

Preliminary Final Report and Dividend Announcement

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

Results for Announcement to the Market

				<u>\$A'000</u>
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	<u>20.0¢</u>		<u>20.0¢</u>	
Total Dividends for year	30.0¢		30.0¢	
Previous Corresponding Period:				
Interim Dividend	15.0¢		15.0¢	
Final Ordinary Dividend	<u>20.0¢</u>		<u>20.0¢</u>	
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	59,378	51,819
Cost of goods sold		
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

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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)
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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

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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)

<input type="checkbox"/>	The accounts have been audited.	<input type="checkbox"/>	The accounts have been subject to review.
<input checked="" type="checkbox"/>	The accounts are in the process of being audited or subject to review.	<input type="checkbox"/>	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

24 August 2023