

APPENDIX 4E

PRELIMINARY FINAL REPORT

ASX LISTING RULE 4.3A

1. COMPANY DETAILS

Name:	Story-I Ltd and its controlled entities (the "Group")
ABN:	56 163 916 989
Reporting Period:	30 June 2019
Previous Corresponding Reporting Period:	30 June 2018

Review of Operations

Story-i Ltd ("Story-i" or "Company") presents its results for the financial year ended 30 June 2019.

Trading review

Revenue increased by 55.9% to \$41.63 million versus \$26.69 million in the prior year. The increase in revenue were due both the organic growth in sales and to the acquisitions that were completed in FY2019.

The gross margin declined to 20.2% with a gross profit of \$8.43 million versus a gross margin of 26.0% with a gross profit of \$6.95 million in the prior year. The gross margins in the prior year were boosted by the variety of older iPhones models made available by Apple prior to the launch of new models and the resultant increase in related high margin accessories. This one off exercise in FY2018 was not repeated in FY2019.

The decline in gross margins together with higher marketing and other expenses resulted in a 38.1% decline in net profit after tax to \$1.22 million compared to \$1.87 million in the prior year. Although there were volume rebates and economies of scale, these were offset by the higher operating expenses in FY2019. The net margins were also impacted by the higher interest expense.

During 2HFY2019 several stores were renovated and upgraded to the latest version of Apple retail stores together with 4 service centres and 3 campus stores which were launched during this period. The contribution from the 3 campus stores and 4 service centres with its higher service margins which became operational during 2HFY2019 will be felt in FY2020.

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Subsequent Events

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group, in subsequent financial years.

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Story-I	Full Year to 30 June 2019		%		\$
Revenue from ordinary activities		up	40.2%	to	41,631,185
Profit from ordinary activities after tax attributable to members		down	34.7%	to	1,146,947
Net profit for the period attributable to members		down	34.7%	to	1,146,947

Refer to Review of Operations for further details impacting the Results for Announcement to the Market.

3. DIVIDEND INFORMATION

In respect of the current year, no dividends have been declared or paid (2018: nil).

At 30 June 2019, there was no dividend reinvestment plan in operation for Story-I Limited.

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4. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
Revenue from sale of goods	41,631,185	29,694,141
Cost of sales	(33,203,268)	(22,747,738)
Gross Profit	8,427,917	6,946,403
Other income	137,684	813,676
Marketing expenses	(2,031,300)	(997,998)
Other expenses	(3,968,864)	(2,735,785)
Interest expense	(860,552)	(463,663)
Depreciation	(589,866)	(403,655)
Bad debt written off	-	(86,706)
Foreign exchange gain / (loss)	505,654	(370,584)
Profit before income tax	1,620,673	2,701,688
Income tax expense	(396,580)	(824,897)
Profit after income tax	1,224,093	1,876,791
Profit attributable to:		
Equity holders of the parent entity	1,146,947	1,757,144
Non-controlling interests	77,146	119,647
Profit for the year	1,224,093	1,876,791
Other comprehensive income		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Exchange differences on translation of foreign operations, net of tax	708,711	(192,617)
Total comprehensive income for the year	1,932,804	1,684,174
Total comprehensive income attributable to:		
Equity holders of the parent entity	1,836,461	1,577,515
Non-controlling interests	96,343	106,659
Total comprehensive income for the year	1,932,804	1,684,174
Basic earnings per share (cents)	0.39	0.73
Diluted earnings per share (cents)	0.38	0.71

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5. CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	NOTE	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents		4,595,226	1,918,458
Trade and other receivables	8	10,749,100	13,361,850
Inventories		11,912,034	5,400,917
Other		57,072	514,138
Total Current Assets		27,313,432	21,195,363
Non-Current Assets			
Plant and equipment		7,606,449	1,677,084
Intangibles		1,058,962	1,015,639
Other		525,705	410,915
Deferred tax assets		45,351	42,355
Total Non-Current Assets		9,236,467	3,145,993
TOTAL ASSETS		36,549,899	24,341,356
LIABILITIES			
Current Liabilities			
Trade and other payables		15,778,367	6,696,422
Proceeds received for shares		-	600,000
Borrowings		2,687,513	1,706,077
Total Current Liabilities		18,465,880	9,002,510
Non-Current Liabilities			
Trade and other payables		1,458,254	1,241,133
Provisions		169,017	169,422
Total Non-Current Liabilities		1,627,271	1,410,555
TOTAL LIABILITIES		20,093,151	10,413,065
NET ASSETS		16,456,748	13,928,291
EQUITY			
Contributed equity		7,532,206	6,936,553
Retained earnings		7,971,273	6,824,326
Foreign currency translation reserve		356,501	(333,168)
Parent interests		15,859,980	13,427,866
Non-controlling interests		596,768	500,425
TOTAL EQUITY		16,456,748	13,928,291

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**6. CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	2019 \$	2018 \$
Cash flows from operating activities		
Receipts from customers	44,068,877	29,023,269
Payments to suppliers and employees	(34,941,205)	(26,234,591)
Income tax paid	-	(1,033,663)
Interest received	-	130,893
Other receipts	137,684	682,782
Interest paid	(860,552)	(463,663)
Net cash provided by / (used) in operating activities	<u>8,404,804</u>	<u>2,105,027</u>
Cash flows from investing activities		
Payments for plant and equipment	(6,643,589)	(1,490,928)
Receipts from / (payments for) security deposits	(61,536)	-
Payments for acquisition of eStore business	-	(2,336,386)
Net cash provided by / (used) in investing activities	<u>(6,705,125)</u>	<u>(3,827,314)</u>
Cash flows from financing activities		
Proceeds from issue of shares (net of share issue costs)	(4,347)	2,818,603
Proceeds received in advance of issue of shares	-	600,000
Proceeds from / (repayments of) bank loans	1,011,836	34,125
Proceeds from / (repayments of) other borrowings	(30,400)	(469,600)
Net cash provided by financing activities	<u>977,089</u>	<u>2,983,128</u>
Net increase in cash held	<u>2,676,768</u>	<u>1,260,841</u>
Cash and cash equivalents at the beginning of the financial year	1,918,458	657,617
Effect of exchange rate changes on cash and cash equivalents		
Cash and cash equivalents at the end of the financial year	<u>4,595,226</u>	<u>1,918,458</u>

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7. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Contributed Equity	Retained Earnings	Foreign Currency Translation Reserve	Total	Non- Controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	3,714,825	5,067,182	(153,384)	8,628,623	393,766	9,022,389
Total profit for the year after tax	-	1,757,144	-	1,757,144	119,647	1,876,791
Other comprehensive income						
Exchange differences on translation of foreign operation	-	-	(179,629)	(179,629)	(12,988)	(192,617)
Total comprehensive income for the year	-	1,757,144	(179,629)	1,577,515	106,659	1,684,174
Issue of shares (less share issue costs)	3,221,728	-	-	3,221,728	-	3,221,728
Balance at 30 June 2018	6,936,553	6,824,326	(333,013)	13,427,866	500,425	13,928,291
Balance at 1 July 2018	6,936,553	6,824,326	(333,013)	13,427,866	500,425	13,928,291
Total profit for the year after tax	-	1,146,947	-	1,146,947	77,146	1,224,093
Other comprehensive income						
Exchange differences on translation of foreign operation	-	-	689,514	689,514	19,197	708,711
Total comprehensive income for the year	-	1,146,947	689,514	1,836,461	96,343	1,932,804
Issue of shares (less share issue costs)	595,653	-	-	595,653	-	595,653
Balance at 30 June 2019	7,532,206	7,971,273	356,501	15,859,980	596,768	16,456,748

8. TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	30 June 2019 \$	30 June 2018 \$
Current		
Trade debtors	2,619,664	3,111,239
Prepayments	1,013,067	607,949
Advance payment	1,384,341	2,011,106
Other receivables	5,732,028	7,631,556
	<u>10,749,100</u>	<u>13,361,850</u>

9. NET TANGIBLE ASSETS PER SECURITY

	30 June 2019 \$	30 June 2018 \$
Net tangible assets backing per ordinary security	5.2	4.7
Number of fully paid ordinary securities used in calculation	297,038,279	273,367,046

10. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

Not applicable.

11. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Not applicable.

12. ANY OTHER SIGNIFICANT INFORMATION NEEDED BY AN INVESTOR TO MAKE AN INFORMED ASSESSMENT OF THE GROUP'S FINANCIAL PERFORMANCE AND FINANCIAL POSITION

All significant information has been included elsewhere in this document.

13. FOR FOREIGN ENTITIES, WHICH SET OF ACCOUNTING STANDARDS IS USED IN COMPILING THE REPORT

Not applicable.

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14. COMMENTARY ON THE RESULTS FOR THE PERIOD

The basic earnings per share for the year was 0.39 cents (2018: 0.73 cents).

The diluted earnings per share for the year was 0.38 cents (2018: 0.71 cents). The Company has 7,250,009 options to acquire shares on issue, that are considered dilutive.

There was nil return to shareholders including distributions and buy backs.

For further commentary on the results for the period refer to the Review of Operations.

15. STATUS OF AUDIT

The financial report for the year end 30 June 2019 is currently in the process of being audited.

16. DISPUTE OR QUALIFICATION IF NOT YET AUDITED

None.

17. DISPUTE OR QUALIFICATION IF AUDITED

Not applicable.

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