

SDI Limited

ABN 27 008 075 581

Appendix 4E Preliminary Final Report - 30 June 2022

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MELBOURNE, Australia – SDI Limited (ASX: SDI). Net profit after tax of \$7.3 million for the year ended 30 June 2022, compared with \$8.9 million for previous year.

Summary financials (AUD)	FY 2022	FY 2021	Change %
Sales (\$m)	95.2	81.6	16.5
EBITDA (\$m)	14.7	16.8	(12.4)
NPAT (\$m)	7.3	8.9	(18.6)
Net cash (cash less borrowings)	6.3	10.6	(39.9)
Earnings per share (cents)	6.13	7.52	(18.5)
Final ordinary dividend (cents)	1.75	1.65	6.1
Full year ordinary dividend (cents)	3.25	3.15	3.2

2022 Highlights

- Record total sales of \$95.2 million up 16.5% compared to the corresponding period last year, with strong growth in all product categories and regions.
- Freight costs were up \$3.3 million impacting product margins by 3.8% and operating expenses up 16.4% compared to the corresponding period last year, or up 9.0% when allowing for currency movements and government assistance programs in the 2021 financial year.
- EBITDA was down 12.4% to \$14.7 million, compared to \$16.8 million for the corresponding period last year, reflecting the elevated freight costs incurred in the financial year.
- Earnings per share ('EPS') was down 1.39 cents to 6.13 cents compared to 7.52 cents for the same period last year.
- Strong cash position with a strategic increase in inventories of \$4.5 million and the continued investment in research and development.
- Final fully franked ordinary dividend up by 6.1% to 1.75 cents per share.

Commenting on the result Chief Executive Officer Samantha Cheetham said: *"We have achieved record sales with all product categories growing strongly in all regional markets. Drivers included the momentum from new product releases, clear increases in market share in our core categories, and underpinned by many markets returning to normal operations."*

"We are seeing the dental industry across the globe returning to normal operating activity levels. What has not normalised is the elevated cost of freight, with delays and cost inflation continuing to be a challenge for us. Part of the elevated cost; however, is attributable to our deliberate strategy to secure inventory in our warehouses to meet customer demand, simply prioritising service to our customers. We are confident this strategy to meet customer demands, is driving, in part our increased market share."

Key product category sales

Category	Growth in local currency %	Growth in AUD %	Total AUD sales %
Aesthetics	17.2	17.6	45.3
Whitening	12.9	12.5	31.4
Equipment	11.5	14.0	7.2
Amalgam	21.0	23.2	16.1

In local currencies, sales growth in all product categories grew strongly. This performance reflects market share gains and the continuing momentum from new product releases in previous years.

Although there is very little sales focus on amalgam, it increased by 21.0% in local currencies, and now represents 16.1% of total sales. This result was driven by the withdrawal of two major competitors from the amalgam market, resulting in an increase of 14.5% in the large North American amalgam sales, which represents 29.6% of its total sales. In addition, amalgam was a significant feature with new government tenders returning as regions started to revert to normal operating conditions.

Sales by business unit

Business unit	Growth in local currency %	Growth in AUD %	Total AUD sales %
Australia (incl direct exports)	15.8	17.1	34.1
North America	5.8	8.4	23.2
Europe	21.7	18.2	35.0
Brazil	26.1	35.9	7.7
Total	16.0	16.5	100.0%

The business unit performance reflects a return to normal operating conditions referred to above.

European sales up 21.7% in local currencies, was driven by strong demand in its key markets and assisted by the UK, where conditions continued to improve in the financial year.

Australian sales which include Australian domestic and direct export markets, was up 15.8% with Australian direct exports increasing by 29.3%. This was partly offset by domestic sales which were down 3.5%, due mainly to Government lock downs and their impact on Dentists in Victoria and New South Wales during the financial year.

Brazilian sales increased by 26.1% in local currencies, reflecting further market share gains and overall market growth.

North American sales increased by 5.8% reflecting the slower uptake of aesthetics compared to other markets. As stated above, amalgam represents 29.6% of North American sales.

Sales by region

Region	FY 2022 (AUD)	FY 2021 (AUD)	% Change
APAC	\$17.1m	\$16.2m	5.3
Middle East / Africa	\$10.0m	\$6.1m	64.3
South America	\$10.2m	\$7.6m	34.3
North America	\$22.1m	\$20.4m	8.4
Europe	\$35.8m	\$31.3m	14.1

The strong growth across all regions was underpinned by the normalising of operating conditions across all key regions. The APAC region, with growth of 5.3%, was impacted by Government lock downs in Victoria and NSW. The Middle East/Africa region up 64.3%, benefited from the delivery of large tenders during the year.

Gross profit margins

Product margins in Australian dollars decreased by 5.7% to 55.8%, with added freight costs and adjusting for currency movements accounted for 3.3% of this decline. A further 2.4% decrease in the margin was due to regional and product sales mix. SDI exports to over 100 countries and the margins enjoyed in these regions are not uniform which impacts the outcome. Growth in Australian direct exports and Brazilian sales, which may also be impacted at times by the product mix and generally attracting a lower margin, contributed to the overall margin mix. Additionally, the strong sales growth in the lower margin amalgam product impacted overall gross margins.

Operating expenses

Total operating expenses in Australian dollars increased by 16.8% when compared to the previous financial year. After adjusting for currency movements and government assistance programs, underlying operating expenses increased by 9.2% compared to the corresponding period last year. However, when compared to the pre-pandemic levels in the full year 2019, operating expenses increased by 11.3% after adjusting for currency movements.

Balance sheet

The entity's net cash position decreased by \$4.2 million to \$6.3 million for the financial year after increasing inventories by \$4.5 million, planned investment in plant and equipment of \$1.7 million, product development expenditure of \$2.2 million, and increase in freight costs of \$3.3 million. The Company has actively increased its inventory to ensure customer needs were met and in part to mitigate the continued global freighting delays. The Company has unused bank facilities of \$10 million.

The Company did not receive Government assistance payments in the financial year ended 30 June 2022, compared to receiving \$3.9 million for the corresponding previous financial year. Of the \$3.9 million received last year, \$2.2 million was allocated to operating expenses and \$1.7 million to the manufacturing departments to support the Company's commitment to keep its global employees employed.

Strategy and outlook

The Company remains focused on its strategic priorities:

- Aesthetics and Whitening products continue to be the focus for new product development. The Company's amalgam replacement product is on schedule to be released globally at the International Dental Show ('IDS') held in Cologne, Germany in March 2023 along with several other key products. Product registrations are being submitted and approvals are expected to start coming in around October/ November 2022;
- Achieving manufacturing and logistic efficiencies. Space is becoming a critical issue for these departments to achieve process efficiencies. The Company has reviewed its footprint and concluded that a green field site to move its total operations is not financially viable. However, it has recently purchased a 1.4-acre property for five million dollars adjacent to its current properties. This will give the opportunity to refurbish its current production site to improve processes resulting in efficiencies;
- Investment in production automation and processes to ensure it continues to operate efficiently and manage new and existing future product growth. The Company has recently purchased a high-speed production machine which will increase its syringe output of four of its products, from one to eight per minute;
- On-going investment in research and development to release one to two products per year; and
- Investing in sales and marketing to further increase the Company's market share in its core product categories.

Commenting on the outlook, Samantha Cheetham said: *"I am encouraged by the strong sales growth in our markets and see genuine momentum in our business underpinned by the Company's strategy. While there are continuing global challenges and uncertainty, we have built and continue to invest in a strong base to support our future growth plans"*.

Dividends

Showing the Board's confidence in the future of the business, the Directors have declared a final fully franked ordinary dividend of 1.75 cents per share, compared to 1.65 cents for 2021. The full year ordinary dividends of 3.25 cents equates to a payout ratio of 53.1%.

The Board has decided that the Company's Dividend Reinvestment Plan ('DRP') will not be offered to Shareholders for these dividend payments.

1. Company details

Name of entity:	SDI Limited
ABN:	27 008 075 581
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	16.5% to	95,151
Profit from ordinary activities after tax attributable to the owners of SDI Limited	down	18.6% to	7,281
Profit for the year attributable to the owners of SDI Limited	down	18.6% to	7,281

Dividends

	Amount per security Cents	Franked amount per security Cents
Interim dividend for the year ended 30 June 2022 paid on 22 April 2022	1.50	1.50
Final dividend for the year ended 30 June 2022 to be paid on 19 September 2022	1.75	1.75

On 26 August 2022, the Directors declared a final franked dividend of 1.75 cents per share to be paid on 19 September 2022. This equates to a total estimated distribution of \$2,080,000, based on the number of ordinary shares on issue as at 30 June 2022. The financial effect of dividends declared after the reporting date is not reflected in the 30 June 2022 financial statements and will be recognised in subsequent financial reports.

The record date for determining entitlements to dividends is 5 September 2022.

Comments

The profit for the consolidated entity after providing for income tax amounted to \$7,281,000 (30 June 2021: \$8,941,000).

Earnings before interest, tax, depreciation and amortisation ('EBITDA') decreased by 12.4% to \$14,743,000 (30 June 2021: \$16,834,000).

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit adjusted for specific items.

The following table summarises key reconciling items between statutory profit after tax and EBITDA:

	Consolidated 2022 \$'000	2021 \$'000
Profit after tax	7,281	8,941
Add: taxation	2,858	3,267
Add: interest expense	34	55
Less: interest income	(14)	(4)
Add: depreciation and amortisation	4,584	4,575
EBITDA	<u>14,743</u>	<u>16,834</u>

Further information on the results is detailed in the 'Commentary - Full year results' immediately following this report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>49.22</u>	<u>46.60</u>

4. Control gained over entities

Not applicable.

5. Dividends

Current period

	Amount per security Cents	Franked amount per security Cents
Interim dividend for the year ended 30 June 2022 paid on 22 April 2022	1.50	1.50
Final dividend for the year ended 30 June 2022 to be paid on 19 September 2022	1.75	1.75

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Previous period

	Amount per security Cents	Franked amount per security Cents
Interim dividend for the year ended 30 June 2021 paid on 23 April 2021	1.50	1.50
Final dividend for the year ended 30 June 2021 paid on 20 September 2021	1.65	1.65

6. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The Company has a Dividend Reinvestment Plan ('DRP'). However the Directors have decided that the DRP will not be offered to Shareholders for the dividend payments.

7. Audit qualification or review

The financial statements are in the process of being audited.

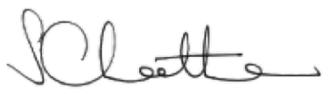
8. Attachments

The Appendix 4E Preliminary Final Report of SDI Limited for the year ended 30 June 2022 is attached.

9. Signed

Authorised by the Board of Directors.

Signed _____



Date: 26 August 2022

Samantha Jane Cheetham
Managing Director
Melbourne

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	Note	Consolidated	
		2022 \$'000	2021 \$'000
Revenue			
Sales revenue		95,151	81,647
Cost of goods sold		(42,041)	(31,396)
Gross profit		53,110	50,251
Other gains/(losses), net	2	614	(705)
Interest income		14	4
Expenses			
Selling and administration expenses		(40,806)	(33,550)
Research and development costs		(1,315)	(2,142)
Reversal of impairment of receivables	4	(4)	266
Other expenses		(1,440)	(1,861)
Finance costs		(34)	(55)
Total expenses		(43,599)	(37,342)
Profit before income tax expense		10,139	12,208
Income tax expense		(2,858)	(3,267)
Profit after income tax expense for the year attributable to the owners of SDI Limited		7,281	8,941
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign controlled entities		195	(574)
Other comprehensive income for the year, net of tax		195	(574)
Total comprehensive income for the year attributable to the owners of SDI Limited		<u>7,476</u>	<u>8,367</u>
		Cents	Cents
Basic earnings per share	3	6.13	7.52
Diluted earnings per share	3	6.13	7.52

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 2022 \$'000	2021 \$'000
Assets			
Current assets			
Cash and cash equivalents		7,013	10,559
Trade and other receivables	4	19,598	18,486
Inventories	5	26,005	21,509
Current tax asset		4	172
Prepayments		3,384	1,618
Total current assets		<u>56,004</u>	<u>52,344</u>
Non-current assets			
Trade and other receivables	4	847	805
Property, plant and equipment	6	18,634	19,288
Right-of-use assets	7	1,377	1,571
Intangibles	8	25,208	24,396
Total non-current assets		<u>46,066</u>	<u>46,060</u>
Total assets		<u>102,070</u>	<u>98,404</u>
Liabilities			
Current liabilities			
Trade and other payables	9	9,017	9,286
Borrowings	10	669	-
Lease liabilities	11	437	325
Provision for income tax		918	2,162
Employee benefits		3,606	3,173
Total current liabilities		<u>14,647</u>	<u>14,946</u>
Non-current liabilities			
Lease liabilities	11	918	1,248
Deferred tax liability		2,582	2,186
Employee benefits		189	244
Total non-current liabilities		<u>3,689</u>	<u>3,678</u>
Total liabilities		<u>18,336</u>	<u>18,624</u>
Net assets		<u>83,734</u>	<u>79,780</u>
Equity			
Issued capital		12,890	12,890
Reserves	12	1,346	929
Retained profits		69,498	65,961
Total equity		<u>83,734</u>	<u>79,780</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2020	12,890	1,503	59,397	73,790
Profit after income tax expense for the year	-	-	8,941	8,941
Other comprehensive income for the year, net of tax	-	(574)	-	(574)
Total comprehensive income for the year	-	(574)	8,941	8,367
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid (note 13)	-	-	(2,377)	(2,377)
Balance at 30 June 2021	12,890	929	65,961	79,780
Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2021	12,890	929	65,961	79,780
Profit after income tax expense for the year	-	-	7,281	7,281
Other comprehensive income for the year, net of tax	-	195	-	195
Total comprehensive income for the year	-	195	7,281	7,476
Capital Reserve	-	222	-	222
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid (note 13)	-	-	(3,744)	(3,744)
Balance at 30 June 2022	12,890	1,346	69,498	83,734

	Note	Consolidated 2022 \$'000	2021 \$'000
Cash flows from operating activities			
Receipts from customers		94,634	68,456
Payments to suppliers and employees		<u>(87,683)</u>	<u>(59,533)</u>
		6,951	8,923
Interest received		14	4
Government grants received		873	4,464
Interest and other finance costs paid		(34)	(55)
Income taxes paid		<u>(3,538)</u>	<u>(644)</u>
Net cash from operating activities	14	<u>4,266</u>	<u>12,692</u>
Cash flows from investing activities			
Payments for property, plant and equipment	6	(1,673)	(2,267)
Payments for intangibles	8	(2,654)	(1,788)
Proceeds from disposal of property, plant and equipment		<u>80</u>	<u>108</u>
Net cash used in investing activities		<u>(4,247)</u>	<u>(3,947)</u>
Cash flows from financing activities			
Net Proceeds/(repayment) from borrowings	14	669	(1,500)
Repayment of lease liabilities	14	(414)	(308)
Dividends paid	13	<u>(3,744)</u>	<u>(2,377)</u>
Net cash used in financing activities		<u>(3,489)</u>	<u>(4,185)</u>
Net (decrease)/increase in cash and cash equivalents		(3,470)	4,560
Cash and cash equivalents at the beginning of the financial year		10,559	6,153
Effects of exchange rate changes on cash and cash equivalents		<u>(76)</u>	<u>(154)</u>
Cash and cash equivalents at the end of the financial year		<u><u>7,013</u></u>	<u><u>10,559</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Operating segments

Identification of reportable operating segments

The consolidated entity's operations consist of the manufacture of dental restorative products, teeth whitening systems and small dental equipment for sale to dental distributors, dental dealers and dentists worldwide. Refer to for revenue from product lines.

Operating segments are determined using the 'management approach', where the information presented is on the same basis as the internal reports reviewed by the Board of Directors (identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The consolidated entity comprises four separate reportable operating segments which are primarily identified on the basis of subsidiary companies in different geographical markets.

Reportable segments

The consolidated entity's reportable segments are as follows:

Australia:	SDI Limited
Europe:	SDI Germany GmbH (Germany) and SDI Dental Innovations Limited (United Kingdom).
USA:	SDI (North America), Inc.
Brazil:	SDI Brasil Industria e Comercio Ltda and SDI Holdings Do Brazil Ltda

Intersegment transactions

The segment revenues, expenses and results include transfers between segments. The pricing of the intersegment transactions is based on cost plus an appropriate mark-up, which reflects market conditions of the segment into which the sales are made. These transfers are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

The consolidated entity has a number of customers to whom it sells products. No single customer represents 10% or more of the consolidated entity's revenue.

Note 1. Operating segments (continued)

Operating segment information

Consolidated - 2022	Australia \$'000	Europe \$'000	USA \$'000	Brazil \$'000	Total \$'000
Revenue					
Sales to external customers	32,531	33,201	22,101	7,318	95,151
Intersegment sales	30,989	5,118	-	2,922	39,029
Total sales revenue	63,520	38,319	22,101	10,240	134,180
Total segment revenue	63,520	38,319	22,101	10,240	134,180
Intersegment eliminations					(39,029)
Total revenue					95,151
Segment results before tax and adjustments below	12,466	1,479	818	1,160	15,923
Intersegment adjustments	(1,170)	-	-	-	(1,170)
Depreciation and amortisation	(4,048)	(274)	(175)	(97)	(4,594)
Interest revenue	-	-	-	14	14
Finance costs	(11)	(15)	(6)	(2)	(34)
Profit before income tax expense	7,237	1,190	637	1,075	10,139
Income tax expense					(2,858)
Profit after income tax expense					7,281
Assets					
Segment assets	89,187	16,870	10,600	10,378	127,035
Intersegment eliminations					(24,965)
Total assets					102,070
Liabilities					
Segment liabilities	14,024	12,177	3,728	9,338	39,267
Intersegment eliminations					(20,931)
Total liabilities					18,336

Note 1. Operating segments (continued)

Consolidated - 2021	Australia \$'000	Europe \$'000	USA \$'000	Brazil \$'000	Total \$'000
Revenue					
Sales to external customers	27,780	28,099	20,382	5,386	81,647
Intersegment sales	22,839	3,828	-	-	26,667
Total sales revenue	50,619	31,927	20,382	5,386	108,314
Total segment revenue	50,619	31,927	20,382	5,386	108,314
Intersegment eliminations					(26,667)
Total revenue					81,647
Segment results before tax and adjustments below					
Intersegment adjustments	14,386	1,252	748	684	17,070
Depreciation and amortisation	(236)	-	-	-	(236)
Interest revenue	(4,046)	(265)	(149)	(115)	(4,575)
Finance costs	2	-	-	2	4
Profit before income tax expense	(55)	-	-	-	(55)
Income tax expense	10,051	987	599	571	12,208
Profit after income tax expense					(3,267)
					8,941
Assets					
Segment assets	87,042	13,443	9,565	6,406	116,456
Intersegment eliminations					(18,052)
Total assets					98,404
Liabilities					
Segment liabilities	14,318	9,406	3,683	6,431	33,838
Intersegment eliminations					(15,214)
Total liabilities					18,624

Note 2. Other gains/(losses), net

	Consolidated 2022 \$'000	2021 \$'000
Net foreign exchange gain/(loss)	346	(724)
Net gain on disposal of property, plant and equipment	55	16
Other	213	3
Other gains/(losses), net	614	(705)

Note 3. Earnings per share

	Consolidated 2022 \$'000	2021 \$'000
Profit after income tax attributable to the owners of SDI Limited	7,281	8,941
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	118,865,530	118,865,530
Weighted average number of ordinary shares used in calculating diluted earnings per share	118,865,530	118,865,530
	Cents	Cents
Basic earnings per share	6.13	7.52
Diluted earnings per share	6.13	7.52

Note 4. Trade and other receivables

	Consolidated 2022 \$'000	2021 \$'000
<i>Current assets</i>		
Trade receivables	18,388	17,422
Less: Allowance for expected credit losses	(95)	(91)
	18,293	17,331
Other receivables	1,305	1,155
	19,598	18,486
<i>Non-current assets</i>		
Other receivables	847	805
	20,445	19,291

Allowance for expected credit losses

The consolidated entity has recognised a loss of \$4,000 (2021: gain \$266,000) in profit in respect of the expected credit losses for the year ended 30 June 2022.

Other receivables relate to prepaid taxes and government grant subsidies receivable.

The ageing of the impaired receivables provided for above is as follows:

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2022 %	2021 %	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Not overdue	0.22%	0.22%	13,232	12,956	29	29
1 to 4 months overdue	0.22%	0.22%	3,924	3,678	9	8
Over 4 months overdue	4.60%	6.85%	1,232	788	57	54
			18,388	17,422	95	91

Note 5. Inventories

	Consolidated	
	2022	2021
	\$'000	\$'000
<i>Current assets</i>		
Raw materials - at cost	11,670	9,311
Finished goods - at cost	14,501	12,353
Less: Provision for inventory obsolescence	(166)	(155)
	<u>26,005</u>	<u>21,509</u>

Note 6. Property, plant and equipment

	Consolidated	
	2022	2021
	\$'000	\$'000
<i>Non-current assets</i>		
Land and buildings - at cost	11,482	11,476
Less: Accumulated depreciation	(2,112)	(1,966)
	<u>9,370</u>	<u>9,510</u>
Plant and equipment - at cost	38,667	37,391
Less: Accumulated depreciation	(29,403)	(27,613)
	<u>9,264</u>	<u>9,778</u>
	<u>18,634</u>	<u>19,288</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
Balance at 1 July 2020	9,395	9,830	19,225
Additions	259	2,008	2,267
Disposals	-	(92)	(92)
Depreciation expense	(144)	(1,968)	(2,112)
Balance at 30 June 2021	9,510	9,778	19,288
Additions	6	1,692	1,698
Disposals	-	-	-
Depreciation expense	(146)	(2,206)	(2,352)
Balance at 30 June 2022	<u>9,370</u>	<u>9,264</u>	<u>18,634</u>

Note 7. Right-of-use assets

	Consolidated	
	2022 \$'000	2021 \$'000
<i>Non-current assets</i>		
Land and buildings - right-of-use	2,542	2,359
Less: Accumulated depreciation	(1,165)	(788)
	1,377	1,571
	1,377	1,571

Additions to the right-of-use-assets during the year were \$196,000

The consolidated entity leases land and buildings for offices and warehouses under agreements between 2 to 5 years. On renewal, the terms of the leases are renegotiated.

Note 8. Intangibles

	Consolidated	
	2022 \$'000	2021 \$'000
<i>Non-current assets</i>		
Product development costs - at cost	32,705	28,989
Less: Accumulated amortisation	(14,910)	(13,641)
	17,795	15,348
Intellectual property - at cost	8,665	8,452
Less: Accumulated amortisation	(6,270)	(5,708)
	2,395	2,744
Development work in progress - at cost	5,018	6,304
	25,208	24,396
	25,208	24,396

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Product development costs \$'000	Intellectual property \$'000	Development work in progress \$'000	Total \$'000
Balance at 1 July 2020	15,227	2,820	6,705	24,752
Additions	1,158	630	-	1,788
Transfers in/ (out)	401	-	(401)	-
Amortisation expense	(1,438)	(706)	-	(2,144)
	15,348	2,744	6,304	24,396
Balance at 30 June 2021	15,348	2,744	6,304	24,396
Additions	2,406	248	-	2,654
Transfers in/ (out)	1,286	-	(1,286)	-
Amortisation expense	(1,245)	(597)	-	(1,842)
	17,795	2,395	5,018	25,208
Balance at 30 June 2022	17,795	2,395	5,018	25,208

Note 9. Trade and other payables

	Consolidated	
	2022	2021
	\$'000	\$'000
<i>Current liabilities</i>		
Trade payables	3,977	4,957
Other payables and accrued expenses	5,040	4,329
	<u>9,017</u>	<u>9,286</u>

Note 10. Borrowings

	Consolidated	
	2022	2021
	\$'000	\$'000
<i>Current liabilities</i>		
Short term borrowing	669	-
	<u>669</u>	<u>-</u>

The facility is used to fund the companies annual insurance premium. This funding is unsecured.

The carrying amounts of assets pledged as security for borrowings are:

	Consolidated	
	2022	2021
	\$'000	\$'000
Land and buildings	9,370	9,510
Other assets	39,076	41,273
	<u>48,446</u>	<u>50,783</u>

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2022	2021
	\$'000	\$'000
<i>Total facilities</i>		
Bank loans	10,450	10,450
<i>Used at the reporting date</i>		
Bank loans	-	-
<i>Unused at the reporting date</i>		
Bank loans	10,450	10,450

Note 11. Lease liabilities

	Consolidated	
	2022 \$'000	2021 \$'000
<i>Current liabilities</i>		
Lease liability	437	325
<i>Non-current liabilities</i>		
Lease liability	918	1,248
	<u>1,355</u>	<u>1,573</u>

Note 12. Reserves

	Consolidated	
	2022 \$'000	2021 \$'000
Foreign currency reserve	761	566
Capital profits reserve	585	363
	<u>1,346</u>	<u>929</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Capital profits reserve

The reserve is used to recognise non-taxable capital profits arising from the disposal of investments.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency \$'000	Capital profits \$'000	[Other] \$'000	Total \$'000
Balance at 1 July 2020	1,140	363	-	1,503
Foreign currency translation	(574)	-	-	(574)
Balance at 30 June 2021	566	363	-	929
Foreign currency translation	195	-	-	195
Capital Reserve	-	222	-	222
Balance at 30 June 2022	<u>761</u>	<u>585</u>	<u>-</u>	<u>1,346</u>

Note 13. Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2022	2021
	\$'000	\$'000
Interim dividend for the year ended 30 June 2022 of 1.5 cents (2021: 1.5 cents) per ordinary share	1,783	1,783
Previous year: Final dividend for the year ended 30 June 2021 of 1.65 cents (2020: 0.5 cents) per ordinary share	1,961	594
	<u>3,744</u>	<u>2,377</u>

On 26 August 2022, the Directors declared a final franked dividend of 1.75 cents per share to be paid on 19 September 2022. This equates to a total estimated distribution of \$2,080,000, based on the number of ordinary shares on issue as at 30 June 2022. The financial effect of dividends declared after the reporting date is not reflected in the 30 June 2022 financial statements and will be recognised in subsequent financial reports.

Note 14. Cash flow information

Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2022	2021
	\$'000	\$'000
Profit after income tax expense for the year	7,281	8,941
Adjustments for:		
Depreciation and amortisation	4,584	4,575
Net gain on disposal of non-current assets	(55)	(16)
Foreign currency differences	493	(705)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,204)	(9,044)
Increase in inventories	(4,496)	(853)
Decrease in income tax refund due	168	678
Decrease/(increase) in prepayments	(1,766)	162
Increase/(decrease) in trade and other payables	(269)	6,213
increase/(decrease) in provision for income tax	(1,244)	2,093
Increase/(decrease) in deferred tax liabilities	396	(148)
Increase in employee benefits	378	796
Net cash from operating activities	<u>4,266</u>	<u>12,692</u>

Note 14. Cash flow information (continued)

Changes in liabilities arising from financing activities

Consolidated	Bank loans \$'000	Lease liability \$'000	Total \$'000
Balance at 1 July 2020	1,500	1,127	2,627
Net cash used in financing activities	(1,500)	(308)	(1,808)
Acquisition of leases	-	754	754
Balance at 30 June 2021	-	1,573	1,573
Net cash from/(used in) financing activities	669	(414)	255
Acquisition of leases	-	196	196
Other changes	-	-	-
Balance at 30 June 2022	<u>669</u>	<u>1,355</u>	<u>2,024</u>

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