

APPENDIX 4E

PRELIMINARY FINAL REPORT

ASX LISTING RULE 4.3A

1. COMPANY DETAILS

Name:	Story-I Ltd and its controlled entities (the "Group")
ABN:	56 163 916 989
Reporting Period:	30 June 2018
Previous Corresponding Reporting Period:	30 June 2017

Review of Operations

Story-i Ltd ("Story-i" or "Company") presents its results for the financial year ended 30 June 2018.

Trading review

- Revenue increased 11.77% to \$29.69 million versus \$26.57 million in the prior year. In 2HFY2018 the contribution from the eStore acquisition led to an overall increase in revenue. However, the increase in revenue was partially offset by an on-going store review which resulted in the closure of 3 marginal stores during the second half year of FY2018.
- The gross profit increased by 63.71% to \$6.95 million from \$4.24 million in the prior year. The gross margin improved to 23.39% versus a gross margin of 15.97% in the prior year. The net profit after tax increased by 75.51% to \$1.80 million compared to a net profit after tax of \$1.03 million in the prior year. The net margin improved to 6.08% up from 3.87% in the prior year. The better margins were attributable to the attainment of Apple Premium Reseller status which not only provided better margins from the Apple products but also entitled the Company to volume rebates and marketing funds. The margins were also boosted by the better variety of iPhones made available by Apple. In addition to the launch of the latest iPhones 8 and X, Apple reduced the prices for the iPhone 6 models which due to its lower price point proved to be very popular with our customers and provided better gross margins overall. The sale of the various iPhone models also led to an increase in the sale of third party accessories which made a significant contribution to gross margins.
- In the Education division, the Company continues to build the revenue contribution from this sector with a target of 15% of revenue by end FY2019. To achieve this, the Company will open 4 new campus stores and will bundle the supply of devices, third party solutions and service maintenance contracts which provides recurring income and better margins. The Company is collaborating with UBTech to introduce coding and programming in the school curricular. Our staff will work with the schools to develop a curricular and offer the material through enrichment programmes and after school lessons.

Subsequent Events

- In August 2018, the Company completed the acquisition of the business and assets of PT Global. The Company expects that the acquisition of the business and assets of Global, and the earlier acquisition of eStore, will make a positive contribution in FY2019.

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Story-I Full Year to 30 June 2018		%		\$
Revenue from ordinary activities	up	11.77%	to	29,694,141
Profit from ordinary activities after tax attributable to members	up	75.51%	to	1,804,273
Net profit for the period attributable to members	up	75.51%	to	1,804,273

Refer to Review of Operations for further details impacting the Results for Announcement to the Market.

3. DIVIDEND INFORMATION

In respect of the current year, no dividends have been declared or paid (2017: nil).

At 30 June 2018, there was no dividend reinvestment plan in operation for Story-I Limited.

**4. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
Revenue from sale of goods	29,694,141	26,567,670
Cost of sales	(22,747,738)	(22,324,475)
Gross Profit	6,946,403	4,243,195
Other income	402,816	253,317
Marketing expenses	(997,998)	(702,801)
Other expenses	(2,268,463)	(1,602,204)
Interest expense	(463,663)	(340,115)
Depreciation	(403,655)	(341,466)
Bad debt expense	(86,706)	-
Foreign exchange gain / (loss)	(370,584)	19,710
Profit before income tax	2,758,150	1,529,636
Income tax expense	(833,013)	(434,255)
Profit after income tax	1,925,137	1,095,381
Profit attributable to:		
Equity holders of the parent entity	1,804,273	1,028,016
Non-controlling interests	120,864	67,365
Profit for the year	1,925,137	1,095,381
Other comprehensive income		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Exchange differences on translation of foreign operations, net of tax	(192,779)	(459,596)
Total comprehensive income for the year	1,732,358	635,785
Total comprehensive income attributable to:		
Equity holders of the parent entity	1,624,489	583,899
Non-controlling interests	107,869	51,886
Total comprehensive income for the year	1,732,358	635,785
Basic earnings per share (cents)	0.75	0.69
Diluted earnings per share (cents)	0.73	0.69

5. CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	NOTE	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents		1,918,458	657,617
Trade and other receivables	8	13,036,680	9,522,227
Inventories		4,436,100	3,790,336
Other		514,138	507,717
Total Current Assets		19,905,376	14,477,897
Non-Current Assets			
Plant and equipment		1,677,084	617,879
Intangibles		612,514	349,141
Other		410,915	-
Deferred tax assets		42,355	40,098
Total Non-Current Assets		2,742,868	1,007,118
TOTAL ASSETS		22,648,244	15,485,015
LIABILITIES			
Current Liabilities			
Trade and other payables		5,958,262	3,011,123
Borrowings		1,706,077	2,193,530
Total Current Liabilities		7,664,339	5,204,653
Non-Current Liabilities			
Trade and other payables		1,241,133	1,097,581
Provisions		169,422	160,392
Total Non-Current Liabilities		1,410,555	1,257,973
TOTAL LIABILITIES			6,462,626
NET ASSETS		13,573,350	9,022,389
EQUITY			
Contributed equity		6,533,428	3,714,825
Retained earnings		6,871,455	5,067,182
Foreign currency translation reserve		(333,168)	(153,384)
Parent interests		13,071,715	8,628,623
Non-controlling interests		501,635	393,766
TOTAL EQUITY		13,573,350	9,022,389

6. CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
Cash flows from operating activities		
Receipts from customers	25,972,118	25,176,005
Payments to suppliers and employees	(25,473,991)	(25,811,120)
Other receipts	402,816	253,317
Interest paid	(463,663)	(322,033)
Net cash provided by / (used) in operating activities	<u>437,280</u>	<u>(703,831)</u>
Cash flows from investing activities		
Payments for plant and equipment	(1,490,928)	(43,324)
Receipts from / (payments for) security deposits	-	87,294
Payments for intangible assets	(616,661)	(100,845)
Net cash provided by / (used) in investing activities	<u>(2,107,589)</u>	<u>(56,875)</u>
Cash flows from financing activities		
Proceeds from issue of shares (net of share issue costs)	2,818,603	658,072
Proceeds received in advance of issue of shares	600,000	-
Proceeds from / (repayments of) bank loans	(17,853)	(104,868)
Proceeds from convertible notes	-	150,000
Proceeds from / (repayments of) other borrowings	(469,600)	500,000
Net cash provided by financing activities	<u>2,931,150</u>	<u>1,203,204</u>
Net increase in cash held	<u>1,260,841</u>	<u>442,498</u>
Cash and cash equivalents at the beginning of the financial year	657,617	215,119
Effect of exchange rate changes on cash and cash equivalents		<u>-</u>
Cash and cash equivalents at the end of the financial year	<u>1,918,458</u>	<u>657,617</u>

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

	Contributed Equity	Retained Earnings	Foreign Currency Translation Reserve	Total	Non- Controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	3,056,753	4,039,166	290,733	7,386,652	341,880	7,728,532
Total profit for the year after tax	-	1,028,016	-	1,028,016	67,365	1,095,381
Other comprehensive income						
Exchange differences on translation of foreign operation	-	-	(444,117)	(444,117)	(15,479)	(459,596)
Total other comprehensive income	-	-	(444,117)	583,899	51,886	635,785
Total comprehensive income for the year	-	1,028,016	(444,117)	583,899	51,886	635,785
Issue of shares (less share issue costs)	658,072	-	-	658,072	-	658,072
Balance at 30 June 2017	3,714,825	5,067,182	(153,384)	8,628,623	393,766	9,022,389
Balance at 1 July 2017	3,714,825	5,067,182	(153,384)	8,628,623	393,766	9,022,389
Total profit for the year after tax	-	1,804,273	-	1,804,273	120,864	1,925,137
Other comprehensive income						
Exchange differences on translation of foreign operation	-	-	(179,784)	(179,784)	(12,995)	(192,779)
Total other comprehensive income	-	1,804,273	(179,784)	1,624,489	107,869	1,732,358
Total comprehensive income for the year	-	1,804,273	(179,784)	1,624,489	107,869	1,732,358
Issue of shares (less share issue costs)	2,818,603	-	-	2,818,603	-	2,818,603
Balance at 30 June 2018	6,533,428	6,871,455	(333,168)	13,071,715	501,635	13,573,350

8. TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	30 June 2018 \$	30 June 2017 \$
Current		
Trade debtors	6,378,923	3,411,048
Prepayments	1,363,998	294,451
Advance payment	2,184,667	2,131,093
Prepaid tax	5,891	-
Other receivables	3,103,201	3,685,635
	13,036,680	9,522,227

9. NET TANGIBLE ASSETS PER SECURITY

	30 June 2018 \$	30 June 2017 \$
Net tangible assets backing per ordinary security	4.7	0.06
Number of fully paid ordinary securities used in calculation	273,367,046	149,617,047

10. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

Not applicable.

11. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Not applicable.

12. ANY OTHER SIGNIFICANT INFORMATION NEEDED BY AN INVESTOR TO MAKE AN INFORMED ASSESSMENT OF THE GROUP'S FINANCIAL PERFORMANCE AND FINANCIAL POSITION

All significant information has been included elsewhere in this document.

13. FOR FOREIGN ENTITIES, WHICH SET OF ACCOUNTING STANDARDS IS USED IN COMPILING THE REPORT

Not applicable.

14. COMMENTARY ON THE RESULTS FOR THE PERIOD

The basic earnings per share for the year was 0.75 cents (2017: 0.69 cents).

The diluted earnings per share for the year was 0.73 cents (2017: 0.69 cents). The Company has 7,250,009 options to acquire shares on issue, that are considered dilutive.

There was nil return to shareholders including distributions and buy backs.

For further commentary on the results for the period refer to the Review of Operations.

15. STATUS OF AUDIT

The financial report for the year end 30 June 2018 is currently in the process of being audited.

16. DISPUTE OR QUALIFICATION IF NOT YET AUDITED

None.

17. DISPUTE OR QUALIFICATION IF AUDITED

Not applicable.