

Preliminary Final Report and Dividend Announcement

EMBELTON LIMITED ACN 004 401 496
For Year Ended 30 June 2021

Results for Announcement to the Market

				<u>\$A'000</u>
Total Revenues	Down	5.8%	to	68,222
Profit after tax attributable to members	Down	33.3%	to	1,439
Net profit for the period attributable to members	Down	33.0%	to	1,441
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>20.0¢</u>		<u>20.0¢</u>	
Total Dividends for year	40.0¢		40.0¢	
Record date for determining entitlements to the dividend		24 September 2021		

Condensed consolidated statement of comprehensive income

	Current period (\$A'000)	Previous corresponding period (\$A'000)
Total Revenues	68,222	72,445
Expenses	65,931	68,923
Finance costs	180	342
Profit before tax	2,111	3,180
Income tax	672	1,023
Profit after tax	1,439	2,157
Other Comprehensive income	2	(5)
Total Comprehensive income	1,441	2,152
Net profit for the period attributable to members	1,441	2,152
Total Comprehensive income attributable to members	1,441	2,152

Consolidated retained profits

	Current period (\$A'000)	Previous corresponding period (\$A'000)
Retained profits at the beginning of the financial period	17,414	16,120
Net profit attributable to members	1,441	2,157
Dividends and other equity distributions paid	(865)	(863)
Retained profits at end of financial period	17,990	17,414

Earnings per security (EPS)

	Current period	Previous corresponding period
Basic EPS	67 cents	100 cents
Diluted EPS	67 cents	100 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	68,117	72,324
Interest revenue	0	1
Other relevant revenue	105	120
Total Revenues	68,222	72,445
Details of relevant expenses	52,675	53,449
Cost of goods sold		
Depreciation and amortisation including amortisation of intangibles	983	1,060

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	848	951
Consolidated profit after tax attributable to members for the 2nd half year	593	1,201

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	86	25
Receivables	8,855	12,604
Inventories	12,447	12,072
Current Tax Assets	107	0
Other	527	155
Total current assets	22,022	24,856
Non-current assets		
Property, plant and equipment (net)	9,211	9,262
Right of Use Assets	434	450
Intangibles	330	397
Tax assets	685	888
Total non-current assets	10,660	10,997
Total assets	32,682	35,853
Current liabilities		
Payables	10,406	8,713
Borrowings	0	5,623
Lease liabilities	389	333
Tax liabilities	0	584
Provisions exc. tax liabilities	1,423	1,489
Total current liabilities	12,218	16,742
Non-current liabilities		
Tax liabilities	75	59
Borrowings	1,000	-
Lease liabilities	59	168
Provisions exc. tax liabilities	181	313
Total non-current liabilities	1,315	540
Total liabilities	13,533	17,282
Net assets	19,149	18,571
Equity		
Contributed equity	1,156	1,156
Reserves	3	1
Retained profits	17,990	17,414
Equity attributable to members of the parent entity	19,149	18,571
Total equity	19,149	18,571

Condensed consolidated statement of cash flows

	Current period (\$A'000)	Previous corresponding period (\$A'000)
Cash flows related to operating activities		
Receipts from customers	79,118	74,473
Payments to suppliers and employees	(71,287)	(71,115)
Interest and other items of similar nature received	0	1
Finance costs	(209)	(342)
Income taxes paid	(1,151)	(561)
Net operating cash flows	6,471	2,456
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	(505)	(258)
Proceeds from sale of property, plant and equipment	45	8
Acquisition of business	0	(368)
Net investing cash flows	(460)	(618)
Cash flows related to financing activities		
Repayment of Lease Liability	(464)	(480)
Repayment of Borrowings	(4,623)	(485)
Dividends paid	(863)	(863)
Net financing cash flows	(5,950)	(1,828)
Net Increase/(decrease) in cash held	61	(10)
Cash and cash equivalents at beginning of period	25	35
Cash and cash equivalents at end of period	86	25

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	86	25
Commercial Bills	-	-
Deposits at call	-	-
Total cash and cash equivalents at end of period	86	25

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 2019	1,156	6	16,120	17,282
Profit for the period	-	-	2,157	2,157
Other Comprehensive income	-	(5)	-	(5)
Total Comprehensive income	-	(5)	2,157	2,152
Dividends paid	-	-	(863)	(863)
At 30 June 2020	1,156	1	17,414	18,571
Profit for the period	-	-	1,439	1,439
Other Comprehensive income	-	2	-	2
Total Comprehensive income	-	2	1,439	1,441
Dividends paid	-	-	(863)	(863)
At 30 June 2021	1,156	3	17,990	19,149

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%	4.3%
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	7.5%	11.6%

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security (Includes ROU Assets and Lease Liabilities)	\$8.72	\$8.43

Dividends

Date the dividend (distribution) is payable	15 October 2021
Record date to determine entitlements to the dividend	24 September 2021
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	20.0¢	20.0¢	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¢	40.0¢
Preference securities	-	-

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

	Current period (\$A'000)	Previous corresponding period (\$A'000)
Ordinary securities	865	863
Preference securities	-	-
Other equity instruments	-	-
Total	865	863

Segmental Information

	Merchandising (\$A'000)	Commercial (\$A'000)	Manufacturing (\$A'000)	Consolidated (\$A'000)
<u>12 months to June 2021</u>				
<u>Revenue</u>				
Total Operating Revenue	24,647	44,311	5,978	74,936
Less Elimination on Consolidation	-	(1,094)	(5,725)	(6,819)
Total External Operating Revenue	24,647	43,217	253	68,117
<u>Results</u>				
Segment results	162	2,316	(168)	2,310
	Unallocated expenses			(199)
Total Operating Profit before Income Tax				2,111
<u>Assets</u>				
	11,065	18,804	2,221	32,090
	Unallocated assets			592
	Total Assets			32,682
<u>12 months to June 2020</u>				
<u>Revenue</u>				
Total Operating Revenue	28,059	45,662	6,984	80,705
Less Elimination on Consolidation	-	(1,700)	(6,681)	(8,381)
Total External Operating Revenue	28,059	43,962	303	72,324
<u>Results</u>				
Segment results	1,384	1,764	237	3,385
	Unallocated expenses			(205)
Total Operating Profit before income tax				3,180
<u>Assets</u>				
	12,604	19,549	2,755	34,908
	Unallocated assets			945
	Total Assets			35,853

DIRECTORS COMMENTS

The Group finished a difficult year with revenue falling by almost 6%, largely as a result of the nationwide contraction in high density residential construction which has been an area of focus for the Company in recent years. With closed borders and a significant reduction in international investment, demand for multi-storey residential accommodation has declined, resulting in widespread project delays and deferrals.

The lower profit recorded for the period was also impacted by significant costs associated with the new Flooring Online platform which was launched at the beginning of the financial year. Development of this new activity, directed towards replacement of our declining wholesale flooring business, had been expected to detract from earnings due to the significant early-stage advertising and marketing expense not being matched by revenues. Nonetheless, the online retail concept for floor coverings holds sufficient promise to warrant additional investment in the coming period.

With Covid lockdowns and border closures likely to be maintained in the near term, the Group expects continuing headwinds in our core Contracting and Engineering businesses. Faced with this fluid business environment, some adjustments have been made in the Group operating structure to better manage resources and maintain profitability during the challenging period ahead.

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	3 November 2021
Time	11.00am
Approximate date the annual report will be available	30 September 2021

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)

☐	The accounts have been audited.	☐	The accounts have been subject to review.
☒	The accounts are in the process of being audited or subject to review.	☐	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 2021