

Preliminary final report

Name of issuer

Aobo Environmental Technology Limited

ACN or ARBN

633 117 807

Half yearly
(tick)

Preliminary
final (tick)

√

Financial year ended ('Current period')

31 December 2021

For announcement to the market

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

				\$A,000
Revenue (item 1.1)	up	144.2%	to	23,337
Profit (loss) for the period (item 1.9)	down	1569%	to	(1,938)
The significant decrease in profit was due to a potential recognition of \$2.1m provision for doubtful debts where the final figures are to be reviewed and determined with auditor.				
Profit (loss) for the period attributable to members of the parent (item 1.11)	down	1569%	to	(1,938)
Dividends				
Franking rate applicable:	Current period		Previous corresponding period	
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>	23,337	9,558
1.2 Expenses, excluding finance costs <i>(item 7.2)</i>	(24,805)	(9,313)
1.3 Finance costs <i>(item 7.2)</i>	(437)	(361)
1.4 Share of net profits (losses) of associates and joint ventures	-	-
1.5 Profit (loss) before income tax	(1,905)	(116)
1.6 Income tax benefit /(expense)	(33)	55
1.7 Profit (loss) from continuing operations	(1,938)	(61)
1.8 Profit (loss) from discontinued operations	-	-
1.9 Profit (loss) for the period	(1,938)	(61)
1.10 Profit (loss) attributable to minority interests		-
1.11 Profit (loss) attributable to members of the parent	(1,938)	(61)
1.12 Basic (loss)/earnings per <i>security</i> <i>(item 9.1)</i>	(1) cents	(0.03) cents
1.13 Diluted (loss)/earnings per <i>security</i> <i>(item 9.1)</i>	(1) cents	(0.03) cents
1.14 Dividends per <i>security</i> <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>	56	748
2.2 Consolidated profit (loss) after tax attributable to members for the 2nd half year	(1,994)	(809)

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	256	631
3.2	Trade and other receivables	7,134	9,951
3.3	Inventories	5,895	3,440
3.4	Other current assets (provide details if material)	3,639	2,193
3.5	Total current assets	16,924	16,215
Non-current assets			
3.9	Deferred tax assets	425	151
3.12	Property, plant and equipment (net)	8,556	6,843
3.13	Investment properties	-	-
3.14	Goodwill	-	-
3.15	Other intangible assets	-	-
3.16	Land use rights	2,679	2,620
3.17	Total non-current assets	11,660	9,614
3.18	Total assets	28,584	25,829
Current liabilities			
3.19	Trade and other payables	8,163	9,400
3.20	Short term borrowings	9,729	5,735
3.21	Current tax payable	(6)	75
3.22	Short term provisions	-	-
3.23	Lease liability	-	-
3.24	Contract liabilities	-	-
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	17,886	15,210
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	17,886	15,210
3.33	Net assets	10,698	10,619
	Equity		
3.34	Share capital	1,728	808
3.35	Other reserves	524	(485)
3.36	Retained earnings	8,446	10,296
	Amounts recognised directly in equity relating to non-current assets classified as held for sale	-	-
3.37	Parent interest	10,610	10,619
3.38	Minority interest	88	-
3.39	Total equity	10,698	10,619

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	(1,938)	(61)
4.3 Total recognised income and expense for the period		
Attributable to:		
4.4 Members of the parent	(1,938)	(61)
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	29,804	13,248
5.2	Payments to suppliers and employees	(31,349)	(10,270)
5.3	Interest and other costs of finance paid	(327)	(361)
5.4	Income taxes received/(paid)	(106)	(43)
5.5	Interest received	15	16
5.6	Net cash generated /used in operating activities	(1,963)	2,590
	Cash flows related to investing activities		
5.7	Payments for purchases of property, plant and equipment	(1,156)	(1,760)
	Payments for intangible assets	-	(31)
5.8	Proceeds from sale of property, plant and equipment	(21)	76
	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	-	-
5.16	Net cash used in investing activities	(1,177)	(1,858)
	Cash flows related to financing activities		
5.17	Proceeds from issues of securities (shares, options, etc.)	920	808
5.18	Proceeds from borrowings	13,822	568
5.19	Repayment of borrowings	(11,315)	(2,138)
5.20	Repayments/advances to related parties	(674)	(588)
5.21	Repayments from related parties	-	-
5.22	Net cash used in financing activities	2,753	(1,350)
	Net increase (decrease) in cash and cash equivalents	(387)	(617)
5.23	Cash at beginning of period (see <i>Reconciliations of cash</i>)	631	1,233
5.24	Exchange rate adjustments to item 5.23	12	15

5.25	Cash at end of period (see Reconciliation of cash)	256	631
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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>	(1,938)	(61)
	Adjustments for:		
6.2	Depreciation/Amortisation	344	415
6.3	Provision for expected credit losses	2,044	210
6.4	Decrease in trade and other receivables	2,819	(580)
	(Increase) in other current assets	(1,446)	5,464
6.5	(Increase) in deferred tax assets	(13)	75
6.6	(Increase) in inventory	(2,455)	(1,751)
6.7	(Decrease) in trade and other payables	(1,236)	(1,247)
	(Decrease) in income tax payable	(82)	-66
6.10	Net cash from operating activities <i>(item 5.6)</i>	(1,963)	2,591

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	22,110	8,052
	Warranty services	-	-
	Other income	1,227	1,506
7.1	Total Revenue	23,337	9,558
	Expenses		
	Cost of goods sold	(17,678)	(6,065)
	Administrative expenses	(2,668)	(1,180)
	Sales and marketing expenses	(922)	(875)
	Research and development expenses	(1,491)	(1,002)
	Other expenses	(2,046)	(192)
	Finance costs	(437)	(361)
7.2	Total Expenses	(25,242)	(9,675)
	Profit (loss) before tax	(1,905)	(116)

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)	(8.16%)	(1.21%)
	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)	(8.30%)	(0.57)%

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 193,818,027

The basic loss per share is (1) cents = $(\$1,938,144) / 193,818,027$

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	193,232,000	190,000,000	-	808	0.1
14.8	a) Increases through issues	2,300,000	3,232,000	-	920	808
14.9	b) Decreases through returns of capital, buybacks etc.	-	-	-	-	-
14.10	Balance at end of period	195,532,000	195,532,000	-	1,728	808.1
14.32	Total Securities	195,532,000	195,532,000	-	1,728	808.1

		Current period – A\$'000	Previous corresponding period – A\$'000
	Reserves		
14.33	Balance at start of period	(485)	(96)
14.34	Transfers to/from reserves	1,009	(389)
14.35	Total for the period	1,009	(389)
14.36	Balance at end of period	524	(485)
14.37	Total reserves	524	(485)
	Retained earnings		
14.38	Balance at start of period	10,296	10,357
14.39	Changes in accounting policy	-	-
14.40	Restated balance	-	-
14.41	Profit for the balance	(1,850)	(61)
14.43	Dividends	-	-

14.44	Balance at end of period	8,446	10,296
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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	4.0 cents	4.1 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 assets 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 2021

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:
- | | |
|--|---|
| <input type="checkbox"/> The financial statements have been audited. | <input type="checkbox"/> The financial statements have been subject to review by a registered auditor (or overseas equivalent). |
| <input checked="" type="checkbox"/> The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> The financial statements have <i>not</i> 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 2022.....
(Director)

Print name:ANDREW SMITH.....