Preliminary Final Report and Dividend Announcement

EMBELTON LIMITED ACN 004 401 496
For Year Ended 30 June 2023

Results for Announcement to the Market

				$A'000
Total Revenues	up	12.6%	to	74,308
Profit after tax	Down	2.0%	to	950
Total Comprehensive income for the period	Down	4.5%	to	942

Dividends (distributions)	Amount per security	Franked amount per security
Interim Dividend	10.0¢	10.0¢
Final Dividend		
Ordinary Dividend	20.0¢	20.0¢
Total Dividends for year	30.0¢	30.0¢
Previous Corresponding Period:		
Interim Dividend	15.0¢	15.0¢
Final Ordinary Dividend	20.0¢	20.0¢
Total Dividends for year	35.0¢	35.0¢

Record date for determining entitlements to the dividend 23 September 2023

Condensed consolidated statement of comprehensive income

	Current period ($A'000)	Previous corresponding period ($A'000)
Total Revenues	74,308	66,022
Expenses	72,402	64,345
Finance costs	651	219
Profit before tax	**1,255**	**1,458**
Income tax	305	489
Profit after tax	**950**	**969**
Other Comprehensive income	(8)	18
Total Comprehensive income	**942**	**987**
Net profit for the period attributable to members	**942**	**987**
Total Comprehensive income attributable to members	**942**	**987**

Consolidated retained profits

	Current period ($A'000)	Previous corresponding period ($A'000)
Retained profits at the beginning of the financial period	18,204	17,990
Net profit attributable to members	950	969
Dividends and other equity distributions paid	(647)	(755)
Retained profits at end of financial period	**18,507**	**18,204**

Earnings per security (EPS)

	Current period	Previous corresponding period
Basic EPS	44 cents	45 cents
Diluted EPS	44 cents	45 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	74,308	65,913
Interest revenue	9	0
Other relevant revenue	544	109
Total Revenues	**74,861**	**66,022**
Details of relevant expenses Cost of goods sold	59,378	51,819
Depreciation and amortisation including amortisation of intangibles	1,030	1,015

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	248	331
Consolidated profit after tax attributable to members for the 2nd half year	702	638

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	383	56
Receivables	9,810	8,763
Inventories	16,155	18,613
Other	740	1,082
Total current assets	**27,088**	**28,514**
Non-current assets		
Property, plant and equipment (net)	8,720	8,925
Right of Use Assets	531	830
Intangibles	330	330
Tax assets	491	599
Total non-current assets	**10,072**	**10,684**
Total assets	**37,160**	**39,198**
Current liabilities		
Payables	9,903	8,657
Borrowings	5,500	3,000
Lease Liabilities	331	389
Tax liabilities	58	108
Provisions exc. tax liabilities	1,226	1,471
Total current liabilities	**17,018**	**13,625**
Non-current liabilities		
Tax liabilities	103	90
Borrowings	-	5,500
Lease liabilities	220	452
Provisions exc. tax liabilities	143	150
Total non-current liabilities	**466**	**6,192**
Total liabilities	**17,484**	**19,817**
Net assets	**19,676**	**19,381**
Equity		
Contributed equity	1,156	1,156
Reserves	13	21
Retained profits	18,507	18,204
Equity attributable to members of the parent entity	**19,676**	**19,381**
Total equity	**19,676**	**19,381**

Condensed consolidated statement of cash flows

	Current period ($A'000)	Previous corresponding period ($A'000)
Cash flows related to operating activities		
Receipts from customers	80,684	72,701
Payments to suppliers and employees	(75,803)	(78,352)
Interest and other items of similar nature received	9	0
Finance costs	(651)	(219)
Income taxes paid	(174)	(197)
Net operating cash flows	**4,065**	**(6,067)**
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	(555)	(328)
Proceeds from sale of property, plant and equipment	575	23
Net investing cash flows	**20**	**(305)**
Cash flows related to financing activities		
Repayment of Lease Liability	(111)	(403)
(Repayment)/Proceeds of Borrowings	(3,000)	7,500
Dividends paid	(647)	(755)
Net financing cash flows	**(3,758)**	**6,342**
Net Increase/(decrease) in cash held	327	(30)
Cash and cash equivalents at beginning of period	56	86
Cash and cash equivalents at end of period	**383**	**56**

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	383	56
Commercial Bills	-	-
Deposits at call	-	-
Total cash and cash equivalents at end of period	**383**	**56**

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 2021	**1,156**	**3**	**17,990**	**19,149**
Profit for the period	-	-	969	969
Other Comprehensive income	-	18	-	18
Total Comprehensive income	-	18	969	987
Dividends paid	-	-	(755)	(755)
At 30 June 2022	**1,156**	**21**	**18,204**	**19,381**
Profit for the period	-	-	950	950
Other Comprehensive income	-	(8)	-	(8)
Total Comprehensive income	-	(8)	950	942
Dividends paid	-	-	(647)	(647)
At 30 June 2023	**1,156**	**13**	**18,507**	**19,676**

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	1.7%	2.2%
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	4.8%	5.0%

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security (Includes ROU Assets and Lease Liabilities)	$8.97	$8.83

Dividends

Date the dividend (distribution) is payable	13 October 2023
Record date to determine entitlements to the dividend	22 September 2023
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	10.0¢	10.0¢	Nil
Previous year	15.0¢	15.0¢	Nil

Total dividend per security (interim *plus* final)

	Current year	Previous year
Ordinary securities	30.0¢	35.0¢
Preference securities	-	-

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

	Current period ($A'000)	Previous corresponding period ($A'000)
Ordinary securities	647	755
Preference securities	-	-
Other equity instruments	-	-
Total	**647**	**755**

Segmental Information

	Merchandising ($A'000)	Commercial ($A'000)	Manufacturing ($A'000)	Consolidated ($A'000)
12 months to June 2023				
Revenue				
Total Operating Revenue	23,356	50,666	5,094	79,116
Less Elimination on Consolidation	-	-	(4,808)	(4,808)
Total External Operating Revenue	**23,356**	**50,666**	**286**	**74,308**
Results				
Segment results	990	800	15	1,805
			Unallocated expenses	(550)
			Total Operating Profit before Income Tax	**1,255**
Assets	11,548	23,599	1,950	37,097
			Unallocated assets	63
			Total Assets	**37,160**
12 months to June 2022				
Revenue				
Total Operating Revenue	22,989	42,661	5,654	71,304
Less Elimination on Consolidation	-	(160)	(5,231)	(5,391)
Total External Operating Revenue	**22,989**	**42,501**	**423**	**65,913**
Results				
Segment results	1,353	250	108	1,711
			Unallocated expenses	(253)
			Total Operating Profit before income tax	**1,458**
Assets	15,301	20,970	2,327	38,598
			Unallocated assets	600
			Total Assets	39,198

DIRECTORS COMMENTS

As the year progressed, the expected improvement in construction activity did not materialise. Project delays continued to plague the industry, due principally to ongoing labour and material shortages, and although work recommenced on much of the Company's post covid backlog, the disruption to planned schedules led to operating inefficiencies and pressure on budgeted margins. These conditions have been widespread throughout the industry as delayed projects have neared completion such that several builders, and subcontractors, have struggled to manage the difficult conditions and, in some cases, to survive.

Earnings before interest and tax showed a modest improvement, bolstered by a surplus on the sale of the Company's redundant property in Taree NSW but a significant increase in financing costs restrained net profits to a level just short of last year's result.

Pleasingly, internal operational improvements have led to a positive financial outcome for the period, with better management of inventories contributing to a significant reduction in borrowings during the final half year.

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	8 November 2023
Time	11.00am
Approximate date the annual report will be available	30 September 2023

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 *not* 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

24 August 2023