

**SDI Limited**

**ABN 27 008 075 581**

**Appendix 4E Preliminary Final Report - 30 June 2019**

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## **FY19 Highlights**

- **After tax profit up 29% to \$7.3 million**
- **Total sales up 3% in local currencies (AUD 7%)**
- **Aesthetics sales up 12% in local currencies (AUD 16%)**
- **Strong cash flow and no Debt**
- **Total fully franked ordinary dividends up by 8% to 2.7 cents**
- **Special fully franked dividend paid of 1.0 cent**

MELBOURNE, Australia – SDI Limited (ASX: SDI). After-tax profit increased by \$1.7 million to \$7.3 million, compared with \$5.7 million for the same period last year. This result was driven by strong sales increase, ongoing disciplined expense control and favourable currency movements. Unrealised currency gains contributed \$0.5 million to the after-tax profit due to the favourable closing rates on 30 June 2019.

Earnings before interest, tax, depreciation and amortisation ('EBITDA') increased by 16.7 per cent to \$14.2 million, compared to \$12.1 million for the corresponding period last year. Earnings per share for the 12 months ended 30 June 2019 increased by 1.39 cents to 6.17 cents compared to 4.76 cents for the same period last year.

	<b>FY 2019 (AUD)</b>	<b>FY 2018 (AUD)</b>	<b>Change</b>
Sales (\$)	79.6m	74.5m	6.8%
EBITDA (\$)	14.2m	12.1m	16.7%
NPBT (\$)	10.5m	8.1m	28.7%
NPAT (\$)	7.3m	5.7m	29.5%
Borrowings (\$)	nil	2.2m	(100.0%)
Cash (\$)	6.5m	8.2m	(21.5%)
Declared final ordinary dividend (cents)	1.5	1.4	7.1%
Total ordinary dividends (cents)	2.7	2.5	8.0%
Paid special dividend (cents)	1.0	nil	N/A

Sales in Australian dollars for the year ended 30 June 2019 were \$79.6 million, up 6.8% on the previous corresponding period of \$74.5 million. Approximately 90% of sales are exported, and when adjusted for currency movements, sales were up 2.5%. This growth was driven by continued strong growth in Aesthetics sales, including Glass Ionomers and Composites, and modest growth in Whitening sales, offset by the ongoing decline in Amalgam sales.

<b>Product category sales</b>	<b>Growth in local currency</b>	<b>Growth in AUD</b>	<b>% of Total AUD Sales</b>
Aesthetics	11.6%	16.3%	42.7%
Equipment	(4.1%)	(1.8%)	7.6%
Whitening	3.2%	7.6%	26.9%
Amalgam	(10.1%)	(5.8%)	22.8%

Sales growth was driven by strong Australian direct exports of Aesthetics and Amalgam products in the Middle East and increased Aesthetics sales in Asia and Australia. All other business unit sales were down due to the continued decrease in Amalgam sales which still represents a significant amount of their total sales. In addition to this, Brazilian sales in the 12 months were affected by the de-stocking of a major Distributor.

Sales by business unit	Growth in local currency	Growth in AUD	% of Total AUD Sales
Australian sales (including direct exports)	12.1%	17.1%	38.4%
North America	(1.5%)	6.3%	24.1%
Europe	(3.5%)	(0.1%)	31.1%
Brazil	(3.4%)	(10.0%)	6.4%
<b>TOTAL</b>	<b>2.5%</b>	<b>6.8%</b>	<b>100.0%</b>

Product sales by business unit adjusted for currency movements	Amalgam		Non-Amalgam	
	% change	% of total sales	% change	% of total sales
Australia (including direct exports)	3.3%	18.2%	14.2%	81.8%
Brazil	(7.5%)	29.8%	(1.6%)	70.2%
Europe	(22.1%)	17.9%	1.9%	82.1%
North America	(11.2%)	34.4%	4.4%	65.6%

Regional sales highlighted the strong sales from the Middle East and APAC markets, and the lower than expected sales from South America. North American sales were impacted by a 11.2% decline in Amalgam sales which represents 34.4% of this region's total sales. This decline was partially offset by an increase of 10.1% in Aesthetics sales. The South American region, traditionally an Amalgam region, has been impacted by aggressive pricing from local manufacturers and the lower level of Government tenders, reflecting the challenging political and economic environment.

Sales by region	FY 2019 (AUD)	FY 2018 (AUD)	Growth
APAC	14.7m	12.9m	13.8%
Middle East / Africa	8.7m	6.4m	35.5%
North America	19.2m	18.1m	6.3%
South America	9.4m	9.2m	1.6%
Europe	27.6m	27.9m	(1.3%)

Gross product margins improved to 62.6% compared to 61.1% for the corresponding period last year. When adjusted for favourable currency movements, gross margin was in line with the previous corresponding period. This result is encouraging and reflective of the improved product mix, given strong Australian direct export sales traditionally attract a lower margin.

Total operating expenses in Australian dollars increased by 7.3% when compared to the previous corresponding period. Approximately 48% of SDI's total operating expenses relate to its offshore subsidiaries and after adjusting for currency movements, total operating expenses increased by 5.1%.

SDI invested an additional \$1.5 million in sales and marketing during the year. The Company underwent a strategic corporate rebranding program to promote the 'Non-Amalgam' company image. The Company has invested in additional sales and marketing expenditure to increase the Company's support to its Distributors and promote the Non-Amalgam product lines. SDI has also invested additional funds globally in Distributor training, Key Opinion Leaders ('KOLs') and promotional material and products to further enhance the Non-Amalgam strategy.

SDI participated in the world's largest dental exhibition ('IDS') held biennially in Germany at a total cost \$0.3 million. This exhibition is attended by many of SDI's global Distributors and Dentists and gives the opportunity to launch its new products and showcase its current products on an international platform.

An employee long term incentive ('LTI') program was implemented in the second half of the year at a total cost of \$0.4 million. The program was offered to 38 employees globally and is designed to align employees with share price growth. Further details regarding this program will be included in the Annual Report.

The Company's total cash holdings for the year decreased by \$1.8 million after reducing debt by \$2.2 million, increasing inventories by \$2.7 million, increasing investment in plant and equipment by \$1.3 million and increasing dividend payments by \$1.4 million. Inventories have deliberately been increased to further improve customer service, reduce the cost of air freights and support expected increase in sales of existing and new products. The Company has invested in new machinery for new product lines and continues to upgrade its current equipment in line with its automation strategy.

The Board of Directors has declared a final fully franked ordinary dividend of 1.5 cents per share which is 0.1 cent higher than the previous final dividend. Shareholders will receive the dividend payment on 20 September 2019.

The Board has decided that the Company's Dividend Reinvestment Plan ('DRP') will not be offered to Shareholders for this dividend payment.

#### **About SDI Limited**

Founded in 1972 and publicly listed on the Australian Securities Exchange in 1985, SDI Limited is a leading dental technology company that conducts research and development, manufacturing and marketing of specialist dental materials. SDI's products combine innovation and excellence to provide the ideal restorative materials for the dental profession. All of SDI's products are manufactured in Victoria, Australia. SDI's products are distributed through distributors and retailers in over 100 countries throughout the world. SDI has offices and warehouses in Chicago, USA, Cologne, Germany, and Sao Paulo, Brazil.

## 1. Company details

Name of entity:	SDI Limited
ABN:	27 008 075 581
Reporting period:	For the year ended 30 June 2019
Previous period:	For the year ended 30 June 2018

## 2. Results for announcement to the market

The consolidated entity adopted AASB 9 and AASB 15 from 1 July 2018 with no restatement of comparative figures. There was no material impact on the adoption of these accounting standards.

			\$'000
Revenues from ordinary activities	up	6.8% to	79,598
Profit from ordinary activities after tax attributable to the owners of SDI Limited	up	29.5% to	7,329
Profit for the year attributable to the owners of SDI Limited	up	29.5% to	7,329

### Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2019 to be paid on 20 September 2019	1.5	1.5
Interim dividend for the year ended 30 June 2019 paid on 12 April 2019	1.2	1.2
Special dividend for the year ended 30 June 2019 paid on 12 April 2019	1.0	1.0

### Comments

The profit for the consolidated entity after providing for income tax amounted to \$7,329,000 (30 June 2018: \$5,661,000).

Earnings before interest, tax, depreciation and amortisation ('EBITDA') increased by 16.7% to \$14,177,000 (30 June 2018: \$12,148,000).

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit adjusted for specific items.

The following table summarises key reconciling items between statutory profit after tax and EBITDA:

	Consolidated 2019 \$'000	2018 \$'000
Profit after tax	7,329	5,661
Add: taxation	3,155	2,484
Add: interest expense	37	163
Less: interest income	(13)	(28)
Add: depreciation and amortisation	3,669	3,868
EBITDA	<u>14,177</u>	<u>12,148</u>

For further details refer to 'Commentary - Full year results' preceding this Appendix 4E.

### 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>40.79</u>	<u>38.61</u>

### 4. Dividends

#### *Current period*

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2019 to be paid on 20 September 2019	1.5	1.5
Interim dividend for the year ended 30 June 2019 paid on 12 April 2019	1.2	1.2
Special dividend for the year ended 30 June 2019 paid on 12 April 2019	1.0	1.0

#### *Previous period*

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2018 paid on 21 September 2018	1.4	1.4
Interim dividend for the year ended 30 June 2018 paid on 6 April 2018	1.1	1.1

### 5. Dividend reinvestment plans

*The following dividend or distribution plans are in operation:*

The Company has a Dividend Reinvestment Plan ('DRP'). However the Directors have decided that the DRP will not be offered to Shareholders for the dividend payments.

### 6. Audit qualification or review

The financial statements are in the process of being audited and an unqualified opinion is expected to be issued.

### 7. Attachments

The Appendix 4E Preliminary Final Report of SDI Limited for the year ended 30 June 2019 is attached.

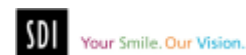
### 8. Signed

Signed 

Date: 22 August 2019

Samantha Jane Cheetham  
Managing Director  
Melbourne

**SDI Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2019**



	Note	Consolidated 2019 \$'000	2018 \$'000
<b>Revenue</b>			
Sales revenue		79,598	74,535
Cost of goods sold		(29,805)	(28,966)
Gross profit		49,793	45,569
Other income	2	888	8
Interest revenue calculated using the effective interest method		13	28
<b>Expenses</b>			
Selling and administration expenses		(37,883)	(34,231)
Research and development costs		(1,015)	(1,253)
Impairment of receivables		(143)	(167)
Other expenses		(1,132)	(1,646)
Finance costs		(37)	(163)
<b>Profit before income tax expense</b>		10,484	8,145
Income tax expense		(3,155)	(2,484)
<b>Profit after income tax expense for the year attributable to the owners of SDI Limited</b>		7,329	5,661
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign controlled entities		481	403
Other comprehensive income for the year, net of tax		481	403
<b>Total comprehensive income for the year attributable to the owners of SDI Limited</b>		7,810	6,064
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	3	6.17	4.76
Diluted earnings per share	3	6.17	4.76

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*



	Note	Consolidated 2019 \$'000	2018 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		6,481	8,246
Trade and other receivables	4	17,780	16,225
Inventories	5	17,242	14,558
Prepayments		1,100	750
Total current assets		42,603	39,779
<b>Non-current assets</b>			
Other receivables	6	713	885
Property, plant and equipment	7	18,680	17,569
Intangibles	8	24,603	23,657
Total non-current assets		43,996	42,111
<b>Total assets</b>		86,599	81,890
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	6,249	3,957
Borrowings		-	214
Provision for income tax		1,386	182
Employee benefits		3,344	3,363
Total current liabilities		10,979	7,716
<b>Non-current liabilities</b>			
Borrowings		-	2,000
Deferred tax liability		2,363	2,437
Employee benefits		172	183
Total non-current liabilities		2,535	4,620
<b>Total liabilities</b>		13,514	12,336
<b>Net assets</b>		73,085	69,554
<b>Equity</b>			
Issued capital		12,890	12,890
Reserves		1,646	1,165
Retained profits		58,549	55,499
<b>Total equity</b>		73,085	69,554

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Retained profits \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2017	12,890	762	52,691	66,343
Profit after income tax expense for the year	-	-	5,661	5,661
Other comprehensive income for the year, net of tax	-	403	-	403
Total comprehensive income for the year	-	403	5,661	6,064
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid (note 10)	-	-	(2,853)	(2,853)
Balance at 30 June 2018	<u>12,890</u>	<u>1,165</u>	<u>55,499</u>	<u>69,554</u>
<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Retained profits \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2018	12,890	1,165	55,499	69,554
Profit after income tax expense for the year	-	-	7,329	7,329
Other comprehensive income for the year, net of tax	-	481	-	481
Total comprehensive income for the year	-	481	7,329	7,810
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid (note 10)	-	-	(4,279)	(4,279)
Balance at 30 June 2019	<u>12,890</u>	<u>1,646</u>	<u>58,549</u>	<u>73,085</u>

	<b>Note</b>	<b>Consolidated 2019 \$'000</b>	<b>2018 \$'000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		78,215	74,000
Payments to suppliers and employees		(65,721)	(60,264)
		<hr/>	<hr/>
Interest received		12,494	13,736
Other revenue		13	-
Interest and other finance costs paid		58	36
Income taxes paid		(37)	(163)
		(2,025)	(2,319)
		<hr/>	<hr/>
Net cash from operating activities	11	10,503	11,290
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	7	(3,146)	(1,824)
Payments for intangibles	8	(2,706)	(2,346)
Proceeds from disposal of property, plant and equipment		158	43
		<hr/>	<hr/>
Net cash used in investing activities		(5,694)	(4,127)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	78
Dividends paid	10	(4,279)	(2,853)
Repayment of borrowings		(2,214)	(2,001)
		<hr/>	<hr/>
Net cash used in financing activities		(6,493)	(4,776)
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(1,684)	2,387
Cash and cash equivalents at the beginning of the financial year		8,246	5,754
Effects of exchange rate changes on cash and cash equivalents		(81)	105
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year		<u>6,481</u>	<u>8,246</u>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*

## Note 1. Operating segments

### *Identification of reportable operating segments*

The consolidated entity's operations consist of the manufacture of dental restorative products, teeth whitening systems and small dental equipment for sale to dental distributors, dental dealers and dentists worldwide.

Operating segments are determined using the 'management approach', where the information presented is on the same basis as the internal reports reviewed by the Board of Directors (identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The consolidated entity comprises four separate reportable operating segments which are primarily identified on the basis of subsidiary companies in different geographical markets.

### *Reportable segments*

The consolidated entity's reportable segments are as follows:

Australia:	SDI Limited
Europe:	SDI Germany GmbH (Germany) and SDI Dental Innovations Limited (United Kingdom).
USA:	SDI (North America), Inc.
Brazil:	SDI Brasil Industria e Comercio Ltda

### *Intersegment transactions*

The segment revenues, expenses and results include transfers between segments. The pricing of the intersegment transactions is based on cost plus an appropriate mark-up, which reflects market conditions of the segment into which the sales are made. These transfers are eliminated on consolidation.

### *Intersegment receivables, payables and loans*

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

### *Major customers*

The consolidated entity has a number of customers to whom it sells products. No single customer represents 10% or more of the consolidated entity's revenue.

**Note 1. Operating segments (continued)**

*Operating segment information*

<b>Consolidated - 2019</b>	<b>Australia \$'000</b>	<b>Europe \$'000</b>	<b>USA \$'000</b>	<b>Brazil \$'000</b>	<b>Other segments \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>						
Sales to external customers	30,514	24,737	19,195	5,065	87	79,598
Intersegment sales	25,695	4,156	-	-	-	29,851
Total sales revenue	56,209	28,893	19,195	5,065	87	109,449
Total segment revenue	56,209	28,893	19,195	5,065	87	109,449
Intersegment eliminations						(29,851)
<b>Total revenue</b>						<b>79,598</b>
<b>Segment results before tax</b>	14,030	906	660	282	62	15,940
Intersegment eliminations	(1,762)	-	-	-	-	(1,762)
Depreciation and amortisation	(3,456)	(36)	(83)	(88)	(6)	(3,669)
Interest revenue	2	-	2	-	9	13
Finance costs	(33)	-	(3)	(1)	-	(37)
<b>Profit before income tax expense</b>	8,781	870	576	193	65	10,485
Income tax expense						(3,156)
<b>Profit after income tax expense</b>						<b>7,329</b>
<b>Assets</b>						
Segment assets	82,004	14,355	8,876	5,496	41	110,772
Intersegment eliminations						(24,173)
<b>Total assets</b>						<b>86,599</b>
<b>Liabilities</b>						
Segment liabilities	12,008	11,427	2,075	5,640	499	31,649
Intersegment eliminations						(18,135)
<b>Total liabilities</b>						<b>13,514</b>

**Note 1. Operating segments (continued)**

<b>Consolidated - 2018</b>	<b>Australia \$'000</b>	<b>Europe \$'000</b>	<b>USA \$'000</b>	<b>Brazil \$'000</b>	<b>Other segments \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>						
Sales to external customers	26,067	24,750	17,980	5,637	101	74,535
Intersegment sales	21,386	-	-	47	-	21,433
Total sales revenue	47,453	24,750	17,980	5,684	101	95,968
Total segment revenue	47,453	24,750	17,980	5,684	101	95,968
Intersegment eliminations						(21,433)
<b>Total revenue</b>						<b>74,535</b>
<b>Segment results before tax</b>	10,510	806	598	(289)	33	11,658
Intersegment eliminations	490	-	-	-	-	490
Depreciation and amortisation	(3,636)	(64)	(59)	(101)	(8)	(3,868)
Interest revenue	1	-	-	27	-	28
Finance costs	(160)	-	-	(3)	-	(163)
<b>Profit/(loss) before income tax expense</b>	7,205	742	539	(366)	25	8,145
Income tax expense						(2,484)
<b>Profit after income tax expense</b>						<b>5,661</b>
<b>Assets</b>						
Segment assets	78,160	7,657	7,608	6,469	84	99,978
Intersegment eliminations						(18,088)
<b>Total assets</b>						<b>81,890</b>
<b>Liabilities</b>						
Segment liabilities	11,214	5,403	1,539	6,800	580	25,536
Intersegment eliminations						(13,200)
<b>Total liabilities</b>						<b>12,336</b>

**Note 2. Other income**

	<b>Consolidated 2019 \$'000</b>	<b>2018 \$'000</b>
Net foreign exchange gain	798	-
Net gain on disposal of property, plant and equipment	31	-
Other income	59	8
Other income	<b>888</b>	<b>8</b>

**Note 3. Earnings per share**

	<b>Consolidated 2019 \$'000</b>	<b>2018 \$'000</b>
Profit after income tax attributable to the owners of SDI Limited	<b>7,329</b>	<b>5,661</b>

**Note 3. Earnings per share (continued)**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	118,865,530	118,865,530
Weighted average number of ordinary shares used in calculating diluted earnings per share	118,865,530	118,865,530
	Cents	Cents
Basic earnings per share	6.17	4.76
Diluted earnings per share	6.17	4.76

*Accounting policy for earnings per share*

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of SDI Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**Note 4. Current assets - trade and other receivables**

	Consolidated	
	2019	2018
	\$'000	\$'000
Trade receivables	17,085	15,322
Less: Allowance for expected credit losses (2018: Provision for impairment of receivables)	(394)	(274)
	16,691	15,048
Other receivables	1,089	1,177
	17,780	16,225

**Note 5. Current assets - inventories**

	Consolidated	
	2019	2018
	\$'000	\$'000
Raw materials - at cost	8,598	7,462
Finished goods - at cost	8,887	7,310
Less: Provision for inventory obsolescence	(243)	(214)
	17,242	14,558

**Note 6. Non-current assets - other receivables**

	Consolidated	
	2019	2018
	\$'000	\$'000
Trade and other receivables	713	885

**Note 7. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Land and buildings - at cost	10,781	10,410
Less: Accumulated depreciation	(1,684)	(1,558)
	<u>9,097</u>	<u>8,852</u>
Plant and equipment - at cost	34,591	32,303
Less: Accumulated depreciation	(25,008)	(23,586)
	<u>9,583</u>	<u>8,717</u>
	<u><u>18,680</u></u>	<u><u>17,569</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	<b>Land and buildings</b>	<b>Plant and equipment</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July 2017	8,716	9,405	18,121
Additions	253	1,571	1,824
Disposals	-	(56)	(56)
Depreciation expense	(117)	(2,203)	(2,320)
	<u>8,852</u>	<u>8,717</u>	<u>17,569</u>
Balance at 30 June 2018	8,852	8,717	17,569
Additions	371	2,773	3,144
Disposals	-	(124)	(124)
Depreciation expense	(126)	(1,783)	(1,909)
	<u>9,097</u>	<u>9,583</u>	<u>18,680</u>
Balance at 30 June 2019	<u><u>9,097</u></u>	<u><u>9,583</u></u>	<u><u>18,680</u></u>

**Note 8. Non-current assets - intangibles**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Product development costs - at cost	25,517	24,957
Less: Accumulated amortisation	(10,757)	(9,461)
	<u>14,760</u>	<u>15,496</u>
Intellectual property - at cost	7,634	7,363
Less: Accumulated amortisation	(4,558)	(4,040)
	<u>3,076</u>	<u>3,323</u>
Development work in progress - at cost	6,767	4,838
	<u><u>24,603</u></u>	<u><u>23,657</u></u>



**Note 8. Non-current assets - intangibles (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	<b>Product development costs \$'000</b>	<b>Intellectual property \$'000</b>	<b>Development work in progress \$'000</b>	<b>Total \$'000</b>
Balance at 1 July 2017	15,265	3,430	4,164	22,859
Additions	1,204	468	674	2,346
Amortisation expense	(973)	(575)	-	(1,548)
Balance at 30 June 2018	15,496	3,323	4,838	23,657
Additions	503	274	1,929	2,706
Amortisation expense	(1,239)	(521)	-	(1,760)
Balance at 30 June 2019	<u>14,760</u>	<u>3,076</u>	<u>6,767</u>	<u>24,603</u>

**Note 9. Current liabilities - trade and other payables**

	<b>Consolidated 2019 \$'000</b>	<b>2018 \$'000</b>
Trade payables	3,253	2,939
Other payables and accrued expenses	<u>2,996</u>	<u>1,018</u>
	<u>6,249</u>	<u>3,957</u>

**Note 10. Equity - dividends**

*Dividends*

Dividends paid during the financial year were as follows:

	<b>Consolidated 2019 \$'000</b>	<b>2018 \$'000</b>
Final dividend for the year ended 30 June 2018 of 1.4 cents (2017: 1.3 cents) per ordinary share	1,664	1,545
Interim dividend for the year ended 30 June 2019 of 1.2 cents (2018: 1.1 cents) per ordinary share	1,426	1,308
Special dividend for the year ended 30 June 2019 of 1.0 cents (2018: nil) per ordinary share	<u>1,189</u>	<u>-</u>
	<u>4,279</u>	<u>2,853</u>

On 22 August 2019, the Directors declared a final franked dividend of 1.5 cents per share to be paid on 20 September 2019. This equates to a total estimated distribution of \$1,783,000, based on the number of ordinary shares on issue as at 30 June 2019. The financial effect of dividends declared after the reporting date are not reflected in the 30 June 2019 financial statements and will be recognised in subsequent financial reports.

Total dividends for the 2019 financial year increased by 48.0% to 3.7 cents compared to 2.5 cents in the previous year. The Directors decided that the Company's Dividend Reinvestment Plan ('DRP') will not be offered to Shareholders for this dividend payment.

**Note 10. Equity - dividends (continued)**

*Franking credits*

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Franking credits available for subsequent financial years based on a tax rate of 30%	9,170	9,039

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

**Note 11. Reconciliation of profit after income tax to net cash from operating activities**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit after income tax expense for the year	7,329	5,661
Adjustments for:		
Depreciation and amortisation	3,669	3,868
Net loss/(gain) on disposal of non-current assets	(31)	13
Other revenue - non-cash	(799)	-
Foreign currency differences	562	298
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,383)	(535)
Decrease/(increase) in inventories	(2,684)	2,577
Decrease/(increase) in prepayments	(350)	68
Increase in other operating assets	(370)	-
Increase/(decrease) in trade and other payables	3,460	(594)
Decrease in derivative liabilities	-	(62)
Increase/(decrease) in provision for income tax	1,204	(66)
Increase/(decrease) in deferred tax liabilities	(74)	231
Decrease in employee benefits	(30)	(169)
Net cash from operating activities	10,503	11,290