

KINGFORM HEALTH HOMETEXTILE GROUP LIMITED

ACN 153 801 766 and Controlled Entities

1. Details of the reporting period

Name of entity	Kingform Health Hometextile Group Ltd
ACN:	153 801 766
Current Reporting Period	30 June 2017
Previous Reporting period	30 June 2016

2. Results for announcement to the market

Key information	2017 \$	2016 \$	% Change
Revenue from ordinary activities	7,783,886	6,252,722	24%
Profit/(Loss) after tax from ordinary activities attributable to members	2,159	(324,852)	-101%
Net profit / (loss) attributable to members	2,159	(324,852)	-101%

Dividends Paid or Proposed

No dividends paid or proposed during financial year ended 30 June 2017.

3. Review of operations

The Company's operations in the year ended 30 June 2017 have primarily involved the production of household textiles including a wide range of quilts, cushions, bed covers, sewing materials and other textile products. The company has operated in accordance with high standards and scientific decision-making processes, follows the basic requirements of steady development, and constantly improves its internal governance structure, and compliance with rules and regulations. Sales from 1 July 2016 to 30 June 2017 were 24% higher than last year. Total expenses also increased 11% during this period, which is mainly due to the increase of revenue.

The internal procedures of the Company continue to be developed to ensure there is adequate governance and adherence to relevant rules and regulations. All employees are required to comply with these procedures and be conscious and responsible when dealing with the Company issues. These policies will be important in improving the efficiency of the management team and the overall stability of the Company.

The Company has assembled a high quality and technical management team and has implemented a fair and transparent staff rewards system. This incentive based program rewards employee performance and enhances the company's overall cohesion by cultivating a team environment.

The Company has identified the importance of training and has actively encouraged employee participation in internal training programs. In these more difficult operating conditions, the reputation of the company is a direct representation of employee dedication and spirit.

The Company successfully refinanced its existing borrowing facilities with new repayment date now being between June 2017 and May 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		\$	\$
Revenue	2	7,783,886	6,252,722
Cost of Sales		(6,353,932)	(5,327,957)
Gross Profit		1,429,954	924,765
Other Income	2	29,342	84,997
Administration Expenses		(605,517)	(461,908)
Sales Expenses		(539,933)	(690,833)
Realized foreign exchange gain		29,460	101,462
Finance Expenses		(172,066)	(185,619)
Impairment Expense		(156,363)	(76,819)
Profit/ (loss) before Income Tax		14,877	(303,955)
Income Tax Expense		(12,718)	(20,897)
Profit / (loss) for the Year		2,159	(324,852)
Other Comprehensive Income			
<i>Items that may be subsequently reclassified to profit or loss when specific conditions are met:</i>			
Loss on revaluation of land and buildings, net of tax		-	(529,881)
Foreign currency translation differences		421,247	(239,291)
Total other comprehensive Income / (loss)		421,247	(769,172)
Total Comprehensive Income/(Loss) for the year		423,406	(1,094,024)
Net profit / (loss) attributable to:			
Members of the entity		2,159	(324,852)
Total Comprehensive Income/(loss) attributable to:			
Members of the entity:		423,406	(1,094,024)
Earnings Per Share:			
Basic earnings /(loss) per share(cents)		0.003	(0.41)
Diluted earnings/ (loss) per share (cents)		0.003	(0.41)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	1	903,026	509,193
Trade and Other Receivables		1,435,293	1,182,714
Inventories		1,196,660	1,651,287
TOTAL CURRENTS ASSETS		3,534,979	3,343,194
NON-CURRENT ASSETS			
Property, Plant and Equipment		2,854,399	2,306,455
Intangible Assets		4,156,573	4,484,949
TOTAL NON-CURRENTS ASSETS		7,010,972	6,791,404
TOTAL ASSETS		10,545,951	10,134,598
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables		1,721,828	1,506,235
Borrowings		3,168,994	3,343,872
TOTAL CURRENT LIABILITIES		4,890,822	4,850,107
NON-CURRENT LIABILITIES			
Deferred Tax Liabilities		956,213	1,008,981
TOTAL NON-CURRENT LIABILITIES		956,213	1,008,981
TOTAL LIABILITIES		5,847,035	5,859,088
NET ASSETS		4,698,916	4,275,510
EQUITY			
Issued Capital	3	6,727,056	6,727,056
Reserves		5,215,973	4,794,726
Accumulated losses		(7,244,113)	(7,246,272)
TOTAL EQUITY		4,698,916	4,275,510

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Issued Capital	Accumulated Losses	Revaluation Surplus	Foreign Currency Translation Reserve	Total
Balance at 30 June 2015	6,727,056	(6,921,420)	2,558,383	3,005,514	5,369,533
Loss for the year	-	(324,852)	-	-	(324,852)
Other Comprehensive loss for the year	-	-	(529,881)	(239,290)	(769,171)
Total Comprehensive Loss for year	-	(324,852)	(529,881)	(239,290)	(1,094,023)
Transactions with owners and other transfers	-	-	-	-	-
Balance at 30 June 2016	6,727,056	(7,246,272)	2,028,502	2,766,224	4,275,510
Profit for the year	-	2,159	-	-	2,159
Other Comprehensive Income for the year	-	-	-	421,247	421,247
Total Comprehensive Profit for year	-	2,159	-	421,247	423,406
Transactions with owners and other transfers	-	-	-	-	-
Balance at 30 June 2017	6,727,056	(7,244,113)	2,028,502	3,187,471	4,698,916

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017	2016
		\$	\$
Cash Flows from Operating Activities			
Receipts from customers		7,154,974	6,489,455
Payments to suppliers and employees		(6,641,168)	(6,081,096)
Government grants received		5,449	17,884
Interest received		2,432	2,274
Interest paid		(171,533)	(211,418)
Income tax paid		-	-
Net cash provided by operating activities		350,154	217,099
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(33,173)	(5,539)
Decrease in guarantee deposits with maturity over three months		-	239,975
Loans from related parties:			
- Payments made		(918)	-
- proceeds from borrowings		-	6,348
Net cash (used in)/ provided by investing activities		(34,091)	240,784
Cash Flows from Financing Activities			
Proceeds from borrowings		3,168,994	3,343,872
Repayment of borrowings		(3,168,994)	(3,343,872)
Net cash provided by financing activities		-	-
Net increase in cash held		316,063	457,883
Cash and cash equivalents at beginning of financial year		509,193	61,815
Effect of exchange rate on cash holdings in foreign currencies		77,770	(10,505)
Cash and cash equivalents at end of financial year	1	903,026	509,193

The accompanying notes form part of these financial statements.

BASIS OF PREPARATION

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. The report covers the economic entity of Kingform Hometextile Group Limited and controlled entities.

The accounting policies adopted in the preparation of the preliminary final report have been applied consistently to all periods presented in this report and are consistent with those disclosed in the 2016 financial report.

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

NOTE 1: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2017	2016
	\$	\$
Cash on hand	17,617	2,432
Cash at bank	885,409	506,761
	<u>903,026</u>	<u>509,193</u>

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash on hand	17,617	2,432
Cash at bank	885,409	506,761
	<u>903,026</u>	<u>509,193</u>

NOTE 2: REVENUE AND OTHER INCOME

Revenue and other income from continuing operations

	Consolidated Group	
	2017	2016
	\$	\$
Sales Revenue:		
Sale of goods	7,783,886	6,252,722
Other income:		
Government grants	5,449	17,884
Other	23,893	67,113
	<u>29,342</u>	<u>84,997</u>
Total revenue and other income	<u>7,813,228</u>	<u>6,337,719</u>

NOTE 3: ISSUED CAPITAL

	Consolidated Group	
	2017	2016
	\$	\$
78,315,545 (2016: 78,315,545) fully paid ordinary shares	6,727,056	6,727,056
	<u>6,727,056</u>	<u>6,727,056</u>

4. Operating segments

The consolidated group operates in one business being the manufacture of hometextile products in China. These sales and the associated gross profits are spread across the following geographic segments:

Revenue and Gross Profit

	Sales Revenue	Gross Profit
	\$	\$
Australia	3,170,156	682,380
Korea	326,827	60,040
United States	33,560	6,165
China	4,253,343	681,369
Total	7,783,886	1,429,954

Non-Current Assets

	\$
Australia	-
China	7,010,972
Total	7,010,972

Major Customers

	\$
Kmart Australia Limited	2,640,550
Bettenwelt GmbH & Co. KG	1,164,916
Others	3,978,420
Total	7,783,886

5. Control gained or lost over entities having material effect

There were no entities over which control has been gained or lost during the period.

6. Compliance Statement

This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Interpretations as used in the prior year end. This report, and the accounts upon which the report is based, use the same accounting policies. This report does give a true and fair view of the matters disclosed.

This report is based on accounts which are in the process of being audited. The form of the audit report is not yet finalised.



Signed: _____

Dated: 31/08/2017