

DGSE COMPANIES INC  
Form 10-Q/A  
March 19, 2010

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q/A  
(Amendment number 2)

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2009  
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_ to \_\_\_

Commission File Number 1-11048

DGSE Companies, Inc.  
(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of  
incorporation or organization)

88-0097334  
(I.R.S. Employer  
Identification No.)

11311 Reeder Road  
Dallas, Texas 75229  
(972) 484-3662  
(Address, including zip code, and telephone  
number, including area code, of registrant's  
principal executive offices)

NONE  
(Former name, former address and former  
fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company

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(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
YES  NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of August 10, 2009:

Class	Outstanding
Common stock, \$.01 par value per share	9,833,635

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EXPLANATION

Reason for amendment:

To reflect correct dates on signature pages.

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## DGSE Companies, Inc. and Subsidiaries

## PART I. FINANCIAL INFORMATION

## Item 1. Consolidated Financial Statements.

## CONSOLIDATED BALANCE SHEETS

	June 30, 2009 Unaudited	December 31, 2008
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,244,871	\$ 244,429
Trade receivables	1,459,641	2,326,337
Inventories	15,773,614	16,052,833
Prepaid expenses	675,888	533,318
Prepaid federal income tax	536,599	639,372
Current assets of discontinued operations	—0—	900,306
Total current assets	19,690,613	20,696,595
Property and equipment, net	4,797,727	4,868,306
Deferred income taxes	1,857,901	1,908,032
Goodwill	837,117	837,117
Intangible assets	2,464,006	2,492,673
Other assets	282,401	235,917
Non-current assets of discontinued operations	305,275	305,275
	\$ 30,235,040	\$ 31,343,915
<b>LIABILITIES</b>		
Current Liabilities:		
Notes payable	\$ 44,971	\$ 191,078
Current maturities of long-term debt	340,357	599,972
Line of credit	3,195,000	3,595,000
Accounts payable – trade	320,525	734,906
Accrued expenses	108,461	647,536
Customer deposits	982,748	1,230,991
Current liabilities of discontinued operations	—0—	33,144
Total current liabilities	4,992,062	7,032,627
Long-term debt, less current maturities	11,723,285	11,715,765
	16,715,347	18,748,392
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$.01 par value; 30,000,000 shares authorized; 9,833,635 and 9,833,635 shares issued and outstanding at the end of each period in 2009 and 2008, respectively	98,337	98,337
Additional paid-in capital	18,546,812	18,541,662
Retained deficit	(5,125,456)	(6,044,476)

13,519,693 12,595,523

\$ 30,235,040 \$ 31,343,915

The accompanying notes are an integral part of these consolidated financial statements

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## DGSE Companies, Inc. and Subsidiaries

## CONSOLIDATED STATEMENTS OF OPERATIONS

Six months ended June 30,  
2009 2008  
Unaudited

Revenue	Name	Age	Position with Landmark Bancorp and Landmark National Bank	Director Since(1)
<b>CLASS III</b>				
<b>(Term Expires 2007)</b>				
Patrick L. Alexander	52	President, Chief Executive Officer and Director of Landmark Bancorp and Landmark National Bank	1990	
Jim W. Lewis	49	Director of Landmark Bancorp and Landmark National Bank	1991	
Jerry R. Pettle	66	Director of Landmark Bancorp and Landmark National Bank	1978	
Larry L. Schugart	65	Chairman of the Board and Director of Landmark Bancorp and Landmark National Bank	1971	

- (1) Indicates the year first elected to the board of directors of MNB Bancshares, Inc. or Landmark Bancshares, Inc. (or their respective banking subsidiaries), the predecessor companies to Landmark Bancorp.

All of our directors will hold office for the terms indicated, or until their earlier death, resignation, removal or disqualification, and until their respective successors are duly elected and qualified. There are no arrangements or understandings between any of the nominees, directors or executive officers and any other person pursuant to which any of our nominees, directors or executive officers have been selected for their respective positions, except that Landmark Bancorp and Landmark National Bank have entered into employment contracts with Messrs. Alexander and Schugart. Mr. Schugart's employment agreement expired under its own terms in October of 2004. No director is related to any other director or executive officer of Landmark Bancorp or Landmark National Bank by blood, marriage or adoption.

The business experience of each nominee and continuing director for the past five years is as follows:

*Patrick L. Alexander* is the President and Chief Executive Officer of Landmark Bancorp and Landmark National Bank. He became President and Chief Executive Officer of the Manhattan Federal Savings and Loan Association (the predecessor to Security National Bank) in 1990, and became the President and Chief Executive Officer of MNB Bancshares and Security National Bank in 1992 and 1993, respectively. From 1986 to 1990, Mr. Alexander served as President of the Kansas State Bank of Manhattan, Manhattan, Kansas. Mr. Alexander serves as a member of the board of directors of the Big Lakes Development Center, Inc.

*Larry L. Schugart* has served with Landmark Federal Savings Bank, Landmark Bancshares and Landmark Bancorp for over 41 years. He served as President, Chief Executive Officer and a director of Landmark Bancshares from its incorporation in 1993 until the merger in 2001. He is a former director of the Federal Home Loan Bank of Topeka where he served on the Finance and Executive Committees. Mr. Schugart is a former member and chair of various committees of the Heartland Community Bankers Association, is a past Chairman of the Kansas-Nebraska League of Savings and served as a member of the Governmental Affairs Committee of the American Community Bankers. In addition, Mr. Schugart has been president of numerous civic and charitable organizations in Great Bend, Kansas.

*Richard A. Ball*, a certified public accountant, is a member of Adams, Brown, Beran & Ball, Chtd., an accounting firm with offices in Great Bend, Hays, LaCrosse, Ellinwood, Colby, Lyons,



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McPherson and Hutchinson, Kansas. He is also President of Ball Consulting Group, Ltd. He has served as a Board Chairman of the Great Bend Chamber of Commerce, Great Bend United Way, Petroleum Club and Barton County Community College Academic Fund Campaign. He has also served on the boards of the Kiwanis Club, Cougar Booster Club, Downtown Development, Mid-Kansas Economic Development and the Kansas Oil & Gas Museum Committee.

*Brent A. Bowman* has been President of Brent Bowman and Associates Architects, P.A., an architectural firm in Manhattan, Kansas, since 1979. He serves on the board of directors of Big Lakes Developmental Center, Inc.

*Joseph L. Downey* served as a director of Dow Chemical Co. for ten years until his retirement from the board in 1999. He was a Dow Senior Consultant from 1995 until 1999, after having served in a variety of executive positions with that company, including Senior Vice President from 1991 to 1994. In 2004, Mr. Downey became a director of Nanoscale Materials, Inc., which has a class of securities registered under the Securities and Exchange Act of 1934.

*Jim W. Lewis* is the owner of several automobile dealerships across the state of Kansas, including Dodge City Toyota, Inc. Mr. Lewis is a member of the Dodge City Area Chamber of Commerce. He was a founding member of The Alley, a community teen center in Dodge City.

*Jerry R. Pettle* is a dentist who practiced with Dental Associates of Manhattan, P.A., in Manhattan, Kansas, from 1965 until his retirement in 1999. Dr. Pettle was a former examiner for the Kansas Dental Board. Dr. Pettle serves on the board of directors of Mercy Regional Health Center.

*Susan E. Roepke* is a former Vice President of MNB Bancshares, serving in that capacity from its inception in 1992 until she retired as an officer of MNB Bancshares and Security National Bank at the end of 1998. She also served in a number of senior management positions with Security National Bank since 1970, including Senior Vice President, Secretary and Cashier since 1993.

*C. Duane Ross* is President and Chief Executive Officer of High Plains Publishers, Inc., a publishing/printing company. Mr. Ross is Vice Chairman of the Board of Commissioners of the Dodge City Housing Authority, a current member of the Dodge City Community College Endowment Board, and a past President of the Dodge City/Ford County Development Corporation. In addition, he is a past President of the Dodge City Community College Foundation and is a past President of the Dodge City Area Chamber of Commerce.

*David H. Snapp* is a partner in the law firm of Waite, Snapp & Doll in Dodge City, Kansas. Mr. Snapp is also a board member of Arrowhead West, Inc., a mental and physical rehabilitation center, the Community Foundation of Southwest Kansas and Catholic Social Service.

In addition, the business experience for the past five years of each executive officer named in the compensation table is as follows:

*Mark A. Herpich* has served as Vice President, Secretary, Treasurer and Chief Financial Officer of Landmark Bancorp and as Executive Vice President, Secretary and Chief Financial Officer of Landmark National Bank since October, 2001. Previously, he held these same positions at MNB Bancshares and Security National Bank from September, 1998 to October, 2001. Mr. Herpich served as a Senior Manager and certified public accountant at KPMG LLP from August 1989 to September 1998.

*Mark J. Oliphant* has served as a Market President of Landmark National Bank since October, 2001. Prior to joining Landmark National Bank, Mr. Oliphant served as a Market President for Bank of America in Dodge City, Kansas from January, 1998 to October, 2001 and as Senior Vice President Head of Commercial Lending from July, 1997 to January, 1998 for Bank of America in Dodge City.

*Michael E. Scheopner* has served as an Executive Vice President of Landmark National Bank since October, 2001. Previously, Mr. Scheopner served as an Executive Vice President of Security National Bank from March, 1998 to October, 2001 and as a Senior Vice President of Security National Bank from May, 1996 to March, 1998.

*Dean R. Thibault* has served as a Market President for Landmark National Bank since October, 2001. Previously, Mr. Thibault served as Executive Vice President for Security National Bank from March, 1998 to October, 2001.

**CORPORATE GOVERNANCE AND THE BOARD OF DIRECTORS**



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We currently have ten directors serving as our board, a majority of whom are deemed to be independent, as that term is defined by the Nasdaq Stock Market, Inc. Mr. Alexander is not deemed to be independent because of his position as our President and Chief Executive Officer and Mr. Schugart is not deemed to be independent because of his services as an officer and consultant to Landmark Bancorp. In accordance with our corporate governance procedures, the board does not involve itself in the day-to-day operations of Landmark Bancorp which is monitored by our executive officers and management. Our directors fulfill their duties and responsibilities by attending regular meetings of the full board, which were held monthly in 2004. In 2005 the full board intends to meet on a quarterly basis with special meetings held from time to time and through committee membership, which is discussed below. Our directors also discuss business and other matters with Mr. Alexander, other key executives and our principal external advisers (legal counsel, auditors and other consultants).

The board of directors has, in addition to other committees, an Audit Committee, a Nominating and Governance Committee and a Compensation Committee. Consistent with the Nasdaq listing requirements, the independent directors regularly have the opportunity to meet without Mr. Alexander and Mr. Schugart in attendance. The current charters of each of these committees are available on Landmark Bancorp's website at [www.landmarkbancorpinc.com](http://www.landmarkbancorpinc.com). Our website also contains a general description about us as well as our Code of Business Conduct and Ethics. Additionally, we maintain a separate website for Landmark National Bank at [www.banklandmark.com](http://www.banklandmark.com) that contains a description of our banking services and products.

A total of twelve regularly scheduled and special meetings were held by the board of directors of Landmark Bancorp during 2004. During 2004, all directors attended at least 75 percent of the meetings of the board and the committees on which they served. Although we do not have a formal policy regarding director attendance at the annual meeting, we encourage and expect all of our directors to attend. Last year, all of the directors were present at the annual meeting

### **Audit Committee**

Messrs. Ball, Downey, Pettle, and Ross and Lewis and Ms. Roepke served as members of the Audit Committee, with Mr. Pettle serving as Chairman. Mr. Lewis served on the Audit Committee until 2005, when he joined the Loan and Investment Committee instead. Each of these members is considered independent, according to listing standards set forth by Nasdaq and the rules and regulations promulgated under the Exchange Act and the board believes that each member of the committee possesses the necessary skills and qualifications to critically analyze our financial statements and financial reporting process. Further, the board has determined that Ms. Roepke qualifies as an audit committee financial expert under the rules of the Securities and Exchange Commission. The board based this decision on Ms. Roepke's education and professional experience as a former senior financial executive of a financial institution.

The functions performed by the Audit Committee include, but are not limited to, the following:

selecting and managing the relationship with our independent auditors;

reviewing the independence of the independent auditors;

reviewing actions by management on recommendations of the independent auditors and internal auditors;

meeting with management, the internal auditors and the independent auditors to review the effectiveness of our system of internal control and internal audit procedures;

reviewing our earnings releases and reports filed with the Securities and Exchange Commission; and

reviewing reports of bank regulatory agencies and monitoring management's compliance with recommendations contained in those reports.

To promote independence of the audit function, the Audit Committee consults separately and jointly with the independent auditors, the internal auditors and management. The internal auditor reports directly to the committee on audit and compliance matters. The committee also reviews and approves the scope of the annual external audit and consults with the independent auditors regarding the results of their auditing procedures.

We have adopted a written charter, which sets forth the committee's duties and responsibilities. A copy of the charter was attached as Appendix A to the proxy statement for our 2004 annual meeting and is currently available on our website at [www.landmarkbancorpinc.com](http://www.landmarkbancorpinc.com).

The Audit Committee for Landmark Bancorp met seven times in 2004.

#### **Compensation Committee**

In response to many of the recent corporate governance reforms, we established a formal Compensation Committee in January, 2004. The Compensation Committee is currently comprised of Messrs. Ball and Pettle and Ms. Roepke, with Mr. Ball serving as Chairman. Each of the current members is considered independent, as such term is defined by Nasdaq listing requirements, an outside director pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended and a non-employee director under Section 16 of the Securities Exchange Act of 1934. The committee is responsible for matters related to the compensation of the Company's Chief Executive Officer and other executive officers. The committee's responsibilities and functions are further described in its charter, which is available on our website at [www.landmarkbancorpinc.com](http://www.landmarkbancorpinc.com). The Compensation Committee met two times in 2004.

#### **Nominating and Governance Committee**

In response to many of the recent corporate governance reforms, we established the Nominating and Governance Committee in January, 2004. The committee is currently comprised of Messrs. Downey, Lewis and Ross, with Mr. Downey serving as the Chairman. Each of the members is deemed to be independent, as such term is defined by Nasdaq. The Nominating and Governance Committee is charged with overseeing our corporate governance programs as well as nominating directors to serve on the board of directors. The committee's responsibilities and functions

are further described in its charter, which is available on our website at [www.landmarkbancorpinc.com](http://www.landmarkbancorpinc.com). The Nominating and Corporate Governance Committee met one time in 2004.

### **Director Nominations and Qualifications**

In carrying out its nominating function, the Nominating and Governance Committee evaluates all potential nominees for election, including incumbent directors, board nominees and stockholder nominees, in the same manner, although it is not currently seeking out candidates to serve on the board and we did not receive any stockholder nominations for the 2005 annual meeting. Generally, the committee believes that, at a minimum, directors should possess certain qualities, including the highest personal and professional ethics and integrity, a sufficient educational and professional background,

demonstrated leadership skills, sound judgment, a strong sense of service to the communities which we serve and an ability to meet the standards and duties set forth in our code of conduct. The committee also evaluates potential nominees to determine if they have any conflicts of interest that may interfere with their ability to serve as effective board members and whether they are independent in accordance with Nasdaq requirements (to ensure that at least a majority of the directors will, at all times, be independent). The committee has not, in the past, retained any third party to assist it in identifying candidates, but it has the authority to retain a third party firm or professional for the purpose of identifying candidates.

#### **Stockholder Communication with the Board, Nomination and Proposal Procedures**

**General Communications with the Board.** Stockholders may contact our board of directors by contacting Mark A. Herpich, Corporate Secretary, Landmark Bancorp, Inc., 800 Poyntz Avenue, Manhattan, Kansas 66502 or (785) 565-2000.

**Nominations of Directors.** In order for a stockholder nominee to be considered by the Nominating and Governance Committee to be its nominee and included in our proxy statement, the nominating stockholder must file a written notice of the proposed director nomination with our Corporate Secretary, at the above address, at least 120 days prior to the anniversary of the date the previous year's proxy statement was mailed to stockholders. Nominations must include the full name and address of the proposed nominee and a brief description of the proposed nominee's business experience for at least the previous five years. All submissions must be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director if elected. The committee may request additional information in order to make a determination as to whether to nominate the person for director.

In accordance with our bylaws, a stockholder may otherwise nominate a director for election at an annual meeting of stockholders by delivering written notice of the nomination to our Corporate Secretary, at the above address, not less than 60 days nor more than 90 days prior to the first anniversary date of the previous year's annual meeting. The stockholder's notice of intention to nominate a director must include: a) for each person to be nominated: (i) the name, age and business and residence address of each nominee; (ii) the principal occupation or employment of each nominee; (iii) the class and number of shares of stock owned by the nominee on the date of the notice; and (iv) any information that would be required to be disclosed on Schedule 13D pursuant to Regulation 13D under the Securities Exchange Act, in connection with the acquisition of stock, and pursuant to Regulation 14A under the Securities Exchange Act, in connection with the solicitation of proxies with respect to nominees for election as directors, regardless of whether the person is subject to the provisions of such regulations; and b) as to the stockholder: (i) the name and address of record of the nominating stockholder and the names and addresses of any other stockholders supporting each respective nominee; and (ii) the class and number of shares of stock owned by the nominating stockholder and any other stockholders supporting the nominees on the date of the notice. We may request additional information after receiving the notification for the purpose of determining the proposed nominee's eligibility to serve as a director. Persons nominated for election to the board pursuant to this paragraph will not be included in our proxy statement.

**Other Stockholder Proposals.** To be considered for inclusion in our proxy statement and form of proxy for our 2006 annual meeting of stockholders, stockholder proposals must be received by our Corporate Secretary, at the above address, no later than December 16, 2005, and must otherwise comply with the notice and other provisions of our bylaws, as well as Securities and Exchange Commission rules and regulations.



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For proposals to be otherwise brought by a stockholder and voted upon at an annual meeting, the stockholder must file written notice of the proposal to our Corporate Secretary on or before 60 days in advance of the first anniversary of the previous year's annual meeting.

**Code of Business Conduct and Ethics.** We have a Code of Business Conduct and Ethics in place that applies to all of our directors and employees. The code sets forth the standard of ethics that we expect all of our directors and employees to follow, including our Chief Executive Officer and Chief Financial Officer. The code of conduct is posted on our website at [www.landmarkbancorpinc.com](http://www.landmarkbancorpinc.com). We intend to satisfy the disclosure requirements under Item 10 of Form 8-K regarding any amendment to or waiver of the code with respect to our Chief Executive Officer and Chief Financial Officer, and persons performing similar functions, by posting such information on our website.

**Director Compensation.** In 2004, directors of Landmark Bancorp received a monthly fee of \$1,250 for serving on the board of directors and they will receive a monthly fee of \$1,400 in 2005. In March of 2004 each director (with the exception of Mr. Alexander) also received options to purchase 2,566 shares of common stock pursuant to the Landmark Bancorp, Inc. 2001 Stock Incentive Plan. In addition, Landmark Bancorp has assumed deferred compensation agreements entered into by Messrs. Ball, Ross, Schugart and Snapp as directors of Landmark Bancshares, Inc. Landmark Bancorp has also assumed deferred compensation agreements entered into by Mr. Schugart as an executive officer of Landmark Bancshares, Inc.

#### EXECUTIVE COMPENSATION

The following table sets forth information concerning the compensation paid or granted to our Chief Executive Officer for the past three fiscal years and those executive officers whose salary and bonus exceeded \$100,000.

#### SUMMARY COMPENSATION TABLE

(a) Name and Principal Position	(b) Fiscal Year	(c) Annual Compensation		(d) Bonus	Long Term Compensation Awards	(i) All Other Compensation
		(c) Salary	(d) Bonus		(g) Securities Underlying Options/SARs	
Patrick L. Alexander President and Chief Executive Officer	2004	\$ 221,550	\$ 18,000	23,562	\$ 7,393(1)	
	2003	208,333	44,000		45,888(1)	
	2002	200,000	45,000		39,154(1)	
Michael E. Scheopner Executive Vice President	2004	\$ 118,400	\$ 14,000	15,246	\$ 7,145(2)	
	2003	112,750	34,000		19,923(2)	
	2002	107,500	35,000		26,566(2)	
Mark A. Herpich Executive Vice President and Chief Financial Officer	2004	\$ 118,400	\$ 14,000	15,246	\$ 5,959(3)	
	2003	112,750	34,000		12,340(3)	
	2002	107,292	35,000		22,635(3)	
Mark J. Oliphant Market President	2004	\$ 99,000	\$ 6,000	7,623	\$ 6,135(4)	
	2003	95,440	14,000		8,197(4)	
	2002	90,000	15,000		1,366(4)	

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Dean R. Thibault	2004	\$	97,969	\$	6,000	7,623	\$	6,429(5)
Market President	2003		93,469		14,000			13,189(5)
	2002		86,875		15,000			19,244(5)

- (1) Includes contributions made to our employee stock ownership plan of \$0, \$38,702, and \$31,944 in 2004, 2003 and 2002. Also includes contributions to Mr. Alexander's 401(k) account of \$6,000 in each of 2004, 2003 and 2002, as well as taxable income relating to the personal use of a company car for Mr. Alexander of \$1,393 in 2004, \$1,186 in 2003 and \$1,210 in 2002.
- (2) Includes contributions made to our employee stock ownership plan of \$0, \$12,182 and \$19,713 in 2004, 2003 and 2002. Also includes contributions to Mr. Scheopner's 401(k) account of \$4,647 in 2004, \$5,369 in 2003 and \$3,703 in 2002, as well as an automobile allowance for Mr. Scheopner of \$2,498 in 2004, \$2,372 in 2003 and \$3,150 in 2002.
- (3) Includes contributions made to our employee stock ownership plan of \$0, \$6,612 and \$17,955 for 2004, 2003 and 2002. Also includes contributions to Mr. Herpich's 401(k) account of \$4,612 in 2004, \$4,470 in 2003 and \$3,369 in 2002, as well as an automobile allowance for Mr. Herpich of \$1,347 in 2004, \$1,258 in 2003 and \$1,311 in 2002.
- (4) Includes a contribution made to our employee stock ownership plan of \$0 for 2004 and \$2,441 for 2003. Includes an automobile allowance for Mr. Oliphant of \$2,643 in 2004, \$2,443 in 2003 and \$1,366 in 2002 and contributions to Mr. Oliphant's 401(k) account of \$3,492 in 2004 and \$3,313 in 2003.
- (5) Includes contributions made to our employee stock ownership plan of \$0, \$6,873 and \$14,488 for 2004, 2003 and 2002. Also includes contributions to Mr. Thibault's 401(k) account of \$3,448 in 2004, \$3,346 in 2003 and \$2,716 in 2002, as well as an automobile allowance for Mr. Thibault of \$2,981 in 2004, \$3,060 in 2003 and \$2,040 in 2002.

**Stock Option Information**

The following table sets forth information concerning the number and value of stock options granted in the last fiscal year to the individuals named above in the summary compensation table:

**OPTION GRANTS IN LAST FISCAL YEAR**

(a) Name	(b) Options Granted	(c) % of Total Options Granted to Employees in Fiscal Year	(d) Exercise or Base Price (\$/Sh)	(e) Expiration Date	Potential realizable value at assumed annual rates of stock price appreciation for option term	
					(f) 5%	(g) 10%

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Patrick L. Alexander	23,562	25.5%	\$	27.81	3/29/14	\$	412,089	\$	1,044,314
Michael E. Scheopner	15,246	16.5%	\$	27.81	3/29/14	\$	266,646	\$	675,733
Mark A. Herpich	15,246	16.5%	\$	27.81	3/29/14	\$	266,646	\$	675,733
Mark J. Oliphant	7,623	8.3%	\$	27.81	3/29/14	\$	133,323	\$	337,866
Dean R. Thibault	7,623	8.3%	\$	27.81	3/29/14	\$	133,323	\$	337,866

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The following table sets forth certain information concerning the number and value of stock options outstanding and held at December 31, 2004 by the executive officers named in the summary compensation table.

**AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FY-END OPTION/SAR VALUES**

(a) Name	(b) Shares Acquired on Exercise	(c) Value Realized	(d) Number of Securities Underlying Unexercised Options/SARs at		(e) Value of Unexercised In-the-Money Options/SARs at	
			FY-End (#) Exercisable	FY-End (#) Unexercisable	FY-End (\$) Exercisable	FY-End (\$) Unexercisable
Patrick L. Alexander		\$	9,388	17,672	\$ 53,844	\$ 16,612
Michael E. Scheopner		\$	9,324	11,435	\$ 92,948	\$ 10,749
Mark A. Herpich		\$	14,339	11,435	\$ 158,850	\$ 10,749
Mark J. Oliphant		\$	3,972	6,690	\$ 29,745	\$ 18,539
Dean R. Thibault		\$	8,519	5,717	\$ 103,009	\$ 5,374

**Stock Incentive Plan**

Under the Landmark Bancorp, Inc. 2001 Stock Incentive Plan, directors and key policy-making employees are eligible to receive grants of incentive stock options, nonstatutory options, restricted stock, and stock appreciation rights (SARs), as determined in each individual case by the Stock Incentive Committee. The plan was approved by our shareholders and amended in 2004 to increase the number of shares eligible for issuance under the plan. We have not, at any time, engaged in the repricing of stock options. In 2004 we granted options to purchase an aggregate of 92,395 shares of common stock to 14 employees and directors. As of April 1, 2005 we had approximately 265,000 shares remaining for issuance under the plan.

Additionally, we have assumed previously existing options in connection with the merger of Landmark Bancshares, Inc. and MNB Bancshares, Inc. with and into Landmark Bancorp. At the time of the merger, there were options issued under the previous companies' plans, each of which was approved by the stockholders of the respective company at the time of their adoption. All of the options granted under these plans fully vested at the time of the merger and no additional options were available for grant after the merger. As of December 31, 2004, there were options outstanding for an aggregate of 35,854 shares of our common stock under the prior plans.

**401(k) Savings Plan**

Landmark Bancorp sponsors a qualified, tax-exempt pension plan qualifying under Section 401(k) of the Internal Revenue Code. Virtually all employees are eligible to participate after meeting certain age and service requirements including our executive officers. The 401(K) plan allows for participants' contributions up to the maximum amount allowed by the IRS regulations, of which the first 6% of gross salary was available for Landmark Bancorp's 50% match. Starting in 2005, the first 6% of gross salary will be available for Landmark Bancorp's 100% match. Participants can choose between several investment options under the 401(k) plan, but they do not have the option to invest in our



common stock under this plan.

The aggregate contribution under the 401(k) plan, including profit sharing contributions, by Landmark Bancorp in 2004 was approximately \$104,000 and the amounts contributed to the named executive officers are included in amounts reflected in the Summary Compensation Table on page 12 of this proxy statement.

We also maintained a separate employee stock ownership plan in which shares of our common stock were allocated to our employees, including our executive officers. All the shares have been allocated and, effective December 31, 2004, the plan has been merged into the 401(k) savings plan.

### **Employment Agreements**

At the time of the merger in 2001, Patrick Alexander, Larry L. Schugart, Mark Herpich, Michael Scheopner and Dean Thibault entered into employment agreements with Landmark Bancorp. Mark J. Oliphant entered into an employment agreement with Landmark Bancorp on January 31, 2005.

The employment agreement for Mr. Alexander initially provided for a base salary of \$200,000, which may be increased but not decreased, and an initial term of three years, with automatic one year extensions on each anniversary of the effective date of the agreement unless either party gives the other notice of its desire to terminate this automatic extension. Upon any such termination, the agreement will expire at the end of the then current three-year term.

Mr. Alexander's employment agreement will terminate upon the death or disability of Mr. Alexander, in the event of certain regulatory actions or upon notice by either us or Mr. Alexander, with or without cause. If Mr. Alexander's employment is terminated without cause (which is defined in the employment agreement), we will be obligated to pay or to provide to him, as applicable, a cash payment equal to three times the sum of (a) his then annual salary, (b) an amount equal to the average of the annual performance bonuses paid to him for the most recent three fiscal years, and (c) the contributions made for his benefit under all employee retirement plans during the most recently ended fiscal year. We must also provide Mr. Alexander and his immediate family continued insurance coverage for the three years after this termination of employment. We will have no continuing obligation to Mr. Alexander if he voluntarily terminates his employment or we terminate him for cause, except that we will be obligated to pay him his accrued salary and benefits through the effective date of his termination of employment.

If Mr. Alexander voluntarily terminates his employment, or his employment is involuntarily terminated, within six months after a change in control of us or our bank subsidiary, then our successor will be obligated to pay or to provide to Mr. Alexander a lump sum cash payment and benefits equal to what he would have received if he had been terminated by us without cause. For purposes of the employment agreement, Mr. Alexander's employment will be considered terminated if he is not re-elected or is removed from his position as our President and Chief Executive Officer or if we otherwise commit a breach of our obligations under the employment agreement.

The employment agreement also includes a covenant which will limit the ability of Mr. Alexander to compete with us or our bank subsidiary in an area encompassing a fifty mile radius from any of our banking offices for a period of one year following the termination of his employment. The geographic area covered by this provision constitutes a portion of our primary market area.



Except as described below, the employment agreements for Messrs. Herpich, Scheopner Thibault and Oliphant contain substantially the same provisions as those included in Mr. Alexander's employment agreement. The term of these three agreements are for one year and, absent 90 days notice from either party, they automatically extend for one additional year on each anniversary of the effective date of the agreement. If any of these officers is terminated without cause during the term of his respective

agreement, he will be entitled to receive an amount equal to the sum of (a) his then annual salary, (b) an amount equal to the average of the annual performance bonuses paid to him for the most recently ended three fiscal years, and (c) the contributions made for his benefit under all employee retirement plans during the most recently ended fiscal year. We must also provide the officer and his immediate family with continued insurance coverage for one year after this termination of employment. The payment to be made to each of these three officers upon his voluntary termination of employment within six months after a change of control or his involuntary termination without cause within one year of a change of control will be equal to two times the sum of (a) his then annual salary, (b) an amount equal to the average of the annual performance bonuses paid to him for the most recently ended three fiscal years, and (c) the contributions made for his benefit under all employee retirement plans during the most recently ended fiscal year. Each of these employees will be subject to the same non-competition covenant as Mr. Alexander following his termination of employment.

In addition, at the time of the merger, Mr. Schugart entered into an employment agreement to serve as chairman of the board of Landmark Bancorp and Landmark National Bank. The agreement expired under its terms in October, 2004 and provided Mr. Schugart with a prorated annual salary for 2004 of \$28,072. The agreement also provided Mr. Schugart with health insurance coverage as well as the opportunity to continue to participate in his deferred compensation agreement during the term of the employment agreement.

#### **Compensation Committee Report on Executive Compensation**

*The Compensation Committee has furnished the following report on executive compensation. The incorporation by reference of this proxy statement into any document filed with the Securities and Exchange Commission by Landmark Bancorp shall not be deemed to include the report unless the report is specifically stated to be incorporated by reference into such document.*

**General.** The Compensation Committee is currently comprised of Messrs. Ball and Pettie and Ms. Roepke, each of whom is expected to serve on the committee through 2005. Each of the members is considered independent by the board according to the Nasdaq listing requirements, an outside director pursuant to Section 162(m) of the Internal Revenue Code and a non-employee director pursuant to Section 16 of the Securities Exchange Act of 1934. The Compensation Committee has responsibility for all matters related to the compensation of the Chief Executive Officer. Additionally, the committee has oversight authority over the salaries and bonuses of all the other executive officers.

**Compensation Overview.** We are committed to providing a total compensation program that supports our long-term business strategy and performance culture and creates a commonality of interest with the shareholders. In establishing executive compensation, we generally divide compensation into three separate components salary, cash bonus and long term incentive awards. These components are intended to work together to compensate the executive fairly for his or her services and reward the executive officer based upon our overall performance during the year. In reviewing and establishing an executive's compensation, the committee considers and evaluates all components of the executive officer's total compensation package. This involves reviewing the executive's salary, bonus, incentive stock awards, perquisites, participation in our 401(k) plan, deferred compensation arrangements, payments due upon retirement or a change of control, if any, and all other payments and awards that the executive officer earns.

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The general philosophy in making decisions regarding the compensation of the executive officers, after taking into account an examination of compensation at other similarly situated financial institutions, is as follows:

to provide incentives for executive officers to work toward achieving successful annual results and strategic objectives;

to provide significant reward for achievement of superior performance;

to provide market based compensation to help recruit and retain professionals of exceptional quality;

to create significant opportunity and incentive for executives to be long-term shareholders;

to link executive compensation rewards to increases in shareholder value, as measured by favorable long-term results and continued strengthening of Landmark Bancorp's financial condition; and

to provide flexibility to recognize, differentiate, and reward individual performance.

*Components of Compensation.*

**Salary.** The Compensation Committee reviews each executive's base salary on an annual basis. The committee believes that the base salaries should offer security to each executive and allow us to attract qualified executives and maintain a stable management team and environment. The committee targets base salaries at levels comparable to those of similar positions within the market place. The committee may adjust salaries to reflect our financial performance, including, but not limited to, our net income, earnings per share, return on average equity and return on average assets, although no specific weight is given to these factors. Additionally, base salaries are determined by examining, among other things, an executive's level of responsibility, prior experience, education, breadth of knowledge, internal performance objectives and the current market level. The committee will also factor in other payments and awards that the executive may receive before recommending a salary to the board. All of the factors described herein are considered on a subjective basis in the aggregate, and none of the factors is accorded a specific weight. When establishing the salary of executives other than his own, Mr. Alexander participated and made recommendations to the committee.

**Bonus.** The incentive bonus is primarily related to Landmark Bancorp's financial performance, as measured by our net income, earnings per share, return on average equity and return on average assets, and other financial factors, and Landmark Bancorp's performance relative to its long term goals. When establishing bonuses, the committee also considers individual performance criteria in addition to company-wide objectives.

**Stock Ownership.** The board and the committee believe in employee ownership in our common stock. In May of 2004, our shareholders voted to approve an amendment to the Landmark Bancorp, Inc. 2001 Stock Incentive Plan, which increased the number of shares under the plan from 170,750 to 340,000. The purpose of this incentive plan is to enhance our long-term financial performance by:

attracting and retaining executive and other key employees of Landmark Bancorp through incentive compensation opportunity;

motivating such employees to further the long term goals of Landmark Bancorp; and

further aligning the interests of participating employees with our shareholders through opportunities for increased employee ownership of Landmark Bancorp.

Based on the purpose of this incentive plan as outlined above, during 2004, the committee recommended, and the board of directors approved, the granting of options for a total of 92,395 shares to 14 employees and directors. Options granted to Mr. Alexander and the other named executive officers in 2004 are shown in the tables above.

**Chief Executive Officer's Compensation.** The committee establishes Mr. Alexander's salary after reviewing the factors and components described above. Mr. Alexander's salary in 2004 was based in part upon the committee's satisfaction with the following factors; profitability, revenue growth, expense control and overall credit quality. The committee determined that Mr. Alexander's leadership had a significant impact on our attaining this level of performance while maintaining our excellent safety and soundness ratings. Additionally, the committee considered Mr. Alexander's personal performance as President and Chief Executive Officer, as well as his change of control agreement, his participation in employee benefit plans, the perquisites that he receives, his previous years' salaries and the salary levels of other similarly situated financial institutions in setting his base salary at \$221,550 for 2004. His bonus of \$18,000 was awarded based on satisfying the company's overall performance goals, overseeing the successful acquisition of First Kansas Financial Corporation, Inc., as well as our belief that he met and exceeded his individual goals. We awarded 23,562 options to Mr. Alexander in 2004. He also received \$7,393 in other compensation that includes our matching contribution pursuant to the 401(k) plan as well as the personal use of a company car. Additionally, in the event of a change in control in which Mr. Alexander's employment is terminated he would be entitled to receive \$706,317 under his employment agreement and the benefit plans.

**Compliance with Section 162(m) of the Internal Revenue Code of 1986.** Section 162(m) of the Internal Revenue Code limits the deductibility of annual compensation in excess of \$1.0 million paid to our Chief Executive Officer and any of the four other highest paid officers, to the extent they are listed officers on the last day of any given tax year. However, compensation is exempt from this limit if it qualifies as performance based compensation. Performance based compensation generally includes only payments that are contingent on achievement of performance objectives, and excludes fixed or guaranteed payments. We believe performance based compensation is an important tool to provide incentive to senior executives, matching their compensation levels to our performance.

Although we will consider deductibility under Section 162(m) with respect to the compensation arrangements for executive officers, deductibility will not be the sole factor used in determining appropriate levels or methods of compensation. Since our objectives may not always be consistent with the requirements for full deductibility, we may enter into compensation arrangements under which payments would not be deductible under Section 162(m).

**Conclusion.** The Compensation Committee believes the executive compensation policies and programs described above effectively serve the interests of shareholders and Landmark Bancorp. The committee believes these policies motivate executives to contribute to our overall future success, thereby enhancing the value of Landmark Bancorp for the benefit of all shareholders.

Compensation Committee:

Richard A. Ball

Jerry R. Pettie

Susan E. Roepke

**Compensation Committee Interlocks and Insider Participation**





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During 2004, none of the directors serving as the Compensation Committee was an officer or employee of Landmark Bancorp or Landmark National Bank, and none of these individuals was a former officer or employee of either organization with the exception of Ms. Roepke, who was an executive officer until her resignation six years ago. In addition, during 2004 no executive officer served on the board of directors or compensation committee of any other corporation with respect to which any member of our committee was engaged as an executive officer.

**Performance Graph**

*The incorporation by reference of this proxy statement into any document filed with the Securities and Exchange Commission by Landmark Bancorp shall not be deemed to include the following performance graph and related information unless the graph and related information are specifically stated to be incorporated by reference into the document.*

The following graph shows a comparison of cumulative total returns for Landmark Bancorp, Inc., The Nasdaq Stock Market (U.S. Companies) and the Nasdaq Bank Stocks Index. Because the Securities and Exchange Commission considers the former Landmark Bancshares, Inc. the continuing entity for accounting purposes as a result of the merger of Landmark Bancshares and MNB Bancshares into Landmark Bancorp, the following graph only presents the performance of Landmark Bancshares common stock prior to the merger.

The cumulative stockholder return computations assume that \$100 was invested in Landmark Bancshares common stock and in each index on December 31, 1999, and assumes the reinvestment of all dividends.

	12/31/99	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04
Landmark Bancorp, Inc.	\$ 100.00	\$ 84.29	\$ 106.66	\$ 133.13	\$ 164.40	\$ 186.83
Nasdaq Bank Index	100.00	111.95	122.13	124.29	159.26	176.43
Nasdaq Market - U.S.	100.00	62.85	50.10	34.95	52.55	56.97

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The following table sets forth certain information regarding our common stock beneficially owned on April 1, 2005 with respect to all persons known to us to be the beneficial owner of more than five percent of our common stock, each director and nominee, each executive officer named in the summary compensation table above and all directors and executive officers of as a group. Beneficial ownership has been determined for this purpose in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act), under which a person is deemed to be the beneficial owner of securities if he or she has or shares voting power or investment power with respect to such securities or has the right to acquire beneficial ownership of such securities within 60 days of April 1, 2005.

<b>Name of Individual and Number of Persons in Group</b>	<b>Amount and Nature of Beneficial Ownership(1)</b>	<b>Percent of Class</b>
<b>5% Stockholders</b>		
First Manhattan Co. 437 Madison Avenue New York, New York 10022	119,421(2)	5.7%
Larry L. Schugart	110,967(3)	5.2%
<b>Other Directors and Named Executive Officers</b>		
Patrick L. Alexander	75,041(4)	3.5%
Richard A. Ball	26,270(5)	1.2
Brent A. Bowman	4,701(6)	*
Joseph L. Downey	14,176(7)	*
Jim W. Lewis	44,396(8)	2.1
Jerry R. Pettle	13,653(9)	*
Susan E. Roepke	79,432(10)	3.8
C. Duane Ross	38,641(11)	1.8
David H. Snapp	34,010(12)	1.6
Michael E. Scheopner	29,765(13)	1.4
Mark A. Herpich	23,341(14)	1.1
Mark J. Oliphant	5,615(15)	*
Dean R. Thibault	12,640(16)	*
All directors and executive officers as a group (14 persons)	512,648(17)	23.6%

\*Less than 1%

(1) The information contained in this column is based upon information furnished to us by the persons named above and the members of the designated group. The nature of beneficial ownership for shares shown in this column is sole voting and investment power, except as set forth in the footnotes below. Inclusion of shares in this table shall not be deemed to be an admission of beneficial ownership of such shares.

(2) Based upon the Schedule 13G/A filed by First Manhattan Co. on February 8, 2005.

(3) Includes 6,719 shares presently obtainable through the exercise of options granted under our stock option plan over which shares Mr. Schugart has no voting and sole investment power. Also includes 6,416 shares owned by his spouse over which Mr. Schugart has shared voting and investment power and 668 shares held in his spouse's individual retirement account over which shares he has no voting or investment power.

- (4) Includes 9,388 shares presently obtainable through the exercise of options granted under our stock option plan over which shares Mr. Alexander has no voting and sole investment power. Also includes 3,311 shares owned in an individual retirement account over which he has shared voting and investment power.
- (5) Includes 3,137 shares presently obtainable through the exercise of options granted under our stock option plan over which shares Mr. Ball has no voting and sole investment power. Also includes 770 shares owned in a simplified employee pension individual retirement account over which Mr. Ball has voting and investment power, 240 shares held as a trustee over which he has shared voting and investment power and 120 shares owned by his spouse over which he has no voting or investment power.
- (6) Includes 641 shares presently obtainable through the exercise of options granted under our stock option plan over which shares Mr. Bowman has no voting and sole investment power.
- (7) Includes 641 shares presently obtainable through the exercise of options granted under our stock option plan over which shares Mr. Downey has no voting and sole investment power. Also includes 5,606 shares owned by Mr. Downey's spouse over which he has shared voting and shared investment power.
- (8) Includes 641 shares presently obtainable through the exercise of options granted under our stock option plan over which shares Mr. Lewis has no voting and sole investment power.
- (9) Includes 641 shares presently obtainable through the exercise of options granted under our stock option plan over which shares Mr. Pettle has no voting and sole investment power. Also includes 4,470 shares held in an individual retirement account over which Mr. Pettle has shared voting and sole investment power.
- (10) Includes 641 shares presently obtainable through the exercise of options granted under our stock option plan over which shares Ms. Roepke has no voting and sole investment power. Also includes 22,360 shares held in an individual retirement account of which the power to vote such shares is shared with the individual retirement account administrator, 36,815 shares owned by her spouse over which she has shared voting and investment power and 2,452 shares held in her spouse's individual retirement account and over which Ms. Roepke has shared voting and investment power.
- (11) Includes 641 shares presently obtainable through the exercise of options granted under our stock option plan over which shares Mr. Ross has no voting and sole investment power. Also includes 5,302 shares held in an individual retirement account over which Mr. Ross has sole voting and sole investment power and 2,418 shares held in his spouse's individual retirement account over which he has no voting or investment power.

- (12) Includes 641 shares presently obtainable through the exercise of options granted under our stock option plan over which shares Mr. Snapp has no voting and sole investment power. Also includes 3,088 shares held in an individual retirement account over which he has shared voting and sole investment power. Also includes 728 shares owned by his spouse over which he has shared voting and investment power and Mr. Snapp disclaims beneficial ownership of such shares.
- (13) Includes 9,324 shares presently obtainable through the exercise of options granted under our stock option plan, over which shares Mr. Scheopner has no voting and sole investment power. Also includes 459 shares held in an individual retirement account over which Mr. Scheopner has sole voting and sole investment power. Also includes 15,913 shares owned jointly with his spouse over which he shares voting and investment power.
- (14) Includes 14,339 shares presently obtainable through the exercise of options granted under our stock option plan over which shares Mr. Herpich has no voting and sole investment power. Also includes 7,255 shares he owns with his spouse over which he has shared voting and investment power.
- (15) Includes 3,972 shares presently obtainable through the exercise of options granted under our stock option plan, over which shares Mr. Oliphant has no voting and sole investment power. Also includes 135 shares he owns with his spouse over which he has shared voting and investment power and 1,389 shares owned in an individual retirement account over which he has shared voting and investment power.

(16) Includes 8,519 shares presently obtainable through the exercise of options granted under our stock option plan over which shares Mr. Thibault has no voting and sole investment power. Also includes 974 shares he owns with his spouse over which he has shared voting and investment power and 1,042 shares owned in an individual retirement account over which he has shared voting and investment power.

(17) Includes an aggregate of 59,885 shares presently obtainable through the exercise of options granted under the Landmark Bancorp, Inc. 2001 Stock Incentive Plan and stock option plans assumed in connection with the merger of Landmark Bancshares, Inc. and MNB Bancshares, Inc.

#### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires that our executive officers, directors and persons who own more than 10% of our common stock file reports of ownership and changes in ownership with the Securities and Exchange Commission and with the exchange on which our shares of common stock are traded. These persons are also required to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of the copies of these forms, we are not aware that any of our directors, executive officers or 10% stockholders failed to comply with the filing requirements of Section 16(a) during the fiscal year ended December 31, 2004, except that each of our executive officers and directors failed to file a Form 4 in March of 2004 reporting the granting of options.

#### **TRANSACTIONS WITH MANAGEMENT**

Our directors and officers and their associates were customers of and had transactions with Landmark Bancorp and Landmark National Bank, and their predecessors, during 2004. Additional transactions are expected to take place in the future. All outstanding loans, commitments to loan, and certificates of deposit and depository relationships, in the opinion of management, were made in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of collectibility or present other unfavorable features.

#### **AUDIT COMMITTEE REPORT**

*The incorporation by reference of this proxy statement into any document filed with the Securities and Exchange Commission by Landmark Bancorp shall not be deemed to include the following report unless the report is specifically stated to be incorporated by reference into such document.*

The Audit Committee assists the board in carrying out its oversight responsibilities for our financial reporting process, audit process and internal controls. The Audit Committee also reviews the audited financial statements and recommends to the board that they be included in our annual report on Form 10-K. The committee is comprised of Messrs. Ball, Downey, Pettie, and Ross and Ms. Roepke. Mr. Lewis served on the Audit Committee until 2005. All of the members are deemed independent, as defined by Nasdaq.

The Audit Committee has reviewed and discussed our audited financial statements for 2004 with our management and KPMG LLP, our independent registered public accounting firm. The committee has also discussed with KPMG LLP the matters required to be discussed by SAS 61 (Codification for Statements on Auditing Standards) as well as having received and discussed the written disclosures and the letter from KPMG LLP required by Independence Standards Board Statement No. 1 (Independence Discussions with Audit Committees). Based on the review and discussions with management and KPMG LLP, the committee has recommended to the board that the audited financial statements be included in our annual report on Form 10-K for 2004 for filing with the Securities and Exchange Commission.



Audit Committee:

Richard A. Ball

Joseph L. Downey

Jerry R. Pettle

Susan E. Roepke

C. Duane Ross

## **PROPOSED AMENDMENT TO THE CERTIFICATE OF INCORPORATION**

### **General**

Our board of directors has unanimously approved, and recommends to our stockholders for their approval and adoption, an amendment to the certificate of incorporation that would increase the number of our authorized shares of common stock from 3,000,000 shares to 5,000,000 shares. Currently, we also have 200,000 shares of preferred stock authorized and the proposed amendment, if adopted, will not affect the preferred shares.

As of April 1, 2005, we had 2,110,588 shares of common stock issued and outstanding. Our board of directors believes that this proposed amendment is in the best interests of Landmark Bancorp and our stockholders. Holders of a majority of the outstanding shares of our common stock as of the close of business on April 1, 2005, must approve the amendment of our certificate of incorporation to increase the number of authorized shares of Landmark Bancorp's common stock. Unless instructed to the contrary, all shares represented by proxy cards signed and returned to us will be voted in favor of the adoption of this amendment.

### **Proposed Amendment to Certificate of Incorporation**

If this amendment is approved by our stockholders, the first sentence of Article 4(A) of the certificate of incorporation will be replaced in its entirety and replaced with the following::

**The total number of shares of stock which the corporation shall have authority to issue is Five Million (5,000,000) shares of Common Stock, par value of \$0.01 per share, and Two Hundred Thousand (200,000) shares of Preferred Stock, par value of \$0.01 per share.**

### **Reasons for the Proposed Amendment**

This proposed amendment authorizes additional shares of common stock. If the proposed amendment is approved, our board of directors will be able to use the additional shares of common stock for a variety of purposes.

First, the additional shares of stock would provide us with shares of stock that could be used to make acquisitions that may be advisable from time to time. These transactions could include the acquisition of additional branch locations, subsidiaries or bank or thrift holding companies. The additional shares of stock authorized by the amendment could also be used to raise additional working capital for Landmark Bancorp or any of its subsidiaries. It is possible that our board of directors may in the future decide to conduct a private or public offering of stock to raise additional capital for contribution to our subsidiaries and for general corporate purposes. Although our board of directors does not currently have any specific plans in this regard, these shares would be available for that purpose.

Additional authorized shares of common stock could also be used to fund the grant of stock options to our officers, employees and directors.

Equity based compensation can be used to provide additional incentive to personnel without causing an immediate adverse effect on our profitability. Moreover, the grant of stock options can perhaps be used to retain valuable employees who might otherwise be lured away by the promise of higher cash salaries from competitors. Also, additional shares of common stock could be used to complete a stock split or stock dividend. It is possible that our board of directors may in the future decide to authorize a stock split in order to enhance the availability and liquidity of Landmark Bancorp's stock. The additional authorized shares could also be utilized for the issuance of 5% stock splits in the form of a dividend, a type of dividend that we have issued every year for the past four years.

The increase in the authorized number of shares of stock would allow for the possibility of substantial dilution of the voting power of our current stockholders, although no dilution will occur as a direct result of the increase in the number of our authorized shares. The degree of any dilution that would occur following the issuance of any additional shares of stock would depend upon the number of shares of stock that are actually issued in the future, which cannot be determined at this time. Issuance of a large number of additional voting shares could significantly dilute the voting power of our existing stockholders.

The existence of a substantial number of authorized and unissued shares of stock could also impede an attempt to acquire control because our board of directors would have the ability to issue additional shares of stock in response to any such attempt. We are not aware at this time of any attempt to acquire control of Landmark Bancorp, and no decision has been made as to whether any or all newly authorized but unissued shares of stock would be issued in response to any attempt of that kind.

#### **Stockholder Vote Necessary For Approval of the Amendment**

To be approved by our stockholders, this amendment must receive the affirmative vote of the majority of the outstanding shares of our common stock. **Our board of directors believes that the adoption of this amendment is in the best interests of our stockholders and unanimously recommends that you vote your shares FOR this amendment.**

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**



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Stockholders will be asked to ratify the appointment of KPMG LLP as our independent registered public accounting firm for 2005. If the appointment of KPMG LLP is not ratified, the matter of the appointment of our independent registered public accounting firm will be considered by the Audit Committee. Representatives of KPMG LLP are expected to be present at the meeting and will be given the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions. **We recommend that you vote FOR the ratification of KPMG LLP to serve as our independent registered public accounting firm.**

### Accountant Fees

**Audit Fees.** The aggregate amounts of fees billed by KPMG LLP for their audit of our annual financial statements for fiscal years 2004, and 2003 and for their required reviews of our unaudited interim financial statements included in our quarterly reports filed during fiscal 2004 and 2003 were \$114,450 and \$88,500 respectively.

**Audit Related Fees.** The aggregate amount of audit related fees billed by KPMG LLP for fiscal years 2004 and 2003 was \$17,300 and \$31,200 respectively. The services provided in 2004 were related to audits of the Landmark Bancorp, Inc. Employee Stock Ownership Plan and the Landmark Bancorp, Inc. 401(k) Profit Sharing Plan as of and for the year ended December 31, 2003. The services provided in 2003 were related to an audit of the Landmark Bancorp, Inc. 401(k) Profit Sharing Plan as of and for the year ended December 31, 2002, and due-diligence and assistance with our acquisition of First Kansas Financial Corporation.

**Tax Fees.** The aggregate amounts of tax related services billed by KPMG LLP for fiscal years 2004 and 2003 were \$51,541 and \$72,318, respectively, for professional services rendered for tax compliance, tax advice and tax planning. The services provided included assistance with the preparation of our tax return and guidance with respect to estimated tax payments.

**All Other Fees.** We were billed an aggregate of \$15,000 in 2003 by KPMG LLP for consultation relating to our deposit account classifications. We did not incur any other fees from KPMG LLP for fiscal years 2004 and 2003 other than the fees reported above.

The Audit Committee, after consideration of these matters, does not believe that the rendering of these services by KPMG LLP to be incompatible with maintaining their independence as our principal accountants.

### Audit Committee Pre-Approval Policy

Among other things, the Audit Committee is responsible for appointing, setting compensation for and overseeing the work of the independent accountant. We have adopted a pre-approval policy under which the Audit Committee approves in advance all audit and non-audit services to be performed by our independent auditors. As part of its pre-approval policy, the Audit Committee considers whether the provision of any proposed non-audit services is consistent with the SEC's rules on auditor independence. In accordance with the pre-approval policy, the Audit Committee has pre-approved certain specified audit and non-audit services to be provided by KPMG LLP for up to twelve months from the date of the pre-approval. All of the services referred to above in the table for 2004 were pre-approved by the Audit Committee.



**REPORT ON FORM 10-K**

WE WILL FURNISH WITHOUT CHARGE TO EACH PERSON REPRESENTING THAT HE OR SHE WAS A BENEFICIAL OWNER OF OUR COMMON STOCK AS OF THE RECORD DATE FOR THE MEETING, UPON WRITTEN REQUEST, A COPY OF OUR ANNUAL REPORT ON FORM 10-K. SUCH WRITTEN REQUEST SHOULD BE SENT TO MR. PATRICK L. ALEXANDER, LANDMARK BANCORP, INC., P.O. BOX 308, MANHATTAN, KANSAS 66505. OUR FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION ARE ALSO AVAILABLE VIA THE INTERNET AT OUR WEBSITE AT [LANDMARKBANCORPINC.COM](http://LANDMARKBANCORPINC.COM) AND AT [WWW.SEC.GOV](http://WWW.SEC.GOV).

By order of the Board of Directors

Patrick L. Alexander

President and Chief

Executive Officer

Manhattan, Kansas

April 15, 2005

**ALL STOCKHOLDERS ARE URGED TO SIGN**

**AND MAIL THEIR PROXIES PROMPTLY**





**PROXY FOR COMMON SHARES ON BEHALF OF BOARD OF DIRECTORS  
FOR THE ANNUAL MEETING OF THE STOCKHOLDERS OF  
LANDMARK BANCORP, INC. TO BE HELD MAY 18, 2005**



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The undersigned hereby appoints Patrick L. Alexander, Jerry R. Pettle and Larry L. Schugart, or any two of them acting in the absence of the other, with power of substitution, attorneys and proxies, for and in the name and place of the undersigned, to vote the number of shares of common stock that the undersigned would be entitled to vote if then personally present at the annual meeting of the stockholders of Landmark Bancorp, Inc., to be held at the Kansas State University Alumni Center, 17<sup>th</sup> and Anderson Avenue, Manhattan, Kansas, 66506, on Wednesday, May 18, 2005, at 2:00 p.m., local time, or any adjournments or postponements of the meeting, upon the matters set forth in the notice of annual meeting and proxy statement, receipt of which is hereby acknowledged, as follows:

**1. ELECTION OF DIRECTORS:**

**FOR** all nominees listed below  
(except as marked to the contrary  
below)

**WITHHOLD AUTHORITY**  
to vote for all nominees listed below

**Class I (term expires 2008):** Brent A. Bowman, Joseph L. Downey, David H. Snapp

**(INSTRUCTIONS: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE, STRIKE A LINE THROUGH THE NOMINEE S NAME IN THE LIST ABOVE.)**

**2. TO APPROVE THE AMENDMENT TO THE CERTIFICATE OF INCORPORATION:**

For

Against

Abstain

**3. RATIFY THE APPOINTMENT OF KPMG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 31, 2005:**

For

Against

Abstain

**4. In accordance with their discretion, upon all other matters that may properly come before the meeting and any adjournments or postponements of the meeting.**

**THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE NOMINEES**

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LISTED UNDER PROPOSAL 1 AND FOR PROPOSALS 2 AND 3.

Dated: \_\_\_\_\_, 2005

Signature(s)

**NOTE: PLEASE DATE PROXY AND SIGN IT EXACTLY AS NAME OR NAMES APPEAR ABOVE. ALL JOINT OWNERS OF SHARES SHOULD SIGN. STATE FULL TITLE WHEN SIGNING AS EXECUTOR, ADMINISTRATOR, TRUSTEE, GUARDIAN, ETC. PLEASE RETURN SIGNED PROXY CARD IN THE ENCLOSED ENVELOPE.**

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