

Preliminary Final Report and Dividend Announcement

EMBELTON LIMITED ACN 004 401 496
For Year Ended 30 June 2017

Results for Announcement to the Market

		<u>\$A'000</u>
Revenues	Up 1.9% to	44,842
Profit after tax attributable to members	Up 8.7% to	2,201
Net profit for the period attributable to members	Up 8.7% to	2,201
Dividends (distributions)	Amount per security	Franked amount per security
Interim Dividend	19.0¢	19.0¢
Final Dividend		
Special Dividend	4.0¢	4.0¢
Ordinary Dividend	<u>23.0¢</u>	<u>23.0¢</u>
Total Dividends for year	<u>46.0¢</u>	<u>46.0¢</u>
Previous Corresponding Period:		
Interim Dividend	15.5¢	15.5¢
Special Dividend	5.0¢	5.0¢
Final Ordinary Dividend	<u>22.0¢</u>	<u>22.0¢</u>
Total Dividends for year	<u>42.5¢</u>	<u>42.5¢</u>
Record date for determining entitlements to the dividend	15 September 2017	

Condensed consolidated statement of comprehensive income

	Current period (\$A'000)	Previous corresponding period (\$A'000)
Revenues	44,842	44,018
Expenses	41,429	41,089
Finance costs	107	18
Profit before tax	3,306	2,911
Income tax	1,105	886
Profit after tax	2,201	2,025
Other Comprehensive income	(34)	8
Total Comprehensive income	2,167	2,033
Net profit for the period attributable to members	2,201	2,025
Total Comprehensive income attributable to members	2,166	2,033

Consolidated retained profits

	Current period (\$A'000)	Previous corresponding period (\$A'000)
Retained profits at the beginning of the financial period	12,932	11,673
Net profit attributable to members	2,201	2,025
Dividends and other equity distributions paid	(993)	(766)
Retained profits at end of financial period	14,140	12,932

Earnings per security (EPS)

	Current period	Previous corresponding period
Basic EPS	102 cents	94 cents
Diluted EPS	102 cents	94 cents

Notes to the condensed consolidated statement of comprehensive income

Revenue and expenses

	Current period (\$A'000)	Previous corresponding period (\$A'000)
Revenue from sales or services	44,173	43,521
Interest revenue	3	7
Other relevant revenue	659	491
Details of relevant expenses	28,978	30,077
Cost of goods sold		
Depreciation and amortisation excluding amortisation of intangibles	354	333

Comparison of half year profits

	Current year (\$A'000)	Previous year (\$A'000)
Consolidated profit after tax attributable to members reported for the 1st half year	1,148	955
Consolidated profit after tax attributable to members for the 2nd half year	1,053	1,070

Condensed consolidated statement of financial position

	At end of current period (\$A'000)	At end of corresponding prior period (\$A'000)
Current assets		
Cash and cash equivalents	56	529
Receivables	5,518	5,188
Inventories	12,113	9,978
Other	87	193
Total current assets	17,774	15,888
Non-current assets		
Property, plant and equipment (net)	6,416	6,322
Tax assets	697	640
Total non-current assets	7,113	6,962
Total assets	24,887	22,850
Current liabilities		
Payables	4,991	6,920
Borrowings	2754	-
Tax liabilities	384	359
Provisions exc. tax liabilities	1,311	1,269
Total current liabilities	9,440	8,548
Non-current liabilities		
Tax liabilities	21	14
Provisions exc. tax liabilities	123	159
Total non-current liabilities	144	173
Total liabilities	9,584	8,721
Net assets	15,303	14,129
Equity		
Contributed equity	1,156	1,156
Reserves	7	41
Retained profits	14,140	12,932
Equity attributable to members of the parent entity	15,303	14,129
Total equity	15,303	14,129

Condensed consolidated statement of cash flows

	Current period (\$A'000)	Previous corresponding period (\$A'000)
Cash flows related to operating activities		
Receipts from customers	48,959	47,613
Payments to suppliers and employees	(49,021)	(43,402)
Interest and other items of similar nature received	3	7
Finance costs	(107)	(25)
Income taxes paid	(1,164)	(960)
Net operating cash flows	(1,330)	3,233
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	(904)	(3,256)
Proceeds from sale of property, plant and equipment	-	16
Net investing cash flows	(904)	(3,240)
Cash flows related to financing activities		
Proceeds from Borrowings	2,754	-
Dividends paid	(993)	(766)
Net financing cash flows	1,761	(766)
Net increase in cash held	(473)	(773)
Cash and cash equivalents at beginning of period	529	1,302
Cash and cash equivalents at end of period	56	529

Notes to the Condensed Consolidated Statement of Cash Flows

Reconciliation of cash and cash equivalents

Reconciliation of cash at the end of the period (as shown in the consolidated cash flow statement) to the related items in the accounts is as follows.	Current period (\$A'000)	Previous corresponding period (\$A'000)
Cash on hand and at bank	56	379
Commercial Bills	-	(1,250)
Deposits at call	-	1,400
Total cash and cash equivalents at end of period	56	529

Statement of Changes in Equity

	Contributed Equity (\$A'000)	Foreign Currency Translation Reserve (\$A'000)	Retained Profits (\$A'000)	Total (\$A'000)
As at 1 July 2015	1,156	33	11,673	12,862
Profit for the period	-	-	2,025	2,025
Other Comprehensive income	-	8	-	8
Total Comprehensive income	-	8	2,025	2,033
Dividends paid	-	-	(766)	(766)
At 30 June 2016	1,156	41	12,932	14,129
Profit for the period	-	-	2,201	2,201
Other Comprehensive income	-	(34)	-	(34)
Total Comprehensive income	-	(34)	2,201	2,167
Dividends paid	-	-	(993)	(993)
At 30 June 2017	1,156	7	14,140	15,303

Other notes to the condensed financial statements

Ratios

	Current period	Previous corresponding period
Profit before tax / revenue Consolidated profit before tax as a percentage of revenue	7.4%	6.5%
Profit after tax / equity interests Consolidated net profit after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	14.4%	14.3%

NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$7.09	\$6.55

Dividends

Date the dividend (distribution) is payable	6 October 2017
Record date to determine entitlements to the dividend	15 September 2017
If it is a final dividend, has it been declared?	This is a declared Final Dividend

Amount per security

	Amount per security	Franked amount per security (at 30% tax)	Amount per security of foreign source dividend
Final Dividend:			
Current Year			
Special Dividend	4.0¢	4.0¢	Nil
Ordinary Final Dividend	23.0¢	23.0¢	Nil
Previous Year			
Special Dividend	5.0¢	5.0¢	Nil
Ordinary Dividend	22.0¢	22.0¢	Nil
Interim dividend: Current year	19.0¢	19.0¢	Nil
Previous year	15.5¢	15.5¢	Nil

Total dividend per security (interim plus final)

	Current year	Previous year
Ordinary securities	46.0¢	42.5¢
Preference securities	-	-

Preliminary final report – total dividend for the year on all securities

	Current period (\$A'000)	Previous corresponding period (\$A'000)
Ordinary securities	993	917
Preference securities	-	-
Other equity instruments	-	-
Total	993	917

Segmental Information

Merchandising Vic Tas SA (\$A'000)	Merchandising Rest of Aust & Overseas (\$A'000)	Manufacturing (\$A'000)	Consolidated (\$A'000)
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12 months to June 2017

Revenue

Total Operating Revenue	21,323	21,942	5,760	49,025
Less Elimination on Consolidation	-	-	(4,852)	(4,852)
Total External Operating Revenue	21,323	21,942	908	44,173

Results

Segment results	1,981	1,673	505	4,159
			Unallocated expenses	(842)
			TOTAL OPERATING PROFIT BEFORE INCOME TAX	3,317

Assets

	10,887	11,601	2,374	24,862
			Unallocated assets	25
			TOTAL ASSETS	24,887

DIRECTORS COMMENTS

Driven by a strong environment for building activity in Australia, the Group delivered a satisfactory growth in earnings for the year. Acceleration of multi-storey residential building activity in the capital cities benefited both the flooring and engineering divisions, as each has been positioned to supply products and services into this construction segment.

It is hoped that the outcome achieved in this past reporting period can be continued into the current financial year as domestic construction activity is expected to remain buoyant in the coming months. But against a background where the building cycle is likely to mature in the medium term, the Company retains its focus on development in adjacent and aligned markets where our skills can be applied in diversifying sources of revenue for the Group.

Basis of financial report preparation

Material factors affecting the revenues and expenses of the economic entity for the current period.

NIL

A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

NIL

Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

NIL

Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year.

NIL

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report.

NIL

Annual meeting

The annual meeting will be held as follows:

Place

147 Bakers Road, Coburg VIC 3058

Date

9 November 2017

Time

11.00am

Approximate date the annual report will be available

29 September 2017

Compliance statement

1. This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX .
2. This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed (see note 2).
4. This report is based on accounts to which one of the following applies.
(Mark one)

<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.
5. If the audit report or review by the auditor is not attached, details of any qualifications are attached/will follow immediately they are available.
6. The entity does not have a formally constituted audit committee.

James Embelton
Managing Director

25 August 2017