

Annual Report

LandMark White Limited and its Controlled Entities
For the year ended 30 June 2005

LandMark White Limited
ABN 50 102 320 329



CHAIRMAN'S AND CEO'S REVIEW 2005



Ian Rust
Chairman



Brad Piltz
Chief Executive Officer

Chairman's & CEO's Overview

We are pleased to present our Annual Report for the year ended 30th June 2005, our first full financial year since we listed on the Australian Stock Exchange on the 5th of December 2003. This has been a year with some challenges in the market in which we operate and it was necessary to absorb losses in the start-up phase of our new venture LMW Residential. Notwithstanding these factors we have achieved further growth in our revenue. Our profit for the year is somewhat less than the previous financial year but we are confident that we are building a basis for growth in profits in the years to come.

Financial Results

Our revenue for the year was \$17,791,914 which is a growth of 9.7% over last year which we consider to be a good result in a year where trading was less buoyant than last year.

We achieved a net profit after tax for the financial year ended 30th of June 2005 of \$1,388,156. This result exceeded our forecast net profit released in April 2005 of \$1,300,000 by 6.78% and was 26.7% less than our net profit last year. The reduction in profit was after absorbing a loss of \$194,432 from our new venture LMW Residential Pty Ltd, increased expenditure on our National Data Base and Computer System and on improvement to our systems and procedures.

We continue to be free of debt and our cash reserves at the 30th of June 2005 were \$3,132,454. This provides us with the financial capacity to pursue both organic growth and acquisition of suitable businesses as we identify opportunities to create long-term sustainable value for our shareholders.

Our results reflect the start up costs for the commencement of trade of LMW Residential Pty Ltd, a fully owned subsidiary of LandMark White Limited specialising in the residential mortgage market. As can be appreciated the start up and infrastructure costs related to this business have been substantial and the slowdown in the residential property market has led to a slower start than we hoped. Having said this, this company has extended its services to the Sunshine Coast, Brisbane, Gold Coast and Sydney, and the increasing turnover is expected to contribute to profit this financial year.

Dividends

The Board has declared a final dividend of 2.5 cents per share fully franked payable on 23 September 2005. Together with the fully franked interim dividend of 2 cents paid 1st March 2005, the dividend of 4.5 cents fully franked is in keeping with our policy of distributing a high percentage of profits to our shareholders.

CHAIRMAN'S AND CEO'S REVIEW 2005

Corporate Governance

The Board is committed to the highest standard of Corporate Governance and Compliance with the ASX Principles and Best Practice Recommendations. Corporate Governance is covered more fully later in this report.

Review of Operations

Our LandMark White Brisbane and Melbourne offices achieved a substantial increase in revenues. Brisbane revenue grew by 10.6% and Melbourne, which commenced trading on 1st of September 2002, achieved revenue growth of 35.8%. Continued growth is expected from all offices with the greatest potential for growth in Melbourne and Parramatta where staff numbers have been increased and in the newly established Wollongong office.

To assist with this growth we continue to develop a comprehensive national database and information technology network. This continued development led to the introduction of a national integrated data base and management system throughout LandMark White introducing it into our Queensland offices in May 2005. Our national software development officer continues to improve and develop the system to meet our specialised needs.

During the year under review we commenced LMW Residential Pty Ltd throughout South East Queensland and in Sydney. LMW Residential focuses on rapid response, high turnover and uses advanced technology for delivery of reports to our clients. Strong quality control and risk management is being employed. Not only is residential an important part of the property market but major lenders are appreciating a provider of valuations services with the ability to employ the latest technology in delivery of reports as they strive to reduce their costs in the current, more subdued, residential property market.

Our management philosophy is to encourage a balance between operational autonomy, innovation and compliance with our standards for professional and business behaviour. Our remuneration policy is designed to provide incentives and a sense of belonging to the LandMark White team.

Our management philosophy involves the whole of the management team in seeking to –

- . be recognized as an industry leader by excellence of our service;
- . be receptive and adaptive to client needs;
- . be reliable and to have integrity in all our client dealings; and
- . continue to increase our prospects for ensuring opportunity for all of our stakeholders.

Investments for Future Performance

Information Technology continues to be an essential ongoing investment. We have now deployed our national network to all LandMark White offices, improving our consistency in reports; shared information; communications and risk management. Financial advantages will flow as we open new offices at a relatively low IT cost base, as demonstrated with the recent opening of the Wollongong office.

We purchased two residential valuation businesses to form the basis for starting LMW Residential Pty Ltd.

Risk Management

As with all professional services, we strive to minimise the risk of professional negligence claims.

The Company maintains appropriate professional indemnity insurance and monitors the high quality and accuracy of its services through a rigorous risk management policy. This includes inter office file audits and stricter peer review introduced during the financial year in review. The deployment of a national IT network has further aided this process.

CHAIRMAN'S AND CEO'S REVIEW 2005

Expansion

We continue to investigate opportunities to expand our commercial valuation business by the establishment of new offices and also through acquisition.

We have recently announced our expansion into the New South Wales South Coast region, an area of continued growth, opening a Wollongong office.

In a similar way, the expansion of LMW Residential has gathered pace expanding staff in the Brisbane and Gold Coast offices and we hope to open a Melbourne office during the 2006 financial year.

Expansion by acquisition continues to be part of our planning but only when we can be confident of adding value in the short to medium term.

New Services

LandMark White continues to investigate opportunities to introduce new services both related directly to valuation and in other areas which would offer synergies with our existing operations.

Outlook

LandMark White has been able to generate consistent annual revenue and with the exception of the 2005 financial year, profit growth since it commenced business. Profits declined over the 2005 financial year with our trade adversely affected by a combination of a poor market, as foreshadowed in our last annual report, and the cash outflows relating to the development and expansion of LMW Residential.

It is likely that the environment during the current year will be similar to that experienced during the last financial year but we remain confident of continued growth in the medium to long term from; proactive responses from management to the current environment as evidenced in our improved trade over the last 6 months of the 2005 financial year; a positive cash flow contribution from LMW Residential; our commitment to further developing our existing offices; and with contributions from new initiatives. Our strong brand, good reputation and our history of good service should stand us in good stead.

We remain focused on being a leader in property valuation while continuing to pursue opportunities to grow organically and by acquisition of other businesses, rewarding shareholders, meeting our rate of return benchmarks and achieving our strategic objective of developing a fully integrated professional property services provider.

Conclusion

We thank our management team and our loyal, committed staff for their efforts and dedication over the past year which has produced record revenues and demonstrated an unswerving commitment of the team to meeting and adjusting to the challenges of a changing business environment.

We look forward to the opportunities of the year ahead and are confident that our strong reputation, management skills and the firm foundation established during the past years will result in continued growth.

Ian Rust
Chairman

Brad Piltz
Chief Executive Officer and Director

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FOR THE YEAR ENDED 30 JUNE 2005

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LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
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DIRECTORS' REPORT

The Directors present their report together with the financial report of LandMark White Limited ("the company") and of the consolidated entity, being the company and its controlled entities, for the year ended 30 June 2005 and the auditor's report thereon.

DIRECTORS

The Directors of the Company in office at any time during or since the end of the financial year are:

Mr Ian A Rust – appointed 26 September 2002

Chairman

Ian has over 48 years continuous experience in the property industry, including founding and leading a national real estate agency. Ian acted as Chairman of the LandMark White national group from 1995 to 1998. In 2002 he joined the company as its non-executive Chairman, allowing LandMark White to continue to benefit from his broad experience. Ian is a fellow of the Australian Property Institute and is a former president of the Australian Property Council (Victorian Division). In addition to his role on the Board, he continues to operate as a property consultant in Melbourne and is a member of the compliance committee for the property syndicates managed by WRF Property Limited.

Mr Bradley J Piltz – appointed 26 September 2002

Executive Director (Chief Executive Officer)

Brad has been involved in financial and property markets since 1975 and was co-founder of LandMark White. In addition to extensive experience with the Commonwealth Bank, Brad has acted for major corporations and government instrumentalities providing advice from portfolio analysis to property acquisition, disposal and tenancy requirements. Brad specialises in cash flow and management sensitive properties such as hotels, international and domestic tourism, hospitality and retail centres. Brad has acted in court as an expert witness; is highly experienced in rental determinations; prepared educational valuation materials; lectured in valuation; and appeared on Sydney radio and television providing property market commentary. He is a fellow of the Australian Property Institute, an affiliate of the Securities Institute of Australia and a member of the Australian Institute of Company Directors.

Mr Norman P Craig – appointed 9 October 2003

Independent Non-Executive Director

As a non-executive Director, Norman contributes great depth of experience in accounting and financial affairs to the Board. A Chartered Accountant and auditor, he was a partner in the international accounting firm KPMG from 1972 to 1993, where he obtained substantial experience in management and the banking and finance industry. From 1978 to 1990, Norman was chairman of KPMG's banking practice and a member of the firm's international banking committee from 1984 to 1990. He has been a Director of Citibank Limited since 1995 and Allied Brands Limited since October 12, 2004 and is chairman of their Audit and Risk Committees. He has been a member of the compliance committee for Deutsche Funds Management, the Challenger Group, Ausgrowth and McLaughlins Financial Services.

Mr Stuart C Gregory – appointed 9 October 2003

Independent Non-Executive Director

Stuart is a non-executive director of the Board and until 30 June 2005 was Chief Executive Officer of McCullough Robertson, a Brisbane based law firm. Stuart held that position for 12 years. He has extensive experience in dealing with the broad range of issues unique to professional service organisations. Stuart is a Certified Practising Accountant who, during his career, has gained experience in financial services, investment banking, manufacturing and agribusiness. He has been a director of Australian Food & Fibre Limited from July 4, 2001 to July 17, 2004 and from June 6, 2005 to present. Stuart is also a director of Brisbane Housing Company Limited and Clovely Estate Limited and is a past president, and remains a member of the Financial Executives Institute.

Mr David P Hobart – appointed 1 May 2005

Independent Non-Executive Director

David is a non-executive director of the Board and is currently Managing Director of Infracorp Limited. David brings a wealth of property and financial experience outside that of main stream property valuation. His appointment reflects the board's commitment to expansion and development of property related services. David has been a Director of Infracorp Limited since May 2004.

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DIRECTORS' REPORT

DIRECTORS (continued)

Mr Ross B Perkins – appointed 26 September 2002

Non-Executive Director

Ross has in excess of 20 years experience in the property industry, joining LandMark White in 1995 as a Director to manage the Brisbane business during its establishment phase. With experience in all market sectors Ross has served as a member of the Australian Property Institutes Professional Board and the Divisional Council. Ross specialises in commercial valuation work as well as residential apartment project valuations. He is a Fellow of the Australian Property Institute and a Member of the Australian Institute of Company Directors. On March 11, 2005 Ross resigned from his position as Managing State Director of Queensland for LandMark White Limited and now maintains an active involvement in the group as a non-executive director.

Mr Glen J White– appointed 26 September 2002

Executive Director

The co-founder of LandMark White's practice, Glen now works part time, solely focussing upon development of the Company and sourcing new business opportunities. He is a registered valuer with over 35 years extensive experience in the real estate industry throughout Queensland and New South Wales. Working in both the public and private sectors, Glen commenced his valuation career in 1968 and gained experience with the Queensland Lands Department, National Mutual Life Association and with a private valuation firm before working in the Queensland practice that has become LandMark White since the 1980s. A fellow of the Australian Property Institute, Glen has appeared in all courts as an expert witness, lectured in valuation and is highly experienced in rental determinations.

COMPANY SECRETARY

Mr John A Clements CPA was appointed to the position of Company Secretary on September 26 2002. John also holds the position of Chief Financial Officer. Prior to joining LandMark White, John worked for two years as the Company Secretary and Financial Controller for a registered entity in the property time share industry and prior to that gained substantial experience in financial control in the tourism, construction and manufacturing industries.

DIRECTORS MEETINGS

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board Meetings		Audit Committee Meetings	
	Held	Attended	Held	Attended
Mr I Rust	11	11	4	4
Mr B Piltz	11	11	-	-
Mr N Craig	11	9	4	4
Mr S Gregory	11	9	4	4
Mr D Hobart	1	1	-	-
Mr R Perkins	11	9	-	-
Mr G White	11	10	-	-

COMPANY PARTICULARS

LandMark White Limited is incorporated in Australia. The address of the registered office is:
Ground Floor, 3 Holden Place, Bundall QLD 4217

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices in place throughout the financial year, which substantially comply with the ASX Corporate Governance Council recommendations.

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DIRECTORS' REPORT

Role of the Board

The board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the board is responsible for the overall corporate governance of the consolidated entity including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal controls, management information and risk management systems. It is also responsible for approving and monitoring financial and other reporting. Details of the board's charter are located on the company's website.

The board has delegated responsibility for operation and administration of the company to the Chief Executive Officer and executive management. Responsibilities are delineated by formal authority delegations.

Board processes

To assist in the execution of its responsibilities, the board has established an Audit and Risk Management Committee. The committee has a written mandate and operating procedures, which are reviewed on a regular basis. A remuneration committee has recently been established. The board does not have a nomination committee as this function is undertaken by the board.

The full board currently holds at least six scheduled meetings each year including a strategy meeting. Extraordinary meetings are held at such other times as may be necessary to address any specific significant matters that may arise.

The agenda for meetings is prepared in conjunction with the Chairman, Chief Executive Officer and Company Secretary. Standing items include the Chief Executive Officer's report, financial reports, strategic matters, governance and compliance. Submissions are circulated in advance.

Director Education

The consolidated entity has a process to inform new directors about the nature of the business, current issues, the corporate strategy and the expectations of the consolidated entity concerning performance of directors. Directors also have the opportunity to visit consolidated entity facilities and meet with management to gain a better understanding of business operations.

Independent professional advice and access to company information

Each director has the right of access to all relevant company information and to the company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice from a suitably qualified advisor at the consolidated entity's expense. The director must consult with an advisor suitably qualified in the relevant field, and obtain the Chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the director is made available to all other members of the board.

Composition of the Board

The names of directors of the company in office at the date of this report are set out in the Directors' report on pages 5 and 6.

The composition of the board is determined using the following principles:

- a minimum of six directors, with a broad range of expertise
- a majority of directors having extensive knowledge of the company's industry, and those who do not, have extensive expertise in significant aspects of auditing and financial reporting or operational and financial management of a professional services organisation
- a non-executive independent director as Chairman

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DIRECTORS' REPORT

Composition of the Board (continued)

An independent director is a director who is not a member of management, known as a non-executive director, and who:

- holds less than 5% of the voting shares of the company and is not an officer of, or otherwise associated, directly or indirectly, with a shareholder of more than 5% of the voting shares of the company
- has not within the last three years been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment
- within the last three years has not been a principal or employee of a material* professional advisor or a material* consultant to the company or another group member
- is not a material* supplier or client of the company or another group member, or an officer of or otherwise associated, directly or indirectly, with a material* supplier or client
- has no material* contractual relationship with the company or another group member other than as a director of the company
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially* interfere with the director's ability to act in the best interests of the company

* the board considers, 'material', in this context, to be where any director-related business relationship has represented or is likely in future to represent the lesser of at least 10% of the relevant segment's or the director-related business's revenue. The board considered the nature of the relevant industries' competition, and the size and nature of each director related business relationship, in arriving at this threshold.

Audit Committee

The Audit Committee has a documented charter, approved by the board. All members must be independent non-executive directors. The Chairman of the Audit Committee may not be the Chairman of the board. The committee advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the consolidated entity.

The members of the Audit Committee during the year were:

- Mr N.P Craig, FCA (Chairman) – Independent Non-Executive
- Mr Ian Rust – Independent Non-Executive
- Mr Stuart Gregory, CPA – Independent Non-Executive

The external auditors, the Chief Executive Officer and Chief Financial Officer are invited to Audit Committee meetings at the discretion of the committee. The committee met four times during the year and each member attended every meeting. The Chief Executive Officer and the Chief Financial Officer declared in writing to the board that the company's financial reports for the year ended 30 June 2005 present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards. This statement is required annually.

The Audit Committee's charter is available on the company's website. Information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners is on the company's website.

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DIRECTORS' REPORT

Audit Committee (continued)

The responsibilities of the Audit Committee include reporting to the board on:

- reviewing the annual and half year financial reports and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles, and assessing whether the financial information is adequate for shareholder needs
- assessing corporate risk assessment processes
- reviewing the company's policies and procedures for convergence with International Financial Reporting Standards for reporting periods beginning on 1 July 2005
- assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. The external auditor provides an annual declaration of independence which is consistent with Professional Statement F.1 of the Code of Professional Conduct as recognised by Australia's professional accounting bodies
- reviewing the nomination and performance of the external auditor. The external auditors were appointed on 9 October 2003. Given the short period of time since appointment, the external auditor engagement partner has not been rotated
- assessing the adequacy of internal control framework and the company's code of ethical standards
- monitoring the procedures to ensure compliance with the Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements
- addressing any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, ASX and financial institutions.

The Audit Committee reviews the performance of the external auditors on an annual basis and normally meets with them during the year to:

- discuss the external audit plans, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed
- review the half-year and preliminary final report prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings, and to recommend board approval of these documents, prior to announcement of results
- finalise half-year and annual reporting to:
 - review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made
 - review the draft financial report and recommend board approval of the financial report
- as required, to organise, review and report on any special reviews or investigations deemed necessary by the board

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DIRECTORS' REPORT

Risk Management

Oversight of the risk management system

Management is in the process of establishing and implementing a fully comprehensive formal Risk Management System for assessing, monitoring and managing operational, financial reporting and compliance risks for the consolidated entity. The Chief Executive Officer and the Chief Financial Officer have declared, in writing to the board, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively.

Risk management and compliance and control

The consolidated entity strives to ensure that its services are of the highest standard. Towards this aim it is undertaking a program to achieve AS/NZS ISO 9002 standards for each of its business segments.

The board is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities.

Comprehensive practices have been established to ensure:

- capital expenditure and revenue commitments above a certain size obtain prior board approval
- occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations
- business transactions are properly authorised and executed
- financial reporting accuracy and compliance with the financial reporting regulatory framework (see below)
- environmental regulation compliance (see below)

Financial reporting

Monthly actual results are reported against budgets approved by the directors and revised forecasts for the year are prepared regularly. Convergence with IFRS is a key current financial reporting project and the board has adopted a plan which is monitored by the Audit Committee to ensure a smooth transition to IFRS reporting, beginning with the half-year ended 31 December 2005. One of the project's first tasks is to prepare an opening statement of financial position, under IFRS, as at 1 July 2004 (24 months prior to the first IFRS financial year end), to facilitate first year IFRS comparatives.

Environmental regulation

The consolidated entity's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

Ethical Standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment. The board reviews the Directors' Code of Ethics and the Code of Conduct for Transactions in securities regularly and processes are in place to promote and communicate these policies. A formal code of conduct for employees is in the course of preparation.

Conflict of interest

Directors must keep the board advised, on an ongoing basis, of any interest that could potentially conflict with those of the company.

Where the board believes that a significant conflict exists for a director on a board matter, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered. Details of director related entity transactions with the company and consolidated entity are set out in Notes 29 and 30.

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DIRECTORS' REPORT

Ethical Standards (continued)

Trading in general company securities by directors and employees

The key elements of the Code of Conduct for Transactions in Company Securities by Directors and Employees are:

- identification of those restricted from trading – directors and all staff may acquire shares in the company, but are prohibited from dealing in company shares:
 - during the five week period preceding the announcement of half-year and annual results to the Australian Stock Exchange (“ASX”)
 - whilst in possession of price sensitive information not yet released to the market
- requiring details to be provided of intended trading in the company’s shares and approval to be given
- details may be required to be provided of the subsequent confirmation of the trade
- identification of processes for unusual circumstances where discretion may be exercised in cases such as financial hardship.

The policy is reproduced in full on the company’s website.

Communication with shareholders

The board provides shareholders with information using a comprehensive Continuous Disclosure Policy which includes identifying matters that may have a material effect on the price of the company’s securities, notifying them to the ASX, posting them on the company’s website, and issuing media releases. Details of the policy are available on the company’s website.

REMUNERATION REPORT

Remuneration policies

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. Remuneration packages of executives and, until March 11 2005, one executive director, include a mix of fixed remuneration and performance-based remuneration. The Chief Executive Officer receives only a fixed remuneration package.

The executive remuneration structures set out below are designed to attract suitably qualified candidates, and to effect the broader outcome of increasing the consolidated entity’s net profit attributable to members of the parent entity.

The remuneration of the named senior executives includes a mix of fixed and performance based incentives. The fixed component consists of base remuneration, allowances and superannuation. The performance based component is a cash bonus based on a fixed percentage of the level of profit of the executives’ operational division. The board considers that the performance-linked incentive is appropriate as it directly aligns the individuals reward with the consolidated entities performance.

There is currently no separate option plan. Non-executive directors do not receive any performance related remuneration or retirement benefits.

The board considers that the above performance-linked remuneration structure is generating the desired outcome. The evidence for this is the strong improvement in profitability in the second half of the 2005 financial year, despite the difficult trading conditions experienced, particularly in NSW, and the costs incurred in the establishment of the new LMW Residential operation. This performance has allowed a consistent level of dividend return to shareholders whilst maintaining a share price which was 26% above issue price at 30 June 2005.

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DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Remuneration policies (continued)

In considering the consolidated entity's performance and benefits for shareholders wealth the Board have regard to the following indices in respect of the current financial year and the previous year.

	2005		2004	
	6 months to 30 June 2005	6 Months to 31 December 2004	6 months to 30 June 2004	6 Months to 31 December 2003
	\$	\$	\$	\$
Services Revenue	9,998,189	7,793,725	7,833,519	8,390,969
Net Profit	901,059	487,097	914,517	979,175
Dividends declared (per share)	\$0.025	\$0.02	\$0.025	\$0.01*
Share price at the end of the period	\$0.63	\$0.85	\$0.66	\$0.71
Change in share price	(\$0.22)	\$0.19	(\$0.05)	\$0.21**

* - Dividends declared figure is for the 3 months operations from 1 October 2003 to 31 December 2003

** - Change in share price at 31 December 2003 is the movement in share price from the issue price of the shares.

The service contracts for the executive directors and senior executives, excluding the CEO are for an unlimited period but are capable of termination on 3 months notice, or by making payment equal to 3 months pay in lieu of notice. Mr Bradley Piltz, chief executive officer, has a contract for an unlimited period which may be terminated with 24 months notice, or by making payment equal to 24 months pay in lieu of notice.

Total remuneration for all non-executive directors is not to exceed \$400,000 per annum. The Chairman receives directors fees of \$50,000 per annum and the other non-executive directors receive \$45,000 per annum. These fees include superannuation. Non-executive directors do not receive bonuses nor are they currently entitled to be issued with further options on securities.

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DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Directors' and senior executive officers' remuneration

Details of the nature and amount of each major element of the remuneration of each Director of the Company and each of the five named executives of the company and the consolidated entity receiving the highest remuneration are:

		Primary		Post-employment	Equity compensation	Total	Proportion of remuneration performance related (%)	Value of options as proportion of remuneration (%)
		Salary and fees	Bonus	Non Monetary	Superannuation benefits			
		\$	\$	(B)\$	\$	\$		
Directors								
<i>Non-executive</i>								
Mr I Rust (Chairman)	2005	45,871	-	1,043	4,128	-	51,042	-
Mr N Craig	2005	41,284	-	1,043	3,716	-	46,043	-
Mr S Gregory	2005	41,284	-	1,043	3,716	-	46,043	-
Mr D Hobart	2005	7,145	-	1,043	643	-	8,831	-
Mr R Perkins*	2005	107,484	41,810	1,043	6,812	-	157,149	27%
<i>Executive</i>								
Mr B Piltz, CEO,	2005	183,486	-	1,043	16,513	-	201,042	-
Mr G White, (Executive Director)	2005	101,560	-	1,043	9,140	-	111,743	-
Total		528,114	41,810	7,301	44,668	-	621,893	

* - Mr Perkins was an Executive Director for the period 1 July 2004 to 11 March 2005

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DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Directors' and senior executive officers' remuneration (continued)

		Primary		Post-employment	Equity compensation		Proportion of remuneration related	Value of options as proportion of remuneration
	Salary and fees	Bonus	Non Monetary	Superannuation benefits	Options issued (A)	Total	(%)	(%)
	\$	\$	(B)\$	\$	\$	\$		
Executive officers								
<i>The Company</i>								
Mr J Clements, Chief Financial Officer	2005	107,622	-	1,043	9,686	-	118,351	-
<i>Consolidated</i>								
Mr T Gavan, (Director), LandMark White (NSW) Pty Ltd	2005	138,440	62,316	1,043	11,560	-	213,359	29%
Mr A Ellis, (Director), LandMark White (NSW) Pty Ltd	2005	137,894	62,316	1,043	12,081	-	213,334	29%
Mr R Stafford, (Director), LandMark White (VIC) Pty Ltd	2005	164,921	33,863	1,043	12,731	-	212,558	16%
Mr J McEvoy, (Director), LandMark White (Brisbane) Pty Ltd	2005	108,313	91,029	1,043	10,137	-	210,522	43%
Mr B Faturous, (Director), LandMark White (NSW) Pty Ltd	2005	130,330	44,948	1,043	16,436	-	192,757	23%
Total		787,520	294,472	6,258	72,631	-	1,160,881	

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DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Directors' and senior executive officers' remuneration (continued)

		Salary and fees \$	Primary Bonus \$	Non Monetary (B)\$	Post- employment Superannuation benefits \$	Equity compensation Options issued (A) \$	Total \$	Proportion of remuneration performance related (%)	Value of options as proportion of remuneration (%)
Directors									
<i>Non-executive</i>									
Mr I Rust (Chairman)	2004	56,064	-	803	2,779	177	59,823	-	0.3%
Mr N Craig	2004	30,487	-	803	2,744	-	34,034	-	-
Mr S Gregory	2004	30,487	-	803	2,744	-	34,034	-	-
<i>Executive</i>									
Mr B Piltz, CEO	2004	190,862	-	803	9,138	2,495	203,298		
Mr R Perkins*, (Director), LandMark White (Brisbane) Pty Ltd	2004	129,473	71,656	803	10,718	295	212,945	34%	0.1%
Mr R Stafford, (Director), LandMark White (VIC) Pty Ltd	2004	144,305	9,277	803	11,118	295	165,798	6%	0.2%
Mr G White, (Director)	2004	95,000	39,400	803	1,446	-	136,649	29%	-
Total		676,678	120,333	5,621	40,687	3,262	846,581		

* - Mr Perkins resigned from his position of Managing State Director on March 11, 2005.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 102 320 329

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Directors' and senior executive officers' remuneration (continued)

		Primary			Post-employment	Equity compensation	Total	Proportion of remuneration related (%)	Value of options as proportion of remuneration (%)
		Salary and fees	Bonus	Non Monetary (B)	Superannuation benefits	Options issued (A)			
		\$	\$	\$	\$	\$			
Executive officers									
<i>The Company</i>									
Mr J Clements, Chief Financial Officer	2004	71,053	-	803	6,395	295	77,743		0.4%
<i>Consolidated</i>									
Mr T Gavan, (Director), LandMark White (NSW) Pty Ltd	2004	143,447	141,848	803	11,976	590	298,664	47%	0.2%
Mr A Ellis, (Director), LandMark White (NSW) Pty Ltd	2004	143,276	141,848	803	12,147	295	298,369	48%	0.1%
Mr J Muchall, (Director), Landmark White (Gold Coast) Pty Ltd	2004	115,184	109,776	803	9,432	295	235,490	47%	0.1%
Mr J McEvoy, (Director), LandMark White (Brisbane) Pty Ltd	2004	114,840	71,656	803	9,775	295	197,369	36%	0.1%
Mr G Coonan, (Director), LMW Residential Pty Ltd	2004	112,690	56,104	803	9,155	295	179,047	31%	0.2%
Total		700,490	521,232	4,818	58,880	2,065	1,286,682		

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 102 320 329

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Directors' and senior executive officers' remuneration (continued)

Notes in relation to the table of directors' and executives officers' remuneration

(A) The fair value of the options is calculated at the date of grant using a Black-Scholes model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the proportion of the fair value of the options allocated to this reporting period. In valuing the options market conditions have been taken into account in both the current and prior periods.

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant Date	Expiry Date	Exercise price	Price of shares on grant date	Estimated volatility	Risk free interest rate	Dividend yield	Fair Value per option
9 October 2003	9 October 2008	\$0.55	\$0.13	55%	5%	9%	\$0.006
9 October 2003	9 October 2008	\$0.65	\$0.13	55%	5%	9%	\$0.004
9 October 2003	9 October 2008	\$0.80	\$0.13	55%	5%	9%	\$0.003

(B) Non monetary remuneration represents an allocation of insurance premiums.

Analysis of bonuses included in remuneration

Details of the vesting profile of short-term incentive cash bonuses awarded as remuneration to each director of the Company and each of the five named executives of the company and consolidated entity who received short term incentive bonuses is detailed below:

Short term incentive bonus

	Included in remuneration \$ (A)	% vested in year	% forfeited in year (B)
Directors			
Ross Perkins	41,810	100%	0%
Executives			
Consolidated			
Mr T Gavan	62,316	100%	0%
Mr A Ellis	62,316	100%	0%
Mr R Stafford	33,863	100%	0%
Mr J McEvoy	91,029	100%	0%
Mr B Faturous	44,948	100%	0%

(A) Amounts included in remuneration for the financial year represents the amount that vested in the financial year based on achievement of personal goals and satisfaction of specified performance criteria. No amounts vest in future financial years in respect of the short-term incentive bonus schemes for the 2005 financial year.

(B) The amounts forfeited are due to the performance or service criteria not being met in relation to the current financial year.

Analysis of share based payments granted as remuneration

Nil options have been granted as remuneration to directors of the Company or any of the five named executives of the company and consolidated entity.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
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DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Analysis of movements in options

The movement during the reporting period, by value, of options over ordinary shares in LandMark White Limited held by each Company director and each of the five named executives of the company and consolidated entity is detailed below:

	Value of options			
	Granted in year	Exercised in year	Forfeited in year	Total option value in year
	\$	\$	\$ (A)	\$
Mr R Perkins	-	-	\$12,064	\$12,064

No options were granted to, or exercised by, the directors of the company or the five named executives of the company and consolidated entity

(A) The value of the options that lapsed during the year represents the benefit forgone and is calculated at the date the option lapsed using a Black-Scholes model with no adjustments for whether the performance criteria have or have not been achieved.

PRINCIPAL ACTIVITIES

The principal activity of the company and consolidated entity during the course of the financial year was property valuation.

During the year, the company commenced operation of LMW Residential Pty Ltd, which focuses exclusively on the residential market. This is a natural progression for LandMark White, which has previously concentrated on commercial valuations, property advice and research.

As part of this expansion, two residential valuation practices were acquired during the year; Algcorp Smith Valuers and Madden Hill Valuers. This provided LandMark White and LMW Residential with sufficient offices to provide a complete commercial and residential valuation service in the Sydney and South East Queensland regions.

There were no significant changes in the nature of the activities of the company and consolidated entity during the year.

OPERATING AND FINANCIAL REVIEW

The profit from ordinary activities after income tax amounted to \$1,388,156. A detailed review of operations is contained in the review from the Chairman and CEO included in this Annual Report.

DIVIDENDS

Dividends paid by the company since the end of the previous financial year were:

Type	Cents per share	Total Amount \$	Franked/ Unfranked	Date of payment
<i>Declared and paid during the year</i>				
Final 2004 ordinary	2.5	660,000	Franked	September 23 2004
Interim 2005 ordinary	2.0	543,076	Franked	March 1 2005
<i>Declared after end of year:</i>				
Final 2005 ordinary	2.5	<u>678,844</u>	Franked	September 23, 2005
Total		<u>1,881,920</u>		

The financial effect of the dividend declared after the end of year has not been brought to account in the financial statements for the year ended 30 June 2005.

All franked dividends paid since the end of the previous financial year were fully franked at 30%.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
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DIRECTORS' REPORT

EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year, the directors have declared a final dividend of 2.5 cents per share, representing \$678,844, fully franked and payable on 23 September 2005. The financial effect of this transaction has not been brought to account in the financial statements for the year ended 30 June 2005.

For reporting periods beginning on or after 1 July 2005, the consolidated entity must comply with Australian equivalents to International Financial Reporting Standards ("AIFRS") as issued by the Australian Accounting Standards Board. The implementation plan and potential impact of adopting AIFRS are detailed in Note 32 to the financial statements.

Other than the matter discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, 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.

STATE OF AFFAIRS

During the year ended 30 June 2005, LandMark White Limited has:

- Commenced operation of LMW Residential Pty Ltd, targeting the residential valuation sector.
- Issued 753,781 fully paid ordinary shares and paid \$715,000 for the acquisition of two businesses operating in the residential valuation sector.
- Granted 50,000 options to an employee at an exercise price of \$0.59.

Other than the matters described above, there were no significant changes in the state of affairs of the company or consolidated entity that occurred during the year under review.

LIKELY DEVELOPMENTS

LandMark White will continue its policy of increasing profitability and market share through strategic acquisitions and development of additional lines of business to complement existing business. This will require investment in personnel recruitment, new office development and continuing development of IT facilities.

Other developments are outlined in the Chairman's and CEO's review included in this Annual Report.

DIRECTORS' INTERESTS

The relevant interest of each director in the shares issued by the company as notified by the Directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary Shares	Options over Ordinary Shares
Mr G White	9,728,994	-
Mr B Piltz	6,525,080	550,000
Mr R Perkins	2,477,289	-
Mr I Rust	46,550	30,000
Mr S Gregory	45,200	-
Mr N Craig	29,000	-
Mr D Hobart	-	-

SHARE OPTIONS

Options granted to directors and senior executives

No options over unissued ordinary shares in LandMark White Limited have been granted during or since the end of the financial year, to the directors or to the five most highly remunerated officers of the company and consolidated entity.

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 102 320 329**

DIRECTORS' REPORT

SHARE OPTIONS (continued)

Unissued shares under option

At the date of this report unissued shares of the company under option are:

Expiry Date	Exercise Price	Number of options
9 October 2008	\$0.55	930,000
9 October 2008	\$0.65	200,000
9 October 2008	\$0.80	150,000
8 April 2010	\$0.59	<u>50,000</u>
		<u>1,330,000</u>

All options expire on the earlier of their expiry date or the termination of the employees' employment. These options do not entitle the holder to participate in any share issue of the company.

Shares issued on exercise of options

Nil ordinary shares have been issued as result of the exercise of options.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Indemnification

The company has agreed to indemnify all current Directors of LandMark White Limited to the maximum extent permitted by law against any liability incurred by them by virtue of their holding office as an officer of the Company other than:

- a liability owed to the company or a related body corporate of the company;
- a liability for a pecuniary penalty order under section 1317G of the Law or a compensation order under section 1317H of the Law; or
- a liability owed to a person other than the Company that did not arise out of conduct in good faith.

Insurance Premiums

Since the end of the previous financial period, the company has paid premiums of \$18,769 in respect of Directors and Officers liability and legal expenses, for any past, present, or future director, secretary, officer or employee of the company and its controlled entities.

Since the end of the financial period the company has paid premiums of \$16,944 for Directors and Officers Insurance.

The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

Further details of insurance policies have not been disclosed as the policies prohibit such disclosure.

LEAD AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditors independence declaration is set out on page 22 and forms part of the Directors' Report for the year ended 30 June 2005.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 102 320 329

DIRECTORS' REPORT

NON-AUDIT SERVICES

During the year KPMG, the company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 Professional independence, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

A copy of the auditors' independence declaration as required under Section 307C of the Corporations Act is included in the Directors' Report.

Details of the amounts paid to the auditor of the company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below

	Consolidated	
	2005	2004
	\$	\$
Statutory audit		
Auditors of the company		
- audit and review of financial reports (KPMG Australia)	48,000	40,000
Services other than statutory audit		
Other services		
- IFRS accounting services (KPMG Australia)	-	5,000
- Due diligence services (KPMG Australia)	7,000	74,099
- Taxation compliance services (KPMG Australia)	14,982	23,000
- Other (KPMG Australia)	450	6,150
	<u>22,432</u>	<u>108,249</u>

This report is made in accordance with a resolution of the directors.



Ian Rust
Chairman

Dated at Melbourne this twelfth day of September 2005

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 102 320 329

DIRECTORS' REPORT



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**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATION
ACT 2001**

To: the directors of LandMark White Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2005 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'P Steer'.

Paul G Steer
Partner

Gold Coast

September 2005

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 102 320 329

STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

	Note	Consolidated		Company	
		2005	2004	2005	2004
		\$	\$	\$	\$
Revenue from rendering of services	2	17,645,704	16,063,428	894,154	577,734
Other revenue from ordinary activities	2	146,210	161,060	1,627,054	1,904,573
Total revenue from ordinary activities		17,791,914	16,224,488	2,521,208	2,482,307
Expenses from ordinary activities:					
Employee expenses		11,326,597	9,383,135	761,799	540,322
Report presentation expenses		788,992	584,233	38,262	10,037
Marketing expenses		260,927	250,028	58,481	82,967
Administration expenses		1,321,850	1,662,200	159,428	149,081
Occupancy expenses		938,155	752,428	1,407	-
Depreciation and amortisation expenses	3	493,212	352,090	46,460	788
Other expenses from ordinary activities		595,743	495,345	118,248	71,262
Profit from ordinary activities before related income tax expense		2,066,438	2,745,029	1,337,123	1,627,850
Income tax expense/(benefit) relating to ordinary activities	5	678,282	851,337	(37,750)	(77,245)
Net profit after related income tax expense	21	1,388,156	1,893,692	1,374,873	1,705,095
Basic earnings per share	7	\$0.052	\$0.080		
Diluted earnings per share	7	\$0.051	\$0.079		

The statements of financial performance are to be read in conjunction with the notes to and forming part of the financial statements.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 102 320 329

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2005

	Note	Consolidated		Company	
		2005	2004	2005	2004
		\$	\$	\$	\$
Current assets					
Cash assets	8	3,132,454	5,035,754	620,834	2,643,905
Receivables	9	3,235,114	2,129,598	1,202,845	1,365,654
Work in progress	10	134,714	228,145	-	-
Other	11	248,672	200,830	50,734	2,618
Total current assets		6,750,954	7,594,327	1,874,413	4,012,177
Non-current assets					
Receivables	9	-	-	2,571,591	68,474
Intangibles	12	3,017,533	1,839,721	-	-
Property, plant and equipment	13	1,184,737	882,053	420,585	6,582
Other financial assets	14	-	-	2,220,002	2,220,002
Other non current assets	15	121,361	102,595	-	-
Deferred tax assets		339,757	246,883	339,757	246,883
Total non-current assets		4,663,388	3,071,252	5,551,935	2,541,941
Total assets		11,414,342	10,665,579	7,426,348	6,554,118
Current liabilities					
Payables	16	3,201,886	2,788,377	833,868	262,246
Current tax liabilities		230,498	764,431	230,498	764,431
Provisions	17	621,371	501,976	64,605	56,678
Total current liabilities		4,053,755	4,054,784	1,128,971	1,083,355
Non current liabilities					
Deferred tax liabilities		40,445	68,474	40,445	68,474
Other	18	-	-	318,236	229,764
Provisions	17	239,550	239,088	2,836	741
Total non current liabilities		279,995	307,562	361,517	298,979
Total liabilities		4,333,750	4,362,346	1,490,488	1,382,334
Net assets		7,080,592	6,303,233	5,935,860	5,171,784
Equity					
Contributed equity	19	5,648,363	5,063,363	5,648,363	5,063,363
Reserves	20	14,942	7,663	14,942	7,663
Retained profits	21	1,417,287	1,232,207	272,555	100,758
Total equity		7,080,592	6,303,233	5,935,860	5,171,784

The statements of financial position are to be read in conjunction with the notes to and forming part of the financial statements.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 102 320 329

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005

	Note	Consolidated		Company	
		2005	2004	2005	2004
		\$	\$	\$	\$
Cash flows from operating activities					
Cash receipts in the course of operations		16,534,469	15,986,115	2,317,726	2,392,634
Cash payments in the course of operations		(14,698,956)	(13,039,360)	(959,825)	(779,435)
Interest received		146,210	155,052	212,089	83,665
Income tax paid		(1,318,981)	(689,250)	(743,530)	(4,532)
Net cash provided by/(used in) operating activities	28(ii)	<u>662,742</u>	<u>2,412,557</u>	<u>826,462</u>	<u>1,692,332</u>
Cash flows from investing activities					
Payments for property, plant and equipment		(560,575)	(376,272)	(460,462)	(5,173)
Net payments to controlled entities		-	-	(1,185,995)	(177,765)
Payments for business acquisitions		(783,625)	-	-	-
Funds placed on security deposit		(18,766)	(21,190)	-	-
Net cash provided by/(used in) investing activities		<u>(1,362,966)</u>	<u>(397,462)</u>	<u>(1,646,457)</u>	<u>(182,938)</u>
Cash flows from financing activities					
Proceeds from share issues		-	3,098,800	-	3,098,800
Costs of share issues		-	(360,289)	-	(360,289)
Dividends paid		(1,203,076)	(1,604,000)	(1,203,076)	(1,604,000)
Net cash provided by/(used in) financing activities		<u>(1,203,076)</u>	<u>1,134,511</u>	<u>(1,203,076)</u>	<u>1,134,511</u>
Net increase/(decrease) in cash held		(1,903,300)	3,149,606	(2,023,071)	2,643,905
Cash at beginning of the financial year		<u>5,035,754</u>	<u>1,886,148</u>	<u>2,643,905</u>	<u>-</u>
Cash at the end of the financial year	28(i)	<u><u>3,132,454</u></u>	<u><u>5,035,754</u></u>	<u><u>620,834</u></u>	<u><u>2,643,905</u></u>

The statements of cash flows are to be read in conjunction with the notes to and forming part of the financial statements.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 102 320 329

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

(b) Principles of consolidation

Controlled entities

The financial statements of the controlled entities are included from the date control commences until the date control ceases.

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

(c) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Rendering of services

Revenue from the rendering of services is recognised in the period in which the services are provided: where it is probable that the compensation will flow to the entity; the amount to be received can be reliably measured; and the state of completion of the contract can be reliably measured.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 102 320 329

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

(e) Taxation

The consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain. The tax effects of capital losses are not recorded unless realisation is virtually certain.

Tax consolidation

The Company is the head entity in the tax-consolidated group comprising all the Australian wholly owned subsidiaries set out in Note 26. The implementation date for the tax consolidated group is 1 July 2003. The head entity recognises all of the current and deferred tax assets and liabilities of the tax-consolidated group (after elimination of intragroup transactions).

The tax consolidated group has entered into a tax funding agreement that requires wholly owned subsidiaries to make contributions to the head entity for:

- Deferred tax balances recognised by the head entity on implementation date, including the impact of any relevant reset tax cost bases; and
- Current tax assets and liabilities and deferred tax balances arising from external transactions occurring after the implementation of tax consolidation.

Under the tax funding agreement, the contributions are calculated on a “stand-alone basis” so that the contributions are equivalent to the tax balances generated by external transactions entered into by wholly owned subsidiaries. The contributions are payable as set out in the agreement and reflect the timing of the head entity’s obligations to make payments for tax liabilities to the relevant authorities. The assets and liabilities arising under the tax funding agreement are recognised as intercompany assets and liabilities.

(f) Acquisitions of assets

All assets acquired including property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value, except where the notional price at which they could be placed in the market is a better indication of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

(g) Use and revisions of accounting estimates

The preparation of the financial report requires the making of estimations and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 102 320 329

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

(h) Receivables

The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

Trade debtors

Trade debtors to be settled within normal terms are carried at amounts due.

(i) Work in Progress

Client engagements in progress at balance date are recorded in the statement of financial position as an asset and revenue in the statement of financial performance, based on the proportion of the stage of completion of the engagement, where the stage and revenue from the engagement can be readily estimated.

(j) Leased assets

Leases under which the consolidated entity assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Operating leases

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Lease incentives are recognised as liabilities. Lease rental payments are allocated between rental expense and reduction of the liability, on a straight line basis over the period of the incentive.

(k) Goodwill

Goodwill represents the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired. Goodwill is amortised over the period of time the benefits are expected to be realised.

(l) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs.

In assessing recoverable amounts of non-current assets, the relevant cash flows have not been discounted to their present value, except where specifically stated.

(m) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within trading terms.

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(n) Depreciation and amortisation

Useful lives

All assets, including intangibles, have limited useful lives and are depreciated/amortised using the straight line method over their estimated useful lives. Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads.

The depreciation/amortisation rates or useful lives used for each class of asset are as follows:

	%
Property, plant and equipment	
Leasehold improvements	14-33
Plant and equipment	20-25
Intangibles	
Goodwill	5

(o) Employee entitlements

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave expected to be settled within 12 months of the year-end represent present obligations resulting from employees' services provided to the reporting date, calculated at undiscounted amounts based on wage and salary rates that the entity expects to pay as at the reporting date including related on-costs

Long service leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using estimated future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government securities at balance date which most closely match the terms of maturity of the related liabilities.

Employee share and option plans

Where shares or options are issued to employees as remuneration for past services, the difference between fair value of the shares or options issued and the consideration received, if any, from the employee is expensed. The fair value of the options issued is recorded in an option reserve. Shares issued to employees are recorded in contributed equity at the fair value.

Transaction costs associated with issuing shares and options are recognised in equity subject to the extent of the proceeds received, otherwise expensed. Other administrative costs are expensed.

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	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
2. REVENUE FROM ORDINARY ACTIVITIES				
Rendering of services revenue from operating activities	17,645,704	16,063,428	894,154	577,734
Other revenues:				
Dividends – related parties	-	-	1,414,965	1,814,900
Interest – related parties	-	-	145,556	-
Interest – other parties	146,210	161,060	66,533	89,673
Total other revenues	<u>146,210</u>	<u>161,060</u>	<u>1,627,054</u>	<u>1,904,573</u>
Total revenue from ordinary activities	<u>17,791,914</u>	<u>16,224,488</u>	<u>2,521,208</u>	<u>2,482,307</u>
3. PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE				
Profit from ordinary activities before income tax expense has been arrived at after charging/(crediting) the following items:				
Depreciation of:				
Furniture and fittings	50,321	23,415	944	302
Office equipment	<u>237,243</u>	<u>149,718</u>	<u>45,516</u>	<u>486</u>
	<u>287,564</u>	<u>173,133</u>	<u>46,460</u>	<u>788</u>
Amortisation of:				
Leasehold improvements	73,339	66,925	-	-
Goodwill	<u>132,309</u>	<u>112,032</u>	<u>-</u>	<u>-</u>
	<u>205,648</u>	<u>178,957</u>	<u>-</u>	<u>-</u>
Total depreciation and amortisation	<u>493,212</u>	<u>352,090</u>	<u>46,460</u>	<u>788</u>
Net bad and doubtful debts	148,049	225,691	1,000	-
Operating lease rental expenses	720,120	778,492	-	-
Loss on disposal of non-current assets	-	12,973	-	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

4. AUDITORS' REMUNERATION	Consolidated		Company	
	2005	2004	2005	2004
<i>Audit services</i>	\$	\$	\$	\$
Auditors of the Company – KPMG Australia				
Audit and review of the financial reports	48,000	40,000	48,000	40,000
<i>Other services</i>				
Auditors of the Company – KPMG Australia				
Due diligence services	7,000	74,099	7,000	74,099
Taxation services	14,982	23,000	14,982	23,000
IFRS Accounting Services	-	5,000	-	5,000
Other Services	450	6,150	450	6,150
	<u>22,432</u>	<u>108,249</u>	<u>22,432</u>	<u>108,249</u>
5. INCOME TAX				
Income tax expense				
Prima facie income tax expense calculated at 30% on the profit from ordinary activities	619,931	823,509	401,137	488,355
Increase in income tax expense due to:				
Amortisation of goodwill	39,693	33,610	-	-
Income tax underprovided in prior year	7,177	-	7,177	-
Entertainment	33,965	20,372	304	633
Sundry items	3,480	-	2,184	-
Income Tax expense related to current and deferred tax transactions of wholly owned subsidiaries in the tax consolidated group	-	-	716,032	-
Decrease in income tax expense due to:				
Costs of capital raising	(24,062)	(21,763)	(24,062)	(21,763)
Income tax overprovided in prior year	-	(4,391)	-	-
Non-assessable dividends	-	-	(424,490)	(544,470)
Recovery of income tax expense under a tax funding agreement	-	-	(716,032)	-
Sundry items	(1,902)	-	-	-
Income tax expense/(benefit) attributable to profit from ordinary activities	<u>678,282</u>	<u>851,337</u>	<u>(37,750)</u>	<u>(77,245)</u>

6. SEGMENT REPORTING

The consolidated entity operates as a valuation practice solely within Australia. The consolidated entity's operations and clients are located predominately in Australia.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

7. EARNINGS PER SHARE	Consolidated		2005	2004
			\$	\$
Classification of securities as ordinary shares				
The following securities have been classified as ordinary shares and included in basic earnings per share:				
• Ordinary shares				
Classification of securities as potential ordinary shares				
The following securities have been classified as potential ordinary shares and included in diluted earnings per share				
• Options outstanding				
Earnings reconciliation				
Basic earnings and diluted earnings			1,388,156	1,893,692
Weighted average number of shares used as the denominator for basic earnings per share			26,866,276	23,747,945
Weighted average number of shares used as the denominator for diluted earnings per share				
Ordinary Shares			26,866,276	23,747,945
Options on issue			327,118	143,472
			27,193,394	23,891,417
150,000 options have not been included in the calculation of diluted EPS as they are not dilutive because the exercise price of the options is above the strike price used in the calculation.				
	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
8. CASH ASSETS				
Cash at bank and on hand	199,583	76,432	47,227	9,991
Bank short term deposits and cash management at call accounts	2,932,871	4,959,322	573,607	2,633,914
	3,132,454	5,035,754	620,834	2,643,905
9. RECEIVABLES				
Current				
Trade debtors	3,533,514	2,328,848	-	8,607
Less: provision for doubtful debts	(298,400)	(199,250)	-	-
	3,235,114	2,129,598	-	8,607
Loans to controlled entities (note 26 and 30)	-	-	1,202,845	1,357,047
	3,235,114	2,129,598	1,202,845	1,365,654
Non-Current				
Loans to controlled entities (note 26 and 30)	-	-	2,571,591	68,474
	-	-	2,571,591	68,474
10. WORK IN PROGRESS				
Work in progress	134,714	228,145	-	-
11. OTHER CURRENT ASSETS				
Prepayments	248,672	200,830	50,734	2,618
	248,672	200,830	50,734	2,618

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NOTES TO THE FINANCIAL STATEMENTS
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12. INTANGIBLE ASSETS	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
Goodwill				
At cost	3,337,409	2,027,288	-	-
Accumulated amortisation	(319,876)	(187,567)	-	-
	<u>3,017,533</u>	<u>1,839,721</u>	<u>-</u>	<u>-</u>

On 1 November 2004, the consolidated entity acquired the business of Alcorp Smith Valuers, for consideration of both cash and shares. The aggregate fair value of assets acquired was \$748,605, including goodwill of \$681,000.

On 1 December 2004, the consolidated entity acquired the business of Madden Hill Valuers, for consideration of both cash and shares. The aggregate fair value of assets acquired was \$677,878, including goodwill of \$629,120.

13. PROPERTY, PLANT AND EQUIPMENT

Office equipment				
At cost	1,226,062	674,289	464,427	4,933
Accumulated depreciation	(462,738)	(227,991)	(46,002)	(486)
	<u>763,324</u>	<u>446,298</u>	<u>418,425</u>	<u>4,447</u>
Leasehold improvements				
At cost	418,518	414,888	-	-
Accumulated amortisation	(148,427)	(74,362)	-	-
	<u>270,091</u>	<u>340,526</u>	<u>-</u>	<u>-</u>
Furniture & fittings				
At cost	234,829	129,081	3,666	2,698
Accumulated depreciation	(83,507)	(33,852)	(1,506)	(563)
	<u>151,322</u>	<u>95,229</u>	<u>2,160</u>	<u>2,135</u>
Total property, plant and equipment net book value	<u>1,184,737</u>	<u>882,053</u>	<u>420,585</u>	<u>6,582</u>

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

Office equipment

Carrying amount at beginning of year	446,298	439,997	4,447	-
Additions	554,269	156,458	459,494	4,933
Disposals	-	(439)	-	-
Depreciation	(237,243)	(149,718)	(45,516)	(486)
Carrying amount at end of year	<u>763,324</u>	<u>446,298</u>	<u>418,425</u>	<u>4,447</u>

Leasehold improvements

Carrying amount at beginning of year	340,526	244,044	-	-
Additions	2,904	175,696	-	-
Disposals	-	(12,289)	-	-
Amortisation	(73,339)	(66,925)	-	-
Carrying amount at end of year	<u>270,091</u>	<u>340,526</u>	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

13. PROPERTY, PLANT AND EQUIPMENT (continued)	Consolidated		Company	
	2005 \$	2004 \$	2005 \$	2004 \$
Furniture and fittings				
Carrying amount at beginning of year	95,229	75,165	2,135	2,197
Additions	106,414	46,251	969	240
Disposals	-	(2,772)	-	-
Depreciation	(50,321)	(23,415)	(944)	(302)
Carrying amount at end of year	<u>151,322</u>	<u>95,229</u>	<u>2,160</u>	<u>2,135</u>
14. OTHER FINANCIAL ASSETS				
Non current				
Investments in controlled entities				
Unlisted shares at cost (refer note 26)	-	-	2,220,002	2,220,002
15. OTHER NON CURRENT ASSETS				
Deposits to secure Bank guarantee	104,470	102,145	-	-
Security deposits	16,891	450	-	-
	<u>121,361</u>	<u>102,595</u>	<u>-</u>	<u>-</u>
16. PAYABLES				
Trade creditors	260,572	85,177	111,460	11,147
Other creditors and accruals	2,941,314	2,703,200	359,404	251,099
	<u>3,201,886</u>	<u>2,788,377</u>	<u>470,864</u>	<u>262,246</u>
Loans from controlled entities (note 26 and 30)	-	-	363,004	-
	<u>3,201,886</u>	<u>2,788,377</u>	<u>833,868</u>	<u>262,246</u>
17. PROVISIONS				
Current				
Lease incentive	20,896	20,896	-	-
Employee benefits	600,475	481,080	64,605	56,678
	<u>621,371</u>	<u>501,976</u>	<u>64,605</u>	<u>56,678</u>
Non current				
Lease incentive	83,279	104,479	-	-
Employee benefits	156,271	134,609	2,836	741
	<u>239,550</u>	<u>239,088</u>	<u>2,836</u>	<u>741</u>
Number of employees	<u>123</u>	<u>96</u>	<u>6</u>	<u>7</u>

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NOTES TO THE FINANCIAL STATEMENTS
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	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
18. OTHER NON CURRENT LIABILITIES				
Loans from controlled entities (note 26 and 29)	-	-	318,236	229,764
	<hr/>	<hr/>	<hr/>	<hr/>
19. CONTRIBUTED EQUITY				
Issued and paid-up share capital				
27,153,781 (2004: 26,400,000) ordinary shares, fully paid	5,648,363	5,063,363	5,648,363	5,063,363
	<hr/>	<hr/>	<hr/>	<hr/>

Ordinary shares – terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings.

In the event of winding up of the company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Movements during the year

Opening balance	5,063,363	2,352,599	5,063,363	2,352,599
Shares issued:				
371,429 fully paid ordinary shares issued at \$0.70 each as partial consideration for the acquisition of the business of Algcorp Smith Valuers	260,000	-	260,000	-
382,352 fully paid ordinary shares issued at \$0.85 each as partial consideration for the acquisition of the business of Madden Hill Valuers	325,000	-	325,000	-
760,000 fully paid ordinary shares issued to employees at \$0.13 each	-	98,800	-	98,800
100,000 fully paid ordinary shares issued at \$0.13 each to acquire a business	-	13,000	-	13,000
6,000,000 fully paid ordinary shares issued under prospectus dated 13 October 2003 at \$0.50 each.	-	3,000,000	-	3,000,000
Transaction costs arising from issue pursuant to prospectus	-	(401,036)	-	(401,036)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing balance	5,648,363	5,063,363	5,648,363	5,063,363

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

20. RESERVES	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
Option Reserve	14,942	7,663	14,942	7,663
Movements during the year				
Balance at beginning of year	7,663	-	7,663	-
Options issued to employees	7,279	7,663	7,279	7,663
	<u>14,942</u>	<u>7,663</u>	<u>14,942</u>	<u>7,663</u>

Nature and purpose of reserve

The option reserve represents the fair value of options currently on issue, calculated at the date of grant using a Black-Scholes model and allocated to each reporting period evenly over the period from grant date to vesting date.

21. RETAINED PROFITS

Retained profits/(losses) at beginning of year	1,232,207	942,515	100,758	(337)
Net profit/(loss)	1,388,156	1,893,692	1,374,873	1,705,095
Dividends paid	(1,203,076)	(1,604,000)	(1,203,076)	(1,604,000)
Retained profits/(losses) at end of year	<u>1,417,287</u>	<u>1,232,207</u>	<u>272,555</u>	<u>100,758</u>

22. DIVIDENDS

Dividends recognised in the current year by the company are:

	Cents per share	Total Amount	Franked/Unfranked	Date of payment
2005				
Final 2004 ordinary	2.5	660,000	Franked	23 September 2004
Interim 2005 ordinary	2.0	<u>543,076</u>	Franked	1 March 2005
Total		<u>1,203,076</u>		
2004				
Final 2003 ordinary	36.2	\$940,000	Franked	10 October 2003
Interim 2004 ordinary	15.4	\$400,000	Franked	2 December 2003
Interim 2004 ordinary	1.0	<u>\$264,000</u>	Franked	1 March 2004
Total		<u>\$1,604,000</u>		

Franked dividends declared or paid during the year were fully franked at the tax rate of 30%

Since the end of the financial year, the directors have declared a final dividend of 2.5 cents per share, representing \$678,845 fully franked and payable on September 23, 2005. The financial effect of this transaction has not been brought to account in the financial statements for the year ended 30 June 2005.

Dividend franking account

	Company	
	2005	2004
	\$	\$
30% franking credits available to shareholders of LandMark White Limited for subsequent financial years	<u>1,032,092</u>	<u>766,253</u>

The above amounts are based on the franking credits that will arise from the payment of the current tax liability.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends

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23. TOTAL EQUITY RECONCILIATION	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
Total equity at beginning of year	6,303,233	3,295,114	5,171,784	2,352,262
Total changes in equity recognised in statement of financial performance	1,388,156	1,893,692	1,374,873	1,705,095
Transactions with owners as owners:				
Shares issued	585,000	3,111,800	585,000	3,111,800
Dividends	(1,203,076)	(1,604,000)	(1,203,076)	(1,604,000)
Transaction costs of shares issued	-	(401,036)	-	(401,036)
Options issued	7,279	7,663	7,279	7,663
Total equity at end of year	<u>7,080,592</u>	<u>6,303,233</u>	<u>5,935,860</u>	<u>5,171,784</u>

24. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

(a) Interest rate risk

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities are set out below:

2005	Weighted average interest rate	Fixed Interest Maturing In:				Total
		Floating interest rate	1 Year or less	1 to 5 years	Non-interest bearing	
		\$	\$	\$	\$	\$
<i>Financial assets</i>						
Cash	4.75%	3,132,454	-	-	-	3,132,454
Receivables	-	-	-	-	3,235,114	3,235,114
Other non current assets	5.36%	121,361	-	-	-	121,361
		<u>3,253,815</u>	<u>-</u>	<u>-</u>	<u>3,235,114</u>	<u>6,488,929</u>
<i>Financial liabilities</i>						
Payables	-	-	-	-	3,201,886	3,201,886
Employee benefits	-	-	-	-	756,746	756,746
		<u>-</u>	<u>-</u>	<u>-</u>	<u>3,958,632</u>	<u>3,958,632</u>

All other financial assets and liabilities are non-interest bearing.

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NOTES TO THE FINANCIAL STATEMENTS
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24. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (continued)

2004	Weighted average interest rate	Fixed Interest Maturing In:				Total \$
		Floating interest rate \$	1 Year or less \$	1 to 5 years \$	Non-interest bearing \$	
<i>Financial assets</i>						
Cash	4.64%	3,035,754	2,000,000	-	-	5,035,754
Receivables – current		-	-	-	2,129,598	2,129,598
Other non current assets		102,595	-	-	-	102,595
		<u>3,138,349</u>	<u>2,000,000</u>	<u>-</u>	<u>2,129,598</u>	<u>7,267,947</u>
<i>Financial liabilities</i>						
Payables	-	-	-	-	2,788,378	2,788,378
Employee benefits	-	-	-	-	615,689	615,689
		<u>-</u>	<u>-</u>	<u>-</u>	<u>3,404,067</u>	<u>3,404,067</u>

(b) **Credit risk exposures**

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets of the consolidated entity which have been recognised on the statement of financial position, is the carrying value, net of any provision for doubtful debts.

The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of clients.

(c) **Net fair values of financial assets and liabilities**

The net fair values of all other financial assets and liabilities of the consolidated entity are represented by the carrying amount of these items.

25. **COMMITMENTS**

Capital expenditure commitments

The consolidated entity and company do not have any capital expenditure commitments at balance date.

Operating lease commitments

Future non cancellable operating lease commitments of premises, plant and equipment, not provided for in the financial statements and payable:

	Consolidated	
	2005 \$	2004 \$
Within one year	720,120	563,176
One year or later and no later than five years	1,641,172	1,486,754
Later than five years	-	130,296
	<u>2,361,292</u>	<u>2,180,226</u>

The consolidated entity leases property and equipment under operating leases expiring from three to six years. Leases of property generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either movements in the Consumer Price Index or operating criteria.

The company does not have any operating lease commitments.

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26. CONTROLLED ENTITIES

(a) Particulars in relation to controlled entities

Name	2005 Ownership %	2004 Ownership %
<i>Parent entity</i>		
LandMark White Limited		
<i>Controlled entities</i>		
LandMark White (NSW) Pty Ltd	100	100
LandMark White (VIC) Pty Ltd	100	100
LandMark White (Gold Coast) Pty Ltd	100	100
LandMark White (Brisbane) Pty Ltd	100	100
LMW Residential Pty Ltd	100	100

All of the above controlled entities were incorporated in Australia.

(b) Acquisition/disposal of controlled entities

2004

LMW Residential Pty Ltd was incorporated during the 30 June 2004 year with \$1 of equity.

27. CAPITAL COMMITMENT AND CONTINGENT LIABILITY

At 30 June 2005, the consolidated entity had a contingent liability relating to the acquisition of goodwill of Alcorp Smith Valuers and Madden Hill Valuers, to be settled by the issue of 400,000 additional ordinary shares in the Company, should certain revenue growth targets be achieved. At year-end, it is not probable that these revenue growth targets will be met, and accordingly the directors do not believe a provision should be raised in respect of the issue of the additional ordinary shares. At 30 June 2005 the capital commitment and the maximum contingent liability based on the last traded share price of the Company at 30 June 2005 was \$252,000, and an expected date of settlement, if required, is between 12 months and no longer than 5 years.

The company is involved in matters of litigation in the normal course of business. At 30 June 2005, it is not possible to estimate the financial effect of any of these matters. The Directors are of the opinion that no provision is required.

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28. NOTES TO THE STATEMENTS OF CASH FLOWS	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
(i) Reconciliation of cash				
For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:				
Cash assets	3,132,454	5,035,754	620,834	2,643,905
(ii) Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities				
Profit/(loss) from ordinary activities after income tax	1,388,156	1,893,692	1,374,873	1,705,095
Add/(less) items classified as investing/financing activities:				
(Profit)/loss on sale of non current assets	-	12,973	-	-
Add/(less) non cash items:				
Depreciation and amortisation	493,212	352,090	46,460	1,027
Amounts set aside to employee provisions	88,435	89,470	10,022	643
Amounts set aside to other provisions	77,950	121,850	-	-
Increase/(decrease) in taxes payable	(640,699)	162,087	(781,280)	(81,777)
Shares issued as remuneration	7,279	-	7,279	-
Net cash provided by operating activities before change in assets and liabilities	1,414,333	2,632,162	657,354	1,624,988
Change in assets and liabilities during the financial period:				
(Increase)/decrease in receivables	(1,204,666)	32,925	8,607	(19,631)
(Increase)/decrease in work in progress	93,431	22,754	-	-
(Decrease)/increase in accounts payable	407,486	(165,764)	208,617	89,593
(Increase)/decrease in prepayments	(47,842)	(109,520)	(48,116)	(2,618)
Net cash provided by operating activities	662,742	2,412,557	826,462	1,692,332

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

29. DIRECTOR AND EXECUTIVE DISCLOSURES

Remuneration of specific directors and specified executives

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. Remuneration packages of executives and, until March 11 2005, one executive director, include a mix of fixed remuneration and performance-based remuneration. The Chief Executive Officer receives only a fixed remuneration package.

The executive remuneration structures set out below are designed to attract suitably qualified candidates, and to effect the broader outcome of increasing the consolidated entity's net profit attributable to members of the parent entity.

Fixed and Performance Linked Remuneration

The remuneration of the specified executives includes a mix of fixed and performance based incentives. The fixed component consists of base remuneration, allowances and superannuation. The performance based component is a cash bonus based on a fixed percentage of the level of profit of the executives' operational division. The board considers that the performance-linked incentive is appropriate as it directly aligns the individuals reward with the consolidated entities performance.

There is currently no separate option plan. Non-executive directors do not receive any performance related remuneration or retirement benefits.

The board considers that the above performance-linked remuneration structure is generating the desired outcome. The evidence for this is the strong improvement in profitability in the second half of the 2005 financial year, despite the difficult trading conditions experienced, particularly in NSW, and the costs incurred in the establishment of the new LMW Residential operation. This performance has allowed a consistent level of dividend return to shareholders whilst maintaining a share price which was 26% above issue price at 30 June 2005.

In considering the consolidated entity's performance and benefits for shareholders wealth the Board have regard to the following indices in respect of the current financial year and the previous year.

	2005		2004	
	6 months to 30 June 2005	6 Months to 31 December 2004	6 months to 30 June 2004	6 Months to 31 December 2003
	\$	\$	\$	\$
Services Revenue	9,998,189	7,793,725	7,833,519	8,390,969
Net Profit	901,059	487,097	914,517	979,175
Dividends declared (per share)	\$0.025	\$0.02	\$0.025	\$0.01*
Share price at the end of the period	\$0.63	\$0.85	\$0.66	\$0.71
Change in share price	(\$0.22)	\$0.19	(\$0.05)	\$0.21**

* - Dividends declared figure is for the 3 months operations from 1 October 2003 to 31 December 2003

** - Change in share price at 31 December 2003 is the movement in share price from the issue price of the shares.

Service Agreements

The service contracts for the specified executive directors and specified executives, excluding the CEO are for an unlimited period but are capable of termination on 3 months notice, or by making payment equal to 3 months pay in lieu of notice. Mr Bradley Piltz, chief executive officer, has a contract for an unlimited period which may be terminated with 24 months notice, or by making payment equal to 24 months pay in lieu of notice

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

29. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

Non-Executive Directors

Total remuneration for all non-executive directors is not to exceed \$400,000 per annum. The Chairman receives directors fees of \$50,000 per annum and the other non-executive directors receive \$45,000 per annum. These fees include superannuation. Non-executive directors do not receive bonuses nor are they currently entitled to be issued with further options on securities.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
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29. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

Details of the nature and amount of each major element of remuneration of each director of the company ("specified directors") and each of the five or more senior executives of the consolidated entity with the greatest authority ("specified executives") are:

30 JUNE 2005	Primary		Equity	Post-	Total	
	Salary	Bonus	compensation	employment		
	\$	\$	Value of	Superannuation	\$	
			options (A)	benefits	\$	
			\$	\$	\$	
		Non				
		monetary				
		benefits (B)				
		\$				
SPECIFIED DIRECTORS						
<i>Non-executive</i>						
Mr I Rust (Chairman)	45,871	-	1,043	-	4,128	51,042
Mr N Craig	41,284	-	1,043	-	3,716	46,043
Mr S Gregory	41,284	-	1,043	-	3,716	46,043
Mr D Hobart	7,145	-	1,043	-	643	8,831
Mr R Perkins*	107,484	41,810	1,043	-	6,812	157,149
<i>Executive</i>						
Mr B Piltz, CEO)	183,486	-	1,043	-	16,513	201,042
Mr G White, Executive Director	101,560	-	1,043	-	9,140	111,743
Total, all specified directors	528,114	41,810	7,301	-	44,668	621,893

* - Mr R Perkins was an Executive Director for the period July 1 2004 to March 11 2005.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
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29. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

Remuneration of specified directors and specified executives by the consolidated entity

30 JUNE 2005	Primary		Equity	Post-	Total	
	Salary	Bonus	compensation	employment		
	\$	\$	Value of	Superannuation	\$	
			options (A)	benefits	\$	
			\$	\$	\$	
		Non				
		monetary				
		benefits (B)				
		\$				
SPECIFIED EXECUTIVES						
Mr T Gavan, (Director), LandMark White (NSW) Pty Ltd	138,440	62,316	1,043	-	11,560	213,359
Mr J McEvoy, (Director), LandMark White (Brisbane) Pty Ltd	108,313	91,029	1,043	-	10,137	210,522
Mr J Muchall (Director), LandMark White (Gold Coast) Pty Ltd	110,918	58,175	1,043	-	11,544	181,680
Mr R Stafford (Director) LandMark White (VIC) Pty Ltd	164,920	33,863	1,043	-	12,732	212,558
Mr G Coonan, (Director), LMW Residential Pty Ltd	133,769	3,891	1,043	-	10,794	149,497
Mr J Clements (Chief Financial Officer)	107,622	-	1,043	-	9,686	118,351
Total, all specified executives	763,982	249,274	6,258	-	66,453	1,085,967

The specified executives named are those who are directly accountable and responsible for the strategic direction and operational management of LandMark White Limited or its subsidiaries. The Directors are of the opinion that only the executives detailed above meet the definition of specified executives as set out in AASB 1046.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

29. **DIRECTOR AND EXECUTIVE DISCLOSURES (continued)**

Remuneration of specified directors and specified executives by the consolidated entity

30 JUNE 2004	Primary		Non monetary benefits (B) \$	Equity	Post-	Total
	Salary \$	Bonus \$		compensation	employment	
				Value of options (A) \$	Superannuation benefits \$	\$
SPECIFIED DIRECTORS						
<i>Non-executive</i>						
Mr I Rust (Chairman)	56,064	-	803	177	2,779	59,823
Mr N Craig	30,487	-	803	-	2,744	34,034
Mr S Gregory	30,487	-	803	-	2,744	34,034
<i>Executive</i>						
Mr B Piltz (CEO)	190,862	-	803	2,495	9,138	203,298
Mr R Perkins, (Director), LandMark White (Brisbane) Pty Ltd	129,473	71,656	803	295	10,718	212,945
Mr R Stafford, (Director), LandMark White (VIC) Pty Ltd	144,305	9,277	803	295	11,118	165,798
Mr G White, (Executive Director)	95,000	39,400	803	-	1,446	136,649
Total, all specified directors	676,678	120,333	5,621	3,262	40,687	846,581

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NOTES TO THE FINANCIAL STATEMENTS
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29. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

Remuneration of specified directors and specified executives by the consolidated entity

30 JUNE 2004	Primary		Equity	Post-	Total	
	Salary	Bonus	compensation	employment		
	\$	\$	Value of	Superannuation	\$	
			options (A)	benefits	\$	
			\$	\$	\$	
		Non				
		monetary				
		benefits (B)				
		\$				
SPECIFIED EXECUTIVES						
Mr T Gavan, (Managing State Director), LandMark White (NSW) Pty Ltd	143,447	141,848	803	590	11,976	298,664
Mr J Muchall (Director), LandMark White (Gold Coast) Pty Ltd	115,184	109,776	803	295	9,432	235,490
Mr J Clements (Chief Financial Officer)	71,053	-	803	295	6,395	78,546
Total, all specified executives	329,684	251,624	2,409	1,180	27,803	612,700

The specified executives named are those who are directly accountable and responsible for the strategic direction and operational management of LandMark White Limited or its subsidiaries. The Directors are of the opinion that only the executives detailed above meet the definition of specified executives as set out in AASB 1046.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

29. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

Notes in relation to the table of directors' and executives officers' remuneration

(A) The fair value of the options is calculated at the date of grant using a Black-Scholes model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the proportion of the fair value of the options allocated to this reporting period. In valuing the options market conditions have been taken into account in both the current and prior periods.

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant Date	Expiry Date	Exercise price	Price of shares on grant date	Estimated volatility	Risk free interest rate	Dividend yield	Fair Value per option
9 October 2003	9 October 2008	\$0.55	\$0.13	55%	5%	9%	\$0.006
9 October 2003	9 October 2008	\$0.65	\$0.13	55%	5%	9%	\$0.004
9 October 2003	9 October 2008	\$0.80	\$0.13	55%	5%	9%	\$0.003

(B) Non monetary remuneration represents an allocation of insurance premiums paid by the company to cover directors and officers.

Equity Instruments

Option Holdings

Movement during the reporting period of options over ordinary shares in LandMark White Limited held directly, indirectly, or beneficially by each specified director and specified executive including their personally related entities is as follows:

	Held at 1 July 2004	Granted	Exercised	Other*	Held at 30 June 2005	Vested and exercisable at 30 June 2005
SPECIFIED DIRECTORS						
Mr I Rust (Chairman)	30,000	-	-	-	30,000	-
Mr B Piltz (CEO)	550,000	-	-	-	550,000	200,000
Mr N Craig	-	-	-	-	-	-
Mr S Gregory	-	-	-	-	-	-
Mr R Perkins	50,000	-	-	(50,000)	-	-
Mr D Hobart	-	-	-	-	-	-
Mr G White	-	-	-	-	-	-
SPECIFIED EXECUTIVES						
Mr T Gavan	100,000	-	-	-	100,000	-
Mr J McEvoy	50,000	-	-	-	50,000	-
Mr J Muchall	50,000	-	-	-	50,000	-
Mr R Stafford	50,000	-	-	-	50,000	-
Mr G Coonan	50,000	-	-	-	50,000	-
Mr J Clements	50,000	-	-	-	50,000	-

* - Other changes represent options that expired or were forfeited during the year.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

29. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

Equity Holdings

Movement during the reporting period in the number of ordinary shares in LandMark White Limited held directly, indirectly, or beneficially by each specified director and specified executive including their personally related entities is as follows:

	Held at 1 July 2004	Purchases	Sales	Held at 30 June 2005
SPECIFIED DIRECTORS				
Mr I Rust (Chairman)	40,000	6,550	-	46,550
Mr B Piltz (CEO)	6,513,080	40,000	-	6,553,080
Mr N Craig	26,000	3,000	-	29,000
Mr S Gregory	38,400	16,800	-	55,200
Mr R Perkins	2,531,289	-	-	2,531,289
Mr D Hobart	-	-	-	-
Mr G White	9,728,994	-	-	9,728,994

SPECIFIED EXECUTIVES

Mr T Gavan	275,000	-	-	275,000
Mr J McEvoy	125,000	-	25,000	100,000
Mr J Muchall	571,551	-	-	571,551
Mr R Stafford	488,500	-	-	488,500
Mr G Coonan	120,000	-	20,000	100,000
Mr J Clements	4,000	-	-	4,000

Loans and other transactions with specified directors and specified executives

Apart from the details disclosed in this note, no director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at year-end.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

30. NON-DIRECTOR RELATED PARTIES

Non-director related parties include all wholly owned controlled entities. All transactions with non-director related parties are on normal terms and conditions. Amounts receivable from non-director related entities are disclosed in note 9 and amounts payable to non-director related entities are disclosed in note 16 and 18. These loans were unsecured, subject to interest charges of 9% and have no fixed term of repayment. Interest charged to wholly owned controlled entities totalled \$145,556 during the year (2004: Nil)

LandMark White Limited charged wholly owned controlled entities management fees of \$894,154 for the period ended 30 June 2005 (2004: \$577,733).

31. EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year, the directors have declared a final dividend of 2.5 cents per share, representing \$678,845 fully franked and payable on September 23, 2005

For reporting periods beginning on or after 1 July 2005, the consolidated entity must comply with Australian equivalents to International Financial Reporting Standards ("AIFRS") as issued by the Australian Accounting Standards Board. The implementation plan and potential impact of adopting AIFRS are detailed in Note 32 to the financial statements.

The financial effect of the above matters have not been brought to account in the financial statements for the year ended 30 June 2005.

32. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

For reporting periods beginning on or after 1 January 2005, the consolidated entity must comply with Australian equivalents to International Financial Reporting Standards (AIFRS), as issued by the Australian Accounting Standards Board.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP) applicable for reporting periods ended 30 June 2005.

Transition Management

The Board has established an implementation project to assess the impact of the transition to AIFRS and to achieve compliance with AIFRS reporting for the financial year commencing 1 July 2005.

The project is achieving its scheduled milestones and the consolidated entity is expected to be in a position to fully comply with the requirements of AIFRS for the 30 June 2006 financial year.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

32. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Impact of transition to AIFRS

The impact of transition to AIFRS and the selection and application of AIFRS accounting policies, are based on AIFRS standards that management expect to be in place, or where applicable, early adopted, when preparing the first complete AIFRS financial report (being the half year ending 31 December 2005). Only a complete set of financial statements and notes together with comparative balances can provide a true and fair presentation of the company's and consolidated entity's financial position, results of operations and cash flows in accordance with AIFRS. This note provides only a summary. Further disclosure and explanations will be required in the first complete AIFRS financial report for a true and fair view to be presented under AIFRS.

There is a significant amount of judgement involved in the preparation of the reconciliations from current Australian GAAP to AIFRS. Consequently, the final reconciliations presented in the first financial report prepared in accordance with AIFRS may vary materially from the information provided in this Note.

Revisions to the selection and application of the AIFRS accounting policies may be required as a result of:

- changes in financial reporting requirements that are relevant to the company's and consolidated entity's first complete AIFRS financial report arising from new or revised accounting standards or interpretations issued by the Australian Accounting Standards Board subsequent to the preparation of the 30 June 2005 financial report;
- additional guidance on the application of AIFRS in a particular industry or to a particular transaction; and
- changes to the company's and consolidated entity's operations.

Where the application or interpretation of an accounting standard is currently being debated, the accounting policy adopted reflects management's current assessment of the likely outcome of those deliberations. The uncertainty relating to the accounting guidance is disclosed in the relevant accounting policy note and where practicable, the expected impact of the alternative interpretation is also disclosed.

The rules for first time adoption of AIFRS are set out in AASB1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards*. In general, AIFRS accounting policies must be applied retrospectively to determine the opening AIFRS balance sheet as at transition date, being 1 July 2004. The Standard allows a number of exemptions to this general principle to assist in the transition to reporting under AIFRS. The accounting policies note includes details of the AASB1 elections adopted.

LandMark White Limited is unable to disclose the transitional adjustments for the company and the consolidated entity as the impact of the transition to AIFRS has not been finalised. Accordingly, the impacts disclosed should not be regarded as a complete list of changes in accounting policies that will result from the transition to AIFRS. There can be no assurances that all significant impacts of the transition to AIFRS have been identified.

The significant changes in accounting policies expected to be adopted in preparing the AIFRS reconciliations and the elections expected to be made under AASB1 are set out below:

(a) *Business Combinations*

Comparative period

Business combinations that occurred on or after 1 July 2004 will be restated to comply with AIFRS. All business combinations will be accounted for by applying the purchase method. No adjustments are expected for the company or the consolidated entity.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

32. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Goodwill

Goodwill represents the difference between the cost of a business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

In respect of acquisitions prior to transition date, goodwill is expected to be included on the basis of its deemed cost, which represents the amount recorded under Australian GAAP adjusted for reclassifications of other intangible assets not meeting the AIFRS recognition criteria. No reclassifications are expected.

Goodwill will be stated at cost less any accumulated impairment losses. Goodwill will be allocated to cash generating units and tested annually for impairment (refer (b) for further details on impairment testing).

Negative goodwill arising on acquisition will be recognised directly in profit and loss unless it is deemed to be a transaction with owners. Under current Australian GAAP negative goodwill is allocated to the non-monetary assets acquired. As business combinations have not been restated there is no expected impact of this change in treatment on transition.

Amortisation

Goodwill and intangible assets with an indefinite useful life will not be subject to amortisation but tested for impairment annually. Other intangible assets will be amortised from the date they are available for use. Changes in useful life on transition to AIFRS will be accounted for prospectively. The estimated useful lives for 1 July 2004 are expected to be as follows:

	AIFRS	Current Australian GAAP
Goodwill	Indefinite	20 years

The impact on the results for the year ended 30 June 2005 for the consolidated entity is unable to be determined. No adjustments are expected for the company.

(b) Impairment

Under current Australian GAAP, the carrying amounts of non-current assets valued on a cost basis are reviewed at reporting date to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds its recoverable amount the asset is written down to the lower amount, with the write-down recognised in the income statement in the period in which it occurs. Where a group of assets working together supports the generation of cash inflows, the recoverable amount is assessed in relation to that group of assets. In assessing recoverable amounts, the relevant cash flows have not been discounted to their present value.

Under current Australian GAAP, the collectibility of receivables is assessed at each reporting date and a provision is raised to allow for doubtful accounts.

Under AIFRS, the carrying amount of the consolidated entity's non-current assets, excluding goodwill, will be reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset will be tested for impairment by comparing its recoverable amount to its carrying amount.

Goodwill, which is not amortised under AIFRS, intangible assets that have an indefinite useful life and intangible assets not yet ready for use are tested for impairment annually.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
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32. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

If there is any indication that an asset is impaired (or for those tested annually), the recoverable amount will be estimated for the individual asset. If it is not possible to estimate the recoverable amount for the individual asset, the recoverable amount of the cash generating unit to which the asset belongs will be determined.

A cash generating unit will be the smallest identifiable group of assets that generate cash inflows, largely independent of the cash inflows of other assets or group of assets, each cash-generating unit must be no larger than a segment.

An impairment loss will be recognised whenever the carrying amount of an asset, or its cash generating unit, exceeds its recoverable amount. Impairment losses will be recognised in the income statement unless they relate to a revalued asset, where the impairment loss will be treated in the same way as a revaluation decrease.

Impairment losses recognised in respect of a cash generating unit will be allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amount of the other assets in the unit pro rata based on their carrying amounts.

Goodwill and indefinite life intangible assets will be tested for impairment as at transition date. The company is yet to assess the impact of this change on the company and the controlled entities.

Calculation of recoverable amount

Under current Australian GAAP, the recoverable amount of non-current assets was assessed at an entity level using undiscounted cash flows.

Under AIFRS, the recoverable amount of the consolidated entity's receivables carried at amortised cost will be calculated at the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets will be the greater of the fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows will be discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the risks specific to the asset or cash generating unit. Cash flows will be estimated for the asset or cash generating unit in its current condition, and therefore, will not include cash inflows and outflows improving or enhancing the asset's performance or expected to arise from future restructuring not yet committed at the attesting date.

Reversals of impairment

Under AIFRS, an impairment loss in respect of goodwill must not be reversed. In respect of other assets, an impairment loss will be reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss will be reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

There is no expected impact on the company or the consolidated entity of this change in treatment on transition.

(c) Taxation

On transition to AIFRS, the balance sheet method of tax effect accounting will be adopted, rather than the income statement liability method applied currently under Australian GAAP.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

32. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Under the balance sheet approach, income tax on the profit and loss for the year comprises current and deferred taxes. Income tax will be recognised in the income statement, except to the extent that it relates to items recognised directly in equity, in which case, it will be recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences will not be provided for: goodwill for which amortisation is not tax deductible, the initial recognition of assets and liabilities that affect neither accounting or taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided will be based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

A deferred tax asset will be recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets will be reduced to the extent it is no longer probable that the related tax benefit will be realised.

The impact on the results for the year ended 30 June 2005 for the company and the consolidated entity has yet to be determined.

Tax consolidation

In accordance with UIG 1052, wholly owned subsidiaries in the tax consolidated group will be required to recognise their own tax balances directly, and the current tax liability or asset will be assumed by the head entity via an equity contribution or distribution.

(d) Employee Benefits

Share based payments

Under current Australian GAAP, where shares or options are issued to employees as remuneration for past services, the difference between fair value of the shares or options issued and the consideration received, if any, from the employee is expensed. The fair value of the options issued is recorded in an option reserve. Shares issued to employees are recorded in contributed equity at the fair value. Transaction costs associated with issuing shares and options are recognised in equity subject to the extent of the proceeds received, otherwise expensed. Other administrative costs are expensed.

Under AIFRS, the fair value of options granted must be recognised as an employee benefit expense with a corresponding increase in equity. The fair value will be measured at grant date taking into account market performance conditions only, and spread over the vesting period during which the employee becomes unconditionally entitled to the options. The fair value of options granted will be measured using the Black-Scholes method, taking into account the terms and conditions attached to the options. The amount recognised as an expense will be adjusted to reflect the actual number of options that vest except where forfeiture is due to market related conditions.

No adjustment will be made for options granted because the consolidated entity has expensed all options granted.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
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32. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

(e) Earnings Per Share

Under AIFRS, basic and diluted earnings per share are calculated using the profit or loss from continuing operations attributable to the ordinary equity holders of the parent entity. The basic and diluted earnings per share for the discontinued operations is calculated and disclosed separately.

The impact on the results for the year ended 30 June 2005 for the company and the consolidated entity is yet to be determined.

(f) Financial Instruments

LandMark White Limited does not expect to take advantage of the election in AASB1 to not restate comparatives for AASB132 *Financial Instruments: Disclosure and Presentation* and AASB139 *Financial Instruments: Recognition and Measurement*.

The nature of the main adjustments to the transitional AIFRS balance sheet as at 1 July 2004 and the statements of financial performance for the financial year ended 30 June 2005 to achieve full compliance with AIFRS accounting standards AASB132 *Financial Instruments: Disclosure and Presentation*, and AASB139 *Financial Instruments: Recognition and Measurement* are expected to be:

- financial assets such as trade debtors, deposits and loans to controlled entities will be classified as “originated loans and receivables” and recognised in the statement of financial position at amortised cost, with impairment testing being conducted at each balance date, at a minimum

The impact on the results for the year ended 30 June 2005 for the company and the consolidated entity is yet to be determined.

Expected Adjustments

The expected adjustments to the Statements of Financial Position and the Statements of Financial Performance of the consolidated entity cannot be completed at this time as the calculation of all areas where there is potential impact have not been determined.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 102 320 329

DIRECTORS' DECLARATION

- 1) In the opinion of the directors of LandMark White Limited ("the company"):
 - (a) the financial statements and notes, set out on pages 23 to 54, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company and the Consolidated Entity as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

- 2) The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2005.

Dated at Melbourne this twelfth day of September 2005.

Signed in accordance with a resolution of the directors:



Ian Rust
Chairman

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 102 320 329

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF LANDMARK WHITE LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statements of financial performance, statements of financial position, statements of cash flows, accompanying notes 1 to 32 to the financial statements, and the directors' declaration set out on pages 23 to 55, for both LandMark White Limited (the "Company") and LandMark White Limited and its Controlled Entities (the "Consolidated Entity"), for the year ended 30 June 2005. The Consolidated Entity comprises both the company and the entities it controlled during that year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and Consolidated Entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

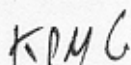
- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Audit opinion

In our opinion, the financial report of LandMark White Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



KPMG



Paul Steer
Partner

Gold Coast
September 2005

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 102 320 329

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The company was admitted to the Australian Stock Exchange under rule 1.3.2(b). To date the funds the company had at its time of admission have been used for the costs of the issue of shares, repayment of loans and the balance has been held on deposit.

Shareholdings (as at 31 August 2005)

Substantial Shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number of Ordinary Shares
White Valuations Pty Ltd	9,738,994
Piltz Holdings Pty Ltd	6,525,080
Roskins Nominees Pty Ltd	2,477,289

Voting Rights

Ordinary Shares

Holders of ordinary shares are entitled to one vote per share at shareholder meetings.

Options

There are no voting rights attached to options.

Distribution of equity security holders

Category	Number of Equity Security Holders	
	Ordinary Shares	Options
1 – 1,000	12	-
1,001-5,000	613	-
5,001-10,000	88	-
10,001-100,000	60	17
100,001 and over	15	1
Total	788	18

On-market buy-back

There is no current on-market buy-back.

Marketable Parcels

The number of shareholders holding less than a marketable parcel of 770 shares (based on closing price of \$0.65 on 31/8/05) is 5 and they hold 2,937 securities.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 102 320 329

ASX ADDITIONAL INFORMATION (continued)

Twenty Largest Shareholders

Name	Number of Ordinary Shares held	Percentage of capital held
White Valuations Pty Ltd	9,738,994	35.87
Piltz Holdings Pty Ltd	6,525,080	24.03
Roskin Nominees Pty Ltd	2,477,289	9.12
Llanzeal Pty Ltd	551,551	2.03
Stafford Investments Pty Ltd	488,500	1.80
Jamang Superannuation Fund	371,429	1.37
Mr John Francis Ogilvie and Mrs Michele Jocelyn Ogilvie	300,000	1.10
Mrs Melinda Ellis	245,000	0.90
Mr Scott Turner	242,000	0.89
Kevin King Pty Ltd	215,000	0.79
Dehall Pty Ltd	191,176	0.70
Helena Jane Madden	191,176	0.70
Independent Property Analysts Pty Ltd	175,000	0.64
Jetan Pty Ltd	139,672	0.51
Mr Craig Wise	101,000	0.37
Bransdon Investments Pty Ltd	100,000	0.37
Helen Althea McEvoy	100,000	0.37
Radot Pty Ltd	100,000	0.37
Nicholas Wordsworth	100,000	0.37
Mr Timothy John Gavan	100,000	0.37
	<hr/> <hr/>	<hr/> <hr/>
	22,452,867	82.67

Offices and officers

Company Secretary

Mr John Clements

Principal Registered Office

Ground Floor

Waterside East Tower

3 Holden place

Bundall QLD 4217

Telephone: 07 5510 3100

Facsimile: 07 5510 3200

Website: www.landmarkwhite.com.au

Location of Share Registry

Brisbane

ASX Perpetual Registrars

Stock Exchange

The company is listed on the Australian Stock Exchange. The home Exchange is Brisbane

Other information

LandMark White Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.