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TUBI

Tubi Limited

ABN: 25 139 142 493

Appendix 4E Preliminary Final Report

For the Year Ended 30 June 2020

Tubi Limited

ABN: 25 139 142 493

For the Year Ended 30 June 2020

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Appendix 4E

Preliminary final report

Name of Entity	Tubi Limited
ABN	25 139 142 493
Financial Year Ended	30 June 2020
Previous Corresponding Reporting Period	30 June 2019

1. Results for Announcement to the Market

	\$	% change over corresponding period
Revenue from ordinary activities	20,811,108	down 34%
Profit/(loss) from ordinary activities after tax attributable to members	(4,667,873)	down 411%
Net profit/(loss) for the period attributable to members	(4,667,873)	down 411%

2. Dividends

No interim or final dividends were paid or are proposed for the year ended 30 June 2020.

3. Net Tangible Assets per Security

	30 June 2020 \$	30 June 2019* \$
Net tangible assets per ordinary security	0.07	0.09*

* Note: In the financial year ended 30 June 2019 the Company undertook a 1:30 share conversion where every one (1) share held in the Company was converted to thirty (30) shares held in the Company.

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Other information

4. Control gained over entities having material effect

Not Applicable.

5. Loss of control over entities having material effect

Not Applicable.

6. Dividend or distribution reinvestment plans

During and since the year ended 30 June 2020 there has not been any dividend or distribution reinvestment plan in operation.

7. Associates and joint venture entities

During and since the year ended 30 June 2020 the Group has not had any interests in associate or joint venture entities.

8. Information supporting the disclosure requirements of the Appendix 4E and commentary on results

Operating results and review of operations for the year

The consolidated loss for the Group for the year 30 June 2020 was \$4.7 million (30 June 2019: profit of \$1.5 million).

During the first half of the year the Group completed the building, commissioning, and delivery of a Mobile Plant to Iplex Pipelines NZ Limited.

From the commencement of the year until March 2020 the Group continued to manufacture HDPE pipe from its Mobile Extrusion Plant in the Permian Basin, Texas, USA for MPS Enterprises, Inc under a Manufacturing and Supply Agreement. The decline in investment activity in the upstream oil and gas industry, caused by the decline in oil prices, led to exclusivity restrictions and a reduction in orders, selling prices and margins.

The Group also incurred significant operating costs in 1H FY20 due to a series of operator failings, resulting in approximately six weeks of lost production.

Restructure and new strategy

To mitigate the decline in the Permian Basin and the risks of operations, the Group has invested in an internal sales team and instigated a change in senior management. Marcello Russo, Founder of the business, was appointed Chief Executive Officer in February 2020.

The Group secured customers in new markets in Florida. Through late March to May two plants were commissioned at a base site leased from a key customer and global miner of phosphate and potash in Bartow, Florida.

Impact of COVID-19

Production at our base site in Florida is currently classified as an essential service under the Covid-19 restrictions. Tubi is not currently experiencing material operating restrictions in Florida, where the Company's operations, primarily supplying the mining industry, satisfy the essential services exemptions to business and social restrictions. Raw materials are delivered to a rail siding close to Tubi's manufacturing site. The manufacture and supply of raw materials together with other services currently remain active.

Production volumes from both these plants have steadily increased in the last quarter of the year. Production at the plant located in Odessa, Texas has temporarily been suspended. A decision on whether to keep the plant at the Odessa location or re-deploy it will be made as different regional markets are evaluated.

Subsequent events

Subsequent to the year end, the Group successfully completed a \$6.1 million capital raising by way of a placement and accelerated non-renounceable institutional entitlement offer to eligible new investors and existing shareholders. The capital raising was well supported and sees several new institutions and sophisticated investors joining the register. All Directors and related parties participated in the capital raising.

The Group's revenues, and earnings for the year ended 30 June 2020 were within the range outlined in our Prospectus for the capital raising, dated 31 July 2020.

The Group is well poised to continue its growth strategy, further product diversification and investment in higher margin products. The Group has strengthened its balance sheet and is capitalised to add product and recycling capabilities and continue its customer and industry diversification.

9. Status of audit

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



Ariel Sivikofsky

Chief Financial Officer and Company Secretary

31 August 2020

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Tubi Limited

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Consolidated Statement of Profit or Loss and Other Comprehensive Income**For the Year Ended 30 June 2020**

		2020	2019
	Note	\$	\$
Revenue	1	20,811,108	31,563,749
Other income	1	651,527	117,059
Raw materials and consumables used		(23,051,888)	(25,902,032)
Employee benefits expense		(706,820)	(626,368)
Depreciation and amortisation expense		(1,306,455)	(1,019,454)
Travel and accommodation		(407,765)	(290,072)
Repairs and maintenance		(180,364)	(40,893)
Legal and professional		(346,981)	(1,220,195)
Consultancy		(269,679)	(157,261)
Rental expense		(17,368)	(29,406)
Insurance		(85,956)	(27,133)
Other operating expenses		(745,650)	(234,006)
Finance expenses		(28,445)	(9,683)
(Loss) / Profit before income tax	2	(5,684,736)	2,124,305
Income tax benefit / (expense)		1,016,863	(625,252)
(Loss) / Profit for the year		(4,667,873)	1,499,053
Items that will be reclassified to profit or loss when specific conditions are met			
Exchange differences on translating foreign controlled entities		91,184	57,777
Other comprehensive income for the year, net of tax		91,184	57,777
Total comprehensive income for the year		(4,576,689)	1,556,830
(Loss) / Profit attributable to:			
Members of the parent entity		(4,667,873)	1,499,053
Total comprehensive income attributable to:			
Members of the parent entity		(4,576,689)	1,556,830
Earnings per share			
From continuing operations:			
Basic earnings per share (cents)	10	(1.92)	0.80
Diluted earnings per share (cents)	10	(1.92)	0.80

The accompanying notes form part of these financial statements.

Tubi Limited

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Consolidated Statement of Financial Position**As At 30 June 2020**

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		776,092	7,605,594
Trade and other receivables	3	1,792,104	3,623,199
Inventories		2,669,132	1,593,012
Other assets		22,686	23,143
TOTAL CURRENT ASSETS		5,260,014	12,844,948
NON-CURRENT ASSETS			
Property, plant and equipment	4	19,746,630	16,814,696
Deferred tax assets		1,402,646	227,337
Intangible assets	5	307,987	275,223
Right-of-use assets	6	807,087	-
TOTAL NON-CURRENT ASSETS		22,264,350	17,317,256
TOTAL ASSETS		27,524,364	30,162,204
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	6,747,172	5,641,538
Borrowings	8	200,575	140,395
Current tax liabilities		455,741	597,855
Lease liabilities	6	67,713	-
Employee benefits		198,754	187,494
TOTAL CURRENT LIABILITIES		7,669,955	6,567,282
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,076,006	1,966,825
Lease liabilities	6	744,619	-
TOTAL NON-CURRENT LIABILITIES		2,820,625	1,966,825
TOTAL LIABILITIES		10,490,580	8,534,107
NET ASSETS		17,033,784	21,628,097
EQUITY			
Issued capital	9	18,042,218	18,042,218
Reserves		265,205	191,645
Retained earnings		(1,273,639)	3,394,234
Total equity attributable to equity holders of the Company		17,033,784	21,628,097
TOTAL EQUITY		17,033,784	21,628,097

The accompanying notes form part of these financial statements.

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Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Share Based Payments Reserve	Total
Note	\$	\$	\$	\$	\$
Balance at 1 July 2019	18,042,218	3,394,234	110,471	81,174	21,628,097
Loss attributable to members of the parent entity	-	(4,667,873)	-	-	(4,667,873)
Total other comprehensive income for the year	-	-	91,184	-	91,184
Total comprehensive income for the year	-	(4,667,873)	91,184	-	(4,576,689)
Transactions with owners in their capacity as owners					
Contribution of equity, net of transaction costs	-	-	-	-	-
Share based payment transactions	-	-	-	(17,624)	(17,624)
Balance at 30 June 2020	18,042,218	(1,273,639)	201,655	63,550	17,033,784

2019

	Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Share Based Payments Reserve	Total
Note	\$	\$	\$	\$	\$
Balance at 1 July 2018	4,838,823	1,895,181	52,694	-	6,786,698
Profit attributable to members of the parent entity	-	1,499,053	-	-	1,499,053
Total other comprehensive income for the year	-	-	57,777	-	57,777
Total comprehensive income for the year	-	1,499,053	57,777	-	1,556,830
Transactions with owners in their capacity as owners					
Contribution of equity, net of transaction costs	9(a) 13,203,395	-	-	-	13,203,395
Share based payment transactions	-	-	-	81,174	81,174
Balance at 30 June 2019	18,042,218	3,394,234	110,471	81,174	21,628,097

The accompanying notes form part of these financial statements.

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**Consolidated Statement of Cash Flows
For the Year Ended 30 June 2020**

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	19,067,773	33,864,232
Payments to suppliers and employees	(21,906,313)	(31,122,037)
Interest received	16,676	43,575
Interest paid	(20,989)	(10,264)
Income taxes paid	(191,379)	(175,436)
Receipts from grants	319,848	-
Net cash (used in) / provided by operating activities	11 (2,714,384)	2,600,070
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	7,876,310	129,943
Payments to acquire property, plant and equipment	(12,055,376)	(9,334,574)
Payments for intangible assets	(56,995)	(36,044)
Net cash used in investing activities	(4,236,061)	(9,240,675)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	-	10,574,911
Proceeds from borrowings	200,000	-
Repayment of borrowings	(140,395)	(77,293)
Repayment of lease liabilities	(29,846)	-
Net cash provided by financing activities	29,759	10,497,618
Effects of exchange rate changes on cash and cash equivalents	91,184	57,777
Net increase in cash and cash equivalents held	(6,829,502)	3,914,790
Cash and cash equivalents at beginning of year	7,605,594	3,690,804
Cash and cash equivalents at end of financial year	776,092	7,605,594

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements For the Year Ended 30 June 2020

1 Revenue and Other Income

Revenue from continuing operations

	2020	2019
	\$	\$
Revenue from contracts with customers		
- sale of goods	11,448,909	31,563,749
- sale of equipment	(a) 9,362,199	-
Total Revenue	20,811,108	31,563,749

	2020	2019
	\$	\$
Other Income		
- interest	16,102	19,789
- other income	315,577	97,270
- grants	(b) 319,848	-
	651,527	117,059

(a) Sale of equipment

Sale of equipment represents the supply of Mobile Plant and related equipment (the Plant) in accordance with the Equipment Purchase Agreement (EPA) with Iplex Pipelines NZ Limited (IPLEX) entered into on 21 December 2018. The construction and assembly of the Plant together with related performance obligations under the terms of the EPA were completed during the year and revenue has been recognised in accordance with the Group's accounting policy.

(b) Grants

The government grant was received for the US Small Business Administration's Paycheck Protection Program with the entire amount received being used exclusively for payroll purposes.

2 Result for the Year

The result for the year includes the following specific expenses:

	2020	2019
	\$	\$
Cost of sales	23,051,888	25,902,032
Depreciation	1,282,224	1,002,654
Amortisation	24,231	16,800

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**Notes to the Financial Statements
For the Year Ended 30 June 2020**

3 Trade and other receivables

	2020	2019
	\$	\$
CURRENT		
Trade receivables	1,759,489	2,982,869
Provision for impairment	-	-
	1,759,489	2,982,869
Deposits	-	515,928
Amounts due from related party	-	25,589
Other receivables	32,615	98,813
Total current trade and other receivables	1,792,104	3,623,199

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

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**Notes to the Financial Statements
For the Year Ended 30 June 2020****4 Property, plant and equipment**

	2020	2019
Note	\$	\$
Capital works in progress		
At cost	(a) <u>3,229,469</u>	8,453,616
Plant and equipment		
At cost	19,048,169	9,662,907
Accumulated depreciation	<u>(2,716,218)</u>	(1,564,606)
Total plant and equipment	<u>16,331,951</u>	8,098,301
Furniture, fixtures and fittings		
At cost	34,240	33,653
Accumulated depreciation	<u>(27,233)</u>	(18,106)
Total furniture, fixtures and fittings	<u>7,007</u>	15,547
Motor vehicles		
At cost	359,098	352,138
Accumulated depreciation	<u>(180,895)</u>	(104,906)
Total motor vehicles	<u>178,203</u>	247,232
Total property, plant and equipment	<u>19,746,630</u>	16,814,696

(a) Capital works in progress

Capital works in progress relates to the construction of Tubi's third group owned, mobile manufacturing plant, Plant 5004 (its fourth plant in operation, as one is currently leased) to be commissioned by the end of FY2021.

5 Intangible Assets

	2020	2019
	\$	\$
Patents and trademarks		
Cost	410,649	353,654
Accumulated amortisation and impairment	<u>(102,662)</u>	(78,431)
Net carrying value	<u>307,987</u>	275,223
Total Intangibles	<u>307,987</u>	275,223

Notes to the Financial Statements
For the Year Ended 30 June 2020

6 Leases

The Group has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

The Group has leases over land and buildings.

This asset and corresponding liability relate to the manufacturing site lease at Batow, Florida. The initial lease term is for a 2 year period, with an option to extend the lease every 2 years, for 4 additional periods. That is, a rolling two year lease for 4 additional rollovers, being for a 10 year period.

Right-of-use assets

	Buildings	Total
	\$	\$
Year ended 30 June 2020		
Balance at beginning of year	842,178	842,178
Depreciation charge	(35,091)	(35,091)
Balance at end of year	807,087	807,087

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Consolidated Statement Of Financial Position
	\$	\$	\$	\$	\$
2020					
Lease liabilities	67,713	308,183	436,436	812,332	812,332

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Notes to the Financial Statements For the Year Ended 30 June 2020

7 Trade and Other Payables

	2020	2019
	\$	\$
Current		
Trade payables	6,240,993	1,540,310
Deposits	-	3,798,785
GST payable	11,217	-
Accrued expenses	339,511	276,562
Other payables	155,451	25,881
	<u>6,747,172</u>	<u>5,641,538</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Deposits relate to payments received in advance for the commissioning of mobile manufacturing plants under the terms of agreed contracts with customers.

8 Borrowings

	2020	2019
	\$	\$
CURRENT		
Unsecured liabilities:		
Related party payables	(a) 200,575	-
Secured liabilities:		
Lease liability secured	-	140,395
Total current borrowings	<u>200,575</u>	<u>140,395</u>

(a) Borrowings - related party loans

In June 2020, related party loans amounting to \$200,575, including accrued interest of \$575, was payable by the Group to entities related to certain directors and shareholders.

Notes to the Financial Statements

For the Year Ended 30 June 2020

9 Issued Capital

	2020	2019
	\$	\$
243,142,400 (2019: 243,142,400) Ordinary shares	18,042,218	18,042,218
(a) Ordinary shares		
	No.	\$.
Opening balance at 1 July 2018	5,791,531	4,838,823
19: Rights issue at \$6.04 per share	208,469	1,259,152
Subtotal	<u>6,000,000</u>	<u>6,097,975</u>
Conversion on 1:30 share split	180,000,000	6,097,975
Apr 2019: Issue pre-IPO shares at \$0.20 per share	50,000,000	10,000,000
Apr 2019: Conversion of director and shareholder loans to shares	13,142,400	2,628,484
Transaction costs	-	(684,241)
Balance at 30 June 2019	<u>243,142,400</u>	<u>18,042,218</u>
Movement	-	-
Balance at 30 June 2020	<u>243,142,400</u>	<u>18,042,218</u>

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

Notes to the Financial Statements

For the Year Ended 30 June 2020

10 Earnings per Share

(a) Reconciliation of earnings to profit or loss from continuing operations

	2020	2019
	\$	\$
(Loss) / Profit for the year	<u>(4,667,873)</u>	1,499,753
Earnings used in the calculation of dilutive EPS from continuing operations	<u>(4,667,873)</u>	<u>1,499,753</u>

(b) Earnings used to calculate overall earnings per share

	2020	2019
	\$	\$
Earnings used to calculate overall earnings per share	<u>(4,667,873)</u>	1,499,753

(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	2020	2019
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<u>243,142,423</u>	192,378,671
Weighted average number of dilutive options outstanding	2,995,890	764,384
Weighted average number of dilutive restricted share units on issue	<u>998,630</u>	254,795
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<u>247,136,943</u>	<u>193,397,850</u>

Notes to the Financial Statements

For the Year Ended 30 June 2020

11 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2020	2019
	\$	\$
(Loss) / Profit for the year	(4,667,873)	1,499,053
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- amortisation	24,231	16,800
- depreciation	1,282,224	1,002,654
- share based payments	(17,624)	81,174
- other	575	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	1,830,959	(2,270,855)
- (increase)/decrease in other assets	457	83,041
- (increase)/decrease in inventories	(1,076,120)	(1,037,472)
- (increase)/decrease in deferred tax asset	(1,175,309)	(227,337)
- increase/(decrease) in trade and other payables	1,105,634	2,760,244
- (increase)/decrease in other liabilities	-	(35,917)
- increase/(decrease) in income taxes payable	(141,979)	428,022
- increase/(decrease) in deferred tax liability	109,181	249,131
- increase/(decrease) in provisions	11,260	51,532
Cashflows from operations	<u>(2,714,384)</u>	<u>2,600,070</u>

12 Events Occurring After the Reporting Date

Subsequent to the year end, the Group successfully completed a \$6.1 million capital raising by way of a placement and accelerated non-renounceable institutional entitlement offer to eligible new investors and existing shareholders. The capital raising was well supported and sees several new institutions and sophisticated investors joining the register. All Directors and related parties participated in the capital raising.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.