



Appendix 4E

**Preliminary Final Report to the
Australian Securities Exchange**
For the year ended 30 June 2019

Stealth Global Holdings Ltd | ACN 615 518 020





STEALTH GLOBAL HOLDINGS LTD
ACN 615 518 020

Appendix 4E

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Part 1 Details of Entity and Reporting Period

Part 1 Details of Entity and Reporting Period

Name of Entity	Stealth Global Holdings Ltd
ABN	25 615 518 020
Current Reporting Period – financial year ended	30 June 2019
Previous Corresponding Period – financial year ended	30 June 2018

Part 2 Results for announcement to the market

				\$		\$
Revenues from continuing ordinary activities	Up	169%	to	63,059,427	from	23,454,414
Profit from ordinary activities after tax attributable to members	Up	205%	to	520,805	from	(497,007)
Net Profit for the year attributable to the members	Up	205%	to	520,805	from	(497,007)

Dividends

There were no dividends paid, recommended or declared during the current financial period (Prior Period: Nil).

Earnings per share (EPS)	30 June 2019	30 June 2018
Basic EPS (cents per share)	0.68	(2.33)
Diluted EPS (cents per share)	0.68	(2.33)
Weighted average number of ordinary shares used in EPS calculation	76,953,699	21,300,000
Weighted average number of ordinary shares used in Diluted EPS calculation	76,953,699	21,300,000

Net tangible assets	30 June 2019	30 June 2018
Net tangible asset backing per ordinary security (cents per share)	6.38	(4.88)

This is the first year that Stealth Global Holdings Ltd (**Stealth** or **Company**) and its controlled entities (the **Group**) has been listed on the ASX. Listing in October 2018 the Company had 94,900,000 shares on issue after raising capital to acquire the Heatleys Group Holdings Pty Limited and Heatley Sales Pty Ltd (together **Heatleys**). This was a significant acquisition and hence it should be noted that the year on year comparisons of the statutory results in this Appendix 4E Part 2 are comparing different group structures.

Commentary on the results for the year ended 30 June 2019

Stealth is pleased to report its preliminary financial results for FY19. Stealth is a business-to-business international distributor of a broad-range of safety, industrial, healthcare and workplace consumable products and provider of supply chain solutions, with a particular focus on industrial, trade and consumer retail customer markets.

Highlights in Financial Year 2019

- Proforma³ Group Revenue of \$74.6 million, (\$66.1 million pcp) up 13%, in line with management guidance range¹ of \$73 to \$76 million.
- Proforma³ underlying EBIT² of \$2.4 million before unusual cost items⁴ and IPO transaction costs.
- Statutory Group Revenue of \$63.1 million.
- Statutory underlying EBIT² of \$1.9 million before unusual cost items⁴.
- Unusual cost items⁴ totalling \$0.8 million.
- Statutory³ NPAT⁵ attributable to the members was \$0.52 million, up 205%.
- Proforma³ NPAT attributable to the members was \$0.84 million.
- Proforma Gross Profit Margin in Australian operations up from 29.0% in 2018 to 29.3% in 2019.
- Net cash position of \$0.4 million.
- \$7 million of working capital finance facilities available to support organic growth and other strategic endeavours.
- Listed on ASX and completed the strategic acquisition of Heatleys Safety & Industrial both on 2 October 2018.
- Established a joint venture with Bisley Workwear in the United Kingdom (UK) – BSA Brands – in March 2019.
- Completed the acquisition of Industrial Supply Group in Australia in May 2019.

Reference guide to the above

These results are based on the accounts which are in the process of being audited

1. Guidance range noted in ASX Announcement 17 April 2019.

2. EBIT is a non-IFRS term, defined here as Earnings Before Interest and Tax attributable to the owners of the company after adding back the pre-tax loss of the non-controlling interest

3. Proforma and prior comparative period (pcp) figures assumes Stealth and Heatleys combined for the full 12 months; Statutory is 12 months Stealth, 9 months Heatleys. Heatleys acquisition was completed on 27 September 2018.

4. Unusual cost items relates to joint venture establishment and marketing, acquisition evaluations and professional services including private to public transition

5. By entering into the BSA Brands joint venture with Bisley Workwear, Stealth reduced its prospectus revenue forecast by \$2.8m as stated in the 21 March 19 and 17 April 19 announcements, resulting in a gross profit margin reduction of \$0.90m.

Strategic events

FY19 was the most transformative year in Stealth's corporate history. It included a \$12.5 million capital raising and listing on the ASX, the acquisition of Heatleys Safety & Industrial in October 2018 which more than doubled the company's sales, the establishment of BSA Brands (UK) Limited (BSA) in the United Kingdom in March 2019 and the acquisition of Industrial Supply Group Pty Ltd (ISG) in May 2019.

These strategic milestones have resulted in a stronger, scalable and more competitive portfolio of businesses.

1. By acquiring Heatleys, Stealth established new capability in Western Australia and South Australia, adding annual sales of \$43 million, 104 staff, five trade branch locations, a 4,000sqm distribution centre and around 2,500 customers. The combination of Stealth and Heatleys builds upon the Group's position as a successful international supply and distribution business, delivering a competitive strength that positions Stealth as the only Australian group of its type operating across the five major geographical markets in the country. Stealth commenced the integration of Heatleys in October, implementing identified synergies and is set to capitalise on the growth opportunities in the future. Integration included transferring 68 customers from Stealth into the Heatleys operations and the completion of an initial round of supplier consolidation.
2. The group materially changed its UK and African strategy by establishing a 50/50 joint venture with Bisley Workwear, Australia's leading workwear group, and entering into an exclusive sales arrangement with Troy UK, providing access to some 420 trade stores across the UK. Stealth made a strategic decision to partner with Bisley, securing exclusive rights to the Bisley Workwear Brand in the UK, rather than simply expanding its existing sales & distribution channels for the brand (as per the Prospectus). Partnering with Bisley has brought together the combined management teams, delivering a common focus on the UK brand expansion: the advantages of the Bisley product knowledge, brand leadership, innovation, go to market strategies and factory direct pricing; and Stealth's international experience and supply and distribution model. This is a significantly stronger proposition, however its establishment has resulted in a delayed product launch (EBIT impact ~\$0.9m) and greater corporate establishment costs (EBIT Impact ~\$0.6m). We believe our investment with Bisley in developing a stronger presence in the UK will deliver greater scale and EPS growth in the medium term. Online sales successfully commenced, following a soft launch on the Amazon UK platform.
3. The acquisition of ISG in May 2019 presented Stealth with the opportunity to extend its sales and distribution presence in Australia through acquiring an established industrial buying group supplying products and services to 27 independent member trade stores. The immediate impact on EPS was negative due to acquisition costs of ~\$0.2m, however a rapid

return on investment is expected. This allows the group to expand and bid for national contracts and benefit from the group's much-improved combined trading volume, strengthening its buying power and enhancing its capacity to showcase and advance our proprietary product range, delivering positive EPS in FY20.

The results

Stealth incurred costs as a result of these investments in FY19, the full benefits of which will start to flow in FY20 and beyond. Consequently, the Company restated its FY19 prospectus forecasts in April 2019 to a Non-IFRS pro-forma revenue in the range of \$73 million to \$76 million, and proforma Non-IFRS EBIT in the range of \$1.8 million to \$2.0 million (before IPO transaction costs).

Proforma total group sales for the 12 months ending June 2019 rose 13% to \$74.6 million, in line with Stealth's April guidance. The strong year-on-year growth in an otherwise challenging economic environment was primarily driven by the Company's successful push to win more large and medium sized customers in Australia.

Underlying proforma Non-IFRS EBIT for the full 12 months of FY19 was \$2.4 million (before investment related transaction costs, joint venture establishment and marketing costs and other unusual items). This was in line with Stealth's April guidance and was complemented by a successful integration of the Australian operations of Stealth and Heatleys.

The statutory Non-IFRS EBIT attributable to the owners of the Company was \$918,073 (2018: loss \$(496,000)).

The statutory result for the owners of the Company after providing for income tax amounted to a profit of \$520,805 (2018: loss \$(497,007)).

The strength of the underlying business in Australia continues to gain pace, with efficiency gains from 554 customers transitioning to online ordering during the year.

Gross Profit Margin in the Australian business, where 70% of total sales are currently generated, improved from 29.0% to 29.3% reflecting the successful integration of the Heatley's acquisition during the period. Stealth's cost of doing business remained relatively steady during this financial year.

The BSA Brands (UK) joint venture with Bisley Workwear commenced operations in March 2019 and contributed \$1.36 million in sales. As a result of costs associated with the establishment, marketing and set up program, BSA contributed a small after tax loss of \$0.135 million to the Group after deducting the 50% non-controlling interest.

Reconciliation table – Full year trading: Actual set against April 2019 restated guidance set against Prospectus

Group Full Year Financial Results	Proforma ⁴ full 12 months			Statutory ⁴ full year reporting		
	FY19	FY19	FY19	FY19	FY19	FY19
	Actual	April19 restated	Prospectus	Actual	April19 restated	Prospectus
	\$'000	\$'000	\$'000	\$,000	\$,000	\$,000
Total Revenue	74,578	73,000	76,690	63,059	61,400	65,089
EBIT ¹ as per Prospectus			3,411			2,837
Less: Margin reduction arising from deferred JV sales ²			(900)			(900)
Underlying EBIT¹	2,418	2,418	2,511	1,937	1,937	1,937
Less: unusual expense items ³	(800)	(618)		(800)	(618)	
EBIT ¹ (before IPO transaction costs) ³	1,618	1,800		1,137	1,319	
Reconciliation of EBIT¹ to Prospectus Forecasts						
EBIT ¹ (after IPO transaction costs)	1,400	1,582		919	1,101	
IPO Transaction Costs	218	218		218	218	
EBIT ¹ (before IPO transaction costs)	1,618	1,800		1,137	1,319	
JV Establishment and marketing costs	560	400		560	400	
Acquisition evaluations	126	118		126	118	
Professional services, including private to public transition	114	100		114	100	
Underlying EBIT¹	2,418	2,418	2,511	1,937	1,937	1,937
First quarter Proforma result under budget (pre-acquisition)	93	93	-	-	-	-
Prospectus EBIT¹	2,511	2,511	2,511	1,937	1,937	1,937

1. EBIT is a non-IFRS term, defined here as Earnings Before Interest and Tax attributable to the owners of the company after adding back the pre-tax loss of the non-controlling interest.
2. By entering into the BSA Brands joint venture with Bisley Workwear, Stealth reduced its prospectus revenue forecast by \$2.8m as stated in the 21 March 19 and 17 April 19 ASX announcements, resulting in a gross profit margin reduction of \$0.90m.
3. Unusual expense items related to joint venture establishment and marketing, acquisition evaluations and professional services including private to public transition.
4. Proforma figures assume Stealth and Heatleys combined for the full 12 months; Statutory is 12 months Stealth, 9 months Heatleys.

The Group has an emerging diversified product portfolio of distributed brands, proprietary brands and bespoke brands sold through Industrial, Trade and Consumer retail customer markets. The strategy is to accelerate growth and increase market share via organic, partnership and acquisitive pathways building a diversified but integrated distribution portfolio.

The Group's aim is to grow annual Group revenue to over \$200 million at an EBITDA margin of 8% plus by 2024 through a combined organic, partnership and acquisitive pathway.

To help achieve this, we have recently invested in making two key senior appointments within our executive team to improve our core capabilities and to effectively manage growth. David Kiggins has been appointed Group Chief Financial Officer and Phil Podgorski Chief Development Officer. Our focus now is on continuing expansion in Australia, resetting our product offering in Africa for higher margin business and co-investing in the UK with Bisley Workwear to continue store rollout programs and, importantly, build brand awareness in this new market through marketing, promotion and innovation campaigns in FY20.

We are cautiously optimistic on the back of positive growth in the Australian and UK markets, as well as global and regional conditions that in our view are likely to remain favourable for our business. Our focus is to continue to deliver on our strategy and expand our products and services in customer markets.

Stealth will continue to actively focus on existing business units, while developing its customer markets and product offerings, to win more large and medium sized customers, invest in technology, while continuing to leverage scale and buying power.

The Company will identify and evaluate suitable acquisitions that are complimentary to continue to strengthen the groups competitive position creating a point of difference in the marketplace.

Details of entities over which control has been gained during the period

Control gained over entities during the period	Date control was gained	Contribution of revenue to the Group	Contribution to profit after tax from ordinary activities during the period
Heatleys Group Holdings Pty Limited	27 Sep 18	Nil	Nil
Heatley Sales Pty Ltd ¹	27 Sep 18	\$39.5m	\$1.82m
BSA Brands (UK) Limited (50% holding) ²	15 Jan 19	\$1.3m	\$(0.3m)
Toolshop Direct (Australia) Pty Ltd (50% holding) ³	15 Jan 19	Nil	Nil
Industrial Supply Group Pty Ltd	09 May 19	\$0.1m	Nil

1. 100% subsidiary of Heatleys Group Holdings Pty Limited.

2. This contribution to revenue and profit after tax represents 100% of BSA Brands (UK) Limited as their results are consolidated in the Group financial statements and a Non-controlling interest is presented on the Consolidated Statement of Profit or Loss and Comprehensive Income.

3. Toolshop Direct (Australia) Pty Ltd has not commenced trading during the period.

Stealth holds a 50% interest in each of BSA Brands (UK) Limited (**BSA**) and Toolshop Direct (Australia) Pty Ltd (**Toolshop Direct**) and exercises control over both subsidiaries, consequently 100% of their results are consolidated in the Group Financial Statements and a Non-Controlling Interest is recognised on the Consolidated Statement of Profit or Loss and Comprehensive Income. BSA is a new joint venture with Bisley Workwear, Australia's number one industrial workwear brand, established in March to distribute Bisley Workwear in the UK and West Africa.

Stealth commenced the integration of the Heatleys Group in October 2018, shortly after listing on the ASX. The contribution from the Heatleys Group shown in the table above includes the 68 customers that transitioned from Stealth into the Heatleys Group operations; the benefits of the supplier consolidation exercise undertaken since the acquisition date; and is stated before accounting for intercompany management fees charged by Stealth.

Details of entities over which control has been lost during the period

No loss of control of entities occurred during the period.

Basis of preparation

This report is based on accounts which are in the process of being audited. It is expected that the independent audit report will be issued un-modified and contain no emphasis of matter or other matter paragraph.

Approval

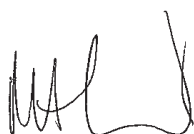
This Appendix 4E Preliminary Financial Report was approved by the Board of Directors on 30 August 2019.

Compliance Statement

This report covers the results for Stealth Global Holdings Ltd and its controlled entities, for the financial year ended 30 June 2019 (current period) and the previous corresponding financial year ended 30 June 2018 (prior period).

1. This report, and the accounts upon which this report is based, have been prepared in accordance with the AASB Standards.
2. The report, and the accounts upon which the report is based, use the same accounting policies.
3. This report gives a true and fair view of the matters disclosed.
4. This report is based on the accounts which are in the process of being audited.
5. Stealth has a formally constituted Audit and Risk Committee.

Signed:

A handwritten signature in black ink, appearing to read 'Michael Arnold', written over a light blue horizontal line.

Michael Arnold

Managing Director

Date: 30 August 2019

Consolidated Statement of Profit or Loss and Comprehensive Income

For the year ended 30 June 2019

	2019 \$	2018 \$
Continuing Operations		
Sales revenue	62,807,565	23,073,543
Service revenue	251,862	380,871
Cost of sales	(47,724,656)	(19,123,736)
Gross Profit	15,334,771	4,330,678
Other income	11,298	87,524
Personnel expenses	(9,459,132)	(2,817,574)
Administration expenses	(3,532,077)	(1,282,983)
Occupancy expenses	(1,233,036)	(241,569)
Transaction costs	(218,683)	(477,826)
Depreciation and amortisation expense	(165,946)	(91,805)
Finance costs	(149,276)	(20,035)
Profit / (Loss) from continuing operations before income tax	587,919	(513,590)
Income tax(expense) / credit	(201,638)	16,583
PROFIT / (LOSS) FOR THE YEAR	386,281	(497,007)
Profit / (Loss) for the year attributable to:		
Owners of the company	520,805	(497,007)
Non-controlling interests	(134,524)	-
	386,281	(497,007)
COMPREHENSIVE INCOME		
Profit / (Loss) for the year	386,281	(497,007)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation gains of international subsidiaries	73,933	36,232
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	460,214	(460,775)
Total comprehensive income/(loss) for the year attributable to:		
Owners of the company	594,738	(460,775)
Non-controlling interest	(134,524)	-
	460,214	(460,775)
Earnings per share for profit attributable to the ordinary equity holders of the company:		
	Cents	Cents
Basic earnings per share	0.68	(2.33)
Diluted earnings per share	0.68	(2.33)

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

Consolidated Statement of Financial Position

As at 30 June 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents		2,005,765	265,585
Trade and other receivables		15,875,496	3,793,726
Inventories		6,265,689	332,325
Other assets		576,285	122,185
Total Current Assets		24,723,235	4,513,821
NON-CURRENT ASSETS			
Property, plant and equipment		601,211	156,980
Intangible assets	5	6,888,531	463,652
Deferred tax assets		1,127,796	281,782
Investments in joint ventures		-	6,003
Other assets		1,100	250,000
Total Non-Current Assets		8,618,638	1,158,417
TOTAL ASSETS		33,341,873	5,672,238
CURRENT LIABILITIES			
Trade and other payables		16,314,152	5,575,843
Current tax liabilities		9,117	12,246
Financial liabilities	8	1,849,230	550,096
Provisions		987,954	61,659
Total Current Liabilities		19,160,453	6,199,844
NON-CURRENT LIABILITIES			
Financial liabilities	8	292,025	30,556
Deferred tax liabilities		20,621	17,125
Provisions		221,754	-
Other liabilities		705,329	-
Total Non-Current Liabilities		1,239,729	47,681
TOTAL LIABILITIES		20,400,182	6,247,525
NET ASSETS		12,941,691	(575,287)
EQUITY			
Issued capital	3	13,048,699	118,340
Accumulated funds		(224,306)	(745,111)
Reserves		250,916	51,484
Total Equity		12,941,691	(575,287)
Capital and reserves attributable to:			
Owners of Stealth Global Holdings Ltd		13,075,309	(575,287)
Non-controlling interests		(133,618)	-
TOTAL EQUITY		12,941,691	(575,287)

The consolidated statement of financial position should be read in conjunction with the attached notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	Attributable to owners of Stealth Global Holdings Ltd					Non-controlling Interests \$	Total Equity \$
	Issued Capital \$	Reserves \$	Accumulated Funds \$	Total \$			
Balance as at 1 July 2017	349,424	15,252	(248,104)	116,572	-	116,572	
Profit (Loss) for the year	-	-	(497,007)	(497,007)	-	(497,007)	
Other comprehensive income for the year	-	36,232	-	36,232	-	36,232	
Total comprehensive income for the year	-	36,232	(497,007)	(460,775)	-	(460,775)	
Transactions with Equity Holders in their capacity as Equity Holders							
Share issue costs	(231,084)	-	-	(231,084)	-	(231,084)	
Balance as at 30 June 2018	118,340	51,484	(745,111)	(575,287)	-	(575,287)	
Balance as at 1 July 2018	118,340	51,484	(745,111)	(575,287)	-	(575,287)	
Profit for the year	-	-	520,805	520,805	(134,524)	386,281	
Other comprehensive income for the year	-	73,933	-	73,933	-	73,933	
Total comprehensive income for the year	-	73,933	520,805	594,738	(134,524)	460,214	
Transactions with Equity Holders in their capacity as Equity Holders							
Issue of ordinary shares	13,920,000	-	-	13,920,000	-	13,920,000	
Issue of options	-	125,499	-	125,499	-	125,499	
Share issue costs	(989,641)	-	-	(989,641)	-	(989,641)	
Non-controlling interests	-	-	-	-	906	906	
Balance as at 30 June 2019	13,048,699	250,916	(224,306)	13,075,309	(133,618)	12,941,691	

The consolidated statement of changes in equity should be read in conjunction with the attached notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		59,602,031	24,540,722
Payment to suppliers		(59,108,579)	(23,341,154)
Interest paid		(97,847)	(11,751)
Income tax paid		(647,276)	(211,367)
Net cash inflow / (outflow) from operating activities	2	(251,671)	976,450
Cash flows from investing activities			
Payments for plant & equipment		(299,352)	(72,328)
Proceeds from the sale of plant & equipment		2,500	1,058
Proceeds on exit of joint venture		6,003	41,314
Interest received		11,298	1,659
Deposit paid		-	(250,000)
Net cash outflow on acquisition of subsidiary		(7,817,829)	(25,000)
Net cash inflow / (outflow) from investing activities		(8,097,380)	(303,297)
Cash flows from financing activities			
Proceeds from issuance of shares and options		12,500,499	-
Payments for capital raising		(1,106,411)	(100,661)
Proceeds from financial liabilities		1,572,807	290,128
Repayment of financial liabilities		(2,877,664)	(681,969)
Net cash inflow / (outflow) from financing activities		10,089,231	(492,502)
Net increase / (decrease) in cash and cash equivalents		1,740,180	180,651
Cash and cash equivalents at the beginning of the year		265,585	84,934
Cash and cash equivalents at the end of the year		2,005,765	265,585

The consolidated statement of cash flows should be read in conjunction with the attached notes.

Accounting Policies – basis of preparation and reporting

Stealth Global Holdings Ltd (**Stealth** or **Company**) is a listed public company, incorporated and domiciled in Australia.

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

These consolidated financial statements are general purpose financial statement prepared in accordance with Australian Accounting Standards (AAS) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. It presents the results of Stealth and its controlled entities (**Consolidated Entity**).

The consolidated financial statements of the Consolidated Entity comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB). This report does not include full disclosures of the type normally included in an annual consolidated financial report or all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Consolidated Entity's financial position and performance since the last financial statements. The accounting policies have been consistently applied by the entities in the Consolidated Entity.

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated financial statements are prepared on an accruals basis and are based on historical costs except where otherwise stated.

The consolidated financial statements of the Consolidated Entity are presented in Australian dollars, which is also its functional currency.

It is recommended that this Preliminary Financial Report be read in conjunction with any public announcements made by Stealth and its controlled entities during the year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following areas:

- | | | |
|---------------------------|------------------------------|-------------------------|
| i. Impairment of goodwill | iii. Control of Subsidiaries | v. Inventories |
| ii. Business combinations | iv. Taxation | vi. Revenue Recognition |

Note 1. Operating Segments

The Consolidated Entity results are reported as four business areas based on geographic regions, which are reviewed regularly by the Board of Directors. The principal results reviewed for each area are revenue and adjusted operating profit.

The Board of Directors' view is that there are three reportable segments, being the business areas of Australia, UK and Rest of the World. Unless stated otherwise, all amounts reported to the Board of Directors with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Consolidated Entity.

All intersegment transactions are eliminated on consolidation of the Consolidated Entity's financial statements. Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location. Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. The following items of revenue and expenses are not allocated to operating segments as they are not considered part of the core operations of any segment: Finance expense and Income tax expense/(credit).

Operating Segments Year ended 30 June 2019

	Australia \$	UK \$	Rest of the World \$	Corporate \$	Total \$
Revenue	58,220,514	4,833,291	5,622	-	63,059,427
Adjusted Operating profit/(loss)	1,802,003	(158,534)	(2,174)	(685,417)	955,878
Transaction items	-	-	-	(218,683)	(218,683)
Operating profit/(loss)	1,802,003	(158,534)	(2,174)	(904,100)	737,195
Finance expense					(149,276)
Reportable segment profit/(loss) before income tax					587,919
Income Tax Expense					(201,638)
Profit / (loss) for the year					386,281
Less: Non-controlling interests					(134,524)
Profit / (Loss) for the year attributable to owners of the company					520,805
Reportable segment assets	29,983,465	1,352,736	299,686	1,705,986	33,341,873
Reportable segment liabilities	19,227,989	967,839	20,492	183,862	20,400,182
Capital employed	10,755,476	384,897	279,194	1,522,124	12,941,691
Capital Expenditure	299,056	-	296	-	299,352
Depreciation and amortisation	152,462	3,706	9,778	-	165,946

Revenue includes revenue from services amounting to \$251,862 earned during the reporting period (2018: \$380,871). The remaining revenue was derived from the sale of goods.

Revenues from the major customer for FY19 were \$17,943,624 (2018: \$19,414,220).

Operating Segments Year ended 30 June 2018

	Australia \$	UK \$	Rest of the World \$	Corporate \$	Total \$
Revenue	21,571,630	1,870,375	12,409	-	23,454,414
Adjusted Operating profit/(loss)	1,100,403	160,449	3,274	(653,791)	610,335
Growth Related Investment & Restructuring Expenditure	(288,418)	(312,441)	(25,205)	-	(626,064)
Transaction items	-	-	-	(477,826)	(477,826)
Operating profit/(loss)	811,985	(151,992)	(21,931)	(1,131,617)	(493,555)
Finance expense					(20,035)
Reportable segment profit/(loss) before income tax					(513,590)
Income Tax Credit					16,583
Profit / (Loss) for the year attributable to owners of the company					(497,007)
Reportable segment assets	4,374,064	508,914	300,924	488,336	5,672,238
Reportable segment liabilities	5,037,224	176,576	285,004	748,721	6,247,525
Capital employed	(663,160)	332,338	15,920	(260,385)	(575,287)
Capital Expenditure	59,727	1,467	11,134	-	72,328
Depreciation and amortisation	75,616	3,039	13,150	-	91,805

Note 2. Reconciliation of profit after income tax to net cash flow from operating activities

	Consolidated	
	2019 \$	2018 \$
Profit / (Loss) after income tax	386,281	(497,007)
Adjustments for:		
Depreciation and amortisation	165,946	91,805
(Profit)/Loss on Sale of Non-Current Assets	16,118	(1,058)
Proceeds from sale of Non-Current Assets	(2,500)	-
Share of associate profit	-	(1,754)
Net foreign exchange (gain)/loss	54,598	41,297
Interest income recognised in profit/loss	(11,298)	(1,659)
Capital raising costs	-	(130,423)
Change in operating assets and liabilities, net of effects from purchase of controlled entities:		
(Increase)/decrease in trade and other receivables	(4,263,308)	920,767
(Increase)/decrease in inventories	(1,590,941)	(23,208)
(Increase)/decrease in deferred tax assets	(289,033)	(139,331)
(Increase)/decrease in other financial assets	411,770	-
(Increase)/decrease in other current assets	-	32,284
Increase/(decrease) in trade and other payables	5,184,119	814,127
Increase/(decrease) in provisions	139,167	11,782
Increase/(decrease) in current tax liabilities	(456,088)	(124,646)
Increase/(decrease) in deferred tax liabilities	3,498	(16,526)
Net cash inflow / (outflow) from operating activities	(251,671)	976,450

Note 3. Issued Capital

Summary	2019 \$	2018 \$
Balance at the beginning of the year	118,340	349,424
Ordinary shares – issued during the year	13,920,000	-
Less: Capital raising costs	(989,641)	(231,084)
Balance at the end of the year	13,048,699	118,340

Ordinary shares on issue	Number of Shares 30 June 2019	Number of Shares 30 June 2018	Year ended 30 June 2019 \$	Year ended 30 June 2018 \$
Balance at the beginning of the year	10,526	10,606	(460,162)	(229,078)
Sub-division	21,289,474	-	-	-
Shares issued to Chairman	850,000	-	170,000	-
Shares issued on conversion of preference shares	4,000,000	-	578,502	-
Shares issued – Heatleys Acquisition	6,250,000	-	1,250,000	-
Shares issued – IPO	62,500,000	-	12,500,000	-
Shares cancelled	-	(80)	-	-
Less: Capital raising costs	-	-	(989,641)	(231,084)
Balance at the end of the year	94,900,000	10,526	13,048,699	(460,162)

Preference shares on issue	Number of Shares 30 June 2019	Number of Shares 30 June 2018	Year ended 30 June 2019 \$	Year ended 30 June 2018 \$
Balance at the beginning of the year	600,000	600,000	578,502	578,502
Share sub-division	3,400,000	-	-	-
Conversion of preference shares	(4,000,000)	-	(578,502)	-
Shares cancelled	-	(600,000)	-	-
Shares issued	-	600,000	-	-
Balance at the end of the year	-	600,000	-	578,502

Options

Details of options granted during the period. No options were exercised during or since the end of the year.

Class	Expiry Date	Exercise Price	Number
Unquoted options	27 Sept 2022	\$0.25	4,994,737

Note 4. Earnings per share

	Consolidated	
	2019 \$	2018 \$
Profit used in the earnings per share calculation	520,805	(497,007)
Weighted average number of ordinary shares (Basic)	76,953,699	21,300,000
Weighted average number of ordinary shares (Diluted)	76,953,699	21,300,000
Basic Earnings Per Share (cents)	0.68	(2.33)
Diluted Earnings Per Share (cents)	0.68	(2.33)

The number of options on issue at 30 June 2019 is 4,994,737 (2018: Nil). These are not considered dilutive as the average market price of the ordinary shares exceeds the exercise price of the options.

This is the first year that Stealth has been listed on the ASX. Post listing in October 2018 the Company had 94,900,000 shares on issue after raising capital to acquire Heatleys. This was a significant acquisition and hence it should be noted that the year on year comparisons of the statutory results are comparing different group structures.

Note 5. Intangible Assets

	Consolidated	
	2019 \$	2018 \$
Opening balance – Intangible Assets	463,652	463,762
Arising on acquisition through business combination – Heatleys	5,479,879	-
Arising on acquisition through business combination – ISG	925,667	-
Exchange Differences	19,333	(110)
Closing balance – Intangible Assets	6,888,531	463,652

Note 6. Business Combinations

Acquisition of Heatleys Group

Following the successful completion of the Company's IPO, on 27 September 2018 Stealth completed the acquisition and integration of Heatleys Group into the Consolidated Entity.

Details of the purchase consideration, goodwill and net assets of Heatleys are:

Purchase consideration:	\$
Cash paid	7,750,000
Shares issued	1,250,000
Total purchase consideration	9,000,000
Assets and liabilities recognised as a result of the acquisition:	
Cash and cash equivalents	61,464
Trade and other receivables	7,789,694
Inventories	4,581,184
Deferred tax asset	556,979
Other assets	1,100
Property, plant and equipment	326,943
Total Assets	13,317,364
Trade and other payables	(6,274,932)
Finance liabilities	(1,914,292)
Provisions – employee benefits	(989,184)
Provisions – other	(105,419)
Deferred tax liability	(513,416)
Total Liabilities	(9,797,243)
Net identifiable assets acquired	3,520,121
Goodwill – Heatleys acquisition	5,479,879

Acquisition of Industrial Supply Group Pty Ltd

Stealth completed the acquisition of ISG in May 2019. ISG is an industrial buying group, providing Stealth with 27 new member-based trade store locations on the East Coast of Australia.

Business combinations are initially accounted for on a provisional basis. Details of the purchase consideration, provisional goodwill and provisional net assets of ISG are:

Purchase consideration:	\$
Cash paid	500,000
Deferred Settlement	500,000
Total purchase consideration	1,000,000
Assets and liabilities recognised as a result of the acquisition:	
Cash and cash equivalents	120,707
Trade and other receivables	227,206
Other assets	16,901
Total Assets	364,814
Trade and other payables	(274,094)
Provisions – employee benefits	(16,387)
Total Liabilities	(290,481)
Net identifiable assets acquired	74,333
Goodwill – ISG acquisition	925,667

If new information obtained within one year of date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Note 7. Commitments

	Consolidated	
	2019 \$	2018 \$
Operating lease commitments		
Future operating lease rentals not provided for in the financial statements and payable:		
Not later than one year	963,214	152,852
Later than one year but not later than five years	72,647	112,558
Greater than five years	-	-
	1,035,861	265,410
Finance lease commitments		
Not later than one year	26,423	9,893
Later than one year but not later than five years	47,065	35,088
Minimum lease payments	73,488	44,981
Future lease payments	(5,040)	(4,532)
Recognised as a liability	68,448	40,449
The present value of finance lease liabilities is as follows:		
Not later than one year	24,999	8,058
Later than one year but not later than five years	43,449	32,391
Minimum lease payments	68,448	40,449

Note 8. Financial Liabilities

	Consolidated	
	2019 \$	2018 \$
Current:		
Westpac facility	1,572,807	-
Leases	26,423	9,893
Deferred consideration - ISG	250,000	-
Share buy-back deferred settlement	-	271,248
Prepayment from Capital Drilling	-	268,955
	1,849,230	550,096
Non-current:		
Leases	42,025	30,556
Deferred consideration - ISG	250,000	-
	292,025	30,556

The Westpac Invoice Finance Facility is secured by the trade debtors of Heatley Sales Pty Ltd and a floating charge over the assets of the Heatleys Group. The interest rate is variable and was 4.99% at 30 June 2019. This facility did not exist in 2018.

The Finance leases are secured over the Motor Vehicles and the interest rates are fixed at rates between 4.66% and 4.99% (2018: 4.99%). The term of the leases is between 1 and 4 years with equal monthly repayments.

The Prepayment from Capital Drilling was unsecured and interest free. Repayments were made at US\$25,000 per month. The deferred settlement on the share buy-back was unsecured and interest free. Both were fully repaid during the year.

Note 9. Contingent liabilities

The Consolidated Entity is not aware of any material contingent assets or liabilities as at 30 June 2019.

Note 10. Events occurring after the reporting period

Other than disclosed above, there has been no transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Consolidated Entity, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.