or its subsidiaries and in respect to the activities of Marbletrend.

Share Options

As at the date of this report, there were no unissued ordinary shares under options issued to executives pursuant to the Long Term Incentive Plan of the Company. Refer to the Remuneration Report for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of Group or any related body corporate.

Indemnification and Insurance of Directors and Officers

During the financial year, the Group undertook a Directors and Officers Indemnity policy to insure the directors of Group. The insurance policy does not allow the disclosure of the premium and coverage limits of this policy.

Directors' Meetings

The number of meetings of directors (including meetings of Committees of directors) held and attended during the year are as follows:

	Directors' Meetings	Audit & Compliance	Strategic Review & Operations	Nominations	Remuneration
Number of meetings held:	11	12	1	1	2
Number of meetings attended:					
H. Giles	11	12	1	1	N/A
P. Reilly	11	12	N/A	1	2
M. Evett	11	12	1	N/A	2
J. Nicol	11	N/A	1	N/A	2

Committee membership

As at the date of this report, the Company had an Audit & Compliance Committee, a Strategic Review and Operations Committee, a Nominations Committee and a Remuneration Committee, with Board agreed charters all constituted as sub-committees of the Board. Members acting on the Committees of the Board during the year were:

Audit & Compliance	Strategic Review and Operations	Nominations	Remuneration
P. Reilly (c)	H. Giles (c)	H. Giles (c)	M. Evett (c)
H. Giles	M. Evett	P. Reilly	P. Reilly
M. Evett	J. Nicol (appointed 18 July 2011)		J. Nicol (appointed 18 July 2011)

(c) Designates the chairman of the committee.

Auditor Independence and Non-Audit Services

The directors received the independence declaration from the auditor of Marbletrend Group Limited which immediately follows this Directors Report.

Non-Audit Services

No non-audit services were provided by the entity's auditor, Grant Thornton Audit Pty Ltd, during the year ended 30 June 2012.

Proceedings on behalf of the Company

No proceedings have been brought or intervened in or on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

REMUNERATION Report (Audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term 'executive' encompasses the Managing Director and Chief Executive Officer, senior executives, general managers and secretaries of the parent and the consolidated entity.

The performance of the Group depends upon the quality of its directors and executives. To prosper, the Group must attract, motivate and retain highly skilled directors and executives.

To this end, the Group embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives
- Link executive rewards to shareholder value

Remuneration Committee

The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the directors and senior management.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and senior manager remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The remuneration policy for non-executive directors is designed to remunerate non-executive directors for their time, commitment and responsibilities. The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

It is the Board's policy that no employment contracts are entered into with non-executive Directors and that no additional fees are payable to non-executive Directors for occupying a position on a sub-committee of the Board.

Each director receives a fee for being a director of Group. Total remuneration for non executive directors consists of remuneration of up to $200,000 as approved at the General Meeting of Shareholders held on 23 November 2007.

Non-executive directors are encouraged by the Board to hold shares in Group (purchased by the director on market). It is considered good governance for directors to have a stake in the company on whose Board he or she sits.

The non-executive directors do not receive retirement benefits, nor do they participate in any incentive programs.

The remuneration of non-executive directors for the year ended 30 June 2012 is detailed in table 1 and 2 respectively of this report.

Executive Remuneration

Objective
The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:
- align the interests of executives with those of shareholders by requiring a portion of their remuneration to be paid as shares in the company (refer below);
- link reward with the strategic goals and performance of the Group (with regard to previously issued options of the company); and
- ensure total remuneration is competitive by market standards.

Structure
The Group has entered into detailed contracts of employment with the Executives. Details of these contracts are provided below.

Remuneration consists of the following key elements:
- Fixed remuneration (base salary, superannuation and non-monetary benefits);
- Variable remuneration comprising:
  - short term incentive (STI); and
  - long term incentive (LTI).

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) for each executive is set out in table 1.

Fixed Remuneration

Objective
The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Directors and the process consists of a review of the Group and individual performance, relevant comparative remuneration in the market, internally and, where appropriate, external advice on policies and practices and ratified at the Annual General Meeting. As noted above, the Board has access to external advice independent of management.

Details of the remuneration including salary, allowances, superannuation (as prescribed by law), fringe benefits tax and other costs incurred on benefits provided directly to these executives are reflected in this Remuneration Report.

Variable Remuneration – Long Term Incentive Plan

The Group has established a Long Term Incentive Plan in order to retain and motivate the Group's management team.

Under the Incentive Plan, the Board has the discretion to grant Options or Rights to participants selected by the Board. All options and rights issued under the Incentive Plan are subject to the terms summarised below:

a) A grant of options or rights may be in such form and in such terms and conditions including exercise price applicable to options, disposal or restrictions (if any) and vesting conditions (if any) as the Board determines at its discretion;

b) The grant of options or rights does not confer any right or interest whether legal or equitable in shares in the Group until the vesting conditions have been satisfied or waived by the Board at its discretion;

c) Unless the Board otherwise determines, the company will not grant an option or a right if the total number of shares that will be issued on exercise of that option or right is greater than 5% of issued capital of the Group at the time the offer is provided;

d) A Participant is not entitled to participate in any dividend in respect to a share subject of the options or rights unless he or she is a registered holder of that share before the record date;

e) The Group may at any time by resolution of the Board amend all or any of the rules of the incentive plan; and

f) Where the rules of the plan are subject to the Listing Rules of the ASX, the rules are only subject to the Listing Rules while the Group remains admitted to the official list of the ASX.

During the Financial Year, Marbletrend issued 1,100,000 fully paid shares (2011: issued 500,000 and bought back and cancelled 955,000) to former senior executives pursuant to the Executive Share Plan approved at the 2008 Annual General Meeting. These shares were granted on a non recourse basis, rank pari passu for dividend and voting entitlements, with any dividend able to be either utilized to reduce the outstanding non recourse loan by Marbletrend to the executive, or paid to the executive, as determined by the Board in its absolute discretion. The Board determined that executives granted shares in the Plan were required to offset their respective outstanding non recourse loan in FY 2012 with 100% of fully franked dividends received.

The Executive Share Plan will provide for the issue of shares to members of the Senior Management team (including Executive Directors) nominated by the Board (Participant). Shares will be issued at market price and Marbletrend will offer interest free, non recourse loans to Participants to assist them acquire the shares offered.

Shares are offered subject to certain performance conditions which must be satisfied if a Participant is to retain ownership of the Shares. If a Participant fails to meet the performance conditions attached to his or her Shares during the relevant performance period, he or she will forfeit those shares to Group.

Variable Remuneration – Long Term Incentive Plan (continued)

Forfeiture event	No. of Shares forfeited	Explanation
Failure to meet performance conditions	All	If Participants fail to meet performance conditions they will forfeit all shares received.
Failure to pay back loan	Depends on amount outstanding under loan	If at the end of the loan period, Participants have not repaid the outstanding amount of the loan, Group may buy-back or sell those shares to which the loan still applies. The proceeds from a sale of buy-back by Group will be applied in the following order: (a) in payment of any costs and expenses of the sale or buy-back incurred by Group; (b) in reduction of the outstanding amount of the loan; and (c) the balance (if any) to the Participant.
Cease employment with the Group as a Bad Leaver	All	If a Participant ceases employment with the Group prior to completion of the performance period, any rights relating to shares immediately lapse and Participants will forfeit those shares.
Cease employment with the Group as a Good Leaver	Depend on performance conditions	If a Participant ceases employment with the Group prior to completion of the performance period, Participants will be entitled to retain ownership of a number of Shares, depending on the nature of the performance criteria attached to those Shares. The remaining shares will be forfeited by way of buy-back or sale. Where the buy-back consideration or sale price (net of sales expenses) exceeds the existing loan balance, the excess will be paid to the Participant.
Capital Event occurs prior to completion of performance period	Depend on time of the event	If a Capital Event occurs prior to the completion of the performance period, the Participant will retain ownership of the shares.

'Bad Leaver' means a Participant who:

(a) resigns (or is deemed to have resigned) from or otherwise leaves employment with the Group with or without notice other than in the circumstances specified in any of paragraphs (a) to (e) of the definition of Good Leaver;

(b) ceases to be an employee of the Group in circumstances where the Participant

(i) has engaged in an act or omission constituting serious misconduct;

(ii) is summarily terminated pursuant to any contract of employment;

(iii) has committed a serious or persistent breach or non-observance of any terms of any employment agreement with any member of the Group; or

(iv) has refused or neglected to comply with any lawful and responsible order given to the Participant by the Board or any other person duly authorised by the Board;

(c) has provided any company or other member of the Group with information about the Participant's qualifications, experiences, character or reputation which is false or misleading or was intended to be false or misleading;

(d) is convicted of a criminal offence which, in the responsible opinion of the Board, might injure the reputation of the company or the Group; or

(e) in the Board's reasonable opinion, has brought a member of the Group into serious dispute.

Variable Remuneration – Long Term Incentive Plan (continued)

'Good Leaver' means a Participant who ceases to be an employee of the Group and is not a Bad Leaver. For the avoidance of doubt, in the following circumstances a Participant will be a Good Leaver:
(a) where the Board makes a determination of redundancy in respect of a Participant;
(b) where a member of the Group, pursuant to the terms of the Participants contract of employment, terminates the employment of the Participant without cause and upon giving the relevant period of notice (or payment in lieu) as required by the contract;
(c) the death, total and permanent disability of the Participant as determined by the Board in its absolute discretion;
(d) the Participant ceases to be employed by a member of the Group as a result of an entity ceasing to be a member of the Group, or a member in the Group selling a business it conducts other than to another entity in the Group; or
(e) any other reason as determined by the Board in its absolute discretion.

'Capital Event' means any of:
(a) a person acquiring a relevant interest in more than 50% of the Shares in Group as a result of a takeover bid;
(b) a person acquiring a relevant interest in more than 50% of the Shares in Group through a scheme of arrangement; or
(c) any other similar event which the Board determines to be a Capital Event.

Buy-back and sale of forfeited shares – Where Shares are forfeited the Group may buy-back those Shares or procure that they are sold on-market or to third party. Generally, the buy-back consideration or sale proceeds will be set off against the outstanding loan balance. If the participant is a Good Leaver, any excess consideration or sale proceeds will be paid to the Participant.

Performance conditions – The following performance conditions apply to the issue of shares to the following people as at balance date:

Name of Participant	No. of Shares Issued	Service and Performance Condition	Performance Period	Vesting Period Remaining	Type of Performance Condition
Jeff Nicol	250,000	Continued employment	2 years	12 months	Retention criteria
	250,000	Continued employment	3 years	24 months	Retention criteria
	500,000	Earnings per Share equal or exceed 4.5 cents	3 years	24 months	Performance criteria
Paul Taylor	62,500	Continued employment	2 years	Vested	Retention criteria
	62,500	Continued employment	3 years	Conditionally vested	Performance criteria
Wayne Jewell	25,000	Continued employment	2 years	18 months	Retention criteria
	25,000	Continued employment	3 years	27 months	Retention criteria
	50,000	Earnings per Share equal or exceed 4.5 cents	3 years	30 months	Performance criteria

The performance condition will be satisfied if, during any financial year in the performance period, the earnings per share (as calculated and noted in Group's audited financial statements) equal or exceed 4.5 cents per share.

Variable Remuneration – Short Term Incentive Plan

The Group has also sought to provide performance bonuses to each Executive pursuant to their Executive Services Agreement and bonuses were accrued for payment as at reporting date.

The Board has resolved pursuant to recommendations provided by the Remuneration Committee to establish a Short Term Incentive Plan for key executives of Marbletrend effective 1 July 2011. Subject to the achievement of two (2) key performance hurdles being the achievement of budgeted EBIT and inventory management, the key components of this Short Term Incentive Plan are as follows:

- 50% of the bonus is tied to the achievement of the Group's budgeted NPAT each financial year;
- Various weightings are attributed to other measures within the specific key performance indicator profile of the executive; and
- The executives are able to over achieve subject to their personal performance and that of the Group.

No performance bonus was paid for FY 2012.

Employment Contracts

Executive (Standard Contracts)

The Executive contracts are consistent in nature for the Leadership Team. The executive may resign from their position and thus terminate the contract or the Group may terminate the contract by providing three (3) months written notice.

The Group may also elect to pay salary in lieu of providing notice. The Group may terminate the contract at any time without notice if serious misconduct occurs in which case the Group is not obliged to make any payment of salary or any other termination payment other than for work performed.

Remuneration of key management personnel

Table 1: Remuneration for the year ended 30 June 2012

	Short-term			Post employment		Long-term		Share-based Payment			
	Salary, Fees & Annual Leave $	Incentive Plans $	Non-monetary benefits $	Super-annuation $	Retirement benefits $	Incentive Plans $	Long service leave $	Shares $	Options $	Total	% perfor-mance related
Non-executive directors											
P. Reilly	40,000	-	-	-	-	-	-	-	-	40,000	-
M. Evett	40,000	-	-	-	-	-	-	-	-	40,000	-
Sub-total non-executive directors	80,000	-	-	-	-	-	-	-	-	80,000	-
Executive directors											
H. Giles	50,000	-	-	-	-	-	-	-	-	50,000	-
Managing Director											
J. Nicol	262,371		18,803	24,999			4,830	10,941		321,944	3.4
Other executives											
P. Taylor	180,009	-	8,033	13,303	-	-	3,110	-	-	204,455	-
P. Savvides (resigned 27 April 2012)	177,440	-	-	9,134	-	-	(14,919)	-	-	171,655	-
W. Jewell	129,801	-	3,070	11,517	-	-	3,427	1,200	-	149,015	0.8
Sub-total executives	799,621	-	29,906	58,953	-	-	(3,552)	12,141	-	897,068	1.4
Total key management personnel	879,621	-	29,906	58,953	-	-	(3,552)	12,141	-	977,068	1.2

Table 2: Remuneration for the year ended 30 June 2011

	Short-term			Post employment		Long-term		Share-based Payment			
	Salary, Fees & Annual Leave $	Incentive Plans $	Non-monetary benefits $	Super-annuation $	Retirement benefits $	Incentive Plans $	Long service leave $	Shares $	Options $	Total $	% perfor-mance related
Non-executive directors											
P. Reilly	35,000	-	-	-	-	-	-	-	-	35,000	-
M. Evett	35,000	-	-	-	-	-	-	-	-	35,000	-
Sub-total non-executive directors	70,000	-	-	-	-	-	-	-	-	70,000	-
Executive director											
H. Giles	45,000	-	-	-	-	-	-	-	-	45,000	-
Other executives										-	
R. Walton (resigned 15 April 2011)	187,022	-	9,952	13,013	-	-	(9,365)	4,470	921	206,013	2.6
M. Lee (resigned 30 July 2010)	31,342	-	-	-	-	-	(14,919)	-	-	16,423	-
P. Taylor	133,052	14,500	6,175	12,134	-	-	2,246	1,412	-	169,519	9.4
P. Savvides (resigned 27 April 2012)	135,910	14,500	-	10,254	-	-	1,890	1,823	-	164,377	9.9
W. Jewell	103,158	11,500		10,543			4,707	-		129,908	8.9
Sub-total executives	635,484	40,500	16,127	45,944	-	-	(15,441)	7,705	921	731,240	1.2
Total key management personnel	705,484	40,500	16,127	45,944	-	-	(15,441)	7,705	921	801,240	1.1

Signed in accordance with a resolution of the directors

Hamish Giles
Chairman
29 August 2012

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Grant Thornton

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Auditor's Independence Declaration
To the Directors of Marbletrend Group Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Marbletrend Group Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A. J. Pititto
Partner - Audit & Assurance

Melbourne, 29 August 2012

Corporate Governance Statement

The Board of Directors of Marbletrend Group Limited is responsible for the corporate governance of the Group. The Board guides and monitors the business and affairs of Marbletrend Group Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Marbletrend Group Limited's Corporate Governance Statement is structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the Board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

Marbletrend Group Limited's corporate governance practices were in place throughout the year ended 30 June 2011 and were fully compliant with the Council's best practice recommendations with the exception that the executive director holds positions on all Committees, except the Remuneration Committee and is chairman of the Board. This is due to the nature and size of the Group's activities that all executive functions are carried out by the Board.

For further information on corporate governance policies adopted by Marbletrend Group Limited, refer to our website: www.marbletrend.com.au

BOARD Functions

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board. The responsibility for the operation and administration of the Group is delegated, by the Board, to the executive management team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the executive management team.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Group, in discharging its stewardship it makes use of sub-committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board.

To this end the Board has established the following committees:

- Audit & Compliance;
- Nomination;
- Remuneration; and
- Strategic Review and Operations.

The roles and responsibilities of these committees are discussed throughout this Corporate Governance Statement.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risk identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval of a strategic plan designed to meet stakeholders' needs and manage business risk;
- ongoing development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of the entity; and
- implementation of budgets by management and monitoring progress against budget - via the establishment and reporting of both financial and non financial key performance indicators.

Other functions reserved to the Board include:

- approval of the annual and half-yearly financial reports;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored; and
- reporting to shareholders.

BOARD Structure

The skills, experience and expertise relevant to the position of the director held by each director in office at the date of the annual report is included in the Director's Report. Directors of Marbletrend Group Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with - or could be reasonably be perceived to materially interfere with - the exercise of their unfettered and independent judgement.

In the context of director independence, "materiality" is considered from both the Group and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary), if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the director in question to shape the direction of the Group's loyalty.

The Board considers that given the size of the Company at present that whilst gender diversity is a stated objective of the Board, it is not appropriate at this time to seek to nominate new Board members. There are no women on the Board or holding executive roles in the Business. The Board has appointed Mr Jeff Nicol as Managing Director and Chief Executive Officer and considers that for a company of this size the size of the Board is adequate. The Board accordingly does not conform to Recommendations 3.2 and 3.5 of the ASX Corporate Governance Principles.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Marbletrend Group Limited are considered to be independent:

Name	*Position*
M. Evett	Non-Executive Director

There are procedures in place, agreed by the Board, to enable directors, in furtherance of their duties to seek independent professional advice at the Group's expense.

The term in office held by each director in office at the date of this report is as follows:

Name	*Term in office*
H. Giles	11 years
P. Reilly	9 years
M. Evett	6 years
J. Nicol	1 year

For additional details regarding Board appointments, please refer to our website www.marbletrend.com.au.

SHARE TRADING Policy

Subject to law, directors and senior group executives should not deal in the Group's securities at a time when they possess confidential price sensitive information. Directors and senior group executives should never actively trade in the Group's securities. The windows when directors and senior group executives may deal in the Group's securities are the periods:

(a) one to a maximum of thirty days after the release of the Group's half yearly results (Appendix 4D);
(b) one to a maximum of thirty days after the release of the Group's preliminary final results (Appendix 4E);
(c) one to a maximum of thirty days after the date of release of the Group's Annual Report;
(d) one to a maximum of thirty days after the Annual General Meeting; or
(e) one day after the date of issue of a prospectus for any new share or debt issue until the closing date.

Dealings outside these windows are subject to the existence of exceptional circumstances.

The above windows should also govern decisions by directors and senior group executives to enter or withdraw from the Group's Dividend Reinvestment Plan and Bonus Share Plan.

Directors and senior group executives should not deal in the Group's securities during a closed period unless exceptional circumstances exist.

Dealings outside a window or in a closed period are to be decided for directors (other than the Chairman) by the Chairman, for the Chairman by the Audit Committee Chairman and for senior group executives by the Group Chief Executive Officer in each case in their sole discretion and in each case notified to the Company Secretary, or in his absence, the Deputy Company Secretary.

Any prior written clearance to trade in exceptional circumstances must specify the duration of such clearance and must be in writing (which includes email).

Before any director or senior group executive deals in the Group's securities, he or she must at all times comply with the notification procedures.

Where he or she is not otherwise prohibited in dealing in the Group's securities, a director may deal in those securities subject to having first given written notification of any intended transaction to the Board. Notification by a director (other than in the case of the Chairman) should be given to the Chairman or, in his absence, the Chairman of the Audit & Compliance Committee.

As required by the ASX Listing Rules, the Group notifies the ASX of any transaction conducted by directors in the securities of the Group.

NOMINATION Committee

The Board has established a Nomination Committee, which meets at least annually, to ensure that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of the director. The Nomination Committee comprises executive and non-executive directors. The Nomination Committee comprised of the following members throughout the year:

H. Giles (Committee Chairman)
P. Reilly

For details of directors' attendance at meetings of the Nomination Committee, refer to the Directors' Report.

AUDIT & COMPLIANCE Committee

The Board has established an Audit & Compliance Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintaining a framework of internal control and ethical standards to the Audit & Compliance Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit & Compliance Committee are executive and non-executive directors and the company secretary.

The Committee also undertakes the following:

- To establish a risk management process which objectively assesses the risks of the Group in their business activities;
- To provide quantitative and qualitative assessment of risks;
- To develop risk action plans and ensure that management responds to these plans and reports to this Committee as to their response;
- To liaise with the external auditors in respect to their assessment of risks encountered by the Group in its ongoing business activities; and
- To assess the business plans developed by management and independently determine risks associated with those business plans.

The members of the Audit & Compliance Committee during the year were:

P. Reilly (Committee Chairman)
H. Giles
M. Evett

Qualifications of the Audit and Compliance Committee members

P. Reilly has qualifications in accounting and has served as an executive and non-executive director of numerous companies where as part of his role, he serves as a member on the Audit & Compliance Committee.

H. Giles has significant experience as both as an executive and non-executive director of numerous listed and unlisted companies. He has served as the managing director of Salmon Giles Pty Ltd which incorporates a corporate advisory and accounting and taxation practice. He is a member of the Australian Association of Taxation and Management Accountants and is a registered tax agent. He is also a director of a number of companies where as part of his role, he serves as a chairman on the Audit & Compliance Committee.

M. Evett has qualifications in geology and has served as a director and senior executive of numerous companies, including a number of positions in the oil & gas service industry.

RISK

The Board determines the Group's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Group's process of risk management and internal compliance and control includes:

- establishing the Group's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives;
- continuously identifying and measuring risks that might impact upon the achievement of the Group's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and controls, including an annual assessment of the effectiveness of risk management and internal compliance and control.

To this end, comprehensive practices are in place that are directed towards achieving the following objectives:

- effectiveness and efficiency in the use of the Group's resources;
- compliance with applicable laws and regulations; and
- preparation of reliable published financial information.

The Board oversees a regular assessment of the effectiveness of risk management and internal compliance and control from the Audit and Compliance Committee of the Board. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required by the Board to assess risk management and associated internal compliance and control procedures and report back on the efficiency and effectiveness of risk management.

STRATEGIC REVIEW & OPERATIONS Committee

The Board has established a Strategic Review and Operations Committee ("Committee") to review the operational activities of the Group. As the Group at present has not appointed a Managing Director, this Committee has strategic and operational responsibility and reports directly to the Board. In the event that the Group appoints a Managing Director, then this Committee will support the activities of the Managing Director. The Committee has the right to seek independent professional advice, when considered necessary. The Committee should not, under any circumstances, accept the delegation of executive power in respect to the operations of the Group or undertake activities in a manner which could be construed to impinge on the Executive role of the Group.

The objectives of the Committee are as follows:

- Provide an interface to the Board on the operational activities of the Group;
- Develop the business plan and budgets for review by the Board;
- To keep the Board appraised of variances against the business plan and budgets;
- To liaise with the Audit & Compliance Committee and assess and determine any risks that may become apparent from an operational stand point; and
- To meet on a regular basis in order to provide executive management to the activities of the Group or in the event of a Managing Director being appointed to support the Managing Director's activities.

The members of the Strategic Review and Operations Committee during the year were:

H. Giles (Committee Chairman)
M. Evett
J Nicol (appointed 18 July 2011)

PERFORMANCE

The performance of the Board and key executives is reviewed against both measurable and qualitative indicators. During the reporting period, the Nomination Committee conducted a performance evaluation which involved an assessment of each board member's and key executive's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which directors and executives are assessed are aligned with the financial and non-financial objectives of Marbletrend Group Limited. Directors whose performance is consistently unsatisfactory may be asked to retire.

REMUNERATION

It is the Group's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the Group's financial and operational performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
- attraction of quality management to the Group; and
- performance incentives which allow executives to share the rewards of the success of Marbletrend Group Limited.

A full discussion of the Group's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the Remuneration Report, which is contained within the Directors' Report.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the chief executive officer and the executive team. The Board has established a Remuneration Committee, comprising two non-executive directors.

Members of the Remuneration Committee throughout the year were:

M. Evett (Committee Chairman)
P. Reilly
J. Nicol (appointed 18 July 2011)

The Board considers, given its size and the size of the Company that the appointment of two non-executive directors to this Committee and the Managing Director is appropriate and in addition it consults with and obtains advice from Hamish Giles – Chairman of the Group as necessary. Accordingly the Remuneration Committee conformed to Recommendation 8.2 of the ASX Corporate Governance Principles during the year.

For details on the number of meeting of the Remuneration Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

Statement of FINANCIAL POSITION

As at 30 June 2012

	Note	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
ASSETS			
Current assets			
Cash and cash equivalents	11	**14,039**	32,977
Trade and other receivables	12	**6,906,512**	7,597,951
Inventories	13	**10,186,754**	9,845,404
Income tax receivable		**12,178**	-
Total current assets		**17,119,483**	17,476,332
Non-current assets			
Available for sale financial assets	15	**64,900**	64,900
Property, plant and equipment	16	**2,774,952**	2,610,003
Deferred tax assets	9(d)	**549,880**	442,505
Intangible assets	17	**54,750**	348,550
Goodwill	17	**2,351,162**	2,351,162
Total non-current assets		**5,795,644**	5,817,120
TOTAL ASSETS		**22,915,127**	23,293,452
LIABILITIES			
Current liabilities			
Bank overdraft	11	**186,524**	198,722
Trade and other payables	18	**6,731,484**	6,924,283
Interest-bearing loans and borrowings	22	**616,690**	525,362
Income tax payable		**-**	369,922
Provisions	19	**590,792**	538,895
Total current liabilities		**8,125,490**	8,557,184
Non-current liabilities			
Interest-bearing loans and borrowings	22	**4,227,883**	4,514,178
Deferred tax liability	9(d)	**119,162**	122,283
Provisions	20	**35,015**	40,288
Total non-current liabilities		**4,382,060**	4,676,749
TOTAL LIABILITIES		**12,507,550**	13,233,933
NET ASSETS		**10,407,577**	10,059,519
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	23	**13,542,456**	13,366,998
Retained Earnings (Accumulated losses)	24	**(3,173,667)**	(3,319,402)
Reserves	24	**38,788**	11,923
Parent Interests		**10,407,577**	10,059,519
TOTAL EQUITY		**10,407,577**	10,059,519

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Note	Consolidated 2012 $	2011 $
Continuing operations			
Sale of goods (net of rebates and discounts)		**42,878,124**	42,243,312
Other revenue	6	**7,822**	11,118
Revenue		**42,885,946**	42,254,430
Cost of Sales		**(26,701,879)**	(26,561,966)
Gross profit		**16,184,067**	15,692,464
Net gain / (loss) on available for sale financial assets		**-**	(90,120)
Distribution expenses		**(4,265,650)**	(3,658,419)
Marketing expenses		**(1,225,370)**	(1,387,828)
Occupancy expenses		**(2,055,133)**	(2,006,789)
Administrative expenses		**(7,270,942)**	(5,701,807)
Other expenses	7(a)	**(322,350)**	(374,174)
Finance costs	7(b)	**(430,842)**	(308,921)
Profit/(loss) from continuing operations before income tax		**613,780**	2,164,406
Income tax revenue/(expense)	9	**176,787**	(711,961)
Net profit/(loss) for the period		**790,567**	1,452,445
Other comprehensive income			
Fair value movement in available-for-sale asset		**-**	(44,164)
Transferred realised losses to income statement		**-**	90,120
Total other comprehensive income		**-**	45,956
Total comprehensive income for the period		**790,567**	1,498,401
Net profit/(loss) for the period is atributable to:			
Non-controlling interest	25	**-**	346,587
Owners of the parent		**790,567**	1,105,858
		790,567	1,452,445
Total comprehensive income for the period is attributable to:			
Non-controlling interest		**-**	346,587
Owners of the parent		**790,567**	1,151,814
		790,567	1,498,401
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the parent:			
Basic earnings per share (cents)	10	**1.29**	1.82
Diluted earnings per share (cents)	10	**1.29**	1.82

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of CHANGES IN EQUITY

For the year ended 30 June 2012

	Consolidated							
	Ordinary shares $	Retained earnings $	Asset revaluation reserve $	Net unrealised gains / (losses) reserve $	Employee equity benefits reserve $	Owners of the parent $	Non-controlling interest $	Total $
At 1 July 2011	13,366,998	(3,319,402)	-	-	11,923	10,059,519	-	10,059,519
Profit / (loss) for the period	-	790,567		-	-	790,567	-	790,567
Other comprehensive income	-		-	-	-	-	-	-
Total comprehensive income for the period	-	790,567	-	-	-	790,567	-	790,567
Transactions with owners in their capacity as owners								
Share based payment	7,950	-	-	-	26,865	34,815	-	34,815
Dividend paid/ proposed	-	(644,831)	-	-	-	(644,831)	-	(644,831)
Shares Issued	271,984	-	-	-	-	271,984	-	271,984
Share buy-back	(104,476)	-	-	-	-	(104,476)	-	(104,476)
Transferred to/ from non-controlling interest	-	-	-	-	-	-	-	-
At 30 June 2012	**13,542,456**	**(3,173,666)**	**-**	**-**	**38,788**	**10,407,577**	**-**	**10,407,577**
At 1 July 2010	13,360,863	(6,073,346)	24,471	-	21,480	7,333,468	-	7,333,468
Profit / (Loss) for the period	-	1,105,858	-	-	-	1,105,858	346,587	1,452,445
Other comprehensive income	-	-	45,956	-	-	45,956	-	45,956
Total comprehensive income for the period	-	1,105,858	45,956	-	-	1,151,814	346,587	1,498,401
Transactions with owners in their capacity as owners	-	-	-	-	-			
Share based payment	17,604	-	-	-	(9,557)	8,047	-	8,047
Dividend paid/ proposed	-	(483,994)	-	-	-	(483,994)	(80,128)	(564,122)
Shares Issued	133,741					133,741	-	133,741
Share buy-back	(145,210)	-	-	-	-	(145,210)	-	(145,210)
Transfer from Share Option Reserve		70,427	(70,427)			-		-
Transferred to/ from non-controlling interest	-	2,061,653	-	-	-	2,061,653	(266,459)	1,795,194
At 30 June 2011	13,366,998	(3,319,402)	-	-	11,923	10,059,519	-	10,059,519

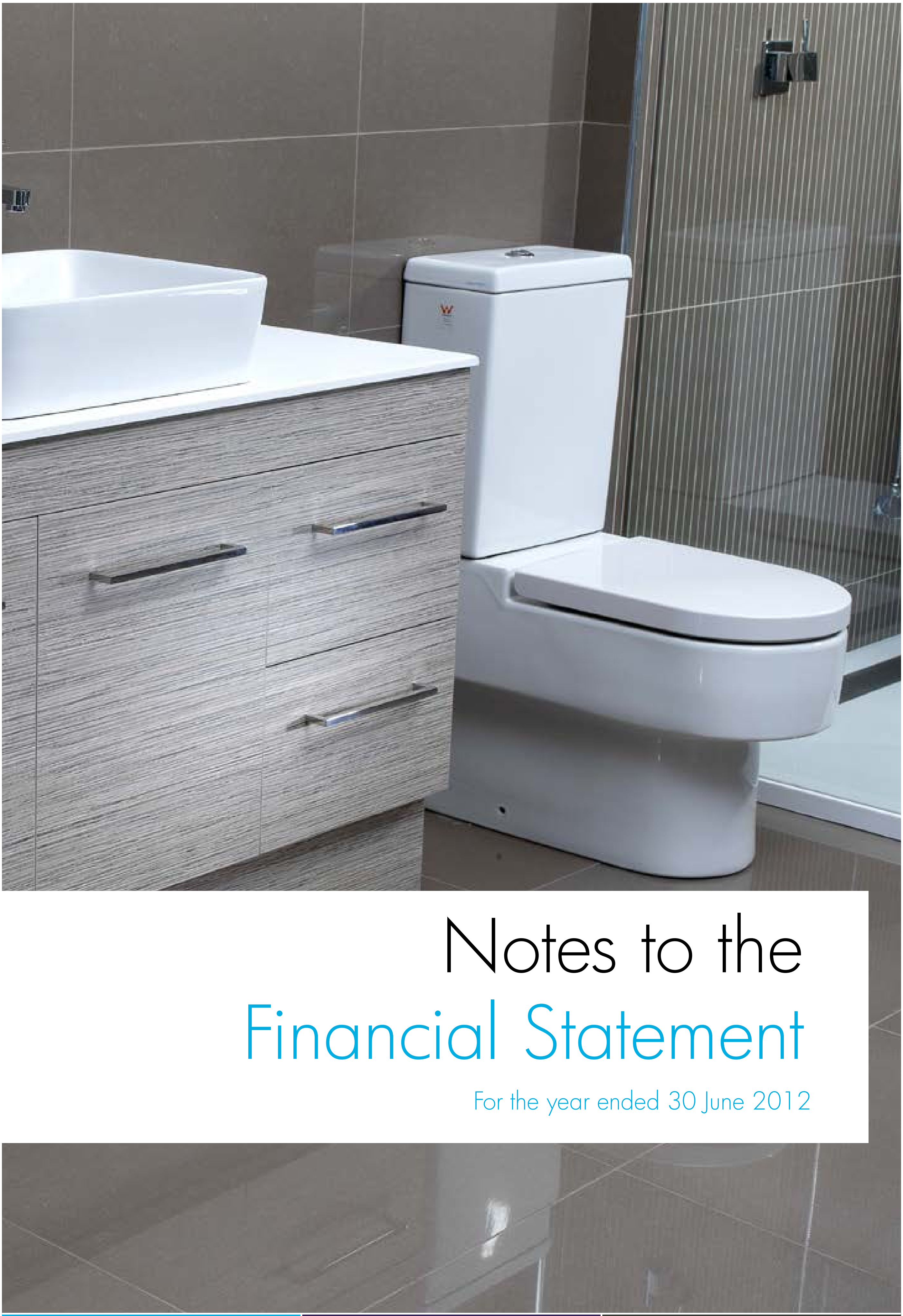
The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of CASH FLOWS

For the year ended 30 June 2012

	Note	Consolidated 2012 $	2011 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**48,099,366**	45,412,004
Payments to suppliers, employees and others (inclusive of GST)		**(45,717,056)**	(43,678,470)
Interest received		**3,422**	2,337
Interest paid		**(429,460)**	(308,921)
Income tax paid		**(278,263)**	(350,727)
Net cash flows from/ (used in) operating activities	26	**1,678,009**	1,076,223
Cash flows from investing activities			
Dividends received		**4,400**	7,700
Purchase of property, plant and equipment		**(1,142,616)**	(691,952)
Proceeds from sale of property, plant and equipment		**62,860**	91,635
Proceeds from sale of available-for-sale financial asset		**-**	63,561
Payment for buy-out of Non Controlling Interest		**-**	(2,258,500)
Net cash flows from/ (used in) investing activities		**(1,075,356)**	(2,787,556)
Cash flows from financing activities			
Repayment of borrowings		**(194,967)**	(314,172)
Proceeds from borrowings		**-**	2,000,000
Payment for share buy-back		**(41,578)**	(145,210)
Dividends paid		**(372,848)**	(572,381)
Net cash flows from/ (used in) financing activities		**(609,393)**	968,237
Net increase/ (decrease) in cash and cash equivalents		**(6,740)**	(743,096)
Cash and cash equivalents at beginning of period		**(165,745)**	577,351
Cash and cash equivalents at end of period	11	**(172,485)**	(165,745)

The above statement of cash flows should be read in conjunction with the accompanying notes.



Notes to the Financial Statement

For the year ended 30 June 2012

1: CORPORATE Information

The financial report of Marbletrend Group Limited (Group) for the year ended 30 June 2012 was authorised for issue with resolution of the directors on 29 September 2011.

Marbletrend Group Limited (the parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2: Summary of SIGNIFICANT ACCOUNTING POLICIES

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Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical costs basis, except for available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

Comparatives

Where necessary the comparative information has been reclassified and repositioned for consistency with current period disclosures.

(a) Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(b) New accounting standards and interpretation

The following amending Standards have been adopted from 1 July 2011. Adoption of these amendments has not resulted in any changes to the Group's accounting policies and have had no affect on the amounts reported for the current or prior periods.

AASB 2009-12 Amendments to Australian Accounting Standards arising from AASB 124
This definition simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition.

It also provides a partial exemption from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.

AASB 2009-14 Amendments to Australian interpretations – Prepayments of Minimum Funding Requirements.
This amendment to Interpretation 14 addresses the unintended consequences that can arise from the previous requirements when an entity prepays future contributions into a defined benefit pension plan.

AASB 2010-04 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.
Further amendments have been made to various standards through the annual improvements project including:

- Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments.
- Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.
- Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions.
- Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken in account.

AASB 2010-05 Amendments to Australian Accounting Standards
This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.

AASB 2010-06 Additional Disclosures Transfers of Financial Assets
This amendment makes changes to AASB 7 in relation to improves disclosures relating to transfers of financial assets.

AASB 1054 Australian Additional Disclosures
This standard is as a consequence of Phase 1 of the joint Trans-Tasman convergence project of the AASB and FRSB.

This standard, with AASB 2011-11, relocates Australian specific disclosures for for-profit entities from other accounting standards to one place and revises disclosures in some areas.

Accounting Standards and Interpretations issued but not yet effective
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting year ending 30 June 2011 are listed below:

Standard / Interpretation	Summary	Application date of standard*	Application date for Group*
AASB 9 Financial Instruments (December 2010)	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are: (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and • The remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9: • Classification and measurement of financial liabilities; and • Derecognition requirements for financial assets and liabilities.	31 December 2015 Note that the IASB deferred the mandatory effective date from annual periods beginning on or after 1st January 2013 to annual periods beginning on or after 1st January 2015. This was announced by the IASB in December 2011 but has not yet been released by the AASB.	1 July 2016
AASB 10 Consolidated Financial Statements	AASB 10 establishes a revised control model that applies to all entities. It replaces the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements and AASB Interpretation 112 Consolidation – Special Purpose Entities. The revised control model broadens the situations when an entity is considered to be controlled by another entity and includes additional guidance for applying the model to specific situations, including when acting as an agent may give control, the impact of potential voting rights and when holding less than a majority voting rights may give 'de facto' control. This is likely to lead to more entities being consolidated into the group.	31 December 2013	1 July 2014

Standard / Interpretation	Summary	Application date of standard*	Application date for Group*
AASB 11 Joint Arrangements	AASB 11 replaces AASB 131 Interests in Joint Ventures and AASB Interpretation 113 Jointly- controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition, AASB 11 removes the option to account for jointly-controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves are accounted for by recognising the share of those assets and liabilities. Joint ventures that give the venturers a right to the net assets are accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group.	31 December 2013	1 July 2014
AASB 12 Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures introduced by AASB 12 include disclosures about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	31 December 2013	1 July 2014
AASB 13 Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted by other Standards. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.	31 December 2013	1 July 2014
AASB 127 Separate Financial Statements	As a result of the issuance of AASB 10, AASB 127 has been restructured and reissued to only deal with separate financial statements.	31 December 2013	1 July 2014
AASB 128 Investments in Associates and Joint Ventures	Once an entity (using AASB 11) has determined that it has an interest in a joint venture, it accounts for it using the equity method in accordance with AASB 128 (Revised). The mechanics of equity accounting set out in the revised version of AASB 128 remain the same as in the previous version.	31 December 2013	1 July 2014

Standard / Interpretation	Summary	Application date of standard*	Application date for Group*
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	This Standard makes consequential amendments to various Australian Accounting Standards arising from the issuance of AASB 10, AASB 11, AASB 12, AASB 127 (August 2011) and AASB 128 (August 2011).	31 December 2013	1 July 2014
AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 101]	Amendments to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss in subsequent periods (reclassification adjustments, e.g. foreign currency translation reserves) and those that cannot subsequently be reclassified (e.g. fixed asset revaluation surpluses). Name changes of statements in AASB 101 as follows: • One statement of comprehensive income – to be referred to as 'statement of profit or loss and other comprehensive income' • Two statements – to be referred to as 'statement of profit or loss' and 'statement of comprehensive income'.	30 June 2013	1 July 2013
AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.	30 June 2014	1 July 2014
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	31 December 2014	1 July 2015
AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle	These amendments are a consequence of the annual improvements process, which provides a vehicle for making non-urgent but necessary amendments to Standards. These amendments follow the issuance of Annual Improvements to IFRSs 2009–2011 Cycle issued by the International Accounting Standards Board in May 2012. See TA Alert 2012-2 for further information.	31 December 2013	1 July 2014
Mandatory Effective Date of IFRS 9 and Transition Disclosures	This Standard amends IFRS 9 to require application for annual periods beginning on or after 1 January 2015, rather than 1 January 2013. Early application of IFRS 9 is still permitted. IFRS 9 is also amended so that it does not require the restatement of comparative-period financial statements for the initial application of the classification and measurement requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9.	31 December 2015	1 July 2016

*designates the beginning of the applicable annual reporting period unless otherwise stated

The Group is in the process of determining the extent of the impact, if any, of these Standards / Interpretations.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Marbletrend Group Limited and its subsidiaries (as outlined in note 27) as at 30 June each year (the Group).

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies so as to benefit from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Marbletrend Group Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate statement of comprehensive income of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Non-controlling interests not held by the Group are allocated their share of net profit after tax in the profit and loss of the statement of comprehensive income and are presented in equity in the consolidated statement of financial position, separately from the parent shareholders' equity except where a non-controlling interest holds a put option whereby they have the right to sell their interest to the Group.

Put options over non-controlling interests
Where a non-controlling interest not held by the Group exists as part of a business combination and the non-controlling interest holds a put option whereby they have the right to sell their interest to the Group, the Group first determines whether it has present access to the ownership interest in the shares subject to the put options.

In determining whether the Group has present access to the ownership interest in the shares subject to the put option, the terms and conditions of the put option are analysed. Factors considered include the extent that pricing is fixed or determinable rather than being at fair value; voting rights and decision making; dividend rights; and whether call options with similar terms have been issued.

Where the Group does have present access to ownership interests, the put option is accounted for as an acquisition of the underlying shares, and no non-controlling interest is recognised.

Where the Group does not have present access to ownership interest the Group adopts the requirements of AASB 127 and the non-controlling interest is initially recognised within equity and is attributed its share of profits and losses subsequent to acquisition. At each reporting date the non-controlling interest is reclassified as a financial liability as if the acquisition took place at that date. Changes in the amount reclassified are recognised directly in equity.

In the separate parent entity's financial statements, put options over unlisted equity instruments are initially measured at fair value. Subsequent to initial measurement, put options over equity instruments are measured at cost where the fair value cannot be measured reliably.

(d) Operating segments – refer note 5

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar each of the following respects:
- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

(e) Foreign currency translation

Functional and presentation currency
Both the functional and presentation currency of Marbletrend Group Limited and its subsidiaries are Australian dollars (AUD).

Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

(f) Cash and cash equivalents – refer note 11

Cash and cash equivalent in the statement of financial position comprise cash at bank and in hand, and short term deposits with an original maturity of three months or less that are readily convertible to a known amount of cash which is subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the statement of financial position.

(g) Trade and other receivables– refer note 12

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(h) Derivative financial instruments and hedging – refer note 21

The Group uses derivative financial instruments (including forward currency contracts) to hedge its risks associated with foreign currency. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value.

These derivatives do not qualify for hedge accounting and changes in fair value are recognised immediately in profit or loss in income or expenses.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. For the purposes of hedge accounting, hedges are classified as:

- fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability;
- cash flow hedges when they hedge the exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction; or
- hedges of a net investment in a foreign operation.

(i) Inventories– refer note 13

Inventories including raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

Raw materials – purchase cost on a first-in, first-out basis. The cost of purchase comprises the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), transport, handling and other costs directly attributable to the acquisition of raw materials.

Finished goods and work-in-progress – cost of direct materials and labour and a proportion of variable and fixed manufacturing overheads based on normal operating capacity. Costs are assigned on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(j) Investment and other financial assets – refer note 15

Investments and financial assets in the scope of AASB 139 Financial Instruments: *Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purchase for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Recognition and De-recognition
All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

Financial assets at fair value through profit or loss
Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the statement of financial position.

Call options over non-controlling interest
Where a non-controlling interest not held by the Group exists as part of a business combination and the Group holds a call option whereby the Group has the right to acquire the non-controlling interest, the call option is recognised as a financial asset at its fair value at the date of acquisition with the corresponding credit to equity. Any gains or losses arising from subsequent measurement of the call option are taken directly to profit or loss for the year.

Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are integral part of the effective interest rate, transaction costs and all other premiums and discounts.

For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through amortisation process.

Loans and receivables
Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process. These are included in current assets, except for those with maturities greater than 12 months after reporting date, which are classified as non-current.

Available-for-sale investments
Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent engineering report; and discounted cash flow analysis making as much use of available and supportable market data as possible and keeping judgmental inputs to a minimum.

(k) Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced either directly or through use of an allowance. The amount of loss is recognised in profit or loss.

Available-for-sale investments
If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the profit or loss. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(l) Property, plant and equipment – refer note 16

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line or diminishing value basis over the estimated useful life of the specific assets as follows:
- Plant and equipment – 2.5 to 7 years
- Leasehold improvements – 6.5 to 10 years
- Motor vehicles – 4 to 5 years
- Display Stock – 3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

De-recognition
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(m) Leases– refer note 30

The determination of whether an arrangement is or containing a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Leased payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the profit and loss on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(n) Impairment of non-financial assets other than goodwill

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators or impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any information of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised as the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(o) Goodwill and intangibles– refer note 17(b)

Goodwill
Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. The group of units to which the goodwill is so allocated includes:

- Marbletrend Holdings Pty Ltd; and
- Marbletrend Pty Ltd

Impairment is determined by assessing the recoverable amount of the group of cash-generating units, to which the goodwill relates.

Marbletrend Group Limited performs its impairment testing as at 30 June each year using a discounted cash flow methodology for Marbletrend Holdings Pty Ltd and its wholly-owned subsidiary to which goodwill has been allocated. Further details on the methodology and assumptions used are outlined in note 17.

When the recoverable amount of a cash-generating unit is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a group of cash-generating units and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

Intangibles
Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

A summary of the policies applied to the Group's intangible assets is as follows:

Intellectual Property – Registered Design

Useful lives	5 years (or such lesser period as determined by management)
Amortisation method used	Straight-line over useful lives
Internally generated or acquired	Acquired
Impairment testing	At each reporting date

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(p) Trade and other payables – refer note 18

Trade payables and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Interest-bearing loans and borrowings– refer note 22

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Marbletrend Group Limited does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs, directly attributable to the borrowing and temporary investment income earned on the borrowing).

(r) Provisions and employee benefits – refer note 19 & 20

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits
(i) Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave
The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to anticipated future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(s) Share-based payment transactions – refer note 29

The Group provides benefits to Directors of the Group in the form of share-based payment transactions, whereby directors render services in exchange for shares ('equity-settled transactions').

The cost of these equity-settled transactions with Directors is measured by reference to the Volume Weighted Average closing price of the shares as listed on the Australian Securities Exchange over the proceeding five (5) days prior to allotment of the shares.

In valuing equity-settled transactions, no account is taken of any vesting conditions and performance conditions, other than conditions linked to the price of the shares of Marbletrend Group Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 10).

(t) Contributed equity – refer note 23

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Revenue recognition– refer note 6

Sale of goods
Revenue from the sale of goods is recognised when there is persuasive evidence, usually in the form of an executed sales agreement at the time of delivery of the goods to customer, indicating that there has been a transfer of risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has been determined, the price is fixed and generally title has passed (for shipped goods this is the bill of lading date).

Interest revenue
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Distribution
Revenue is recognised when the Group's right to receive the payment is received.

(v) Income tax and other taxes– refer note 9

Income taxes
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes
Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(w) Earnings per share– refer note 10

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element

3: FINANCIAL RISK Management Objectives & Policies

The Group's principal financial instruments comprise receivables, payables, bank loans and overdrafts, asset purchase contracts, available for sale investments and cash and short-term deposits, derivatives and non-controlling interest financial liability.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Group enters into derivative transactions, principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance. These derivatives provide economic hedges, but do not qualify for hedge accounting and are based on limits set by the Board. The main risk arising from the Group's financial instruments is foreign currency risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to foreign exchange risk and assessments of market forecasts for foreign exchange.

Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of monthly rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Audit & Compliance Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading in derivatives, hedging cover of foreign currency, credit allowances, and future cash flow forecast projections.

Risk Exposures & Responses

Interest rate risk
The Group's exposure to market interest rates relates primarily to the Group's long-term debt obligations.

The level of debt is disclosed in note 22

At reporting date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated as cash flow hedges:

	Consolidated	
	2012	2011
	$	$
Financial Assets		
Cash and cash equivalents	**14,039**	32,977
	14,039	32,977
Financial Liabilities		
Bank overdraft	**186,524**	198,722
Bank loans	**4,199,900**	4,549,900
	4,386,424	4,748,622
Net exposure	**(4,372,385)**	(4,715,645)

The Group's policy is to manage its finance costs using variable rate debt, through its existing overdraft facility and commercial bank bill facility.

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date:

At 30 June 2012, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

Judgements of reasonably possible movements:	Post Tax Profit		Other comprehensive income	
	higher/(lower)		higher/(lower)	
	2012	2011	**2012**	2011
	$	$	**$**	$
Consolidated				
+1% (100 basis points)	**(30,607)**	(33,010)	**-**	-
- 1% (100 basis points)	**30,607**	33,010	**-**	-

The movements in profit are due to lower interest costs from variable rate debt versus a lower increase in interest earned on cash balances. The sensitivity is lower in FY 2012 because of a decrease in borrowings during FY 2012.

Foreign currency risk
As a result of purchases of inventory denominated in USD, the Group's statement of financial position can be affected by movements in the USD/AUD exchange rates. The Group seeks to mitigate the effect of its foreign currency exposure by acquiring forward currency contracts in USD.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

Approximately 1% of the Group's sales are denominated in currencies other than the functional currency of the operating entity making the sale, whilst almost 95% of costs are denominated in the unit's functional currency.

The Group uses forward currency contracts to eliminate the currency exposures on any individual transactions in excess of $100,000 for which payment is anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase.

It is the Group's policy not to enter into forward contracts until a firm commitment is in place and to negotiate the terms of the hedge derivatives to exactly match the terms of the hedged item to maximise hedge effectiveness.

At 30 June 2012, the Group had the following exposure to USD foreign currency that is not designated in cash flow hedges:

	Consolidated	
	2012	2011
	$	$
Financial Assets		
Trade and other receivables	-	188,742
Available for sale financial assets	-	-
	-	188,742
Financial Liabilities		
Trade and other payables	9,920	66,694
	9,920	66,694
Net exposure	(9,920)	122,048

The following sensitivity is based on the foreign currency risk exposures in existence at the reporting date:

At 30 June 2012, had the AUD/USD exchange rate moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

Judgements of reasonably possible movements:	Post Tax Profit higher/(lower)		Other comprehensive income higher/(lower)	
	2012	2011	**2012**	2011
	$	$	**$**	$
Consolidated				
AUD/USD +10%	**631**	(7,767)	**-**	-
AUD/USD - 10%	**(772)**	9,493	**-**	-

The Group is less sensitive at reporting date to a change in foreign exchange rates due to a lower net USD exposure at reporting date.

Management believe that the taking out of these forward contracts are reflective of normal business activity and the reporting date risk exposures are representative of the risk exposure inherent in the financial instruments.

Price risk
The Group's exposure to commodity and equity securities price risk is minimal for both the current and prior years. The price risk for unlisted securities is immaterial in terms of a possible impact on profit and loss or total equity and as such a sensitivity analysis has not been completed.

Credit risk
Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, available-for-sale financial assets and derivative instruments. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. Under Marbletrend's terms of trade, the legal title of goods supplied does not pass to the purchaser until such time as the account has been fully paid.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board. These risk limits are regularly monitored.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

For transactions that are not denominated in AUD, the Group does not offer credit terms without the specific approval of the Financial Controller.

Liquidity risk
Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, hire purchase contracts and committed available credit lines.

The Group manages its liquidity risk by monitoring total cash inflows and outflows expected on a monthly basis. The Group has established comprehensive risk reporting covering its operations that reflect expectations of the expected settlement of financial assets and liabilities.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities, including derivative financial instruments as of 30 June 2012. For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2012.

The remaining contractual maturities of the Group's financial liabilities are:

	Consolidated	
	2012	2011
	$	$
6 months or less	**7,130,297**	7,335,291
6 – 12 months	**404,401**	313,076
1 – 5 years	**4,227,883**	4,514,175
Over 5 years	**-**	-
	11,762,581	12,162,542

Maturity analysis of financial assets and liabilities based on management's expectation.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital e.g. inventories and trade receivables. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, Marbletrend has established comprehensive risk reporting that reflects expectations of management of expected settlement of financial assets and liabilities.

Year ended 30 June 2012	≤ 6 months $	6-12 months $	1-5 years $	> 5 years $	Total $
Consolidated Financial assets					
Cash & cash equivalents	14,039	-	-	-	14,039
Trade & other receivables	6,918,690	-	-	-	6,918,690
Available for-sale financial assets	-	-	64,900	-	64,900
	6,932,729	-	64,900	-	6,997,629
Consolidated Financial liabilities					
Bank overdraft	186,524	-	-	-	186,524
Trade & other payables	6,731,484	-	-	-	6,731,484
Interest bearing loans & borrowings	212,289	404,401	4,227,883	-	4,844,573
	7,130,297	404,401	4,227,883	-	11,762,581
Net maturity	(197,568)	(404,401)	(4,162,983)	-	(4,764,952)

The Group monitors rolling forecasts of liquidity reserves on the basis of expected cash flow. Forecast liquidity reserves as at 30 June 2013 is as follows:

	30 June 2013 $	2014 - 2016 $
Opening balance for the period	(172,485)	1,299,661
Operating inflows	52,267,000	190,304,147
Operating outflows	(49,218,275)	(179,593,467)
Cash outflows for investments & working capital	(608,000)	(5,137,600)
Payments of debts and dividends	(968,579)	(2,905,737)
Closing balance for the period	1,299,661	3,967,004

At reporting date, the Group has available approximately $2.8 million of unused credit facilities for its immediate use.

Fair value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

4: Significant Accounting JUDGMENTS, ESTIMATES & ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Impairment of non-financial assets other than goodwill
The Group assesses impairment on all assets at each reporting date by evaluating the conditions specific to the Group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Management do not consider that the triggers for impairment testing have been significant enough and as such these assets have not been tested for impairment in this financial period.

Taxation
The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, restoration costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty and hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charges to the income statement.

(ii) Significant accounting estimates and assumptions

Allowance for doubtful debts on other receivables
When receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. This assessment is based on supportable past collection history and historical write-offs of bad debts. The impairment loss is outlined in note 12.

Valuation of call and put option
The valuation of call and put options has included assumptions which are based on management's assessment of the Group's long term share price volatility relative to its peers (both size and sector), long term Government bond rates and the Group's current anticipated long term dividend payout.

Impairment of goodwill
The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill including a sensitivity analysis are discussed in note 17.

Warranty claims
In determining the level of provision required for warranty claims the Group has made judgements in respect of the expected performance of the product, number of customers who will actually make warranty claims, and the costs of fulfilling the warranty claims. Historical experience and current knowledge of any existing claims has been used in determining this provision.

Long service leave
In determining the level of provision required for long service leave the Group has made judgements in respect of anticipated future wage and salary levels, employee departures, periods of service and discount rates.

Depreciation - estimation of useful lives of assets
The estimation of the useful lives of assets has been based on historical experience (for plant and equipment) and lease terms (for leased equipment). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

5: OPERATING Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the manner in which the product is sold. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

The reporting segments are based on aggregated operating segments determined by the similarity of the products produced and sold/or the services provided, as these are sources of the Group's major risks and have the most effect on the rates of return.

Types of products and services

Bathroom Products
The Bathroom Products business is a manufacturer, importer and wholesaler of bathroom products for major customers throughout Australia. The products supplied in this business are shower bases, shower systems, vanities, free standing and acrylic baths, toilets and vitreous china bowls. The bathroom products business has been determined as an operating segment and reporting segment.

Corporate
The Corporate business activities include investment in companies and provision of technical services to the entire group. Some of these technical services included governance matters, compliance issues, strategic planning, accounting and legal advice. The corporate business has been determined as an operating segment and reporting segment.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 to the accounts and in the prior period except as detailed below:

Corporate Charges
Corporate charges comprise non-segmental expenses such as head office expenses and interest. Corporate charges are allocated to each business segment on a proportionate basis.

Major Customers

Four of the Group's customers individually contribute greater than 9% of revenue and in total generated 70.3% of total revenues during FY 2012 (2011: 77.7%).

The following table presents revenue and profit information and certain asset and liability information for business segments for the years ended 30 June 2012 and 30 June 2011.

	Bathroom Products $	Corporate $	Total $
Year ended 30 June 2012			
Revenue			
Sales to external customers	42,878,124	-	42,878,124
Other revenue	-	7,822	7,822
Inter-segment revenue	-	1,053,447	1,053,447
Total segment revenue	42,878,124	1,061,269	43,939,394
Segment net operating profit after tax	587,221	843,177	1,430,398
Interest revenue	-	37,353	37,353
Interest expense	332,085	87,304	419,389
Depreciation and amortisation	1,185,131	-	1,185,131
Income tax expense	105,634	(282,421)	(176,787)
Segment assets as at 30 June 2012	22,928,728	9,140,164	32,068,892
Capital expenditure	1,142,616	-	1,142,616
Segment Liabilities as at 30 June 2012	11,693,488	1,606,328	13,299,816

	Bathroom Products $	Corporate $	Total $
Year ended 30 June 2011			
Revenue			
Sales to external customers	42,243,312	-	42,243,312
Other revenue	-	11,118	11,118
Inter-segment revenue	-	810,595	810,595
Total segment revenue	42,243,312	821,713	43,065,025
Segment net operating profit after tax	1,527,629	467,455	1,995,084
Interest revenue	-	61,386	61,386
Interest expense	329,411	28,207	357,618
Depreciation and amortisation	744,416	-	744,416
Income tax expense	657,220	54,741	711,961
Segment assets as at 30 June 2011	23,375,989	9,037,667	32,413,656
Capital expenditure	935,963	-	935,963
Segment Liabilities as at 30 June 2011	12,193,313	1,993,495	14,186,808

i) Segment revenue reconciliation to the statement of comprehensive income

	Consolidated 2012 $	2011 $
Total segment revenue	**43,939,393**	43,065,025
Inter-segment revenue elimination	**(1,053,447)**	(810,595)
Total revenue	**42,885,946**	42,254,430

Revenue from external customers by geographical locations is detailed below. Revenue is attributed to geographical location based on the location of the customers. The Company does not have external revenues from external customers that are attributable to any foreign country other than as shown.

	2012 $	2011 $
Geographical revenue		
Australia	**42,885,946**	42,254,430
United States	**-**	-
Total Revenue	**42,885,946**	42,254,430

ii) Segment net operating profit after tax reconciliation to the statement of comprehensive income

	2012 $	2011 $
Segment net operating profit after tax	**1,430,398**	1,995,084
Income tax expense at 30% (2011: 30%)	**(176,787)**	711,961
Net fair value gain / (loss) on available-for-sale financial assets	**-**	45,956
Intersegment eliminations	**(639,832)**	(588,595)
Profit/(loss) from continuing operations before income tax per the statement of comprehensive income	**613,779**	2,164,406

iii) Segment assets reconciliation to the statement of financial position

	2012 $	2011 $
Segment operating assets	**32,081,070**	32,413,656
Intersegment eliminations	**(9,165,943)**	(9,120,204)
Total assets per the statement of financial position	**22,915,127**	23,293,452

The analysis of the location of non-current assets other than financial instruments and deferred tax assets is as follows.

	2012 $	2011 $
Australia	**5,180,864**	5,309,715
Total	**5,180,864**	5,309,715

iv) Segment liabilities reconciliation to the statement of financial position

	2012 $	2011 $
Segment operating liabilities	**13,299,816**	14,186,808
Intersegment eliminations	**(792,266)**	(952,875)
Total liabilities per the statement of financial position	**12,507,550**	13,233,933

6: Other REVENUE

	Consolidated	
	2012	2011
	$	$
Finance revenue	**3,422**	2,337
Dividend income	**4,400**	7,700
Other income	**-**	1,081
	7,822	11,118

7: EXPENSES

	Consolidated	
	2012	2011
	$	$
(a) Other expenses		
Amortisation of intangible property	**(293,800)**	(246,200)
Loss on disposal of fixed assets	**(23,001)**	(102,958)
Doubtful debts	**(4,000)**	(7,000)
Other expenses	**(1,549)**	(18,016)
	(322,350)	(374,174)
(b) Finance costs		
Interest paid	**(385,459)**	(298,569)
Borrowing costs	**(45,383)**	(10,352)
	(430,842)	(308,921)
(c) Depreciation, impairment and amortisation included in statement of comprehensive income		
Depreciation	**(891,331)**	(498,216)
Amortisation of intangible property	**(293,800)**	(246,200)
	(1,185,131)	(744,416)
(d) Hire Purchase payments and other expenses included in statement of comprehensive income		
Interest paid on hire purchase agreements (included in (b) above)	**(66,102)**	(49,368)
	(66,102)	(49,368)
(e) Employee benefits expense		
Salaries and wages	**(5,621,163)**	(4,294,338)
Directors fees	**(130,000)**	(115,959)
Share-based payments	**(20,300)**	5,254
	(5,771,463)	(4,405,043)
(f) Other		
Operating lease payments	**1,979,511**	1,551,387

8: DIVIDENDS

	Consolidated 2012 $	2011 $
(a) Recognised amounts		
Declared and paid during the year:		
Dividends on ordinary shares:		
Final franked dividend for 2011 paid in October 2011: 0.5 cent (2010: 0.3 cent)	**300,801**	184,867
Interim franked dividend for 2012 paid in April 2012: 0.55 cent (2011: 0.5 cent)	**344,030**	299,127
	-	-
	644,831	483,994

	Consolidated 2012 $	2011 $
(b) Unrecognised amounts		
Dividends on ordinary shares:		
Final franked dividend for 2012: zero (2011: 0.5 cent)	**-**	306,676

	Consolidated 2012 $	2011 $
(c) Franking account balance		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year at 30% (2011: 30%)	**1,220,567**	1,218,660
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	**-**	369,922
- Franking debits that will arise from the payment of dividends as at the end of the financial year	**-**	-
- Franking credits that will arise from the receipt of dividends recognized as receivables at the reporting date	**-**	-
- Franking credits that the entity may be prevented from distributing in the subsequent financial year	**-**	-
	1,220,567	1,588,582
The amount of franking credits available for future reporting periods:		
- Impact on the franking account of dividends proposed or declared before the financial report was authorized for issue but not recognized as a distribution to equity holders during the period	**-**	(131,432)
	1,220,567	1,457,150

(d) Tax rates

The tax rate at which paid dividends have been franked is 30% (2011: 30%).

Dividends proposed will be franked at the rate of 30% (2011: 30%).

9: INCOME Tax

	2012 $	2011 $
(a) Income tax expense		
The major components of income tax expense are:		
Statement of comprehensive income		
Current income tax		
Current income tax charge	149,301	667,804
Adjustment in respect of current income tax of previous years	(215,592)	-
Deferred income tax		
Relating to origination and reversal of temporary differences	(110,496)	44,157
Income tax expense reported in the statement of comprehensive income	(176,787)	711,961
(b) Amount charged or credited directly to equity		
Deferred income tax related to items charged (credited) directly to equity		
Deferred tax benefit on capital raising costs	-	-
Deferred income tax reported in equity	-	-

(c) Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	2012 $	2011 $
Accounting profit/(loss) before tax from continuing operations	613,780	2,164,406
Total accounting profit/(loss) before income tax	613,780	2,164,406
At the Parent Entity's statutory income tax rate of 30% (2011: 30%)	184,134	649,322
Add tax effect of:		
Entertainment	4,994	1,866
Accounting expenses not deductible for tax	22,036	-
Less tax effect of:		
Origination and reversal of temporary differences	(85,353)	190
Deductions allowed for tax but not accounting	(79,753)	(1,606)
Rebateable fully franked dividends	(1,320)	62,189
Recognition of carry forward losses including those not previously recognised	(221,525)	-
Aggregate income tax expense	(176,787)	711,961
Aggregate income tax expense is attributable to:		
Continuing operations	(176,787)	711,961
	(176,787)	711,961

(d) Recognised deferred tax assets and liabilities

	Consolidated	
	2012	2011
	$	$
	Deferred Income Tax	Deferred Income Tax
Opening balance	**320,222**	399,054
Charged to income	**110,496**	(44,157)
Charged to equity	**-**	-
Other payments/ (refunds)	**-**	-
Other	**-**	(34,675)
Acquisitions / disposals	**-**	-
Closing balance	**430,718**	320,222
Tax expense in statement of comprehensive income	**(176,787)**	711,961
Amounts recognized in the statement of financial position:		
Deferred tax asset	**549,880**	442,505
Deferred tax liability	**(119,162)**	(122,283)
	430,718	320,222
Deferred income tax at 30 June relates to the following:		
Consolidated		
(i) Deferred tax liabilities		
Accelerated depreciation: plant & equipment, motor vehicles	**116,500**	107,588
Prepayments	**2,662**	-
Accrued revenue	**-**	-
Other	**-**	14,695
Gross deferred tax liabilities	**119,162**	122,283
Set-off of deferred tax assets	**-**	-
Net deferred tax liabilities	**119,162**	122,283
(ii) Deferred tax assets		
Equity raising costs	**3,445**	75,346
Intellectual property - registered designs	**182,646**	151,006
Doubtful debts	**-**	14,700
Accrued expenses	**13,500**	42,848
Provisions:	**-**	-
Rebates & Credits	**124,198**	-
Employee benefits	**187,741**	158,605
FBT	**4,952**	-
Other	**33,399**	-
Gross deferred tax assets	**549,880**	442,505
Set-off of deferred tax liabilities	**-**	-
Net deferred tax assets	**549,880**	442,505

(e) Tax losses

The tax effect of carry forward prior year's tax losses of $19,778 up to 30 June 2011 have been brought to account since they will be claimed as a deduction against income earned in the year ended 30 June 2012. The tax effect of carry forward prior year's tax losses of $718,641 up to 30 June 2010 were not brought to account but were claimed as a tax deduction against income earned in the year ended 30 June 2011, resulting in an overprovision of tax in the amount of $215,592 (being 30% of $718,641) that has been adjusted against the current provision.

(f) Tax consolidation

Marbletrend Group Limited and its 100% owned subsidiaries have formed a tax consolidated group as at the date of this report.

10: EARNINGS Per Share

The following reflects the income used in the basic and diluted earnings per share computations:

	Consolidated	
	2012	2011
(a) Net profit	**$**	$
For basic earnings per share:		
Net profit/ (loss) from continuing operations attributable to ordinary equity holders of the parent	**790,567**	1,105,858
Loss attributable to discontinued operations	**-**	-
Net profit attributable to ordinary equity holders of the parent	**790,567**	1,105,858
For diluted earnings per share:		
Net profit/ (loss) from continuing operations attributable to ordinary equity holders of the parent (from basic EPS)	**790,567**	1,105,858
Loss attributable to discontinued operations	**-**	-
Net profit attributable to ordinary equity holders of the parent	**790,567**	1,105,858
(b) Weighted average number of shares	**Units**	Units
Weighted average number of ordinary shares (excluding reserved shares) for basic earnings per share	**61,140,058**	60,643,518
Effect of dilution:		
Share options	**-**	-
Weighted average number of ordinary shares (excluding reserved shares) adjusted for effect of dilution	**61,140,058**	60,643,518

There are no instruments (eg share options) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for either of the periods presented.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

(c) Information on the classification of securities

Options
No options have been granted to employees (including KMP) as described in note 28. If options were granted, they are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These options have not been included in the determination of basic earnings per share.

11: CURRENT ASSETS - Cash and Cash Equivalents

	Consolidated 2012 $	2011 $
Cash at bank and in hand	**14,039**	32,977
	14,039	32,977

Reconciliation to statement of cash flows

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

	2012	2011
Cash at bank and in hand	**14,039**	32,977
Bank overdraft	**(186,524)**	(198,722)
	(172,485)	(165,745)

12: CURRENT ASSETS - Trade and Other Receivables

	Consolidated 2012 $	2011 $
Trade receivables	**6,380,641**	7,308,879
Other receivables	**30,693**	86,176
Allowance for impairment (a)	**(11,482)**	(49,000)
	6,399,852	7,346,055
Prepayments	**506,660**	251,896
Carrying amount of trade and other receivables	**6,906,512**	7,597,951

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-60 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment loss of $4,000 (2011: $7,000) has been recognised by the Group in the current year. These amounts have been included in the other expense item.

Movements in the provision for impairment loss were as follows:

	Consolidated 2012	2011
At 1 July	**49,000**	42,000
Charge for the year	**4,000**	7,000
Amounts written off	**(41,518)**	-
At 30 June	**11,482**	49,000

At 30 June, the ageing analysis of trade receivables is as follows:

		Total	0 - 30 days	31 - 60 days	61 - 90 days PDNI*	61 - 90 days CI*	+91 days PDNI*	+91 days CI*
2012	**Consolidated**	**6,380,641**	**4,157,005**	**1,800,777**	**239,516**	**-**	**171,861**	**11,482**
2011	Consolidated	7,308,879	4,824,787	2,074,484	219,668	-	140,940	49,000

* Past due not impaired ('PDNI')
Considered impaired ('CI')

Receivables past due but not considered impaired are: $411,377 (2011: $360,608). Payment terms on these amounts have not been re-negotiated however credit is reviewed on a case by case basis. Each operating unit has been in direct contact with the relevant debtor and is satisfied that payment will be received in full.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

(b) Related party receivables

For terms and conditions of related party receivables refer to note 27.

(c) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

(d) Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in note 3 and note 21.

13: CURRENT ASSETS - Inventories

	Consolidated 2012 $	Consolidated 2011 $
Raw materials	**203,470**	419,302
Finished goods	**9,983,284**	9,426,102
Total inventories	**10,186,754**	9,845,404

14: NON-CURRENT ASSETS - Other Receivables

There are no outstanding other receivables as at balance date.

15: NON-CURRENT ASSETS - Available-for-sale Financial Assets

	Consolidated 2012 $	Consolidated 2011 $
At fair value		
Unlisted shares	**64,900**	64,900
	64,900	64,900

(a) Unlisted shares

The Group holds shares in an unlisted public company at cost. These shares have a value, based on their net asset backing of $64,900 (2011: $64,900).

(b) Unlisted investment

During the FY 2011 year the Group sold its investment in Avalon Oil Company partnership. Reconciliation of the Level 3 fair value movement:

	Consolidated 2012 $	Consolidated 2011 $
Opening balance	-	107,725
Other comprehensive income	-	(44,164)
Disposal	-	(63,561)
Closing balance	-	-

16: NON-CURRENT ASSETS - Property, Plant and Equipment

(a) Reconciliation of carrying amounts at the beginning and end of the period

	Consolidated		
	Plant and equipment $	Motor Vehicles $	Total $
Year end 30 June 2012			
At 1 July 2011 net of accumulated depreciation and impairment	2,131,600	478,403	2,610,003
Additions	766,641	375,975	1,142,616
Disposals	(30,227)	(55,635)	(85,862)
Depreciation charge for the year	(735,437)	(156,368)	(891,805)
At 30 June 2012 net of accumulated depreciation and impairment	**2,132,577**	**642,375**	**2,774,952**
At 30 June 2012			
Cost or fair value	5,987,426	1,316,619	7,304,045
Accumulated depreciation and impairment	(3,854,849)	(674,244)	(4,529,093)
Net carrying amount	2,132,577	642,375	2,774,952
Year end 30 June 2011			
At 1 July 2010 net of accumulated depreciation and impairment	1,819,404	547,455	2,366,859
Additions	814,585	121,378	935,963
Disposals	(119,329)	(75,275)	(194,604)
Depreciation charge for the year	(383,060)	(115,155)	(498,215)
At 30 June 2010 net of accumulated depreciation and impairment	2,131,600	478,403	2,610,003
At 30 June 2011			
Cost or fair value	5,343,058	1,067,380	6,410,438
Accumulated depreciation and impairment	(3,211,458)	(588,977)	(3,800,435)
Net carrying amount	2,131,600	478,403	2,610,003

(b) Property, plant and equipment pledged as security for liabilities

Refer to note 22(b) for details.

(c) Property, plant and equipment – Group as lessee

Plant and equipment with a carrying value of $140,320 (2011: $143,660) and motor vehicles with a carrying value of $613,380 (2011: $431,728) are purchased under hire purchase contracts as disclosed in note 30.

17: NON-CURRENT ASSETS - Intangible Assets & Goodwill

(a) Reconciliation of carrying amounts at the beginning and end of the period

	Consolidated		
	Intangible Assets $	Goodwill $	Total $
Year end 30 June 2012			
At 1 July 2011 net of accumulated amortisation and impairment	348,550	2,351,162	2,699,712
Addition	-	-	-
Adjustment	-	-	-
Impairment	-	-	-
Amortisation	(293,800)	-	(293,800)
At 30 June 2012 net of accumulated amortisation and impairment	**54,750**	**2,351,162**	**2,405,912**
At 30 June 2012			
Cost (gross carrying amount)	1,197,000	7,026,855	8,223,855
Accumulated amortisation and impairment	(1,142,250)	(4,675,693)	(5,817,943)
Net carrying amount	**54,750**	**2,351,162**	**2,405,912**
Year end 30 June 2011			
At 1 July 2010 net of accumulated amortisation and impairment	492,750	2,378,112	2,870,862
Additions	102,000	-	102,000
Adjustment	-	(26,950)	(26,950)
Impairment	-	-	-
Amortisation	(246,200)	-	(246,200)
At 30 June 2011 net of accumulated amortisation and impairment	348,550	2,351,162	2,699,712
At 30 June 2011			
Cost (gross carrying amount)	1,197,000	7,026,855	8,223,855
Accumulated amortisation and impairment	(848,450)	(4,675,693)	(5,524,143)
Net carrying amount	348,550	2,351,162	2,699,712

(b) Description of the Group's intangible assets and goodwill

(i) Intellectual Property

The Group holds intangible assets including certificate of registration of designs of toilets, Australian Standards certifications and WELS certificates for these products and registered designs as a consequence of settlement of litigation during FY2011. These assets are amortised over 5 years (other than registered designs acquired in 2011 as a consequence of resolution of a legal dispute which were amortised over their useful life of 15 months and fully written down as at balance date).

(ii) Goodwill

The Group through its wholly owned subsidiary Marbletrend Holdings Pty Ltd as a result of the acquisition of the Marbletrend Pty Ltd business has acquired goodwill in Marbletrend Pty Ltd.

Goodwill has been allocated to one individual cash generating unit (Bathroom Products), which is a reportable segment for impairment testing.

(c) Impairment test for goodwill

The carrying amounts of the Group entities assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying value of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss in the statement of comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation, with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a prorated basis.

Value in use was determined by discounting the future cash flows generated from the continuing use and was based on the following assumptions:

- Cash flows were projected based on actual operating results and business plans and a projected cash flows range of five (5) years, before a terminal value is calculated. Maintainable earnings were adjusted for an allocation of corporate overheads;
- Management used growth rates consistent with its business plans and 3 year strategy in calculating the terminal value, which does not exceed the long term average growth rate for the industry; and
- A pre-tax discount rate of 13.58% was used in discounting the projected future cash flows.

Sensitivity to changes in key assumptions
For the Bathroom Products unit there are reasonably possible changes in key assumptions that could cause the carrying value of the unit to exceed its recoverable amount. The implications of the key assumptions on the recoverable amount are discussed below.

Growth rate assumptions - management recognises that changes in economic conditions can have a significant impact on growth rate assumptions and could yield a reasonably possible alternative to the estimated long term growth rate of 3%. However, even under the assumption of a zero growth rate, the estimated value in use would exceed the carrying amount of the Bathroom Products unit.

Discount rate assumption - management recognises that the actual discount rate may vary to what they have estimated. Management notes that the discount rate would have to increase by about 8.5 percentage points before the recoverable amount of the Bathroom Products unit would fall below its carrying value.

18: CURRENT LIABILITIES - Trade and Other Payables

	Consolidated	
	2012	2011
	$	$
Trade payables	**5,775,460**	5,886,433
Other payables	**956,024**	1,037,850
Carrying amount of trade and other payables	**6,731,484**	6,924,283

(a) Fair value

Due to the short term nature of these payables, the carrying value is assumed to approximate the fair value.

(b) Related party payables

For terms and conditions relating to related party payables in other payables see note 27.

(c) Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 3.

19: CURRENT LIABILITIES - Provisions

	Consolidated	
	2012	2011
	$	$
Long service leave	**190,746**	168,052
Annual leave	**400,046**	320,343
Employee bonuses	**-**	50,500
Warranty claim	**-**	-
	590,792	538,895

(a) Movements in provisions

Please refer to note 20 for details.

(b) Nature and timing of provisions

Please refer to note 20 for details.

20: NON-CURRENT LIABILITIES - Provisions

20. Non-current liabilities – provisions

	Consolidated	
	2012	2011
	$	$
Long service leave	**35,015**	40,288
	35,015	40,288

For a description of the nature and timing of cash flows associated with the above provisions, refer to section (b) below.

(a) Movements in provisions

Movements in each class of provision during the financial year are set out below:

	Annual Leave $	Long Service Leave $	Employee bonuses $	Total $
Consolidated				
At 1 July 2011	320,343	208,340	50,500	579,183
Arising during the year	422,412	20,481	-	442,893
Utilised	(342,709)	(3,060)	(50,500)	(396,269)
At 30 June 2012	**400,046**	**225,761**	**-**	**625,807**
Current 2012	**400,046**	**190,746**	**-**	**590,792**
Non-current 2012	**-**	**35,015**	**-**	**35,015**
	400,046	**225,761**	**-**	**625,807**
Current 2011	320,343	168,052	50,500	538,895
Non-current 2011	-	40,288	-	40,288
	320,343	208,340	50,500	579,183

(b) Nature and timing of provisions

Long service leave
Refer to note Provisions and employee benefits – refer note 19 & 20 for the relevant accounting policy and a discussion on the significant estimations and assumptions applied in the measurement of this provision.

Annual leave
Refer to note 2 (r) for the relevant accounting policy and a discussion on the significant estimations and assumptions applied in the measurement of this provision.

Employee bonuses
The Group recognises a provision for employee bonuses payable under its short term incentive plan. No employee bonuses were provided for but unpaid as at 30 June 2012 (2011: $50,500).

21: Derivative FINANCIAL INSTRUMENTS

(a) Instruments used by the Group

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates.

(i) Forward currency contracts
The Group acquires certain supplies from China and as such the Group may be required to settle in USD. In order to protect against exchange rate movements and to manage the inventory costing process, the Group has entered into forward exchange contracts to purchase USD. These contracts are hedging highly probable forecasted purchases and they are timed to mature when payments are scheduled to be made.

The cash flows are expected to occur between 2 - 11 months from 1 July 2012 and the profit and loss within cost of sales will be affected as the inventory is either used in production or sold. At 30 June 2012 there were outstanding contracts of $953,532 (2011: nil).

(b) Interest rate risk

Information regarding interest rate risk exposure is set out in note 3.

(c) Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations at maturity of contracts.

22: INTEREST-BEARING Loans and Borrowings

	Consolidated	
	2012	2011
	$	$
Current		
Obligations under hire purchase contracts (note 30)	**266,690**	175,362
Secured bank loan	**350,000**	350,000
	616,690	525,362
Non-current		
Obligations under hire purchase contracts (note 30)	**377,983**	314,278
Secured bank loans	**3,849,900**	4,199,900
	4,227,883	4,514,178

Fair value

The Group's current and non-current borrowings approximate their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates.

The parent entity and certain controlled entities have potential financial liabilities which may arise from certain contingencies disclosed in note 31. However, the directors do not expect those potential financial liabilities to crystallise into obligations and therefore financial liabilities disclosed in the above table are the directors estimate of amounts that will be payable by the Group.

(a) Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 3.

(b) Assets pledged as security

	Consolidated 2012 $	2011 $
Current		
Cash & cash equivalents	**14,039**	32,977
Trade and other receivables	**6,906,512**	7,597,951
Inventories	**10,186,754**	9,845,404
Total current assets pledged as security	**17,107,305**	17,476,332
Non-current		
Available for sale financial assets	**64,900**	64,900
Plant and equipment	**2,774,952**	2,610,003
Total non-current assets pledged as security	**2,839,852**	2,674,903
Total assets pledged as security	**19,947,157**	20,151,235

The terms and conditions relating to the financial assets are as follows:

Cash and cash equivalents are pledged against the bank overdraft on an ongoing floating basis for the term of the bank overdrafts maturity.

Receivables and available-for-sale financial assets are pledged against secured bank loans to the extent they are not already covered by plant and equipment on a floating basis for the terms of the various secured loans.

Unsecured loan from other related parties
There are no unsecured loans to Group for working capital purposes (2011: nil).

Other unsecured loan
There are no unsecured loans to Group for working capital purposes (2011: nil).

(c) Set-off assets and liabilities

Marbletrend Pty Ltd has established a legal right of set-off with its major trading bank enabling it to set off certain deposits with that bank against its borrowing. As at reporting date Marbletrend Pty Ltd had $nil in cash at bank available for set off (2010: $530,793).

(d) Defaults and breaches

During the current and prior years, there were no defaults or breaches on any of the loans.

23: Contributed EQUITY

	Consolidated 2012 $	Consolidated 2011 $
Ordinary shares	**13,542,456**	13,366,998
	13,542,456	13,366,998

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

		Unit	$
Movement in ordinary shares on issue:			
At 1 July 2010		60,973,298	13,360,863
Share issue - Executive Share Plan	(i)	500,000	-
Exercise of vested shares per Employee Share Plan	(ii)	-	17,604
Share issue - DRP	(iii)	931,171	111,741
Share issue - Other	(iv)	200,000	22,000
Share buy back	(v)	(1,314,351)	(145,210)
Share buy back - employee share scheme	(vi)	(955,000)	-
At 1 July 2011		60,335,118	13,366,998
Share issue - Executive Share Plan	(vii)	**1,100,000**	**-**
Exercise of vested shares per Employee Share Plan	(viii)	-	**7,950**
Share issue - DRP	(ix)	**2,253,542**	**271,984**
Share buy back	(x)	**(893,267)**	**(104,476)**
At 30 June 2012		**62,795,393**	**13,542,456**

(i) On 15 September 2010, 500,000 shares were issued to executives pursuant to the Executive Share Plan. This cost has been recorded in the employee benefit equity reserve.

(ii) During FY 2011 125,000 vested shares were exercised pursuant to the Executive Share Plan. The cost of these ($17,604) has been transferred from the employee benefit equity reserve.

(iii) On 7 June 2011 the Company issued 931,171 new shares at a cost of $111,741 pursuant to the Dividend Reinvestment Plan

(iv) On 28 February 2011 the Company announced a settlement of a litigation matter. The terms of the settlement included the issuance of 200,000 shares at a cost of $22,000.

(v) On 8 February 2010 the Company announced an intention to complete an on-market share buy-back of up to 6,200,000 shares, over a 12 month period commencing 23 February 2010. During FY 2011 the Group bought back and cancelled 1,277,165 shares at a cost of $140,033 pursuant to this buyback program.
On 25 March 2011 the Company announced an intention to complete an on-market share buy-back of up to 6,031,613 shares, over a 12 month period commencing 13 April 2011. During FY 2011 the Group bought back and cancelled 37,186 shares at a cost of $5,177 pursuant to this buyback program.

(vi) Upon resignation of two employees in FY11, a total of 955,000 shares issued to those individuals were bought back at the value of the balance of the respective non recourse loans in accordance with the terms and conditions of the Executive Share Plan.

(vii) On 15th December 2011, 1,100,000 shares were issued to executives pursuant to the Executive Share Plan. This cost has been recorded in the employee benefit equity reserve.

(viii) During the year 82,500 vested shares were exercised pursuant to the Executive Share Plan. The cost of these shares ($7,950) has been transferred from the employee benefit equity reserve.

(ix) On 28th October 2011, the company issued 1,093,604 new shares at a cost of $124,672 pursuant to the Dividend Reinvestment Plan.
On 27th April 2012, the company issued 1,159,938 new shares at a cost of $147,312 pursuant to the Dividend Reinvestment Plan.

(x) During FY2012 the Group bought back and cancelled 893,267 shares at a cost of $104,476 pursuant to the buy-back program.

(b) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity and which may contemplate the buying back of shares over the next 4 years.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. During FY 2012, dividends totalling $644,831 (2011: $483,994) were paid or provided for, including the implementation of a Dividend Reinvestment Plan resulting in the issuance of 2,253,542 new shares (2011: 931,171) resulting in an increase in contributed equity of $271,984 (2011: $111,741).

	Consolidated	
	2012	2011
	$	$
Total borrowings*	**11,762,581**	12,162,545
Less cash and cash equivalents	**(14,039)**	(32,977)
Net debt	**11,748,542**	12,129,568
Total equity	**10,407,577**	10,059,519
Total capital	**22,156,119**	22,189,087

* Includes interest bearing loans and borrowings and trade and other payables

The Group is not subject to any externally imposed capital requirements.

24: Retained EARNINGS & RESERVES

(a) Movements in retained earnings / (accumulated losses) were as follows:

	Consolidated	
	2012	2011
	$	$
Balance 1 July	**(3,319,402)**	(6,073,346)
Net profit/ (loss)	**790,567**	1,105,858
Dividends paid / proposed	**(644,831)**	(483,994)
Transfer from Share Option Reserve	**-**	70,427
Transfer from non-controlling interest	**-**	2,061,653
Balance 30 June	**(3,173,667)**	(3,319,402)

(b) Movements in reserves were as follows:

	Consolidated		
	Asset revaluation reserve	Employee equity benefits reserve	Total
	$	$	$
At 1 July 2010	24,471	21,480	45,951
Net profit/ (loss) on available-for-sale financial assets	-	-	-
Other Comprehensive Income	45,956	-	45,956
Transfer to Retained Earnings	(70,427)	-	(70,427)
Share option payment	-	(9,557)	(9,557)
At 30 June 2011	-	11,923	11,923
Net profit/ (loss) on available-for-sale financial assets	-	-	-
Other Comprehensive Income	-	-	-
Transfer to Retained Earnings	-	-	-
Share option payment	-	26,865	26,865
At 30 June 2012	**-**	**38,788**	**38,788**

(c) Nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve is used to record the fair value of a call option on the non –controlling interest after being recorded in the statement of comprehensive income and other available for sale financial assets to the extent that they offset one another. During the year the fair value of the call option was transferred to retained earnings upon the buyout of the non-controlling interest (refer note 25). The reserve can only be used to pay dividends in limited circumstances.

Net unrealised gains reserve

This reserve records movements in the fair value of available-for-sale financial assets.

Employee equity benefits reserve

The employee equity benefits reserve is used to record the value of share based payments provided to employees, including KMP, as part of their remuneration. Refer to note 29.

25: Non-controlling INTEREST FINANCIAL LIABILITY

	Consolidated 2012 $	2011 $
Balance I July	-	4,403,694
Share of dividends	-	(80,128)
Share of net profit	-	346,587
Buy-out of Non Controlling Interest	-	(2,608,500)
Transfer from non-controlling interest	-	(2,061,653)
Balance 30 June	-	-

* Upon acquisition of the Marbletrend business, the Group acquired a Put Option whereby the vendors of the Marbletrend business could put to the Group, the remaining 30% of the business not acquired. As a consequence of the acquisition of the remaining 30% outstanding interest in Marbletrend Holdings Pty Ltd by Group as announced on 3 February 2011 and concluded on 22 March 2011, the financial liability representing 30% of the fair value of Marbletrend Holdings Pty Ltd as at 30 June 2011 was $Nil. The transfer from non-controlling interest of $2,061,653 had the effect of increasing net tangible assets per share by 3.4 cents at 30 June 2011.

26: Statement of CASH FLOWS RECONCILIATION

	Consolidated 2012 $	2011 $
(a) Reconciliation from the net profit / (loss) after tax to the net cash flows from operations		
Net profit/ (loss)	790,567	1,452,445
Adjustments for:		
Depreciation	891,331	498,216
Amortisation	293,800	246,200
Share-based payments	20,300	(5,254)
Allowance/ (reversal) for doubtful debts	4,000	7,000
Loss on sale of property, plant and equipment	23,001	102,958
(Gain) / loss on sale of available for sale asset	-	90,120
Dividends received	(4,400)	(7,700)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	942,203	(979,301)
(Increase)/decrease in other current assets	(302,672)	(23,318)
(Increase)/decrease in inventories	(341,350)	(1,969,918)
(Increase)/decrease in deferred tax assets	(107,375)	115,560
(Decrease)/increase in trade and other payables	(192,799)	1,529,267
(Decrease)/increase in deferred tax liabilities	(3,121)	(36,728)
(Decrease)/increase in tax liabilities	(382,100)	317,077
(Decrease)/increase in provisions	46,624	(260,401)
Net cash provided from / (used in) operating activities	1,678,009	1,076,223
(b) Non-cash financing and investing activities		
Acquisition of assets by means of hire purchase agreements	450,664	221,575
Share-based payments - options	-	921
Share-based payments - shares	20,300	(6,175)

27: RELATED PARTY Disclosure

(a) Subsidiaries
The consolidated financial statements include the financial statements of Marbletrend Group Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest 2012	% Equity Interest 2011	Investment ($) 2012	Investment ($) 2011
Marbletrend Holdings Pty Ltd and controlled entities: - Marbletrend Pty Ltd	Australia	**100**	100	**8,053,197**	8,053,197
- Marbletrend Investments Pty Ltd	Australia	**100**	N/A	**100**	-
Avalon Investments (Aus) Pty Ltd	Australia	**100**	100	**1**	1
				8,053,298	8,053,198

(b) Ultimate parent
Marbletrend Group Limited is the ultimate parent entity of the Group.

(c) Key management personnel
Details relating to KMP, including remuneration paid, are included in note 28.

(d) Transactions with related parties
The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:

Consolidated		Sales to Related Parties $	Purchases from Related Parties $	Other Transactions with Related Parties $
Related Party				
Salmon Giles Pty Ltd and Salmon Giles Corporate Pty Ltd (H Giles) – purchase of accounting, advisory and corporate services	**2012**	-	**209,858**	-
	2011	-	99,204	-
Missenden Consulting Pty Ltd (M Evett) – purchase of consultancy services	**2012**	-	**14,400**	-
	2011	-	44,150	-

Subsidiaries
Transactions between the parent and its subsidiaries included allowance for doubtful debts on loans owed by the subsidiaries during the financial year.

Terms and conditions of transactions with related parties
Sales to and purchases from related parties are made in arms length transactions at both normal market prices and normal commercial terms.

Outstanding balances at year-end are unsecured, non interest bearing and settlement occurs in cash or shares. There have been no guarantees provided or received for any related party receivables.

(e) Loans from related parties
The loan made by the parent entity Marbletrend Group Limited to Marbletrend Pty Ltd was $469,977 at 30 June 2012 (2011: $912,484). Marbletrend Pty Ltd is wholly-owned subsidiary of Marbletrend Holdings Pty Ltd in which the parent owns a 100% interest effective from 22 March 2011. Interest charged and paid during the year was $33,930 (2011: $59,049) at current bank overdraft rates otherwise payable by Marbletrend Pty Ltd.

28: KEY Management Personnel

(a) Details of Key Management Personnel

Directors

H. Giles	Chairman and Company Secretary
J. Nicol	Managing Director and Chief Executive Officer
P. Reilly	Director (non-executive) and Company Secretary
M. Evett	Director (non-executive)

Executives

P. Taylor	Chief Operating Officer of Marbletrend Pty Ltd
P. Savvides	National Sales Manager of Marbletrend Pty Ltd (re-signed 27 April 2012)
W. Jewell	Financial Controller of Marbletrend Pty Ltd

(b) Compensation of Key Management Personnel

	Consolidated	
	2012	2011
	$	$
Short-term – salary & fees	**879,621**	705,484
Short-term – incentive plans	**-**	40,500
Short-term – non-monetary benefits	**29,906**	16,127
Post-employment – superannuation	**58,953**	45,944
Post-employment – retirement benefits	**-**	-
Long-term – incentive plans	**-**	-
Long-term – long service leave	**(3,552)**	(15,441)
Share-based payment - shares	**12,140**	7,705
Share-based payment - options	**-**	921
Total compensation	**977,068**	801,240

Marbletrend Group Limited has applied the option under Corporations Amendments Regulation 2006 to transfer KMP remuneration disclosures required by AASB 124 Related Party Disclosures paragraphs Aus 25.4 to Aus 25.7.2 to the Remuneration Report section of the Directors' report. These transferred disclosures have been audited.

(c) Shareholdings of Key Management Personnel (Consolidated)

Ordinary Shares held in Marbletrend Group Limited

30 June 2012	Balance at Beginning of Period 1 July 2011	Granted as Remuneration^	On Exercise of Options	Net change Other	Balance 30 June 2012
Directors					
H. Giles	4,047,500	-	-	876,934	**4,924,434**
P. Reilly	13,346,719	-	-	1,617,682	**14,964,401**
M. Evett	314,879	-	-	-	**314,879**
J. Nicol (appointed 18 July 2011)	-	1,000,000			**1,000,000**
Executives					
P.Taylor	250,000	-	-	-	**250,000**
P. Sawides (resigned 27 April 2012)	60,000	-	-	-	**60,000**
W. Jewell	8,000	100,000	-	-	**108,000**
	18,027,098	1,100,000	-	2,494,616	**21,621,714**

Ordinary Shares held in Marbletrend Group Limited

30 June 2011	Balance at Beginning of Period 1 July 2010	Granted as Remuneration^	On Exercise of Options	Net change Other	Balance 30 June 2011
Directors					
H. Giles	3,865,667	-	-	181,833	4,047,500
P. Reilly	12,323,851	-	-	1,022,868	13,346,719
M. Evett	314,879	-	-	-	314,879
Executives					
R. Walton (resigned 15 April 2011)	500,000	500,000	-	(910,714)	89,286
M. Lee (resigned 30 July 2010)	92,000	-	-	(80,000)	12,000
P.Taylor	250,000	-	-	-	250,000
P. Sawides	88,000	-	(28,000)	-	60,000
W. Jewell	8,000				8,000
	17,442,397	500,000	(28,000)	213,987	18,128,384

^ These shares are subject to certain performance conditions (refer to note 29)

All equity transactions with KMP other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(d) Other transactions and balances with Key Management Personnel and their related parties

Purchases
During the year, accounting, taxation and administrative services were provided by Salmon Giles Pty Ltd and corporate advisory services were provided by Salmon Giles Corporate Pty Ltd, both of which H Giles is a director, together totalling $209,858 for the year (2011: $99,204). Consultancy services fees totalling $14,400 (2011: $44,150) were paid by Marbletrend Pty Ltd to Missenden Consulting Pty Ltd, of which M Evett is a director.

All of these services were charged at normal market prices.

29: SHARE-BASED Payment Plans

(a) Recognised share-based payment expenses

The expense recognised for employee services received during the year is shown in the table below:

	Consolidated	
	2012	2011
	$	$
Expense / (Revenue) arising from equity-settled share-based payment transactions	**20,300**	(5,254)
Total expense / (revenue) arising from share-based payment transactions (note 7(e))	**20,300**	(5,254)

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2011 and 2010.

(b) Type of share-based payment plans

Executive Share Plan

The Executive Share Plan will provide for the issue of shares to members of the Senior Management team (including Executive Directors) nominated by the Board (Participant). Shares will be issued at market price and Group will offer interest free, non recourse loans to Participants to assist them acquire the shares offered.

Shares are offered subject to certain performance conditions which must be satisfied if a Participant is to retain ownership of the shares. If a Participant fails to meet the performance conditions attached to his or her shares during the relevant performance period, he or she will forfeit those shares to Group.

There are currently one (1) Executive Director and three (3) Executives eligible to participate.

The following table illustrates the number (No.) and weighted average issue prices (WAIP) of, and movements in, shares issued during the year under the Executive Share Plan:

	2012 No.	2012 WAIP	2011 No.	2011 WAIP
Outstanding at the beginning of the year	**330,000**	0.096	910,000	0.097
Issued during the year	**1,100,000**	0.120	500,000	0.08
Vested during the year	**(62,500)**	0.100	(125,000)	0.10
Forfeited during the year	**(125,000)**	0.100	(955,000)	0.09
Outstanding at the end of the year	**1,242,500**	0.117	330,000	0.096
Vested at the end of the year	**82,500**	0.12	62,500	0.10

The weighted average remaining life of the performance conditions for the shares outstanding under the Executive Share Plan as at 30 June 2012 is 24 months (2011: 8 months).

The issue price for shares outstanding under the Executive Share Plan at the end of the year range between $0.096 and $0.125 (2011: $0.08 to $0.10).

(b) Type of share-based payment plans (continued)

Due to the nature of the Executive Share Plan, participants effectively receive an option to acquire shares. The fair value of these options is estimated as at the date of issue of the shares using a Black-Scholes model taking into account the terms and conditions upon which the options were shares were issued. The model takes into account the historic dividends, share price volatilities and co-variances of the Group and each comparator company to produce a predicted distribution of relative share performance.

The following table lists the inputs to the models used for the years ended 30 June 2012 and 30 June 2011:

	2011	2010
Dividend Yield (%)	-	-
Risk-free interest rate (%)	3.73	5.06
Expected life of option (years)	2.75	2.75
Share issue price ($)	0.10	0.08
Weighted average share price at measurement date ($)	0.10	0.074
Model used	Black-Scholes	Black-Scholes

The weighted average fair value of the options to acquire shares issued during the year under the Executive Share Plan was $0.024 (2011: $0.024).

Director and Executive Share Scheme
A Director and Executive share scheme has been established where directors and executives of the Group are issued with options over the ordinary shares of Marbletrend Group Limited. The options are issued for nil consideration and are issued in accordance with performance criteria established by the Directors of Marbletrend Group Limited.

On exercise of each option, and payment of the exercise price, the relevant executive will be entitled to one share. All options that have not vested at the time of any sale of the shares in or the business of Marbletrend or Marbletrend Holdings Pty Ltd will fully vest immediately before any such event occurs. Only vested options may be exercised and all options must be exercised on or before the fifth anniversary after granting. Unvested options automatically expire upon termination of an executives employment for any reason and vested options must be exercised within thirty (30) days of termination of the executives employment for any reason otherwise they also expire.

There are currently four (4) Directors and three (3) Executives eligible to participate.

30: COMMITMENTS

(i) Leasing commitments

Hire purchase commitments - Marbletrend as lessee
Marbletrend Pty Ltd has hire purchase contracts for various items of plant and machinery and motor vehicles with a carrying amount of $753,700 (2011: $575,488). These contracts expire within 1 to 4 years. Renewals are at the option of the specific entity that holds the contract.

	Consolidated	
	2012	2011
	$	$
Within one year	**324,825**	235,581
After one year but not more than five years	**432,566**	343,009
Total minimum lease payments	**757,391**	578,590
Less amounts representing finance charges	**(112,718)**	(88,950)
Present value of minimum hire purchase payments	**644,673**	489,640
Included in the financial statements as:		
Current interest-bearing loans and borrowings (note 22)	**266,690**	175,362
Non-current interest-bearing loans and borrowings (note 22)	**377,983**	314,278
Total included in interest-bearing loans and borrowings	**644,673**	489,640

Operating lease commitments
Non-cancellable operating leases contracted for but not recognised in the financial statements.

	Consolidated	
	2012	2011
	$	$
Payable - minimum lease payments:		
- not later than one year	**1,341,373**	925,415
- between 12 months and five years	**2,351,594**	890,204
- greater than five years	**-**	-
Total minimum lease payments	**3,692,967**	1,815,619

Marbletrend Pty Ltd has leases over a number of commercial properties. These leases are all on commercial terms for periods between 1 and 5 years, with rent payable monthly in advance, and some of the leases have options to extend. Contingent rental provisions within the lease agreements require that minimum lease payments shall be increased by the consumer price index (CPI) and / or the lower of the CPI and a fixed percentage.

(ii) Property, plant and equipment commitments

The Group had no contractual obligations to purchase plant and equipment at reporting date.

31: CONTINGENCIES

(i) Legal claims

Marbletrend Group Limited is not aware of any impending legal dispute.

(ii) Guarantees

Marbletrend Group Ltd, Marbletrend Pty Ltd, Marbletrend Holdings Pty Ltd, and Avalon Investments (Aus) Pty Ltd (the "Closed Group") entered into a Deed of Cross Guarantee on 21 September 2011. The effect of the deed is that Marbletrend Group Ltd has guaranteed to pay any deficiency in the event of winding up of a controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that Marbletrend Group Ltd is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

By entering into the deed, the wholly-owned entities can apply to the Australian Securities and Investments Commission to be relieved, under Class Order 98/148 (as amended) from the requirement to prepare a financial report and Directors' Report.

The Group also provided guarantees of $315,777 in relation to hire purchase leases.

32: EVENTS After the Reporting Date

On 29 August 2012, Group declared a fully franked final dividend of 0.5 cents per share payable to shareholders on 26 October 2012 and confirmed the continuance of the Company's Dividend Reinvestment Plan.

On 7 August 2012, the Group announced the acquisition of up to a 50% interest in Citywide Holdings Pty Ltd (Citywide Holdings). The acquisition comprises cash consideration of $2.0 million to acquire a 50% shareholding in Citywide Holdings which controls the operations of the Citywide Cement and Citywide Garden Supplies. These businesses operate from Lorimer Street, Port Melbourne, located very close to the Melbourne CBD.

Consistent with Marbletrend's strategic focus, this investment further develops Marbletrend's building products focus and enhances the access to commercial construction for the full range of Marbletrend products. The acquisition is funded with bank debt and comprises:

- $1,750,000 being subscribed for shares to be allotted by Citywide Holdings;
- $250,000 being paid to the Vendors of shares in Citywide Holdings; and
- An earn out of $500,000 is payable to the Vendors in the event that the combined EBIT of Citywide Cement and Citywide Garden Supplies exceeds $200,000 per month for a continuous 3 month period in the 27 months post settlement.

The funds subscribed into Citywide Holdings will be utilised to construct a Warehouse and Concrete Plant on the Lorimer Street Site pursuant to the existing Permit attaching to the premises, further develop the existing Garden Supplies business and provide additional working capital.

33: AUDITOR'S Remuneration

The auditor of Marbletrend Group Limited and its controlled entities is Grant Thornton Audit Pty Ltd (2011: Grant Thornton Audit Pty Ltd).

	Consolidated	
	2012	2011
	$	$
Amounts received or due and receivable by Grant Thornton Audit Pty Ltd for:		
An audit or review of the financial report of the entity and any other entity in the consolidated Group	**79,000**	75,000
Amounts received or due and receivable by Grant Thornton Network Firm for:		
Audit or other services	**-**	-
Amounts received or due and receivable by Ernst & Young (Australia) for:		
2010 audit fee overrun	**-**	20,500
	79,000	95,500

34: PARENT COMPANY Information

Marbletrend Group Limited is the parent company of the consolidated group. The following information is provided for the Marbletrend Group Limited:

	2012	2011
	$	$
Financial Position		
Assets		
Current Assets	**367,777**	471,520
Non-current assets	**8,772,387**	9,131,509
Total assets	**9,140,164**	9,603,029
Liabilities		
Current liabilities	**384,770**	782,472
Non-current liabilities	**1,209,380**	1,590,350
Total liabilities	**1,594,151**	2,372,822
Net Assets	**7,546,014**	7,230,207
Equity		
Issued capital	**13,542,456**	13,366,998
Accumulated losses	**(5,390,399)**	(6,148,714)
Reserves	**(606,043)**	11,923
Total equity	**7,546,014**	7,230,207
Financial performance		
Profit for the year	**843,178**	569,896
Other comprehensive income	**-**	45,956
Total comprehensive income	**843,178**	615,852

(a) Refer note 30 and note 31 for details of parent company commitments and contingencies.

DIRECTOR'S Declaration

In accordance with a resolution of the directors of Marbletrend Group Limited, I state that:

1. In the opinion of the directors:

(a) the financial statements and notes and additional disclosures indicated in the directors' report designated as audited, of the consolidated entity are in accordance with the Corporations Act 2001 (*Cth*), including:
   - (i) give a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
   - (ii) comply with Accounting Standards and the Corporations Regulations 2001; and
   - (iii) comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.
   - (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.

2. The Company and wholly owned subsidiaries have entered into a deed of cross guarantee under which the Company and its subsidiaries guarantee the debts of each other. At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the deed.

3. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 (*Cth*) for the financial year ended 30 June 2012.

On behalf of the Board

Hamish Giles
Chairman
Melbourne, 29 August 2012

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Independent Auditor's Report
To the Members of Marbletrend Group Limited

Report on the financial report

We have audited the accompanying financial report of Marbletrend Group Limited ("the Company"), which comprises the consolidated statement of financial position as at 30 June 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report and the Directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that are free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Electronic presentation of audited financial report

This auditor's report relates to the financial report of Marbletrend Group Limited and its controlled entities for the year ended 30 June 2012 included on Marbletrend Group Limited's web site. The Company's Directors are responsible for the integrity of Marbletrend Group Limited's web site. We have not been engaged to report on the integrity of Marbletrend Group Limited's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

a the financial report of Marbletrend Group Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Grant Thornton

Report on the remuneration report

We have audited the remuneration report included in pages 28 to 35 of the Directors' report for the year ended 30 June 2012. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion the remuneration report of Marbletrend Group Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A. J. Pititto
Partner - Audit & Assurance

Melbourne, 29 August 2012

ASX Additional Information

ASX Additional Information
Additional information required by the Australian Securities Exchange Limited Listing Rules and not shown elsewhere in this report is as follows. The information is current as at 29 August 2012.

a) Distribution of equity securities

(i) Ordinary share capital

61,857,893 fully paid ordinary shares are held by 398 individual shareholders.

All issued ordinary shares carry one vote per share and carry the rights to dividends.

The voting rights set out in rule 4.1 of Group's Constitution are:

"All shares of the Company which are not issued upon special terms and conditions are ordinary shares and confer on the holders:

(1) The right to attend and vote at meetings of the Company and on a show of hands to 1 vote and on a poll to 1 vote for each share held;
(2) The right to participate in dividends (if any) determined on the basis of shares held; and
(3) On the winding up of the Company, the right to participate in the division of any surplus assets or profits of the Company in proportion to the number of shares held, irrespective of the amount paid or credited as paid on the shares (assuming, in the case of any shares that were partly paid up at the commencement of the winding up, that the amount required to be paid to make them fully paid has been contributed to the Company)."

The number of shareholders by size of holding are:

	Fully Paid Ordinary Shares		
	No. of Holders	No. of Units	% of Total Issued Capital
1 – 1,000	5	517	0.00%
1,001 – 5,000	12	50,798	0.08%
5,001 – 10,000	76	664,769	1.07%
10,001 – 100,000	206	9,836,591	15.90%
100,001 and over	99	51,305,218	82.94%
	398	61,857,893	100.00%

(ii) Options

Nil

(b) Substantial shareholders

The names of substantial shareholders listed in the Company's register are:

Name of holder of relevant interest	Number	%
Parmelia Pty Ltd	14,964,401	23.8%
Hamish Giles (and related entities)	4,924,434	7.8%

(c) Twenty largest holders of quoted equity securities as at 29 August 2012

Ordinary shareholders	Fully Paid Number	Percentage
Parmelia Pty Ltd	14,964,401	23.84%
Mr Richard John Calver	2,700,000	4.30%
Samada Street Nominees Pty Ltd <The Giles Family No 2 A/C>	2,586,809	4.12%
Starway Corporation Pty Ltd	2,174,267	3.46%
Mr Mario Spiller & Ms Karim Marchiorato	1,851,412	2.95%
Mr Tony Stella & Mrs Enea Stella <AM&EM Stella Benefit A/C>	1,701,665	2.71%
Bell-Allen Holdings Pty Ltd	1,000,000	1.59%
Mr Brian Garfield Benger	908,661	1.45%
Elmside Pty Ltd	880,000	1.40%
Invia Custodian Pty Limited	800,000	1.27%
Mr David Frazier Ellett & Mrs Barbara Denise Ellett <KCS Super Fund A/C>	800,000	1.27%
Halcycon Pty Ltd	700,000	1.12%
Grayne Nominees Pty Ltd	700,000	1.12%
National Nominees Limited	619,904	0.99%
Mr Anthony St Clair & Mrs Shona St Clair <St Clair Family A/C>	571,544	0.91%
Benger Superannuation Pty Ltd	530,584	0.85%
Rathaney Pty Ltd	528,181	0.84%
Mr Andrew Lenox Hewitt	475,000	0.76%
Starlet Properties Pty Ltd	467,390	0.74%
Sir Lenox Hewitt	440,000	0.70%
	35,399,818	57.61%