finbar
developing better lifestyles

23rd Annual Report 2007

For the year ended 30th June 2007

developing better lifestyles

23rd Annual Report 2007

Directors
Mr Paul Anthony Rengel (Chairman)
Mr John Chan (Managing Director)
Mr Richard Dean Rimington
Mr John Boon Heng Cheak
Mr Kee Kong Loh

Company Secretary
Darren John Pateman

Principal Registered Office
Finbar Group Limited
Level 3
15 Labouchere Road
SOUTH PERTH WA 6151

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Share Registry
Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000
Telephone: +61 8 9323 2000

Auditors
KPMG
132 - 158 St Georges Terrace
PERTH WA 6000

Solicitors
Chalmers Legal Studio
Studio 7
82 King Street
PERTH WA 6000

Chairman's Report

17 September 2007

Dear Shareholders

On behalf of my fellow directors, I am pleased to present to you the 23rd Annual Report of your company under its new name of Finbar Group Limited.

The company has continued in a very strong position in its market segment, with significant growth in group net assets by approximately $10,000,000, representing a 22% increase over the previous year. At the same time a good level of profit has been maintained on sales and other income brought to account for the period, although anticipated levels announced to the market early in the fiscal year, could not be realised as a consequence of the impact of labour and material shortages on project completion timelines.

A significant number of projects are now in progress with a sales value of almost $860,000,000, with approximately $540,000,000 of pre sales in hand and completion timelines spread over the next three fiscal periods.

The directors are confident of the company's continuing profitability and as part of our strategy going forward, the company plans to develop commercial property for rental so as to provide a fixed regular income flow, to supplement project based revenue flow from residential property development.

During the fiscal year the company's share price has also remained strong despite some market upheavals and the directors are of the view that your investment in Finbar remains sound, with a real potential for future growth and dividends.

Shareholders will once again receive a good yield of franked dividend of $0.08 per share having already received $0.03 interim payment, with the balance of $0.05 per share to be paid in October 2007.

Your company is well established and recognised in its market with several high quality projects coming to completion over the next few years. Good levels of profits are anticipated on the projects to be completed and at the same time plans are in process for expansion into commercial areas within our property market.

Finbar continues to be successful through the dedicated efforts and competence of the executive directors and the management team. I am pleased once again to acknowledge their achievements and to thank them on behalf of the non- executive directors and the shareholders. On behalf of the non-executive directors I'm also pleased to assure the shareholders of the board's commitment to highest standards of Corporate Governance in our custodianship of your investment.

I thank the shareholders for their continued support of the company and ask you to read and consider the content of this annual report. The directors will also be very pleased to see you attend the forthcoming annual general meeting.

With compliments

Paul Anthony Rengel
Chairman of Directors

Chief Executive Officer's Review

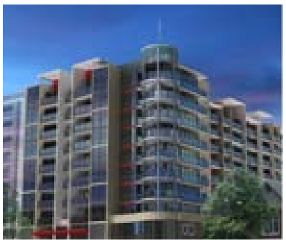
Chief Executive Officer's Review

I am pleased to report that Finbar Group Limited performed well in the 2007 financial year. While the previous year saw the commencement of several projects, this year saw the completion of three projects (One28, Avena, and Sol), with another two projects (Soho and Altair) completed in the first few weeks of the 2008 financial year.

Reflecting this strong performance was an increased dividend payout, with an interim dividend of 3c per share and a dividend of 5c per share bringing the total dividend to a fully franked 8c per share.

Three new development sites were acquired during the year, bringing the total number of sites for development to 15. More details on these current and future developments are as follows:

'The Saint' – 118 Adelaide Terrace, Perth: A joint venture project, comprising a 10-storey building with 84 apartments and 84sqm of office/retail space.



145 Newcastle St, Northbridge: To be developed by a joint venture company into 28 apartments and approximately 683sqm of office and retail space.

'St Marks' - 369-375 Stirling Street, Highgate: purchased by the Finbar Property Trust in February 2007, the property is leased by the former owners for a period of seven years (with a three year option) where a language school is operated. It is likely that residential apartments will be developed upon expiration of the lease.

'Del Mar' – 3 The Palladio, Mandurah: A sold-out 49-apartment project located on the canals of the Mandurah Ocean Marina, currently under construction.

'Infinity'- 131 Adelaide Terrace, East Perth: A 111-unit project which has reached an advanced stage of construction, with all available lots sold.

Chief Executive Officer's Review

'Ceresa´- 12 Tanunda Drive, Rivervale: A three-building, 113-apartment project located next to 'Avena' on the Rivervale riverfront. Currently under construction.

'Domus' – 375 Hay Street, East Perth: An 81-unit project currently under construction, with 57 lots sold off the plan.

'Circle' - Lots 207 & 301 Lake Street, Northbridge: A low-rise residential development comprising a mix of residential and office/café space, a short walk to the popular restaurant and entertainment precinct.

'Hill 60 Homestead´- 16 Tanunda Drive, Rivervale: A circa 1902 heritage-listed property located between 'Avena' and 'Ceresa', the homestead has been refurbished and will be offered for sale to the open market upon completion of the Ceresa development.

'Code' - 701 Wellington Street, Perth (69 Milligan Street): A single block from the central business district, construction will commence in the second half of calendar year 2007.

'Royale' - 369 Hay Street, East Perth: Finbar's largest (in apartment numbers) residential project being undertaken by the Company to date. It comprises 197 residential apartments including office/retail space. Earthworks have now commenced.

Chief Executive Officer’s Review

Chief Executive Officer's Review

‘Horizon on Sixth’ - 49 Sixth Avenue, Maylands: 62 new apartments to be constructed on the former Society for the Blind site.

‘Horizon on Central’ - 54 Central Avenue, Maylands: The second stage of the ‘Horizon’ project, 50 apartments will be offered for sale from the end of 2007.

‘Horizon Heritage’ – 54 Central Avenue, Maylands: On the northern boundary of ‘Horizon on Central’, the original heritage building will be redeveloped into 12 bare apartment shells for owners’ internal refit.

‘Reflections’ 96 & 102 Terrace Road, East Perth: A joint venture development, construction of the two, 24-storey residential towers comprising 138 residential apartments plus 350sqm of office/retail has commenced.

With these development sites Finbar has established a robust project pipeline which should enable the Company to weather market fluctuations and take advantage of growth opportunities as and when they become available. Significantly, Finbar has already secured $540m of presales out of a total estimated end sales value of $860m for these projects.

The Western Australian construction industry continues to face skills, labour, and materials shortages, however, there are strong indications that the market has stabilised and that these challenges are being managed. We anticipate a more predictable cost environment for construction works to return over the next few years.

Chief Executive Officer's Review

In June 2007 the Company settled the purchase of the Fairlanes Bowling site at 175 Adelaide Terrace, East Perth, and we have announced that we are exploring the possibility of constructing our first purely commercial project with the development of a 16 level office building on the site. This is an important part of our strategy to build a steadier, annuity style income stream through leasing of retained commercial property developments.

Finbar currently holds two properties which are suitable for commercial development; the former Fairlanes Bowling site in East Perth, and the former Nutrimetics site in Victoria Park. We believe that demand for quality commercial premises in these areas is likely to remain high on the back of strong fundamentals to the local economy.

We look forward to delivering strong results in the 2008 financial year from Finbar's current project pipeline while continuing to investigate opportunities to increase shareholder value through commercial and residential development both in Perth and elsewhere in Australia.

Darren Pateman
Chief Executive Office / Company Secretary

Project Development Structure

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JOINTLY CONTROLLED VENTURES

- 50% — 375 HAY STREET PTY LTD — Domus | Royale
- 50% — 188 ADELAIDE TERRACE JOINT VENTURE PTY LTD; 60% — JOINT VENTURE AGREEMENT — Cosmopolitan | Soho
- 50% — RIVERVALE CONCEPTS PTY LTD — Avena | Ceresa
- 50% — 132 TERRACE ROAD JOINT VENTURE PTY LTD — Altair
- 50% — 701 WELLINGTON STREET PTY LTD — Code
- 50% — 406 & 407 NEWCASTLE STREET PTY LTD

SUBSIDIARIES AND JOINT VENTURES

- 100% — Del Mar
- 100% — LAKE STREET PTY LTD — Circle
- 100% — 175 ADELAIDE TERRACE PTY LTD — Fairlanes
- 100% — FINBAR PROPERTY TRUST — St Marks
- 100% — LOT 1 - 10 WHATLEY CRESCENT PTY LTD — Horizon
- 100% — 17-19 CARR STREET PTY LTD — Sol
- 100% — BURT WAY DEVELOPMENTS PTY LTD; 50% — JOINT VENTURE AGREEMENT — Reflections
- 100% — 135 ADELAIDE TERRACE DEVELOPMENTS PTY LTD; 50% — JOINT VENTURE AGREEMENT — Infinity
- 68.75% — 59 ALBANY HIGHWAY PTY LTD; 46.15% — 59 ALBANY HIGHWAY JOINT VENTURE PTY LTD; 50% — JOINT VENTURE AGREEMENT — Nutrimetics Site
- 50% — JOINT VENTURE AGREEMENT 118 ADELAIDE TERRACE — The Saint

Current Projects [CURRENT AS OF 17 SEPTEMBER 2007]

Current Projects

AVENA – 18 TANUNDA DRIVE, RIVERVALE

APARTMENTS
76 – 2 and 3 bedroom

COMMERCIAL
0

AVERAGE SALE PRICE TO DATE
$572,740

% SOLD
96%

SALES TO DATE
$41,810,000

APPROXIMATE END VALUE
$43,965,000

ESTIMATED COMPLETION DATE
Completed

PROJECT COMPANY
Rivervale Concepts Pty Ltd

SOL – 19 CARR STREET, WEST PERTH

APARTMENTS
60 – 2 and 3 bedroom

COMMERCIAL
0

AVERAGE SALE PRICE TO DATE
$374,167

% SOLD
100%

SALES TO DATE
$22,450,000

APPROXIMATE END VALUE
$22,450,000

ESTIMATED COMPLETION DATE
Completed

PROJECT COMPANY
17-19 Carr Street Pty Ltd

Current Projects [CURRENT AS OF 17 SEPTEMBER 2007]

Current Projects

ALTAIR – 132 TERRACE ROAD, EAST PERTH

APARTMENTS
120 – 1, 2 and 3 bedroom

COMMERCIAL
3

AVERAGE SALE PRICE TO DATE
$659,018

% SOLD
100%

SALES TO DATE
$81,059,166

APPROXIMATE END VALUE
$81,059,166

ESTIMATED COMPLETION DATE
Completed

PROJECT COMPANY
132 Terrace Road Joint Venture Pty Ltd

SOHO – 188 ADELAIDE TERRACE, EAST PERTH

APARTMENTS
78 – 1, 2 and 3 bedroom

COMMERCIAL
2

AVERAGE SALE PRICE TO DATE
$327,950

% SOLD
100%

SALES TO DATE
$26,236,000

APPROXIMATE END VALUE
$26,236,000

ESTIMATED COMPLETION DATE
Completed

PROJECT COMPANY
188 Adelaide Terrace Joint Venture Pty Ltd

Current Projects

DEL MAR – 3 THE PALLADIO, MANDURAH OCEAN MARINA

APARTMENTS
49 – 1, 2 and 3 bedroom

COMMERCIAL
0

AVERAGE SALE PRICE TO DATE
$581,224

% SOLD
100%

SALES TO DATE
$28,480,000

APPROXIMATE END VALUE
$28,480,000

ESTIMATED COMPLETION DATE
Financial Year 2008

PROJECT COMPANY
Finbar Group Limited

INFINITY – 131 ADELAIDE TERRACE, EAST PERTH

APARTMENTS
109 – 1, 2 and 3 bedroom

COMMERCIAL
2

AVERAGE SALE PRICE TO DATE
$382,793

% SOLD
100%

SALES TO DATE
$42,490,000

APPROXIMATE END VALUE
$42,490,000

ESTIMATED COMPLETION DATE
Financial Year 2008

PROJECT COMPANY
135 Adelaide Terrace Developments Pty Ltd

Current Projects [CURRENT AS OF 17 SEPTEMBER 2007]

Current Projects

CERESA – 12 TANUNDA DRIVE, RIVERVALE

APARTMENTS
113 – 2 and 3 bedroom

COMMERCIAL
0

AVERAGE SALE PRICE TO DATE
$577,710

% SOLD
95%

SALES TO DATE
$61,815,000

APPROXIMATE END VALUE
$65,422,600

ESTIMATED COMPLETION DATE
Financial Year 2009

PROJECT COMPANY
Rivervale Concepts Pty Ltd

DOMUS – 375 HAY STREET, EAST PERTH

APARTMENTS
80 – 1 and 2 bedroom

COMMERCIAL
1

AVERAGE SALE PRICE TO DATE
$432,259

% SOLD
78%

SALES TO DATE
$27,169,288

APPROXIMATE END VALUE
$36,434,288

ESTIMATED COMPLETION DATE
Financial Year 2009

PROJECT COMPANY
375 Hay Street Pty Ltd

Current Projects [CURRENT AS OF 17 SEPTEMBER 2007]

Current Projects

REFLECTIONS – 98 & 100 TERRACE ROAD, EAST PERTH

APARTMENTS
138 – 2 and 3 bedroom

COMMERCIAL
4

AVERAGE SALE PRICE TO DATE
$837,585

% SOLD
100%

SALES TO DATE
$118,937,000

APPROXIMATE END VALUE
$118,937,000

ESTIMATED COMPLETION DATE
Financial Year 2011

PROJECT COMPANY
Burt Way Developments Pty Ltd

ROYALE – 369 HAY STREET, EAST PERTH

APARTMENTS
193 – 1, 2 and 3 bedroom

COMMERCIAL
4

AVERAGE SALE PRICE TO DATE
$496,021

% SOLD
95%

SALES TO DATE
$93,252,000

APPROXIMATE END VALUE
$98,222,000

ESTIMATED COMPLETION DATE
Financial Year 2010

PROJECT COMPANY
375 Hay Street Pty Ltd

Current Projects [CURRENT AS OF 17 SEPTEMBER 2007]

Current Projects

HORIZON ON SIXTH – 49 SIXTH AVENUE, MAYLANDS

APARTMENTS
62 – 2 and 3 bedroom

COMMERCIAL
0

AVERAGE SALE PRICE TO DATE
$532,944

% SOLD
73%

SALES TO DATE
$23,982,500

APPROXIMATE END VALUE
$33,860,500

ESTIMATED COMPLETION DATE
Financial Year 2010

PROJECT COMPANY
Lot 1 to 10 Whatley Crescent Pty Ltd

CIRCLE – 89 & 98 LAKE STREET, NORTHBRIDGE

APARTMENTS
31 – 2 and 3 bedroom

COMMERCIAL
6

AVERAGE SALE PRICE TO DATE
$551,713

% SOLD
92%

SALES TO DATE
$18,758,250

APPROXIMATE END VALUE
$21,096,250

ESTIMATED COMPLETION DATE
Financial Year 2009

PROJECT COMPANY
Lake Street Pty Ltd

Current Projects [CURRENT AS OF 17 SEPTEMBER 2007]

Current Projects

CODE – 69 MILLIGAN STREET, PERTH

APARTMENTS
110 – 1 & 2 bedroom

COMMERCIAL
4

AVERAGE SALE PRICE TO DATE
$511,977

% SOLD
95%

SALES TO DATE
$55,293,500

APPROXIMATE END VALUE
$58,958,500

ESTIMATED COMPLETION DATE
Financial Year 2010

PROJECT COMPANY
701 Wellington Street Pty Ltd

THE SAINT – 118 ADELAIDE TERRACE, EAST PERTH

APARTMENTS
84 – 1, 2 & 3 bedroom

COMMERCIAL
1

AVERAGE SALE PRICE TO DATE
$576,618

% SOLD
80%

SALES TO DATE
$39,210,000

APPROXIMATE END VALUE
$48,825,000

ESTIMATED COMPLETION DATE
Financial Year 2011

PROJECT COMPANY
Finbar Group Limited

Future Projects [CURRENT AS OF 17 SEPTEMBER 2007]

Future Projects

HORIZON ON CENTRAL
– 54 CENTRAL AVENUE, MAYLANDS

APARTMENTS
50

COMMERCIAL
0

ESTIMATED COMPLETION DATE
Financial Year 2011

APPROXIMATE END VALUE
$28,612,500

PROJECT COMPANY
Lot 1 to 10 Whatley Crescent Pty Ltd

HORIZON HERITAGE – MAYLANDS

APARTMENTS
12

COMMERCIAL
0

ESTIMATED COMPLETION DATE
Financial Year 2011

APPROXIMATE END VALUE
$15,000,000

PROJECT COMPANY
Lot 1 to 10 Whatley Crescent Pty Ltd

Future Projects [CURRENT AS OF 17 SEPTEMBER 2007]

Future Projects

NEWCASTLE STREET
– 145 NEWCASTLE STREET, NORTHBRIDGE

APARTMENTS
28

COMMERCIAL
6

ESTIMATED COMPLETION DATE
Financial Year 2009

APPROXIMATE END VALUE
$21,495,000

PROJECT COMPANY
406 & 407 Newcastle Street Pty Ltd

NUTRIMETICS – 59 ALBANY HIGHWAY, VICTORIA PARK

APARTMENTS
75

COMMERCIAL
11,000 m2

ESTIMATED COMPLETION DATE
Financial Year 2011

APPROXIMATE END VALUE
$110,000,000

PROJECT COMPANY
59 Albany Highway Pty Ltd

Future Projects [CURRENT AS OF 17 SEPTEMBER 2007]

Future Projects

FAIRLANES – 175 ADELAIDE TERRACE, EAST PERTH

APARTMENTS
0

COMMERCIAL
17,510 m2

ESTIMATED COMPLETION DATE
2012

APPROXIMATE END VALUE
$120,000,000

PROJECT COMPANY
175 Adelaide Terrace Pty Ltd

HILL 60 HOMESTEAD – TANUNDA DRIVE, RIVERVALE

ESTIMATED COMPLETION DATE
Financial Year 2009

APPROXIMATE END VALUE
$2,000,000

PROJECT COMPANY
Rivervale Concepts Pty Ltd

Future Projects [CURRENT AS OF 17 SEPTEMBER 2007]

Future Projects

ST MARKS –
369 – 375 STIRLING STREET, HIGHGATE

APARTMENTS
Approx 100

CURRENT USE
Long Term Lease

ESTIMATED COMPLETION DATE
Financial Year 2018

PROJECT COMPANY
Finbar Property Trust

Project Pipeline, Sales, Ultimate Interest & Timeline

Project	Total Residential Lots	Total Commercial Area	Total Project Value	Sales Contracts Secured	% Sold	Revenue already taken to 30/6/07	Revenue for Subsequent Periods	Finbar's Total Interest	2008	2009	2010	2011	2012	2017	2018
	Lots	m2	$,000	$,000	%	$,000	$,000	%	FY	FY	FY	FY	FY	FY	FY
Avena	76	-	43,755	43,755	100%	37,330	6,425	50.0%							
Sol	60	-	22,450	22,450	100%	10,090	12,360	100.0%							
Altair	120	419	81,000	81,000	100%	-	81,000	50.0%							
Soho	78	131	26,236	26,236	100%	-	26,236	30.0%							
Del Mar	49	-	28,480	28,480	100%	-	28,480	100.0%							
Infinity	109	209	42,490	42,490	100%	-	42,490	50.0%							
Ceresa	113	-	65,215	65,215	100%	-	65,215	50.0%							
Domus	80	104	36,434	24,069	66%	-	36,434	50.0%							
Circle	31	727	21,019	17,111	81%	-	21,019	100.0%							
Hill 60 Home	1	-	2,000	-	-	-	2,000	50.0%							
Newcastle Street ‡	28	683	21,000	-	-	-	21,000	50.0%							
Code	110	376	58,988	52,993	90%	-	58,988	50.0%							
Royale	193	512	97,932	90,277	92%	-	97,932	50.0%							
Horizon on Sixth	62	-	33,490	21,851	65%	-	33,490	100.0%							
Horizon Central	50	-	26,882	21,851	81%	-	26,882	100.0%							
Horizon Heritage ‡	19	-	15,000	-	-		15,000	100.0%							
Reflections	138	350	118,937	118,937	100%	-	118,937	50.0%							
Nutrimetics ‡	75	11,000	110,000	-	-	-	110,000	50.3%							
The Saint ‡	84	84	47,870	23,555	49%	-	47,870	50.0%							
Fairlaines ‡	0	17,510	120,000	-	-	-	120,000	100.0%							
St Marks ‡	100	-	50,000	-	-	-	50,000	100.0%							
	1,576	32,105	1,069,178	680,270		47,420	1,021,758								

NOTES:
All Prices and Project Values are indicative only and subject to change.
All timelines are estimates and subject to program changes.
‡ Indicates approximate lot numbers for projects where development and/or building approvals are not yet obtained.

KEY:
Complete
Under Construction
Future Construction

FINBAR GROUP LIMITED (formerly Finbar International Limited) AND ITS CONTROLLED ENTITIES

ABN 97 009 113 473
ACN 009 113 473

Financial Report

For the year ended 30th June 2007

Directors' Report

For the year ended 30 June 2007

The Directors present their report together with the financial report of Finbar Group Limited (formerly Finbar International Limited) ('the Company') and of the Group, being the Company, its Subsidiaries and the Group's interest in Jointly Controlled entities for the financial year ended 30 June 2007 and the audit report thereon.

CONTENTS OF DIRECTORS' REPORT

Directors' Report
For the year ended 30 June 2007

1 DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Non-executive (Independent) Director

Paul Anthony RENGEL - B Com, FCA (Chairperson)
Director and Chairperson since 22 May 1992 **Age: 66**

Paul Rengel was appointed Chairman in 1992 and has 37 years of professional experience with international accounting firms and is currently director for corporate finance services with Moore Stephens in Perth.

Paul holds a Bachelor of Commerce degree from the University of Western Australia, he is a Fellow of the Institute of Chartered Accountants in Australia, an Associate Member of the Australian Institute of Company Directors, and an Associate Member of the Australian Institute of Management.

Paul is an experienced professional company director and is currently non-executive chairman of ASX listed scientific equipment manufacturer - XRF Scientific Limited, and non-executive chairman of ASX listed mineral exploration company - Stonehenge Metals Limited. He brings to the Board a wide experience in the public company sector, financial management and corporate governance.

Non-executive Director

John Boon Heng CHEAK - B Com
Director since 28 April 1993 **Age: 64**

John Cheak joined the Board in 1993 and has extensive experience in the governance of companies in property development, marine transportation and precision engineering sectors.

John has a Bachelor of Economics degree from the University of Western Australia and is a permanent resident of Singapore.

John is a non-executive director of Australian publicly-listed precision engineering company Zicom Group Limited, and non-executive director of CH Offshore Limited, Singapore and Scomi Marine Bhd, Malaysia, both publicly-listed marine transportation companies.

Non-executive Director

Kee Kong LOH - B Acc, CPA
Director since 28 April 1993 **Age: 55**

Loh joined the Board in April 1993 and has substantial experience in the governance of companies in property development, marine transportation, and electronics manufacturing sectors.

He has a degree in accountancy from the University of Singapore and is a Member of the Institute of Certified Public Accountants of Singapore.

Loh is a director of PCI Limited (Singapore) and in the last three years has been a director of Cedar Woods Holdings Limited, Chuan Hup Holdings Limited and CH Offshore Limited which are publicly listed companies in Singapore, where he is a resident.

1 DIRECTORS (continued)

Executive Director

John CHAN - BSc, MBA, MAICD (Managing Director)
Director and Managing Director since 27 April 1995 **Age: 60**

John Chan is Managing Director of Finbar, and a Director of its Subsidiaries and Jointly Controlled entities.

John was appointed Director in 1995 and was instrumental in re-listing Finbar on the ASX as a property development company. Prior to joining Finbar, John headed several property and manufacturing companies both in Australia and overseas.

He holds a Bachelor of Science from Monash University in Melbourne and a Master of Business Administration from the University of Queensland. John is a Member of the Australian Institute of Company Directors, is a Trustee for the Western Australian Chinese Chamber of Commerce, and is a former Senate Member of Murdoch University.

Executive Director

Richard Dean RIMINGTON
Director since 27 April 1995 **Age: 48**

Richard Rimington is an Executive Director of the Company, its Subsidiaries and Jointly Controlled entities.

Rick joined the Board in 1995 and since that time has been instrumental in the growth of the Company following the Company's listing on the exchange as a property development company.

Rick brings to the Board over 22 years of experience in land subdivision and residential project development in Western Australia, South Australia and Queensland.

2 COMPANY SECRETARY

Darren John PATEMAN - EMBA, Grad.Dip.AppCorpGov, AICD, AFAIM
Company Secretary since 28 February 1996 **Age: 38**

Darren Pateman is the Chief Executive Officer and Company Secretary of Finbar, and Company Secretary of its Subsidiaries and Joint Venture entities.

Darren joined Finbar in 1995 and has had an active role in the growth of Finbar since re-listing on the stock exchange as a property development company in 1995. He has held a number of positions in his 12 years with the Company and was appointed CEO in 2006.

Coming from a background of private business administration and real estate project marketing, Darren holds an Executive Master of Business Administration from the University of Western Australia and a Graduate Diploma in Applied Corporate Governance. Darren is a Member of the Australian Institute of Company Directors and an Associate Fellow of the Australian Institute of Management.

3 DIRECTORS' MEETINGS

The number of Directors' meetings attended by each of the Directors of the Company during the financial year are:

Director	Board Meetings Held	Board Meetings Attended
Paul Anthony RENGEL	3	2
John Boon Heng CHEAK	3	2
Kee Kong LOH	3	3
John CHAN	3	3
Richard Dean RIMINGTON	3	3

4 CORPORATE GOVERNANCE STATEMENT

This statement outlines the main Corporate Governance practices that were in place throughout the financial year, which comply with ASX Corporate Governance Council recommendations, unless otherwise stated.

4.1 BOARD OF DIRECTORS

Role of the Board
The Board's primary role is the protection and enhancement of long-term shareholder value.

To fulfill this role, the Board is responsible for the overall corporate governance of the Company and the Group including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for Directors and Senior Executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems.

The Board is also responsible for approving and monitoring financial and other reporting.

The Board has delegated responsibility for operation and administration of the Company to the Managing Director and executive management.

Board Processes
The Company is not currently considered to be of the size, nor are its affairs of such complexity to justify the establishment of separate committees, or a formal Board charter or a code of conduct. Accordingly, all matters which may be capable of delegation to a committee are dealt with by the full Board.

In addition to Board meetings, the Board members communicate regularly and attend to the majority of the governance matters via circular resolution.

The agenda for meetings is prepared in conjunction with the Chairperson, Managing Director and the Chief Executive Officer. Standing items include the Chief Executive Officer's report, financial reports, strategic matters, governance and compliance. Submissions are circulated in advance. Executives are regularly involved in Board discussions.

Director Education
Directors have the opportunity to visit the Company and the Group facilities and meet with management to gain a better understanding of business operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

Independent Professional Advice and Access to Company Information
Each Director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairperson, may seek independent professional advice from a suitably qualified adviser at the Company's expense. The Director must consult with an advisor suitably qualified in the relevant field, and obtain the Chairperson's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the Director is made available to all other members of the Board.

Composition of Board
The names of the Directors of the Company in office at the date of this report are set out in the Directors' report on Pages 19 & 20 of this report.

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

- The Board shall comprise Directors with a range of expertise encompassing the current and proposed activities of the Company;
- Where a vacancy is considered to exist, the Board selects an appropriate candidate through consultation with external parties and consideration of the needs of shareholders and the Company. Such appointments are referred to shareholders at the next opportunity for re-election in general meeting;
- New Directors are provided the opportunity to meet with management and familiarise themselves with the business operations of the Company;
- The procedures for the election and retirement of Directors are governed by the Company's constitution and the listing Rules of the Australian Stock Exchange Limited (ASX).

4.1 BOARD OF DIRECTORS (continued)

An Independent Director is a Director who is not a member of management (a Non-executive Director) and who:

- Holds less than five percent of the voting shares of the Company and is not an officer of, or otherwise associated, directly or indirectly, with a shareholder of more than five per cent of the voting shares of the Company;
- Has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a Director after ceasing to hold any such employment;
- Within the last three years has not been a principal or employee of a material* professional adviser or a material* consultant to the Company or another Group member;
- Is not a material* supplier or customer of the Company, or another Group member, or an officer of or otherwise associated directly or indirectly with a material* supplier or customer;
- Has no material* contractual relationship with the Company or another Group member other than as a Director of the Company;
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially* interfere with the Director's ability to act in the best interests of the Company.

** The Board considers, 'material', in this context, to be where any Director-related business relationship has represented, or is likely in the future to represent the lesser of at least five per cent of the relevant Director-related business' revenue. The Board considered the nature of the relevant industries' competition and the size and nature of each Director-related business relationship, in arriving at this threshold.*

The Board currently consists of one Independent Director and four Non-independent Directors.

The Company does not have a nomination or remuneration committee as the Company is not currently considered to be of the size nor have the shareholder spread to warrant the appointment of additional Independent Directors. The Company Chairman is a Non-executive Independent Director who holds this position in the interests of minority shareholders.

4.2 REMUNERATION REPORT

4.2.1 Principles of Remuneration - Audited

Remuneration of directors and executives is referred to as remuneration as defined in AASB 124.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group. Key management personnel comprise the Directors of the Company and Executives for the Company and the Group including the S300A Executives.

Remuneration levels for key management personnel of the Company, and key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced Directors and Executives. The Board obtains independent advice on the appropriateness of remuneration packages of both the Company and the Group given trends in comparative companies both locally and internationally and the objectives of the Company's remuneration strategy.

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control the Company and the Group's performance;
- the Company and the Group's performance including:
  - the Company and the Group's earnings;
  - the growth in share price and delivering constant returns on shareholder wealth;
- the amount of incentives within each key management person's remuneration.

Remuneration packages include a mix of fixed remuneration and long-term performance-based incentives.

Fixed Remuneration
Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually through a process that considers individual and overall performance of the Company and the Group. In addition external consultants provide analysis and advice to ensure the Directors' and Senior Executives' remuneration is competitive in the market place.

Performance Linked Remuneration
Performance linked remuneration includes long-term incentives and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The long-term incentive (LTI) is provided as options over ordinary shares of the Company under the rules of the Executive Option Plan 2003 (see Note 23 in the Notes to the Financial Statements). The Board did not exercise any discretion on the payment of options as the plan provides for no such discretion.

Long Term Incentive
Options are issued under the Executive Option Plan 2003 (made in accordance with thresholds set in the plan approved by shareholders at the 26 June 2003 General Meeting), and it provides for key management personnel to receive up to an annual aggregate of five per cent of fully paid issued shares by way of options over ordinary shares, for no consideration.

Consequences of Performance on Shareholders Wealth
In considering the Company and the Group's performance and benefits for shareholders wealth, the Board has regard to the following indices in respect of the current financial year and the previous four financial years:

	2005	2004	2003
Net profit attributable to equity holders of the parent **(calculated under previous Australian GAAP)**	$6,578,450	$4,474,948	$3,141,396
Dividends paid	$1,793,737	$897,366	$897,366
Change in share price	$0.14	$0.00	$0.04
Return on capital employed	13.11%	12.79%	9.75%
Return on ordinary shareholders equity	17.35%	14.41%	10.74%

	2007	2006	2005
Net profit attributable to equity holders of the parent **(calculated under AIFRS)**	$3,002,734	$5,025,449	$5,672,748
Dividends paid	$7,476,138	$4,098,936	$1,793,737
Change in share price	-$0.08	$0.47	$0.14
Return on capital employed	2.13%	8.69%	12.95%
Return on ordinary shareholders equity	5.02%	10.26%	16.34%

Net profit amounts for years 2003 to 2004 were calculated in accordance with previous Australian GAAP. Net profit amounts for 2005, 2006 and 2007 have been calculated in accordance with Australian Accounting Standards (AASBs).

Dividends, changes in share price, and return of capital are included in the total shareholder return (TSR) calculation which is one of the performance criteria assessed for the LTI. The other performance criteria assessed for the LTI is growth in earnings per share, which takes into account the Company and the Group's net profit.

The overall level of key management personnel's remuneration takes into account the performance of the Group over a number of years.

4.2 REMUNERATION REPORT (continued)

4.2.1 Principles of Remuneration - Audited (continued)

The Board considers that the above performance-linked remuneration structure is generating the desired outcome.

Service Contracts
No service contracts (except as detailed at Paragraph 4.2.2 of this Directors Report) have been entered into by the Company and the Group for Executive Directors and Senior Executives, including the Managing Director and Chief Executive Officer.

Directors
Total base remuneration for all Directors, last voted upon by shareholders at the 2004 year AGM, is not to exceed $157,000 per annum and are set based on advice from external advisors with reference to fees paid to other Directors of comparable companies. Directors' base fees are presently up to $157,000 per annum.

The Chairperson receives up to twice the base fee. Directors' fees cover all main Board activities.

4.2.2 Directors and Executive Officers' Remuneration - Audited

Details of the nature and amount of each major element of remuneration of each Director of the Company and of the named Company Executive who receive the highest remuneration during the financial year ended 30 June 2007 are:

	Salary and Fees $	Superannuation $	Management Fees (*) $	Options Issued (**) $	Total $
Executive Directors					
Mr John Chan	24,187	2,177	*	1,097,824	1,124,188
Mr Richard Dean Rimington	24,187	2,177	*	788,181	814,545
Non-executive Directors					
Mr Paul Anthony Rengel, Chairperson	39,545	-		281,493	321,038
Mr John Boon Heng Cheak	26,364	-		-	26,364
Mr Kee Kong Loh	26,363	-		-	26,363
Executives					
Mr Darren John Pateman, CEO	11,009	991	*	562,987	574,987
Mr Edward Guy Bank, CFO	81,500	10,731		140,747	232,978
	233,155	**16,076**		**2,871,232**	**3,120,463**

Details of the nature and amount of each major element of the emolument of each Director of the Company and the named Officers of the Company receiving the highest remuneration during the financial year 30 June 2006 are:

	Salary and Fees $	Superannuation $	Management Fees (*) $	Options Issued $	Total $
Executive Directors					
Mr John Chan	24,187	2,177	*	-	26,364
Mr Richard Dean Rimington	24,187	2,177	*	-	26,364
Non-executive Directors					
Mr Paul Anthony Rengel, Chairperson	39,545	-		-	39,545
Mr John Boon Heng Cheak	26,363	-		-	26,363
Mr Kee Kong Loh	26,364	-		-	26,364
Executives					
Mr Darren John Pateman, CEO	11,009	991	*	-	12,000
Mr Edward Guy Bank, CFO	76,583	10,200		-	86,783
	228,238	**15,545**		**-**	**243,783**

*** Management Fees:**
The Company has entered into a management agreement ("the agreement") with J&R Management Pty Ltd ("J&R Management") for the provision of executive management, project management and company secretarial services to the Company for a period of three years from 1 July 2004. The agreement was signed on 16 December 2004. The Company and J&R Management have agreed to an extension of the agreement for a period of three months from 1 July 2007. Mr John Chan and Mr Richard Dean Rimington are Directors and shareholders of J&R Management. Mr Darren John Pateman is a shareholder of J&R Management. The agreement provides for the payment of a commission of eight per cent of pre-tax profits of the Company in each financial year.

The management agreement includes a clause to pay J & R Management fifty percent of the management fee payable to the Company by Boas Gardens Estate Pty Ltd.

The terms and conditions of the transactions with J&R Management are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amounts recognised during the year relating to J&R Management were as follows:

		Consolidated		Company	
	Note	2007 $	2006 $	2007 $	2006 $
Monthly fee	a)	442,391	425,376	442,391	425,376
Eight per cent of Pre-tax Company profits	b)	111,096	(51,615)	111,096	(51,615)
Eight per cent of Pre-tax Jointly Controlled entities profits	c)	280,425	185,172	280,425	185,172
Eight per cent of Pre-tax Subsidiaries profits		129,973	106,723	129,973	106,723
Fifty per cent of Boas Gardens Estate Pty Ltd management fee		(1,336)	(4,461)	(1,336)	(4,461)
		962,549	**661,195**	**962,549**	**661,195**

The calculation of management fees for 2007 are based on Australian Accounting Standards (AASBs) profit calculations.

a) The monthly fee payable to J&R Management is $36,866 per month (2006: $35,448 per month).

b) The calculation of the eight per cent of Pre-tax Company profits does not include the Share of net profits of Jointly Controlled entities' accounted for using the equity method, and does not include the net profits of Subsidiaries.

c) The calculation of the eight per cent of Pre-tax Jointly Controlled entities profits is calculated on the Company's interest in the Jointly Controlled entities'.

**** Options Issued:**
The fair value of the options issued is calculated at the grant date using the Black-Scholes option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised in this reporting period. In valuing the options, market conditions have been taken into account.

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant Date	Option Life	Fair Value per Option	Exercise Price	Price of Shares on Grant Date	Expected Volatility	Risk Free Interest Rate	Dividend Yield
3 July 2006	3.0 years	$0.5677	$0.40	$0.925	48.00%	5.883%	1.78%

4.2 REMUNERATION REPORT (continued)

4.2.3 Equity Instruments

All options refer to options over ordinary shares of Finbar Group Limited, which are exercisable on a one-for-one basis under the Executive Option Plan 2003.

4.2.3.1 Options and Rights over Equity Instruments Granted as Remuneration - Audited

Details on options over ordinary shares in the Company that were granted as remuneration to each key management person and employees during the reporting period and since the end of the reporting period, and details on options that were vested during the reporting period are as follows:

	Number of Options Granted during 2007	Number of Options Granted after Balance Date	Grant Date	Number of Options Vested during 2007	Exercise Price per Option	Expiry Date
Directors						
Mr John Chan	1,950,000	-	3 July 2006	-	$0.40	3 July 2009
Mr Richard Dean Rimington	1,400,000	-	3 July 2006	-	$0.40	3 July 2009
Mr Paul Anthony Rengel	500,000	-	3 July 2006	-	$0.40	3 July 2009
Executives						
Mr Darren John Pateman	1,000,000	-	3 July 2006	-	$0.40	3 July 2009
Mr Edward Guy Bank	250,000	-	3 July 2006	-	$0.40	3 July 2009

No options were granted in the previous financial year.

No options have been granted since the end of the financial year. The options were provided at no cost to the recipients.

All options expire on the earlier of their expiry date or termination of the individual's employment. The options are exercisable after one year from the grant date. For options granted in the current financial year, the earliest exercise date was 3 July 2007.

These options do not entitle the holder to participate in any share issue of the company or any other body corporate.

Further details, including grant dates and exercise dates regarding options granted to executives under the Executive Option Plan 2003 are in Note 23 in the Notes to the Financial Statements.

4.2.3.2 Modifications of Terms of Equity-settled Share-based Payment Transactions

No terms of equity-settled share-based payment transactions (including options and rights granted as remuneration to a key management person) have been altered or modified by the issuing entity during the reporting period.

4.2.3.3 Exercise of Options Granted as Remuneration

During the reporting period, no shares were issued on the exercise of options previously granted as remuneration.

4.2.3.4 Analysis of Movements in Options - Unaudited

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each Company Director and each Executive of the Company and the Group is detailed below.

	Value of Options			
	Granted in Year $ (A)	Exercised in Year $ (B)	Lapsed in Year $ (C)	Total Option Value in Year $
Mr John Chan	1,097,824	-	-	1,097,824
Mr Richard Dean Rimington	788,181	-	-	788,181
Mr Paul Anthony Rengel	281,493	-	-	281,493
Mr John Boon Heng Cheak	-	-	-	-
Mr Kee Kong Loh	-	-	-	-
Mr Darren John Pateman	562,987	-	-	562,987
Mr Edward Guy Bank	140,747	-	-	140,747
	2,871,232	**-**	**-**	**2,871,232**

(A) The value of options granted in the year is the fair value of the options calculated at grant date using the Black-Scholes option- pricing model. The total value of the options is included in the table above. This amount is allocated to remuneration over the vesting period (i.e. in years 3 July 2006 to 3 July 2007).

(B) The value of options exercised during year is the calculated as the market price of the shares of the Company on the Australian Stock Exchange as at close of trading on the date the options were exercised after deducting the price paid for the option.

(C) The value of options that lapsed during year represents the benefit forgone and is calculated at the date the option lapsed using a binomial option-pricing model with no adjustments for whether performance criteria had been achieved.

4.2.3.5 Unissued Shares under Options

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

Expiry Date	Exercise Price	Number of Shares
3 July 2009	$0.40	5,100,000

All options expire on the earlier of their expiry date or termination of the individual's employment. The options are exercisable after one year from the grant date. For options granted since the end of the financial year, the earliest exercise date was 3 July 2007.

These options do not entitle the holder to participate in any share issue of the company or any other body corporate.

4.3 AUDIT COMMITTEE

The Chief Executive Officer and the Chief Financial Officer declared in writing to the Board that the financial records of the Company for the financial year have been properly maintained and the Company's financial reports for the financial year ended 30 June 2007 comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. This statement is required annually.

The Company does not have a formally constituted audit committee. The Board monitors the need to form an audit committee on a periodic basis. The responsibilities of the Board include:

- reviewing the annual and half-year financial reports and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards (AASBs), and assessing whether the financial information is adequate for shareholder needs;
- assessing corporate risk assessment processes;
- assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review; reviewing whether provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001;

4.3 AUDIT COMMITTEE (continued)

- assessing the adequacy of the internal control framework and the Company's ethical standards;
- organising, reviewing and reporting on any special reviews or investigations deemed necessary;
- monitoring fraud control and monitoring prompt and appropriate rectification of any deficiencies or breakdowns identified;
- monitoring the procedures to ensure compliance with the Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements;
- addressing any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, ASX and financial institutions.

The Board reviews the performance of the external auditors on an annual basis and normally meets with them during the year to:

- discuss the external audit, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed;
- review the half-year and preliminary final report prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings, and to recommend board approval of these documents, prior to announcement of results;
- review the draft annual and half-year financial report, and approval of the financial report;
- review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made.

The Board considers annually the necessity to request the attendance of the auditors at annual general meetings so as to be available to answer shareholder questions about the conduct of the audit and content of the auditor's report.

4.4 RISK MANAGEMENT

Oversight of the Risk Management

The Board oversees the establishment, implementation, and annual review of the Company's risk management procedures. Management has established and implemented informal risk management procedures for assessing, monitoring and managing operational, financial reporting, and compliance risks for the Company and the Group. The Chief Executive Officer and the Chief Financial Officer have declared, in writing to the Board, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. The operational and other risk management compliance and controls have also been assessed and found to be operating efficiently and effectively. All risk assessments covered the whole financial year and the period up to the signing of the Annual Financial Report for all material operations in the Group, and Jointly Controlled entities.

Risk Profile

Major risks arise from such matters as actions by competitors, government policy changes, difficulties in appointed builders sourcing raw materials and skilled labour, environment, occupational health, property, financial reporting and the use of information systems.

The Board adopts practices to identify significant areas of business risk and to effectively manage those risks in accordance with the Company's risk profile. Where necessary, the Board draws on the expertise of appropriate external consultants to assist.

Risk Management and Compliance Control

The Company and the Group strives to ensure that its products are of the highest standard.

The Board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities.

Comprehensive practices have been established to ensure:

- capital expenditure and revenue commitments above a certain size obtain prior Board approval;
- management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- business transactions are properly authorised and executed;
- the quality and integrity of personnel (see below);
- financial reporting accuracy and compliance with the financial reporting regulatory framework (see below);
- environmental regulation compliance (see below).

Quality and Integrity of Personnel

Training and development and appropriate remuneration and incentives with regular performance reviews create an environment of cooperation and constructive dialogue with employees and senior management.

Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have declared, in writing to the Board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

There is a comprehensive accounting system. Monthly actual results are reported against budgets approved by the Directors and revised forecasts for the year are prepared regularly. Procedures are in place to ensure price sensitive information is reported to the Australian Stock Exchange (ASX) in accordance with Continuous Disclosure Requirements.

A review is undertaken at year end of all related party transactions.

Environmental Regulation

The Company and the Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

Compliance with the requirements of environmental regulations and with specific requirements of site environmental licences was substantially achieved across all operations with no instances of non-compliance in relation to licence requirements noted.

The Board is not aware of any significant breaches of environmental regulations during the period covered by this report.

4.5 ETHICAL STANDARDS

All Directors, Managers and Employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company and the Group.

Conflict of Interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company.

Where the Board believes that a significant conflict exists for a Director on a Board matter, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered. Details of Director related entity transactions with the Company and the Group are set out in Note 29 in the Notes to the Financial Statements.

Code of Conduct

All Directors, Managers and Employees are expected maintain high ethical standards including the following:

- aligning the behaviour of the Board and Management with the code of conduct by maintaining appropriate core Company values and objectives;
- fulfilling responsibilities to shareholders by delivering shareholder value;

4.5 ETHICAL STANDARDS (continued)

- usefulness of financial information by maintaining appropriate accounting policies, practices and disclosure;
- fulfilling responsibilities to clients, customers and consumers by maintaining high standards of product quality, service standards, commitments to fair value, and safety of goods produced;
- employment practices such as occupational health and safety, employment opportunity, the community activities, sponsorships and donations;
- responsibilities to the individual, such as privacy, use of privileged or confidential information, and conflict resolution;
- conflicts of interest;
- corporate opportunities such as preventing Directors and key executives from taking advantage of property, information or position for personal gain;
- confidentiality of corporate information;
- fair dealing;
- protection and proper use of the Company's assets;
- compliance with laws;
- reporting of unethical behaviour.

Trading in General Company Securities by Directors and Employees

The key elements of the Trading in Company securities by Directors and Employees policy are:

- identification of those restricted from trading - Directors and Senior Executives including all staff of J & R Management Pty Ltd may acquire shares in the Company, but are prohibited from dealing in Company shares or exercising options:
  - except between three and 30 days after either the release of the Company's half-year and annual results to the Australian Stock Exchange ('ASX'), the Annual General Meeting or any major announcement;
  - whilst in possession of price sensitive information not yet released to the market;
- raising the awareness of legal prohibitions including transactions with colleagues and external advisers;
- requiring details to be provided of the trading activities if the Directors of the Company;
- identification of processes for unusual circumstances where discretions may be exercised in cases such as financial hardship.

4.6 COMMUNICATION WITH SHAREHOLDERS

The Board provides shareholders with information using a comprehensive Continuous Disclosure policy which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website, and issuing media releases.

In summary, the Continuous Disclosure policy operates as follows:

- the Managing Director, the Chief Executive Officer and the Chief Financial Officer are responsible for interpreting the company's policy and where necessary informing the Board. The Company Secretary is responsible for all communications with the ASX. Such matters are advised to the ASX on the day they are discovered;
- the Annual Report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document), including relevant information about the operations of the Company and the Group during the year, changes in the state of affairs and details of future developments;
- the half-yearly report contains summarised financial information and a review of the operations of the Company and the Group during the period. The half-year reviewed financial report is lodged with the Australian Securities and Investments Commission and the ASX, and sent to any shareholder who requests it;
- proposed major changes in the Company and the Group which may impact on share ownership rights are submitted to a vote of shareholders;

- all announcements made to the market, and related information (including information provided to analysts or the media during briefings), are placed on the Company's website after they are released to the ASX;
- the full texts of notices of meetings and associated explanatory material are placed on the Company's website;
- the external auditor being requested to attend the annual general meetings to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

All of the above information, including that of the previous three years, is made available on the Company's website within one day of public release.

The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the Company and the Group's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors, the Remuneration report and changes to the Constitution. Copies of the Constitution are available to any shareholder on request.

5 PRINCIPAL ACTIVITIES

The principal activities of the Company and the Group during the course of the financial year continued to be property investment and development.

The Company's focus is the development of medium to high-density residential buildings in the Perth metropolitan area by way of direct ownership, ownership through fully owned Subsidiaries or by Jointly Controlled entities (through companies registered specifically to conduct the development).

The Company has expanded its business focus to include the acquisition of a rental property, through the Finbar Property Trust (a wholly owned subsidiary of the Company).

There were no other significant changes in the nature of the activities of the Company during the financial year.

6 OPERATING AND FINANCIAL REVIEW

Operating Results

The net profit of the Company after income tax amounted to:	$3,392,985	(2006)	$5,668,957
The net profit of the Group after income tax amounted to:	$3,002,734	(2006)	$5,025,449

Shareholder Returns

	AASBs 2007	AASBs 2006	AASBs 2005	AGAAP 2004	AGAAP 2003
Net profit attributable to equity holders of the parent	$3,002,734	$5,025,449	$5,672,748	$4,474,948	$3,141,396
Basic EPS	$0.02	$0.05	$0.06	$0.05	$0.04
Dividends paid	$7,476,138	$4,098,936	$1,793,737	$897,366	$897,366
Dividends paid per share	$0.06	$0.04	$0.02	$0.01	$0.01
Market price per share	$0.80	$0.88	$0.41	$0.27	$0.27
Change in Share Price	-$0.08	$0.47	$0.14	$0.00	$0.04
Return on Capital Employed	2.13%	8.69%	12.95%	12.79%	9.75%
Return on Ordinary Shareholders Equity	5.02%	10.26%	16.34%	14.41%	10.74%

Net profit amounts for years 2003 to 2004 were calculated in accordance with previous Australian GAAP. Net profit amounts for 2005, 2006 and 2007 have been calculated in accordance with Australian Accounting Standards (AASBs).

6 OPERATING AND FINANCIAL REVIEW (continued)

Returns to shareholders increase through both dividends and capital growth. Dividends for 2007 were fully franked and it is expected that dividends in future years will continue to be fully franked.

Review of Operations

During the period the Company continued to focus on its core activities of residential property development. The Company has funded its operations from cash reserves together with short-term construction finance which is project specific. The Company is continuing its development of the site at Mandurah Marina (Del Mar) in Mandurah.

Significant Changes in State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

7 DIVIDENDS

Dividends paid or declared by the Company to members since the end of the previous financial year were:

	Cents per Share	Total Amount $	Franked / Unfranked	Date of Payment
Dividends Paid During the Year 2007				
Interim 2007 ordinary	3.00	3,915,936	Franked	18 May 2007
Final 2006 ordinary	3.00	3,560,202	Franked	29 September 2006
Total Dividends Paid		7,476,138		

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

Proposed Dividend

After the balance date the following dividends were proposed by the Directors. The dividends have not been provided for and there are no income tax consequences.

Final 2007 ordinary	3.00	4,003,760	Franked	11 October 2007
Interim 2008 ordinary	2.00	2,669,173	Franked	11 October 2007
Total Dividends Proposed		6,672,933		

The effect of these dividends have not been brought to account in the financial statements for the year ended 30 June 2007 and will be recognised in subsequent financial reports.

	Note	$
Dealt with in the financial report as - Dividends	20	7,476,138

Dividend Reinvestment Plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. During the year shares were issued under the plan in respect of the interim 2007 dividend at a 5.0% discount to the market price, calculated according to the plan.

8 EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company and the Group, the results of those operations, or the state of affairs of the Company and the Group, in future financial years.

9 LIKELY DEVELOPMENTS

The Company and the Group will continue to pursue its policy of increasing the profitability and market share of its major business sectors during the next financial year.

The Company and the Group will continue planned development projects on existing land and will seek new opportunities for the acquisition of future development projects.

Further information about likely developments in the operations of the Company and the Group and the expected results of these operations in future years have not been included in this report as the disclosure of such information would, in the opinion of the Directors', be likely to result in unreasonable prejudice to the Company and the Group.

10 DIRECTORS INTERESTS

The relevant interest of each Director in the shares and options over such instruments by the companies within the Company and the Group, as notified by the Directors to the Australian Stock Exchange Limited in accordance with S205G(1) of the Corporations Act 2001, as at the date of this report is as follows:

Director	Ordinary Shares	Options over Ordinary Shares
Mr John Chan	15,842,865	1,950,000
Mr Richard Dean Rimington	4,413,891	1,400,000
Mr Paul Anthony Rengel	623,000	500,000
Mr John Boon Heng Cheak	380,000	-
Mr Kee Kong Loh	1,932,656	-

11 INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Indemnification

The Company has agreed to indemnify the current Directors of the Company and of its Subsidiaries against all liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors of the Company and its Subsidiaries, except where the liability arises out of the conduct involving a lack of good faith.

During the financial year, the Company entered into an agreement with their current auditors, KPMG, indemnifying them against any claims by third parties arising from their report on the annual financial report, except where the liability arises out of conduct involving a lack of good faith.

Insurance Premiums

During the financial year the Company has paid insurance premiums of $22,200 (2006: $22,200) in respect of Directors and Officers liability and legal expenses insurance contracts, for Directors and Officers, including Executive Officers of the Company. The insurance premiums relate to:

- Costs and expenses incurred by the relevant Officers in defending proceedings, whether civil or criminal and whatever their outcome;
- Other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty or improper use of information or position to gain a personal advantage.

During the financial year 78 Terrace Road Joint Venture Pty Ltd (a Jointly Controlled entity) has paid insurance premiums of $Nil (2006: $2,662). The insurance premiums relate to:

- Losses that may be incurred by the Company through the death, disability or serious illness of key personnel, John Chan, Richard Dean Rimington and Darren John Pateman.
- Costs and expenses incurred in recruiting suitable replacements upon the death, disability or serious illness of those key personnel.

12 NON-AUDIT SERVICES

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed to ensure they do not impact the integrity and objectivity of the auditor;
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below:

	Consolidated		Company	
	2007 **$**	**2006** **$**	**2007** **$**	**2006** **$**
Audit Services:				
Auditors of the Company				
Audit and review of the financial reports (KPMG Australia)	98,100	92,196	98,100	92,196
Audit Services:				
Auditors of the Jointly Controlled Entities				
Audit and review of the financial reports (KPMG Australia)	11,000	20,000	11,000	20,000
Services Other Than Statutory Audit:				
Services other than Statutory Audit:				
Taxation compliance services (KPMG Australia)	5,100	7,100	5,100	7,100
Accounting advice (KPMG Australia)	8,000	-	8,000	-
	13,100	7,100	13,100	7,100

13 LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on Page 75 and forms part of the Directors' Report for the financial year ended 30 June 2007.

Dated at Perth this 18th day of September 2007.

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

John Chan
Managing Director

Income Statements

For the year ended 30 June 2007

Financials

	Note	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Revenue	6	11,822,455	8,140,004	2,316,353	8,140,004
Cost of sales		(7,453,350)	(5,582,156)	(499,649)	(5,582,156)
Gross Profit		4,369,105	2,557,848	1,816,704	2,557,848
Other income	7	1,690,539	186,866	1,394,224	126,841
Administrative expenses		(5,388,418)	(1,397,613)	(4,556,737)	(1,362,234)
Other expenses	8	(9,013)	(30,738)	(3,763)	(30,738)
Results from Operating Activities		662,213	1,316,363	(1,349,572)	1,291,717
Financial income	10	1,952,970	972,767	4,284,043	1,623,801
Financial expense	10	(371,563)	(16,460)	(112,941)	(15,912)
Net Financial Income		1,581,407	956,307	4,171,102	1,607,889
Share of Jointly Controlled entities' equity accounted net profit	14	2,369,999	3,598,473	2,309,103	3,599,473
Profit before Income Tax		4,613,619	5,871,143	5,130,633	6,499,079
Income tax expense	11	(1,610,885)	(845,694)	(1,737,648)	(830,122)
Profit for the year		3,002,734	5,025,449	3,392,985	5,668,957
Attributable to:					
Equity holders of the Company		2,915,086	5,025,470	3,392,985	5,668,957
Minority interest		87,648	(21)	-	-
Profit for the year		3,002,734	5,025,449	3,392,985	5,668,957
Earnings per Share:					
Basic earnings per share (cents per share)		21	2.32	4.89	
Diluted earnings per share (cents per share)		21	2.23	4.89	

The Income Statements are to be read in conjunction with the Notes to the Financial Statements set out on Pages 39 to 74.

Statements of Changes in Equity

For the year ended 30 June 2007

	Consolidated			
	Share Capital $	Share Option Reserve $	Retained Earnings $	Total Equity $
Opening balance at 1 July 2005	26,508,140	-	8,205,666	34,713,806
Total recognised income and expense	-	-	5,025,449	5,025,449
Shares issued - net of share issue cost and tax	13,353,677	-	-	13,353,677
Dividends to shareholders	-	-	(4,098,936)	(4,098,936)
Closing balance at 30 June 2006	39,861,817	-	9,132,179	48,993,996
Opening balance at 1 July 2006	39,861,817	-	9,132,179	48,993,996
Total recognised income and expense	-	-	3,002,734	3,002,734
Shares issued - net of share issue cost and tax	12,405,633	-	-	12,405,633
Equity settled transactions (net of tax)	-	2,871,232	-	2,871,232
Dividends to shareholders	-	-	(7,476,138)	(7,476,138)
Closing balance at 30 June 2007	52,267,450	2,871,232	4,658,775	59,797,457

Amounts are stated net of tax

	Company			
	Share Capital $	Share Option Reserve $	Retained Earnings $	Total Equity $
Opening balance at 1 July 2005	26,508,140	-	8,154,670	34,662,810
Total recognised income and expense	-	-	5,668,957	5,668,957
Shares issued - net of share issue cost and tax	13,353,672	-	-	13,353,672
Dividends to shareholders	-	-	(4,098,936)	(4,098,936)
Closing balance at 30 June 2006	39,861,812	-	9,724,691	49,586,503
Opening balance at 1 July 2006	39,861,812	-	9,724,691	49,586,503
Total recognised income and expense	-	-	3,392,985	3,392,985
Shares issued - net of share issue cost and tax	12,405,632	-	-	12,405,632
Equity settled transactions (net of tax)	-	2,871,232	-	2,871,232
Dividends to shareholders	-	-	(7,476,138)	(7,476,138)
Closing balance at 30 June 2007	52,267,444	2,871,232	5,641,538	60,780,214

Amounts are stated net of tax

The Statements of Changes in Equity are to be read in conjunction with the Notes to the Financial Statements set out on Pages 39 to 74.

Balance Sheets

For the year ended 30 June 2007

	Note	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
ASSETS					
Current Assets					
Cash and cash equivalents	19a	8,942,604	14,073,806	7,376,706	13,481,094
Trade and other receivables	18	19,733,079	741,850	20,020,614	4,667,697
Prepayments		731,064	454,902	24,516	8,902
Inventories	17	43,130,723	5,356,446	14,910,798	-
Loans to related parties	29	-	182,713	-	182,713
Other Investments	15	5,967	-	5,968	1
Current tax assets	16	74,650	-	73,330	-
Total Current Assets		72,618,087	20,809,717	42,411,932	18,340,407
Non Current Assets					
Trade and other receivables	18	14,847,886	13,811,910	30,199,802	23,812,035
Inventories	17	34,525,542	18,160,701	-	5,936,881
Investment Property	12	13,252,620	-	-	-
Other Investments	15	35,141	-	35,263	17
Investments in Jointly Controlled entities’	14	4,054,506	4,069,508	3,994,550	4,070,448
Property, plant and equipment	13	1,803,009	950,972	920,969	950,972
Deferred tax assets	16	-	32,644	-	322,810
Total Non Current Assets		68,518,704	37,025,735	35,150,584	35,093,163
Total Assets		141,136,791	57,835,452	77,562,516	53,433,570
LIABILITIES					
Current Liabilities					
Trade and other payables	24	6,470,289	2,217,186	565,790	373,463
Loans and borrowings	22	50,313,200	5,888,606	14,986,040	2,477,062
Income tax payable	16	-	735,664	-	996,542
Total Current Liabilities		56,783,489	8,841,456	15,551,830	3,847,067
Non Current Liabilities					
Deferred tax liabilities	16	1,132,532	-	1,230,472	-
Loans and borrowings	22	23,423,313	-	-	-
Total Non Current Liabilities		24,555,845	-	1,230,472	-
Total Liabilities		81,339,334	8,841,456	16,782,302	3,847,067
Net Assets		59,797,457	48,993,996	60,780,214	49,586,503
EQUITY					
Share capital	20	52,267,450	39,861,817	52,267,444	39,861,812
Share option reserve	23	2,871,232	-	2,871,232	-
Retained earnings		4,658,775	9,132,179	5,641,538	9,724,691
Total Equity Attributable to Holders of the Company		59,797,457	48,993,996	60,780,214	49,586,503
Minority interest		(87,628)	16	-	-
Total Equity		59,709,829	48,994,012	60,780,214	49,586,503

The Balance Sheets are to be read in conjunction with the Notes to the Financial Statements set out on Pages 39 to 74.

Financials

Statements of Cash Flows

For the year ended 30 June 2007

		Consolidated		Company	
	Note	2007 $	2006 $	2007 $	2006 $
Cash Flows from Operating Activities					
Cash receipts from customers		2,385,076	7,865,155	2,157,877	7,776,088
Cash paid to suppliers and employees		(60,670,009)	(14,749,918)	(10,397,056)	(3,839,300)
Cash (used in)/generated from operations		(58,284,933)	(6,884,763)	(8,239,179)	3,936,788
Interest paid		(2,525,668)	(577,534)	(539,677)	(152,650)
Income taxes (paid)/refunded		(1,082,787)	(112,113)	(1,080,838)	(99,043)
Net Cash (Used in)/Generated from Operating Activities	19b	(61,893,388)	(7,574,410)	(9,859,694)	3,685,095
Cash Flows from Investing Activities					
Proceeds from sale of other investments		211	-	211	-
Interest received		920,113	689,190	853,505	673,393
Dividends received from Jointly Controlled entities		2,385,000	4,691,500	2,385,000	4,691,500
Dividends received		369	-	369	-
Acquisition of subsidiary, net of cash acquired		-	-	(105)	(14)
Acquisition of property, plant and equipment	13	(922,878)	(108,545)	(29,076)	(108,545)
Acquisition of investment property	12	(11,616,925)	-	-	-
Acquisition of other investments		(6,237)	-	(6,178)	-
Repayment from /(Loans to) related party		182,712	(182,686)	182,712	(182,686)
Loans to Subsidiaries		-	-	(13,567,328)	(10,367,876)
(Loans to)/repayment of loans to Jointly Controlled entities		(9,307,109)	7,007,378	(3,334,840)	7,325,069
Net Cash (Used in)/Provided by Investing Activities		(18,364,744)	12,096,837	(13,515,730)	2,030,841
Cash Flows from Financing Activities					
Proceeds from issue of share capital	20	12,238,196	13,200,665	12,238,196	13,200,660
Proceeds from/(repayment of) borrowings	22	70,364,872	(2,023,187)	12,508,978	(3,737,350)
Dividends paid	20	(7,476,138)	(4,099,936)	(7,476,138)	(4,099,936)
Net Cash Received from Financing Activities		75,126,930	7,077,542	17,271,036	5,363,374
Net (decrease)/increase in cash and cash equivalents		(5,131,202)	11,599,969	(6,104,388)	11,079,310
Cash and cash equivalents at 1 July		14,073,806	2,473,837	13,481,094	2,401,784
Cash and Cash Equivalents at 30 June	19a	8,942,604	14,073,806	7,376,706	13,481,094

The Statements of Cash Flows are to be read in conjunction with the Notes to the Financial Statements set out on Pages 39 to 74.

INDEX TO NOTES TO THE FINANCIAL STATEMENTS

INDEX TO SIGNIFICANT ACCOUNTING POLICIES

Note

1 REPORTING ENTITY

Finbar Group Limited (formerly Finbar International Limited) (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is Level 3, 15 Labouchere Road, South Perth, WA 6151. The consolidated financial statements of the Company as at the year ended 30 June 2007 comprise the Company and its Subsidiaries (together referred to as the "Group") and the Group's interest in Jointly Controlled entities. The Group is primarily involved in residential property development and property investment (See Note 5).

2 BASIS OF PREPARATION

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group also complies with the IFRSs and interpretations adopted by the International Accounting Standards Board.

The financial report was authorised for issue by the Directors on 18 September 2007.

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- investment property is measured at fair value

The methods used to measure fair values are discussed further in Note 4.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the Group.

(d) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 12 - valuation of investment property
- Note 23 - measurement of share-based payments

3 Significant Accounting Policies

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

(a) Basis of Consolidation

(i) Subsidiaries

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

In the Company's financial statements investments in Subsidiaries are carried at cost.

(ii) Jointly Controlled Entities

Jointly Controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement.

In the consolidated financial report, investments in Jointly Controlled entities are accounted for using the equity method. Investments in Jointly Controlled entities are carried at the lower of the equity accounted amount and the recoverable amount.

(iii) Joint Ventures - Jointly Controlled Operations

The interest of the Group in unincorporated Joint Ventures are brought to account by recognising in its financial statements the assets it controls, the liabilities that it incurs, the expenses it incurs and its share of income that it earns from the sale of goods or services by the Joint Venture.

(iv) Transactions Eliminated on Consolidation

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted Jointly Controlled entities are eliminated to the extent of the Group's interest in the Jointly Controlled entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised as the contributed assets are consumed or sold by the Jointly Controlled entities or, if not consumed or sold by the Jointly Controlled entity, when the Group's interest in such entities is disposed of.

(b) Financial Instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

3 Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

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

Accounting for finance income and expense is discussed in Note 3(j).

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Share Capital

Ordinary Shares

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related tax benefit.

Dividends

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

(c) Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost or deemed cost less accumulated depreciation and impairment losses.

Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

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

(ii) Reclassification to Investment Property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in profit or loss.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any loss is recognised in the revaluation reserve to the extent that an amount is included in revaluation reserve for that property, with any remaining loss recognised immediately in profit or loss. Any gain arising on reimbursement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the property, with any remaining gain recognised in a revaluation reserve in equity.

(iii) Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iv) Depreciation and Amortisation

Depreciation and amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Assets are depreciated or amortised from the date of acquisition.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in the current and future periods only.

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

· Buildings	40 years
· Office furniture, fixtures and fittings	5 - 25 years
· Plant and equipment	3 - 10 years

There has been no charge in these rates since the prior financial year.

(d) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at fair value with any change therein recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant or equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(e) Inventories

Inventories, including land held for resale, are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost includes the cost of acquisition, development costs, holding costs and directly attributable interest on borrowed funds where the development is a qualifying asset. Capitalisation of borrowing costs is ceased during extended periods in which active development is interrupted. When a development is completed and ceases to be a qualifying asset, borrowing costs and other costs are expenses as incurred.

In the case of development inventories and work in progress, cost includes an appropriate share of overheads.

Current and Non-current Inventory Assets
Inventory is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle;
- it is held primarily for the purpose of being traded; or
- it is expected to be realised within twelve months of the reporting date.

All other inventory in treated as non-current.

(f) Impairment

(i) Financial Assets
A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

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

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-financial Assets
The carrying amounts of the Group's non-financial assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

3 Significant Accounting Policies (continued)

(f) Impairment (continued)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee Benefits

(i) Superannuation Contributions
Obligations for contributions to superannuation funds are recognised as an expense in profit or loss when they are due.

(ii) Long-term Employee Benefits
The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Group's obligations.

(iii) Short-term Employee Benefits
Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

(iv) Share-based Payment Transactions
The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

(h) Provisions

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

(i) Revenue
Revenues are measured at the fair value of the consideration received or receivable, net of the amount of goods and services tax (GST) payable to the taxation authority.

(i) Property Development Sales
Revenue from the sale of residential, retail, commercial and industrial property is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable and there is no continuing management involvement with the property. No revenue is recognised if there are significant uncertainties regarding recovery of consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return, or there is continuing managerial involvement to the degree usually associated with ownership.

(ii) Property Development Supervision Fees

Revenue from services rendered, including fees arising from the provision of development project management services, is recognised in the income statement in proportion to the stage of completion of the transaction at reporting date. The stage of completion is assessed by reference to an assessment of the costs. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the revenue cannot be measured reliably, the costs incurred or to be incurred cannot be measured reliably, or the stage of completion cannot be measured reliably.

(iii) Management Fee Income

Management fee revenue is recognised in the income statement in proportion to the stage of completion of the transaction at the reporting date. Performance fee income is recognised when the amount can be measured reliably or when contractually due.

(iv) Rental Income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(j) Finance Income and Expenses

Finance income comprises dividend income and interest income on funds invested, including interest on loans to Jointly Controlled entities and Subsidiries. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

(k) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and 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 is recognised.

(l) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

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

3 Significant Accounting Policies (continued)

(m) Earnings per Share

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

(n) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Company operates predominantly in the property development sector.

The Company operates wholly in one geographical segment being Western Australia.

(o) New Standards and Interpretations not yet Adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2007, but have not been applied in preparing this financial report:

- AASB 7 *Financial Instruments: Disclosures* (August 2005) replaces the presentation requirements of financial instruments in AASB 132.

  AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007, and will require extensive additional disclosures with respect to the Group's financial instruments and share capital.

- AASB 2005-10 *Amendments to Australian Accounting Standards (September 2005)* makes consequential amendments to AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, ASB 117 *Leases*, AASB 133 *Earnings Per Share*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards*. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007 and is expected to only impact disclosures contained within the consolidated financial report.

- AASB 8 *Operating Segments* replaces the presentation requirements of segment reporting in AASB 114 *Segment Reporting*. AASB 8 is applicable for annual reporting periods beginning on or after 1 January 2009 and is not expected to have an impact on the financial results of the Company and the Group as the standard is only concerned with disclosures.

- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 makes amendments to AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, AASB 102 *Inventories*, AASB 107 *Cash Flow Statements*, AASB 119 *Employee Benefits*, AASB 127 *Consolidated and Separate Financial Statements*, AASB 134 *Interim Financial Reporting* and AASB 136 *Impairment Assets*. AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 8 *Operating Segments*. This standard is only expected to impact disclosures contained within the financial report.

- Interpretation 10 *Interim Financial Reporting and Impairment* prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. Interpretation 10 will become mandatory for the Group's 2008 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date that the Group first applied the measurement criteria of AASB 136 and AASB 139 respectively (i.e. 1 July 2004 and 1 July 2005, respectively).

- AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation II amends AASB 2 *Share-based Payments* to insert the transitional provisions of AASB 2, previously contained in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. AASB 2007-1 is applicable for annual reporting periods beginning on or after 1 March 2007 and is not expected to have any impact on the consolidated financial report. The potential impact on the Company has not yet been determined.

- AASB 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12 makes amendments to AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 120 *Accounting for Government Grants and Disclosures of Government Assistance*, AASB 127 *Consolidated and Separate Financial Statement*, AASB 131 *Interest in Joint Ventures*, and AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 2007-2 is applicable for annual reporting periods beginning on or after 1 January 2008 and must be applied at the same time as Interpretation 12 Service Concession Arrangements.
- AASB 2007-2 Amendments to Australian Accounting Standards also amends references to "UIG Interpretation" to interpretations. This amending standard is applicable to annual reporting periods on of after 28 February 2007.

4 DETERMINATION OF FAIR VALUES

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

(a) Investment Property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every six months. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

(b) Share-based Payment Transactions

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

(c) Financial Guarantees

For financial guarantee contracts liabilities, the fair value at initial recognition is determined using a probability weighted discounted cash flow approach. This method takes into account the probability of default by the guaranteed party over the term of the contact, the loss given default (being the proportion of the exposure that is not expected to be recovered in the event of default) and exposure at default (being the maximum loss at the time of default).

The fair value of financial guarantees has been determined to be $Nil (2006: $Nil)

5 SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Company operates predominantly in the property development sector.

The Company operates wholly in one geographical segment being Western Australia.

	Note	Consolidated		Company	
		2007 $	2006 $	2007 $	2006 $
6 REVENUE					
Property development sales		10,736,430	6,211,559	1,441,766	6,211,559
Supervision and management fees		846,637	1,928,445	846,637	1,928,445
Rental income		239,388	-	27,950	-
Total Revenue		11,822,455	8,140,004	2,316,353	8,140,004
7 OTHER INCOME					
Revaluation of investment property		1,635,695	-	-	-
Trust distribution				1,339,380	
Administration fees		51,758	46,656	51,758	46,656
Rental income		2,983	118,185	2,983	58,160
Other		103	22,025	103	22,025
Total Other Income		1,690,539	186,866	1,394,224	126,841
8 OTHER EXPENSES					
Rental expenses		9,013	30,738	3,763	30,738
Total Other Expenses		9,013	30,738	3,763	30,738
9 PERSONNEL EXPENSES					
	Note				
Wages and salaries		81,500	76,583	81,500	76,583
Superannuation contributions		10,731	10,200	10,731	10,200
Directors and Officers fees		151,655	151,655	151,655	151,655
Directors and Officers fees - superannuation contributions		5,345	5,345	5,345	5,345
Equity-settled share-based payment transactions	23	2,871,232	-	2,871,232	-
Total Personnel Expenses		3,120,463	243,783	3,120,463	243,783

10 FINANCIAL INCOME AND EXPENSE

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
Interest income on loans to Jointly Controlled entities	1,434,811	546,254	1,116,514	541,880
Interest income on loans to Subsidiaries	-	-	2,715,978	671,028
Interest income on bank deposits	517,790	426,513	451,182	410,893
Dividend income on available-for-sale financial assets	369	-	369	-
Total Financial Income	1,952,970	972,767	4,284,043	1,623,801
Interest expense	273,281	13,825	66,616	13,671
Bank charges	98,282	2,635	46,325	2,241
Total Financial Expense	371,563	16,460	112,941	15,912
Net Financing Income	1,581,407	956,307	4,171,102	1,607,889
Analysis of Financial Expense				
Total financial expense	3,210,719	885,525	628,291	259,335
Less:				
Financial expense capitalised to inventory	(2,839,156)	(869,065)	(515,350)	(243,423)
Add:				
Financial expense relating to property developments sold	182,129	43,893	-	43,893
	553,692	60,353	112,941	59,805
Made up of:				
Financial expense relating to property developments sold	182,129	43,893	-	43,893
Financial expense relating to administration	371,563	16,460	112,941	15,912
	553,692	60,353	112,941	59,805

Financial expense has been capitalised to work in progress at a weighted average rate of 7.6% (2006: 7.3%)

11 INCOME TAX EXPENSE

Recognised in income statement	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
Current Tax Expense				
Current year	2,687,599	736,691	3,158,443	(381,619)
Adjustments for prior periods	24,373	(1,193)	68,398	(1,128)
	2,711,971	735,498	3,226,841	(382,747)
Deferred Tax Expense				
Origination and reversal of temporary differences	(1,101,086)	110,196	(1,489,193)	1,212,869
	(1,101,086)	110,196	(1,489,193)	1,212,869
Total Income Tax Expense excluding share of Income Tax on Jointly Controlled Entities	1,610,885	845,694	1,737,648	830,122
Numerical Reconciliation between Tax Expense and Pre-tax Net Profit				
Profit for the year	3,002,734	5,025,449	3,392,985	5,668,957
Total income tax expense	1,610,885	845,694	1,737,648	830,122
Profit Excluding Income Tax	4,613,619	5,871,143	5,130,633	6,499,079
Income tax using the domestic corporation tax rate of 30% (2006: 30%)	1,384,086	1,761,343	1,539,190	1,949,724
Increase in income tax expense due to:				
Non-deductible expenses	869,586	4,620	866,803	2,264
Tax effect on inter-company interest/ distributions	-	201,362	(43,926)	-
Decrease in income tax expense due to:				
Tax effect of share of Jointly Controlled entities' net profit	(711,000)	(1,079,542)	(692,731)	(1,079,842)
Tax incentives not recognised in income statement	(86)	(40,896)	(86)	(40,896)
	1,542,586	846,887	1,669,251	831,250
Over/(under) provided in prior years	68,299	(1,193)	68,398	(1,128)
Total Income Tax Expense	1,610,885	845,694	1,737,648	830,122
Income Tax Recognised Directly in Equity				
Decrease in income tax expense due to:				
Tax incentives not recognised in income statement	(64,090)	-	(64,090)	-
Total Income Tax Recognised Directly in Equity	(64,090)	-	(64,090)	-

12 INVESTMENT PROPERTY

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
Balance at 1 July	-	-	-	-
Additions	11,616,925	-	-	-
Change in fair value	1,635,695	-	-	-
Total Income Tax Recognised Directly in Equity	13,252,620	-	-	-

Investment property comprises a commercial property that is leased to a third party. The lease contains an initial non-cancellable period of seven years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged (see Note 28).

13 PROPERTY, PLANT AND EQUIPMENT

	Consolidated				
	Office Property $	Office Furniture and Equipment $	Plant and Equipment $	Fixtures and Fittings $	Total $
Cost					
Balance at 1 July 2005	828,651	175,363	39,971	38,455	1,082,440
Additions	37,516	63,366	4,833	4,824	110,539
Balance at 30 June 2006	866,167	238,729	44,804	43,279	1,192,979
Balance at 1 July 2006	866,167	238,729	44,804	43,279	1,192,979
Additions	1,132,792	18,882	-	146,164	1,297,838
Disposals	-	(7,070)	(2,360)	-	(9,430)
Balance at 30 June 2007	1,998,959	250,541	42,444	189,443	2,481,387
Depreciation					
Balance at 1 July 2005	74,649	81,026	26,782	6,800	189,257
Depreciation charge for the year	21,688	25,954	3,046	2,062	52,750
Balance at 30 June 2006	96,337	106,980	29,828	8,862	242,007
Balance at 1 July 2006	96,337	106,980	29,828	8,862	242,007
Additions	376,955	-	-	-	376,955
Disposals	-	(7,933)	(1,497)	-	(9,430)
Depreciation charge for the year	30,111	29,961	6,138	2,636	68,846
Balance at 30 June 2007	503,403	129,008	34,469	11,498	678,378
Carrying Amounts					
At 1 July 2005	754,002	94,337	13,189	31,655	893,183
At 30 June 2006	769,830	131,749	14,976	34,417	950,972
At 30 June 2007	1,495,556	121,533	7,975	177,945	1,803,009

13 PROPERTY, PLANT AND EQUIPMENT (continued)

	Company				
	Office Property $	Office Furniture and Equipment $	Plant and Equipment $	Fixtures and Fittings $	Total $
Cost					
Balance at 1 July 2005	828,651	175,363	39,971	38,455	1,082,440
Additions	37,516	63,366	4,833	4,824	110,539
Balance at 30 June 2006	866,167	238,729	44,804	43,279	1,192,979
Balance at 1 July 2006	866,167	238,729	44,804	43,279	1,192,979
Additions	-	18,882	-	8,200	27,082
Disposals	-	(7,070)	(2,360)	-	(9,430)
Balance at 30 June 2007	866,167	250,541	42,444	51,479	1,210,631
Depreciation					
Balance at 1 July 2005	74,649	81,026	26,782	6,800	189,257
Depreciation charge for the year	21,688	25,954	3,046	2,062	52,750
Balance at 30 June 2006	96,337	106,980	29,828	8,862	242,007
Balance at 1 July 2006	96,337	106,980	29,828	8,862	242,007
Disposals	-	(7,933)	(1,497)	-	(9,430)
Depreciation charge for the year	21,654	29,961	2,834	2,636	57,085
Balance at 30 June 2007	117,991	129,008	31,165	11,498	289,662
Carrying Amounts					
At 1 July 2005	754,002	94,337	13,189	31,655	893,183
At 30 June 2006	769,830	131,749	14,976	34,417	950,972
At 30 June 2007	748,176	121,533	11,279	39,981	920,969

Security
At 30 June 2007 the office property is subject to a registered mortgage to secure bank loans (see Note 22).

14 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Jointly Controlled Entities

The Group accounts for investments in Jointly Controlled entities using the equity method.

The Group has the following investments in Jointly Controlled entities:

Name	Principal Activities	Country	Reporting Date	Ownership 2007	Ownership 2006
59 Albany Highway Joint Venture Pty Ltd*	Property Development	Australia	30 June	46.15%	46.15%
78 Terrace Road Joint Venture Pty Ltd*	Property Development	Australia	30 June	50.00%	50.00%
132 Terrace Road Joint Venture Pty Ltd*	Property Development	Australia	30 June	50.00%	50.00%
175 Hay Street Joint Venture Pty Ltd*	Property Development	Australia	30 June	50.00%	50.00%
188 Adelaide Terrace Joint Venture Pty Ltd*	Property Development	Australia	30 June	50.00%	50.00%
375 Hay Street Pty Ltd*	Property Development	Australia	30 June	50.00%	50.00%
406 & 407 Newcastle Street Pty Ltd*	Property Development	Australia	30 June	50.00%	-
701 Wellington Street Pty Ltd*	Property Development	Australia	30 June	50.00%	50.00%
Boas Gardens Estate Pty Ltd	Property Development	Australia	30 June	50.00%	50.00%
Dome Langley Park Pty Ltd*	Property Development	Australia	30 June	-	50.00%
Joint Venture Property Maintenance Pty Ltd*	Property Development	Australia	30 June	50.00%	50.00%
Rivervale Concepts Pty Ltd*	Property Development	Australia	30 June	50.00%	50.00%

* Jointly Controlled entities entered into with Wembley Lakes Estates Pty Ltd. Richard Dean Rimington is a Director of Wembley Lakes Estates Pty Ltd. John Chan and Richard Dean Rimington have interests in but not control of Wembley Lakes Estates Pty Ltd.

14 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Investments in Jointly Controlled Entities Net Assets	Total Assets (100%) $	Total Liabilities (100%) $	Net Assets as Reported by Jointly Controlled Entities $	Share of Jointly Controlled Entities Net Assets Equity Accounted $
2006				
59 Albany Highway Joint Venture Pty Ltd**	598,928	600,966	(2,038)	(941)
78 Terrace Road Joint Venture Pty Ltd	1,661,595	709,312	952,283	476,141
132 Terrace Road Joint Venture Pty Ltd	37,957,488	37,978,410	(20,922)	(10,461)
175 Hay Street Joint Venture Pty Ltd	21,065,670	18,750,064	2,315,606	1,157,803
188 Adelaide Terrace Joint Venture Pty Ltd	7,717,198	6,975,327	741,871	370,935
375 Hay Street Pty Ltd	9,490,298	9,486,957	3,341	1,721
701 Wellington Street Pty Ltd	612,184	614,318	(2,134)	(1,067)
Boas Gardens Estate Pty Ltd	218,226	44,091	174,135	87,068
Dome Langley Park Pty Ltd	2	1,761	(1,759)	(879)
Hamersley Road Joint Venture Pty Ltd	574	1,255	(681)	(340)
Rivervale Concepts Pty Ltd	30,937,607	26,958,552	3,979,055	1,989,528
	110,259,770	102,121,013	8,138,757	4,069,508
2007				
59 Albany Highway Joint Venture Pty Ltd**	15,453,567	15,323,663	129,904	59,956
78 Terrace Road Joint Venture Pty Ltd	131,357	404	130,953	65,476
132 Terrace Road Joint Venture Pty Ltd	68,384,121	68,386,993	(2,872)	(1,436)
175 Hay Street Joint Venture Pty Ltd	1,101,365	837,950	263,415	131,708
188 Adelaide Terrace Joint Venture Pty Ltd	18,143,692	17,382,633	761,059	380,529
375 Hay Street Pty Ltd	17,800,616	17,796,593	4,022	2,011
406 & 407 Newcastle Street Pty Ltd	4,146,124	4,146,354	(230)	(115)
701 Wellington Street Pty Ltd	8,281,425	8,279,578	1,847	923
Boas Gardens Estate Pty Ltd	41,716	145	41,571	20,785
Dome Langley Park Pty Ltd	-	-	-	-
Joint Venture Property Maintenance Pty Ltd	354,386	350,115	4,271	2,136
Rivervale Concepts Pty Ltd	55,185,684	48,400,619	6,785,065	3,392,533
	189,024,052	180,905,047	8,119,004	4,054,506

** 59 Albany Highway Joint Venture Pty Ltd is a Jointly Controlled entity of 59 Albany Highway Pty Ltd which is a Controlled entity of Finbar

Net Profit/(Loss) Recognised from Jointly Controlled Entities	Revenues (100%) $	Profit/(Loss) (100%) $	Net Profit/(Loss) Recognised $
2006			
59 Albany Highway Joint Venture Pty Ltd**	-	(2,169)	(1,001)
78 Terrace Road Joint Venture Pty Ltd	34,740,727	3,680,309	1,840,155
132 Terrace Road Joint Venture Pty Ltd	26,115	12,279	(10,462)
175 Hay Street Joint Venture Pty Ltd	393,895	56,738	28,369
188 Adelaide Terrace Joint Venture Pty Ltd	17,896,309	757,036	370,934
375 Hay Street Pty Ltd	14,221	3,439	1,720
701 Wellington Street Pty Ltd	-	(2,136)	(1,068)
Boas Gardens Estate Pty Ltd	1,823,937	(85,697)	(42,848)
Dome Langley Park Pty Ltd	-	(1,761)	(880)
Hamersley Road Joint Venture Pty Ltd	188	(4,372)	(2,186)
Rivervale Concepts Pty Ltd	16,549,283	2,831,480	1,415,740
	71,444,675	7,245,146	3,598,473
2007			
59 Albany Highway Joint Venture Pty Ltd**	195,466	131,942	60,896
78 Terrace Road Joint Venture Pty Ltd	825,552	68,671	34,335
132 Terrace Road Joint Venture Pty Ltd	32,406	18,049	9,025
175 Hay Street Joint Venture Pty Ltd	30,267,236	1,747,810	873,905
188 Adelaide Terrace Joint Venture Pty Ltd	25,639	19,188	9,594
375 Hay Street Pty Ltd	7,199	581	291
406 & 407 Newcastle Street Pty Ltd	1,052	(232)	(116)
701 Wellington Street Pty Ltd	13,522	3,981	1,990
Boas Gardens Estate Pty Ltd	4,213	(52,565)	(26,282)
Dome Langley Park Pty Ltd	1,760	1,760	880
Joint Venture Property Maintenance Pty Ltd	1	4,952	2,476
Rivervale Concepts Pty Ltd	28,815,317	2,806,010	1,403,005
	60,189,363	4,750,147	2,369,999

** 59 Albany Highway Joint Venture Pty Ltd is a Jointly Controlled entity of 59 Albany Highway Pty Ltd which is a Controlled entity of Finbar

14 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Results of Jointly Controlled Entities	**Consolidated 2007 $**	**Consolidated 2006 $**
Share of Jointly Controlled entities profit before income tax	3,392,541	5,182,145
Share of income tax expense	(1,022,542)	(1,559,487)
Share of Jointly Controlled entities net profit- as disclosed by Jointly Controlled entities	2,369,999	3,622,658
Adjustments:		
- recognised losses	-	(24,185)
Share of Jointly Controlled Entities Net Profit Accounted for using the Equity Method	2,369,999	3,598,473

15 OTHER INVESTMENTS

	Consolidated		**Company**	
	2007 $	**2006 $**	**2007 $**	**2006 $**
Current				
Investments in Subsidiaries	-	-	1	1
Investments in Listed shares	5,967	-	5,967	-
Total Current Investments	5,967	-	5,968	1
Non Current				
Investments in Subsidiaries	-	-	122	17
Investment in Joint Venture	35,141	-	35,141	-
Total Non Current Investments	35,141	-	35,263	17

16 TAX ASSETS AND LIABILITIES

The current tax asset for the Group of $74,650 (2006: $Nil) and for the Company of $73,330 (2006: $Nil) represent the amount of income taxes recoverable in respect of prior periods and that arise from the payment of tax in excess of the amounts due to the relevant tax authority.

The current tax liability for the Group of $Nil (2006: $735,664) and for the Company of $Nil (2006: $996,542) represent the amount of income taxes payable in respect of current and prior periods.

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	Consolidated					
	Assets		Liabilities		Net	
	2007 $	2006 $	2007 $	2006 $	2007 $	2006 $
Inventories	-	-	3,386,357	986,491	3,386,357	986,491
Interest bearing loans and borrowings	(160,307)	(78,284)	-	-	(160,307)	(78,284)
Other items	(825,487)	(940,851)	357,887	-	(467,600)	(940,851)
Tax value of loss carry-forwards recognised	(1,625,919)	-	-	-	(1,625,919)	-
Tax (assets)/liabilities	(2,611,712)	(1,019,135)	3,744,244	986,491	1,132,532	(32,644)
Set off of tax	3,744,244	986,491	(3,744,244)	(986,491)	-	-
Net Tax (Assets)/Liabilities	1,132,532	(32,644)	-	-	1,132,532	(32,644)

	Company					
	$	$	$	$	$	$
Inventories	-	-	289,023	435,437	289,023	435,437
Interest Bearing loans and borrowings	(24,975)	(18,758)	-	-	(24,975)	(18,758)
Other items	(707,196)	(739,489)	1,703,327	-	996,132	(739,489)
Tax value of loss carry-forwards recognised	(29,707)	-	-	-	(29,707)	-
Tax (assets)/liabilities	(761,878)	(758,247)	1,992,350	435,437	1,230,472	(322,810)
Set off of tax	1,992,350	435,437	(1,992,350)	(435,437)	-	-
Net Tax (Assets)/Liabilities	1,230,472	(322,810)	-	-	1,230,472	(322,810)

	Consolidated			
Movement in Temporary Differences During the Year	**Balance 1 July 2005 $**	**Recognised in Income $**	**Recognised in Equity $**	**Balance 30 June 2006 $**
Property, plant and equipment	(34)	34	-	-
Inventories	100,460	886,031	-	986,491
Interest bearing loans and borrowings	(8,493)	(69,791)	-	(78,284)
Other items	(13,573)	(927,278)	-	(940,851)
Tax value of loss carry-forwards recognised	(22)	22	-	-
	78,338	(110,982)	-	(32,644)

	Balance 1 July 2006 $	Recognised in Income $	Recognised in Equity $	Balance 30 June 2007 $
Property, plant and equipment	-	-	-	-
Inventories	986,491	2,399,866	-	3,386,357
Interest bearing loans and borrowings	(78,284)	(82,023)	-	(160,307)
Other items	(940,851)	409,161	64,090	(467,600)
Tax value of loss carry-forwards recognised	-	(1,625,919)	-	(1,625,919)
	(32,644)	1,101,086	64,090	1,132,532

16 TAX ASSETS AND LIABILITIES (continued)

Movement in Temporary Differences During the Year	Company Balance 1 July 2005 $	Recognised in Income $	Recognised in Equity $	Balance 30 June 2006 $
Property, plant and equipment	(34)	34	-	-
Inventories	60,232	375,205	-	435,437
Interest bearing loans and borrowings	(4,425)	(14,333)	-	(18,758)
Other items	(13,573)	(725,916)	-	(739,489)
Tax value of loss carry-forwards recognised	(22)	22	-	-
	42,178	(364,988)	-	(322,810)
	Balance 1 July 2006 $	**Recognised in Income $**	**Recognised in Equity $**	**Balance 30 June 2007 $**
Inventories	435,437	(146,414)	-	289,023
Interest bearing loans and borrowings	(18,758)	(6,217)	-	(24,975)
Other items	(739,489)	1,671,531	64,090	996,132
Tax value of loss carry-forwards recognised	-	(29,707)	-	(29,707)
	(322,810)	1,489,193	64,090	1,230,472

	Consolidated 2007 $	 2006 $	Company 2007 $	 2006 $
17 INVENTORIES				
Current				
Work in progress	43,130,723	5,356,446	14,910,798	-
Total Current Inventories	43,130,723	5,356,446	14,910,798	-
Non Current				
Work in progress	34,525,542	18,160,701	-	5,936,881
Total Non Current Inventories	34,525,542	18,160,701	-	5,936,881
18 TRADE AND OTHER RECEIVABLES				
Current				
Trade receivables	10,157,908	741,850	240,239	442,991
Amounts receivable from Jointly Controlled entities	9,575,171	-	9,575,171	-
Amounts receivable from Subsidiaries	-	-	10,205,204	4,224,706
Total Current Trade and Other Receivables	19,733,079	741,850	20,020,614	4,667,697
Non Current				
Amounts receivable from Jointly Controlled entities	14,847,886	13,811,910	8,235,255	13,489,843
Amounts receivable from Subsidiaries	-	-	21,964,547	10,322,192
Total Non Current Trade and Other Receivables	14,847,886	13,811,910	30,199,802	23,812,035

19A CASH AND CASH EQUIVALENTS

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
Bank balances	3,318,344	2,137,280	1,752,446	1,544,568
Call deposits	5,624,260	11,936,526	5,624,260	11,936,526
Cash and Cash Equivalents in the Statements of Cash Flows	8,942,604	14,073,806	7,376,706	13,481,094

The effective interest rate on call deposits in 2007 was 5.7 percent (2006: 5.5 percent). The deposits had an average maturity of 30 days (2006: 30 days).

19B RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

Cash Flows from Operating Activities	**Note**				
Profit for the year		4,613,619	5,025,449	5,130,633	5,668,957
Adjustments for:					
Depreciation	13	38,735	31,062	35,431	31,062
Amortisation	13	30,111	21,688	21,654	21,688
Amortisation - Incorporation costs		5,401	3,848	-	-
Change in fair value of investment property	12	(1,635,695)	-	-	-
Net financing income	10	(1,581,407)	(956,307)	(4,171,102)	(1,607,889)
Share of net profit of Jointly Controlled entities'	14	(2,369,999)	(3,598,473)	(2,309,103)	(3,599,473)
Income tax expense	11	1,610,885	845,694	1,737,648	830,122
Operating Profit before Changes in Working Capital and Provisions		711,650	1,372,961	445,161	1,344,467
Change in trade and other receivables		(2,482,305)	(251,744)	(313,872)	(211,450)
Change in current inventories	17	(37,774,277)	3,230,087	(9,329,196)	8,586,533
Change in non-current inventories	17	(16,364,841)	(12,572,420)	355,279	(5,594,172)
Change in prepayments		(276,162)	(408,526)	(15,614)	25,243
Change in trade and other payables	24	(4,253,103)	1,183,805	192,327	(350,571)
Cash Generated from Operating Activities		(60,439,038)	(7,445,837)	(8,665,915)	3,800,050
Interest paid	10	(371,563)	(16,460)	(112,941)	(15,912)
Income taxes paid		(1,082,787)	(112,113)	(1,080,838)	(99,043)
Net Cash (Used in)/Generated from Operating Activities		(61,893,388)	(7,574,410)	(9,859,694)	3,685,095

The increases and decreases in trade and other receivables as well as trade and other payables reflect only those changes that relate to operating activities. The remaining increases and decreases relate to investing activities.

20 CAPITAL AND RESERVES

Share Capital	Company Ordinary shares 2007	2006
On issue at 1 July	118,673,404	98,736,576
Issued for cash (Executive share options)	-	4,486,828
Issued for cash	14,785,261	15,450,000
On Issue at 30 June - Fully Paid	133,458,665	118,673,404

The Group has also issued share options (see Note 23).

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Dividends

Dividends paid or declared by the Company to members since the end of the previous financial year are:

	Cents per Share	Total Amount $	Franked / Unfranked	Date of Payment
Dividends Paid During the Year 2007				
Interim 2007 ordinary	3.00	3,915,936	Franked	18 May 2007
Final 2006 ordinary	3.00	3,560,202	Franked	29 September 2006
Total Dividends Paid - 2007		7,476,138		
Dividends Paid During the Year 2006				
Interim 2006 ordinary	1.00	1,032,234	Franked	28 April 2006
Final 2005 ordinary	3.00	3,066,702	Franked	30 September 2005
Total Dividends Paid - 2006		4,098,936		

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

After the balance sheet date the following dividends were proposed by the directors. The dividends have not been provided for and there are no income tax consequences.

Proposed Dividend				
Final 2007 ordinary	3.00	4,003,760	Franked	11 October 2007
Interim 2008 ordinary	2.00	2,669,173	Franked	11 October 2007
Total Dividends Approved		6,672,933		

The effect of these dividends have not been brought to account in the financial statements for the financial year ended 30 June 2007 and will be recognised in subsequent financial reports.

Dividend Reinvestment Plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. During the year shares were issued under the plan in respect of the interim 2007 dividend at a 5.0% discount to the market price, calculated according to the plan.

Dividend Franking Account	Company	
	2007 $	2006 $
30% franking credits available to shareholders of Finbar Group Limited for subsequent financial years	475,749	1,570,743

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

(a) franking credits that will arise from the payment of the current tax liabilities;

(b) franking debits that will arise from the payment of dividends recognised as a liability at the year-end;

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the year-end; and

(d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by $2,859,829 (2006: $1,525,801). The Company will be required to pay a franking deficits tax of $2,384,080 to enable the Final 2007 dividend and the Interim 2008 dividend to be fully franked.

21 EARNINGS PER SHARE

Basic Earnings per Share

The calculation of basic earnings per share at 30 June 2007 was based on the profit attributable to ordinary shareholders of $2,915,086 (2006: $5,025,470) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2007 of 130,706,073 (30 June 2006: 102,858,850), calculated as follows:

Profit Attributable to Ordinary Shareholders		Consolidated	
		2007 $	2006 $
Profit Attributable to Ordinary Shareholders		2,915,086	3,392,985
Weighted Average Number of Ordinary Shares			
Issued ordinary shares at 1 July		118,673,404	98,736,576
Effect of shares issued	15 August 2005	-	2,062,959
Effect of shares issued	8 September 2005	-	848,630
Effect of shares issued	20 March 2006	-	279,452
Effect of shares issued	8 June 2006	-	931,233
Effect of shares issued	8 December 2006	6,006,357	-
Effect of shares issued	21 December 2006	581,431	-
Effect of shares issued	18 May 2007	344,881	-
Weighted Average Number of Ordinary Shares at 30 June		125,606,073	102,858,850

Diluted Earnings per Share

The calculation of diluted earnings per share at 30 June 2007 was based on the profit attributable to ordinary shareholders of $2,915,086 (2006: $5,025,470) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2007 of 130,706,073 (30 June 2006: 102,858,850), calculated as follows:

Profit Attributable to Ordinary Shareholders (Diluted)	Consolidated	
	2007 $	2006 $
Profit Attributable to Ordinary Shareholders (Diluted)	2,915,086	3,392,985
Weighted Average Number of Ordinary Shares (Diluted)		
Weighted average number of ordinary shares at 30 June	125,606,073	102,858,850
Effect of share options on issue	5,100,000	-
Weighted Average Number of Ordinary Shares (Diluted) at 30 June	130,706,073	102,858,850

22 LOANS AND BORROWINGS

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $

This note provides information about the contractual terms of the Company's and Group's interest-bearing loans and borrowings. For more information about the Company's and Group's exposure to interest rate risk see Note 25.

Commercial bills (Secured) - Current	50,313,200	5,888,606	14,986,040	2,477,062
Commercial bills (Secured) – Non current	23,423,313	-	-	-
Total Interest Bearing Loans and Borrowings	73,736,513	5,888,606	14,986,040	2,477,062
Financing Facilities				
Facilities available:				
Bank overdrafts	1,889,000	791,000	600,000	400,000
Standby commercial bill facility	-	930,000	-	930,000
Commercial bills - secured	138,908,000	27,279,000	21,400,000	14,000,000
Total Facilities Available	140,797,000	29,000,000	22,000,000	15,330,000
Facilities utilised at balance date:				
Commercial bills - secured	73,736,513	5,888,606	14,986,040	2,477,062
Total Facilities Utilised	73,736,513	5,888,606	14,986,040	2,477,062
Facilities not utilised at balance date:				
Bank overdrafts	1,889,000	791,000	600,000	400,000
Standby commercial bill facility	-	930,000	-	930,000
Commercial bills - secured	65,171,487	21,390,394	6,413,960	11,522,938
Total Facilities Not Utilised	67,060,487	23,111,394	7,013,960	12,852,938

Financing Arrangements

Bank overdrafts
The total bank overdraft of the Company is secured by a set off agreement against receipt of Goods & Services Tax credits. Interest on bank overdrafts are charged at prevailing market rates.

The total bank overdraft of the Subsidiaries is secured by a registered mortgage debenture over the Controlled Entity's assets and undertakings with a carrying amount of $1,489,000 (2006: $391,000). The bank overdraft is payable on demand and is subject to annual review.

Standby commercial bill facility
The standby facility with National Australia Bank has been discharged

Guarantees
The Company had provided a $118,125 (2006: $118,125) limited guarantee and indemnity to National Australia Bank for security on a bank guarantee in Burt Way Developments Pty Ltd. This guarantee has been discharged.

Commercial bills
Commercial bills are denominated in Australian dollars (refer Note 25). The commercial bills amount in current liabilities comprises the Group's bank loan payable within one year $50,313,200 (2006: $5,888,601) and payable after one year $23,423,313.

The commercial bills loans are secured by registered first mortgages over the development property land and buildings of the Group to the extent of $138,908,000 (2006: $27,279,000). The commercial bills loans are further secured by registered first mortgage over the the office property of the Company located at Level 3, 15 Labouchere Road, South Perth. The carrying amount of this property at 30 June 2007 was $748,176 (2006: $769,830).

The loans bear interest at the banks' prime rates plus 0% to 1.75% (2006: 0% to 1.4%), payable monthly.

23 EMPLOYEE BENEFITS

Share Based Payments

At 26 June 2003, the Company established a share option programme that entitles key management personnel and senior employees to purchase shares in the Company. On 3 July 2006, a further grant on similar terms has been offered to these employee groups.

Options are issued under the Executive Option Plan 2003 (made in accordance with thresholds set in plans approved by shareholders at the 26 June 2003 General Meeting), and it provides for Directors and Senior Executives to receive up to an annual aggregate of 5% of fully paid issued shares by way of options over ordinary shares for no consideration.

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

	Options Granted		Exercise Price	Vesting Conditions	Financial Years in which Grant Vests	Expiry Date
	Number	Date				
Executive Directors						
Mr John Chan	1,950,000	3 July 2006	$0.40	*	3 July 2007	3 July 2009
Mr Richard Dean Rimington	1,400,000	3 July 2006	$0.40	*	3 July 2007	3 July 2009
Non-executive Directors						
Mr Paul Anthony Rengel	500,000	3 July 2006	$0.40	*	3 July 2007	3 July 2009
Executives						
Mr Darren John Pateman	1,000,000	3 July 2006	$0.40	*	3 July 2007	3 July 2009
Mr Edward Guy Bank	250,000	3 July 2006	$0.40	*	3 July 2007	3 July 2009
Total Options Granted	5,100,000					

* Vesting Conditions - No sooner than 12 months from date of grant and based on continuing employment.

During the financial year no share options were exercised (2006: $4,486,828). The weighted average share price at the dates of exercise for 2006 was $0.45.

	Weighted Average Exercise Price 2007	Number of Options 2007	Weighted Average Exercise Price 2006	Number of Options 2006
Outstanding at the beginning of the year		-	$0.30	4,486,828
Exercised during the year		-		(4,486,828)
Granted during the year	$0.40	5,100,000		-
Outstanding at the End of the Year		5,100,000		-
Exercisable at the End of the Year		5,100,000		-

The fair value of the options issued is calculated at the grant date using the Black-Scholes option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised in this reporting period. In valuing the options, market conditions have been taken into account.

23 EMPLOYEE BENEFITS (continued)

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant Date	Option Life	Fair Value per Option	Exercise Price	Price of Shares on Grant Date	Expected Volatility	Risk Free Interest Rate	Dividend Yield
3 July 2006	3.0 years	$0.5677	$0.40	$0.925	48.00%	5.883%	1.78%

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
Share options granted in 2007 - equity settled	2,871,232	-	2,871,232	-
Total Expense Recognised as Employee Cost	2,871,232	-	2,871,232	-

24 TRADE AND OTHER PAYABLES

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
Trade and other payables	2,066,522	1,564,005	16,497	92,350
Other payables and accrued expenses	4,403,767	653,181	549,293	281,113
Total Trade and Other Payables	6,470,289	2,217,186	565,790	373,463

At 30 June 2007, Trade and other payables include retentions of $74,762 (2006: $11,093) relating to construction contracts in progress.

25 FINANCIAL INSTRUMENTS

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

Credit Risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

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

Effective Interest Rates and Repricing Analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

	Note	Average Effective Interest Rate	Consolidated 2007 Total $	1 Year or Less $	1-3 Years $
Cash and cash equivalents	19a	5.2%	8,942,604	8,942,604	-
Loans to Jointly Controlled entities*	18	11.3%	24,423,057	9,575,171	14,847,886
Secured bank loans:					
Commercial bills	22	7.5%	(73,736,513)	(23,423,313)	(50,313,200)
Bank overdrafts	22	10.0%	-	-	-
			(40,370,852)	(4,905,538)	(35,465,314)

			Company 2007 $	$	$
Cash and cash equivalents	19a	5.4%	7,376,706	7,376,706	-
Loans to Jointly Controlled entities*	18	11.3%	17,810,426	9,575,171	8,235,255
Loans to Subsidiaries	18	11.3%	32,169,751	10,205,204	21,964,547
Secured bank loans:					
Commercial bills	22	7.3%	(14,986,040)	(14,986,040)	-
Bank overdrafts	22	8.5%	-	-	-
			42,370,843	12,171,041	30,199,802

	Note	Average Effective Interest Rate	Consolidated 2006 Total $	1 Year or Less $	1-3 Years $
Cash and cash equivalents	19a	3.7%	14,073,806	14,073,806	-
Loans to Jointly Controlled entities*	18	10.8%	13,811,910	-	13,811,910
Secured bank loans:					
Commercial bills	22	7.3%	(5,888,606)	(5,888,606)	-
			21,997,110	8,185,200	13,811,910

			Company 2006 $	$	$
Cash and cash equivalents	19a	3.7%	13,481,094	13,481,094	-
Loans to Jointly Controlled entities*	18	10.8%	13,489,843	-	13,489,843
Loans to Subsidiaries	18	10.6%	14,546,898	4,224,706	10,322,192
Secured bank loans:					
Commercial bills	22	7.3%	(2,477,062)	(2,477,062)	-
			39,040,773	15,228,738	23,812,035

* A loan amount of $3,500,000 was made by the Company to 132 Terrace Road Joint Venture Pty Ltd (a Jointly Controlled entity) on 2 February 2005. Interest has been charged at a rate of 7.5% on this loan. The loan amount has been included in the total.

25 FINANCIAL INSTRUMENTS (continued)

Fair Values

The fair values together with the carrying amounts shown in the balance sheet are as follows:

	Note	Consolidated Carrying Amount 2007 $	Fair Value 2007 $	Carrying Amount 2006 $	Fair Value 2006 $
Trade and other receivables	18	19,733,079	19,733,079	741,850	741,850
Cash and cash equivalents	19a	8,942,604	8,942,604	14,073,806	14,073,806
Loans to Jointly Controlled entities	18	14,847,886	14,847,886	13,811,910	13,811,910
Secured bank loans	22	(50,313,200)	(50,313,200)	(5,888,606)	(5,888,606)
Trade and other payables	24	(6,470,289)	(6,470,289)	(2,217,186)	(2,217,186)
		(13,259,920)	(13,259,920)	20,521,774	20,521,774
Unrecognised (losses)/gains			-		-

	Note	Company Carrying Amount 2007 $	Fair Value 2007 $	Carrying Amount 2006 $	Fair Value 2006 $
Trade and other receivables	18	240,239	240,239	442,991	442,991
Cash and cash equivalents	19a	7,376,706	7,376,706	13,481,094	13,481,094
Loans to Subsidiaries	18	32,169,751	32,169,751	14,546,898	14,546,898
Loans to Jointly Controlled entities	18	8,235,255	8,235,255	13,489,843	13,489,843
Secured bank loans	22	(14,986,040)	(14,986,040)	(2,477,062)	(2,477,062)
Trade and other payables	24	(565,790)	(565,790)	(373,463)	(373,463)
		32,470,121	32,470,121	39,110,301	39,110,301
Unrecognised (losses)/gains			-		-

Estimation of fair values

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

Interest Bearing Loans and Borrowings
Fair value is calculated based on discounted expected future principal and interest cash flows.

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. All other receivables/payables are discounted to determine the fair value.

Loans to Subsidiaries and Jointly Controlled Entities
Fair value is calculated based on discounted expected future principal and interest cash flows.

Guarantees

Subsidiaries

The Company has provided a $11,670,000 limited guarantee and indemnity to National Australia Bank Limited for security on a finance facility in 17-19 Carr Street Pty Ltd. This guarantee has been discharged since the balance date of the financial statements.

The Company has provided a $5,000,000 limited guarantee and indemnity to Westpac Banking Corporation for security on a finance facility in 135 Adelaide Terrace Developments Pty Ltd.

The Company has provided a $8,500,000 limited guarantee and indemnity to Westpac Banking Corporation for security on a finance facility in 175 Adelaide Terrace Pty Ltd.

The Company has provided a $10,000,000 limited guarantee and indemnity to Westpac Banking Corporation for security on a finance facility in Burt Way Developments Pty Ltd.

The Company has provided a $2,000,000 limited guarantee and indemnity to National Australia Bank Limited for security on a finance facility in Lake Street Pty Ltd.

The Company has provided a $5,727,000 limited guarantee and indemnity to National Australia Bank Limited for security on a finance facility in Lot 1 to 10 Whatley Crescent Pty Ltd.

Jointly Controlled Entities

The Company has provided a $10,000,000 limited guarantee and indemnity to National Australia Bank Limited for security on a finance facility in 132 Terrace Road Terrace Joint Venture Pty Ltd. This guarantee has been discharged since the balance date of the financial statements.

The Company had provided a $5,000,000 limited guarantee and indemnity to Westpac Banking Corporation for security on a finance facility in 175 Hay Street Joint Venture Pty Ltd. This guarantee has been discharged.

The Company has provided a $4,000,000 limited guarantee and indemnity to Bank of Western Australia Ltd for security on a finance facility in 188 Adelaide Terrace Joint Venture Pty Ltd.

The Company has provided a $2,300,000 limited guarantee and indemnity to National Australia Bank Limited for security on a finance facility in 406 & 407 Newcastle Street Pty Ltd.

The Company has provided a $3,800,000 limited guarantee and indemnity to National Australia Bank Limited for security on a finance facility in 701 Wellington Street Pty Ltd.

26 OPERATING LEASES

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $

Leases as Lessor

The Group leases out its investment property held under an operating lease (see Note 12). The future annual minimum lease payments under non-cancellable leases are as follows:

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Less than one year	700,000	-	-	-
Between one and five years	2,800,000	-	-	-
More than five years	1,400,000	-	-	-
	4,900,000	-	-	-

During the year ended 30 June 2007 $211,438 was recognised as rental income in the income statement (2006: $Nil).

27 CAPITAL AND OTHER COMMITMENTS

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
Commitments and Contingent Liabilities				
Property Development				
Contracted but not provided for and payable:				
Within one year	40,156,022	48,198,201	7,066,589	9,641,000
Later than one year	35,082,374	30,405,433	-	662,028
Total Property Development Commitments	75,238,396	78,603,634	7,066,589	10,303,028
Property Development - Jointly Controlled Entities				
Contracted but not provided for and payable:				
Within one year	44,443,437	69,447,884	44,443,437	69,447,884
Later than one year	46,252,290	2,779,541	46,252,290	2,779,541
Total Property Development Commitments - Jointly Controlled Entities	90,695,727	72,227,425	90,695,727	72,227,425
Group's Share of Property Development - Jointly Controlled Entities				
Contracted but not provided for and payable:				
Within one year	22,221,719	34,723,942	22,221,719	34,723,942
Later than one year	23,126,145	1,389,771	23,126,145	1,389,771
Total Share of Property Development Commitments - Jointly Controlled Entities	45,347,864	36,113,713	45,347,864	36,113,713
Group's Property Development Commitments including Jointly Controlled Entities				
Contracted but not provided for and payable:				
Within one year	62,377,741	82,922,143	29,288,308	44,364,942
Later than one year	58,208,519	31,795,204	23,126,145	2,051,799
Total Property Development Commitments including Jointly Controlled Entities	120,586,260	114,717,347	52,414,453	46,416,741

28 CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Guarantees

The Company has guaranteed the bank facilities of certain Controlled entities:	42,897,000	13,788,125	42,897,000	13,788,125
The Company has jointly guaranteed the bank facilities of certain Jointly Controlled entities:	20,100,000	19,000,000	20,100,000	19,000,000

29 RELATED PARTIES

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

Executive Directors

Mr John Chan

Mr Richard Dean Rimington

Non-executive Directors

Mr Paul Anthony Rengel

Mr John Boon Heng Cheak

Mr Kee Kong Loh

Executives

Mr Darren John Pateman

Mr Edward Guy Bank

		Consolidated		Company	
	Note	2007 $	2006 $	2007 $	2006 $
The key management personnel compensation included in 'personnel expenses' is as follows:					
Short-term employee benefits	9	249,231	243,783	249,231	243,783
Share-based payments	23	2,871,232	-	2,871,232	-
		3,120,463	243,783	3,120,463	243,783

Management Fees:

The Company has entered into a management agreement ("the agreement") with J&R Management Pty Ltd ("J&R Management") for the provision of executive management, project management and company secretarial services to the Company for a period of three years from 1 July 2004. The agreement was signed on 16 December 2004. The Company and J&R Management have agreed to an extension of the agreement for a period of three months from 1 July 2007. Mr John Chan and Mr Richard Dean Rimington are Directors and shareholders of J&R Management. Mr Darren John Pateman is a shareholder of J&R Management. The agreement provides for the payment of a commission of eight per cent of pre-tax profits of the Company in each financial year.

The management agreement includes a clause to pay J & R Management fifty percent of the management fee payable to the Company by Boas Gardens Estate Pty Ltd.

The terms and conditions of the transactions with J&R Management are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

29 RELATED PARTIES (continued)

The aggregate amounts recognised during the year relating to J&R Management were as follows:

		Consolidated		Company	
	Note	2007 $	2006 $	2007 $	2006 $
Monthly fee	a)	442,391	425,376	442,391	425,376
Eight per cent of Pre-tax Company profits	b)	111,096	(51,615)	111,096	(51,615)
Eight per cent of Pre-tax Jointly Controlled entities profits	c)	280,425	185,172	280,425	185,172
Eight per cent of Pre-tax Subsidiaries profits		129,973	106,723	129,973	106,723
Fifty per cent of Boas Gardens Estate Pty Ltd management fee		(1,336)	(4,461)	(1,336)	(4,461)
		962,549	661,195	962,549	661,195

The calculation of management fees for 2007 are based on Australian Accounting Standards (AASBs) profit calculations.

a) The monthly fee payable to J&R Management is $36,866 per month (2006: $35,448 per month).

b) The calculation of the eight per cent of Pre-tax Company profits does not include the Share of net profits of Jointly Controlled entities' accounted for using the equity method, and does not include the net profits of Subsidiaries.

c) The calculation of the eight per cent of Pre-tax Jointly Controlled entities profits is calculated on the Company's interest in the Jointly Controlled entities'.

Individual Directors and Executives Compensation Disclosures

Information regarding individual directors and executives compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 are provided in the Remuneration Report section of the Directors' report on Pages 18 to 34.

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

Loans to Key Management Personnel and their Related Parties

Details regarding loans outstanding at the reporting date to related parties at any time in the reporting period, are as follows:

	Balance 1 July 2006 $	Balance 30 June 2007 $	Interest Paid and Payable in the Reporting Period $	Highest Balance in Period $
Directors				
Mr Paul Anthony Rengel	182,713	-	21,556	182,713

Loans totalling $Nil (2006: $182,713), approved by the members at the Annual General Meeting of the Company held on 28 November 2005, were made to Directors and their related parties during the 2007 financial year. The recipient of this loan was Mr Paul Anthony Rengel.

Details regarding the aggregate of loans made, guaranteed or secured by any entity in the Group to key management personnel and their related parties, and the number of individuals in each group, are as follows:

29 RELATED PARTIES (continued)

	Opening Balance $	Closing Balance $	Interest Paid and Payable in the Reporting Period $	Number in Group at 30 June 2007
Directors				
Total for related parties 2007	182,713	-	21,556	1
Total for related parties 2006	-	181,713	-	

For all loans to related entities, interest was payable at prevailing market rates, currently 7.05% p.a. The principal amount was repayable at any time on or before 3 March 2007. Interest was payable at the termination of the loan. Interest received on the loans totalled $21,556 (2006: $Nil) consolidated, and $21,556 (2006: $Nil) the Company. No amounts have been written down or recorded as allowances, as the balances were considered fully collected.

Other Related Party Transactions with the Company or its Subsidiaries

The Company received rental income and reimbursement of outgoings from J & R Management for the use of office space within the offices at Level 3, 15 Labouchere Road, South Perth.

Other than as outlined above, the terms and conditions of the transactions with Directors and Director related entities were no more favourable than those available, or which might be expected to be available, on similar transactions to Non-director related entities on an arm's length basis.

		Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
The value of transactions during the year with Directors and their Director-related entities were as follows:					
Director	**Director-related Entity**				
Mr John Chan and Mr Richard Dean Rimington	J&R Management Pty Ltd				
	Management fee paid	962,549	661,195	962,549	661,195
	Rent and outgoings received	(27,950)	(29,486)	(27,950)	(29,486)
Amounts payable to and receivable from Directors and their Director-related entities at balance date arising from these transactions were as follows:					
Current Trade and Other Receivables	Rent and outgoings received	17,348	17,348	17,348	17,348
		17,348	17,348	17,348	17,348
Current Trade and Other Payables	Management fee	460,777	235,818	460,777	235,818

From time to time, key management personnel of the Company or its Subsidiaries, or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group customers.

Equity Instruments

All options refer to options over ordinary shares of Finbar Group Limited, which are exercisable on a one-for-one basis under the Executive Option Plan 2003.

29 RELATED PARTIES (continued)

Options and Rights Over Equity Instruments

The movement during the reporting period in the number of options over ordinary shares in Finbar Group Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2006	Granted in Period	Exercised in Period	Held at 30 June 2007	Vested During the Period	Vested and Exercisable at 30 June 2007
Directors						
Mr John Chan	-	1,950,000	-	1,950,000	-	-
Mr Richard Dean Rimington	-	1,400,000	-	1,400,000	-	-
Mr Paul Anthony Rengel	-	500,000	-	500,000	-	-
Mr John Boon Heng Cheak	-	-	-	-	-	-
Mr Kee Kong Loh	-	-	-	-	-	-
Officer						
Mr Darren John Pateman	-	1,000,000	-	1,000,000	-	-
Employee						
Mr Edward Guy Bank	-	250,000	-	250,000	-	-
	-	5,100,000	-	5,100,000	-	-

No options held by key management personnel are vested but not exercisable.

Further details, including grant dates and exercise dates regarding options granted to executives under the Executive Option Plan 2003 are in Note 23.

Movements in Shares

The movement during the reporting period in the number of ordinary shares in Finbar Group Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2006	Received on Exercise of Options	Change in Indirect Holdings	Change in Direct Holdings	Held at 30 June 2007
Directors					
Mr John Chan	15,842,865	-	(106,265)	789,440	16,526,040
Mr Richard Dean Rimington	4,413,891	-	(4,000)	-	4,409,891
Mr Paul Anthony Rengel	623,000	-	-	-	623,000
Mr John Boon Heng Cheak	380,000	-	-	-	380,000
Mr Kee Kong Loh	1,932,656	-	-	-	1,932,656
Executives					
Mr Darren John Pateman	911,175	-	-	(34,612)	876,563
Mr Edward Guy Bank	-	-	-	-	-
	24,103,587	-	(110,265)	754,828	24,748,150

No shares were granted to key management personnel during the reporting period as remuneration.

Identity of Related Parties

The Group has a related party relationship with its Subsidiaries (see Note 30), Jointly Controlled entities (see Note 14) and with its key management personnel.

Other Related Party Transactions

Subsidiaries

Loans are made by the Company to wholly owned Subsidiaries for capital purchases. Loans outstanding between the Company and its Subsidiaries are at call and are interest bearing. During the year ended 30 June 2007, such loans to Subsidiaries totalled $32,023,329 (2006: $14,546,898). These loans have been recognised as an additional investment in Subsidiaries.

Jointly Controlled Entities

Loans are made by the Company to Jointly Controlled entities for capital purchases. Loans outstanding between the Company and its Jointly Controlled entities are at call and are interest bearing. During the year ended 30 June 2007, such loans to Jointly Controlled entities totalled $17,810,426 (2006: $13,489,843). These loans have been recognised as an additional investment in Jointly Controlled entities.

30 GROUP ENTITIES

	Country of Incorporation	Shareholding	Ownership Interest	
		$	2007	2006
Parent Company				
Finbar Group Limited (formerly Finbar International Limited)				
Subsidiaries				
17-19 Carr Street Pty Ltd	Australia	1	100%	100%
59 Albany Highway Pty Ltd	Australia	11	68.75%	68.75%
135 Adelaide Terrace Developments Pty Ltd	Australia	1	100%	100%
175 Adelaide Terrace Pty Ltd	Australia	1	100%	100%
Burt Way Developments Pty Ltd	Australia	1	100%	100%
Finbar Finance Pty Ltd	Australia	1	100%	-
Finbar Funds Management Limited	Australia	1	100%	-
Finbar Property Trust	Australia	100	100%	-
Finbar Project Management Pty Ltd	Australia	2	100%	50%
Finbar Property Maintenance Pty Ltd	Australia	1	100%	-
Lake Street Pty Ltd	Australia	1	100%	100%
Lot 1 to 10 Whatley Crescent Pty Ltd	Australia	1	100%	100%
Wembley Office Park Pty Ltd	Australia	1	100%	-
		123		

In the financial statements of the Company, investments in Subsidiaries are measured at cost and included with current and non-current investments. Refer to Note 15.

31 SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

32 AUDITORS' REMUNERATION

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
Audit Services:				
Auditors of the Company				
Audit and review of the financial reports (KPMG Australia)	98,100	92,196	98,100	92,196
Audit Services:				
Auditors of the Jointly Controlled Entities				
Audit and review of the financial reports (KPMG Australia)	11,000	20,000	11,000	20,000
Services other than Statutory Audit:				
Taxation compliance services (KPMG Australia)	5,100	7,100	5,100	7,100
Accounting advice (KPMG Australia)	8,000	-	8,000	-
	13,100	7,100	13,100	7,100

Directors' Declaration

In the opinion of the Directors of Finbar Group Limited ('the Company'):

1. a) The financial statements and notes, (including the remuneration disclosures that are contained in Sections 4.2.1 to 4.2.3 of the Remuneration report in the Directors' report) set out on Pages 35 to 74, are in accordance with the Corporations Act 2001, including:

   i) giving a true and fair view of the financial position of the Company and the Group as at 30 June 2007 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

   ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

   b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a);

   c) The remuneration disclosures that are contained in the Sections 4.2.1, 4.2.2 and 4.2.3 of the Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures; and

   d) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the group entities identified in Note 30 will be able to meet any obligations or liabilities to which they are or may become subject to.

3. The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2007 pursuant to Section 295A of the Corporations Act 2001.

Dated at Perth this 18th day of September 2007

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

John Chan
Managing Director

Independent auditor's report to the members of Finbar Group Ltd (formerly Finbar International Ltd)

Report on the financial report and AASB 124 remuneration disclosures contained in the directors' report

We have audited the accompanying financial report of Finbar Group Ltd (the Company), which comprises the balance sheets as at 30 June 2007, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the *Corporations Regulations 2001*, the Company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Australian Accounting Standard AASB 124 Related Party Disclosures, under the heading "Remuneration report" in sections 4.2.1, 4.2.2 and 4.2.3.1 of the directors' report and not in the financial report. We have audited these remuneration disclosures.

Directors' responsibility for the financial report and the AASB 124 remuneration disclosures contained in the directors' report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors of the Company are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance and whether the remuneration disclosures are in accordance with Australian Accounting Standard AASB 124.

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

Independent Auditors' Report

to Members of Finbar Group Limited

KPMG

Auditor's opinion on the financial report

In our opinion:

(a) the financial report of Finbar Group Ltd is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Auditor's opinion on AASB 124 remuneration disclosures contained in the directors' report

In our opinion the remuneration disclosures that are contained in sections 4.2.1, 4.2.2 and 4.2.3.1 of the directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures.

KPMG

KPMG

Robert Kelly

Robert Kelly
Partner

Perth 18 September 2007

Lead Auditor's Independence Declaration

under Section 307C of the Corporation Act 2001

KPMG

To: the directors of Finbar Group Ltd (formerly Finbar International Ltd)

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2007 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Robert Kelly

Robert Kelly
Partner

Perth 18 September 2007

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

SHAREHOLDINGS (AS AT 30 JUNE 2007)

Substantial Shareholders

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

Shareholder Name	Number	%
Chuan Hup Holdings	23,553,996	17.65
Apex Equity Holdings Berhad	14,604,738	10.94
Blair Park Pty Ltd	8,055,339	6.04
National Nominees Limited	7,065,450	5.29

Voting rights

Ordinary shares
Refer to Note 20 in the Notes to the Financial Statements.

DISTRIBUTION OF EQUITY SECURITY HOLDERS

Range	Holder of Holders	Ordinary Shares	Options
1-1000	100	36,651	-
1,001-5,000	144	455,536	-
5,001-10,000	113	877,467	-
10,001-100,000	295	9,765,287	-
100,001-over	80	122,323,724	-
	732	133,458,665	-

The number of shareholders holding less than a marketable parcel of ordinary shares is 73.

Stock Exchange
The Company is listed on the Australian Stock Exchange. The home exchange is Perth.

ASX Code: FRI

Other information
Finbar Group Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

TWENTY LARGEST SHAREHOLDERS:

	Number of Ordinary Shares Held	%
Chuan Hup Holdings	23,553,996	17.65
Apex Equity Holdings Berhad	14,604,738	10.94
Blair Park Pty Ltd	8,055,339	6.04
National Nominees Limited	7,065,450	5.29
Hamlet Management Limited	5,694,268	4.27
Invia Custodian Pty Ltd Black A/C	4,646,365	3.48
Maju Makmur Nominees	4,115,694	3.08
Thorney Investments Pty Ltd	4,000,000	3.00
Apex Investments Pty Ltd	3,289,211	2.46
Invia Custodian Pty Ltd White A/C	3,125,000	2.34
Mr Ah Hwa Lim	3,020,985	2.26
Baguio International Limited	2,879,344	2.16
Fadmoor Pty Ltd John Rubino Super Fund A/C	2,757,518	2.07
Dynamic Corporation Pty Ltd	2,465,476	1.85
Zero Nominees Pty Ltd	2,327,701	1.74
Mr Guan Seng Chan	2,050,258	1.54
Mr Wan Soon Chan	2,016,783	1.51
Mr Wan Kah Chan Mrs Mui Tee Chan Chan Family Super Fund A/C	1,322,653	0.99
RBC Dexia Investor Services Australia Nominees Pty Ltd BKCust A/C	1,265,569	0.95
Mr Toru Fujii	1,264,628	0.95
Top 20	99,520,976	74.57

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