



MERCHANT HOUSE INTERNATIONAL LIMITED

ARBN 065 681 138

APPENDIX 4E

PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED

31 MARCH 2025

Rule 4.3A

## APPENDIX 4E

### Preliminary Final Report

Reporting period (current period)	Year ended 31 March 2025
Previous corresponding period	Year ended 31 March 2024

#### Results for Announcement to the Market

	Current Period \$'000	Previous Period (Restated) \$'000	Percentage increase / (decrease) %
Revenue from ordinary activities	-	-	-
Loss from continuing operations after income tax attributable to owners of the Company	(2,042)	(2,264)	(9.81)
Loss from discontinued operations after income tax attributable to owners of the Company	(2,549)	(5,128)	(50.29)
Net loss attributable to owners of the Company	(4,591)	(7,392)	(37.89)

#### Dividend information

	Amount per share (cents)	Franked amount per share (cents)	Amount per share of foreign source dividend (cents)	Total Amount \$'000	Date of payment
Final Dividend	Nil	Nil	Nil	Nil	N/A
Interim Dividend	Nil	Nil	Nil	Nil	N/A
Previous corresponding period	Nil	Nil	Nil	Nil	N/A
Record Date for Determining Entitlements	Not Applicable				

## Commentary on results

For the year ending 31 March 2025, the Group recorded a loss of \$2,042 thousand (2024: \$2,264 thousand) from continuing operations.

### Forsan:

On 30 May 2024, Forsan Limited ("Forsan") announced it had entered into a binding agreement for the sale of its 33.79% interest in Tianjin Tianxing Kesheng Leather Products Company Limited ("Tianxing") to Tianjin Wuxi International Trading Company Limited for approximately A\$8,300,000 (RMB 40,000,000) before taxes and other fees.

On 8 July 2024, the Company advised shareholders that RMB 26,814,134 (approx. A\$5,478,000) had been deposited into a joint HSBC Shanghai bank account between Forsan and the buyer. The final tranche of RMB 9,390,998, being RMB 13,185,866 less RMB 3,794,868 of withholding tax and stamp duty, was paid into the escrow account on 22 July 2024.

On 9 January 2025, the Company announced that the sales proceeds of US\$4,915,536 (equivalent to RMB36,205,132) had been released to Forsan from the escrow account in final settlement of the sale of the interest in Tianxing.

### AMI:

On 30 September 2024, American Merchant Inc. ("AMI") ceased operations following sustained long-term losses.

On 10 February 2025, the Company announced that the equipment owned by AMI has been sold for US\$4,000,000 to United Textile Machinery Corp (a Massachusetts company) and Gibbs International Inc (a South Carolina company).

The terms of the sales are:

- US\$1 million on signing. This amount has been received by AMI.
- US\$3 million promissory note issued to AMI, such notes payable as follows:
  - US\$1 million in 30 days; and
  - US\$2 million in 60 days.

None of the Directors or their associates are associated with the purchasers.

On 5 March 2025, the Company announced that the first tranche of the promissory note comprising US\$1 million has been received by the Company.

On 1 April 2025, the Company announced that the second tranche of the promissory note comprising US\$2 million has been received by the Company in final settlement of the sale of the equipment.

With respect to the land and buildings owned by AMI, the Company has been in advanced discussions an interested party and will provide further information to the market should a transaction eventuate.

### Corporate:

While the Group has ceased the business operations noted above during 2024, it remains financially solvent with sufficient cash reserves to meet its liabilities as and when they fall due. The Board has initiated the process of preparing the sale of the remaining assets held by AMI, and following a successful divestment, shareholder approval will be sought for the distribution of residual funds to shareholders, voluntarily delisting from ASX and a winding up of the Group.

## Net tangible assets

	2025	2024
Net tangible assets per ordinary share (cents)	23.63	29.93

**Loss per share**

	<b>2025</b>	<b>2024</b>
	<b>cents</b>	<b>Restated cents</b>
<b>Basic and diluted loss per share</b>		
Basic and diluted loss per share - continuing operations	(2.17)	(2.40)
Basic and diluted loss per share – discontinued operations	(2.70)	(5.44)
Loss attributable to owners of the Company	(4.87)	(7.84)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted EPS	94,266,496	94,266,496

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2025**

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>Restated \$'000</b>
Other losses	(5)	-
Finance income	80	137
Reversal of prior year accruals	-	296
Net foreign exchange gains	8	19
Gain on disposal of right-of-use assets	-	4
Personnel expenses	(1,447)	(1,682)
Depreciation	(21)	(25)
Amortisation – right-of-use assets	(76)	(142)
General and administrative expenses	(583)	(865)
Finance costs	(2)	(8)
<b>Loss before income tax expense</b>	<b>(2,046)</b>	<b>(2,266)</b>
Income tax benefit	4	2
<b>Loss for the year from continuing operations</b>	<b>(2,042)</b>	<b>(2,264)</b>
Loss from discontinued operations	(2,549)	(5,128)
<b>Loss for the year</b>	<b>(4,591)</b>	<b>(7,392)</b>
<b>Other comprehensive (loss) / income, net of tax</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(1,414)	935
Other comprehensive (loss) / income for the year, net of tax	(1,414)	935
<b>Total comprehensive loss for the year</b>	<b>(6,005)</b>	<b>(6,457)</b>
<b>Loss per share attributable to owners of the Company</b>		
Basic and diluted (cents per share) – continuing operations	(2.17)	(2.40)
Basic and diluted (cents per share) – discontinued operations	(2.70)	(5.44)
Basic and diluted (cents per share)	(4.87)	(7.84)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2025 (continued)**

**Notes to the statement of profit or loss and other comprehensive income**

	2025 \$'000	2024 Restated \$'000
<b>Personnel expenses</b>		
Key management personnel remuneration	898	1,034
Wages and salaries	338	456
Contributions to defined contribution plans	13	16
Other employee benefits	198	176
	<b>1,447</b>	<b>1,682</b>
<b>General and administrative expenses</b>		
Auditors' remuneration	171	156
Legal and consultancy fees	150	338
Insurance	4	4
Travelling	30	93
Low value / short term lease payments	4	12
Others	224	262
	<b>583</b>	<b>865</b>
<b>Discontinued operations - summary</b>		
Revenue	3,746	12,123
(Loss) / gain on disposal of property, plant and equipment	(9,122)	3,250
Government grant and subsidies	14	27
Write back long outstanding payables	8	-
(Provision for) / reversal of provision for expected credit losses	(9)	31
Cost of sales	(4,584)	(15,570)
Selling and distribution costs	(8)	(81)
Personnel expenses	(542)	(1,466)
Depreciation	(1,002)	(2,241)
General and administrative expenses	(552)	(788)
Fines and penalties	-	(415)
Net foreign exchange gain	-	2
Finance income	71	-
Gain on disposal of an associate	9,431	-
Loss after income tax expense on discontinued operations	<b>(2,549)</b>	<b>(5,128)</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2025**

	<b>2025 \$'000</b>	<b>2024 \$'000</b>
<b>Assets</b>		
Cash and cash equivalents	15,048	6,612
Trade and other receivables	82	637
Inventories	-	429
Prepayments	10	191
Assets held for sale	8,924	352
Property, plant, and equipment	-	25,231
Right of use assets	13	78
Deferred tax assets	28	24
<b>Total assets</b>	<b>24,105</b>	<b>33,554</b>
<b>Liabilities</b>		
Trade and other payables	1,779	5,051
Provisions	4	-
Lease Liabilities	12	80
Liabilities associated with assets held for sale	-	108
<b>Total liabilities</b>	<b>1,795</b>	<b>5,239</b>
<b>Net assets</b>	<b>22,310</b>	<b>28,315</b>
<b>Equity</b>		
Issued capital	2,944	2,944
Foreign currency translation reserve	11,863	13,277
Retained earnings	7,503	12,094
<b>Total equity</b>	<b>22,310</b>	<b>28,315</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2025**

	<b>2025 \$'000</b>	<b>2024 \$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	4,322	13,372
Payments to suppliers and employees	(10,544)	(19,256)
Receipts from government subsidies	14	271
Finance costs paid	(2)	(9)
Net cash used in operating activities	<b>(6,210)</b>	<b>(5,622)</b>
<b>Cash flows from investing activities</b>		
Interest received	142	139
Proceeds from disposal of property, plant, and equipment	6,442	4,986
Payments for property, plant, and equipment	-	(36)
Proceeds from sale of investment in an associate	7,873	-
Net cash from investing activities	<b>14,457</b>	<b>5,089</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	-	(90)
Proceeds from related party loans	-	151
Repayment of related party loans	-	(151)
Payments of right of use asset lease liabilities	(89)	(165)
Net cash used in financing activities	<b>(89)</b>	<b>(255)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>8,158</b>	<b>(788)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>6,930</b>	<b>7,493</b>
Effects of exchange rate fluctuations on cash held	(40)	225
<b>Cash and cash equivalents at the end of the year</b>	<b>15,048</b>	<b>6,930</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2025**

	<b>2025 \$'000</b>	<b>2024 \$'000</b>
<b>Reconciliation of cash and cash equivalents</b>		
Cash on hand and at bank	758	2,048
Fixed bank deposits with original maturities less than 3 months	3,183	4,564
Bank balances and cash held in continuing operations	3,941	6,612
Cash included in discontinued operations / assets held for sale	11,107	318
Bank balances and cash	15,048	6,930
<b>Discontinued operations cash flow information</b>		
Net cash used in operating activities	(4,260)	(2,976)
Net cash from investing activities	15,196	2,022
Net cash used in financing activities	(12)	(24)
Net increase / (decrease) in cash and cash equivalents from discontinued operations	10,924	(978)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2025**

	Attributable to owners of the Company			
	Issued capital \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total \$'000
<b>Balance on 1 April 2023</b>	2,944	12,342	19,486	34,772
Loss for the year	-	-	(7,392)	(7,392)
Other comprehensive income	-	935	-	935
<b>Total comprehensive income / (loss) for the year</b>	-	935	(7,392)	(6,457)
<b>Balance on 31 March 2024</b>	<b>2,944</b>	<b>13,277</b>	<b>12,094</b>	<b>28,315</b>
Loss for the year	-	-	(4,591)	(4,591)
Other comprehensive loss	-	(1,414)	-	(1,414)
<b>Total comprehensive loss for the year</b>	-	(1,414)	(4,591)	(6,005)
<b>Balance on 31 March 2025</b>	<b>2,944</b>	<b>11,863</b>	<b>7,503</b>	<b>22,310</b>

## Operating segments

The Group has identified its operating segments on the internal reports that are reviewed and used by the Board (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group operated in the following segment:

- Home textiles

The home textiles segment manufactures and sells home textile products to both local and overseas customers.

During the reporting period, the Group made the strategic decision to discontinue the home textiles business segment. Therefore the Group does not have any operating segments and the discontinued operations are reported separately from continuing operations in the financial statements in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

## Loss of control over entities

Name of entities	Date control lost
N/A	

## Details of associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments.

Details of each of the Groups significant associates on 31 March 2025 are as follows:

Name of associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			2025 %	2024 %
Tianjin Tianxing Kesheng Leather Products Company Limited	Footwear manufacturing	China	Nil	33.79

### Details of associates (continued)

#### ***Tianjin Tianxing Kesheng Leather Products Company Limited***

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On 9 January 2025, the Company announced that the sales proceeds of US\$4,915,536 (equivalent to RMB36,205,132) had been released to Forsan from the escrow account in final settlement of the sale of the interest in Tianxing.

### Accounting standards

The financial report is prepared in accordance with Australian Accounting Standards (AASBs) and Interpretations adopted by the Australian Accounting Standards Board (AASB). This report also complies with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

Other than the disclosures made within this report, there are no other factors which have affected the results in the year, or which are likely to affect the results in the future.

### Liquidation basis of accounting

As a result of the decision to permanently cease operations (as announced to the market on 6 August 2024), the financial report presents assets and liabilities on a liquidity basis.

### Audited Financial Report

The Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the unaudited Annual Financial Report.

In line with previous years, the Preliminary Final Report is unaudited and contains disclosures which are extracted and derived from the Annual Financial Report for the year ended 31 March 2025. The Annual Financial Report is in the process of being audited.



David M McArthur  
Company Secretary  
30 May 2025