

## APPENDIX 4E

# PRELIMINARY FINAL REPORT

### 1. Company details

Name of entity:	<b>OrotonGroup Limited</b>
ABN:	14 000 038 675
Reporting period:	<b>Year ended 26 July 2008</b>
Previous corresponding period:	Year ended 28 July 2007

### 2. Results for announcement to the market

Revenues from operating activities	up	11.2%	to	\$ 122,630,000
Profit from ordinary activities after tax attributable to members	up	70.1%	to	\$ 16,739,000
Profit for the period attributable to members	up	70.1%	to	\$ 16,739,000

#### *Dividends*

	Amount per security	Franked amount per security
Final dividend paid on 31 October 2007	10.000 cents	10.000 cents
Special dividend paid on 31 October 2007	7.000 cents	7.000 cents
Interim dividend paid on 23 April 2008	15.000 cents	15.000 cents

On 23 September 2008 the directors declared a fully franked final dividend of 13.0 cents per ordinary share and a fully franked special dividend of 7.0 cents per ordinary share, out of current period profits, with a record date of 15 October 2008 to be paid on 31 October 2008.

#### *Comments*

Refer to the company announcement on 23 September 2008.

### 3. NTA backing

Net tangible asset backing per ordinary security	Reporting period 51.78 cents	Previous corresponding period 58.50 cents
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**4. Control gained over entities**

Name of entities (or group of entities)	N/A	
Date control gained		
Contribution of such entities to the reporting entity's profit/(loss) from operating activities during the period (where material)		\$ -
Profit/(loss) from operating activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period (where material)		\$ -

**5. Loss of control over entities**

Name of entities (or group of entities)	N/A	
Date control lost		
Contribution of such entities to the reporting entity's profit/(loss) from operating activities during the period (where material)		\$ -
Profit/(loss) from operating activities after tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material)		\$ -

**6. Dividends**

	Amount per security	Franked amount per security
<i>Current period</i>		
Final dividend paid on 31 October 2007	10.000 cents	10.000 cents
Special dividend paid on 31 October 2007	7.000 cents	7.000 cents
Interim dividend paid on 23 April 2008	15.000 cents	15.000 cents

On 23 September 2008 the directors declared a fully franked final dividend of 13.0 cents per ordinary share and a fully franked special dividend of 7.0 cents per ordinary share, out of current period profits, with a record date of 15 October 2008 to be paid on 31 October 2008.

<i>Previous corresponding period</i>		
Interim dividend paid on 20 April 2007	6.000 cents	6.000 cents

**7. Dividend reinvestment plans**

The following dividend or distribution plans are in operation:

N/A

The last date(s) for receipt of election notices for the dividend or distribution plans: N/A

**8. Details of associates and joint venture entities**

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to net profit/(loss) (where material)	
	Current period	Previous corresponding period	Current period	Previous corresponding period

N/A

*Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)*

Profit(loss) from operating activities before income tax  
Income tax on operating activities

**9. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

N/A

**10. Attachments**

*Details of attachments (if any):*

The Preliminary Final Report of OrotonGroup Limited for the year ended 26 July 2008 is attached.

**11. Signed**



Signed: \_\_\_\_\_

Date: 23 September 2008

Kevin Fine  
Company secretary  
Sydney

For personal use only

**OrotonGroup Limited**

**ABN 14 000 038 675**

**Preliminary Final Report - 26 July 2008**

**OrotonGroup Limited**  
**Preliminary final report**  
**For the year ended 26 July 2008**

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**General information**

This preliminary final report covers OrotonGroup Limited as a consolidated entity consisting of OrotonGroup Limited and its subsidiaries. The financial report is presented in Australian currency.

OrotonGroup Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Unit 15  
Level 2  
409 George Street  
Waterloo NSW 2017

**OrotonGroup Limited**  
**Income statement**  
**For the year ended 26 July 2008**

	Note	Consolidated	
		2008 \$'000	2007 \$'000
<b>Revenue from continuing operating activities</b>	3	122,630	110,241
Other income	4	231	277
<b>Expenses</b>			
Cost of sales		(36,035)	(34,827)
Warehouse and distribution		(3,928)	(3,848)
Marketing		(4,313)	(3,708)
Selling		(38,657)	(35,844)
Administration		(15,342)	(17,725)
Finance costs		(572)	(428)
<b>Profit before income tax expense</b>	5	24,014	14,138
Income tax expense		(7,275)	(4,308)
Profit after income tax expense from continuing operations		16,739	9,830
Profit after income tax expense from discontinued operations	6	-	12
<b>Profit after income tax expense attributable to members of OrotonGroup Limited</b>		<u>16,739</u>	<u>9,842</u>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share from continuing operations attributable to members of the company</b>			
Basic earnings per share	14	40.4	23.0
Diluted earnings per share	14	39.8	22.7
<b>Earnings per share for profit attributable to members of the company</b>			
Basic earnings per share	14	40.4	23.0
Diluted earnings per share	14	39.8	22.7

*The above income statement should be read in conjunction with the accompanying notes*

**OrotonGroup Limited**  
**Balance sheet**  
**As at 26 July 2008**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2008</b>	<b>2007</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Current assets</b>			
Cash and cash equivalents		1,297	7,534
Trade and other receivables		6,116	4,368
Inventories		22,343	20,658
Tax receivable		106	103
<b>Total current assets</b>		<u>29,862</u>	<u>32,663</u>
<b>Non-current assets</b>			
Property, plant and equipment		13,002	7,408
Intangibles		748	1,704
Deferred tax		3,644	2,769
<b>Total non-current assets</b>		<u>17,394</u>	<u>11,881</u>
<b>Total assets</b>		<u>47,256</u>	<u>44,544</u>
<b>Current liabilities</b>			
Trade and other payables		14,935	10,991
Borrowings		315	1,287
Derivative financial instruments		399	903
Income tax		5,627	1,294
Provisions		983	968
<b>Total current liabilities</b>		<u>22,259</u>	<u>15,443</u>
<b>Non-current liabilities</b>			
Borrowings		815	474
Deferred tax		24	49
Provisions		2,095	1,768
<b>Total non-current liabilities</b>		<u>2,934</u>	<u>2,291</u>
<b>Total liabilities</b>		<u>25,193</u>	<u>17,734</u>
<b>Net assets</b>		<u>22,063</u>	<u>26,810</u>
<b>Equity</b>			
Contributed equity	7	23,521	30,372
Reserves		(1,130)	34
Accumulated losses		(328)	(3,596)
<b>Total equity</b>		<u>22,063</u>	<u>26,810</u>

*The above balance sheet should be read in conjunction with the accompanying notes*

**OrotonGroup Limited**  
**Statement of changes in equity**  
**For the year ended 26 July 2008**

	<b>Contributed equity \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
<b>Consolidated</b>				
Balance 30 July 2006	30,198	147	(10,866)	19,479
Exchange differences on translation of foreign operations	-	(7)	-	(7)
Changes in fair value of cash flow hedges, net of tax	-	(632)	-	(632)
Net income/(expense) recognised directly in equity	-	(639)	-	(639)
Profit after income tax expense	-	-	9,842	9,842
Total recognised income/(expense) for the year	-	(639)	9,842	9,203
Issue of shares on exercise of employee share options	79	-	-	79
Employee share scheme non-recourse loan repayments	95	-	-	95
Net movement in share-based payments reserve	-	526	-	526
Dividends paid	-	-	(2,572)	(2,572)
Balance 28 July 2007	<u>30,372</u>	<u>34</u>	<u>(3,596)</u>	<u>26,810</u>
<b>Consolidated</b>				
Balance 29 July 2007	30,372	34	(3,596)	26,810
Exchange differences on translation of foreign operations	-	(221)	-	(221)
Changes in fair value of cash flow hedges, net of tax	-	(282)	-	(282)
Net income/(expense) recognised directly in equity	-	(503)	-	(503)
Profit after income tax expense	-	-	16,739	16,739
Total recognised income/(expense) for the year	-	(503)	16,739	16,236
Share buy-back	(6,851)	-	-	(6,851)
Net movement in share-based payments reserve	-	(830)	-	(830)
Net movement in share-based payments trust reserve	-	169	-	169
Dividends paid	-	-	(13,471)	(13,471)
Balance 26 July 2008	<u>23,521</u>	<u>(1,130)</u>	<u>(328)</u>	<u>22,063</u>

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



**OrotonGroup Limited**  
**Cash flow statement**  
**For the year ended 26 July 2008**

	Note	Consolidated	
		2008 \$'000	2007 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		133,727	140,980
Payments to suppliers (inclusive of GST)		(104,978)	(126,489)
		28,749	14,491
Interest received		243	250
Interest and other finance costs paid		(572)	(430)
Income taxes paid		(3,309)	(18)
Net cash inflow/(outflow) from operating activities		25,111	14,293
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(9,054)	(3,803)
Payments for software		(438)	(396)
Proceeds from sale of property, plant and equipment		-	103
Proceeds from sale of discontinued operations		-	8,781
Net cash inflow/(outflow) from investing activities		(9,492)	4,685
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	174
Proceeds from borrowings		7,000	9,770
Lease incentives received		-	131
Dividends paid	8	(13,471)	(2,572)
Repayment of borrowings		(7,000)	(21,480)
Payments for share buy-back	7	(6,851)	-
Payments for share-based payments trust purchases		(1,454)	-
Net cash inflow/(outflow) from financing activities		(21,776)	(13,977)
Net increase/(decrease) in cash and cash equivalents		(6,157)	5,001
Cash and cash equivalents at the beginning of the financial year		7,534	2,516
Effects of exchange rate changes on cash		(80)	17
Cash and cash equivalents at the end of the financial year		1,297	7,534

*The above cash flow statement should be read in conjunction with the accompanying notes*

**OrotonGroup Limited**  
**Notes to the financial statements**  
**26 July 2008**

**Note 1. Significant accounting policies**

This preliminary final report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and the Corporations Act 2001.

This preliminary final report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 28 July 2007 and any public announcements made by the company during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and interim reporting period.

**Note 2. Segment information**

*Business and geographical segments*

The consolidated entity operates in one industry and one geographical segment. The consolidated entity is a retailer, wholesaler and brand manager operating predominantly in Australia.

**Note 3. Revenue**

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>From continuing operations</b>		
<i>Sales revenue</i>		
Sale of goods	121,170	108,870
Licence and franchise fees	<u>1,217</u>	<u>1,121</u>
	<u>122,387</u>	<u>109,991</u>
<i>Other revenue</i>		
Interest received	<u>243</u>	<u>250</u>
	<u>243</u>	<u>250</u>
Revenue from continuing operations	<u><u>122,630</u></u>	<u><u>110,241</u></u>

**Note 4. Other income**

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign exchange gain	143	260
Other revenue	<u>88</u>	<u>17</u>
Other income	<u><u>231</u></u>	<u><u>277</u></u>

**OrotonGroup Limited**  
**Notes to the financial statements**  
**26 July 2008**

**Note 5. Expenses**

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before income tax includes the following specific items:		
<b>Expenses</b>		
<i>Depreciation, amortisation and impairment of assets</i>		
Depreciation, amortisation and impairment of assets	<u>4,479</u>	<u>6,003</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	<u>572</u>	<u>428</u>
Finance costs expensed	<u>572</u>	<u>428</u>
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	<u>10,536</u>	<u>9,625</u>
Total rental expense relating to operating leases	<u>10,536</u>	<u>9,625</u>
<i>Defined contribution superannuation expense</i>		
Defined contribution superannuation expense	<u>1,466</u>	<u>1,549</u>

**OrotonGroup Limited**  
**Notes to the financial statements**  
**26 July 2008**

**Note 6. Discontinued operations**

*Description*

OrotonGroup completed the sale of the ALDO footwear business effective 17 October 2006 and the combined sale of the MARCS and MORRISSEY apparel businesses effective 5 December 2006.

Financial information relating to the discontinued operations is set out below.

*Financial performance information*

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue	-	17,255
Other income	-	601
Total revenue	<u>-</u>	<u>17,856</u>
Cost of sales	-	(9,349)
Marketing	-	(581)
Warehouse, distribution and selling	-	(5,095)
Administration	-	(4,062)
Finance costs	-	(1)
Total expenses	<u>-</u>	<u>(19,088)</u>
Loss before income tax benefit	-	(1,232)
Income tax benefit	-	370
Loss after income tax benefit	<u>-</u>	<u>(862)</u>
Gain on sale before income tax	-	1,249
Income tax expense	-	(375)
Net gain on sale after income tax expense	<u>-</u>	<u>874</u>
Profit after income tax expense from discontinued operations	<u>-</u>	<u>12</u>

*Cash flow information*

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Net cash inflow/(outflow) from operating activities	-	(210)
Net cash inflow/(outflow) from investing activities	-	9,616
Net cash inflow/(outflow) from financing activities	-	(9,406)
Net increase/(decrease) in cash and cash equivalents from discontinued operations	<u>-</u>	<u>-</u>

**OrotonGroup Limited**  
**Notes to the financial statements**  
**26 July 2008**

**Note 6. Discontinued operations (continued)**

*Carrying amounts of assets and liabilities*

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade and other receivables	-	529
Inventories	-	7,017
Property, plant and equipment	-	844
Total assets	<u>-</u>	<u>8,390</u>
Trade and other payables	-	546
Provisions	-	312
Total liabilities	<u>-</u>	<u>858</u>
Net assets	<u>-</u>	<u>7,532</u>

*Details of the sale*

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Total sale consideration	-	9,675
Carrying amount of net assets sold	-	(7,532)
Disposal costs	<u>-</u>	<u>(894)</u>
Gain on sale before income tax	-	1,249
Income tax expense	<u>-</u>	<u>(375)</u>
Net gain on sale after income tax expense	<u>-</u>	<u>874</u>

**OrotonGroup Limited**  
**Notes to the financial statements**  
**26 July 2008**

**Note 7. Equity - contributed**

	Consolidated		Consolidated	
	26 July 2008	28 July 2007	26 July 2008	28 July 2007
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	41,165,902	42,915,799	23,521	30,372

*Movements in ordinary share capital during the year*

Details	Date	No of shares	Price	\$'000
Balance	29 July 2007	42,915,799		30,372
Cancelled shares pursuant to on-market share buy-back	12 November 2007	(1,728,096)	\$3.90	(6,740)
Cancelled shares pursuant to on-market share buy-back	19 December 2007	(3,725)	\$3.80	(14)
Cancelled shares pursuant to on-market share buy-back	21 December 2007	(18,076)	\$3.90	(70)
Transaction costs				(27)
Balance	26 July 2008	<u>41,165,902</u>		<u>23,521</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

**Note 8. Equity - dividends**

	Consolidated	
	2008 \$'000	2007 \$'000
Final ordinary dividend for the year ended 28 July 2007 of 10.0 cents (2007: nil cents) per fully paid share paid on 31 October 2007	4,292	-
Special dividend 7.0 cents (2007: nil cents) per fully paid share paid on 31 October 2007	3,004	-
Interim ordinary dividend for the year ended 26 July 2008 of 15.0 cents (2007: 6.0 cents) per fully paid share paid on 23 April 2008	<u>6,175</u>	<u>2,572</u>
	<u>13,471</u>	<u>2,572</u>

**Note 9. Contingent liabilities**

The directors believe that the public liability claim made against the company during the last financial year lacks substance. The directors do not anticipate any material adverse impact on cash flow as a result of this claim.

**OrotonGroup Limited**  
**Notes to the financial statements**  
**26 July 2008**

**Note 10. Events occurring after balance date**

On 23 September 2008 the directors declared a fully franked final dividend of 13.0 cents per ordinary share and a fully franked special dividend of 7.0 cents per ordinary share, out of current period profits, to be paid on 31 October 2008. These are estimated distributions of \$5,351,567 and \$2,881,613 respectively based on the number of ordinary shares on issue as at 26 July 2008.

Apart from the dividend declared discussed above, no other matter or circumstance has arisen since 26 July 2008 that has significantly affected, or may significantly affect the consolidated entity's operations in future financial years, the results of those operations in future financial years, or the consolidated entity's state of affairs in future financial years.

**Note 11. Share based payments**

During the financial year there were 273,333 zero priced options issued to management under the Oroton Senior Executive Option Scheme.

**Note 12. Polo license**

The current license expires on 30 June 2010 unless renewed by agreement of the parties. The consolidated entity was first granted a license by PRL International Inc. in 1989. The license has been renewed on several occasions since the first grant.

**Note 13. Reconciliation of EBITDA for continuing operations**

Profit from continuing operations after income tax expense is reconciled to earnings before interest, tax, depreciation and amortisation as follows:

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit from continuing operations before related income tax expense</b>	24,014	14,138
Depreciation and amortisation	4,221	3,905
Impairment of fixed assets	258	2,098
Interest received	(243)	(250)
Finance costs	572	428
	<hr/>	<hr/>
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>28,822</b>	<b>20,319</b>
	<hr/> <hr/>	<hr/> <hr/>

**OrotonGroup Limited**  
**Notes to the financial statements**  
**26 July 2008**

**Note 14. Earnings per share**

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Earnings per share from continuing operations attributable to members of the company</i>		
Profit after income tax attributable to members of OrotonGroup Limited	<u>16,739</u>	<u>9,830</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	41,441,649	42,856,127
Adjustments for calculation of diluted earnings per share:		
Options	<u>638,093</u>	<u>462,907</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>42,079,742</u>	<u>43,319,034</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	40.4	23.0
Diluted earnings per share	39.8	22.7

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Earnings per share for profit attributable to members of the company</i>		
Profit after income tax attributable to members of OrotonGroup Limited	<u>16,739</u>	<u>9,842</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	41,441,649	42,856,127
Adjustments for calculation of diluted earnings per share:		
Options	<u>638,093</u>	<u>462,907</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>42,079,742</u>	<u>43,319,034</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	40.4	23.0
Diluted earnings per share	39.8	22.7



**OrotonGroup Limited**  
**Notes to the financial statements**  
**26 July 2008**  
**Compliance Statement**

1. This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Interpretations or other standards acceptable to ASX.
2. This report does give a true and fair view of the matters disclosed.
3. This report is based on accounts to which one of the following applies.

- |                                     |   |                          |   |
|-------------------------------------|---|--------------------------|---|
| <input type="checkbox"/>            | The accounts have been audited  | <input type="checkbox"/> | The accounts have been subject to review                  |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review | <input type="checkbox"/> | The accounts have <i>not</i> yet been audited or reviewed |

4. The entity has a formally constituted audit committee.



Sign here: .....  
Director

Date: 23 September 2008

Print name: Sally L Macdonald