

Preliminary Final Report and Dividend Announcement

EMBELTON LIMITED ACN 004 401 496
For Year Ended 30 June 2019

Results for Announcement to the Market

			<u>\$A'000</u>
Total Revenues	Down	2.2%	to 58,054
Profit after tax attributable to members	Down	54.6%	to 1,272
Net profit for the period attributable to members	Down	54.6%	to 1,272
Dividends (distributions)	Amount per security	Franked amount per security	
Interim Dividend	20.0¢	20.0¢	
Final Dividend			
Ordinary Dividend	<u>20.0¢</u>	<u>20.0¢</u>	
Total Dividends for year	40.0¢	40.0¢	
Previous Corresponding Period:			
Interim Dividend	20.0¢	20.0¢	
Final Ordinary Dividend	<u>30.0¢</u>	<u>30.0¢</u>	
Total Dividends for year	50.0¢	50.0¢	
Record date for determining entitlements to the dividend	20 September 2019		

Condensed consolidated statement of comprehensive income

	Current period (\$A'000)	Previous corresponding period (\$A'000)
Total Revenues	58,054	59,354
Expenses	55,831	54,980
Finance costs	391	348
Profit before tax	1,832	4,026
Income tax	560	1,224
Profit after tax	1,272	2,802
Other Comprehensive income	-	-
Total Comprehensive income	1,272	2,802
Net profit for the period attributable to members	1,272	2,802
Total Comprehensive income attributable to members	1,272	2,802

Consolidated retained profits

	Current period (\$A'000)	Previous corresponding period (\$A'000)
Retained profits at the beginning of the financial period	15,928	14,140
Net profit attributable to members	1,272	2,802
Dividends and other equity distributions paid	(1,079)	(1,014)
Retained profits at end of financial period	16,121	15,928

Earnings per security (EPS)

	Current period	Previous corresponding period
Basic EPS	59 cents	130 cents
Diluted EPS	59 cents	130 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	58,028	59,328
Interest revenue	2	0
Other relevant revenue	24	26
Total Revenues	58,054	59,354
Details of relevant expenses		
Cost of goods sold	39,663	39,904
Depreciation and amortisation excluding amortisation of intangibles	430	383

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	1,014	1,443
Consolidated profit after tax attributable to members for the 2nd half year	258	1,359

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	35	59
Receivables	7,970	10,462
Inventories	13,029	13,279
Other tax assets	30	-
Other	397	191
Total current assets	21,461	23,991
Non-current assets		
Property, plant and equipment (net)	9,065	9,172
Goodwill	830	830
Tax assets	719	775
Total non-current assets	10,614	10,777
Total assets	32,075	34,768
Current liabilities		
Payables	7,030	8,286
Borrowings	108	715
Tax liabilities	-	72
Provisions exc. tax liabilities	1,473	1,414
Total current liabilities	8,611	10,487
Non-current liabilities		
Tax liabilities	42	16
Borrowings	6,000	7,000
Provisions excl. tax liabilities	139	174
Total non-current liabilities	6,181	7,190
Total liabilities	14,792	17,677
Net assets	17,283	17,091
Equity		
Contributed equity	1,156	1,156
Reserves	6	7
Retained profits	16,121	15,928
Equity attributable to members of the parent entity	17,283	17,091
Total equity	17,283	17,091

Condensed consolidated statement of cash flows

	Current period (\$A'000)	Previous corresponding period (\$A'000)
Cash flows related to operating activities		
Receipts from customers	66,600	58,843
Payments to suppliers and employees	(62,655)	(56,917)
Interest and other items of similar nature received	2	-
Finance costs	(391)	(348)
Income taxes paid	(531)	(1,589)
Net operating cash flows	3,025	(11)
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	(328)	(3,142)
Proceeds from sale of property, plant and equipment	2	9
Acquisition of business	(37)	(800)
Net investing cash flows	(363)	(3,933)
Cash flows related to financing activities		
Repayment of Borrowings	(1,607)	-
Proceeds from Borrowings	-	4,961
Dividends paid	(1,079)	(1,014)
Net financing cash flows	(2,686)	3,947
Net (decrease)/increase in cash held	(24)	3
Cash and cash equivalents at beginning of period	59	56
Cash and cash equivalents at end of period	35	59

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	35	59
Commercial Bills	-	-
Deposits at call	-	-
Total cash and cash equivalents at end of period	35	59

Statement of Changes in Equity

	Contributed Equity (\$A'000)	Foreign Currency Translation Reserve (\$A'000)	Retained Profits (\$A'000)	Total (\$A'000)
At 30 June 2018	1,156	7	15,928	17,091
Profit for the period	-	-	2,802	2,802
Other Comprehensive income	-	-	-	-
Total Comprehensive income	-	-	2,802	2,802
Dividends paid	-	-	(1,014)	(1,014)
At 30 June 2018	1,156	7	15,928	17,091
Profit for the period	-	(1)	1,272	1,271
Other Comprehensive income	-	-	-	-
Total Comprehensive income	-	(1)	1,272	1,271
Dividends paid	-	-	(1,079)	(1,079)
At 30 June 2019	1,156	6	16,121	17,283

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	3.1%	6.8%
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	7.4%	16.4%

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$7.62	\$7.54

Dividends

Date the dividend (distribution) is payable	11 October 2019
Record date to determine entitlements to the dividend	20 September 2019
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			
Ordinary Final Dividend	20.0¢	20.0¢	Nil
Previous Year			
Ordinary Dividend	30.0¢	30.0¢	Nil
Interim dividend: Current year	20.0¢	20.0¢	Nil
Previous year	20.0¢	20.0¢	Nil

Total dividend per security (interim plus final)

	Current year	Previous year
Ordinary securities	40.0¢	50.0¢
Preference securities	-	-

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

	Current period (\$A'000)	Previous corresponding period (\$A'000)
Ordinary securities	863	1,079
Preference securities	-	-
Other equity instruments	-	-
Total	863	1,079

Segmental Information

	Merchandising (\$A'000)	Commercial (\$A'000)	Manufacturing (\$A'000)	Consolidated (\$A'000)
<u>12 months to June 2019</u>				
<u>Revenue</u>				
Total Operating Revenue	35,823	23,054	8,850	67,727
Less Elimination on Consolidation	-	(1,301)	(8,398)	(9,699)
Total External Operating Revenue	35,823	21,753	452	58,028
<u>Results</u>				
Segment results	1,524	497	348	2,369
	Unallocated expenses			(537)
TOTAL OPERATING PROFIT BEFORE INCOME TAX				1,832
<u>Assets</u>				
	18,625	9,802	2,900	31,327
	Unallocated assets			718
TOTAL ASSETS				32,045
<u>12 months to June 2018</u>				
<u>Revenue</u>				
Total Operating Revenue	37,415	22,768	7,598	67,781
Less Elimination on Consolidation	-	(1,612)	(6,841)	(8,453)
Total External Operating Revenue	37,415	21,156	757	59,328
<u>Results</u>				
Segment results	2,740	1,406	419	4,565
	Unallocated expenses			(539)
TOTAL OPERATING PROFIT BEFORE INCOME TAX				4,026
<u>Assets</u>				
	20,076	11,328	2,589	33,933
	Unallocated assets			775
TOTAL ASSETS				34,768

DIRECTORS COMMENTS

With a continuing focus on construction markets, the rapid slowdown in both domestic and commercial building activity during the year proved challenging for both the flooring and engineering divisions of the Company.

The difficult conditions experienced during the year, especially in the second six months, were such that full year earnings showed only a marginal improvement over the first half result. Reflecting this, a reduced final dividend of 20 cents per share has been declared, yielding a full year payout of 40 cents compared with last year's record of 50 cents.

The uncertain environment is likely to continue in the near term, but a healthy pipeline of contracted work, although somewhat delayed, is expected to contribute to a better outlook as market conditions improve.

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	14 November 2019
Time	11.00am
Approximate date the annual report will be available	30 September 2019

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

28th August 2019