

# LandMark White Limited

A.C.N. 102 320 329

Results for announcement to the market

ASX Preliminary Final Report

Appendix 4E

30 June 2016

Lodged with the ASX under Listing Rule 4.3A

## **ASX Announcement – LandMark White Limited – Full Year Results**

### **Review of Operations**

### **Financial Results**

#### **Highlights**

- Gross Revenues including franchised offices increased 14.2% to \$28.2m.
- Revenues excluding franchised offices increased 15.8% to \$22.8m.
- Net Profit After Tax up 113% to \$1.7m.
- Continuing growth in organisational capacity, clients and customer base: a result of investment in new staff, office upgrades, and IT infrastructure and software.
- Fully franked Final Dividend of 3.25 cents, up from 2.5 cents.

The Board of LandMark White (LMW) announced the continued improvement in revenues across the Group. Gross revenues rose 14.2% to \$28.2m from \$24.7m in FY2015. Revenues excluding franchised offices also rose \$3.1m to \$22.8m, a 15.8% increase over the previous financial year. The improvement in revenue reflects management's effective implementation of the Group's "Towards Excellence" business strategy, in an overall softening market.

As noted in the LMW market update (16 June 2016), Net Profit Before Tax was expected to be in the range of \$2.2m to \$2.4m. Profit Before Tax was \$2.368m, which was at the high end of the forecast following a strong June performance. Investment in staff capacity to meet increases in revenue saw the second half result lower than that demonstrated in the first half, which had a Profit Before Tax of \$1.46 m. The increase in staffing numbers has considerably enhanced our valuation capacity and is expected to flow to increased profits in the next financial year.

#### **Business Overview**

The results for the year show LMW is continuing to build its market share.

The strategic acquisition of 12.5% of Forrest Street Pty Ltd (our joint venture partner in WA and SA) further strengthened LMW's ability to deliver an enhanced range of services to major clients nationally. The two companies share a common valuation platform and have worked together since 2010. Further potential synergies are achievable that will further contribute to growth in the near term. This strategic investment is accounted for on the balance sheet at cost, with income being derived through monthly fully franked dividends, which have enhanced after tax returns.

Residential valuations represent 52% of LMW's gross valuation revenues and 66% of group valuation revenues, the latter excluding franchisee revenues.

The 2016 financial year has been a further year of investment for future growth and sustainability of operations. We have invested in building our professional capacity and IT infrastructure to meet both the demand for property valuations and to create a platform for future quality and productivity gains. This will be achieved through new software that will increase both staff mobility and workplace flexibility. Increased diversification of our customer base through inclusion on more banking panels has also placed the company in an improved position for the future.

**Cash at Bank**

Throughout the year LMW continued to operate with strong cash balances. Investment in joint venture partner (Forrest Street Pty Ltd – LMW WA) reduced cash to \$0.2m at 30 June 2015. However, the cash balance as at 30 June 2016 significantly improved to \$1.1m.

**Dividends**

The Board has declared a final fully franked dividend of 3.25 cents per share payable on 4 October 2016. The total dividend FY2016 is 4.5 cents per share, an increase of 0.75 cents per share on FY2015. The dividend reflects a 75% payout ratio and improved cash position.

LandMark White has maintained a consistent level of fully franked dividends since listing in 2003. With a significant surplus of franking credits, dividends should continue to be fully franked for the foreseeable future.

**Outlook**

LMW is well placed for improved profitability for FY2017. The strategies that underscore the “Towards Excellence” business plan, such as service diversification and enhanced client engagement, ensure LMW is well placed to continue to grow its market share across the board in FY2017.

**LandMark White Limited and Controlled Entities**  
**ACN 102 320 329**

**Summary Results for the year to 30 June 2016**

The following is a summary of the financial results for the year ended 30 June 2016 (previous corresponding period 30 June 2015).

**Results for announcement to the market**

	<b>Year ended 30 June 2016 \$000s</b>	<b>Year ended 30 June 2015 \$000s</b>	<b>Increase/ (Decrease) \$000s</b>	<b>% Change</b>
Revenue from Continuing Operations	22,849	19,731	3,118	15.8%
Profit before tax from continuing operations	2,368	1,155	1,213	105.0%
Income tax expense	709	376	333	88.6%
Net Profit after tax from continuing operations	1,659	779	880	113.0%

<b>Comparison of Half-Year Profits</b>	<b>Current Period \$000s</b>	<b>Previous Period \$000s</b>
Consolidated Profit after tax attributable to members reported for the 1 <sup>st</sup> Half yearly report	1,020	456
Consolidated Profit after tax attributable to members reported for the 2 <sup>nd</sup> Half year	639	323

<b>Dividends</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
Interim dividend	1.25 cents	1.25 cents
Final dividend	3.25 cents	3.25 cents
	4.5 cents	4.5 cents

Dividend payment date	4 October 2016
Record date for determining entitlement to final dividend	16 September 2016
Ex dividend date	14 September 2016

**Annual Report and Annual General Meeting**

LandMark White expects to send its Annual Report and Notice of Annual General Meeting to shareholders during the week commencing 10 October 2016.

1. LandMark White expects to hold its 2016 Annual General Meeting in Sydney on 17 November 2016.

**LANDMARK WHITE LIMITED AND CONTROLLED ENTITIES**  
**ACN 102 320 329**

**PRELIMINARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	30 June 2016 \$000s	30 June 2015 \$000s
<b>Revenue from rendering of services</b>		22,849	19,731
<b>Expenses from continuing operations</b>			
Employment expenses		16,015	13,912
Report presentation expenses		969	713
Marketing expenses		165	121
Communication expenses		233	225
Administration expenses		1,348	2,033
Occupancy expenses		983	971
Depreciation and amortisation expenses		213	168
Other expenses from ordinary activities		547	448
<b>Results from operating activities</b>		<b>2,376</b>	<b>1,140</b>
Finance income		8	21
Finance expense		16	6
<b>Profit before tax</b>		<b>2,368</b>	<b>1,155</b>
Income tax expense		709	376
<b>Profit for the year attributable to owners of the parent</b>		<b>1,659</b>	<b>779</b>
<b>Total other comprehensive income (net of tax)</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year attributable to owners of the parent</b>		<b>1,659</b>	<b>779</b>
Basic earnings per share (cents per share) from total operations	2	6.0	2.8
Diluted earnings per share (cents per share) from total operations	2	5.8	2.8

*The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**LANDMARK WHITE LIMITED AND CONTROLLED ENTITIES**  
**ACN 102 320 329**

**PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2016**

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>\$000s</b>	<b>\$000s</b>
<b>Current Assets</b>		
Cash and cash equivalents	1,100	218
Term deposits	19	103
Trade and other receivables	2,449	2,628
Inventories	152	99
Other assets	404	479
<b>Total Current Assets</b>	<b>4,124</b>	<b>3,527</b>
Deferred tax assets	562	463
Term deposits	243	247
Property, plant & equipment	397	306
Intangible assets	5,168	5,035
Investments	715	575
<b>Total Non Current Assets</b>	<b>7,085</b>	<b>6,626</b>
<b>Total Assets</b>	<b>11,209</b>	<b>10,153</b>
<b>Current Liabilities</b>		
Trade and other payables	899	966
Current tax liabilities	397	159
Employee benefits	2,032	2,004
<b>Total Current Liabilities</b>	<b>3,328</b>	<b>3,129</b>
<b>Non Current Liabilities</b>		
Deferred tax liabilities	46	30
Employee benefits	151	130
Provisions	83	189
<b>Total Non Current Liabilities</b>	<b>280</b>	<b>349</b>
<b>Total Liabilities</b>	<b>3,608</b>	<b>3,478</b>
<b>Net Assets</b>	<b>7,601</b>	<b>6,675</b>
<b>Equity</b>		
Contributed equity	6,050	6,008
Retained Earnings	1,229	605
Reserves	322	62
<b>Total Equity</b>	<b>7,601</b>	<b>6,675</b>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

**LANDMARK WHITE LIMITED AND CONTROLLED ENTITIES**  
**ACN 102 320 329**

**PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>\$000s</b>	<b>\$000s</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	25,161	21,097
Payments to suppliers and employees	(22,247)	(20,246)
Interest received	8	21
Interest paid	(16)	(6)
Dividends received	91	6
Decrease / (Increase) in security deposits	10	(62)
Income tax (paid)	(555)	(486)
<b>Net cash flows provided by Operating Activities</b>	<b>2,452</b>	<b>324</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant & equipment	(242)	(198)
Purchase of intangible assets	(195)	(15)
Purchase of investments	(140)	(575)
<b>Net cash flows used in Investing Activities</b>	<b>(577)</b>	<b>(788)</b>
<b>Cash Flows from Financing Activities</b>		
Dividends paid	(993)	(1,034)
<b>Net cash flows used in Financing activities</b>	<b>(993)</b>	<b>(1,034)</b>
<b>Net increase / (decrease) in cash held</b>	<b>882</b>	<b>(1,498)</b>
Cash at beginning of financial period	218	1,716
<b>Cash at end of financial period</b>	<b>1,100</b>	<b>218</b>

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

**LANDMARK WHITE LIMITED AND CONTROLLED ENTITIES**  
**ACN 102 320 329**

**PRELIMINARY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2016**  
**STATEMENT OF CHANGES IN EQUITY**

	<b>Share Capital \$000's</b>	<b>Share Option Reserve \$000's</b>	<b>Retained Earnings \$000's</b>	<b>Total Equity \$000's</b>
<b>Consolidated</b>				
Balance at 1 July 2014	6,008	9	860	6,877
Total comprehensive income attributable to members of the parent entity	-	-	779	779
Net share based compensation benefit	-	53	-	53
Dividends to shareholders	-	-	(1,034)	(1,034)
Balance at 30 June 2015	<u>6,008</u>	<u>62</u>	<u>605</u>	<u>6,675</u>
Total comprehensive income attributable to members of the parent entity	-	-	1,659	1,659
Shares issued	42	-	-	42
Net share based compensation benefit	-	260	-	260
Dividends to shareholders	-	-	(1,035)	(1,035)
Balance at 30 June 2016	<u><u>6,050</u></u>	<u><u>322</u></u>	<u><u>1,229</u></u>	<u><u>7,601</u></u>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*



**LANDMARK WHITE LIMITED AND CONTROLLED ENTITIES**  
**ACN 102 320 329**

**NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**1. DIVIDENDS**

Final dividend resolved to be paid	3.25 cents per share fully franked
Date the dividend is payable	4 October 2016
Record date	16 September 2016
Ex dividend date	14 September 2016

	<u>Current Year</u>	<u>Prior Year</u>
Interim dividend	1.25 cents	1.25 cents
Final dividend	3.25 cents	2.5 cents
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	4.5 cents	3.75 cents

Of the total dividends paid during the year \$42,000 was reinvested as part of the Company's Dividend Reinvestment Plan.

**2. EARNINGS PER SHARE**

	<b>30 June 2016</b>	<b>30 June 2015</b>
	¢	¢
Basic earnings per share	6.0	2.8
Diluted earnings per share	5.8	2.8
Weighted average number of shares used in the		
- calculation of basic EPS	27,607,509	27,588,781
- calculation of diluted EPS	28,722,894	27,668,781

The amount used in the numerator in calculating basic and diluted EPS is the total comprehensive income attributable to owners of the parent reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

**3. NET TANGIBLE ASSET BACKING**

	<b>30 June 2016</b>	<b>30 June 2015</b>
Net Tangible Asset Backing Per Share	\$0.088	\$0.065

**4. INCOME TAX**

Income tax expense for the year consists of the following;

	<b>30 June 2016</b>	<b>30 June 2015</b>
	\$000s	\$000s
Profit from continuing operations before tax	2,368	1,155
Prima facie income tax calculated at 30% on profit	710	346
Effect of non deductible expenses	26	32
Effect of fully franked dividends	(27)	(2)
Prior Year adjustments	-	-
Net income tax expense	709	376

**LANDMARK WHITE LIMITED AND CONTROLLED ENTITIES**  
**ACN 102 320 329**

**NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>\$000s</b>	<b>\$000s</b>
<b>5. CONTRIBUTED EQUITY</b>		
<b>Issued and paid-up capital</b>		
27,669,201 (June 2015 : 27,588,781) ordinary shares, fully paid	6,050	6,008
<b>Movements during the period:</b>	42	Nil

**6. SUBSEQUENT EVENTS**

There have been no events subsequent to reporting date which affect the results contained in this financial report or the continuing operations of the Group.

**7. COMPLIANCE STATEMENT**

This report is based on financial statements to which the following applies:

- |  |  |
|--|--|
| <input type="checkbox"/> The financial statements have been audited.   | <input type="checkbox"/> The financial statements have been subject to review.           |
| <input checked="" type="checkbox"/> The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> The financial statements have not yet been audited or reviewed. |

The Company has a formally constituted Audit Committee.