

LandMark White Limited

A.C.N. 102 320 329

Results for announcement to the market

ASX Preliminary Final Report

Appendix 4E

30 June 2017

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 & joint venture businesses increased 5.0% to \$38.9m.
- Successfully completed the acquisition of MVS Valuers (“MVS”) on 31 May 2017.
- Revenues from owned businesses increased 9.7% to \$25.1m of which 2.2% growth came from the existing business and 7.5% from the acquired MVS business.
- Net Profit Before Tax up 1.1% to \$2.4m. However, the increase was 4.0% excluding profits from the acquired MVS business and acquisition costs posted to the profit and loss account.
- Continuing growth in organisational capacity, clients and customer base via investment in people, office upgrades, IT infrastructure and software.
- Fully franked Final Dividend of 2.25 cents resulting in the full year dividend being maintained at 4.50 cents notwithstanding the significant increase in shares issued (from 27.6m to 75.9m) to fund the acquisition of MVS.

The Board of LandMark White (LMW) announced a 2% increase in revenues from continuing operations with strong growth in the residential business (6%) despite a softening market which highlights an increase in market share. This was offset by a slowing in the South-East Queensland commercial business with an 8% fall in revenues.

As noted in the outlook of the Director’s Report released with the half year results (December 2016) we expected the full year result to be at least that achieved in the year ended 30 June 2016. The full year profit after tax, adjusted to remove the impact of the acquisition of MVS, was \$1.83m – up 10% on the prior year profit after tax of \$1.66m.

As MVS was acquired on 31 May 2017, it contributed \$1.7m of revenue and \$0.2m of profit before tax for the month of June 2017. The consolidated statement of profit and loss also included acquisition costs of \$0.3M.

Business Overview

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

The acquisition of MVS strengthened LMW’s ability to deliver an enhanced range of services to major clients nationally and introduced a significant level of revenues generated via services to government entities, thereby further diversifying LMW’s income streams. We have already advanced the integration of the two businesses and expect to deliver annualised synergistic savings of \$1.5m - \$2.0m by the end of the 2018 financial year. We expect profits in the second half of FY2018 to reflect these savings, however full annualised savings will only be delivered in FY2019. During the integration, LMW has maintained its industry leading performance with our major clients, which will assist in continuing to grow market share.

We continue to invest in our people, infrastructure and software to deliver continuing performance and efficiency gains.

Cash at Bank

Throughout the year LMW continued to operate with strong cash balances. Taking into account the \$2.5M on short term deposit and the cash to be returned to the vendors of MVS, LMW had \$6.2m of available cash as at 30 June 2017.

Dividends

The Board has declared a final fully franked dividend of 2.25 cents per share payable on 3 October 2017. The total dividend FY2017 is 4.50 cents per share which is the same as for FY2016 even though the number of shares has increased by 175%.

The Board expects full year dividends for FY2018 to exceed 7.0 cents per share based upon current forecasts & market conditions.

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 FY2018 capitalising on the acquisition of MVS, synergistic savings, market share growth and expansion in the non-mortgage sector. Our current forecasts for FY2018 remain in line with those published during the capital raising.

LandMark White Limited and Controlled Entities
ACN 102 320 329

Summary Results for the year to 30 June 2017

The following is a summary of the financial results for the year ended 30 June 2017.

Results for announcement to the market

	Year ended 30 June 2017 \$000s	Year ended 30 June 2016 \$000s	Increase/ (Decrease) \$000s	% Change
Revenue				
Continuing operations	23,352	22,849	503	2%
Acquired business	1,716	-	1,716	-
	25,068	22,849	2,219	10%
Profit before tax				
Continuing operations	2,462	2,368	94	4%
Acquired business	212	-	212	-
Acquisition costs expensed	(286)	-	(286)	-
	2,388	2,368	20	1%
Income tax expense	762	709	53	7%
Net Profit after tax from continuing operations	1,626	1,659	(33)	(2%)
Net Profit after tax adjusted to remove the impact of the MVS acquisition	1,826	1,659	167	10%

Comparison of Half-Year Profits	Current Period \$000s	Previous Period \$000s
Consolidated Profit after tax attributable to members: reported for the 1 st Half yearly report	875	1,020
Consolidated Profit after tax attributable to members reported for the 2 nd Half year	751	639
Total	1,626	1,659

Dividends	Amount per security	Franked amount per security
Interim dividend	2.25 cents	2.25 cents
Final dividend	2.25 cents	2.25 cents

Dividend payment date	3 October 2017
Ex-dividend date	13 September 2017
Record date for determining entitlement to final dividend	15 September 2017

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 20 October 2017.

LandMark White expects to hold its 2017 Annual General Meeting in Sydney on 23 November 2017.

LANDMARK WHITE LIMITED AND CONTROLLED ENTITIES
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PRELIMINARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	30 June 2017 \$000s	30 June 2016 \$000s
Revenue from rendering of services		25,068	22,849
Expenses from continuing operations			
Employment expenses		17,318	16,015
Report presentation expenses		1,200	969
Marketing expenses		355	165
Communication expenses		263	233
Insurance expenses		915	875
Administration expenses		625	473
Occupancy expenses		1,022	983
Depreciation and amortisation expenses		313	213
Other expenses from ordinary activities		681	547
		22,692	20,473
Results from operating activities		2,376	2,376
Finance income		15	8
Finance expense		(3)	(16)
Profit before tax		2,388	2,368
Income tax expense	4	(762)	(709)
Profit for the year attributable to owners of the parent		1,626	1,659
Total other comprehensive income (net of tax)		-	-
Total comprehensive income for the year attributable to owners of the parent		1,626	1,659
Basic earnings per share (cents per share)	2	5.0	6.0
Diluted earnings per share (cents per share)	2	5.0	5.8
Normalised earnings per share (cents per share)	2	5.6	n/a

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
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PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Notes	30 June 2017 \$'000s	30 June 2016 \$'000s
Current Assets			
Cash and cash equivalents		5,745	1,100
Term deposits		2,592	19
Trade and other receivables		5,294	2,449
Inventories		53	152
Other assets		650	404
Total Current Assets		14,334	4,124
Non-Current Assets			
Deferred tax assets		1,279	562
Term deposits		322	243
Property, plant & equipment		626	397
Intangible assets	5	36,991	5,168
Investments		715	715
Total Non-Current Assets		39,933	7,085
Total Assets		54,267	11,209
Current Liabilities			
Trade and other payables		2,979	899
Current tax liabilities		1,367	397
Deferred consideration	5	2,037	-
Borrowings		154	-
Employee benefits		3,441	2,032
Provisions		60	-
Total Current Liabilities		10,038	3,328
Non-Current Liabilities			
Borrowings		114	-
Deferred tax liabilities		16	46
Deferred consideration	5	8,700	-
Employee benefits		286	151
Provisions		61	83
Total Non-Current Liabilities		9,177	280
Total Liabilities		19,215	3,608
Net Assets		35,052	7,601
Equity			
Contributed equity		33,773	6,050
Retained Earnings		1,279	1,229
Reserves		-	322
Total Equity		35,052	7,601

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

LANDMARK WHITE LIMITED AND CONTROLLED ENTITIES
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PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	30 June 2017 \$000s	30 June 2016 \$000s
Cash Flows from Operating Activities			
Receipts from customers		29,615	25,161
Payments to suppliers and employees		(24,211)	(22,247)
Interest received		15	8
Interest paid		(3)	(16)
Dividends received		72	91
Decrease / (Increase) in security deposits		51	10
Income tax (paid)		(822)	(555)
Net cash flows provided by Operating Activities		4,717	2,452
Cash Flows from Investing Activities			
Purchase of property, plant & equipment		(140)	(242)
Purchase of intangible assets		(536)	(195)
Purchase of investments	5	(14,215)	(140)
Decrease / (Increase) in surplus cash on term deposit		(2,500)	-
Net cash flows used in Investing Activities		(17,391)	(577)
Cash Flows from Financing Activities			
Shares issued		18,669	-
Repayment of borrowings		(7)	-
Dividends paid		(1,343)	(993)
Net cash flows used in Financing activities		17,319	(993)
Net increase / (decrease) in cash held		4,645	882
Cash at beginning of financial period		1,100	218
Cash at end of financial period		5,745	1,100

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

LANDMARK WHITE LIMITED AND CONTROLLED ENTITIES
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PRELIMINARY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017
STATEMENT OF CHANGES IN EQUITY

	Share Capital \$000's	Share Option Reserve \$000's	Retained Earnings \$000's	Total Equity \$000's
<i>Consolidated</i>				
Balance at 1 July 2015	6,008	62	605	6,675
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)
	6,050	322	1,229	7,601
Balance at 1 July 2016	6,050	322	1,229	7,601
Total comprehensive income attributable to members of the parent entity	-	-	1,626	1,626
Shares issued	27,723	(507)	-	27,216
Net share based compensation benefit	-	185	-	185
Dividends to shareholders	-	-	(1,576)	(1,576)
Balance at 30 June 2017	33,773	-	1,279	35,052

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 2017

1. DIVIDENDS

Final dividend resolved to be paid	2.25 cents
Date the dividend is payable	3 October 2017
Ex dividend date	13 September 2017
Record date	15 September 2017
Last date for receipt of election notice to participate in the DRP	16 September 2017

	Current Year	Prior Year
Interim dividend	2.25 cents	1.25 cents
Final dividend	2.25 cents	3.25 cents
	<u>4.50 cents</u>	<u>4.50 cents</u>

Of the total dividends paid during the year \$233,000 was reinvested as part of the Company's Dividend Reinvestment Plan.

2. EARNINGS PER SHARE

	30 June 2017 ¢	30 June 2016 ¢
Basic earnings per share	5.0	6.0
Diluted earnings per share	5.0	5.8
Normalised earnings per share	5.6	n/a
Weighted average number of shares used in the		
- calculation of basic EPS	32,696,665	27,607,509
- calculation of diluted EPS	32,696,665	28,722,894
- calculation of normalised EPS	32,696,665	n/a

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.

The numerator for the normalised EPS is calculated as follows:

	30 June 2017 \$000s
Total comprehensive income for the year attributable to owners of the parent	1,626
Add acquisition costs expensed through the Statement of Profit and Loss	286
Deduct s40-880 "black hole" tax credit associated with capital raising costs posted to share capital	(86)
	<u>1,826</u>

LANDMARK WHITE LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

3. NET TANGIBLE ASSET BACKING

	30 June 2017	30 June 2016
Net Tangible (Liability) / Asset Backing Per Share	(\$0.026)	\$0.088

4. INCOME TAX

Income tax expense for the year consists of the following;

	30 June 2017 \$000s	30 June 2016 \$000s
Profit from continuing operations before tax	2,388	2,368
Prima facie income tax calculated at 30% on profit	716	710
Effect of non-deductible expenses	68	26
Effect of fully franked dividends	(22)	(27)
Net income tax expense	762	709

LANDMARK WHITE LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

5. ACQUISITION OF CONTROLLED ENTITY

LandMark White Limited acquired 100% of the interests in MVS on 31 May 2017. The acquisition was funded via a rights issue and placement of shares and the consideration comprised cash plus shares.

Details of the acquisition are as follows:

		30 June 2017 \$000s
Consideration		
Cash paid		16,000
Shares issued		7,300
		23,300
Additional amount payable based on cash position of MVS on completion		2,037
Deferred consideration payable in 2020 contingent upon performance of the acquired business between 1 January 2017 and 30 June 2020		8,700
		34,037
Assets acquired		
Cash & Cash Equivalents		1,785
Term Deposits		203
Trade & Other Receivables		4,881
Other Current Assets		207
Deferred Tax Assets		401
Property, Plant & Equipment		256
Intangible Assets – software		449
Intangible Assets – customer relationships		3,500
Trade & Other Payables		(2,065)
Employee Benefits		(1,371)
Current Tax Liability		(1,093)
Provisions		(328)
Borrowings		(275)
		6,550
Goodwill being the excess of the consideration over the net assets acquired		27,487
		34,037
Net cash outflow arising from acquisition		
Cash paid		16,000
Less cash balances acquired		(1,785)
		14,215

MVS summary financials:	1 June 2017 - 30 June 2017 \$000s	1 July 2016- 30 June 2017 \$000s
Revenue	1,716	29,598
Operating profit before abnormal costs	212	6,173
Abnormal costs associated with sale of business	-	(747)
Profit before tax	212	5,426
Tax	(53)	(1,620)
Profits from ordinary activities after tax	159	3,806

Note: The summary financials for MVS are unaudited.

LANDMARK WHITE LIMITED AND CONTROLLED ENTITIES
ACN 102 320 329

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

6. CONTRIBUTED EQUITY

	30 June 2017 \$'000	30 June 2016 \$'000
Issued and paid-up capital		
75,930,855 (June 2016: 27,669,201) ordinary shares, fully paid	33,773	6,050
Movements during the period:		
Shares issued (proceeds net of costs of issue)	27,723	42

7. 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.

8. 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.