

# Annual Report

**LandMark White Limited and its Controlled Entities**  
**For the year ended 30 June 2006**

**LandMark White Limited**  
**ABN 50 102 320 329**





## CHAIRMAN'S AND CEO'S REVIEW 2006



**Glen White**  
Chairman



**Brad Piltz**  
Chief Executive Officer

### Chairman's & CEO's Overview

We are pleased to present our Annual Report for the year ended 30<sup>th</sup> June 2006.

### Highlights

- *Sales Revenue increased to \$20.54M, up 16.4% from \$17.64M in 2005*
- *After tax profit increased to \$1.74M, up 20.7% from \$1.44M in 2005*
- *EBIT increased to \$2.49M, up 25.1% from \$1.99M in 2005*
- *Dividends increased to 5 cents a share, up 11.1% from 4.5cents in 2005*
- *Dividends fully franked*
- *Earnings per share increased to 6.41 cents, up 20% from 5.37 cents in 2005*
- *Remain debt free*
- *Recent acquisition gives exposure in the Melbourne and Adelaide residential markets and enhances our Sydney residential valuation service*
- *Further expansion into unrepresented markets and development of new services remains part of our strategic plan*

### Financial Results

Our revenue for the year was \$20,543,920 which is a growth of 16.4% over last year which we consider to be a good result in a year where the market continued to be less buoyant than previous years.

We achieved a net profit after tax for the financial year ended 30 June 2006 of \$1,743,534 which is an increase of 20.7% over last year.

We continue to be free of debt and our cash reserves at the 30 June 2006 were \$3,043,616. 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.

LMW Residential, a fully owned subsidiary specialising in the residential mortgage market, is now profitable and should add considerable profits in the 2007 year.

## CHAIRMAN'S AND CEO'S REVIEW 2006

### Dividends

The Board has declared a final dividend of 3.0 cents per share fully franked payable on 4 October 2006. Together with the fully franked interim dividend of 2 cents paid 13 March 2006, the total dividend of 5.0 cents is fully franked. This is an 11.1% increase (0.5 cents) over that distributed for the 2005 financial year and is in keeping with our policy of distributing a high percentage of profits to our shareholders. The 5 cent dividend represents a yield of 7.35% on the market value of 68 cents at 22 September 2006.

### 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

This has been a year with some challenging marketing conditions. Although this year has seen another acquisition we have had an emphasis on not only growing our turnover but improving our net profit. While our turnover grew by 16.4% we were able to improve our net profit after tax by 20.7%.

The LandMark White Melbourne office achieved a substantial increase in profit and continued growth is expected from all offices with the greatest potential for growth again from Melbourne and Parramatta where staff numbers have been increased and in our relatively new Wollongong office which after 12 months is now generating significant instructions directly out of this region.

To assist with this growth we continue to develop a comprehensive national database and information technology network. This development and continued improvement of our national integrated data base and management system throughout LandMark White has led to employing expert hardware and software specialists. Our national software development team continues to improve and develop software to meet our specialised needs and set new industry standards.

During the year under review we acquired JLC Valuers which added offices for LMW Residential in Melbourne, Adelaide and Parramatta. Our 2006 results reflected only 6 weeks of trading from this acquisition.

LMW Residential is a growing part of our business and focuses on rapid response, high turnover using 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 continues 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.

## CHAIRMAN'S AND CEO'S REVIEW 2006

IT is critical for our LMW Residential business. We continue to be committed to provide on time, accurate responses to clients and are continuing to improve our IT software used by LMW Residential which has significant advantages to our staff and improvement of our quality assurance.

### 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 strict peer review. The deployment of a national IT network in both LandMark White and LMW Residential has further aided this process.

### Expansion

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

The expansion of our existing LMW Residential business has gathered pace expanding staff in the Brisbane and Gold Coast offices.

As noted (refer Review of Operations) we purchased another valuation practice settling the transaction just before the close of 2006 financial year. This business is predominantly in the residential markets in Melbourne, Parramatta and Adelaide. The Melbourne office gives us an entrance into the Melbourne market where we didn't have LMW Residential exposure. The Parramatta office allows us in conjunction with the existing Alexandria office, to provide more complete coverage throughout Sydney, a market where drive time has a significant impact. Prior to this acquisition we did not have exposure in Adelaide and we anticipate substantial growth from this currently small office. The company purchased also had a small commercial business which under the guidance of our existing Melbourne LandMark White office, should see growth over the 2006/07 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.

### Our People and Geographical Spread

Our continued growth now sees a total staff within the Group as at 30 June 2006 of 162.

LandMark White now has 95 staff with offices in;

- Melbourne City
- Hampton (Melbourne Metropolitan)
- Sydney City
- Parramatta (Sydney Metropolitan)
- Wollongong
- Brisbane City
- Gold Coast
- Sunshine Coast

LMW Residential has 65 staff with offices in;

- Hampton (Melbourne Metropolitan)
- Alexandria (Sydney Metropolitan)
- Parramatta (Sydney Metropolitan)
- Milton (Brisbane Metropolitan)
- Robina (Gold Coast)
- Sunshine Coast
- Mile End (Adelaide Metropolitan)

## **CHAIRMAN'S AND CEO'S REVIEW 2006**

LMW Quantity Surveyors (refer New Services) has 2 staff working in Melbourne's Hampton office.

LandMark White Limited, the parent company provides management, finance, property research and IT services to its subsidiaries noted above.

### **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.

Our recent acquisition also included a small Quantity Surveyor's practice. While only small we have commenced trading as LMW Quantity Surveyors (LMW QS) and are currently employing staff and investigating improved IT for this business.

### **Outlook**

LandMark White has been able to generate consistent annual revenue since it commenced business.

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, an increased positive cash flow contribution from LMW Residential; our commitment to further developing our existing offices; and with contributions from new initiatives such as LMW Quantity Surveyors. Our strong brand, good reputation and our history of quality 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, developing IT and the continued opportunities available through both our recent acquisition and further new initiatives will result in continued growth.

Glen White  
Chairman

Brad Piltz  
Chief Executive Officer and Director

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**ANNUAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2006**

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**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES**  
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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2006**

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 2006 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 Glen J White – appointed 26 September 2002**

***Chairman***

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. Glen 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. Glen was appointed as Chairman on 1 November 2005.

**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, a senior associate of the Financial Services 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 Citigroup Pty Ltd since 1995 and is chairman of its Audit and Risk Committee. 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 Clovelly Estate Limited.

**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 IFC Capital 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. David is an associate of the Australian Institute of Company Directors, an associate of the Australian Property Institute and a member of FINSIA.

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**DIRECTORS' REPORT**  
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**DIRECTORS (continued)**

**Mr Ross B Perkins – resigned 25 October 2005**  
*Non-Executive Director*

**Mr Ian A Rust – resigned 1 November 2005**  
*Former Chairman*

**COMPANY SECRETARY**

Mr John A Clements CPA was appointed to the position of Company Secretary on 26 September 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		Remuneration Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
Mr G White	6	6	-	-	2	1
Mr B Piltz	6	6	-	-	-	-
Mr N Craig	6	4	4	4	-	-
Mr S Gregory	6	5	4	4	2	2
Mr D Hobart	6	6	-	-	2	2
Mr I Rust (resigned 1 November 2005)	2	2	-	-	1	1
Mr R Perkins (resigned 25 October 2005)	2	2	-	-	-	-

**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.

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES  
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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2006**

**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 and a Remuneration Committee. The committees have a written mandate and operating procedures, which are reviewed on a regular basis. 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 any time during or since the end of the financial year are set out in the Directors' report on pages 6 and 7.

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

- a minimum of five 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 majority of non-executive directors

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES  
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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2006**

**Composition of the Board (continued)**

The Executive Chairman, Mr Glen White, is a co-founder of the group and has over 35 years experience in the valuation profession.

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 (resigned 1 November 2005)
- 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 2006 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**  
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**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.
- 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

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES  
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**DIRECTORS' REPORT  
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**Risk Management**

*Oversight of the risk management system*

Management has established and implemented 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

*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 has been given to all Directors and Employees.

*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 Note 27.

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**DIRECTORS' REPORT**  
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**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 the Chief Executive Officer include a mix of fixed remuneration and performance-based remuneration.

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 share of a fixed percentage of the level of profit of the executives’ operational division. The performance based percentages for senior name executives range from 4% to 18% of the Net Trading Profit of the operational unit the senior named executive manages.

The performance-based component of the remuneration of the Chief Executive Officer is based on a fixed percentage of the increase in the level of profit after tax of the consolidated group. 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 2006 financial year which has allowed an increasing level of dividend return to shareholders.

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**DIRECTORS' REPORT**  
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**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.

	<b>2006</b>	<b>2005</b>	<b>2004#</b>	<b>2003#*</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Services Revenue	20,543,920	17,645,704	16,063,428	10,657,862
Net Profit	1,743,534	1,443,961	1,931,210	942,515
Dividends declared (per share)	\$0.05	\$0.045	\$0.02	-
Share price at the end of the period	\$0.65	\$0.63	\$0.66	-**
Change in share price	\$0.02	(\$0.03)	-	-

# Results for 2003 and 2004 are based on AGAAP as reported for these years

\* Results for the 2003 year are for the period from 26 September 2002 (the date of incorporation) to 30 June 2003.

\*\* The group was listed on the ASX on 5 December 2003

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 non-executive directors each receive directors fees of \$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:

Directors	Year	Short term		Non Monetary (B)\$	Post- employment	Equity compensation	Total	Proportion of remuneration performance related (%)	Value of options as proportion of remuneration (%)
		Salary and fees \$	Bonus \$		Superannuation benefits \$	Options issued (A) \$			
<i>Non-executive</i>									
Mr N Craig	2006	41,248	-	-	3,712	-	44,960	-	-
Mr S Gregory	2006	41,284	-	-	3,716	-	45,000	-	-
Mr D Hobart	2006	41,284	-	-	3,716	-	45,000	-	-
Mr R Perkins*	2006	-	-	-	-	-	-	-	-
Mr I Rust **	2006	15,173	-	-	1,366	-	16,539	-	-
<i>Executive</i>									
Mr B Piltz, CEO	2006	212,661	48,481	-	17,339	-	278,481	17.4%	-
Mr G White, (Chairman)	2006	98,752	-	-	7,088	-	105,840	-	-
<b>Total</b>		450,402	48,481	-	36,937	-	535,820		

\* - Mr Perkins resigned on 25 October 2005

\*\* - Mr Rust resigned on 1 November 2005

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES  
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DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Directors' and senior executive officers' remuneration (continued)

Executive officers	Year	Salary and fees \$	Short term		Post-employment	Equity compensation	Total \$	Proportion of remuneration related (%)	Value of options as proportion of remuneration (%)
			Bonus \$	Non Monetary (B) \$	Superannuation benefits \$	Options issued (A) \$			
<i>The Company</i>									
Mr J Clements, Chief Financial Officer	2006	110,092	-	-	9,908	-	120,000	-	-
<i>Consolidated</i>									
Mr A Ellis, (Director, LandMark White (NSW) Pty Ltd)	2006	137,891	79,261	-	12,109	-	229,261	34.6%	-
Mr B Fatouros, (Director, LandMark White (NSW) Pty Ltd)	2006	138,989	79,261	-	11,011	-	229,261	34.6%	-
Mr N Garnsey, (Director, LandMark White (NSW) Pty Ltd)	2006	150,000	79,261	-	14,071	-	243,332	32.6%	-
Mr T Gavan, (Director, LandMark White (NSW) Pty Ltd)	2006	138,440	79,261	-	11,560	-	229,261	34.6%	-
Mr J Muchall, (Director, LandMark White (Gold Coast) Pty Ltd)	2006	129,337	91,606	-	10,704	-	231,647	39.5%	-
<b>Total</b>		804,749	408,650	-	69,363	-	1,282,762		

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

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Directors' and senior executive officers' remuneration (continued)

	Year	Salary and fees \$	Short term 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 (%)
<b>Directors</b>									
<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	-	-
<b>Total</b>		<b>528,114</b>	<b>41,810</b>	<b>7,301</b>	<b>44,668</b>	<b>-</b>	<b>621,893</b>		

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

Executive officers	Year	Short term			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) \$			
<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%	-
<b>Total</b>		<b>787,520</b>	<b>294,472</b>	<b>6,258</b>	<b>72,631</b>	<b>-</b>	<b>1,160,881</b>		

**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 Dates	Exercise price	Price of shares on grant date	Estimated volatility	Risk free interest rate	Dividend yield	Fair Value per option
30 December 2005	1 July 2011, 2012, 2013, 2014 and 2015	\$0.59	\$0.58	40%	5.5%	7.63%	\$0.05

The fair value per option for each of the expiry dates at \$0.05 has been based on these principal assumptions and the value per option obtained has been discounted by 60% due to liquidity and non-transferability conditions on the shares, should the option be exercised.

There were no options granted to the senior named executives.

(B) Non monetary remuneration represents an allocation of directors and officers insurance premiums for the year ended 30 June 2005. The conditions of the current insurance policy restrict disclosure of the premium amount for the year ended 30 June 2006.

**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)
<b>Directors</b>			
Mr Brad Piltz	48,481	100%	0%
<b>Executives</b>			
<b>Consolidated</b>			
Mr T Gavan	79,261	100%	0%
Mr A Ellis	79,261	100%	0%
Mr B Faturous	79,261	100%	0%
Mr N Garnsey	79,261	100%	0%
Mr J Muchall	91,606	100%	0%

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 2006 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 named executives of the Company and consolidated entity.

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

**DIRECTORS' REPORT**

**REMUNERATION REPORT (continued)**

**Analysis of movements in options**

Nil options over ordinary shares in LandMark White Limited have been granted to a Company director or each of the five named executives of the Company and consolidated entity.

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.

**Option Plan - Share Based Payments**

The directors at their discretion allocate share options that entitle key management personnel and senior employees to purchase shares in the entity. The terms of the options including vesting conditions and performance criteria vary depending upon the incentive arrangements appropriate for key management personnel and senior employees

**Contracted Commitment**

Salary commitments under a non-cancellable employment contract for the CEO B Piltz not provided for in the financial statements and payable as follows:

	\$
Within one year	230,000
One year or later and no later than five years	230,000
Later than five years	-
	<u>460,000</u>

For other named senior executives, the consolidated entity's liability for early termination of employment contracts, beyond normal termination notices, are considered remote.

**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 group continued the expansion of the LMW Residential Pty Ltd which focuses on the residential market and continued to consolidate its position in its traditional commercial valuations, property advice and research.

In May 2006, the group settled the acquisition of the JLC Valuers business which also included a quantity surveying business segment. It is expected that this will provide a base for expanding the services of the group into quantity surveying in select market areas.

There were no significant other 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 \$1,743,534. A detailed review of operations is contained in the review from the Chairman and CEO included in this Annual Report.

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

**DIRECTORS' REPORT**

**DIVIDENDS**

Dividends paid and payable by the Company since the end of the previous financial year were:

<b>Type</b>	<b>Cents per share</b>	<b>Total Amount \$</b>	<b>Franked/ Unfranked</b>	<b>Date of payment</b>
<i>Declared and paid during the year</i>				
Final 2005 ordinary	2.5	660,000	Franked at 30%	23 September 2005
Interim 2006 ordinary	2.0	547,076	Franked at 30%	13 March 2006
<i>Declared after end of year:</i>				
Final 2006 ordinary	3.0	<u>820,614</u>	Franked at 30%	4 October 2006
Total		<u>2,027,690</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 2006.

**EVENTS SUBSEQUENT TO REPORTING DATE**

Since the end of the financial year, the directors have declared a final dividend of 3 cents per share, representing \$820,614 fully franked and payable on 4 October 2006. The financial effect of this transaction has not been brought to account in the financial statements for the year ended 30 June 2006.

The group incorporated a wholly owned subsidiary LMW Quantity Surveyors Pty Ltd on 25 August 2006, to pursue further the quantity surveying services.

Other than the matters 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 2006, LandMark White Limited has:

- Acquired the business of JLC Valuers Pty Ltd for a gross consideration of approximately \$2,300,000.
- Granted 2,000,000 options to an employee at an exercise price of \$0.59. Vesting conditions require achievement of minimum levels of growth in profit. Further details of the basis of granting of the options are outlined further in this report.

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**

Refer to 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:

	<b>Ordinary Shares</b>	<b>Options over Ordinary Shares</b>
Mr G White	9,738,994	-
Mr B Piltz	6,814,330	350,000
Mr S Gregory	129,000	-
Mr N Craig	29,000	-
Mr D Hobart	-	-

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

**DIRECTORS' REPORT**

**SHARE OPTIONS**

**Employee Options**

2,000,000 options were issued to an employee on 30 December 2005. No other 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.

**Unissued shares under option**

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

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of options</b>
9 October 2008	\$0.55	700,000
9 October 2008	\$0.65	200,000
9 October 2008	\$0.80	150,000
1 July 2012	\$0.59	400,000
1 July 2013	\$0.59	400,000
1 July 2014	\$0.59	400,000
1 July 2015	\$0.59	400,000
		2,650,000

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**

200,000 options were exercised during the year by Mr Brad Piltz at a conversion price of \$0.55 per share - \$110,000. No other ordinary shares have been issued as a 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 in respect of Directors and Officers liability insurance and legal expenses, for any past, present, or future director, secretary, officer or employee of the Company and its controlled entities. Conditions of the Insurance policy restrict disclosure of the premium amount.

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.

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

**DIRECTORS' REPORT**

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

The lead auditors independence declaration is set out on page 23 and forms part of the Directors' Report for the year ended 30 June 2006.

**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:

- all non audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure that they do not impact the integrity and objectivity of the auditors; and
- 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.

The lead auditors' independence declaration as required under Section 307C of the Corporations Act forming part of the Directors' Report is set out on page 23.

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

	<b>Consolidated</b>	
	<b>2006</b>	<b>2005</b>
	\$	\$
<b>Statutory audit</b>		
Auditors of the Company		
- audit and review of financial reports	43,100	48,000
	<hr/>	<hr/>
<b>Services other than statutory audit</b>		
<i>Other services</i>		
- Due diligence services	-	7,000
- Taxation compliance services	19,074	14,982
- Other	2,475	450
	<hr/>	<hr/>
	21,549	22,432
	<hr/>	<hr/>

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



\_\_\_\_\_  
Brad Piltz  
Chief Executive Officer  
Dated at Sydney this twenty eighth day of September 2006

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



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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 2006 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 blue ink that reads 'KPMG'.

KPMG

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

Paul G Steer  
*Partner*

Dated at Bundall this twenty eighth day of September 2006

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

**INCOME STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

	Note	Consolidated		Company	
		2006 \$	2005 \$	2006 \$	2005 \$
Revenue from rendering of services		20,543,920	17,645,704	1,211,176	894,154
Other income	3	-	-	1,406,139	1,414,965
		<u>20,543,920</u>	<u>17,645,704</u>	<u>2,617,315</u>	<u>2,309,119</u>
<b>Expenses from ordinary activities:</b>					
Employee expenses		13,450,565	11,326,597	1,277,542	761,799
Valuation reports presentation expenses		978,084	788,992	139,777	38,262
Marketing expenses		352,558	260,927	39,526	58,481
Administration expenses		1,002,818	1,383,430	72,202	209,428
Occupancy expenses		1,008,416	938,155	10,032	1,407
Depreciation and amortisation expenses		522,749	360,903	183,657	46,460
Other expenses from ordinary activities		734,970	595,743	107,224	118,248
		<u>2,493,760</u>	<u>1,990,957</u>	<u>787,355</u>	<u>1,075,034</u>
<b>Results from operating activities</b>					
Net finance income	5	94,748	146,210	253,008	212,089
		<u>94,748</u>	<u>146,210</u>	<u>253,008</u>	<u>212,089</u>
<b>Profit Before Tax</b>		2,588,508	2,137,167	1,040,363	1,287,123
Income Tax Expense/(Benefit)	6	844,974	693,206	(99,589)	(73,028)
		<u>844,974</u>	<u>693,206</u>	<u>(99,589)</u>	<u>(73,028)</u>
<b>Profit for the year</b>		<u>1,743,534</u>	<u>1,443,961</u>	<u>1,139,952</u>	<u>1,360,151</u>
Basic earnings per share	7	\$0.0641	\$0.0537		
Diluted earnings per share	7	\$0.0637	\$0.0531		

**STATEMENTS OF RECOGNISED INCOME AND EXPENSE**  
**FOR THE YEAR ENDED 30 JUNE 2006**

	Note	Consolidated		Company	
		2006 \$	2005 \$	2006 \$	2005 \$
<b>Profit for the period</b>		1,743,534	1,443,961	1,139,952	1,360,151
		<u>1,743,534</u>	<u>1,443,961</u>	<u>1,139,952</u>	<u>1,360,151</u>
<b>Total recognised income and expense for the period</b>		<u>1,743,534</u>	<u>1,443,961</u>	<u>1,139,952</u>	<u>1,360,151</u>

There were no other items of recognised income and expenses other than the profit for the year.

*The Income Statements and the Statements of Recognised Income and Expense 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**

**BALANCE SHEETS**  
**AS AT 30 JUNE 2006**

	Note	Consolidated		Company	
		2006	2005	2006	2005
		\$	\$	\$	\$
<b>Current assets</b>					
Cash and cash equivalents	8	3,043,616	3,132,454	1,675,067	620,834
Trade and other receivables	9	3,717,151	3,235,114	283,039	1,202,845
Inventories	10	259,111	134,714	-	-
Other		220,934	248,672	220,934	50,734
<b>Total current assets</b>		<b>7,240,812</b>	<b>6,750,954</b>	<b>2,179,040</b>	<b>1,874,413</b>
<b>Non-current assets</b>					
Receivables	9	-	-	2,759,499	2,531,176
Investments	11	-	-	2,220,002	2,220,002
Deferred tax assets	13	682,963	410,786	232,583	132,964
Other non current assets		127,947	121,361	-	-
Property, plant and equipment	14	1,271,867	1,184,737	602,779	420,585
Intangible assets	15	5,094,149	3,149,842	-	-
<b>Total non-current assets</b>		<b>7,176,926</b>	<b>4,866,726</b>	<b>5,814,863</b>	<b>5,304,727</b>
<b>Total assets</b>		<b>14,417,738</b>	<b>11,617,680</b>	<b>7,993,903</b>	<b>7,179,140</b>
<b>Current liabilities</b>					
Trade and other payables	16	4,041,030	3,201,886	986,074	833,868
Current tax liabilities	12	386,508	230,498	386,508	230,498
Employee benefits	17	993,435	600,475	86,563	64,605
Provisions	18	21,200	20,896	-	-
<b>Total current liabilities</b>		<b>5,442,173</b>	<b>4,053,755</b>	<b>1,459,145</b>	<b>1,128,971</b>
<b>Non current liabilities</b>					
Other	16	491,493	-	465,829	-
Employee benefits	17	199,850	156,271	5,683	2,836
Provisions	18	340,352	83,279	-	-
<b>Total non current liabilities</b>		<b>1,031,695</b>	<b>239,550</b>	<b>471,512</b>	<b>2,836</b>
<b>Total liabilities</b>		<b>6,473,868</b>	<b>4,293,305</b>	<b>1,930,657</b>	<b>1,131,807</b>
<b>Net assets</b>		<b>7,943,870</b>	<b>7,324,375</b>	<b>6,063,246</b>	<b>6,047,333</b>
<b>Equity</b>					
Issued capital	19	5,878,674	5,768,674	5,878,674	5,768,674
Reserves	19	6,823	14,942	6,823	14,942
Retained earnings	19	2,058,373	1,540,759	177,749	263,717
<b>Total equity</b>		<b>7,943,870</b>	<b>7,324,375</b>	<b>6,063,246</b>	<b>6,047,333</b>

*The Balance Sheets 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 2006**

	Note	Consolidated		Company	
		2006	2005	2006	2005
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Cash receipts in the course of operations		19,822,939	16,534,469	4,820,003	2,317,728
Cash payments in the course of operations		(16,825,244)	(14,698,956)	(1,728,498)	(959,825)
Interest received		128,222	146,210	253,008	212,089
Income tax paid		(961,142)	(1,318,981)	(961,142)	(743,530)
<b>Net cash provided by/(used in) operating activities</b>	26(ii)	<u>2,164,775</u>	<u>662,742</u>	<u>2,383,371</u>	<u>826,462</u>
<b>Cash flows from investing activities</b>					
Payments for property, plant and equipment		(528,671)	(560,575)	(365,852)	(460,462)
Receipts from controlled entities		-	-	1,202,505	(1,185,995)
Payments to controlled entities		-	-	(1,049,870)	-
Payments for business acquisitions		(609,021)	(783,625)	-	-
Funds placed on security deposit			(18,766)		-
<b>Net cash provided by/(used in) investing activities</b>		<u>(1,137,692)</u>	<u>(1,362,966)</u>	<u>(213,217)</u>	<u>(1,646,457)</u>
<b>Cash flows from financing activities</b>					
Proceeds from share issues		110,000	-	110,000	-
Costs of share issues		-	-	-	-
Dividends paid		(1,225,921)	(1,203,076)	(1,225,921)	(1,203,076)
<b>Net cash provided by/(used in) financing activities</b>		<u>(1,115,921)</u>	<u>(1,203,076)</u>	<u>(1,115,921)</u>	<u>(1,203,076)</u>
Net increase/(decrease) in cash held		(88,838)	(1,903,300)	1,054,233	(2,023,071)
Cash at beginning of the financial year		<u>3,132,454</u>	<u>5,035,754</u>	<u>620,834</u>	<u>2,643,905</u>
<b>Cash at the end of the financial year</b>	8	<u><u>3,043,616</u></u>	<u><u>3,132,454</u></u>	<u><u>1,675,067</u></u>	<u><u>620,834</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 2006**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

Landmark White Limited (the 'Company') is a company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2006 comprise the Company and its subsidiaries (together referred to as the 'consolidated entity') and the consolidated entity's interest in associates and jointly controlled entities.

The financial report was authorised for issue by the directors on 28 September 2006.

**(a) Statement of compliance**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. International Financial Reporting Standards ('IFRSs') form the basis of Australian Accounting Standards ('AASBs') adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS ('AIFRS') to distinguish from previous Australian GAAP. The financial reports of the consolidated entity and the Company also comply with IFRSs and interpretations adopted by the International Accounting Standards Board.

This is the consolidated entity's first financial report prepared in accordance with Australian Accounting Standards, being AIFRS and IFRS, and AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied. An explanation of how the transition to AIFRS has affected the reported financial position, financial performance and cash flows of the consolidated entity and the Company is provided in note 40.

**(b) Basis of preparation**

The financial report is presented in Australian dollars. The entity has elected to early adopt the following accounting standards and amendments as at transition date:

- AASB 2004-3 *Amendments to Australian Accounting Standards* (December 2004) amending AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), AASB 101 *Presentation of Financial Statements* and AASB 124 *Related Party Disclosures*
- AASB 2005-1 *Amendments to Australian Accounting Standards* (May 2005) amending AASB 139 *Financial Instruments: Recognition and Measurement*
- AASB 2005-3 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 119 *Employee Benefits* (either July or December 2004)
- AASB 2005-4 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004)
- AASB 2005-5 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), and AASB 139 *Financial Instruments: Recognition and Measurement*
- AASB 2005-6 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 3 *Business Combinations*
- UIG 4 *Determining Whether an Arrangement Contains a Lease*
- UIG 8 *Scope of AASB 2*

The impact of early adoption is set out in Note 28.

**Issued standards not early adopted**

The following standards and amendments were available for early adoption but have not been applied by the consolidated entity in these financial statements:

- AASB 7 *Financial instruments: Disclosure* (August 2005) replacing the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007
- AASB 2005-9 *Amendments to Australian Accounting Standards* (September 2005) requires that liabilities arising from the issue of financial guarantee contracts are recognised in the balance sheet. AASB 2005-9 is applicable for annual reporting periods beginning on or after 1 January 2006

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(b) Basis of preparation (continued)**

- AASB 2005-10 *Amendments to Australian Accounting Standards* (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosures and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 117 *Leases*, AASB 133 *Earnings per Share*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*, arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007.

The consolidated entity plans to adopt AASB 7, AASB 2005-9 and AASB 2005-10 in the 2007 financial year.

The initial application of AASB 7 and AASB 2005-10 is not expected to have an impact on the financial results of the Company and the consolidated entity as the standard and the amendment are concerned only with disclosures.

The initial application of AASB 2005-9 could have an impact on the financial results of the Company and the consolidated entity as the amendment could result in liabilities being recognised for financial guarantee contracts that have been provided by the Company and the consolidated entity. However, the quantification of the impact is not known or reasonably estimable in the current financial year as an exercise to quantify the financial impact has not been undertaken by the Company and the consolidated entity to date.

The following standards and amendments have been issued and are available for early adoption at reporting date. However, they have not been early adopted as they are not applicable to the Company and the consolidated entity and have no impact on their financial results:

- AASB 2006-2 *Amendments to Australian Accounting Standards* (March 2006)
- UIG 6 *Liabilities arising from participating in a Specific Market-Waste Electrical & Electronic Equipment*

The financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments, except for trade debtors and receivables.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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. These accounting policies have been consistently applied by each entity in the consolidated entity.

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.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in note 1(v).

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report and in preparing an opening AIFRS balance sheet at 1 July 2004 for the purposes of the transition to Australian Accounting Standards – AIFRS.

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(c) Basis of consolidation**

**(i) Subsidiaries**

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

**(ii) Transactions eliminated on consolidation**

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealised losses are eliminated in the same way as unrealised gains.

**(d) Property, plant and equipment**

**(i) Owned assets**

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy i). The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property.

When the construction or development of a self-constructed investment property is completed and will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(d) Property, plant and equipment (continued)**

**(ii) Leased assets**

Leases in terms of which the consolidated entity assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy n). The property held under finance leases and leased out under operating lease is classified as investment property and stated at fair value. Lease payments are accounted for as described in accounting policy (v). Property held under operating leases that would otherwise meet the definition of investment property may be classified as investment property on a property-by-property basis.

**(iii) Subsequent costs**

The consolidated entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

**(iv) Depreciation**

With the exception of freehold land and mining property and development assets, depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives in the current and comparative periods are as follows:

- plant and equipment 4 years
- fixtures and fittings 5 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

**(e) Intangible assets**

**(i) Goodwill**

***Business combinations***

**Business combinations prior to 1 July 2003**

Goodwill is included on the basis of its deemed cost, which included an annual assessment of impairment, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 July 2003 has not been reconsidered in preparing the consolidated entity's opening AIFRS balance sheet at 1 July 2004 (see note 29).

**Business combinations since 1 July 2003**

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment (see accounting policy (n)).

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(e) Intangible assets (continued)**

**(ii) Research and development**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the consolidated entity has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see accounting policy (d)) and impairment losses (see accounting policy (i)).

**(iii) Subsequent expenditure**

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

**(f) Trade and other receivables**

**Other trade and other receivables**

Trade and other receivables are stated at their amortised cost less impairment losses (see accounting policy (i)).

**(g) Work in progress**

Client engagements in progress at balance date are recorded in the Balance Sheet as an asset and revenue in the Income Statement, based on the proportion of the stage of completion of the engagement, estimated fee for the services and where the stage and revenue from the engagement can be readily estimated. Payments in advance are recognised as unearned income until the services are provided.

**(h) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, short term bills and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**(i) Impairment**

The carrying amounts of the consolidated entity's assets, excluding work in progress and deferred tax assets (see accounting policy q), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is assessed for impairment at each balance sheet date.

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(i) Impairment (continued)**

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Goodwill and indefinite-lived intangible assets were tested for impairment at 1 July 2004, the date of transition to AIFRSs, even though no indication of impairment existed.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

**(i) Calculation of recoverable amount**

The recoverable amount of the consolidated entity's investments in receivables carried at amortised cost is calculated as 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.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance sheet date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

**(ii) Reversals of impairment**

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss in respect of goodwill is not reversed.

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(i) Impairment (continued)**

**(ii) Reversals of impairment (continued)**

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss is 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.

**(iii) Derecognition of financial assets and liabilities**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired
- the consolidated entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party; or
- the consolidated entity has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit and loss.

**(j) Share capital**

**(i) Dividends**

Dividends are recognised as a liability in the period in which they are declared.

**(ii) Transaction costs**

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

**(k) Employee benefits**

**(i) Defined contribution superannuation funds**

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

**(ii) Wages, salaries, annual leave, sick leave and non-monetary benefits**

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the consolidated entity as the benefits are taken by the employees.

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(l) Provisions**

A provision is recognised in the balance sheet when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**(m) Onerous contracts**

A provision for onerous contracts is recognised when the expected benefits to be derived by the consolidated entity from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

**(n) Trade and other payables**

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 30-day terms.

**(o) Revenue and other income**

**Goods sold and services rendered**

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.

***Other income - Interest revenue***

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

**(p) Expenses**

**(i) Operating lease payments**

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

**(ii) Net financing costs**

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is ex-dividend date. The interest expense component of finance lease payments is recognised in the income statement using the effective interest method.

**(q) Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is 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 the balance sheet date, and any adjustment to tax payable in respect of previous years.

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(q) Income tax (continued)**

A deferred tax asset is 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 are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

**Tax consolidation**

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is LandMark White Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

**Nature of tax funding arrangements and tax sharing arrangements**

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable (payable) equal in amount to the tax liability (asset) assumed. The inter-entity receivable (payable) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(r) Non-current assets held for sale and discontinued operations**

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable accounting standards. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

**(s) Goods and services tax**

Revenue, 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 balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(t) Share-based payment transactions**

The share option plan allows certain consolidated entity employees and directors to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial option-pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

**(u) Accounting estimates and judgements**

Management discussed with the Audit Committee the development, selection and disclosure of the consolidated entity's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Impairment of goodwill and intangibles with indefinite useful lives**

The consolidated entity assesses whether goodwill and intangibles with indefinite useful lives are impaired at least annually in accordance with the accounting policy in note (i). These calculations involve an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

**2. 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.

	Consolidated		Company	
	2006	2005	2006	2005
3. OTHER INCOME	\$	\$	\$	\$
Dividends – related parties	-	-	1,406,139	1,414,965
<b>Total Other Income</b>	<b>-</b>	<b>-</b>	<b>1,406,139</b>	<b>1,414,965</b>

**4. AUDITOR REMUNERATION**

*Audit services*

Auditors of the Company – KPMG  
 Australia

Audit and review of the financial reports

43,100	48,000	43,100	48,000
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*Other services*

Auditors of the Company – KPMG  
 Australia

Due diligence services

-	7,000		7,000
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Taxation services

19,074	14,982	19,074	14,982
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Other Services

2,475	450	2,475	450
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21,549	22,432	21,549	22,432
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The audit expenses of the entities in the consolidated entity are paid by the Company

**5. NET FINANCING INCOME**

Interest income from subsidiary	-	-	208,666	145,556
Interest income	128,222	146,210	44,342	66,533
Finance expense	(33,474)	-	-	-
<b>Net Financing Income</b>	<b>94,748</b>	<b>146,210</b>	<b>253,008</b>	<b>212,089</b>

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES  
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NOTES TO THE FINANCIAL STATEMENTS  
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6. INCOME TAX INCOME	Consolidated		Company	
<i>Recognised in the income statement</i>	2006 \$	2005 \$	2006 \$	2005 \$
Current Tax Expense				
Current Year	905,122	773,980	(114,311)	(25,600)
Adjustments for Prior Years	11,477	7,177	11,477	7,177
	<hr/> 916,599	<hr/> 781,157	<hr/> (102,834)	<hr/> (18,423)
Deferred Tax Expense				
Origination and reversal of temporary differences	(71,625)	(102,876)	3,245	(54,605)
Adjustments for Prior Years		14,925		
	<hr/> (71,625)	<hr/> (87,951)	<hr/> 3,245	<hr/> (54,605)
<b>Total income tax expense in income statement</b>	<hr/> <hr/> 844,974	<hr/> <hr/> 693,206	<hr/> <hr/> (99,589)	<hr/> <hr/> (73,028)
All income tax expense is attributable to continuing operations				
<i>Reconciliation between tax expense and pre-tax profit</i>				
Profit before tax	<hr/> 2,588,508	<hr/> 2,137,167	<hr/> 1,040,363	<hr/> 1,287,123
Prima facie income tax expense calculated at 30% on the profit from ordinary activities	776,552	641,150	312,108	386,137
Increase in income tax expense due to:				
Income tax underprovided in prior year	11,477	7,177	11,477	7,177
Entertainment	49,338	33,965	1,104	304
Sundry items	10,043	3,480		2,184
Non deductible expenses		9,336		7,765
Decrease in income tax expense due to:				
Non-assessable dividends		-	(421,842)	(424,490)
Sundry items	(2,436)	(1,902)	(2,436)	(52,105)
Income tax expense/(benefit) on pre-tax net profit	<hr/> 844,974	<hr/> 693,206	<hr/> (99,589)	<hr/> (73,028)
<i>Deferred tax asset recognised directly in equity</i>				
Relating to equity securities available for sale	<hr/> 48,124	<hr/> 72,187	<hr/> 48,124	<hr/> 72,187

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES**  
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**7. EARNINGS PER SHARE**

***Basic earnings per share***

The calculation of basic earnings per share at 30 June 2006 was based on the profit attributable to ordinary shareholders of \$1,743,534 (2005:\$1,443,961) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2006 of 27,220,082 (2005:26,866,276) calculated as follows:

	<b>Consolidated</b>	
	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>Profit attributable to ordinary shareholders (diluted)</b>	1,743,534	1,443,961
<b>Weighted average number of ordinary shares</b>		
Issued Ordinary Shares at 1 July	27,153,781	26,400,000
Effect of Shares Issued on 1 November 2004		245,245
Effect of Shares Issued on 1 December 2004		221,031
Effect of shares issued on 6 March 2006	66,301	
Weighted average number of ordinary shares at 30 June	27,220,082	26,866,276

***Diluted earnings per share***

The calculation of diluted earnings per share at 30 June 2006 was based on the profit attributable to ordinary shareholders of \$1,743,534 (2005:\$1,443,961) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2006 of 27,378,756 (2005: 27,193,394) calculated as follows:

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>Profit attributable to ordinary shareholders</b>	1,743,534	1,443,961
<b>Weighted average number of ordinary shares (diluted)</b>		
Weighted average number of ordinary shares at 30 June	27,220,082	26,866,276
Effect of shares options on issue	158,674	327,118
Weighted average number of ordinary shares (diluted) at 30 June	27,378,756	27,193,394

350,000 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.

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	Consolidated		Company	
	2006	2005	2006	2005
<b>8. CASH AND CASH EQUIVALENTS</b>	\$	\$	\$	\$
Cash at bank and on hand	234,175	199,583	9,970	47,227
Bank short term deposits and cash management at call accounts	2,809,441	2,932,871	1,665,097	573,607
Cash and cash equivalents in the statement of cash flows	<u>3,043,616</u>	<u>3,132,454</u>	<u>1,675,067</u>	<u>620,834</u>
<b>9. TRADE AND OTHER RECEIVABLES</b>				
<b>Current</b>				
Trade debtors	4,020,361	3,533,514	-	-
Less: provision for doubtful debts	(303,210)	(298,400)	-	-
	<u>3,717,151</u>	<u>3,235,114</u>	-	-
Loans to controlled entities	-	-	283,039	1,202,845
	<u>3,717,151</u>	<u>3,235,114</u>	<u>283,039</u>	<u>1,202,845</u>
<b>Non-Current</b>				
Loans to controlled entities	-	-	2,759,499	2,531,176
	<u>-</u>	<u>-</u>	<u>2,759,499</u>	<u>2,531,176</u>
<b>10. INVENTORIES</b>				
Work in progress	<u>259,111</u>	<u>134,714</u>	-	-
<b>11. INVESTMENTS</b>				
<b>Non current</b>				
Investments in controlled entities				
Unlisted shares at cost (refer note 24)	-	-	2,220,002	2,220,002
	<u>-</u>	<u>-</u>	<u>2,220,002</u>	<u>2,220,002</u>

**12. CURRENT TAX ASSETS AND LIABILITIES**

The current tax liability for the consolidated entity of \$386,508 (2005: \$230,498) and for the Company of \$386,508 (2005: \$230,498) represent the amount of income taxes payable in respect of current and prior financial periods. In accordance with the tax consolidation legislation, the Company as the head entity of the Australian tax-consolidated group has assumed the current tax liability (asset) initially recognised by the members in the tax-consolidated group.

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13. DEFERRED TAX ASSETS AND  
LIABILITIES

*Recognised deferred tax assets and liabilities*

*Deferred tax assets and liabilities are attributable to the following:*

	Assets		Liabilities		Net	
	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$
<b>Consolidated</b>						
Employee provisions	411,517	250,344	-	-	411,517	250,344
General provisions	111,843	128,668	-	-	111,843	128,668
Equity	48,125	72,187	-	-	48,125	72,187
Inventories	-	-	(77,734)	(40,414)	(77,734)	(40,414)
Losses	189,212	-	-	-	189,212	-
<b>Net tax assets/(liabilities)</b>	<b>760,697</b>	<b>451,199</b>	<b>(77,734)</b>	<b>(40,414)</b>	<b>682,963</b>	<b>410,785</b>
<b>The Company</b>						
Employee Provisions	36,350	21,628	-	-	36,350	21,628
General Provisions	20,912	39,148	-	-	20,912	39,148
Equity	48,125	72,187	-	-	48,125	72,187
Losses	126,896	-	-	-	126,896	-
<b>Net tax assets/(liabilities)</b>	<b>232,583</b>	<b>132,963</b>	<b>-</b>	<b>-</b>	<b>232,583</b>	<b>132,963</b>

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NOTES TO THE FINANCIAL STATEMENTS  
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13. DEFERRED TAX ASSETS AND LIABILITIES (continued)  
Movement in temporary differences during the year

	Consolidated				Company			
	Balance 1 July 04	Recognised in Income	Recognised in equity	Balance at 30 June 05	Balance 1 July 05	Recognised in Income	Recognised in equity	Balance at 30 June 05
Employee Provisions	187,216	63,128	-	250,344	17,225	4,402	-	21,628
General Provisions	89,786	38,882	-	128,668	17,365	21,783	-	39,148
Equity	96,249		(24,062)	72,187	96,249	-	(24,062)	72,187
Inventories	(68,444)	28,029	-	(40,414)	-	-	-	-
	304,807	130,040	(24,062)	410,785	130,839	26,185	(24,062)	132,963

	Consolidated				Company			
	Balance 1 July 05	Recognised in Income	Recognised in equity	Balance at 30 June 06	Balance 1 July 05	Recognised in Income	Recognised in equity	Balance at 30 June 06
Employee Provisions	250,344	161,172	-	411,517	21,628	15,023	-	36,650
General Provisions	128,668	(16,825)	-	111,843	-	20,912	-	20,912
Equity	72,187		(24,062)	48,125	72,187	-	(24,062)	48,125
Inventories	(40,414)	(37,319)	-	(77,734)	-	-	-	-
Losses	-	189,212	-	189,212	-	126,896	-	126,896
	410,785	296,240	(24,062)	682,693	93,815	162,831	(24,062)	232,583

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14. PROPERTY PLANT AND  
EQUIPMENT

	Consolidated				Company			
	Office Equipment	Furniture and Fittings	Leasehold Improvements	Total	Office Equipment	Furniture and Fittings	Leasehold Improvements	Total
<b>Cost</b>								
Balance at 1 July 2004	674,289	129,081	414,888	1,218,258	4,933	2,698	-	7,631
Acquisitions through business combinations	51,818	48,758	-	100,576	-	-	-	-
Other acquisitions	502,451	57,656	2,904	563,011	459,494	968	-	460,462
Disposals	-	-	-	-	-	-	-	-
Adjustments	(2,496)	(666)	726	(2,436)	-	-	-	-
Balance at 30 June 2005	1,226,062	234,829	418,518	1,879,409	464,427	3,666	-	468,093
Balance at 1 July 2005	1,226,062	234,829	418,518	1,879,409	464,427	3,666	-	468,093
Acquisitions through business combinations	78,605	2,603	-	81,208	-	-	-	-
Other acquisitions	493,351	25,298	10,023	528,671	364,111	1,741	-	365,852
Disposals	-	-	-	-	-	-	-	-
Reclassification of assets	52,483	(52,483)	-	-	-	-	-	-
Balance at 30 June 2006	1,850,501	210,247	428,540	2,489,288	828,538	5,407	-	833,945

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES  
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14. PROPERTY PLANT AND  
EQUIPMENT

	Consolidated				Company			
	Office Equipment	Furniture and Fittings	Leasehold Improvements	Total	Office Equipment	Furniture and Fittings	Leasehold Improvements	Total
<b>Depreciation</b>								
Balance at 1 July 2004	227,991	33,852	74,362	336,205	486	563	-	1,049
Depreciation charge for the year	234,747	49,655	74,065	358,467	45,516	944	-	46,460
Disposals	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-
Balance at 30 June 2005	462,738	83,507	148,427	694,672	46,002	1,507	-	47,509
Balance at 1 July 2005	462,738	83,507	148,427	694,672	46,002	1,507	-	47,509
Depreciation charge for the year	397,873	53,245	71,631	522,749	182,820	837	-	183,657
Other acquisitions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Adjustments	20,354	(20,354)	-	-	-	-	-	-
Balance at 30 June 2006	880,965	116,398	220,058	1,217,421	228,822	2,344	-	231,166
<b>Carrying Amounts</b>								
At 1 July 2004	446,298	95,229	340,526	882,053	4,447	2,135	-	6,582
At 30 June 2005	763,324	151,322	270,091	1,184,737	418,425	2,159	-	420,584
At 1 July 2005	763,324	151,322	270,091	1,184,737	418,425	2,159	-	420,584
At 30 June 2006	969,536	93,849	208,482	1,271,867	599,716	3,063	-	602,779

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**15. INTANGIBLE ASSETS**

The following units have significant carrying amounts of goodwill:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	\$	\$	\$	\$
NSW	1,206,870	1,213,250	-	-
Brisbane	414,094	414,094	-	-
Gold Coast	212,378	212,378	-	-
LMW Residential	3,260,807	1,310,120	-	-
	5,094,149	3,149,842	-	-
<b><i>Movement in Goodwill</i></b>				
Balance at 1 July	3,149,842	1,839,721	-	-
Acquisitions through business combinations	1,944,307	1,310,121	-	-
	5,094,149	3,149,842	-	-
Balance at 30 June	5,094,149	3,149,842	-	-

Goodwill is not amortised. The goodwill amount is tested for impairment annually by estimating the recoverable amount of the cash generating units based on value in use.

The key assumptions and the approach to determining their value when estimating the recoverable amount of a cash generating unit are:

**Assumption**

Cash flows and profit

**How determined**

The forecast 5 year cash flows and profits are based on historical results to 30 June 2006 and anticipated growth rates ranging from 0% to 10% based on the growth in revenue achieved historically and cost increasing by a comparable amount

Discount rate

The discount rate adopted was a pre tax rate of 15% and was based on the current risk free interest rate, industry and business specific risk factors, market borrowing rates and investor expected returns.

	<b>Consolidated</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	\$	\$	\$	\$
<b>16. TRADE AND OTHER PAYABLES</b>				
<b>Current</b>				
Trade payables	440,919	260,572	490,420	111,460
Other payables and accrued expenses	3,001,420	2,941,314	143,407	359,404
	3,442,339	3,201,886	633,827	470,864
Business acquisition	598,691	-	-	-
Loans from controlled entities	-	-	352,247	363,004
	4,041,030	3,201,886	986,074	833,868
<b>Non-Current</b>				
Loans from controlled entities	-	-	465,829	-
Business acquisition	491,493	-	-	-
	491,493	-	465,829	-

The business acquisition liabilities relate to the fair value of the deferred consideration payable on the acquisition of the valuation practice from JLC Valuers Pty Ltd (refer note 25)..

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17. EMPLOYEE BENEFITS	Consolidated		Company	
	2006 \$	2005 \$	2006 \$	2005 \$
<i>Current</i>				
Liability for annual leave	749,475	462,839	17,771	10,101
Liability for long service leave	243,960	137,636	68,792	54,504
	993,435	600,475	86,563	64,605
<i>Non Current</i>				
Liability for long service leave	199,850	156,271	5,683	2,836

**a) Share Based Payments**

The directors at their discretion allocate share options that entitle key management personnel and senior employees to purchase shares in the entity. The terms of the options including vesting conditions and performance criteria vary depending upon the incentive arrangements appropriate for key management personnel and senior employees.

The terms and conditions of the grants are as follows, whereby all options are settled by physical delivery of shares:

*Share Options*

Grant Date	Number of instruments	Vesting Conditions	Contractual life of options
9 October 2003	1,050,000	2 years of employment	5 years
30 December 2005	1,600,000	2 years of employment Annual cumulative increase in subsidiary profit before tax of 10%.	5 years

The number and weighted average exercise price of share options is as follows:

	Weighted Average exercise price	Number of options	Weighted average exercise price	Number of options
	2006	2006	2005	2005
Outstanding at the beginning of the period	\$0.60	1,330,000	\$0.59	1,360,000
Forfeited during the period	\$0.59	(480,000)	\$0.55	(80,000)
Exercised during the period	\$0.55	(200,000)	\$0.59	-
Granted during the period	\$0.59	2,000,000	\$0.59	50,000
Outstanding at the end of the period	\$0.60	2,650,000	\$0.59	1,330,000
Exercisable at the end of the period	\$0.57	900,000	\$0.56	250,000

The options outstanding at 30 June 2006 have an exercise price in the range of \$0.55 to \$0.80 and a weighted average contractual life of 5 years.

During the financial year, 200,000 share options were exercised at a price of \$0.55 each (2005: Nil). The share price at the date of exercise was \$0.56.

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**17. EMPLOYEE BENEFITS (continued)**

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
<b>2006</b>							
30 December 2005	1 July 2011 to 1 July 2015	\$0.59	\$0.58	40%	5.5%	7.63%	\$0.05

The fair value per option has been based on these principal assumptions and the value per option obtained has been discounted by 60% due to liquidity and non-transferable conditions on the shares, should the option be exercised.

Employee Expenses	Consolidated		Company	
	2006	2005	2006	2005
	\$	\$	\$	\$
Expense arising from share options granted in 2005	(8,119)	7,279	(8,119)	7,279
Total expense recognised as employee costs	<u>(8,119)</u>	<u>7,279</u>	<u>(8,119)</u>	<u>7,279</u>

**18. PROVISIONS**

**Current**

Lease incentive	21,200	20,896	-	-
	<u>21,200</u>	<u>20,896</u>	<u>-</u>	<u>-</u>

**Non Current**

Lease incentive	61,775	83,279	-	-
Business acquisition	278,577	-	-	-
	<u>340,352</u>	<u>83,279</u>	<u>-</u>	<u>-</u>

The business acquisition provision relates to the discounted estimated probable amount payable based on likely increases in revenue which would result in additional amounts payable on the acquisition of the valuation practice from JLC Pty Ltd (refer note 25).

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**18. PROVISIONS (continued)**

	<b>Lease incentive</b>	<b>Business acquisition</b>	<b>Total</b>
<b>Consolidated</b>	\$	\$	\$
Balance at 1 July 2005	104,175	-	104,175
Provisions made during the year	-	285,547	285,547
Provisions used during the year	(21,200)	-	(21,200)
Unwind of discount	-	(6,970)	(6,970)
Balance at 30 June 2006	<u>82,975</u>	<u>278,577</u>	<u>361,552</u>
Current	21,200	-	21,200
Non-current	<u>61,775</u>	<u>278,577</u>	<u>340,352</u>
	<u>82,975</u>	<u>278,577</u>	<u>361,552</u>

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**19. CAPITAL AND RESERVES**

<b>Reconciliation of movement in capital and reserves attributable to equity holders of the parent</b>	<b>Share Capital</b>	<b>Share Option Reserve</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	\$	\$	\$	\$
<i>Consolidated</i>				
Balance at 1 July 2004	5,183,674	7,663	1,299,874	6,491,211
Total recognised income and expense	-	-	1,443,961	1,443,961
Share options issued	-	7,279	-	7,279
Shares issued for business acquisition	585,000	-	-	585,000
Dividends to shareholders	-	-	(1,203,076)	(1,203,076)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2005	5,768,674	14,942	1,540,759	7,324,375
Balance at 1 July 2005	5,768,674	14,942	1,540,759	7,324,375
Total recognised income and expense	-	-	1,743,534	1,743,534
Share options forfeited (1)	-	(8,119)	-	(8,119)
Share options exercised by employees	110,000	-	-	110,000
Dividends to shareholders	-	-	(1,225,920)	(1,225,920)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2006	5,878,674	6,823	2,058,373	7,943,870

(1) Options were forfeited as a result of performance criteria not achieved

<b>Reconciliation of movement in capital and reserves</b>	<b>Share Capital</b>	<b>Share Option Reserve</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
<i>Company</i>				
Balance at 1 July 2004	5,183,674	7,663	106,642	5,297,979
Total recognised income and expense	-	-	1,360,151	1,360,151
Share options issued	-	7,279	-	7,279
Shares issued for business acquisition	585,000	-	-	585,000
Dividends to shareholders	-	-	(1,203,076)	(1,203,076)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2005	5,768,674	14,942	263,717	6,047,333
Balance at 1 July 2005	5,768,674	14,942	263,717	6,047,333
Total recognised income and expense	-	-	1,139,952	1,139,952
Share options forfeited	-	(8,119)	-	(8,119)
Share options exercised by employees	110,000	-	-	110,000
Dividends to shareholders	-	-	(1,225,920)	(1,225,920)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2006	5,878,674	6,823	177,749	6,063,246

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES**  
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**19. CAPITAL AND RESERVES (continued)**

	<b>Company</b>	
	<b>2006</b>	<b>2005</b>
<b>Ordinary Shares</b>		
On Issue at 1 July	27,153,781	26,400,000
Issued for business acquisition	-	753,781
Issued for cash	200,000	-
	<u>27,353,781</u>	<u>27,153,781</u>
Fully paid shares on issue at 30 June		

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company

**20. DIVIDENDS**

Dividends recognised in the current year by the Company are:

	<b>Cents per share</b>	<b>Total Amount</b>	<b>Franked/ Unfranked</b>	<b>Date of payment</b>
		\$		
<b>2006</b>				
Final 2005 ordinary *	2.5	678,845	Franked	23 September 2005
Interim 2006 ordinary #	2.0	547,076	Franked	13 March 2006
<b>Total</b>		<u>1,225,920</u>		
<b>2005</b>				
Final 2004 ordinary *	2.5	660,000	Franked	23 September 2004
Interim 2005 ordinary *	2.0	543,076	Franked	1 March 2005
<b>Total</b>		<u>1,203,076</u>		

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

After the balance sheet date, the directors have declared a final dividend of 3 cents per share, representing \$820,614 fully franked and payable on 4 October 2006. The financial effect of this transaction has not been brought to account in the financial statements for the year ended 30 June 2006.

\* Paid out of AGAAP profits

# Paid out of AIFRS profits

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**20. DIVIDENDS (continued)**  
**Dividend franking account**

	Company	
	2006	2005
	\$	\$
30% franking credits available to shareholders of LandMark White Limited for subsequent financial years	1,629,733	1,032,092

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- (a) franking credits that will arise from the payment of the current tax liabilities;
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the year-end;
- (c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and
- (d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by \$351,691 (2005: \$290,934). In accordance with the tax consolidation legislation, the Company as the head entity in the tax-consolidated group has assumed the benefit of \$1,019,434 (2005: \$922,048) franking credits.

**21. FINANCIAL INSTRUMENTS**

Exposure to credit and interest rate risks arise in the normal course of the consolidated entity's business.

**Credit Risk**

Management has a credit policy in place for the purpose of minimising risks associated with granting credit to clients. The objective of the credit policy is to provide appropriate commercial guidelines in the granting of credit to clients. The exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The consolidated entity does not require collateral in respect of financial assets.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

**Interest Rate Risk**

With the exception of cash, all the consolidated entity's financial assets and liabilities are non-interest bearing. The cash balance earns interest at an average variable interest rate of 4.75% pa. The company has loans to and from subsidiary companies and interest is charged on these loans at 9% pa.

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21. FINANCIAL INSTRUMENTS (continued)  
Effective Interest Rates

	Note	Effective interest rate	Total	2006					Effective interest rate	Total	2005				
				6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years			6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Consolidated</b>															
Cash and cash equivalents		4.75%	3,043,444	3,043,444	-	-	-	-	4.75	3,132,454	3,132,454	-	-	-	-
			3,043,444	3,043,444	-	-	-	-	4.75	3,132,454	3,132,454	-	-	-	-
<b>The Company</b>															
Cash and cash equivalents		4.75%	1,675,067	1,675,067	-	-	-	-	4.75%	620,834	620,834	-	-	-	-
Loan from controlled entity		9%	(818,076)	(352,247)	-	(465,829)	-	-	-	(363,004)	(363,004)	-	-	-	-
Loans to controlled entities		9%	3,042,538	283,039	-	-	2,759,499	-	9%	3,734,021	1,202,845	-	-	2,531,176	-
			3,899,529	1,605,859	-	(465,829)	2,759,499	-		3,991,851	1,460,675	-	-	2,531,176	-

With the exception of cash and loans to and from controlled entities all of the financial assets and financial liabilities for 2006 and 2005 are non interest bearing.

**FAIR VALUES**

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

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**22. 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		The Company	
	2006	2005	2006	2005
	\$	\$	\$	\$
Within one year	234,504	720,120	-	-
One year or later and no later than five years	1,931,968	1,641,172	-	-
Later than five years	-	-	-	-
	<u>2,166,472</u>	<u>2,361,292</u>	<u>-</u>	<u>-</u>

The consolidated entity leases property and equipment under operating leases expiring from one to four 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 finance lease commitments.

**Employee compensation commitments**

Key management personnel (Consolidated and the Company)

Salary commitments under non-cancellable employment contracts for the CEO B Piltz not provided for in the financial statements and payable:

	Consolidated		The Company	
	2006	2005	2006	2005
	\$	\$	\$	\$
Within one year	230,000	200,000	230,000	200,000
One year or later and no later than five years	230,000	200,000	230,000	200,000
Later than five years	-	-	-	-
	<u>460,000</u>	<u>400,000</u>	<u>460,000</u>	<u>400,000</u>

The consolidated entities liability for other early termination of employment contracts, beyond normal termination notices, are considered remote.

**23. CONTINGENCIES**

At 30 June 2006, the consolidated entity had a contingent liability relating to the acquisition of goodwill of Algorp 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 2006 the capital commitment and the maximum contingent liability based on the last traded share price of the Company at 30 June 2006 was \$260,000, and an expected date of settlement, if required, is between 12 months and no longer than 4 years.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**23. CONTINGENCIES (cont'd)**

The consolidated entity incurred a potential future liability on the acquisition of JLC Valuers. This amount of this liability is dependent on the growth in revenue of the acquired business. It is impractical to estimate the maximum amount of this contingent liability as there is no limit on the revenue growth from which the additional consideration is payable.

The Company is involved in matters of litigation in the normal course of business. At 30 June 2006, 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.

**24. CONTROLLED ENTITIES**

**(a) Particulars in relation to controlled entities**

Name	2006 Ownership %	2005 Ownership %
<i>Parent entity</i>		
LandMark White Limited		
<i>Subsidiaries</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.

**25. BUSINESS ACQUISITION**

**2006**

On 12 May 2006, the consolidated entity acquired the assets and selected liabilities of the valuation practice of JLC Pty Ltd for \$2,322,747 (fair value based on discounted cash flows of deferred settlement consideration is \$1,939,375). The consideration was satisfied partly by cash on settlement and with the remaining due in instalments over 3 years. The Company provides valuation services for the residential market in Victoria, New South Wales and South Australia. In the 2 months to 30 June 2006 the business contributed net profit of \$32,069 to the consolidated net profit before income tax for the year. If the acquisition had occurred on 1 July 2005, consolidated entity revenue would have been \$24,500,000 and consolidated net profit before tax would have been \$2,800,000, based on actual results to the date the contract was negotiated and the normalised result for the balance of the year to 30 June 2006. The acquisitions had the following effect on the consolidated entity's assets and liabilities.

The acquisition agreement provides for additional consideration to be paid based on an incentive plan on 40% of the average of 3 years growth in revenue. At the acquisition date and balance date an estimate of the amounts which are probable to be paid under the incentive plan were included as a provision and the corresponding amount increasing the goodwill on acquisition.

Net assets at the acquisition date and consideration paid were as follows:

	<i>Note</i>	Recognised values	Fair Value adjustments	Carrying amounts
		\$	\$	\$
Property, plant and equipment		76,295	-	76,295
Employee Provisions		(118,009)	-	(118,009)
Deferred tax asset		35,403	-	35,403
Net identifiable assets		(6,311)	-	(6,311)

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES**  
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**25. BUSINESS ACQUISITION (Cont'd)**

	\$	\$	\$
Goodwill on acquisition*	1,945,686		
Total consideration	<u>1,939,375</u>		
Deferred consideration – fair value #	1,335,287		
Consideration paid, satisfied in cash	604,088		
Costs of acquisition	4,933		
Net cash outflow	<u>609,021</u>		

\*Goodwill has arisen on acquisition because it relates to customer relationships that did not meet the criteria for recognition as an intangible asset at the date of acquisition.

#The deferred consideration includes the deferred consideration liability and a provision for additional consideration payable under the incentive plan in the acquisition agreement.

**2005**

On 1 November 2004, the consolidated entity acquired the assets and selected liabilities of the valuation practice of Algorp Smith Valuers for consideration of both cash and shares totalling approximately \$650,000. On 1 December 2004, the consolidated entity acquired the assets and selected liabilities of the valuation practice of Madden Hill Valuers for consideration of both cash and shares totalling approximately \$650,000. Algorp Smith Valuers provides valuation services for the residential market in New South Wales. Madden Hill Valuers provides valuation services for the residential market in the Sunshine Coast area of Queensland. In the 8 months to 30 June 2005, Algorp Smith Valuers contributed net profit before tax of \$75,791 to the consolidated net profit before income tax for the year. In the 7 months to 30 June 2005, Madden Hill Valuers contributed net profit of \$20,665 to the consolidated net profit before income tax for the year. If the acquisition of Algorp Smith Valuers had occurred on 1 July 2004, consolidated entity revenue would have increased by \$550,000 and net profit before tax would have increased by \$200,000. If the acquisition of Madden Hill Valuers had occurred on 1 July 2004, consolidated entity revenue would have increased by \$700,000 and net profit before tax would have increased by \$170,000. The combined effect on consolidated revenue and profit before tax for the year ended 30 June 2005 if these acquisitions had occurred on 1 July 2004 are to increase consolidated entity revenue to \$18,900,000 and increase net profit before tax to \$2,400,000. The acquisitions had the following effect on the consolidated entity's assets and liabilities.

Net assets of Algorp Smith at the acquisition date and consideration paid were as follows:

	<i>Note</i>	<b>Recognised values</b>	<b>Fair Value adjustments</b>	<b>Carrying amounts</b>
		\$	\$	\$
Property, plant and equipment		51,818	-	51,818
Employee Provisions		(60,095)	-	(60,095)
Deferred tax asset		18,022	-	18,022
Net identifiable assets		<u>9,745</u>	-	<u>9,745</u>
Goodwill on acquisition		681,000		
Total consideration		<u>690,745</u>		
Consideration satisfied by the issue of shares		260,000		
Consideration paid, satisfied in cash		390,000		
Costs of acquisition		40,745		
Net cash outflow		<u>430,745</u>		

Goodwill has arisen on acquisition because of customer relationships that did not meet the criteria for recognition as an intangible asset at the date of acquisition.

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**25. BUSINESS ACQUISITION (Cont'd)**

Net assets of Madden Hill at the acquisition date and consideration paid were as follows:

	<i>Note</i>	<b>Recognised values</b>	<b>Fair Value adjustments</b>	<b>Carrying amounts</b>
		\$	\$	\$
Property, plant and equipment		48,758	-	48,758
Employee Provisions		-	-	-
Deferred tax asset		-	-	-
Net identifiable assets		48,758	-	48,758
Goodwill on acquisition		629,120		
Total consideration		677,878		
Consideration satisfied by the issue of shares		325,000		
Consideration paid, satisfied in cash		325,000		
Costs of acquisition		27,879		
Net cash outflow		352,879		

Goodwill has arisen on acquisition because of customer relationships that did not meet the criteria for recognition as an identifiable intangible asset at the date of acquisition.

	<b>Consolidated</b>		<b>Company</b>	
<b>26. RECONCILIATION OF CASHFLOWS FROM OPERATING ACTIVITIES</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	\$	\$	\$	\$

**Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities**

Profit/(loss) for the period	1,743,534	1,443,961	1,139,952	1,360,151
Adjustments for the period:				
Depreciation	522,749	360,903	183,657	46,460
Amortisation				
Amounts set aside to employee provisions	436,539	88,435	106,551	10,022
Amounts set aside to other provisions	304	77,950		-
Increase/(decrease) in taxes payable	156,010	(640,699)	156,010	(766,558)
Shares issued as remuneration	(8,119)	7,279	(8,119)	7,279
Net cash provided by operating activities before change in assets and liabilities	2,851,017	1,337,829	1,578,051	657,354
Change in assets and liabilities during the financial period:				
(Increase)/decrease in receivables	(482,037)	(1,204,666)	919,806	8,607
(Increase)/decrease in work in progress	(124,397)	93,431		-
(Decrease)/increase in accounts payable	(107,547)	483,990	55,714	208,617
(Increase)/decrease in prepayments	27,739	(47,842)	(170,200)	(48,116)
<b>Net cash provided by operating activities</b>	<b>2,164,775</b>	<b>662,742</b>	<b>2,383,371</b>	<b>826,462</b>

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**27. RELATED PARTIES**

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

**Non-Executive Directors**

Mr N Craig

Mr S Gregory

Mr D Hobart

Mr R Perkins (resigned 25 October 2005)

Mr I Rust (Chairman) (resigned 1 November 2005)

**Executive Directors**

Mr B Piltz (CEO)

Mr G White (Chairman)

**Executives**

Mr J Clements

Mr A Ellis

Mr B Fatouros

Mr N Garnsey

Mr T Gavan

Mr J Muchall

**Key Management Personnel Compensation**

The key management personnel compensation included in 'employee expenses' are as follows:

	<b>Consolidated</b>		<b>The Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Short-term employee benefits	1,712,282	1,658,174	498,883	569,924
Other long term benefits	-	-	-	-
Post-employment benefits	106,300	117,299	36,937	44,668
Termination benefits	-	-	-	-
Share-based payments	-	-	-	-

Information regarding individual directors and executives' compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 is provided in the Remuneration Report section of the Directors' report on pages 13 to 17.

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

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**26. RELATED PARTIES (continued)**  
*Key Management Personnel Compensation (continued)*

Key Management Person	Transaction	Consolidated		The Company	
		2006	2005	2006	2005
S Gregory	Legal Fees paid to McCullough Robertson	9,922	7,917	9,922	7,917

**Contracted Commitment**

Salary commitments under a non-cancellable employment contract for the B Piltz CEO not provided for in the financial statements and payable as follows:

	\$
Within one year	230,000
One year or later and no later than five years	230,000
Later than five years	-
	<hr/> 460,000 <hr/>

The consolidated entities liability for other early termination of employment contracts, beyond normal termination notices, are considered remote.

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**27. RELATED PARTIES (continued)**

*Options and rights over equity instruments*

The movement during the reporting period of options over ordinary shares in LandMark White Limited held directly, indirectly, or beneficially by each key management personnel including their personally related entities is as follows:

	<b>Held at 1 July 2005</b>	<b>Granted as compensation</b>	<b>Exercised</b>	<b>Other* changes</b>	<b>Held at 30 June 2006</b>	<b>Vested during the year</b>	<b>Vested and exercisable at 30 June 2006</b>
<b>Directors</b>							
Mr G White (Chairman)	-	-	-	-	-	-	-
Mr B Piltz (CEO)	550,000	-	(200,000)	-	350,000	-	200,000
Mr N Craig	-	-	-	-	-	-	-
Mr S Gregory	-	-	-	-	-	-	-
Mr D Hobart	-	-	-	-	-	-	-
Mr R Perkins #	-	-	-	-	-	-	-
Mr I Rust #	30,000	-	-	(30,000)	-	-	-
<b>Executives</b>							
Mr J Clements	50,000	-	-	-	50,000	-	50,000
Mr A Ellis	50,000	-	-	-	50,000	-	50,000
Mr T Gavan	100,000	-	-	-	100,000	-	100,000
Mr J Muchall	50,000	-	-	-	50,000	-	50,000

	<b>Held at 1 July 2004</b>	<b>Granted as compensation</b>	<b>Exercised</b>	<b>Other* changes</b>	<b>Held at 30 June 2005</b>	<b>Vested during the year</b>	<b>Vested and exercisable at 30 June 2005</b>
<b>Directors</b>							
Mr G White (Chairman)	-	-	-	-	-	-	-
Mr B Piltz (CEO)	550,000	-	-	-	550,000	-	200,000
Mr N Craig	-	-	-	-	-	-	-
Mr S Gregory	-	-	-	-	-	-	-
Mr D Hobart	-	-	-	-	-	-	-
Mr R Perkins #	50,000	-	-	(50,000)	-	-	-
Mr I Rust #	30,000	-	-	-	30,000	-	-
<b>Executives</b>							
Mr J Clements	50,000	-	-	-	50,000	-	-
Mr A Ellis	50,000	-	-	-	50,000	-	-
Mr T Gavan	100,000	-	-	-	100,000	-	-
Mr J Muchall	50,000	-	-	-	50,000	-	-

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

# - Mr Rust resigned 1 November 2005. Mr Perkins resigned 25 October 2005.

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**27. RELATED PARTIES (continued)**

*Movement in shares*

The movement during the reporting period in the number of ordinary shares in LandMark White Limited held directly, indirectly, or beneficially by each key management personnel including their personally related entities is as follows:

	<b>Held at 1 July 2005</b>	<b>Purchases</b>	<b>Exercise of options</b>	<b>Sales</b>	<b>Held at 30 June 2006</b>
<b>Directors</b>					
Mr G White (Chairman)	9,728,994	10,000	-	-	9,738,994
Mr B Piltz (CEO)	6,553,080	61,250	200,000	-	6,814,330
Mr N Craig	29,000	-	-	-	29,000
Mr S Gregory	55,200	48,800	-	-	104,000
Mr D Hobart	-	-	-	-	-
Mr R Perkins #	2,531,289	-	-	(322,020)	2,209,269
Mr I Rust #	46,550	-	-	(46,550)	-

**Executives**

Mr J Clements	4,000	-	-	-	4,000
Mr A Ellis	245,000	-	-	-	245,000
Mr T Gavan	275,000	-	-	-	275,000
Mr J Muchall	571,551	-	-	-	571,551

	<b>Held at 1 July 2004</b>	<b>Purchases</b>	<b>Received on exercise of options</b>	<b>Sales</b>	<b>Held at 30 June 2005</b>
<b>Directors</b>					
Mr G White (Chairman)	9,728,994	-	-	-	9,728,994
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 D Hobart	-	-	-	-	-
Mr R Perkins #	2,531,289	-	-	-	2,531,289
Mr I Rust #	40,000	6,550	-	-	46,550

**Executives**

Mr J Clements	4,000	-	-	-	4,000
Mr A Ellis	245,000	-	-	-	245,000
Mr T Gavan	275,000	-	-	-	275,000
Mr J Muchall	571,551	-	-	-	571,551

# - Mr Rust resigned 1 November 2005. Mr Perkins resigned 25 October 2005.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**27. RELATED PARTIES (continued)**

*Movement in shares (continued)*

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.

*Non-key management personnel*

*Identity of related parties*

The consolidated entity has a related party relationship with its subsidiaries.

*Legal fees*

The group used the legal services of McCullough Robertson (a firm of which S Gregory was previously Chief Executive Officer) in relation to commercial tax sharing agreements, employment advice and lease of premise advice. Amounts were billed based on normal rates for such services and were due and payable under normal trading terms.

*Subsidiaries*

Loans are made by the Company to wholly owned subsidiaries to fund working capital. Loans outstanding between the Company and its controlled entities have no fixed date of repayment and incur an interest charge at current market rates. At 30 June 2006, such loans to subsidiaries totalled \$3,042,538 (2005: \$2,523,690).

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES  
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NOTES TO THE FINANCIAL STATEMENTS  
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28. EXPLANATION OF TRANSITION TO AIFRS

An explanation of how the transition from previous AGAAP to AIFRS has affected the consolidated entity's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Reconciliation of equity

<i>CONSOLIDATED</i>		Previous GAAP	Effect of transition to AIFRS 1 July 2004	AIFRS	Previous GAAP	Effect of transition to AIFRS 30 June 2005	AIFRS
	Note	\$	\$	\$	\$	\$	\$
<b>CURRENT ASSETS</b>							
Cash and cash equivalents		5,035,754	-	5,035,754	3,132,454	-	3,132,454
Trade and other receivables	(a)	2,129,598	11,580	2,141,178	3,235,114	-	3,235,114
Work in progress		228,145	-	228,145	134,714	-	134,714
Other current assets		200,830	-	200,830	248,672	-	248,672
<b>Total current assets</b>		<b>7,594,327</b>	<b>11,580</b>	<b>7,605,907</b>	<b>6,750,954</b>	<b>-</b>	<b>6,750,954</b>
<b>NON CURRENT ASSETS</b>							
Intangible assets	(d)	1,839,721	-	1,839,721	3,017,533	132,309	3,149,842
Property, plant and equipment		882,053	-	882,053	1,184,737	-	1,184,737
Other non-current assets		102,595	-	102,595	121,361	-	121,361
Deferred tax assets	(b/c)	178,409	126,398	304,807	299,312	111,474	410,786
<b>Total non current assets</b>		<b>3,002,778</b>	<b>126,398</b>	<b>3,129,176</b>	<b>4,622,943</b>	<b>243,783</b>	<b>4,866,726</b>
<b>Total assets</b>		<b>10,597,105</b>	<b>137,978</b>	<b>10,735,083</b>	<b>11,373,897</b>	<b>243,783</b>	<b>11,617,680</b>

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES  
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NOTES TO THE FINANCIAL STATEMENTS  
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28. EXPLANATION OF TRANSITION TO AIFRS (continued)

Reconciliation of equity (continued)

<i>CONSOLIDATED</i>	Note	Previous GAAP	Effect of transition to AIFRS	AIFRS	Previous GAAP	Effect of transition to AIFRS	AIFRS
		\$	\$	\$	\$	\$	\$
			1 July 2004			30 June 2005	
<b>CURRENT LIABILITIES</b>							
Trade and other payables	(a)	2,788,377	(50,000)	2,738,377	3,201,886	-	3,201,886
Income tax payable		764,431	-	764,431	230,498	-	230,498
Employee benefits		481,080	-	481,080	600,475	-	600,475
Provisions		20,896	-	20,896	20,896	-	20,896
<b>Total current liabilities</b>		<b>4,054,784</b>	<b>(50,000)</b>	<b>4,004,784</b>	<b>4,053,755</b>	<b>-</b>	<b>4,053,755</b>
<b>NON-CURRENT LIABILITIES</b>							
Employee benefits		134,609	-	134,609	156,271	-	156,271
Provisions		104,479	-	104,479	83,279	-	83,279
<b>Total non-current liabilities</b>		<b>239,088</b>	<b>-</b>	<b>239,088</b>	<b>239,550</b>	<b>-</b>	<b>239,550</b>
<b>Total liabilities</b>		<b>4,293,872</b>	<b>(50,000)</b>	<b>4,243,872</b>	<b>4,293,305</b>	<b>-</b>	<b>4,293,305</b>
<b>NET ASSETS</b>		<b>6,303,233</b>	<b>187,978</b>	<b>6,491,211</b>	<b>7,080,592</b>	<b>243,783</b>	<b>7,324,375</b>
<b>EQUITY</b>							
Issued capital	(b)	5,063,363	120,311	5,183,674	5,648,363	120,311	5,768,674
Reserves		7,663	-	7,663	14,942	-	14,942
Retained earnings	(e)	1,232,207	67,667	1,299,874	1,417,287	123,472	1,540,759
<b>TOTAL EQUITY</b>		<b>6,303,233</b>	<b>187,978</b>	<b>6,491,211</b>	<b>7,080,592</b>	<b>243,783</b>	<b>7,324,375</b>

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006

28. EXPLANATION OF TRANSITION TO AIFRS (continued)  
Reconciliation of equity (continued)

<i>COMPANY</i>		Previous GAAP	Effect of transition to AIFRS	AIFRS	Previous GAAP	Effect of transition to AIFRS	AIFRS
	Note	\$	\$ 1 July 2004	\$	\$	\$ 30 June 2005	\$
<b>CURRENT ASSETS</b>							
Cash and cash equivalents		2,643,905		2,643,905	620,834		620,834
Trade and other receivables	(a)	1,365,654		1,365,654	1,202,845		1,202,845
Work in progress		-		-	-		-
Other current assets		2,618		2,618	50,734		50,734
<b>Total current assets</b>		<b>4,012,177</b>		<b>4,012,177</b>	<b>1,874,413</b>		<b>1,874,413</b>
<b>NON CURRENT ASSETS</b>							
Receivables		68,474		68,474	2,571,591		2,571,591
Intangible assets	(d)	-		-	-		-
Property, plant and equipment		6,582		6,582	420,585		420,585
Other financial assets		2,220,002		2,220,002	2,220,002		2,220,002
Other non-current assets		-		-	-		-
Deferred tax assets	(b/c)	178,409	76,195	254,604	299,312	(206,763)	92,549
<b>Total non current assets</b>		<b>2,473,467</b>	<b>76,195</b>	<b>2,549,662</b>	<b>5,511,490</b>	<b>(206,763)</b>	<b>5,304,727</b>
<b>Total assets</b>		<b>6,485,644</b>	<b>76,195</b>	<b>6,561,839</b>	<b>7,385,903</b>	<b>(206,763)</b>	<b>7,179,140</b>

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006

28. EXPLANATION OF TRANSITION TO AIFRS (continued)  
Reconciliation of equity (continued)

COMPANY	Note	Previous GAAP	Effect of transition	AIFRS	Previous GAAP	Effect of	AIFRS
		\$	to AIFRS	\$	\$	transition to	\$
		1 July 2004			30 June 2005		
<b>CURRENT LIABILITIES</b>							
Trade and other payables		262,246	(50,000)	212,246	833,868	-	833,868
Income tax payable		764,431	-	764,431	230,498	-	230,498
Employee benefits		56,678	-	56,678	64,605	-	64,605
<b>Total current liabilities</b>		<b>1,083,355</b>	<b>(50,000)</b>	<b>1,033,355</b>	<b>1,128,971</b>	<b>-</b>	<b>1,128,971</b>
<b>NON-CURRENT LIABILITIES</b>							
Other	(c)	229,764	-	229,764	318,236	(318,236)	-
Employee benefits		741	-	741	2,836	-	2,836
<b>Total non-current liabilities</b>		<b>230,505</b>	<b>-</b>	<b>230,505</b>	<b>321,072</b>	<b>(318,236)</b>	<b>2,836</b>
<b>Total liabilities</b>		<b>1,313,860</b>	<b>(50,000)</b>	<b>1,263,860</b>	<b>1,450,043</b>	<b>(318,236)</b>	<b>1,131,807</b>
<b>NET ASSETS</b>		<b>5,171,784</b>	<b>126,195</b>	<b>5,297,979</b>	<b>5,935,860</b>	<b>111,473</b>	<b>6,047,333</b>
<b>EQUITY</b>							
Issued capital	(b)	5,063,363	120,311	5,183,674	5,648,363	120,311	5,768,674
Reserves		7,663	-	7,663	14,942	-	14,942
Retained earnings	(e)	100,758	5,884	106,642	272,555	(8,838)	263,717
<b>TOTAL EQUITY</b>		<b>5,171,784</b>	<b>126,195</b>	<b>5,297,979</b>	<b>5,935,860</b>	<b>111,473</b>	<b>6,047,333</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

**28. EXPLANATION OF TRANSITION TO AIFRS (continued)**

**Notes to the reconciliation of equity**

As stated in significant accounting policies note 1(a), these are the consolidated entity's first consolidated financial statements prepared in accordance with AIFRSs.

The policies set out in the significant accounting policies section of this report have been applied in preparing the financial statements for the financial year ended 30 June 2006, the comparative information presented in these financial statements for the financial year ended 30 June 2005 and in the preparation of an opening AIFRS balance sheet at 1 July 2004 (the consolidated entity's date of transition).

In preparing its opening AIFRS balance sheet, the consolidated entity has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (previous AGAAP). An explanation of how the transition from previous AGAAP to AIFRSs has affected the consolidated entity's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

- (a) General provisions for doubtful debts previously raised under previous AGAAP are not allowed under AIFRS. As at 30 June 2004, general doubtful debt provisions totalling \$61,580 existed. \$11,580 was classified under Receivables and \$50,000 was classified under Trade and other payables.

The effect on the 30 June 2004 Consolidated Balance Sheet is to increase Receivables by \$11,580 and decrease Trade and other payables by \$50,000 (Company \$50,000). There were no general provisions for doubtful debts as at 30 June 2004 or 30 June 2005.

- (b) Consistent with AIFRS, the deferred tax asset expected to be realised from the income tax deductibility of costs associated with capital raisings have been recognised.

The effect of this change was to increase Contributed Equity by \$120,311, increase deferred tax assets by \$96,249 and decrease Retained earnings by \$24,062. The amount of the tax benefit realised totalled \$12,031 for the year ended 30 June 2004 and \$24,062 for the year ended 30 June 2005.

- (c) Under AIFRS, the Balance Sheet method of Tax Effect Accounting has been adopted resulting in increased deferred tax assets and deferred tax liabilities for items that were not recognised under previous AGAAP.

The effect of this change on the previous GAAP Financial Statements at 30 June 2004 was an increase in deferred tax assets of \$32,701 and an increase in deferred tax liabilities of \$2,552 and an increase in Retained earnings of \$30,149. The effect on the previous AGAAP Financial Statements at 31 December 2004 was an increase in deferred tax assets of \$33,760, a decrease in deferred tax liabilities of \$30 and an increase in Retained earnings of \$33,790. The effect on the GAAP Financial Statements at 30 June 2005 was an increase in deferred tax assets of \$39,256, a decrease in deferred tax liabilities of \$31 and an increase in Retained earnings of \$39,287. The Company balance sheet no longer shows \$318,236 of deferred tax assets recoverable by wholly owned subsidiaries.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006

28. EXPLANATION OF TRANSITION TO AIFRS (continued)

- (d) Under AIFRS, goodwill is not amortised, instead it is tested annually for impairment and any reduction to its carrying value is made in that year. Goodwill had been amortised over 20 years in the previous AGAAP Financial Statements.

The effect of this change on the previous AGAAP Financial Statements was to increase Goodwill and reduce Depreciation and amortisation expense by \$132,309 for the 12 months ended 30 June 2005

- (e) The effect of the above adjustments on retained earnings is as follows:

	Note	Consolidated		Company	
		1 July 2004	30 June 2005	1 July 2004	30 June 2005
		\$	\$	\$	\$
Receivables	(a)	11,580	-	-	-
Deferred tax	(b/c)	6,087	(8,837)	(44,116)	(8,837)
Trade and other payables	(a)	50,000	-	50,000	-
Intangible assets	(d)	-	132,309	-	-
		<u>67,677</u>	<u>123,472</u>	<u>5,884</u>	<u>(8,837)</u>

**Adjustments to the cash flow statement for 2005**

There are no differences between the cash flow statement presented under AIFRS and the cash flow statement presented under previous GAAP.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006

28. EXPLANATION OF TRANSITION TO AIFRS (continued)  
Reconciliation of Profit for 2005

	Note	Previous GAAP	CONSOLIDATED Effect of transition to AIFRS	AIFRS	Previous GAAP	COMPANY Effect of transition to AIFRS	AIFRS
		\$	\$	\$	\$	\$	\$
Revenue from rendering of services		17,645,704	-	17,645,704	2,309,119		2,309,119
Employee expenses		11,326,597	-	11,326,597	761,799		761,799
Report presentation expenses		788,992	-	788,992	38,262		38,262
Marketing expenses		260,927	-	260,927	58,481		58,481
Administration expenses	(a)	1,321,850	61,580	1,383,430	159,428	50,000	209,428
Occupancy expenses		938,155	-	938,155	1,407		1,407
Depreciation and amortisation expenses	(d)	493,212	(132,309)	360,903	46,460		46,460
Other operating expenses		595,743	-	595,743	118,248		118,248
<b>Operating profit before financing costs</b>		1,920,228	70,729	1,990,957	1,125,034	(50,000)	1,075,034
Financial income		146,210	-	146,210	212,089	-	212,089
Financial expenses		-	-	-	-	-	-
<b>Net financing income</b>		146,210	-	146,210	212,089	-	212,089
<b>Profit before tax</b>		2,066,438	70,729	2,137,167	1,337,123	(50,000)	1,287,123
Income tax expense	(b/c)	678,282	14,924	693,206	(37,750)	(35,278)	(73,028)
<b>Profit for the period</b>		1,388,156	55,805	1,443,961	1,374,873	(14,722)	1,360,151
<b>Basic earnings per share</b>		\$0.0516	\$0.0021	\$0.0537			
<b>Diluted earnings per share</b>		\$0.0510	\$0.0021	\$0.0531			

**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 and the remuneration disclosures of the Remuneration report in the Directors' report, set out on pages 6 to 68, 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 2006 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  - (b) the remuneration disclosures that are contained in the Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*
  - (c) 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 There are reasonable grounds to believe that the Company and the controlled entities identified in Note 33 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those controlled entities pursuant to ASIC Class Order 98/1418.
- 3 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 2006.

Dated at Sydney this twenty eighth day of September 2006.

Signed in accordance with a resolution of the directors:



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Brad Piltz  
Chief Executive Officer

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

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF LANDMARK WHITE LIMITED**

**Scope**

We have audited the financial report Landmark White Limited ('the Company') for the financial year ended 30 June 2006, consisting of the income statements, statements of recognised income and expense, balance sheets, statements of cash flows, accompanying notes 1 to 28, and the directors' declaration set out on pages 6 to 69. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entities it controlled at the end of the year or from time to time during the financial year. We have audited information disclosed by the Company, as permitted by the Corporations Regulations 2001, about the remuneration of directors and executives ("remuneration disclosures"), required by Australian Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "Remuneration report" in sections of the directors' report and not in the financial report on pages 14 to 18. The Company's directors are responsible for the financial report and the remuneration disclosures. The directors are also responsible for preparing the relevant reconciling information regarding the adjustments required under the Australian Accounting Standard AASB 1 *First-time Adoption of Australian equivalents to International Financial Reporting Standards*. The Remuneration report also includes information not required by AASB 124. We have conducted an independent audit of the financial report and the remuneration disclosures in order to express an opinion on them to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement and the remuneration disclosures comply with AASB 124. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the remuneration disclosures, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows and whether the remuneration disclosures comply with Australian Accounting Standard AASB 124.

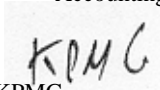
The audit opinion expressed in this report has been formed on the above basis.

**Statement of continued independence**

The lead auditor's independence declaration provided to the directors of Landmark White Limited dated 28 September 2006 and included on page 23 would be unchanged if provided to the directors as at the date of this audit report.

**Audit opinion**

1. 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 2006 and of their performance for the financial year ended on that date, and
    - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  - (b) other mandatory professional reporting requirements in Australia.
2. The remuneration disclosures that are contained in the Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*.

  
KPMG



Paul G Steer  
Gold Coast  
28 September 2006

**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).

**Shareholdings (as at 31 August 2006)**

**Substantial Shareholders**

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

<b>Shareholder</b>	<b>Number of Ordinary Shares</b>
White Valuations Pty Ltd	9,738,994
Piltz Holdings Pty Ltd	6,814,330
Roskins Nominees Pty Ltd	2,209,269

**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*

<b>Category</b>	<b>Number of Equity Security Holders</b>	
	<b>Ordinary Shares</b>	<b>Options</b>
1 – 1,000	14	
1,001-5,000	490	
5,001-10,000	97	
10,001-100,000	74	14
100,001 and over	19	2
<b>Total</b>	<b>694</b>	<b>16</b>

*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 820 shares (based on closing price of \$0.61 on 31/8/06) is 6 and they hold 3,737 securities.

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

**ASX ADDITIONAL INFORMATION (continued)**

*Twenty Largest Shareholders*

<b>Name</b>	<b>Number of Ordinary Shares held</b>	<b>Percentage of capital held</b>
White Valuations Pty Ltd	9,738,994	35.6
Piltz Holdings Pty Ltd	6,814,330	24.9
Roskin Nominees Pty Ltd	2,209,269	8.1
Llanzeal Pty Ltd	551,551	2.0
Loftus Lane Investments	521,621	1.9
Jamang Superannuation Fund	371,429	1.4
Bawden Custodians	350,000	1.3
Mr John Francis Ogilvie and Mrs Michele Jocelyn Ogilvie	300,000	1.1
Mrs Melinda Ellis	245,000	0.9
Kevin King Pty Ltd	215,000	0.8
Mr Richard Winnall Hill and Mrs Linda Rosalind Dean	191,176	0.7
Russlena Pty Ltd	191,176	0.7
Independent Property Analysts Pty Ltd	175,000	0.6
Jetan Pty Ltd	139,672	0.5
Mr Murray John Hewitt	125,000	0.5
Bond Street Custodians	105,250	0.4
Mr Stuart Carlton Gregory	104,000	0.4
Mr Craig Wise	101,000	0.4
Yarranilgie Pty Ltd	100,300	0.4
	<hr/> <hr/>	<hr/> <hr/>
	22,549,768	82.4

**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](http://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.