

Preliminary final report

Name of issuer

Aobo Environmental Technology Limited

ACN or ARBN

633 117 807

Half yearly
(tick)

Preliminary
final (tick)

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Financial year ended ('Current period')

31 December 2020

For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

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Revenue (item 1.1)	down	31%	to	9,644
Profit (loss) for the period (item 1.9)	down	196%	to	(440)
Profit (loss) for the period attributable to members of the parent (item 1.11)	down	196%	to	(440)
Dividends	Current period		Previous corresponding period	
Franking rate applicable:				
Final dividend (preliminary final report only)	N/A		N/A	
Amount per security				
Franked amount per security				
Interim dividend (Half yearly report only)	N/A		N/A	
Amount per security				
Franked amount per security				
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
N/A				

Consolidated income statement *(The figures are not equity accounted)**(see note 3)**(as per paragraphs 81-85 and 88-94 of AASB 101: Presentation of Financial Statements)*

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues <i>(item 7.1)</i>	9,644	13,913
1.2 Expenses, excluding finance costs <i>(item 7.2)</i>	(9,593)	(13,219)
1.3 Finance costs <i>(item 7.2)</i>	(369)	(380)
1.4 Share of net profits (losses) of associates and joint ventures	-	-
1.5 Profit (loss) before income tax	(311)	314
1.6 Income tax benefit /(expense)	(129)	144
1.7 Profit (loss) from continuing operations	(440)	458
1.8 Profit (loss) from discontinued operations	-	-
1.9 Profit (loss) for the period	(440)	458
1.10 Profit (loss) attributable to minority interests		-
1.11 Profit (loss) attributable to members of the parent	(440)	458
1.12 Basic (loss)/earnings per security <i>(item 9.1)</i>	(0.23) cents	1.42 cents
1.13 Diluted (loss)/earnings per security <i>(item 9.1)</i>	(0.23) cents	1.42 cents
1.14 Dividends per security <i>(item 9.1)</i>	-	-

Comparison of half-year profits*(Preliminary final statement only)*

	Current period - \$A'000	Previous corresponding period - \$A'000
2.1 Consolidated profit (loss) after tax attributable to members reported for the 1st half year <i>(item 1.11 in the half yearly statement)</i>	748	212
2.2 Consolidated profit (loss) after tax attributable to members for the 2nd half year	(1,188)	748

Consolidated balance sheet

(See note 5)

(as per paragraphs 68-69 of AASB 101: Financial Statement Presentation)

Current assets		Current period - \$A'000	Previous corresponding period - \$A'000
3.1	Cash and cash equivalents	631	1,233
3.2	Trade and other receivables	9,971	10,531
3.3	Inventories	3,502	1,689
3.4	Other current assets (provide details if material)	2,257	7,744
3.5	Total current assets	16,361	21,197
Non-current assets			
3.9	Deferred tax assets	82	85
3.12	Property, plant and equipment (net)	6,903	3,100
3.13	Investment properties	-	-
3.14	Goodwill	-	-
3.15	Other intangible assets	-	56
3.16	Land use rights	2,620	1,929
3.17	Total non-current assets	9,605	5,170
3.18	Total assets	25,966	26,367
Current liabilities			
3.19	Trade and other payables	8,574	8,163
3.20	Short term borrowings	5,735	7,429
3.21	Current tax payable	182	-
3.22	Short term provisions	228	-
3.23	Lease liability	88	91
3.24	Contract liabilities	825	422
3.25	Liabilities directly associated with non-current assets classified as held for sale (<i>para 38 of AASB 5</i>)	-	-
3.26	Total current liabilities	15,632	16,105
Non-current liabilities			
		Current period - \$A'000	Previous corresponding period - \$A'000
3.27	Long-term borrowings	-	-
3.28	Deferred tax liabilities	-	-
3.29	Long term provisions	-	-
3.30	Other (provide details if material)	-	-
3.31	Total non-current liabilities		-

3.32	Total liabilities	15,632	16,105
3.33	Net assets	10,334	10,262
	Equity		
3.34	Share capital	808	1
3.35	Other reserves	(390)	(120)
3.36	Retained earnings	9,916	10,381
	Amounts recognised directly in equity relating to non-current assets classified as held for sale	-	-
3.37	Parent interest	10,334	10,262
3.38	Minority interest	-	-
3.39	Total equity	10,334	10,262

Consolidated statement of changes in equity

(as per paragraphs 96-97 of AASB 101: Presentation of Financial Statements)

	Current period – A\$'000	Previous corresponding period – A\$'000
Revenues recognised directly in equity:	N/A	N/A
Expenses recognised directly in equity:	N/A	N/A
4.1 Net income recognised directly in equity	-	-
4.2 (Loss)/ profit for the period	(440)	458
4.3 Total recognised income and expense for the period		
Attributable to:		
4.4 Members of the parent	(440)	458
4.5 Minority interest	-	-
Effect of changes in accounting policy (as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors):		
4.6 Members of the parent entity	-	-
4.7 Minority interest	-	-

Consolidated statement of cash flows*(See note 6)**(as per AASB 107: Cash Flow Statements)*

		Current period - \$A'000	Previous corresponding period - \$A'000
	Cash flows related to operating activities		
5.1	Receipts from customers	13,580	14,684
5.2	Payments to suppliers and employees	(10,530)	(14,224)
5.3	Interest and other costs of finance paid	(369)	(378)
5.4	Income taxes received/(paid)	(42)	(733)
5.5	Interest received	16	59
5.6	Net cash generated /used in operating activities	2,655	(592)
	Cash flows related to investing activities		
5.7	Payments for purchases of property, plant and equipment	(1,823)	(129)
	Payments for intangible assets	(31)	(12)
5.8	Proceeds from sale of property, plant and equipment	75	-
	Payment for other investments	(143)	-
5.9	Payment for purchases of equity investments	-	-
5.10	Proceeds from sale of equity investments	-	-
5.11	Loans to other entities	-	-
5.12	Loans repaid by other entities	-	-
5.13	Interest and other items of similar nature received	-	-
5.14	Dividends received	-	-
5.15	Purchase of land use rights	-	(1,950)
5.16	Net cash used in investing activities	(1,922)	(2,091)
	Cash flows related to financing activities		
5.17	Proceeds from issues of securities (shares, options, etc.)	808	-
5.18	Proceeds from borrowings	568	2,046
5.19	Repayment of borrowings	(2,138)	-
5.20	Repayments/advances to related parties	(588)	(364)
5.21	Repayments from related parties	-	260
5.22	Net cash used in financing activities	(1,349)	1,942
	Net increase (decrease) in cash and cash equivalents	(617)	(741)
5.23	Cash at beginning of period <i>(see Reconciliations of cash)</i>	1,233	2,001
5.24	Exchange rate adjustments to item 5.23	15	(27)

5.25	Cash at end of period (see Reconciliation of cash)	631	1,233
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Reconciliation of cash provided by operating activities to profit or loss

(as per paragraph Aus20.1 of AASB 107: Cash Flow Statements)

		Current period \$A'000	Previous corresponding period \$A'000
6.1	Profit <i>(item 1.9)</i>	(440)	458
	Adjustments for:		
6.2	Depreciation/Amortisation	132	354
6.3	Provision for expected credit losses	179	4
6.4	Decrease in trade and other receivables	(560)	8,302
	Increase in other current assets	5,487	(7,077)
6.5	Increase in deferred tax assets	-	(35)
6.6	Decrease in inventory	(1,813)	254
6.8	Increase in lease liability	(3)	91
6.9	Decrease in trade and other payables	(583)	(2,162)
	Increase in contract liabilities	(403)	61
	Decrease in income tax payable	(182)	(842)
6.10	Net cash from operating activities <i>(item 5.6)</i>	1,814	(592)

Notes to the financial statements

Details of revenues and expenses

(see note 16)

(Where items of income and expense are material, disclose nature and amount below in accordance with paragraphs 86-87 of AASB 101: Presentation of Financial Statements)

	Current period - \$A'000	Previous corresponding period - \$A'000
Revenue		
Sales of goods	8,138	13,848
Warranty services	-	-
Other income	1,513	65
7.1 Total Revenue	9,651	13,913
Expenses		
Cost of goods sold	6,172	9,475
Administrative expenses	999	1,368
Sales and marketing expenses	1,210	1,417
Research and development expenses	1,002	954
Other expenses	210	5
Finance costs	369	380
7.2 Total Expenses	9,962	13,598
Profit (loss) before tax	(311)	314

Ratios

	Current period	Previous corresponding period
Profit before tax / revenue		
8.1 Consolidated profit (loss) before tax (item 1.5) as a percentage of revenue (item 1.1)	(3.22%)	2.26%
Profit after tax / equity interests		
8.2 Consolidated profit (loss) after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 3.37)	(4.44%)	4.06%

Earnings per Security

- 9.1 *Provide details of basic and fully diluted EPS in accordance with paragraph 70 and Aus 70.1 of AASB 133: Earnings per Share below:*

The calculated weighted average number of ordinary share is 190,531,288

The basic loss per share is (0.23) cents = $(\$440,000)/190,531,288$

Movements in Equity

(as per paragraph 97 of AASB 101: Financial Statement Presentation)

		Number issued	Number listed	Paid-up value (cents)	Current period – A\$'000	Previous corresponding period – A\$'000
14.6	Ordinary securities <i>(description)</i>					
14.7	Balance at start of period	190,000,000	190,000,000	-	0.1	-
14.8	a) Increases through issues	3,232,000	3,232,000	-	808	0.1
14.9	b) Decreases through returns of capital, buybacks etc.	-	-	-	-	-
14.10	Balance at end of period	193,232,000	193,232,000	-	808.1	0.1
14.32	Total Securities	193,232,000	193,232,000	-	808.1	0.1

		Current period – A\$'000	Previous corresponding period – A\$'000
	Reserves		
14.33	Balance at start of period	120	34
14.34	Transfers to/from reserves	270	86
14.35	Total for the period	270	86
14.36	Balance at end of period	390	120
14.37	Total reserves	390	120
	Retained earnings		
14.38	Balance at start of period	10,352	10,736
14.39	Changes in accounting policy	-	-
14.40	Restated balance	-	-
14.41	Profit for the balance	440	458
14.43	Dividends	-	-

14.44	Balance at end of period	9,916	10,352
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Reports for industry and geographical segments

The Group operates predominately in one segment being the manufacturing and selling of air treatment solutions for industrial applications, including designing, manufacturing and selling of equipment used in humidity and climate control in the People's Republic of China (PRC). This is based on the internal reports that are reviewed and used by the Board of Directors/Management, who are identified as the Chief Operating Decision Makers ('CODM') in assessing performance and determining the allocation of resources. The Group operates predominately in one geographical area where the majority of sales revenue is generated and non-current assets are located, being the People's Republic of China. The Group's assets and liabilities are not specifically allocated to operating segments.

The Board has considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the CODM in allocating resources and have concluded at that there are no separately identifiable segments as there is currently no discrete financial information received by the chief operation decision maker.

NTA Backing

(see note 7)

20.1	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	5.3 cents	5.4 cents

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

21.1	N/A
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Comments by directors

Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 134: Interim Financial Reporting. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) but may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible). In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations (*as per paragraphs 16(b), 16(b) and Aus 16.1 of AASB 134: Interim Financial Reporting*)

Nil

Any other factors which have affected the results in the period, or which are likely to affect results in the future, including those where the effect could not be quantified.

Nil

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

Nil

Changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

(Disclose changes in the half yearly statement in accordance with paragraph 16(a) of AASB 134: Interim Financial Reporting. Disclose changes in the preliminary final statement in accordance with paragraphs 28-29 of 108: Accounting Policies, Changes in Accounting Estimates and Errors.)

Nil

An issuer shall explain how the transition from previous GAAP to Australian equivalents to IFRS' affected its reported financial position, financial performance and cash flows. (*as per paragraph 38 of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards*)

Nil

Revisions in estimates of amounts reported in previous 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 *(as per paragraph 16(d) of AASB 134: Interim Financial Reporting)*

Nil

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assts since the last annual report *(as per paragraph 16(j) of AASB 134: Interim Financial Reporting)*

Nil

The nature and amount of items affecting assets, liabilities, equity, profit or loss, or cash flows that are unusual because of their nature, size or incidence *(as per paragraph 16(c) of AASB 134: Interim Financial Reporting)*

Nil

Effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations *(as per paragraph 16(i) of AASB 134: Interim Financial Reporting)*

Nil

Annual meeting*(Preliminary final statement only)*

The annual meeting will be held as follows:

Place	To be determined
Date	To be determined
Time	To be determined
Approximate date the annual report will be available	30 April 2020

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

N/A

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does give a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which one of the following applies:
- ☐ The financial statements have been audited. ☐ The financial statements have been subject to review by a registered auditor (or overseas equivalent).
- ☒ The financial statements are in the process of being audited or subject to review. ☐ The financial statements have *not* yet been audited or reviewed.
5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)
6. The *issuer* has a formally constituted audit committee.



Sign here: Date: .16 March 2021.....
(Director)

Print name:ANDREW SMITH.....