LMWGroup

19th November 2013

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Chairman's 2013 AGM Address

The 2013 Financial Year was one in which the company moved to adopt a franchising model for its commercial valuation business. Two offices, being Sydney and Sunshine Coast, are now franchisee operations and it is the company's intention to continue in this direction. The company commenced down this path in order to attract high quality and motivated staff, through the availability of equity in the franchisee operations, to improve the return to shareholders and to provide a more stable profit with a lower risk profile. To date this strategy is proving successful.

The 2013 Financial Year was one in which the group's Profit After Tax increased 46% to $724k. Again our residential valuation business continues to perform very well, as financial institutions maintain their support of property markets of perceived lower risk, that is, of owner occupied and single residential dwelling and unit markets. Whilst LandMark White's commercial valuation businesses have struggled in comparison, as finance to the commercial markets has been considerably more constrained. We are nevertheless seeing some positive signs of improved confidence in the commercial markets and a definite improvement in sentiment. LandMark White's diversification into both the residential markets (trading as LMW Hegney) and the commercial markets (trading as LandMark White) continues to prove beneficial to the overall business.

A summary of our results for last financial year ended 30 June 2013, is as follows;

- Revenue from continuing operations decreased to $19.6 million, which is down 5% from 2012. This reflects the licensing of the Sydney Commercial office on 1 February this year with licensing fees for 5 months included, rather than 5 months of valuation revenue for that office. If licensee valuation revenues were included in place of license fees, total revenue would have been $21.6m, an increase of 4% on 2012 revenue.
- Profit before tax from continuing operations increased to $1.1 million, up from a profit of $0.8m in 2012;
- After tax profit of $724k was up from a profit of $496k in 2012;
- Positive cash flow from operating activities of $834k;
- Earnings per share at 2.6 cents (compared with 1.8 cents in 2012);
- Final dividend of 2.25 cents paid on 2 October 2013;
- Total dividends in respect of the 2013 year were 3.25 cents per share, an increase of 0.25 cents on the 2012 year;
- Dividends were fully franked; (franking credits on a tax paid basis were $1.5m at 30 June 2013. Without future tax payments 12.7 cents per share could be paid out as fully franked dividends.)
- LandMark White remains debt free;
- Bank balance at 31 October 2013 was $1 million in funds.

The above results were achieved in a difficult but improving year in the property industry. As noted above, the LMW Group continues to carry no debt, a significant point of difference from many publicly listed companies in the property sector and beneficial at a time of tight, if not expensive finance.

Dividend

LMW Group declared and paid dividends totalling 3.25 cents per share for the financial year, an increase of 0.25 cents on the previous financial year. The dividend reflects LMW Group's expectations of an improved performance for the 2014 financial year, our strong cash position and our commitment to our shareholders.

Significant Business Development

As reported above we have in the last year moved towards franchising our commercial valuation businesses. We believe this will provide the impetus for growth in the valuation business into the future.

Again this year, we have received a further substantial increase in our professional indemnity insurance premium. This continues to reflect the very tight liability insurance market, particularly affecting property valuers. Management continues to work closely with our insurers and insurance brokers to arrest this trend by improving our risk management systems.

Outlook

While residential lending remains reasonably positive, we cannot anticipate with any certainty the banking industry's support, or otherwise, of commercial property markets. We continue to contain costs and we believe that our IT and Risk Management systems offer a significant advantage over our competition in attracting and retaining quality property professionals.

To date this financial year our results have been positive in relation to last year and our expectation is for significant improvement for the full year.

As always, but especially in these market conditions, I would like to thank management and staff, not only for their dedication and commitment to the company, but also for their understanding and assistance in making those very tough changes needed to ensure our ongoing success. It has been a pleasure to work with some of the most experienced people within the property valuation profession. We continue to seek improvement in our businesses and I look forward to bringing better news to staff and our shareholders as this financial year progresses.

Finally I would like to thank our shareholders for their continued support and I look forward to working with the board and all employees to create value for our shareholders.

Stuart Gregory

Chairman and Non-Executive Director