31 August 2012

Full year results

Symex Holdings Limited (SYM) today released its Financial Report for the year ended 30 June 2012.

Symex Holdings Limited (ASX : SYM) announced a consolidated Net Loss After Tax (NLAT) for the year ended 30 June 2012 of $60.67 million (FY 11 Net Profit After Tax $5.5million). The loss includes a number of costs associated with the business review, re-negotiation of the banking facility, sale of the DCS business, and impairments of goodwill, brand name and other assets totalling $59.06 million (before tax). The consolidated underlying Net Loss Before Tax ("NLBT") and these significant items is $6.49 million. (FY11 Net Profit Before Tax and Significant Items $13.81 million).

The difference between reported Net Loss Before Tax and underlying NLBT is shown in the table (i) below:

	$'000
Reported Net Loss Before Tax	(65,554)
Business review costs and related consultant costs	(1,542)
Impairment of property, plant and equipment	(8,843)
Impairment of goodwill	(49,482)
Profit on disposal of DCS business (the business goodwill was previously fully impaired)	1,305
Impairment of brand name	(500)
Underlying Net Loss Before Tax	**(6,492)**

(i) Unaudited non-IFRS financial table.

The past 12 months have been extremely challenging for the business. Following the strategic review of its operations reported at the half year, significant work has been undertaken to restructure the business and reposition its ongoing capital and funding requirements. Increased international competition has detrimentally affected the Specialty Chemical business along with increased competition being faced by the Consumer Products business. Significant focus has been directed to decreasing the cost base of products along with the overall operating costs in these two businesses.

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Sales for the Group grew 3.1% on last year, which was mainly attributable to the White King acquisition (these sales commenced on 1 February 2011). Excluding the impact of White King sales, the Consumer Products business sales fell by 6.6%. However, sales grew in the second half of the year by 6.1% compared to the first half of the year. Specialty Chemical sales fell by 19.4%.

A major focus of the Board has been on restoring the profitability of the Consumer Products business to acceptable levels. The benefits of this focus are now starting to be evidenced by second half underlying EBIT of $2.765 million being marginally ahead of the first half's underlying EBIT of $2.683 million. Whilst the performance for the year was below expectations, a significant number of profit initiatives have been implemented in the second half of the year, which should benefit the business going forward.

The Specialty Chemical business will continue to face a number of challenges placing the long term viability of the business under pressure due to:

- changing long term selling prices of commodity products;
- unpredictable raw material prices that are difficult to hedge;
- deteriorating trading environments in key export markets;
- fluctuating exchange rate; and
- increasing cost of doing business (including the introduction of carbon tax from the 1 July 2012) which cannot be recovered directly from export customers - as an Australian manufacturer exports sales represent 87% to overseas markets.

For further details please refer to the Review of Operations section of the Directors Report.

Looking forward, further opportunities to reduce costs of the Consumer Products Business are targeted in the manufacturing area, as well as other parts of the supply chain.

A number of these projects commenced late in the second half of the financial year and will benefit the business going forward. Some of these include:

- warehousing and transport re-negotiation;
- further wages and overtime reduction through improved manufacturing processes;
- price increases with major retailers;
- new trading arrangements in New Zealand resulting in reduction of trade spend and commissions;
- reduction of raw material costs through re-formulations of materials and improved supply arrangements;
- outsourcing of products; and
- introduction of new products to market.

The Board is also focussed on further debt reduction through completion of the sale of non core assets and is confident that it has the continuing support of its banker.

The Company's shares remain in suspension at the time of this announcement. As Symex is in the process of completing a significant capital raising, it is appropriate for the suspension to remain.

While the year has been difficult and disappointing, the Board is optimistic about the Company's future focusing on our consumer brands and products.

About Symex Holdings Limited

Symex's Pental Consumer Products Division is Australia's largest manufacturer of soap, supplying its own brands of Country Life, Natural Selections, Sunlight, Velvet, Knights Castile and Lux Flakes, together with the sale of icon brands such as Jiffy Firelighters, Softly premium wool wash, Huggie fabric softener, Country Homestead wool mix, Sureguard moth and silverfish repellent, Hi Speed iron cleaner and Close Up and Aim toothpastes. More information on Pental is available at: www.pental.com.au

Symex's Port Melbourne manufacturing facility produces refined oleo products such as glycerine, stearine, oleine and distilled fatty acids. These products are derived from naturally occurring fats and oils, such as tallow and coconut oil. Symex's refined oleo products are exported to over 40 countries. Symex's Port Melbourne manufacturing facility also produces White King and Janola products. More information on Symex is available at www.symex.com.au.