

LANDMARK WHITE LIMITED
ACN 102 320 329

AND ITS CONTROLLED ENTITIES

HALF-YEAR FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

Office Locations:

New South Wales

Sydney
Parramatta
Wollongong
Alexandria

Victoria

Melbourne

Queensland

Brisbane
Gold Coast
Maroochydore

LANDMARK WHITE LIMITED
ACN 102 320 329

AND ITS CONTROLLED ENTITIES

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LANDMARK WHITE LIMITED
ACN 102 320 329

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report of LandMark White Limited ("the company" or "LandMark White"), for the half-year ended 31 December 2005, and the review report thereon.

DIRECTORS

The names of Directors of the company in office at any time during or since the end of the half-year are:

Name	Appointed
Ian Rust <i>Independent Chairman</i>	26 September 2002 (resigned 1 November 2005)
Glen White <i>Chairman</i>	26 September 2002
Brad Piltz <i>Executive Director</i> <i>Chief Executive Officer</i>	26 September 2002
Norman Craig <i>Independent Director</i>	9 October 2003
Stuart Gregory <i>Independent Director</i>	9 October 2003
David Hobart <i>Independent Director</i>	1 May 2005
Ross Perkins <i>Non-Executive Director</i>	26 September 2002 (resigned 25 October, 2005)

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the course of the period was property valuation services.

There were no significant changes in the nature of the activities of the consolidated entity during the period.

REVIEW OF OPERATIONS

The profit of the consolidated entity from ordinary activities after income tax for the half-year ended 31 December 2005 amounted to \$637,837 (2004: \$481,420) from revenues of \$9,322,548 (2004:\$ 7,697,972).

Revenues have grown in all sectors of our business, most notably in our LMW Residential operation which was established on 1 July 2004. In comparison to the December 2004 revenues, this current period has a full six months of revenues from the LMW Residential businesses acquired in November and December 2004. LMW Residential contributed revenues (excluding interest revenue) of \$1,602,868 in the 6 months to 31 December 2005 (December 2004: \$336,559).

**LANDMARK WHITE LIMITED
ACN 102 320 329**

DIRECTORS' REPORT

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

The lead auditor's independence declaration is set out on page 3 and forms part of the directors report for the half year ended 31 December 2005.

Signed in accordance with a resolution of the Board of Directors:

GLEN WHITE

Director
9 February 2006

**LANDMARK WHITE LIMITED
ACN 102 320 329**



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

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2005 there have been:

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

KPMG

Paul G Steer
Partner

Gold Coast
9 February 2006

LANDMARK WHITE LIMITED
AND ITS CONTROLLED ENTITIES
CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

		Consolidated entity	
	Notes	31 December 2005	31 December 2004
		\$	\$
Revenue from rendering of services		9,322,548	7,697,972
Employee expenses		6,283,477	4,816,813
Report presentation expenses		476,229	347,634
Marketing expenses		172,480	173,309
Administration expenses		446,066	782,461
Occupancy expenses		472,450	441,691
Depreciation and amortisation expenses		251,182	134,999
Other operating expenses		<u>314,671</u>	<u>337,848</u>
Operating profit before financing costs		<u>905,993</u>	<u>663,217</u>
Financial income		65,093	95,753
Financial expenses		-	-
Net financing income		<u>65,093</u>	<u>95,753</u>
Profit before tax		971,086	758,970
Income tax expense	3	<u>333,249</u>	<u>277,550</u>
Profit for the period		<u>637,837</u>	<u>481,420</u>
Basic earnings per share	5	<u>\$0.0235</u>	<u>\$0.0181</u>
Diluted earnings per share	5	<u>\$0.0234</u>	<u>\$0.0180</u>

The condensed interim income statement is to be read in conjunction with the notes to and forming part of the financial statements.

LANDMARK WHITE LIMITED
AND ITS CONTROLLED ENTITIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF
RECOGNISED INCOME AND EXPENSE
FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

	Consolidated entity	
	31 December 2005	31 December 2004
	\$	\$
Net income recognised directly in equity	-	-
Profit for the period	637,837	481,420
Total recognised income and expense for the period	637,837	481,420

Other movements in equity arising from transactions with owners as owners are set out in note 4.

The condensed interim statement of recognised income and expense is to be read in conjunction with the notes to and forming part of the financial statements.

LANDMARK WHITE LIMITED
AND ITS CONTROLLED ENTITIES
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2005

	Note	Consolidated entity	
		31 December 2005 \$	30 June 2005 \$
CURRENT ASSETS			
Cash and cash equivalents		2,490,673	3,132,454
Trade and other receivables	7	2,494,425	3,235,114
Work in progress		232,712	134,714
Other current assets		419,265	248,672
Total current assets		<u>5,637,075</u>	<u>6,750,954</u>
NON CURRENT ASSETS			
Intangible assets		3,149,842	3,149,842
Property, plant and equipment		1,269,464	1,184,737
Other non-current assets		121,470	121,361
Deferred tax assets	3	371,758	410,786
Total non current assets		<u>4,912,534</u>	<u>4,866,726</u>
Total assets		<u>10,549,609</u>	<u>11,617,680</u>
CURRENT LIABILITIES			
Trade and other payables	7	2,284,915	3,201,886
Income tax payable		22,492	230,498
Employee benefits		666,018	600,475
Provisions		20,775	20,896
Total current liabilities		<u>2,994,200</u>	<u>4,053,755</u>
NON-CURRENT LIABILITIES			
Employee benefits		179,219	156,271
Provisions		72,713	83,279
Total non-current liabilities		<u>251,932</u>	<u>239,550</u>
Total liabilities		<u>3,246,132</u>	<u>4,293,305</u>
NET ASSETS		<u>7,303,477</u>	<u>7,324,375</u>
EQUITY			
Issued capital		5,768,674	5,768,674
Reserves		35,052	14,942
Retained earnings		1,499,751	1,540,759
TOTAL EQUITY	4	<u>7,303,477</u>	<u>7,324,375</u>

The condensed interim balance sheet is to be read in conjunction with the notes to and forming part of the financial statements.

**LANDMARK WHITE LIMITED
AND ITS CONTROLLED ENTITIES**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

	Note	Consolidated entity	
		31 December 2005	31 December 2004
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		10,034,296	7,421,541
Cash paid to suppliers and employees		(9,224,193)	(7,766,622)
Cash generated from operations		810,103	(345,081)
Interest received		65,093	104,361
Income taxes paid		(502,227)	(956,276)
		372,969	(1,196,996)
Net cash from operating activities			
 CASH FLOW FROM INVESTING ACTIVITIES			
Payment for business combination, net of cash acquired		-	(758,029)
Acquisition of property, plant and equipment		(335,908)	(183,048)
		(335,908)	(941,077)
Net cash from investing activities			
 CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(678,842)	(660,000)
		(678,842)	(660,000)
Net cash from financing activities			
Net increase/(decrease) in cash and cash equivalents		(641,781)	(2,798,073)
Cash equivalents at 1 July		3,132,454	5,035,754
		2,490,673	2,237,681
Cash and cash equivalents at 31 December			

The condensed interim 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
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

1. SIGNIFICANT ACCOUNTING POLICIES

LandMark White Limited (the "Company" or "LandMark White") is a company domiciled in Australia. The condensed consolidated interim financial report of the Company for the six months ended 31 December 2005 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

The condensed consolidated interim financial report was authorised for issue by the directors on 9 February 2006.

(a) Statement of compliance

The condensed interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the AASB, being Australian equivalents to IFRS ("AIFRS").

This is the consolidated entity's first AIFRS condensed consolidated interim financial report for part of the period covered by the first AIFRS annual financial report and AASB 1 *First Time Adoption of Australian equivalents to International Financial Reporting Standards*. The condensed consolidated interim financial report does not include all of the information required for a full annual financial report.

The interim financial report is to be read in conjunction with the most recent annual financial report, however the basis of its preparation is different to that of the most recent annual financial report due to the first time adoption of AIFRS. This report must be read in conjunction with any public announcements made by LandMark White during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

An explanation of how the transition to AIFRS has affected the reported financial position, financial performance and cash flows of the consolidated entity is provided in note 8. This note includes reconciliations of equity and profit or loss for comparative periods reported under Australian GAAP (previous GAAP) to those reported for those periods under AIFRS.

(b) Basis of preparation

The financial report is presented in Australian dollars.

The financial report is prepared on the historical cost basis except where indicated.

The preparation of an interim financial report in conformity with AASB 134 *Interim Financial Reporting* requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

LANDMARK WHITE LIMITED
AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. SIGNIFICANT ACCOUNTING POLICIES

(b) Basis of preparation (cont)

These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The condensed consolidated interim financial report has been prepared on the basis of AIFRS in issue that are effective or available for early adoption at the consolidated entity's first AIFRS annual reporting date, 30 June 2006. Based on these AIFRS, the Directors have made assumptions about the accounting policies expected to be adopted when the first AIFRS annual financial report is prepared for the year-ended 30 June 2006.

The Australian Accounting Standards and UIG Interpretations that will be effective or available for voluntary early adoption in the annual financial statements for the period ended 30 June 2006 are still subject to change and therefore cannot be determined with certainty. Accordingly, the accounting policies for the annual period that are relevant to the interim financial information will be determined only when the first AIFRS financial statements are prepared as at 30 June 2006.

The preparation of the condensed consolidated interim financial report in accordance with AASB 134 resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous GAAP. The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements. They also have been applied in preparing the opening AIFRS balance sheet at 1 July 2004 for the purpose of the transition to Australian Accounting Standards – AIFRS, as required by AASB 1. The impact of the transition from previous GAAP to AIFRS is explained in Note 8. The accounting policies have been applied consistently throughout the consolidated entity for purposes of the condensed consolidated interim financial report.

(c) Basis of consolidation

Subsidiaries

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

Transactions eliminated on consolidation

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

LANDMARK WHITE LIMITED
AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. SIGNIFICANT ACCOUNTING POLICIES

(d) Property, plant and equipment

Owned assets

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

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

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The depreciation/amortisation rates in the current and comparative periods are as follows:

- Leasehold improvements 14 – 33%
- Plant and equipment 20 – 25 %

The residual value, if not insignificant, is reassessed annually.

(e) Trade and other receivables

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

(f) Expenses

Net financing costs/income

Net financing costs/income comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income and foreign exchange gains and losses that are recognised in the income statement.

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

(g) Employee Benefits

Share-based payment transactions

The fair value of options granted to employees 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 options is measured using the Black-Scholes 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.

LANDMARK WHITE LIMITED
AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. SIGNIFICANT ACCOUNTING POLICIES

(h) Intangible assets

(i) Goodwill

Business combinations prior to 1 July 2004

Goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 July 2004 have not been reconsidered in preparing the consolidated entity's opening AIFRS balance sheet at 1 July 2004.

Business combinations since 1 July 2004

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 (see accounting policy h).

Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment.

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

(ii) Other intangible assets

Other intangible assets that are acquired by the consolidated entity are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy h).

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

(iii) Subsequent expenditure

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

(iv) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

LANDMARK WHITE LIMITED
AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. SIGNIFICANT ACCOUNTING POLICIES

(i) Impairment

The carrying amounts of the consolidated entity's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated annually.

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

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

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

Calculation of recoverable amount

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

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

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

Reversals of impairment

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

LANDMARK WHITE LIMITED
AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. SIGNIFICANT ACCOUNTING POLICIES

(i) Impairment (continued)

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, 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.

(j) Income tax

Income tax on the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

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

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

Tax consolidation

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

LANDMARK WHITE LIMITED
AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

2. SEGMENT REPORTING

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

3. INCOME TAXES

Current Income Tax

Current income tax expense for the interim periods presented is the expected tax payable on the taxable income for the period, calculated as the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

Current tax for current and prior periods is classified as a current liability to the extent that it is unpaid. Amounts paid in excess of amounts owed are classified as a current asset.

Deferred tax

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the estimated average annual effective income tax rate for the interim periods presented.

The primary components of the entity's recognised deferred tax assets include temporary differences related to employee benefits, provisions, capital raising costs and other items.

The primary components of the entity's deferred tax liabilities include temporary differences related to work in progress.

Deferred tax expense arises from the origination and reversal of temporary differences, the effects of changes in tax rates and the benefits of tax losses recognised. The primary component of deferred tax expense for the six months ended 31 December 2005 is related to an increase in deferred tax liabilities, relating primarily to employee benefits, provisions and other items.

Tax consolidation

In accordance with the tax consolidation legislation, the Company as the head entity of the Australian tax-consolidated group has assumed the current tax liability (asset) and deferred tax assets arising from unused tax losses / credits initially recognised by the members in the tax consolidated group. There was no impact on the consolidated entity upon adoption of UIG 1052 *Tax Consolidation Accounting*.

**LANDMARK WHITE LIMITED
AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

4. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves

Consolidated	Share Capital	Option Reserve	Retained Profits	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2005	5,768,674	14,942	1,540,759	7,324,375
Total recognised income and expense	-	-	637,837	637,837
Equity settled transactions, net of tax	-	20,110	-	20,110
Dividends to shareholders	-	-	(678,845)	(678,845)
	<hr/>			
Balance at 31 December 2005	5,768,674	35,052	1,499,751	7,303,477

Share capital

The consolidated entity recorded the following amounts within shareholders' equity as a result of the issue of ordinary shares.

For the six months ended 31 December 2005	31 December 2005	30 June 2005
	\$	\$
Issue of ordinary shares	5,768,674	5,768,674
	<hr/>	
	No. of shares	No. of shares
On issue at 1 July	27,153,781	26,400,000
Shares issued for the acquisition of the business of Alcorp Smith Valuers	-	371,429
Shares issued for the acquisition of the business of Madden Hill Valuers	-	382,352
	<hr/>	
On issue at 31 December	27,153,781	27,153,781

Dividends

The following dividends were paid by the consolidated entity.

During the six months ended 31 December	31 December 2005	31 December 2004
	\$	\$
\$0.025 per ordinary share (2004: \$0.025)	678,845	660,000

**LANDMARK WHITE LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

5. EARNINGS PER SHARE

Basic earning per share

The calculation of basic earnings per share for the six months ended 31 December 2005 was based on the profit attributable to ordinary shareholders of \$637,837 (six months ended 31 December 2004: \$481,420) and a weighted average number of ordinary shares outstanding during the six months ended 31 December 2005 of 27,153,781 (six months ended 31 December 2004: 26,583,458), calculated as follows:

Profit attributable to ordinary shareholders For the six months ended 31 December	31 December 2005 \$	31 December 2004 \$
Profit attributable to ordinary shareholders	637,837	481,420
Weighted average number of ordinary shares For the six months ended 31 December 2005	No. of shares	No. of shares
Issued ordinary shares at 1 July	27,153,781	26,400,000
Effect of shares issued in November and December 2004	-	183,458
Weighted average number of ordinary shares at 31 December	27,153,781	26,583,458

Diluted earning per share

The calculation of diluted basic earnings per share for the six months ended 31 December 2005 was based on the profit attributable to ordinary shareholders of \$637,837 (six months ended 31 December 2004: \$481,420) and a weighted average number of ordinary shares outstanding during the six months ended 31 December 2005 of 27,294,008 (six months ended 31 December 2004: 26,645,346), calculated as follows:

Profit attributable to ordinary shareholders (diluted) For the six months ended 31 December 2005	31 December 2005 \$	31 December 2004 \$
Profit attributable to ordinary shareholders (diluted)	637,837	481,420
Weighted average number of ordinary shares (diluted) For the six months ended 31 December	31 December 2005 No. of shares	31 December 2004 No. of shares
Weighted average number of ordinary shares at 31 December	27,153,781	26,583,458
Effect of share options on issue	140,227	61,888
Weighted average number of ordinary shares (diluted) at 31 December	27,294,008	26,645,346

**LANDMARK WHITE LIMITED
AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

6. EMPLOYEE BENEFITS

Share based payments

2,000,000 options to purchase shares were granted to an employee on 30 December 2005. The options expire on the earlier of their expiry date or termination of the employees employment. 400,000 options vest on 1 July of each year from 2006 to 2010 and then only upon achievement of set levels of growth in Net Profit before tax and certain other expenses.

The terms and conditions of the grants made during the six months ended 31 December 2005 are as follows; all option exercises are settled by physical delivery of shares:

Grant date / employee entitled	Number of options	Vesting conditions	Contractual life of options
Granted to one senior employee on 30 December 2005	2,000,000	Achieve significant growth in divisional trading profit	5 years

The fair value of services received in return for share options granted to employees is measured by reference to the fair value of share options granted. The estimate of the fair value of the options granted is measured based on the Black-Scholes model and the value determined is discounted to reflect the fair value. The fair value of the 2,000,000 options relating to the period ended 31 December 2005 has been expensed.

Fair value of share options and assumptions For the six months ended 31 December 2005	31 December 2005
Fair value at measurement date	\$0.05
Share price	\$0.59
Exercise price	\$0.59
Expected volatility	40%
Option life	5 years
Expected dividend yield	7.6%
Risk-free interest rate	5.5%

The expected volatility is based on the historical volatility (calculated based on the weighted average remaining life of share options), adjusted for any expected changes to future volatility due to publicly available information.

Share options are granted under a service condition and, for the options granted in this period, a non-market performance condition related to profitability of their business unit. Such conditions are not taken into account in the grant date fair value measurement of the services received. There are no market conditions associated with the share option grants.

The value of the options calculated under the Black-Scholes method has been discounted based on the expected value a willing market participant would place on the options.

**LANDMARK WHITE LIMITED
AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

7. FINANCIAL INSTRUMENTS

Fair values

The carrying amount of financial instruments at 31 December 2005 and 30 June 2005 approximate their fair value.

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

Trade and other receivables/payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. There are no other receivables/payables that require discounting.

8. EXPLANATION OF TRANSITION TO AIFRS

As stated in note 1(a), these are the consolidated entity's first condensed interim consolidated financial statements for part of the period covered by the first AIFRS annual consolidated financial statements prepared in accordance with Australian Accounting Standards - AIFRS.

The accounting policies in Note 1 have been applied in preparing the condensed consolidated interim financial statements for the six months ended 31 December 2005, the comparative information for the six months ended 31 December 2004, the financial statements for the year ended 30 June 2005 and the preparation of an opening AIFRS balance sheet at 1 July 2004 (the consolidated entity's date of transition).

In preparing its opening AIFRS balance sheet, comparative information for the six months ended 31 December 2004 and the financial statement for the year ended 30 June 2005, the consolidated entity has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (previous GAAP).

**LANDMARK WHITE LIMITED
AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

8. EXPLANATION OF TRANSITION TO AIFRS (continued)

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

Reconciliation of equity

Note	Previous GAAP	Effect of transition to AIFRS 1 July 2004	AIFRS	Previous GAAP	Effect of transition to AIFRS 31 December 2004	AIFRS	Previous GAAP	Effect of transition to AIFRS 30 June 2005	AIFRS
CURRENT ASSETS									
	5,035,754	-	5,035,754	2,237,681	-	2,237,681	3,132,454	-	3,132,454
(a)	2,129,598	11,580	2,141,178	2,349,396	-	2,349,396	3,235,114	-	3,235,114
	228,145	-	228,145	228,668	-	228,668	134,714	-	134,714
	200,830	-	200,830	461,559	-	461,559	248,672	-	248,672
Total current assets	7,594,327	11,580	7,605,907	5,277,304	-	5,277,304	6,750,954	-	6,750,954
NON CURRENT ASSETS									
(d)	1,839,721	-	1,839,721	3,080,311	64,293	3,144,604	3,017,533	132,309	3,149,842
	882,053	-	882,053	1,024,953	-	1,024,953	1,184,737	-	1,184,737
	102,595	-	102,595	114,572	-	114,572	121,361	-	121,361
(b/c)	178,409	126,398	304,807	235,046	118,008	353,054	299,312	111,474	410,786
Total non current assets	3,002,778	126,398	3,129,176	4,454,882	182,301	4,637,183	4,622,943	243,783	4,866,726
Total assets	10,597,105	137,978	10,735,083	9,732,186	182,301	9,914,487	11,373,897	243,783	11,617,680

LANDMARK WHITE LIMITED
AND ITS CONTROLLED ENTITIES
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FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

8. EXPLANATION OF TRANSITION TO AIFRS (continued)

Reconciliation of equity (continued)

	Note	Previous GAAP	Effect of transition to AIFRS 1 July 2004	AIFRS	Previous GAAP	Effect of transition to AIFRS 31 December 2004	AIFRS	Previous GAAP	Effect of transition to AIFRS 30 June 2005	AIFRS
CURRENT LIABILITIES										
Trade and other payables	(a)	2,788,377	(50,000)	2,738,377	2,068,974	-	2,068,974	3,201,886	-	3,201,886
Income tax payable		764,431	-	764,431	118,165	-	118,165	230,498	-	230,498
Employee benefits		481,080	-	481,080	521,298	-	521,298	600,475	-	600,475
Provisions		20,896	-	20,896	20,852	-	20,852	20,896	-	20,896
Total current liabilities		4,054,784	(50,000)	4,004,784	2,729,289	-	2,729,289	4,053,755	-	4,053,755
NON-CURRENT LIABILITIES										
Employee benefits		134,609	-	134,609	193,731	-	193,731	156,271	-	156,271
Provisions		104,479	-	104,479	93,836	-	93,836	83,279	-	83,279
Total non-current liabilities		239,088	-	239,088	287,567	-	287,567	239,550	-	239,550
Total liabilities		4,293,872	(50,000)	4,243,872	3,016,856	-	3,016,856	4,293,305	-	4,293,305
NET ASSETS		6,303,233	187,978	6,491,211	6,715,330	182,301	6,897,631	7,080,592	243,783	7,324,375
EQUITY										
Issued capital	(b)	5,063,363	120,311	5,183,674	5,648,363	120,311	5,768,674	5,648,363	120,311	5,768,674
Reserves		7,663	-	7,663	7,663	-	7,663	14,942	-	14,942
Retained earnings	(e)	1,232,207	67,667	1,299,874	1,059,304	61,990	1,121,294	1,417,287	123,472	1,540,759
TOTAL EQUITY		6,303,233	187,978	6,491,211	6,715,330	182,301	6,897,631	7,080,592	243,783	7,324,375

**LANDMARK WHITE LIMITED
AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

8. EXPLANATION OF TRANSITION TO AIFRS (continued)

Notes to the reconciliation of equity

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

The effect on the 30 June 2004 Balance Sheet is to increase Receivables by \$11,580 and decrease Trade and other payables by \$50,000. There were no general provisions for doubtful debts as at 31 December 2004 or 30 June 2005.

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

The effect of this change was to increase Contributed Equity by \$120,311, increase Deferred tax assets by \$96,249 and decrease Retained earnings by \$24,062. The amount of the tax benefit realised totalled \$12,031 for the 6 months ended 31 December 2004 and \$24,062 for the year ended 30 June 2005.

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

The effect of this change on the previous GAAP Financial Statements at 30 June 2004 was an increase in Deferred tax assets of \$32,701 and an increase in Deferred tax liabilities of \$2,552 and an increase in Retained earnings of \$30,149. The effect on the previous GAAP Financial Statements at 31 December 2004 was an increase in Deferred tax assets of \$33,760, a decrease in Deferred tax liabilities of \$30 and an increase in Retained earnings of \$33,790. The effect on the GAAP Financial Statements at 30 June 2005 was an increase in Deferred tax assets of \$39,256, a decrease in Deferred tax liabilities of \$31 and an increase in Retained earnings of \$39,287

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

The effect of this change on the previous GAAP Financial Statements was to increase Goodwill and reduce Depreciation and amortisation expense by \$64,293 for the 6 months ended 31 December 2004 and by \$132,309 for the 12 months ended 30 June 2005

**LANDMARK WHITE LIMITED
AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

8. EXPLANATION OF TRANSITION TO AIFRS (continued)

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

	Note	1 July 2004 \$	31 December 2004 \$	30 June 2005 \$
Receivables	(a)	11,580	-	-
Deferred tax	(b/c)	6,087	(2,303)	(8,837)
Trade and other payables	(a)	50,000	-	-
Intangible assets	(d)	-	64,293	132,309
		<u>67,677</u>	<u>61,990</u>	<u>123,472</u>

Adjustments to the cash flow statement for 2005

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

LANDMARK WHITE LIMITED
AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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8. EXPLANATION OF TRANSITION TO AIFRS (continued)
Reconciliation of Profit for 2005

	Note	Previous GAAP	Effect of transition to AIFRS	AIFRS	Previous GAAP	Effect of transition to AIFRS	AIFRS
		For the six months ended 31 December 2004			For the year ended 30 June 2005		
Revenue from rendering of services		7,697,972	-	7,697,972	17,645,704	-	17,645,704
Employee expenses		4,816,813	-	4,816,813	11,326,597	-	11,326,597
Report presentation expenses		347,634	-	347,634	788,992	-	788,992
Marketing expenses		173,309	-	173,309	260,927	-	260,927
Administration expenses	(a)	720,881	61,580	782,461	1,321,850	61,580	1,383,430
Occupancy expenses		441,691	-	441,691	938,155	-	938,155
Depreciation and amortisation expenses	(d)	199,292	(64,293)	134,999	493,212	(132,309)	360,903
Other operating expenses		337,848	-	337,848	595,743	-	595,743
Operating profit before financing costs		660,504	2,713	663,217	1,920,117	70,729	1,990,957
Financial income		95,753	-	95,753	146,210	-	146,210
Financial expenses		-	-	-	-	-	-
Net financing income		95,753	-	95,753	146,210	-	146,210
Profit before tax		756,257	2,713	758,970	2,066,438	70,729	2,137,167
Income tax expense	(b/c)	269,160	8,390	277,550	678,282	14,924	693,206
Profit for the period		487,097	(5,677)	481,420	1,388,156	55,805	1,443,961
Basic earnings per share		\$0.0183	(\$0.0002)	\$0.0181	\$0.0516	\$0.0021	\$0.0537
Diluted earnings per share		\$0.0182	(\$0.0002)	\$0.0180	\$0.0510	\$0.0021	\$0.0531

LANDMARK WHITE LIMITED

ACN 50 102 320 329

DIRECTORS' DECLARATION

In the opinion of the Directors of LandMark White Limited ("the company"):

1. the financial statements and notes set out on pages 4 to 23, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2005 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Brisbane this 9th day of February 2006.

Signed in accordance with a resolution of the directors:

Glen White
Director

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

Scope

The financial report and directors' responsibility

The financial report comprises the condensed consolidated statement of income, statement of recognised income and expense, balance sheet, statement of cash flows, accompanying notes 1 to 8 to the financial statements, and the directors' declaration set out on pages 4 to 24 for the LandMark White Limited Consolidated Entity ("the consolidated entity"), for the half-year ended 31 December 2005. The consolidated entity comprises LandMark White Limited ("the company") and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for preparing the relevant reconciling information regarding adjustments required under the Australian Accounting Standard AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards*.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 134 *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of company personnel; and
- analytical procedures applied to the financial data.

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

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

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

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of LandMark White Limited is not in accordance with:

- a) the Corporations Act 2001, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
 - ii. complying with Australia Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- b) other mandatory financial reporting requirements in Australia.

KPMG

Paul Steer
Partner

Place: Bundall
Date: 9 February 2006