

Sietel Limited
Preliminary final report
Year Ended 30 September 2014



Sietel LIMITED

ACN 004 217 734 Incorporated in Victoria

28 November 2014

Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sirs,

Announcement to the market

In accordance with Australian Stock Exchange (ASX) Listing Rule 4.3A, Sietel Limited has attached its Appendix 4E – Preliminary final report for the year ended 30 September 2014.

An audit report has not been issued at this stage, however the directors have received no indication from the audit staff that a qualified opinion is being considered.

Yours sincerely
Sietel Limited

Richard Rees
Managing Director

Sietel Limited
ACN 004 217 734
ABN 75 004 217 734

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Sietel Limited
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Appendix 4E

Preliminary final report
Period ending 30 September 2014

Name of entity

SIETEL LIMITED

ABN or equivalent company
reference

004 217 734

Half yearly
(tick)

☐

Preliminary
final (tick)

☒

Financial year ended ('current period')

30 SEPTEMBER, 2014

Results for announcement to the market

\$

Revenues from ordinary activities	Down	18%	to	8,888,042
Profit (loss) from ordinary activities after tax attributable to members	Down	67%	to	809,986
Net profit (loss) for the period attributable to members	Down	67%	to	809,986

Dividends (distributions) – Ordinary Shares	Amount per security	Franked amount per security
Final dividend	Nil ¢	Nil ¢
Interim dividend		
Previous corresponding period	Nil ¢	Nil ¢

⁺Record date for determining entitlements to the dividend,
(in the case of a trust, distribution)

N/A

Dividends (distributions) – Preference Shares

The Directors announce an amount of \$2.80 per preference share will be paid on 7th January 2015.
This represents a payment of accumulated dividends since the last payment made on 7th January 1987.
This dividend is unfranked.

The directors are pleased to announce a profit after tax attributable to members for year ended 30 September 2014 of \$809,986.

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Ratios and Other Measures

	Current period	Previous corresponding Period
Profit before tax / revenue Consolidated profit (loss) before tax as a percentage of revenue	10.81%	29.97%
Profit after tax / +equity interests Consolidated net profit (loss) after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	1.34%	4.09%

Earnings per security (EPS)

$$\text{Basic EPS} = \frac{\text{Profit/loss for the period}}{\text{No. Of ordinary securities}} = \frac{809,986}{8,007,479} = 10.12\text{¢}$$

$$\text{Diluted EPS} = \frac{\text{Profit/loss for the period}}{\text{No. Of ordinary securities} + \text{Preference securities}} = \frac{809,986}{8,007,479 + 75,000} = 10.02\text{¢}$$

NTA backing	Current period	Previous corresponding Period
Net tangible asset backing per +ordinary security	754 CENTS	742 CENTS

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SIETEL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Year Ended 30 Sept 2014	Restated See note 6 Year Ended 30 Sept 2013
	\$	\$
REVENUE		
Sales revenue	3,909,854	3,986,080
Dividends received	857,755	828,568
Interest received	396,509	269,644
Rent revenue	3,134,739	3,556,262
Other revenue	596,215	649,223
	8,895,072	9,289,777
Profit on disposal of property, plant and equipment	4,275	-
Profit/(loss) on disposal of investments	(11,305)	1,575,791
Total Revenue	8,888,042	10,865,568
EXPENSES		
Costs of goods sold	2,873,094	2,932,500
Overheads (Operating)	3,782,668	3,741,598
Administration expenses	709,033	688,280
Selling expenses	125,532	109,284
Finance expenses	-	15,310
Impairment of goodwill	318,424	-
Impairment loss – Note 5	118,599	121,387
Total Expenses	7,927,350	7,608,359
Profit before income tax	960,692	3,257,209
Income tax revenue/(expense)	(150,706)	(824,858)
Profit after income tax	809,986	2,432,351
Profit after income tax from discontinued operations	-	-
Net profit attributable to members of the Company	809,986	2,432,351
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Net gain/(loss) on available for sale financial assets - Note 5	126,554	2,356,398
Total comprehensive income	936,540	4,788,749
Earnings per share (EPS)		
Basic EPS (cents per share)	10.12	30.38
Diluted EPS (cents per share)	10.02	30.09

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Year Ended 30 Sept 2014	Year Ended 30 Sept 2013
	\$	\$
Profit for the year attributable to:		
Non-controlling interest	(5,923)	-
Owners of the Parent	815,909	2,432,351
	<u>809,986</u>	<u>2,432,351</u>
 Total comprehensive income for the year attributable to:		
Non-controlling interest	(5,923)	-
Owners of the Parent	942,463	4,788,749
	<u>936,540</u>	<u>4,788,749</u>

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SIETEL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014

	As At 30 Sept 2014 \$	Restated See note 6 As At 30 Sept 2013 \$
Current Assets		
Cash and cash equivalents	10,521,330	12,363,958
Trade and other receivables	704,720	490,492
Inventories	392,197	570,747
Other current assets	252,351	240,924
Current tax receivables	-	-
Total Current Assets	11,870,598	13,666,121
Non-Current Assets		
Financial assets	19,884,483	16,901,223
Property, plant and equipment	2,736,893	2,727,338
Investment property	28,231,940	29,267,235
Deferred tax assets	657,212	618,351
Total Non-Current Assets	51,510,528	49,514,147
Total Assets	63,381,126	63,180,268
Current Liabilities		
Trade and other payables	643,879	1,064,865
Financial liabilities	220,476	217,921
Provisions	993,355	886,487
Current tax liabilities	132,563	750,945
Total Current Liabilities	1,990,273	2,920,218
Non-Current Liabilities		
Deferred tax liabilities	1,054,260	839,141
Total Non-Current Liabilities	1,054,260	839,141
Total Liabilities	3,044,533	3,759,359
Net Assets	60,336,593	59,420,909
Equity		
Issued capital	4,257,129	4,257,129
Reserves	3,069,264	2,942,710
Retained earnings	53,036,979	52,221,070
	60,363,372	59,420,909
Non-controlling interest	(26,779)	-
Total Shareholders' Equity	60,336,593	59,420,909

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SIETEL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2014

<u>Economic Entity</u>	Issued Capital	Reserves	Retained Earnings	Non- Controlling Interest (NCI)	Total Equity
Balance at 1 October 2012	4,257,129	586,312	49,788,719	-	54,632,160
Net profit for the period	-	-	2,432,351	-	2,432,351
Other comprehensive income	-	2,356,398	-	-	2,356,398
Balance at 30 September 2013	4,257,129	2,942,710	52,221,070	-	59,420,909
Net profit (loss) for the period	-	-	815,909	(5,923)	809,986
Other comprehensive income	-	126,554	-	-	126,554
Additional NCI arising on the acquisition of AAA P/L	-	-	-	(20,856)	(20,856)
Balance at 30 September 2014	4,257,129	3,069,264	53,036,979	(26,779)	60,336,593

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SIETEL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Year Ended 30 Sept 2014	Year Ended 30 Sept 2013
	\$	\$
Cash flows from Operating Activities		
Receipts from customers	7,498,304	8,315,996
Payments to suppliers & employees	(6,417,064)	(6,098,362)
Income tax paid	(700,915)	(142,578)
Interest received	384,446	223,848
Dividends received	803,979	716,961
Finance costs	-	-
Net cash provided by operating activities	<u>1,568,750</u>	<u>3,015,865</u>
Cash flows from Investing Activities		
Proceeds from sale of property, plant and equipment	24,000	-
Proceeds from sale of investment properties	-	8,070,600
Proceeds from sale of financial assets	83,845	-
Purchase of share in Alliance Appliances Australia Pty Ltd	(235,000)	-
Purchase of property, plant & equipment	(285,398)	(83,007)
Purchase of investment properties	(33,967)	(6,184,638)
Purchase of financial assets	(2,964,858)	(1,430,622)
Net cash provided by/(used in) investing activities	<u>(3,411,378)</u>	<u>372,333</u>
Cash flows from Financing Activities		
Net cash provided by (used in) financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash flows	(1,842,628)	3,388,198
Cash as at beginning of period	12,363,958	8,975,760
Cash and cash equivalents at the end of the year	<u><u>10,521,330</u></u>	<u><u>12,363,958</u></u>

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SIETEL LIMITED
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. Basis of Preparation of the Financial Statements

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

The accounting policies adopted in the preparation of this preliminary final report are consistent with those to be adopted and disclosed in the 2014 annual report.

2. Related Party Transactions

The Group has had no related party transactions during the year ended 30 September 2014, which are significantly different in quantum or nature from those for the year ended 30 September 2013. Arrangements with related parties continue to be in place and transactions for the year end 30 September 2014 are similar in nature to those for the year ended 30 September 2013.

3. Subsequent Events

No other matter or circumstance has arisen since 30 September 2014 that has significantly affected or may significantly affect the operations, results or state of affairs of the Group in the near future.

4. Audit

This report is based on the accounts which are in the process of being audited.

5. Movement in reserves

Movement in available for sale financial assets

Sietel Limited complies with AASB 139 in regards to the measurement of financial assets.

	Year Ended 30 Sept 2014	Year Ended 30 Sept 2013
New impairment	118,599	121,387
Impairment Loss/(Gain)	118,599	121,387
Gain transferred to equity	424,622	1,630,835
Less Reversal from equity	(172,425)	(35,430)
Add Reversal of impairment	157,814	760,993
Less Re-Impair previous impairment reversals	(283,457)	-
Net gain/(loss) on available for sale financial assets	126,554	2,356,398

Gains transferred to equity are net of income tax at the rate of 30% (2013: 30%), impairment reversed to equity are at the gross values.

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6. Change in Disclosed Accounting Policies

(A) Treatment of impairment losses relating to 'Available for Sale Financial Assets'

Previously, reversal of impairment losses on 'Available for Sale Financial Assets' (i.e. ASX listed share investments) have been credited to 'Expenses from Ordinary Activities'. However, following independent professional advice, the policy has been changed to the reversal being credited direct to 'Other Comprehensive Income'.

The effect of the change on the full year ending 30 September 2013 Statement of Financial Position was \$760,993.

The reason for the above change in the disclosed policy shown in the 30 September 2013 annual report, is it has been subsequently identified that this policy did not agree with AASB accounting standard 139 'Financial Instruments: Recognition and Measurement', Para. 69.

(B) Recognition of 'Revenues from Ordinary Activities'

Previously, revenues such as dividends, rent and interest have been recognised on date of receipt, however following independent professional advice, dividends are now recognised on the ex-dividend announcement date and rent and interest on the date they are earned.

The effect on the 30 September 2013 'Trade and other receivables' is \$164,197, which is broken down into dividends (\$107,147), rent (\$45,796) and interest (\$11,254).

The associated effect on 'Current tax liabilities' is \$18,468, which is broken down into dividends (\$1,353), rent (\$13,739) and interest (\$3,376).

The reason for the above change in the disclosed policy shown in the 30 September 2013 annual report, is it has been subsequently identified that this policy did not agree with AASB accounting standard 118 'Revenue', Para. 30(a).

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6. Change in Disclosed Accounting Policies (Continued)

SIETEL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Previously Reported Year Ended 30 Sept 2013 \$	Difference	As Restated Year Ended 30 Sept 2013 \$
REVENUE			
Sales revenue	3,986,080		3,986,080
Dividends received	721,421	107,147	828,568
Interest received	223,848	45,796	269,644
Rent revenue	3,545,008	11,254	3,556,262
Other revenue	649,223		649,223
	<u>9,125,580</u>	<u>164,197</u>	<u>9,289,777</u>
Profit on disposal of property, plant and equipment	-		-
Profit on disposal of investments	1,575,791		1,575,791
Total Revenue	<u>10,701,371</u>	<u>164,197</u>	<u>10,865,568</u>
EXPENSES			
Costs of goods sold	2,932,500		2,932,500
Overheads (Operating)	3,741,598		3,741,598
Administration expenses	688,280		688,280
Selling expenses	109,284		109,284
Finance expenses	15,310		15,310
Impairment Loss/(Gain) – Note 5	(639,606)	760,993	121,387
Total Expenses	<u>6,847,366</u>	<u>760,993</u>	<u>7,608,359</u>
Profit before income tax	3,854,005	(596,796)	3,257,209
Income tax revenue/(expense)	(806,390)	(18,468)	(824,858)
Profit after income tax	<u>3,047,615</u>	<u>(615,264)</u>	<u>2,432,351</u>
Profit after income tax from discontinued operations	-		-
Net profit attributable to members of the Company	<u>3,047,615</u>	<u>(615,264)</u>	<u>2,432,351</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net gain on available for sale financial assets - Note 5	1,595,405	760,993	2,356,398
Total comprehensive income	<u>4,643,020</u>	<u>145,729</u>	<u>4,788,749</u>
Earnings per share (EPS)			
Basic EPS (cents per share)	38.06	(7.68)	30.38
Diluted EPS (cents per share)	37.71	(7.62)	30.09

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6. Change in Disclosed Accounting Policies (Continued)

SIETEL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013

	Previously Reported As At 30 Sept 2013 \$	Difference	As Restated As At 30 Sept 2013 \$
Current Assets			
Cash and cash equivalents	12,363,958		12,363,958
Trade and other receivables	326,295	164,197	490,492
Inventories	570,747		570,747
Other current assets	240,924		240,924
Current tax receivables	-		-
Total Current Assets	13,501,924	164,197	13,666,121
Non-Current Assets			
Financial assets	16,901,223		16,901,223
Property, plant and equipment	2,727,338		2,727,338
Investment property	29,267,235		29,267,235
Deferred tax assets	618,351		618,351
Total Non-Current Assets	49,514,147		49,514,147
Total Assets	63,016,071	164,197	63,180,268
Current Liabilities			
Trade and other payables	1,064,865		1,064,865
Financial liabilities	217,921		217,921
Provisions	886,487		886,487
Current tax liabilities	732,477		750,945
Total Current Liabilities	2,901,750		2,920,218
Non-Current Liabilities			
Deferred tax liabilities	839,141		839,141
Total Non-Current Liabilities	839,141		839,141
Total Liabilities	3,740,891	18,468	3,759,359
Net Assets	59,275,180	145,729	59,420,909
Equity			
Issued capital	4,257,129		4,257,129
Reserves	2,181,717	760,993	2,942,710
Retained earnings	52,836,334	(615,264)	52,221,070
Total Shareholders' Equity	59,275,180	145,729	59,420,909

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SIETEL LIMITED
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

7. Segmentation Reporting

	Revenue		Profit		Assets		Liabilities		Depreciation	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Continuing Operations										
Investment	4,969	6,851	1,397	2,795	61,945	61,593	2,611	2,940	1,290	1,356
Manufacturing	3,910	4,015	(259)	(363)	1,337	1,516	391	816	23	26
Maintenance	9	-	3	-	79	71	4	3	12	8
Product development*	-	-	(331)	-	20	-	39	-	-	-
TOTAL	8,888	10,866	810	2,432	63,381	63,180	3,045	3,759	1,325	1,390

* Sietel Limited purchased an 80% investment in Alliance Appliances Australia Pty Ltd on 4 August 2014 for \$300,000 cash outlay, represented by \$235,000 for the shares in the company and \$65,000 for a loan account.
At 30 September 2014, Alliance Appliances Australia Pty Ltd was engaged in product development as well as investigating possible sales opportunities.