

# **APPENDIX 4E**

## **PRELIMINARY FINAL REPORT**

### **PERIOD ENDING 30 JUNE 2010**

**Name of Entity: LandMark White Limited**

**ABN or equivalent: 50 102 320 329**

# APPENDIX 4E

## PRELIMINARY FINAL REPORT

### PERIOD ENDING 30 JUNE 2010

|                                     |                               |
|-------------------------------------|-------------------------------|
| Name of entity                      | <b>LandMark White Limited</b> |
| ABN or equivalent company reference | <b>50 102 320 329</b>         |
| Reporting period                    | <b>30 June 2010</b>           |
| Previous corresponding period       | <b>30 June 2009</b>           |

#### 1. Results for announcement to the market

*Extracts from this report for announcement to the market.*

|  |  |
|--|--|
| Revenues from ordinary activities  | Down \$1,185,258 to \$22,377,493 from \$23,562,751. Decrease of 5.03%. |
| Profit/(loss) from ordinary activities after tax attributable to members | Up \$1,590,368 to \$954,901 from (\$635,467). Increase of 250.3%.      |
| Net profit/(loss) for the period attributable to members                 | Up \$1,590,368 to \$954,901 from (\$635,467). Increase of 250.3%.      |

#### 2. Statement of Comprehensive Income

Refer attached financial report

#### 3. Statement of Financial Position

Refer attached financial report

#### 4. Statement of Cash Flow

Refer attached financial report

#### 5. Dividend Distribution and Payments

| <b>Dividends (distributions)</b>                                      | <b>Amount per security</b> | <b>Franked amount per security</b> |
|---|----------------------------|------------------------------------|
| Distributions paid/payable:   |                            |                                    |
| Final dividend  | <b>2.0c</b>                | <b>2.0c</b>                        |
| Interim dividend  | <b>1.5c</b>                | <b>1.5c</b>                        |
| Distributions paid previous corresponding period :                    |                            |                                    |
| Final dividend  | <b>2.0c</b>                | <b>2.0c</b>                        |
| Interim dividend  | <b>-</b>                   | <b>-</b>                           |
| Record date for determining entitlements to the dividend/distribution | <b>24 September 2010</b>   |                                    |
| Date the dividend (distribution) is payable                           | <b>8 October 2010</b>      |                                    |

## 6. Dividend/Distribution Reinvestment Plans

No dividend or distribution plans are in operation

## 7. Net Tangible Assets per Security

| Current reporting period | Previous corresponding period |
|--------------------------|-------------------------------|
| \$0.0927                 | \$0.0947                      |

## 8. Control gained or lost over entities which had material effect during the period.

LandMark White Limited sold its 55% shareholding in Guardian Securities Limited on 30 September 2009.  
This did not have material effect on the company's result.

## 9. Statement of retained earnings

|   | \$        |
|---|-----------|
| Retained profits at beginning of period | 1,438,030 |
| Net profit attributable to members      | 954,901   |
| Dividends paid                          | (965,608) |
| Retained profits at end of period       | 1,427,323 |

## 10. Comments on any other significant information on entity's financial performance and financial position

Refer attached financial report

## 11. Comments on the results for the period including

Sales revenue decreased to \$22,377,493 compared with \$23,562,751 in 2009.

After tax profit attributable to equity holders of \$954,901 compared with a loss of \$635,467 in 2009.

Profit before tax increased to \$1,355,518 compared with a loss before tax of \$556,168 in 2009.

Dividends paid/payable in respect of the 2010 financial year of 3.5 cents compared with 2.0 cents in the previous year.

Dividends fully franked.

Earnings per share at 3.46 cents compared with (2.3) cents in 2009.

LandMark White remains debt free.

**12. This report is based on accounts to which one of the following applies.**

*(Tick one)*



The \*accounts have been audited.



The \*accounts have been subject to review.



The \*accounts are in the process of being audited or subject to review.



The \*accounts have *not* yet been audited or reviewed.

If the audit report or review by the auditor is not attached, details of any qualifications will follow immediately they are available

N/A

**13. Annual Meeting**

*(Preliminary final report only)*

The annual meeting will be held as follows:

Place

Brisbane

Date

5 November 2010

Time

TBA

Approximate date the \*annual report will be available

TBA



Signature :

(Company Secretary)

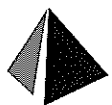
Date: 31 August 2010

Print name: .....Ian Bangs.....

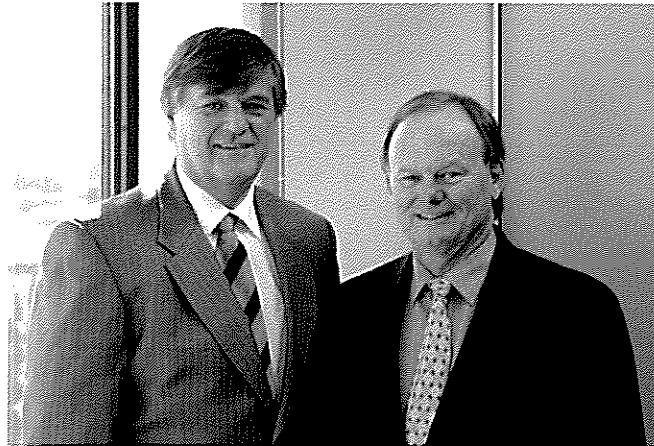
# Annual Report

**LandMark White Limited and its Controlled Entities**  
**For the year ended 30 June 2010**

**ABN 50 102 320 329**



**LandMark White** Group



**Brad Piltz**  
Chief Executive Officer

**Glen White**  
Chairman

## **ANNUAL REVIEW 2010**

### **LandMark White Limited (LMW Group) Summary of Results for the year ending 30 June 2010.**

We are pleased to present our Annual Report for the year ended 30<sup>th</sup> June 2010

- Sales revenue decreased to \$22.337 million, down 5.0% from 2009
- Profit before tax increased to \$1,356,000 up from a loss of \$556,000 in 2009
- After tax profit of \$945,000 up from a loss of \$729,000 in 2009
- Positive cash flow from operating activities \$1.686 million
- Earnings per share up at 3.46 cents (was -2.3 cents in 2009)
- Final dividend of 2 cents payable 8 October 2010 for all shareholders on the register as at 24 September 2010
- Total dividend paid/payable in respect of the 2010 financial year of 3.5 cents an increase from the 2.0 cents paid in 2009.
- Dividends fully franked
- LandMark White remains debt free
- Cash at bank at 30 August 2010 was \$2.8 million.

Property markets throughout Australia have remained subdued as a fall out from the Global Financial Crisis (GFC) and the ongoing threat of global sovereign debt default, limited availability of finance, increasing borrowing costs, and talk of a possible "double dip".

Despite the difficult trading conditions and turnover from all our subsidiaries falling over 2009/10, our continued rationalism and emphasis on profits saw a significant improvement in our overall performance with a return to profit in 2009/10.

Through continued and well considered restructuring despite the turbulent trading environment, LandMark White has remained debt free.

Our commercial (LandMark White) and residential (LMW Residential) valuation companies continued to provide the majority of our revenue. While revenues have fallen, they have done so at a slower rate than the

**ANNUAL REVIEW 2010 (continued)**

general fall in both property markets and property lending volumes around Australia. This is a credit to our professional staff that have continually sourced alternate markets and leveraged whenever possible off our research (LMW Research) and advisory (LMW Advisory) services.

Our funds management arm, LMW Invest's Diversified Property Fund, has performed well, delivering an income yield of 5.78% with a resultant total return (capital growth and income return after fees and expenses) of 12.34% over the 12 months to 30 June 2010. Investment in all markets can be best described as cautious. The apparent fragility of the global economy has seen a flight to quality, in the main limited to premium products in all classes of investment (eg property, shares, bonds). In such a market it has been difficult to attract substantial funds into the LMWI Diversified Property Fund, despite the funds performance to date. Funds management remains a growth strategy for LMW Group; however a significant inflow of funds may be some years off, until strong economic conditions, both domestic and global, are experienced once again. The performance of our Diversified Fund can be tracked by visiting [www.lmwinvest.com](http://www.lmwinvest.com)

We look to the forthcoming year with cautious optimism; cautious due to the uncertainty of the global, Australian and local markets; optimistic, that through our rationalisation and restructure LMW Group is well placed to take advantage of market improvement as companies Australia-wide look to improve their financial position coming out of the GFC.

We would like to thank our management team and staff for their continued hard work and commitment to LMW Group, without which we could not have restructured to the extent necessary to return LMW to profitability.

**Glen White**  
**Chairman**

**Brad Piltz**  
**Chief Executive Officer**

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

**ANNUAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

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

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

The Directors present their report together with the financial report of the Consolidated Entity, being LandMark White Limited ("the Company") and its controlled entities, for the year ended 30 June 2010 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, member remuneration committee***

The co-founder of LandMark White's practice, Glen was a registered valuer with over 40 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. Previously a fellow of the Australian Property Institute now retired, Glen has appeared in courts as an expert witness, lectured in valuation and is highly experienced in rental determinations. Glen was appointed Chairman on 1 November 2005.

**Mr Bradley J Piltz – appointed 26 September 2002**

***Executive Director (Chief Executive Officer), member remuneration committee***

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 Stuart C Gregory – appointed 9 October 2003**

***Independent Non-Executive Director, member audit committee and remuneration committee***

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 is a director of Australian Food & Fibre Limited, Brisbane Housing Company Limited and Sugar Terminals Limited.

**Mr David P Hobart– appointed 1 May 2005**

***Independent Non-Executive Director, member audit committee***

David is a non-executive director of the board and is currently a non-executive director of Air Change International Limited. David brings a wealth of property and financial experience outside that of main stream property valuation and advises a number of major banks on property matters. His appointment reflects the board's commitment to expansion and development of property related services. David is a valuer, has a masters degree in Commerce, is a fellow of FINSIA, an associate of the Australian Property Institute and a member of the Australian Institute of Company Directors.

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

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**DIRECTORS (CONTINUED)**

**Mr Andrew Meakin – appointed 23 February 2009**

***Independent Non-Executive Director***

Andrew brings extensive experience in financial services and in investment management. He is highly regarded throughout the property funds management field. Andrew has previously held senior roles with Commonwealth Bank and Multiplex Capital. His appointment to the board aims to broaden the expertise of the board as the LMW Group diversifies into Property Funds Management.

**Mr Norman P Craig – resigned 22 January 2010**

***Independent Non-Executive Director, member audit committee***

As a non-executive director, Norman contributed a 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 was a Director of Citigroup Pty Ltd from 1995 to 2008 (and chairman of its Audit and Risk Committee), MEPC Limited from 1996 to 2001 and Allied Brands Limited from 2004 to 2006. He has been a member of the compliance committee for Deutsche Funds Management, the Challenger Group and Ausgrowth.

**COMPANY SECRETARY**

**Ian Bangs** was appointed Company Secretary and Chief Financial Officer on 20 May 2008. He has over 25 years experience in senior financial roles. He had 10 years as the CFO of the Regent Hotel in Sydney, Finance Director for Hooper Bailie Industries and CFO of Consolidation Coal of Australia. He is also Company Secretary of Air Change International Limited. He has a Bachelor of Commerce degree and is a Fellow CPA.

**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   | 4              | 3        | -                        | -        | 1                               | 1        |
| Mr B Piltz   | 4              | 4        | -                        | -        | 1                               | 1        |
| Mr N Craig   | 2              | 2        | 2                        | 2        | -                               | -        |
| Mr S Gregory | 4              | 4        | 5                        | 5        | 1                               | 1        |
| Mr D Hobart  | 4              | 4        | 3                        | 3        | -                               | -        |
| Mr A Meakin  | 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**

In developing LandMark White's corporate governance policies, the board has been guided by the 'Corporate Governance Principles and Recommendations' published by the ASX Corporate Governance Council. This statement outlines the main corporate governance practices in place throughout the financial year, and the extent to which LandMark White follows the Best Practice Recommendation. Where the Company has not followed a recommendation, the recommendation is identified and the reasons are given for not following it.

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

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

**Role of the Board**

The board's primary role is the protection and enhancement of long-term shareholder value. The board is comprised of three independent and two non-independent directors.

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.

**CORPORATE GOVERNANCE STATEMENT**

The board has delegated responsibility for operation and administration of the Company to the Chief Executive Officer (CEO) and senior executives. Responsibilities are delineated by formal authority delegations. The performance of senior executives is reviewed annually by the CEO. The performance of the CEO is reviewed annually by the Chairman.

**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 has elected not to establish a Nominations Committee (Best Practice Recommendation 2.4 as set by the ASX Corporate Governance Council) on the basis that it is only a relatively small board and the board is able to efficiently carry out the functions that would otherwise be delegated to the Nominations Committee. The conditions of the appointments of non-executive directors are set in a letter of appointment including expectations of attendance at board meetings, appointments to other boards, procedures for dealing with conflicts of interest and availability of independent professional advice.

The full board currently holds at least four 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 and executive 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.

The Group also has a process to educate new senior executives upon taking such positions. The induction process includes reviewing the Group's structure, strategy, operations, financial position and risk management policies. It also familiarises the individual with the respective rights, duties, responsibilities and roles of the individual and the Board.

**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

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

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

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 4 and 5.

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

- a minimum of three 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 independent directors

The current composition of the board meets these two principles.

The Chairman of the Company is Mr Glen White who is non-executive and non-independent. ASX Best Practice Recommendation 2.2 is that the Chairperson of the board should be independent however the board believes that its current composition is appropriate. Mr White is a co-founder of the group and brings over 35 years extensive experience in the valuation profession. In addition, appropriate conflict of interest policies are in place to ensure material personal interests are disclosed. At the date of this report the board is comprised of a majority of (three) independent directors.

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.

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

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

The members of the Audit Committee during the year were:

- Mr Stuart Gregory, CPA (Chairman from 22 January 2010) – Independent Non-Executive
- Mr David Hobart – Independent Non-Executive (appointed 22 January 2010)
- Mr Norman Craig, FCA – Independent Non-Executive (resigned 22 January 2010)

The Audit Committee only comprises two members, which is not in line with the Best Practice Recommendation 4.3 set by the ASX Corporate Governance Council. Due to the size of the Company and the number of non-executive directors it is currently not possible to comply with Recommendation 4.3. 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 4 times during the year and attendance is recorded on page 8 of this report. 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 2010 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 and is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.

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.

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 management processes supporting external reporting
- assessing corporate risk assessment processes
- 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 as set out in APES 110 Code of Ethics for professional Accountants
- reviewing the nomination and performance of the external auditor
- establishing procedures for selecting, appointing, and if necessary, removing 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

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

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

- 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.

**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 declare annually, 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 in all material respects.

***Risk management and compliance and control***

The Consolidated Entity strives to ensure that its services are of the highest standard. Towards this aim it has undertaken 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 observe the highest standards of corporate and individual 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.

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

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

***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 28 to the financial statements.

***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.

***Communication with shareholders***

The board provides shareholders with information using a comprehensive Continuous Disclosure Policy which includes identifying matters on a timely basis that may have a material effect on the price of the Company's securities, ensuring the matters are factual and expressed in a clear and factual way, notifying the ASX, posting them on the Company's website, and issuing media releases. The Chief Executive Officer and Company Secretary of the Company are accountable for ensuring adherence to the Continuous Disclosure Policy.

Consistent with the Continuous Disclosure Policy, LandMark White is committed to communicating with shareholders in an effective and timely manner, so as to provide them with ready access to information relating to LandMark White. LandMark White maintains an extensive website ([www.lmw.com.au](http://www.lmw.com.au)).

Shareholders are encouraged to attend and participate in general meetings of the Company. Shareholders are provided with details of any proposed meetings well in advance of the relevant dates. The external auditor will attend any Annual General Meeting and be available to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

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

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**REMUNERATION REPORT- AUDITED**

**Remuneration Committee**

The role of the Remuneration Committee is to ensure that the remuneration policies and outcomes achieve an appropriate balance between the interests of LandMark White shareholders and rewarding and motivating executives and employees in order to achieve their long term commitment to the Consolidated Entity. The committee meets as required.

The members of the Remuneration Committee during the year were:

- Mr Glen White (Chairman) – Non-independent and non-executive
- Mr David Hobart – Independent and non-executive
- Mr Stuart Gregory - Independent and non-executive

**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 Consolidated Entity's senior executives and each of the five named executives receiving the highest remuneration 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 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 entity's performance.

Non-executive directors do not receive any retirement benefits.

The board considers that the above performance-linked remuneration structure is generating the desired outcome even in the very difficult trading conditions that have been experienced during the past twelve months due to the global economic crisis.

In considering the Consolidated Entity's performance the board has regard to the following indices in respect of the current financial year and previous years.

|  | <b>2010</b> | <b>2009</b> | <b>2008</b> | <b>2007</b> | <b>2006</b> |
|--|-------------|-------------|-------------|-------------|-------------|
|  | <b>\$</b>   | <b>\$</b>   | <b>\$</b>   | <b>\$</b>   | <b>\$</b>   |
| Services revenue                                   | 22,377,493  | 23,562,751  | 30,099,079  | 27,987,338  | 20,543,920  |
| Net profit/(loss) to equity holders of the company | 954,901     | (635,467)   | 2,107,717   | 1,755,156   | 1,743,534   |
| Dividends declared (per share)                     | \$0.035     | \$0.02      | \$0.058     | \$0.052     | \$0.050     |
| Share price at the end of the period               | \$0.35      | \$0.26      | \$0.62      | \$0.65      | \$0.65      |
| Change in share price                              | \$0.09      | (\$0.36)    | (\$0.03)    | -           | \$0.02      |

Remuneration and other terms of employment for the executive directors and senior management are formalised in service contracts. Senior management contracts 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



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

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**REMUNERATION REPORT- AUDITED (CONTINUED)**

notice, or by making payment equal to 24 months pay in lieu of notice. The terms of remuneration are designed to align senior management compensation with the interests of shareholders by including performance related bonuses. These payments are linked to the achievement of individual and company objectives which are relevant to meeting LandMark White's overall goals.

Non-executive directors are paid an annual fee for their service on the board and committees which is determined by the Remuneration Committee. Total remuneration for all non-executive directors is not to exceed \$400,000 per annum. The non-executive directors' total fees for the year were \$232,366. These fees include statutory superannuation. Non-executive directors do not receive bonuses nor are they currently entitled to be issued with further options on securities in the Consolidated Entity.

The consolidated entity has a policy that prohibits those that are granted share-based payments as part of their remuneration from being compensated for changes in value of the underlying securities.

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

DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2010

REMUNERATION REPORT- AUDITED (CONTINUED)

**Directors' and senior executive officers' remuneration**

Details of the nature and amount of the remuneration of each Director of the Company and the Consolidated Entity's senior executives and each of the five named executives receiving the highest remuneration are:

| Directors               | Year | Short term         |              | Post-employment | Share based payments       |                | Long term                                   |       | Total \$ | Proportion of remuneration performance related (%) | Value of options as proportion of remuneration (%) |
|-------------------------|------|--------------------|--------------|-----------------|----------------------------|----------------|---|-------|----------|--|--|
|                         |      | Salary and fees \$ | Bonus (B) \$ |                 | Superannuation benefits \$ | Options (A) \$ | Movement in long service leave provision \$ |       |          |  |  |
| <b>Non-executive</b>    |      |                    |              |                 |                            |                |   |       |          |  |  |
| Mr G White - Chairman   | 2010 | 63,303             | -            | 5,697           | -                          | -              | -   | -     | 69,000   | -  | -  |
| Mr S Gregory            | 2010 | 37,156             | -            | 3,344           | -                          | -              | -   | -     | 40,500   | -  | -  |
| Mr D Hobart             | 2010 | 50,918             | -            | 4,583           | -                          | -              | -   | -     | 55,501   | -  | -  |
| Mr A Meakin             | 2010 | 44,000             | -            | -               | -                          | -              | -   | -     | 44,000   | -  | -  |
| Mr N Craig              | 2010 | 21,436             | -            | 1,929           | -                          | -              | -   | -     | 23,365   | -  | -  |
| (01/07/2009-22/01/2010) |      |                    |              |                 |                            |                |   |       |          |  |  |
| <b>Executive</b>        |      |                    |              |                 |                            |                |   |       |          |  |  |
| Mr B Piltz – CEO        | 2010 | 228,257            | -            | 18,743          | -                          | -              | -   | 4,361 | 251,361  | -  | -  |

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

DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2010

REMUNERATION REPORT- AUDITED (CONTINUED)  
Directors' and senior executive officers' remuneration (continued)

| Executive officers<br><i>The Company</i>                                     | Year | Short term      |           | Post-employment | Share-based payments | Long term benefits | Total   |       | Proportion of remuneration performance related (%) | Value of options as proportion of remuneration (%) |
|--|------|-----------------|-----------|-----------------|----------------------|--------------------|---------|-------|--|--|
|  |      | Salary and fees | Bonus (B) |                 |                      |                    | \$      | \$    |  |  |
| Mr G Coonan - Chief Operating Officer  | 2010 | 166,029         | -         | 13,971          | -                    | 5,710              | 185,710 | -     | -  | -  |
| Mr I Bangs - Chief Financial Officer   | 2010 | 137,615         | -         | 12,385          | -                    | 239                | 150,239 | -     | -  | -  |
| <b>Consolidated –Top 5 remunerated executives of the Consolidated Entity</b> |      |                 |           |                 |                      |                    |         |       |  |  |
| Mr B McFarlane - Director, LandMark White (Brisbane) Pty Ltd                 | 2010 | 184,912         | 83,363    | 24,016          | -                    | 6,189              | 298,480 | 27.9% | -  | -  |
| Mr J McEvoy - Director, LandMark White (Brisbane) Pty Ltd                    | 2010 | 184,988         | 33,798    | 18,730          | -                    | 3,554              | 241,070 | 14.0% | -  | -  |
| Mr T Hodge - Director, LandMark White (NSW) Pty Ltd                          | 2010 | 174,311         | 36,574    | 18,980          | -                    | 1,553              | 231,418 | 15.8% | -  | -  |
| Mr R Bransdon - Director, LandMark White (NSW) Pty Ltd                       | 2010 | 137,615         | 68,085    | 18,513          | -                    | (6,524)            | 217,689 | 31.3% | -  | -  |
| Mr J Muchall - Director, LandMark White (Gold Coast) Pty Ltd                 | 2010 | 184,312         | 7,966     | 16,405          | -                    | 3,531              | 212,214 | 3.8%  | -  | -  |

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES  
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DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2010

| Directors                              | Year | Short term            |                 | Post-employment               |                   | Share based payments |         | Long term benefits<br>Movement in annual leave & long service leave provision<br>\$ | Total<br>\$ | Proportion of remuneration performance related (%) | Value of options as proportion of remuneration (%) |
|--|------|-----------------------|-----------------|-------------------------------|-------------------|----------------------|---------|---|-------------|--|--|
|  |      | Salary and fees<br>\$ | Bonus (B)<br>\$ | Superannuation benefits<br>\$ | Options (A)<br>\$ | Other fees (C)<br>\$ |         |   |             |  |  |
| <b>Non-executive</b>                   |      |                       |                 |                               |                   |                      |         |   |             |  |  |
| Mr G White - Chairman                  | 2009 | 68,637                | -               | 6,177                         | -                 | -                    | (5,764) |   | 69,050      | -  | -  |
| Mr N Craig                             | 2009 | 38,903                | -               | 3,501                         | -                 | -                    | (1,249) |   | 41,155      | -  | -  |
| Mr S Gregory                           | 2009 | 38,903                | -               | 3,501                         | -                 | -                    | (1,561) |   | 40,843      | -  | -  |
| Mr D Hobart                            | 2009 | 53,815                | -               | 4,740                         | 27,243            | -                    | (390)   |   | 85,408      | -  | 31.9%  |
| Mr A Meakin<br>(23/02/2009-30/06/2009) | 2009 | -                     | -               | -                             | -                 | 14,315               | -       |   | 14,315      | -  | -  |
| <b>Executive</b>                       |      |                       |                 |                               |                   |                      |         |   |             |  |  |
| Mr B Piltz – CEO                       | 2009 | 233,303               | 22,548          | 21,227                        | -                 | -                    | 457     |   | 277,535     | 8.1%   | -  |

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES  
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DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2010

REMUNERATION REPORT- AUDITED (CONTINUED)

Directors' and senior executive officers' remuneration (continued)

| Executive officers  | Year | Short term         | Post-employment | Share based payments       | Long term benefits | Total             | Proportion of remuneration performance related (%) | Value of options as proportion of remuneration (%) |
|---|------|--------------------|-----------------|----------------------------|--------------------|-------------------|--|--|
|   |      | Salary and fees \$ | Bonus (B) \$    | Superannuation benefits \$ | Options (A) \$     | Other fees (C) \$ | annual leave & long service leave provision \$     |  |
| <b>The Company</b>  |      |                    |                 |                            |                    |                   |  |  |
| Mr G Coonan – Chief Operating Officer                             | 2009 | 173,086            | -               | 14,606                     | -                  | -                 | 7,575  | 195,267  |
| Mr I Bangs – Chief Financial Officer                              | 2009 | 71,361             | -               | 6,422                      | -                  | 40,560            | 7,479  | 125,822  |
| <b>Consolidated – Top 5 executives of the Consolidated Entity</b> |      |                    |                 |                            |                    |                   |  |  |
| Mr J McEvoy - Director, LandMark White (Brisbane) Pty Ltd         | 2009 | 185,038            | 152,480         | 29,411                     | -                  | -                 | (1,668)  | 365,261  |
| Mr B McFarlane - Director, LandMark White (Brisbane) Pty Ltd      | 2009 | 182,034            | 151,850         | 29,863                     | -                  | -                 | (5,412)  | 358,335  |
| Mr J Muchall - Director, LandMark White (Gold Coast) Pty Ltd      | 2009 | 184,312            | 109,214         | 25,517                     | -                  | -                 | (5,437)  | 313,606  |
| Mr T Hodge - Director, LandMark White (NSW) Pty Ltd               | 2009 | 178,193            | 58,424          | 21,296                     | -                  | -                 | 748  | 258,661  |
| Mr B Fatouros - Director, LandMark White (NSW) Pty Ltd            | 2009 | 179,514            | 58,424          | 19,975                     | -                  | -                 | 11,323   | 269,236  |

Key Management Personnel who are not Directors are Mr I Bangs and Mr G Coonan. The Company has no other senior executive officers.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES  
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DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2010

REMUNERATION REPORT- AUDITED (continued)  
Directors' and senior executive officers' remuneration (continued)

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

(A) Analysis of options included in remuneration

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 <sup>1</sup> | 1 July 2012 to<br>1 July 2014 | \$0.59         | \$0.58                        | 40%                  | 6.75%                   | 11.02%         | \$0.04                |

<sup>1</sup> During the year, nil options vested as a result of performance conditions not being met.

(B) 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, the Consolidated Entity's senior executives and each of the five named executives receiving the highest remuneration who received short term incentive bonuses is detailed below:

**Short term incentive bonus**

|                     | Included in remuneration \$ | % vested in year | % forfeited in year |
|---------------------|-----------------------------|------------------|---------------------|
| <b>Directors</b>    |                             |                  |                     |
| Mr Brad Piltz       | 4,361                       | 100%             | -                   |
| <b>Executives</b>   |                             |                  |                     |
| <b>Consolidated</b> |                             |                  |                     |
| Mr B McFarlane      | 83,363                      | 100%             | -                   |
| Mr R Bransdon       | 68,085                      | 100%             | -                   |
| Mr T Hodge          | 36,574                      | 100%             | -                   |
| Mr J McEvoy         | 33,798                      | 100%             | -                   |
| Mr J Muchall        | 7,966                       | 100%             | -                   |

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 2010 financial year.

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES**  
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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**REMUNERATION REPORT- AUDITED (continued)**

**(C) Analysis of other remuneration**

Mr Andrew Meakin's fees were invoiced by a company related to Mr Meakin.

**Analysis of share based payments granted as remuneration**

During the year, nil options have been granted as remuneration to directors of the Company, and no options were issued to the Company's or Consolidated Entity's senior executives or each of the five named executives receiving the highest remuneration

**Analysis of movements in options**

During the year, no options over ordinary shares in LandMark White Limited have been granted to a Company director or the Company's or Consolidated Entity's senior executives or each of the five named executives receiving the highest remuneration and no options have been exercised, by the executives. Options which lapsed had no value.

**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.

**Contracted Commitment**

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

|  |                |
|--|----------------|
|  | \$             |
| Within one year                                | 260,000        |
| One year or later and no later than five years | 260,000        |
| Later than five years                          | -              |
|  | <u>520,000</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 activities of the Consolidated Entity during the course of the financial year were property valuation and property funds management business.

There were no significant changes in the nature of the activities of the Consolidated Entity during the year.

**OPERATING RESULTS AND FINANCIAL REVIEW**

The consolidated profit for the 12 months ended 30 June 2010 from ordinary activities after income tax attributable to equity holders of the company amounted to \$954,901 which was an increase of \$1,590,368 from the loss recorded in the previous year. 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**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**DIVIDENDS**

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

| Type                                      | Cents per share | Total Amount \$ | Franked/<br>Unfranked      | Date of payment |
|---|-----------------|-----------------|----------------------------|-----------------|
| <i>Declared and paid during the year:</i> |                 |                 |                            |                 |
|   | 2.0             | 551,776         | Franked at tax rate of 30% | 7 October 2009  |
|   | 1.5             | 413,832         | Franked at tax rate of 30% | 17 March 2010   |
| <i>Declared after end of year:</i>        |                 |                 |                            |                 |
|   | 2.0             | 551,776         | Franked at tax rate of 30% | 8 October 2010  |

The financial effect of the dividend declared after year end has not been brought to account in the financial statements for the year ended 30 June 2010.

**EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

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**

On 1 October 2009, the directors announced that LandMark White had sold its 55% shareholding in Guardian Securities Limited at 30 September 2009.

Other than the matters described in this report, there were no significant changes in the state of affairs of the 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.

**ENVIRONMENTAL REGULATION**

The operations of the Consolidated Entity are not subject to any particular and significant environmental regulation under a law of the commonwealth or of a state or territory.



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

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**PROCEEDINGS ON BEHALF OF THE CONSOLIDATED ENTITY**

During the financial year and in the interval between the end of the financial year and the date of this report the Consolidated Entity has made no application of leave under Section 237 of the Corporations Act 2001.

No person has applied for leave of court to bring proceedings on behalf of the Consolidated Entity or Intervene in any proceeding to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of these proceedings. The Consolidated Entity was not a party to any such proceedings during the year.

**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                            | 10,093,004             | -                                   |
| Mr B Piltz                            | 6,815,369              | -                                   |
| Mr S Gregory                          | 129,000                | -                                   |
| Mr N Craig (resigned 21 January 2010) | 29,000                 | -                                   |
| Mr D Hobart                           | -                      | -                                   |
| Mr A Meakin                           | -                      | -                                   |

**SHARE OPTIONS**

**Employee Options**

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

**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> |
|--------------------|-----------------------|--------------------------|
| 1 July 2012        | \$0.59                | 400,000                  |
| 1 July 2013        | \$0.59                | 400,000                  |
| 1 July 2014        | \$0.59                | 400,000                  |
|                    |                       | <u>1,200,000</u>         |

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

**Shares issued on exercise of options**

There were no options (2009:27,500 options) exercised during the year by staff members. No other ordinary shares have been issued as a result of the exercise of options.

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

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**INDEMNIFICATION AND INSURANCE OF OFFICERS**

**Indemnification**

The Consolidated Entity 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 Consolidated Entity other than:

- a liability owed to the Consolidated Entity 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 Consolidated Entity that did not arise out of conduct in good faith.

**Insurance Premiums**

Since the end of the previous financial period, the Consolidated Entity has paid premiums in respect of Directors and Officers liability insurance, for all past, present, or future director, secretary, officer or employee of the Consolidated Entity. 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.

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

The auditor's independence declaration is set out on page 25 and forms part of the Directors' Report for the financial year ended 30 June 2010.

**NON-AUDIT SERVICES**

In November 2009, shareholders approved the resignation of KPMG and the appointment of William Buck as auditor of the Company. During the year William Buck, 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 Consolidated Entity 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 APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Consolidated Entity, acting as an advocate for the Consolidated Entity or jointly sharing risks and rewards.

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

DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2010

Details of the amounts paid to the auditors of the Consolidated Entity, KPMG and William Buck, and its related practices for audit and non-audit services provided during the year are set out below

|   | 2010<br>\$ | 2009<br>\$ |
|---|------------|------------|
| <b>Statutory audit</b>                      |            |            |
| Audit and financial review - KPMG Australia | 130,700    | 123,700    |
| Audit and financial review - William Buck   | 52,989     | -          |
| <b>Total statutory audit</b>                | 183,689    | 123,700    |
| <b>Service other than statutory audit</b>   |            |            |
| <b>Other services</b>                       |            |            |
| KPMG Australia                              | 10,443     | 24,609     |

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



---


Brad Piltz  
Chief Executive Officer  
Dated at Sydney this 31st day of August 2010

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001 TO THE DIRECTORS OF LANDMARK WHITE  
LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

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

William Buck  
Chartered Accountants



L.E. Tutt  
Partner  
Sydney, 31 August 2010

**Sydney**  
Melbourne  
Brisbane  
Perth  
Adelaide  
Auckland

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**Praxity**  
MEMBER  
GLOBAL ALLIANCE OF  
INDEPENDENT FIRMS

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

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2010

|   |       | Consolidated |            |
|---|-------|--------------|------------|
|   |       | 2010         | 2009       |
|   | Note  | \$           | \$         |
| Revenue from rendering of services                  |       | 22,377,493   | 23,562,751 |
| <b>Expenses from ordinary activities:</b>           |       |              |            |
| Employee expenses                                   |       | 15,340,998   | 17,097,928 |
| Valuation reports presentation expenses             |       | 1,208,447    | 1,295,542  |
| Marketing expenses                                  |       | 401,952      | 382,231    |
| Administration expenses                             |       | 1,664,989    | 1,883,878  |
| Occupancy expenses                                  | 7(b)  | 1,349,488    | 1,504,334  |
| Depreciation and amortisation expenses              |       | 478,075      | 617,580    |
| (Gain)/Loss on sale of investment                   |       | (188,348)    | -          |
| Impairment losses                                   | 15,16 | -            | 414,794    |
| Other expenses from ordinary activities             |       | 831,833      | 986,809    |
| <b>Results from operating activities</b>            |       | 1,290,059    | (620,345)  |
| Net finance income                                  | 7(a)  | 65,459       | 64,177     |
| <b>Profit/(loss) before tax</b>                     |       | 1,355,518    | (556,168)  |
| Income tax expense                                  | 8     | 410,528      | 173,192    |
| <b>Profit/(loss) for the year</b>                   |       | 944,990      | (729,360)  |
| <b>Other comprehensive income</b>                   |       |              |            |
| Other comprehensive income for the year, net of tax |       | -            | -          |
| <b>Total comprehensive income</b>                   |       | -            | -          |
| <b>Profit attributable to:</b>                      |       |              |            |
| Owners of the parent                                |       | 954,901      | (635,467)  |
| Non-controlling interest                            |       | (9,911)      | (93,893)   |
|   |       | 944,990      | (729,360)  |
| <b>Total comprehensive income attributable to:</b>  |       |              |            |
| Owners of the parent                                |       | -            | -          |
| Non-controlling interest                            |       | -            | -          |
|   |       | -            | -          |
| Basic earnings per share                            | 9     | 0.0346       | (0.0230)   |
| Diluted earnings per share                          | 9     | 0.0346       | (0.0230)   |

*The Statement of Comprehensive Income is 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

STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2010

|   |      | Consolidated      |                   |
|---|------|-------------------|-------------------|
|   |      | 2010              | 2009              |
| Assets  | Note | \$                | \$                |
| Cash and cash equivalents   | 10   | 2,480,331         | 2,156,035         |
| Trade and other receivables                                       | 11   | 2,953,426         | 2,612,293         |
| Current tax assets  | 13   | -                 | 413,072           |
| Inventories   | 12   | 183,423           | 195,229           |
| Other   |      | 253,692           | 193,730           |
| <b>Total current assets</b>                                       |      | <b>5,870,872</b>  | <b>5,570,359</b>  |
| Deferred tax assets   | 14   | 702,065           | 634,656           |
| Term deposits and other   |      | 477,763           | 427,517           |
| Property, plant and equipment                                     | 15   | 991,220           | 918,349           |
| Intangible assets   | 16   | 4,917,986         | 4,917,986         |
| <b>Total non-current assets</b>                                   |      | <b>7,089,034</b>  | <b>6,898,508</b>  |
| <b>Total assets</b>   |      | <b>12,959,906</b> | <b>12,468,867</b> |
| <b>Liabilities</b>  |      |                   |                   |
| Trade and other payables  | 17   | 2,627,325         | 2,672,863         |
| Current tax liabilities   | 13   | 319,729           | -                 |
| Employee benefits   | 18   | 1,279,983         | 1,268,450         |
| Provisions  | 19   | 328,880           | 198,407           |
| <b>Total current liabilities</b>                                  |      | <b>4,555,917</b>  | <b>4,139,720</b>  |
| Deferred tax liabilities  | 14   | 55,030            | 58,571            |
| Employee benefits   | 18   | 355,087           | 223,604           |
| Provisions  | 19   | 518,175           | 518,175           |
| <b>Total non current liabilities</b>                              |      | <b>928,292</b>    | <b>800,350</b>    |
| <b>Total liabilities</b>  |      | <b>5,484,209</b>  | <b>4,940,070</b>  |
| <b>Net assets</b>   |      | <b>7,475,697</b>  | <b>7,528,797</b>  |
| <b>Equity</b>   |      |                   |                   |
| Issued capital  | 20   | 6,007,924         | 6,007,924         |
| Reserves  | 20   | 40,450            | 40,450            |
| Retained earnings   | 20   | 1,427,323         | 1,438,030         |
| <b>Total equity attributable to equity holders of the Company</b> |      | <b>7,475,697</b>  | <b>7,486,404</b>  |
| <b>Non-controlling interests</b>                                  | 20   | -                 | 42,393            |
| <b>Total equity</b>   | 20   | <b>7,475,697</b>  | <b>7,528,797</b>  |

*The Statement of Financial Position is 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

STATEMENT OF CHANGES IN EQUITY  
AS AT 30 JUNE 2010

|                                      | Share<br>Capital<br>\$ | Share<br>Option<br>Reserve<br>\$ | Retained<br>Earnings<br>\$ | Total<br>\$ | Non-controlling<br>Interest<br>\$ | Total<br>Equity<br>\$ |
|--------------------------------------|------------------------|----------------------------------|----------------------------|-------------|-----------------------------------|-----------------------|
| <b>Consolidated</b>                  |                        |                                  |                            |             |                                   |                       |
| Balance at 1 July 2008               | 5,980,424              | 40,450                           | 2,983,926                  | 9,004,800   | 136,287                           | 9,141,086             |
| Total comprehensive income           | -                      | -                                | -                          | -           | -                                 | -                     |
| Total recognised income and expense  | -                      | -                                | (635,467)                  | (635,467)   | (93,893)                          | (729,360)             |
| Share options exercised by employees | 27,500                 | -                                | -                          | 27,500      | -                                 | 27,500                |
| Dividends to shareholders            | -                      | -                                | (910,429)                  | (910,429)   | -                                 | (910,429)             |
| Balance at 30 June 2009              | 6,007,924              | 40,450                           | 1,438,030                  | 7,486,404   | 42,393                            | 7,528,797             |
| Balance at 1 July 2009               | 6,007,924              | 40,450                           | 1,438,030                  | 7,486,404   | 42,393                            | 7,528,797             |
| Total comprehensive income           | -                      | -                                | -                          | -           | -                                 | -                     |
| Total recognised income and expense  | -                      | -                                | 954,901                    | 954,901     | (9,911)                           | 944,990               |
| Impairment on investment             | -                      | -                                | -                          | -           | (32,482)                          | (32,482)              |
| Dividends to shareholders            | -                      | -                                | (965,608)                  | (965,608)   | -                                 | (965,608)             |
| Balance at 30 June 2010              | 6,007,924              | 40,450                           | 1,427,323                  | 7,475,697   | -                                 | 7,475,697             |

The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the financial statements.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES  
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STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2010

|  |      | Consolidated |              |
|--|------|--------------|--------------|
|  |      | 2010         | 2009         |
|  | Note | \$           | \$           |
| <b>Cash flows from operating activities</b>                |      |              |              |
| Cash receipts in the course of operations                  |      | 21,986,114   | 25,136,924   |
| Cash payments in the course of operations                  |      | (20,616,676) | (23,217,272) |
| Interest received  |      | 80,002       | 80,572       |
| Interest paid  |      | (14,543)     | (16,395)     |
| Income tax refunded/(paid)                                 |      | 251,323      | (439,046)    |
| <b>Net cash provided by/(used in) operating activities</b> | 27   | 1,686,220    | 1,544,783    |
| <b>Cash flows from investing activities</b>                |      |              |              |
| Payments for property, plant and equipment                 |      | (365,669)    | (622,704)    |
| Proceed on disposal of investment, net of cash             |      | (30,647)     | (2,195)      |
| <b>Net cash provided by/(used in) investing activities</b> |      | (396,316)    | (624,899)    |
| <b>Cash flows from financing activities</b>                |      |              |              |
| Dividends paid   |      | (965,608)    | (910,429)    |
| <b>Net cash provided by/(used in) financing activities</b> |      | (965,608)    | (882,929)    |
| Net increase in cash and cash equivalents held             |      | 324,296      | 36,955       |
| Cash and cash equivalents at beginning of the year         |      | 2,156,035    | 2,119,080    |
| <b>Cash and cash equivalents at the end of the year</b>    | 10   | 2,480,331    | 2,156,035    |

*The Statement of Cash Flows is 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 2010**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

LandMark White Limited (the 'Company') is a company incorporated and domiciled in Australia. The consolidated financial statements of the Company for the financial year ended 30 June 2010 comprises the Company and its subsidiaries (together referred to as the 'Consolidated Entity'). The principal business activities of the Company are commercial and residential property valuations and funds management.

The financial statements were authorised for issue by the directors on 31 August 2010.

**(a) Statement of compliance**

The financial statements are a general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial statements of the Consolidated Entity and the Company comply with International Financial Reporting Standards ('IFRS') and Interpretations issued by the International Accounting Standards Board ('IASB').

**(b) Basis of measurement**

The consolidated financial statements have been prepared on an accrual basis and are based on historical cost, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**(c) Functional and presentation currency**

These consolidated financial statements are presented in Australian dollars which is the Company's functional currency and the functional currency of all entities within the Consolidated Entity.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by entities within the Consolidated Entity.

**(d) Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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 and in any future periods affected. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of the 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 notes (g) and (k). 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.

*Provisions*

The Consolidated Entity assesses whether a provision should be raised at the end of the reporting period to settle future potential obligations. The calculation for determining the amount of the provision is based on the potential loss from the future obligation and the likelihood of the company incurring that obligation.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) **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 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 less impairment losses.

(ii) **Transactions eliminated on consolidation**

Intra-group balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

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

(i) **Recognition and measurement**

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy (k)).

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal on an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit and loss.

(ii) **Depreciation**

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Consolidated Entity will obtain ownership by the end of the lease term.

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

- office equipment 2-5 years
- furniture and fittings 4-5 years
- leasehold and improvements life of the lease or 10 years

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

(g) **Intangible assets**

(i) **Goodwill**

**Business combinations**

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 (k)).

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Intangible assets (continued)

(i) Goodwill (continued)

**Business combinations (continued)**

Where Goodwill includes amounts that are payable contingent on the achievement of performance targets, the Company reviews its performance annually and if the estimate of the amount payable needs to be revised it adjusts the cost of the business combination accordingly.

(ii) 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.

(h) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses (see accounting policy (k)). Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Consolidated Entity will not be able to collect the receivable.

Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(i) Work in progress

Client engagements in progress at the end of the reporting period are recorded in the Statement of Financial Position as an asset and revenue in the Statement of Comprehensive Income, based on the stage of completion of the engagement. Payments in advance are recognised as unearned income until the services are provided.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term bills and call deposits with original maturities of three months or less. The Consolidated Entity does not have Bank overdrafts or loans facilities in place

(k) Impairment

(i) Financial assets

A financial asset is assessed at the end of each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

All impairment losses are recognised in profit or loss. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment (continued)

(i) Financial assets

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Consolidated Entity's non-financial assets, other than inventories and deferred tax assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at the end of each reporting period.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in 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 the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

(l) Share capital

Ordinary shares are classified as equity.

Dividends on ordinary shares are recognised as a liability in the period in which they are declared. Incremental costs directly attributable to the issue of ordinary shares and share options are accounted for as a deduction from equity, net of any related tax effects.

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(m) Employee benefits**

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

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the end of the reporting period represent present obligations resulting from employees' services provided at the end of the reporting period. These liabilities are calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay the end of the reporting period including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits are expensed based on the net marginal cost to the Consolidated Entity as the benefits are taken by the employees.

**(ii) Other long-term employee benefits**

The Consolidated Entity's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the end of the reporting period on government bonds that have maturity dates approximating the terms of the Consolidated Entity's obligations.

**(iii) Share based payment transactions**

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 Black-Scholes 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.

**(iv) Defined contribution plans**

A defined contribution plan is a post-employment benefit under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as employee expenses in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**(n) Provisions**

A provision is recognised in the statement of financial position 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.

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(o) Leased assets**

Leases in terms of which the Consolidated Entity assumes substantially all the risks and rewards of ownership are classified as finance leases.

Upon initial recognition financial leases are measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges are included in short and long term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance at the liability for each period.

Leases in term of which the Consolidated Entity does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the Consolidated Entity's statement of financial position. Payments made under operating leases are charges to the profit and loss on a straight line basis over the period of the lease.

**(p) 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.

**(q) 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.

**Interest Income**

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

**Dividend Revenue**

All dividends received shall be recognised as revenue when the right to receive the dividend has been established.

**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.

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(r) Net financing income**

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Consolidated Entity's right to receive payment is established.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

**(s) Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income 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 end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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.

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.

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(s) Income tax (continued)**

**(i) Tax consolidation**

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 group allocation 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 are 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.

**(ii) 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 2010**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(t) 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 statement of financial position.

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.

**(u) Financial instruments**

**Non-derivative financial instruments**

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described in notes (h), (j), (k) and (p).

Accounting for finance income and expense is discussed in note r.

**(v) Earnings per share**

The Consolidated Entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees. Ordinary shares outstanding are anti-dilutive for any year that a loss is incurred.

**(w) Comparative Figures**

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(x) Adoption of New and Revised Accounting Standards**

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of LandMark White Limited.

**AASB 3: Business Combinations**

In March 2008 the Australian Accounting Standards Board revised AASB 3 and as a result, some aspects of business combination accounting have changed. The changes apply only to business combinations which occur from 1 July 2009. The following is an overview of the key changes:

**Recognition of acquisition costs** — The revised version of AASB 3 requires that all costs associated with a business combination be expensed in the period in which they were incurred. Previously such costs were capitalised as part of the cost of the business combination.

**Measurement of contingent considerations** — The revised AASB 3 requires that contingent considerations associated with a business combination be included as part of the cost of the business combination. They are recognised at the fair value of the payment calculated having regard to probability of settlement. Any subsequent changes in the fair value or probability of payment are recognised in the statement of comprehensive income except to the extent where they relate to conditions or events existing at acquisition date, in which case the cost of the combination is adjusted. The previous version of AASB 3 allowed all changes to be recognised as a cost of the combination impacting goodwill.

**Measurement of non-controlling interest** — For each business combination, the acquirer must measure any non-controlling interest in the acquiree either at the fair value of the non-controlling interest (the full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Under the previous version of AASB 3 only the latter option was permitted.

**Recognition of contingencies** — The revised AASB 3 prohibits entities from recognising contingencies associated with a business combination, unless they meet the definition of a liability.

**Business combinations achieved in stages** — The revised AASB 3 requires that where a business combination is achieved in stages, any previously held equity interest is to be remeasured to fair value and the resulting gain or loss, being the difference between fair value and historical cost, is to be recognised in the statement of comprehensive income. The previous version of AASB 3 accounted for each exchange transaction separately, using cost and fair value information at the date of each exchange to determine the amount of any goodwill associated with the acquisition. It was therefore possible to compare the cost of each individual investment with the fair value of identifiable net assets acquired at each step.

The revised AASB 3 contains a number of additional disclosure requirements not required by the previous version of AASB 3. The revised disclosures are designed to ensure that users of the Group's financial statements are able to understand the nature and financial impact of any business combinations on the financial statements.

**AASB 8: Operating Segments**

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Group's financial statements.

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Adoption of New and Revised Accounting Standards (continued)

Measurement impact

Identification and measurement of segments — AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has resulted in changes to the presentation of segment results, with inter-segment sales and expenses such as depreciation and impairment now being reported for each segment rather than in aggregate for total group operations, as this is how they are reviewed by the chief operating decision maker.

Impairment testing of the segment's goodwill

AASB 136: Impairment of Assets, paragraph 80 requires that goodwill acquired in a business combination shall be allocated to each of the acquirer's CGUs, or group of CGUs that are expected to benefit from the synergies of the combination. Each cash generating unit (CGU) which the goodwill is allocated to must represent the lowest level within the entity at which goodwill is monitored, however it cannot be larger than an operating segment. Therefore, due to the changes in the identification of segments, there is a risk that goodwill previously allocated to a CGU which was part of a larger segment could now be allocated across multiple segments if a segment had to be split as a result of changes to AASB 8.

Management have considered the requirements of AASB 136 and determined the implementation of AASB 8 has not impacted the CGUs of each operating segment.

Disclosure impact

AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

**AASB 101: Presentation of Financial Statements**

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(x) Adoption of New and Revised Accounting Standards (continued)**

**Disclosure impact**

**Terminology changes** — The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

**Reporting changes in equity** — The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

**Statement of comprehensive income** — The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Group's financial statements now contain a statement of comprehensive income.

**Other comprehensive income** — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

*New Accounting Standards for Application in Future Periods*

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(x) Adoption of New and Revised Accounting Standards (continued)**

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
  - a. the objective of the entity's business model for managing the financial assets; and
  - b. the characteristics of the contractual cash flows.

AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

This standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

AASB 2009-8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

AASB 2009-10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(x) Adoption of New and Revised Accounting Standards (continued)**

AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

**2. DETERMINATION OF FAIR VALUES**

A number of the Consolidated Entity's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

**(b) Intangible assets**

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

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**2. DETERMINATION OF FAIR VALUES (continued)**

**(c) Trade and other receivables**

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the end of the reporting period.

**(d) Non-derivative financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

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

The fair value of employee stock options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

**3. FINANCIAL RISK MANAGEMENT**

The Consolidated Entity have exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Consolidated Entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout the financial statements. The consolidated entity is not subject to foreign exchange risk.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Chief Executive Officer and Chief Financial Officer are responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the company and Consolidated Entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's and consolidated group's activities. The Consolidated Entity, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Consolidated Entity's Audit Committee oversees how management monitors compliance with the Consolidated Entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Consolidated Entity.

**LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**3. FINANCIAL RISK MANAGEMENT (continued)**

**(i) Credit risk**

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Consolidated Entity's receivables from wholesale and retail customers.

**Trade and other receivables**

The Consolidated Entity's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Consolidated Entity's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. However, geographically there is no concentration of credit risk.

The Consolidated Entity has established a credit policy under which each new customer is analysed individually for creditworthiness before the Consolidated Entity's standard payment and delivery terms and conditions are offered. Credit limits are established for each customer, these limits are reviewed regularly. Customers which fail to meet the Consolidated Entity's benchmark creditworthiness are placed on a restricted customer list and may transact with the Consolidated Entity only on a prepayment basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. The Consolidated Entity's trade and other receivables relate mainly to the Consolidated Entity's retail customers. The Consolidated Entity does not require collateral in respect of trade and other receivables.

The Consolidated Entity has established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

**(ii) Liquidity risk**

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

Typically the Consolidated Entity ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 45 to 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

**(iii) Market risk**

Market risk is the risk that changes in market prices, such as interest rates will affect the Consolidated Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk is managed by seeking to maximise the yield achieved on cash held at bank.



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**3. FINANCIAL RISK MANAGEMENT (continued)**

**(iv) Capital management**

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Consolidated Entity defines as net operating income divided by total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

There were no changes in the Consolidated Entity's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. Refer to note 22 for additional analysis.

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NOTES TO THE FINANCIAL STATEMENTS  
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4. PARENT INFORMATION

|  | 2010 | 2009 |
|--|------|------|
|  | \$   | \$   |

The following information has been extracted from the books and records of the parent and has been prepared in accordance with the accounting standards.

STATEMENT OF FINANCIAL POSITION

**Assets**

|                     |                   |                  |
|---------------------|-------------------|------------------|
| Current Assets      | 1,822,103         | 2,120,622        |
| <b>Total Assets</b> | <u>13,650,358</u> | <u>7,964,991</u> |

**Liabilities**

|                          |                  |                  |
|--------------------------|------------------|------------------|
| Current Liabilities      | 7,898,850        | 4,283,990        |
| <b>Total Liabilities</b> | <u>8,021,158</u> | <u>4,318,126</u> |

**Equity**

|                     |                  |                  |
|---------------------|------------------|------------------|
| Issued Capital      | 6,007,924        | 6,007,924        |
| Reserves            | 40,450           | 40,450           |
| Retained earnings   | (419,174)        | (2,401,509)      |
| <b>Total Equity</b> | <u>5,629,200</u> | <u>3,646,865</u> |

STATEMENT OF COMPREHENSIVE INCOME

|                            |                  |                    |
|----------------------------|------------------|--------------------|
| Total profit               | <u>2,947,755</u> | <u>(1,484,856)</u> |
| Total comprehensive income | <u>2,947,755</u> | <u>(1,484,856)</u> |

**Guarantees**

LandMark White Limited has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

**Contractual Commitments**

At 30 June 2010 LandMark White Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2009: nil).

**CONTINGENCIES**

The Parent Company is involved in matters of litigation in the normal course of business in undertaking valuation services. At 30 June 2010, the parent company has professional indemnity insurance, and under the terms of the insurance policy, each claim has an excess which is required to be paid by the Parent Company. It was not practical to estimate the maximum contingent liability arising from litigation; however in a worse case situation there could be a material adverse effect on the Parent Company's financial position. In the directors' opinion, disclosures of any further information in relation to litigation would be prejudicial to the interests of the Parent Company.

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NOTES TO THE FINANCIAL STATEMENTS  
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5. SEGMENT REPORTING

Segment information is presented in respect of the Consolidated Entity's business segments. The Consolidated Entity's operations and clients are located entirely in Australia.

The Consolidated Entity's operating segments have been identified based on the segments analysed within management reports.

The operating segments of the consolidated entity have been identified as follows:

*Valuation:* The provision of valuation, research and advice services in relation to property and businesses.

*Funds Management:* Primarily Property Syndication and Mortgage Funds.

|                                   | Valuation         |                   | Funds Management |                    | Unallocated      |                  | Consolidated      |                   |
|-----------------------------------|-------------------|-------------------|------------------|--------------------|------------------|------------------|-------------------|-------------------|
|                                   | 2010              | 2009              | 2010             | 2009               | 2010             | 2009             | 2010              | 2009              |
|                                   | \$                | \$                | \$               | \$                 | \$               | \$               | \$                | \$                |
| Total revenues                    | 21,970,653        | 23,113,370        | 406,840          | 449,381            | -                | -                | 22,377,493        | 23,562,751        |
| <b>Total segment revenue</b>      | <b>21,970,653</b> | <b>23,113,370</b> | <b>406,840</b>   | <b>449,381</b>     | <b>-</b>         | <b>-</b>         | <b>22,377,493</b> | <b>23,562,751</b> |
| <b>Segment result</b>             | <b>2,063,204</b>  | <b>1,224,993</b>  | <b>(284,033)</b> | <b>(1,501,867)</b> | <b>(489,112)</b> | <b>(343,471)</b> | <b>1,290,059</b>  | <b>(620,345)</b>  |
| Net finance income                | 63,117            | 57,307            | 2,342            | 6,870              | -                | -                | 65,459            | 64,177            |
| Income tax (expense)/benefit      | (544,133)         | (402,923)         | 133,605          | 229,731            | -                | -                | (410,528)         | (173,192)         |
| <b>Profit/(loss) for the year</b> | <b>1,582,188</b>  | <b>879,377</b>    | <b>(148,086)</b> | <b>(1,265,266)</b> | <b>(489,112)</b> | <b>(343,471)</b> | <b>944,990</b>    | <b>(729,360)</b>  |

LANDMARK WHITE LIMITED AND ITS CONTROLLED ENTITIES  
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NOTES TO THE FINANCIAL STATEMENTS  
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| 5. SEGMENT REPORTING (continued)                                     | Valuation         |                   | Funds Management |                | Unallocated |          | Consolidated      |                   |
|--|-------------------|-------------------|------------------|----------------|-------------|----------|-------------------|-------------------|
|  | 2010              | 2009              | 2010             | 2009           | 2010        | 2009     | 2010              | 2009              |
|  | \$                | \$                | \$               | \$             | \$          | \$       | \$                | \$                |
| Segment assets   | 12,849,059        | 11,794,318        | 110,847          | 674,549        | -           | -        | 12,959,906        | 12,468,867        |
| <b>Total assets</b>  | <b>12,849,059</b> | <b>11,794,318</b> | <b>110,847</b>   | <b>674,549</b> | <b>-</b>    | <b>-</b> | <b>12,959,906</b> | <b>12,468,867</b> |
| Segment liabilities  | 5,445,318         | 4,006,343         | 38,891           | 933,727        | -           | -        | 5,484,209         | 4,940,070         |
| <b>Total liabilities</b>   | <b>5,445,318</b>  | <b>4,006,343</b>  | <b>38,891</b>    | <b>933,727</b> | <b>-</b>    | <b>-</b> | <b>5,484,209</b>  | <b>4,940,070</b>  |
| Capital expenditure  | 254,612           | 51,532            | 5,481            | 4,457          | -           | -        | 260,093           | 55,989            |
| Depreciation   | 473,246           | 608,717           | 4,829            | 8,863          | -           | -        | 478,075           | 617,580           |
| Impairment losses on intangible assets & property, plant & equipment | -                 | -                 | -                | 414,794        | -           | -        | -                 | 414,794           |

Accounting Policies Adopted

Unless stated otherwise, all amounts reported to the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Consolidated Entity.

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NOTES TO THE FINANCIAL STATEMENTS  
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6. AUDITOR REMUNERATION

|   | Consolidated   |                |
|---|----------------|----------------|
|   | 2010           | 2009           |
|   | \$             | \$             |
| <b>Audit services</b>   |                |                |
| Auditors of the Consolidated Entity – KPMG Australia                    |                |                |
| Audit and review of the financial reports for the year end 30 June 2009 | 130,700        | 123,700        |
| Auditors of the Consolidated Entity – William Buck                      |                |                |
| Audit and review of the financial reports                               | 52,989         | -              |
| <b>Other services</b>   |                |                |
| Auditors of the Consolidated Entity – KPMG Australia                    |                |                |
| Taxation services for the year end 30 June 2009                         | 10,443         | 24,609         |
| <b>Total audit services</b>   | <u>194,132</u> | <u>148,309</u> |

7. (a) FINANCE INCOME

|                           |               |               |
|---------------------------|---------------|---------------|
| Interest income           | 80,002        | 80,572        |
| Interest expense          | (14,543)      | (16,395)      |
| <b>Net finance income</b> | <u>65,459</u> | <u>64,177</u> |

(b) OPERATING EXPENSES

Included in the Occupancy Expenses was an amount of \$1,005,602 which was the cost relating to the operating leases.

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8. INCOME TAX EXPENSE

|   | Consolidated   |                |
|---|----------------|----------------|
|   | 2010           | 2009           |
|   | \$             | \$             |
| <b><i>Recognised in the income statement</i></b>                              |                |                |
| Current tax expense   |                |                |
| Current year  | 481,478        | 140,280        |
| Adjustments for prior years   | -              | 73,874         |
|   | 481,478        | 214,154        |
| Deferred tax expense  |                |                |
| Origination and reversal of temporary differences                             | (70,950)       | (40,962)       |
|   | (70,950)       | (40,962)       |
| <b>Total income tax expense in statement of comprehensive income</b>          | <b>410,528</b> | <b>173,192</b> |
| All income tax expense is attributable to continuing operations               |                |                |
| <b><i>Reconciliation of income tax expense to prima facie tax payable</i></b> |                |                |
| Profit/(loss) before tax  | 1,355,518      | (556,168)      |
| Prima facie income tax expense/(benefit) calculated at 30% on profit          | 406,655        | (166,850)      |
| Increase/(decrease) in income tax expense due to:                             |                |                |
| Entertainment   | 53,769         | 46,596         |
| Sundry items  | -              | 5,272          |
| Non deductible expenses   | -              | -              |
| Impairment (gain) losses  | (56,504)       | 124,438        |
| Losses not recognised   | 6,608          | 89,862         |
| Income tax under provided in prior year                                       | -              | 73,874         |
| Income tax expense on pre-tax net profit                                      | 410,528        | 173,192        |
| Applicable tax rate   | 30%            | 31.1%          |

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**9. EARNINGS PER SHARE**

***Basic earnings per share***

The calculation of basic earnings per share at 30 June 2010 was based on the profit attributable to ordinary shareholders of \$954,901 (2009: loss of \$635,467) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2010 of 27,588,781 (2009: 27,577,822) calculated as follows:

|  | <b>Consolidated</b> |                  |
|--|---------------------|------------------|
|  | <b>2010</b>         | <b>2009</b>      |
|  | <b>\$</b>           | <b>\$</b>        |
| <b>Profit/(loss) attributable to ordinary shareholders</b> | 954,901             | (635,467)        |
| <b>Weighted average number of ordinary shares</b>          |                     |                  |
| Issued Ordinary Shares at 1 July                           | 27,588,781          | 27,538,781       |
| Effect of share options exercised                          | -                   | 39,041           |
|  | <hr/> 27,588,781    | <hr/> 27,577,822 |
| Weighted average number of ordinary shares at 30 June      | <hr/> 27,588,781    | <hr/> 27,577,822 |

***Diluted earnings per share***

The calculation of diluted earnings per share at 30 June 2010 was based on the profit attributable to ordinary shareholders of \$954,901 (2009: loss of \$635,467) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2010 of 27,588,781 (2009: 27,577,822) calculated as follows:

|   | <b>2010</b>      | <b>2009</b>      |
|---|------------------|------------------|
|   | <b>\$</b>        | <b>\$</b>        |
| <b>Profit/(loss) attributable to ordinary shareholders</b>      | 954,901          | (635,467)        |
| <b>Weighted average number of ordinary shares (diluted)</b>     |                  |                  |
| Weighted average number of ordinary shares at 30 June           | 27,588,781       | 27,577,822       |
| Effect of share options on issue                                | -                | -                |
|   | <hr/> 27,588,781 | <hr/> 27,577,822 |
| Weighted average number of ordinary shares (diluted) at 30 June | <hr/> 27,588,781 | <hr/> 27,577,822 |

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|   | <b>Consolidated</b> |                  |
|---|---------------------|------------------|
|   | <b>2010</b>         | <b>2009</b>      |
|   | <b>\$</b>           | <b>\$</b>        |
| <b>10. CASH AND CASH EQUIVALENTS</b>                          |                     |                  |
| Cash at bank and on hand                                      | 103,424             | 78,771           |
| Bank short term deposits and cash management at call accounts | 2,376,907           | 2,077,264        |
| Cash and cash equivalents in the statement of cash flows      | <u>2,480,331</u>    | <u>2,156,035</u> |
| <b>11. TRADE AND OTHER RECEIVABLES</b>                        |                     |                  |
| <b>Current</b>  |                     |                  |
| Trade receivables   | 2,995,703           | 2,723,498        |
| Less: provision for impairment                                | <u>(42,277)</u>     | <u>(111,205)</u> |
|   | <u>2,953,426</u>    | <u>2,612,293</u> |

*Impairment*

During the year, a reduction of provision for impairment of receivables of \$68,928 (2009: \$129,783) was recorded in the statement of comprehensive income and included in other expenses. Refer also to note 22.

|                        | <b>Consolidated</b> |                |
|------------------------|---------------------|----------------|
|                        | <b>2010</b>         | <b>2009</b>    |
|                        | <b>\$</b>           | <b>\$</b>      |
| <b>12. INVENTORIES</b> |                     |                |
| Work in progress       | <u>183,423</u>      | <u>195,229</u> |

**13. CURRENT TAX ASSETS AND LIABILITIES**

The current tax liability for the Consolidated Entity of \$319,729 (2009 asset: \$413,072) represents the amount of income taxes receivable in respect of current and prior financial periods. In accordance with the tax consolidation legislation, LandMark White Limited as the head entity of the Australian tax-consolidated group has assumed responsibility for the current tax asset/liability initially recognised by the members in the tax-consolidated group.



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14. DEFERRED TAX ASSETS AND LIABILITIES

*Recognised deferred tax assets*

*Deferred tax assets is attributable to the following:*

|                            | <b>Assets</b>  |                |
|----------------------------|----------------|----------------|
|                            | <b>2010</b>    | <b>2009</b>    |
|                            | <b>\$</b>      | <b>\$</b>      |
| <b>Consolidated</b>        |                |                |
| Employee provisions        | 491,313        | 476,947        |
| Accruals                   | 115,986        | 139,521        |
| Operating lease provisions | 58,379         | -              |
| Make good provisions       | 36,387         | 18,188         |
|                            | <hr/>          |                |
| <b>Total tax assets</b>    | <b>702,065</b> | <b>634,656</b> |

*Recognised deferred tax liabilities*

*Deferred tax assets is attributable to the following:*

|                              | <b>Liabilities</b> |                 |
|------------------------------|--------------------|-----------------|
|                              | <b>2010</b>        | <b>2009</b>     |
|                              | <b>\$</b>          | <b>\$</b>       |
| <b>Consolidated</b>          |                    |                 |
| Inventories                  | (55,030)           | (58,571)        |
|                              | <hr/>              |                 |
| <b>Total tax liabilities</b> | <b>(55,030)</b>    | <b>(58,571)</b> |

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NOTES TO THE FINANCIAL STATEMENTS  
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14. DEFERRED TAX ASSETS AND LIABILITIES

*Movement in temporary differences during the year*

Deferred tax assets

|                               | Balance 1<br>July 09 | Recognised in<br>Profit & Loss | Recognised in other<br>comprehensive<br>income | Balance<br>30 June 10 |
|-------------------------------|----------------------|--------------------------------|--|-----------------------|
| <b>Consolidated</b>           |                      |                                |  |                       |
| Employee provisions           | 476,947              | 14,366                         | -  | 491,313               |
| Accruals                      | 139,521              | (23,535)                       | -  | 115,986               |
| Operating lease<br>provisions | -                    | 58,379                         | -  | 58,379                |
| Make good provisions          | 18,188               | 18,199                         | -  | 36,387                |
|                               | 634,656              | 67,409                         | -  | 702,065               |

|                      | Balance 1<br>July 08 | Recognised in<br>Profit & Loss | Recognised in other<br>comprehensive<br>income | Balance<br>30 June 09 |
|----------------------|----------------------|--------------------------------|--|-----------------------|
| <b>Consolidated</b>  |                      |                                |  |                       |
| Employee provisions  | 490,204              | (13,257)                       | -  | 476,947               |
| Accruals             | 72,989               | 66,530                         | -  | 139,519               |
| Make good provisions | -                    | 18,188                         | -  | 18,188                |
| Tax losses           | 35,793               | (35,793)                       | -  | -                     |
|                      | 598,986              | 35,668                         | -  | 634,654               |

Deferred tax liabilities

|                     | Balance 1<br>July 09 | Recognised in<br>Profit & Loss | Recognised in other<br>comprehensive<br>income | Balance<br>30 June 10 |
|---------------------|----------------------|--------------------------------|--|-----------------------|
| <b>Consolidated</b> |                      |                                |  |                       |
| Inventories         | (58,571)             | 3,541                          | -  | (55,030)              |
|                     | (58,571)             | 3,541                          | -  | (55,030)              |

|                     | Balance 1<br>July 08 | Recognised in<br>Profit & Loss | Recognised in other<br>comprehensive<br>income | Balance<br>30 June 09 |
|---------------------|----------------------|--------------------------------|--|-----------------------|
| <b>Consolidated</b> |                      |                                |  |                       |
| Inventories         | (63,827)             | 5,256                          | -  | (58,571)              |
|                     | (63,827)             | 5,256                          | -  | (58,571)              |

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15. PROPERTY, PLANT AND EQUIPMENT

|                         | Office<br>Equipment | Consolidated<br>Furniture<br>and<br>Fittings | Leasehold<br>Improvements | Total     |
|-------------------------|---------------------|--|---------------------------|-----------|
| Cost                    | \$                  | \$   | \$                        | \$        |
| Balance at 1 July 2008  | 2,367,597           | 321,556                                      | 784,073                   | 3,473,226 |
| Additions               | 99,216              | 5,313  | 518,175                   | 622,704   |
| Disposals               | (23,457)            | (635)  | (22,647)                  | (46,739)  |
| Balance at 30 June 2009 | 2,443,356           | 326,234                                      | 1,279,601                 | 4,049,191 |
| Balance at 1 July 2009  | 2,443,356           | 326,234                                      | 1,279,601                 | 4,049,191 |
| Additions               | 315,404             | -  | 50,265                    | 365,669   |
| Disposals               | (96,067)            | (62,322)                                     | (6,372)                   | (164,761) |
| Balance at 30 June 2010 | 2,662,693           | 263,912                                      | 1,323,494                 | 4,250,099 |

*Impairment*

During the year ended 30 June 2010, the Consolidated Entity determined the value in use for each cash-generating unit based on the assumptions set out in note 16 and no impairment was recognised (2009: \$220,000) with respect to property, plant & equipment.

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15. PROPERTY, PLANT AND EQUIPMENT (continued)

| Depreciation and<br>impairment losses        | Office<br>Equipment<br>\$ | Furniture<br>and<br>Fittings<br>\$ | Consolidated<br>Leasehold<br>Improvements<br>\$ | Total<br>\$ |
|--|---------------------------|------------------------------------|---|-------------|
| Balance at 1 July 2008                       | 1,670,381                 | 205,959                            | 454,322   | 2,330,662   |
| Depreciation charge for the<br>year          | 424,943                   | 24,011                             | 168,626   | 617,580     |
| Impairment losses                            | -                         | -                                  | 220,000   | 220,000     |
| Disposals                                    | (14,508)                  | (400)                              | (22,492)  | (37,400)    |
| Balance at 30 June 2009                      | 2,080,816                 | 229,570                            | 820,456   | 3,130,842   |
| Balance at 1 July 2009                       | 2,080,816                 | 229,570                            | 820,456   | 3,130,842   |
| Write back of impairment loss<br>on disposal | -                         | -                                  | (220,000)                                       | (220,000)   |
| Depreciation charge for the<br>year          | 243,329                   | 20,057                             | 229,097   | 492,483     |
| Disposals                                    | (46,136)                  | (10,289)                           | (88,021)  | (144,446)   |
| Balance at 30 June 2010                      | 2,278,009                 | 239,338                            | 741,532   | 3,258,879   |
| <b>Carrying Amounts</b>                      |                           |                                    |   |             |
| At 1 July 2008                               | 697,215                   | 115,597                            | 329,751   | 1,142,563   |
| At 30 June 2009                              | 362,540                   | 96,664                             | 459,145   | 918,349     |
| At 1 July 2009                               | 362,540                   | 96,664                             | 459,145   | 918,349     |
| At 30 June 2010                              | 384,684                   | 24,574                             | 581,962   | 991,220     |

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NOTES TO THE FINANCIAL STATEMENTS  
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16. INTANGIBLE ASSETS

The following cash generating units have significant carrying amounts of goodwill:

|   | Consolidated     |                  |
|---|------------------|------------------|
|   | 2010             | 2009             |
|   | \$               | \$               |
| NSW   | 1,206,870        | 1,206,870        |
| Brisbane  | 414,094          | 414,094          |
| Gold Coast  | 212,378          | 212,378          |
| LMW Residential                                       | 3,084,644        | 3,084,644        |
|   | <u>4,917,986</u> | <u>4,917,986</u> |
| <b><i>Movement in Goodwill</i></b>                    |                  |                  |
| Balance at 1 July                                     | 4,917,986        | 5,112,779        |
| Impairment on goodwill in Guardian Securities Limited | -                | (194,793)        |
|   | <u>4,917,986</u> | <u>4,917,986</u> |
| Balance at 30 June                                    | <u>4,917,986</u> | <u>4,917,986</u> |

Goodwill has an infinite useful life and 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.

In 2009, due to a significant reduction in profit the value in use of Guardian Securities was calculated as \$0 and an impairment loss of \$194,793 was charged to the statement of comprehensive income.

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

**Assumption**

Cash flows

**How determined**

The forecast 5 year cash flows are based on forecast results for the year ended 30 June 2010. The 2010 forecast forms the basis of cash flows in subsequent financial years adjusted based on the following assumptions determined on management's past experience:

- no increase in revenues and expenses in the first year and 3% increase in the years after
- increase in employee expense calculated as 45% of the increase in revenue since the prior year
- increase in variable expenses calculated as 18% of the increase in revenue since the prior year
- terminal value at the end of year 5 based on year 5 cash flows.

Discount rate

The discount rate adopted was a pre tax rate of 18.8% (2009: 22.8%) and was based on the current risk free interest rate, industry and business specific risk factors, market borrowing rates and investor expected returns.

On forecast 5 years cash flows, there would not be any impairment until the discount rate reach 24.5%. In this scenario all other variables are unchanged.

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|                                     | Consolidated     |                  |
|-------------------------------------|------------------|------------------|
|                                     | 2010             | 2009             |
|                                     | \$               | \$               |
| <b>17. TRADE AND OTHER PAYABLES</b> |                  |                  |
| <b>Current</b>                      |                  |                  |
| Trade payables                      | 232,629          | 113,863          |
| Other payables and accrued expenses | 2,394,696        | 2,559,000        |
|                                     | <u>2,627,325</u> | <u>2,672,863</u> |
| <b>18. EMPLOYEE BENEFITS</b>        |                  |                  |
| <b>Current</b>                      |                  |                  |
| Liability for annual leave          | 876,931          | 819,061          |
| Liability for long service leave    | 403,052          | 449,389          |
|                                     | <u>1,279,983</u> | <u>1,268,450</u> |
| <b>Non Current</b>                  |                  |                  |
| Liability for long service leave    | <u>355,087</u>   | <u>223,604</u>   |

**a) Share Based Payments**

The directors in accordance with employment contract 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 where options are still on issue are as follows, whereby all options are settled by physical delivery of shares:

**Share Options**

| Grant Date       | Number of options | Vesting Conditions  | Contractual life of options |
|------------------|-------------------|---|-----------------------------|
| 30 December 2005 | 1,200,000         | 2 years of employment and an annual cumulative increase in subsidiary profit before tax of 10%. | 5 years                     |

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**18. EMPLOYEE BENEFITS (continued)**

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

|  | <b>Weighted<br/>Average<br/>exercise<br/>price<br/>2010</b> | <b>Number of<br/>options<br/>2010</b> | <b>Weighted<br/>average<br/>exercise<br/>price<br/>2009</b> | <b>Number of<br/>options<br/>2009</b> |
|--|---|---------------------------------------|---|---------------------------------------|
| Outstanding at the beginning of the period | \$0.59  | 1,200,000                             | \$0.60  | 2,265,000                             |
| Granted during the period                  | -   | -                                     | -   | -                                     |
| Forfeited during the period                | -   | -                                     | \$0.57  | (1,015,000)                           |
| Exercised during the period                | -   | -                                     | \$0.55  | (50,000)                              |
| Expired during the period                  | -   | -                                     | -   | -                                     |
| Outstanding at the end of the period       | \$0.59  | 1,200,000                             | \$0.59  | 1,200,000                             |
| Exercisable at the end of the period       | \$0.59  | 1,200,000                             | \$0.59  | 1,200,000                             |

The options outstanding at 30 June 2010 have an exercise price of \$0.59 and a weighted average contractual life of 4 years.

During the financial year, there were no share options exercised (2009: 50,000).

In prior year, the fair value of the options was 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. No options were granted in the year ended 30 June 2010.

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|                       | Consolidated   |                |
|-----------------------|----------------|----------------|
|                       | 2010           | 2009           |
|                       | \$             | \$             |
| <b>19. PROVISIONS</b> |                |                |
| <b>Current</b>        |                |                |
| Legal                 | 328,880        | 198,407        |
|                       | <u>328,880</u> | <u>198,407</u> |
| <b>Non Current</b>    |                |                |
| Make good             | 518,175        | 518,175        |
|                       | <u>518,175</u> | <u>518,175</u> |

|                                 | Make good      | Legal          | Total          |
|---------------------------------|----------------|----------------|----------------|
| Consolidated                    | \$             | \$             | \$             |
| Balance at 1 July 2009          | 518,175        | 198,407        | 716,582        |
| Provisions made during the year | -              | 130,473        | 130,473        |
| Balance at 30 June 2010         | <u>518,175</u> | <u>328,880</u> | <u>847,055</u> |

*Legal*

Subsequent to the end of the reporting period, the Consolidated Entity settled a claim in respect of valuation services and this has been fully provided at the end of the reporting period.

*Make good*

A provision of \$518,175 was made during the year ended 30 June 2009 in respect of the Consolidated Entity's obligation to return office space leased by the Consolidated Entity to its original condition. The provision has not been discounted to its present value as the effect is not material. It is expected that the expense will be incurred in a 4 – 10 year period.



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20. CAPITAL AND RESERVES  
Reconciliation of movement in  
capital and reserves attributable  
to equity holders of the parent

*Consolidated*

|                                      | Share<br>Capital<br>\$ | Share<br>Option<br>Reserve<br>\$ | Retained<br>Earnings<br>\$ | Total<br>\$ | Non-<br>Controlling<br>interest<br>\$ | Total<br>Equity<br>\$ |
|--------------------------------------|------------------------|----------------------------------|----------------------------|-------------|---------------------------------------|-----------------------|
| Balance at 1 July 2008               | 5,980,424              | 40,450                           | 2,983,926                  | 9,004,800   | 136,287                               | 9,141,086             |
| Total comprehensive income           | -                      | -                                | -                          | -           | -                                     | -                     |
| Total recognised income and expense  | -                      | -                                | (635,467)                  | (635,467)   | (93,893)                              | (729,360)             |
| Share options exercised by employees | 27,500                 | -                                | -                          | 27,500      | -                                     | 27,500                |
| Dividends to shareholders            | -                      | -                                | (910,429)                  | (910,429)   | -                                     | (910,429)             |
| Balance at 30 June 2009              | 6,007,924              | 40,450                           | 1,438,030                  | 7,486,404   | 42,393                                | 7,528,797             |
| Balance at 1 July 2009               | 6,007,924              | 40,450                           | 1,438,030                  | 7,486,404   | 42,393                                | 7,528,797             |
| Total comprehensive income           | -                      | -                                | -                          | -           | -                                     | -                     |
| Total recognised income and expense  | -                      | -                                | 954,901                    | 954,901     | (9,911)                               | 944,990               |
| Impairment on investment             | -                      | -                                | -                          | -           | (32,482)                              | (32,482)              |
| Dividends to shareholders            | -                      | -                                | (965,608)                  | (965,608)   | -                                     | (965,608)             |
| Balance at 30 June 2010              | 6,007,924              | 40,450                           | 1,427,323                  | 7,475,697   | -                                     | 7,475,697             |

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

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.

There are currently 27,588,781 ordinary fully paid shares on issue (2009: 27,588,781).

**Share option reserve**

The share option reserve comprises the fair value of options granted. These options have not been exercised and converted to share capital at balance date.

**21. DIVIDENDS**

Dividends recognised in the current year by the Company are:

|                       | Cents per<br>share | Total<br>amount<br>\$ | Franked/<br>unfranked | Date of<br>payment |
|-----------------------|--------------------|-----------------------|-----------------------|--------------------|
| <b>2010</b>           |                    |                       |                       |                    |
| Final 2009 ordinary   | 2.0                | 551,776               | Franked               | 7 October 2009     |
| Interim 2010 ordinary | 1.5                | <u>413,832</u>        | Franked               | 17 March 2010      |
| <b>Total</b>          |                    | <u>965,608</u>        |                       |                    |
| <b>2009</b>           |                    |                       |                       |                    |
| Final 2008 ordinary   | 3.3                | <u>910,429</u>        | Franked               | 7 October 2008     |
| <b>Total</b>          |                    | <u>910,429</u>        |                       |                    |

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

After the end of the reporting period, the directors have declared a final dividend of 2 cents per share, representing \$551,776 fully franked and payable on 8 October 2010. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2010. The declaration and subsequent payment of dividends has no income tax consequences.

**Dividend franking account**

30% franking credits available to shareholders of LandMark White Limited for subsequent financial years

| Company          |                  |
|------------------|------------------|
| 2010             | 2009             |
| \$               | \$               |
| <u>1,812,853</u> | <u>2,472,808</u> |

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**21. DIVIDENDS (continue)**

The above available amounts are based on the balance of the dividend franking account at the end of the reporting period 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 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 end of the reporting period but not recognised as a liability is to reduce it by \$659,955 (2009: \$236,785)

**22. FINANCIAL INSTRUMENTS**

**Credit Risk**

**Exposure to credit risk**

The carrying amount of the Consolidated Entity's financial assets represents the maximum credit risk exposure. The Consolidated Entity's maximum exposure to credit risk at the end of the reporting period was:

|                             |             | <b>Consolidated<br/>Carrying amount</b> |             |
|-----------------------------|-------------|---|-------------|
|                             |             | <b>2010</b>                             | <b>2009</b> |
|                             | <b>Note</b> | <b>\$</b>                               | <b>\$</b>   |
| Trade and other receivables | 11          | 2,953,426                               | 2,612,293   |
| Cash and cash equivalents   | 10          | 2,480,331                               | 2,156,035   |
| Current tax assets          | 13          | -                                       | 413,072     |
| Term deposits & other       |             | 477,763                                 | 427,517     |
|                             |             | 5,911,520                               | 5,608,917   |

The Consolidated Entity's maximum exposure to credit risk for trade and other receivables before impairment losses at the end of the reporting period by type of customer was:

|                                     |  | <b>Consolidated<br/>Carrying amount</b> |             |
|-------------------------------------|--|---|-------------|
|                                     |  | <b>2010</b>                             | <b>2009</b> |
|                                     |  | <b>\$</b>                               | <b>\$</b>   |
| Financial customers                 |  | 1,327,497                               | 967,195     |
| Commercial non financial customers  |  | 1,625,867                               | 1,590,091   |
| Residential non financial customers |  | 42,339                                  | 166,212     |
|                                     |  | 2,995,703                               | 2,723,498   |

The Consolidated Entity's most significant customer, an Australian financial customer, accounts for \$570,225 of the trade and other receivables carrying amount at 30 June 2010 (2009: financial customer \$322,734).

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. FINANCIAL INSTRUMENTS (Continue)**

**Impairment losses**

The aging of the Consolidated Entity's and Company's trade and other receivables at the end of the reporting period was:

|                       | <b>Consolidated</b>          |                                   |                              |                                   |
|-----------------------|------------------------------|-----------------------------------|------------------------------|-----------------------------------|
|                       | <b>Gross<br/>2010<br/>\$</b> | <b>Impairment<br/>2010<br/>\$</b> | <b>Gross<br/>2009<br/>\$</b> | <b>Impairment<br/>2009<br/>\$</b> |
| Not past due          | 2,288,017                    | -                                 | 1,495,178                    | -                                 |
| Past due 0-30 days    | 397,641                      | -                                 | 531,578                      | -                                 |
| Past due 31-120 days  | 285,467                      | 17,699                            | 419,329                      | -                                 |
| Past due 121-365 days | 24,578                       | 24,578                            | 277,413                      | 111,205                           |
|                       | 2,995,703                    | 42,277                            | 2,723,498                    | 111,205                           |

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

|                           | <b>Consolidated<br/>Carrying amount</b> |                    |
|---------------------------|---|--------------------|
|                           | <b>2010<br/>\$</b>                      | <b>2009<br/>\$</b> |
| Balance at 1 July         | 111,205                                 | 240,988            |
| Impairment loss (reduced) | (68,928)                                | (129,783)          |
| Balance at 30 June        | 42,277                                  | 111,205            |

Based on historic default rates, the Consolidated Entity believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 90 days. The Consolidated Entity's policy is to enforce upfront payment from clients who do not have a good credit history or from those who are relatively unknown. Accordingly, the trade receivables balance is comprised of customers that have no previous history of poor credit with the Consolidated Entity.

**Liquidity Risk**

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

**Consolidated**

**30 June 2010**

|   | <b>Carrying<br/>amount<br/>\$</b> | <b>Contractual<br/>cash flows<br/>\$</b> | <b>6<br/>months<br/>or less<br/>\$</b> | <b>6-12<br/>months<br/>\$</b> | <b>1-2<br/>years<br/>\$</b> | <b>2-5 years<br/>\$</b> | <b>More<br/>than 5<br/>years<br/>\$</b> |
|---|-----------------------------------|--|--|-------------------------------|-----------------------------|-------------------------|---|
| <b>Non-derivative<br/>financial liabilities</b> |                                   |  |  |                               |                             |                         |   |
| Trade and other<br>payables                     | 2,627,325                         | 2,627,325                                | 2,627,325                              |                               |                             |                         |   |
|   | 2,627,325                         | 2,627,325                                | 2,627,325                              |                               |                             |                         |   |

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**22. FINANCIAL INSTRUMENTS (continued)**

30 June 2009

|   | Carrying<br>amount | Contractu<br>al cash<br>flows | 6 months<br>or less | 6-12<br>month<br>s | 1-2<br>years | 2-5 years | More<br>than 5<br>years |
|---|--------------------|-------------------------------|---------------------|--------------------|--------------|-----------|-------------------------|
|   | \$                 | \$                            | \$                  | \$                 | \$           | \$        | \$                      |
| <b>Non-derivative<br/>financial liabilities</b> |                    |                               |                     |                    |              |           |                         |
| Trade and other<br>payables                     | 2,672,863          | 2,672,863                     | 2,672,863           | -                  | -            | -         | -                       |
|   | <u>2,672,863</u>   | <u>2,672,863</u>              | <u>2,672,863</u>    | <u>-</u>           | <u>-</u>     | <u>-</u>  | <u>-</u>                |

**Interest rate risk**

At the end of the reporting period the interest rate profile of the Consolidated Entity's interest-bearing financial instruments was:

|                                  | <b>Consolidated<br/>Carrying amount</b> |                  |
|----------------------------------|---|------------------|
|                                  | <b>2010</b>                             | <b>2009</b>      |
|                                  | \$                                      | \$               |
| <b>Variable rate instruments</b> |   |                  |
| Financial assets                 | <u>2,480,331</u>                        | <u>2,156,035</u> |

**Cash flow sensitivity analysis for rate instruments**

A change of 100 basis points in interest rates at the end of the reporting period would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

|                           | <b>Consolidated<br/>Profit or (loss)</b> |                            |
|---------------------------|--|----------------------------|
|                           | <b>100 bp<br/>increase</b>               | <b>100 bp<br/>decrease</b> |
| <b>30 June 2010</b>       |  |                            |
| Variable rate instruments | (24,803)                                 | 24,803                     |
| <b>30 June 2009</b>       |  |                            |
| Variable rate instruments | (21,560)                                 | 21,560                     |

**Fair values**

**Fair values versus carrying amounts**

The Directors consider that the fair value of financial assets and financial liabilities of the Consolidated Entity approximate their carrying amount.

**23. COMMITMENTS**

**Capital expenditure commitments**

The Consolidated Entity does not have any capital expenditure commitments at the end of the reporting period.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**23. COMMITMENTS (continued)**

**Operating lease commitments**

|  | <b>Consolidated</b> |                  |
|--|---------------------|------------------|
|  | <b>2010</b>         | <b>2009</b>      |
|  | <b>\$</b>           | <b>\$</b>        |
| Within one year                                | 1,145,856           | 1,215,889        |
| One year or later and no later than five years | 3,315,154           | 2,684,083        |
| Later than five years                          | 1,048,529           | 1,699,649        |
|  | <u>5,509,539</u>    | <u>5,599,621</u> |

The Consolidated Entity leases property and equipment under non-cancellable operating leases expiring from one to ten years. Leases of property generally provide the Consolidated Entity with a right of renewal at which time all terms are renegotiated. Lease payments may be increased to reflect market rates or changes in the Consumer Price Index.

**24. CONTINGENCIES**

The Consolidated Entity is involved in matters of litigation in the normal course of business in undertaking valuation services. At 30 June 2010, the consolidated entity has professional indemnity insurance, and under the terms of the insurance policy, each claim has an excess which is required to be paid by the Consolidated Entity. It was not practical to estimate the maximum contingent liability arising from litigation; however in a worse case situation there could be a material adverse effect on the Consolidated Entity's financial position. In the directors' opinion, disclosures of any further information in relation to litigation would be prejudicial to the interests of the Consolidated Entity.

**25. CONTROLLED ENTITIES**

**Particulars in relation to controlled entities**

| <b>Name</b>                                     | <b>2010<br/>ownership<br/>%</b> | <b>2009<br/>ownership<br/>%</b> |
|---|---------------------------------|---------------------------------|
| <i>Parent entity/Ultimate controlling party</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                             |
| LMW Group Pty Ltd                               | 100                             | 100                             |
| LMW Business Advisory Pty Ltd                   | 100                             | 100                             |
| LMW Invest Pty Ltd                              | 99.6                            | 99.3                            |
| LMWI Managed Investments Ltd                    | 100                             | 100                             |
| LandMark White (Melbourne) Pty Ltd              | 100                             | 100                             |
| LMW Advisory Pty Ltd                            | 100                             | 100                             |
| GSL Services Pty Ltd                            | -                               | 55                              |
| Guardian Securities Limited                     | -                               | 55                              |

All of the above controlled entities were incorporated in Australia.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**26. BUSINESS ACQUISITION**

There were no business acquisitions during the year (2009: Nil).

|  | <b>Consolidated</b> |                  |
|--|---------------------|------------------|
|  | <b>2010</b>         | <b>2009</b>      |
|  | <b>\$</b>           | <b>\$</b>        |
| <b>27. RECONCILIATION OF CASHFLOWS FROM OPERATING ACTIVITIES</b>   |                     |                  |
| <b>Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities</b> |                     |                  |
| Profit/(loss) for the period after tax   | 944,990             | (729,360)        |
| Adjustments for the period:  |                     |                  |
| Depreciation and amortisation  | 478,075             | 580,180          |
| Gain on sale of investment   | (188,348)           | -                |
| Doubtful debt write back   | (68,928)            | -                |
| Net loss on disposal of non-current assets   | 60,253              | 48,934           |
| Impairment losses  | -                   | 414,793          |
| Net cash provided by operating activities before change in assets and liabilities                                      | 1,226,042           | 314,547          |
| Change in assets and liabilities during the financial period:  |                     |                  |
| (Increase)/decrease in receivables   | (391,379)           | 1,574,173        |
| (Increase)/decrease in work in progress  | 11,806              | 17,528           |
| (Increase)/decrease in deferred tax assets   | 316,188             | (40,926)         |
| (Increase)/decrease in prepayments   | -                   | 61,686           |
| (Increase)/decrease in other assets  | (50,051)            | (523)            |
| Increase/(decrease) in payables  | (45,538)            | (847,130)        |
| Increase/(decrease) in provision for income tax  | 345,663             | (224,928)        |
| Increase/(decrease) in employee provision  | 143,016             | (26,226)         |
| Increase/(decrease) in provision make good   | -                   | 518,175          |
| Increase/(decrease) in other liabilities   | 130,473             | 198,407          |
| <b>Net cash provided by operating activities</b>   | <b>1,686,220</b>    | <b>1,544,783</b> |

**28. 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 G White (Chairman)  
Mr N Craig (resigned 22 January 2010)  
Mr S Gregory  
Mr D Hobart  
Mr A Meakin

**Executive Director**

Mr B Piltz (CEO)

**Executives**

Mr I Bangs  
Mr G Coonan

## 28. RELATED PARTIES (continued)

The total of remuneration paid to key management personnel for the year are as follow:

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.

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:

|                   | Held at<br>1 July<br>2009 | Granted as<br>compens-<br>ation | Exerci-<br>sed | Other<br>changes | Held at<br>30 June<br>2010 | Vested<br>during<br>the year | Vested and<br>exercisable<br>at 30 June<br>2010 |
|-------------------|---------------------------|---------------------------------|----------------|------------------|----------------------------|------------------------------|---|
| <b>2010</b>       |                           |                                 |                |                  |                            |                              |   |
| <b>Directors</b>  |                           |                                 |                |                  |                            |                              |   |
| Mr G White        | -                         | -                               | -              | -                | -                          | -                            | -   |
| Mr B Piltz        | -                         | -                               | -              | -                | -                          | -                            | -   |
| Mr N Craig        | -                         | -                               | -              | -                | -                          | -                            | -   |
| Mr S Gregory      | -                         | -                               | -              | -                | -                          | -                            | -   |
| Mr D Hobart       | -                         | -                               | -              | -                | -                          | -                            | -   |
| Mr A Meakin       | -                         | -                               | -              | -                | -                          | -                            | -   |
| <b>Executives</b> |                           |                                 |                |                  |                            |                              |   |
| Mr I Bangs        | -                         | -                               | -              | -                | -                          | -                            | -   |
| Mr G Coonan       | -                         | -                               | -              | -                | -                          | -                            | -   |



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**28. RELATED PARTIES (continued)**

|                   | Held at<br>1 July<br>2008 | Granted as<br>compens-<br>ation | Exercis-<br>ed | Other*<br>changes | Held at<br>30 June<br>2009 | Vested<br>during<br>the<br>year | Vested<br>and<br>exercisab-<br>le at 30<br>June 2009 |
|-------------------|---------------------------|---------------------------------|----------------|-------------------|----------------------------|---------------------------------|--|
| <b>2009</b>       |                           |                                 |                |                   |                            |                                 |  |
| <b>Directors</b>  |                           |                                 |                |                   |                            |                                 |  |
| Mr G White        | -                         | -                               | -              | -                 | -                          | -                               | -  |
| Mr B Piltz        | 350,000                   | -                               | -              | (350,000)         | -                          | -                               | -  |
| Mr N Craig        | -                         | -                               | -              | -                 | -                          | -                               | -  |
| Mr S Gregory      | -                         | -                               | -              | -                 | -                          | -                               | -  |
| Mr D Hobart       | -                         | -                               | -              | -                 | -                          | -                               | -  |
| <b>Executives</b> |                           |                                 |                |                   |                            |                                 |  |
| Mr I Bangs        | -                         | -                               | -              | -                 | -                          | -                               | -  |
| Mr G Coonan *     | 50,000                    | -                               | -              | (50,000)          | -                          | -                               | -  |

\* Other changes represent options that were forfeited during the year as performance conditions relating to profitability of a business unit for the year ended 30 June 2009 were not achieved.

***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:

|                           | Held at 1<br>July 2009 | Purchases | Exercise<br>of options | Sales | Held at 30<br>June 2010 |
|---------------------------|------------------------|-----------|------------------------|-------|-------------------------|
| <b>2010</b>               |                        |           |                        |       |                         |
| <b>Directors</b>          |                        |           |                        |       |                         |
| Mr G White                | 10,093,004             | -         | -                      | -     | 10,093,004              |
| Mr B Piltz                | 6,815,369              | -         | -                      | -     | 6,815,369               |
| Mr N Craig                | 29,000                 | -         | -                      | -     | 29,000                  |
| Mr S Gregory              | 129,000                | -         | -                      | -     | 129,000                 |
| Mr D Hobart               | -                      | -         | -                      | -     | -                       |
| Mr A Meakin               | -                      | -         | -                      | -     | -                       |
| <b>Executive officers</b> |                        |           |                        |       |                         |
| Mr I Bangs                | -                      | -         | -                      | -     | -                       |
| Mr G Coonan               | -                      | -         | -                      | -     | -                       |

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**28. RELATED PARTIES (continued)**

| <b>2009</b>               | <b>Held at 1</b> |                  | <b>Exercise</b>   |              | <b>Held at 30</b> |
|---------------------------|------------------|------------------|-------------------|--------------|-------------------|
| <b>Directors</b>          | <b>July 2008</b> | <b>Purchases</b> | <b>of options</b> | <b>Sales</b> | <b>June 2009</b>  |
| Mr G White                | 9,798,344        | 294,660          | -                 | -            | 10,093,004        |
| Mr B Piltz                | 6,815,369        | -                | -                 | -            | 6,815,369         |
| Mr N Craig                | 29,000           | -                | -                 | -            | 29,000            |
| Mr S Gregory              | 129,000          | -                | -                 | -            | 129,000           |
| Mr D Hobart               | -                | -                | -                 | -            | -                 |
| <b>Executive officers</b> |                  |                  |                   |              |                   |
| Mr I Bangs                | -                | -                | -                 | -            | -                 |
| Mr G Coonan               | -                | -                | -                 | -            | -                 |

The executive officers named are those who are directly accountable and responsible for the strategic direction and operational management of LandMark White Limited or its subsidiaries. In 2010 there were no executive officers holding shares in the Company. The Directors are of the opinion that only the executive officers detailed above meet the definition of key management personnel as set out in AASB 124.

***Non-key management personnel***  
***Identity of related parties***

The Consolidated Entity has a related party relationship with its subsidiaries (refer to note 25).

**29. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

A fully franked dividend of 2.0 cents per share was declared by Directors on 31 August 2010.

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

**DIRECTORS' DECLARATION**

- 1 In the opinion of the directors of LandMark White Limited ('the Company'):
  - (a) the financial statements and notes set out on pages 24 to 69 and the remuneration disclosures of the Remuneration report in the Directors' report, set out on pages 11 to 18, 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 2010 and of its performance, for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
  - (b) the financial report also complies with International Financial Reporting Standards as discussed in Note 1(a);
  - (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 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 2010.

Dated at Sydney this 31<sup>st</sup> day of August 2010.

Signed in accordance with a resolution of the directors:



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Brad Piltz  
Chief Executive Officer

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANDMARK WHITE LIMITED**

### **Report on the Financial Report**

We have audited the accompanying financial report of the consolidated entity comprising LandMark White Limited (the "Company") and the entities it controlled at the year's end or from time to time during the financial year which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

#### *Directors' Responsibility for the Financial Report*

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

**Sydney**  
Melbourne  
Brisbane  
Perth  
Adelaide  
Auckland

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**Praxity**  
MEMBER  
GLOBAL ALLIANCE OF  
INDEPENDENT FIRMS

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANDMARK WHITE LIMITED (CONT)**

### *Auditor's Opinion*

In our opinion:

- a. The financial report of the consolidated entity is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 11 to 18 of the directors' report for the year ended 30 June 2010. The directors of LandMark White Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

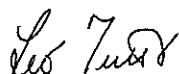
### *Auditor's Opinion*

In our opinion the Remuneration Report of LandMark White Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

### *Matters Relating to the Electronic Presentation of the Audited Financial Report*

The auditor's report relates to the consolidated financial report and remuneration report of LandMark White Limited for the year ended 30 June 2010 included on LandMark White Limited's website. The Directors of LandMark White Limited are responsible for the integrity of LandMark White Limited's website. We have not been engaged to report on the integrity of LandMark White Limited's website. The auditor's report refers only to the financial report and remuneration report. It does not provide an opinion on any other information which may have been hyperlinked to / from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report presented on this website.

William Buck  
Chartered Accountants



L.E. Tutt  
Partner  
Sydney, 31 August 2010

## 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 30 July 2010)

#### Substantial Shareholders

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

| Shareholder              | Number of Ordinary Shares |
|--------------------------|---------------------------|
| White Valuations Pty Ltd | 10,093,004                |
| Piltz Holdings Pty Ltd   | 6,815,369                 |

#### Voting Rights

##### Ordinary Shares

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

##### Options

There are no voting rights attached to options.

##### Distribution of equity security holders

| Category         | Ordinary Shares        |                   | Options                  |                   |
|------------------|------------------------|-------------------|--------------------------|-------------------|
|                  | Number of Shareholders | Number of Shares  | Number of Option Holders | Number of Options |
| 1 – 1,000        | 26                     | 23,147            | -                        | -                 |
| 1,001-5,000      | 375                    | 1,430,199         | -                        | -                 |
| 5,001-10,000     | 95                     | 815,420           | -                        | -                 |
| 10,001-50,000    | 106                    | 2,577,900         | -                        | -                 |
| 50,001-100,000   | 11                     | 846,384           | -                        | -                 |
| 100,001 and over | 27                     | 21,895,731        | 1                        | 1,200,000         |
| <b>Total</b>     | <b>640</b>             | <b>27,588,781</b> | <b>1</b>                 | <b>1,200,000</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 1,250 shares (based on closing price of \$0.40 on 30 July 2010) is 31 and they hold 29,219 securities.

## ASX ADDITIONAL INFORMATION (continued)

### *Twenty Largest Shareholders*

| <b>Name</b>                           | <b>Number of Ordinary<br/>Shares held</b> | <b>Percentage of<br/>capital held</b> |
|---------------------------------------|---|---------------------------------------|
| White Valuations Pty Ltd              | 10,093,004                                | 36.58%                                |
| Piltz Holdings Pty Ltd                | 6,815,369                                 | 24.69%                                |
| Llanzeal Pty Ltd                      | 551,551                                   | 2.00%                                 |
| Roskins Nominees Pty Ltd              | 519,028                                   | 1.88%                                 |
| Bawden Custodians                     | 443,146                                   | 1.61%                                 |
| Mr Christian Ernest Hansen & Mrs Fay  |   |                                       |
| Elizabeth Hansen                      | 400,000                                   | 1.45%                                 |
| Kevin King Pty Ltd                    | 400,000                                   | 1.45%                                 |
| Locope Pty Ltd                        | 364,600                                   | 1.32%                                 |
| Philips Consolidated Pty Ltd          | 308,682                                   | 1.12%                                 |
| Dr Russell Kay Hancock                | 275,000                                   | 1.00%                                 |
| Mrs Melinda Ellis                     | 245,000                                   | 0.89%                                 |
| Independent Property Analysts Pty Ltd | 175,000                                   | 0.63%                                 |
| Judi Dazeley Pty Ltd                  | 144,470                                   | 0.52%                                 |
| Cheviot Investments Pty Limited       | 135,000                                   | 0.49%                                 |
| Bengle Pty Ltd                        | 129,770                                   | 0.47%                                 |
| Glenura Pty Ltd                       | 125,000                                   | 0.45%                                 |
| Mr Stuart Carlton Gregory             | 125,000                                   | 0.45%                                 |
| Minara Pty Ltd                        | 123,619                                   | 0.45%                                 |
| Bond Street Custodians                | 119,250                                   | 0.43%                                 |
| C N & W J Pointon Pty Ltd             | 118,192                                   | 0.43%                                 |
|                                       | <hr/>                                     | <hr/>                                 |
|                                       | 21,610,681                                | 78.33%                                |

### **Offices and officers**

#### *Company Secretary*

Mr Ian Bangs

#### *Principal Registered Office*

Ground Floor Waterside East Tower

3 Holden Place

Bundall QLD 4217

Telephone: 07 5510 3100

Facsimile: 07 5510 3200

Website: [www.lmw.com.au](http://www.lmw.com.au)

#### *Location of Share Registry*

Brisbane

Link Market Services

#### *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.