27TH ANNUAL REPORT For the year ended 30 June 2011

developing better lifestyles

Cover Image
Pelago West - Karratha's first luxury highrise apartments

www.finbar.com.au

Finbar Group Limited 27th Annual Report for the year ended 30 June 2011

ADAGIO AT SYMPHONY CITY

CORPORATE DIRECTORY

Offices and Officers

Directors

Mr John Chan (Executive Chairman)
Mr Darren John Pateman (Managing Director)
Mr John Boon Heng Cheak
Mr Kee Kong Loh

Company Secretary

Mr Edward Guy Bank

Principal Registered Office

Finbar Group Limited
Level 3, 15 Labouchere Road
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SOUTH PERTH WA 6951

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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
235 St Georges Terrace
PERTH WA 6000

FAIRLANES OFFICE

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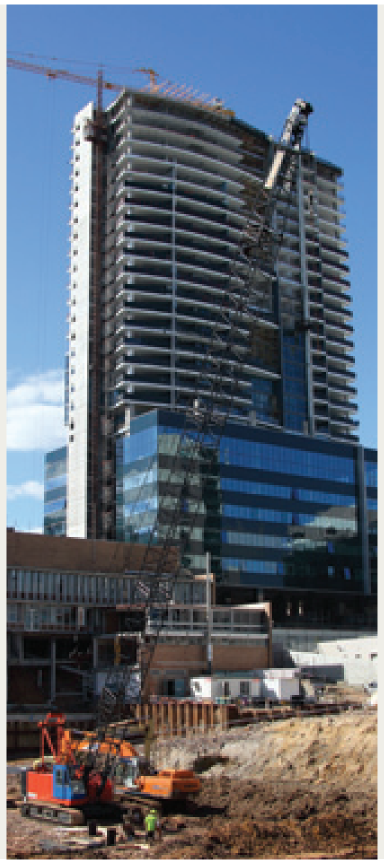
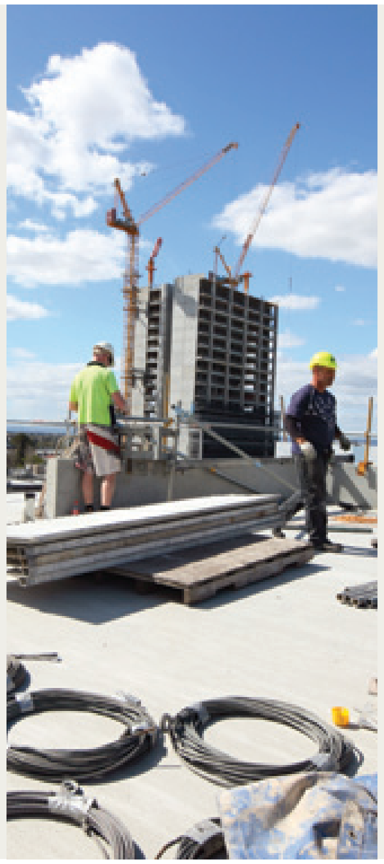


Fairlanes Perth



18 on Plain

GATEWAY

Chairman's Report

Dear Shareholder

On behalf of the Board of Directors I am pleased to present you with the 27th Annual Report of your Company for the financial year ended 30 June 2011, the Company's 16th year as a property developer.

Finbar Group has achieved a record after tax profit of $24.03 million despite the prevailing challenges facing the global economy.

Your board and management continue to run your Company using the same core principles adopted over the past 16 years, ensuring we are well placed to withstand a volatile economic environment, adapt quickly to changes in this environment and deliver on our financial performance.

The short term outlook remains positive and is driven by projects with presales on the books and a bolstered project pipeline that will provide exciting growth opportunities for your Company. We are poised to benefit from latent profitability in current projects and stand to benefit significantly from an improving market.

Investments in new medium cost projects like Dianella, Lime, Au, and Ecco demonstrate our ability to continue to meet our customers' changing needs and pricing expectations while focusing on growth to generate shareholder value.

Given the strength of our financial performance this year and confidence in our outlook, we have rewarded shareholders with a 50% increase in the interim dividend paid in March, resulting in an 8.5 cents fully franked dividend for the financial year.

In 2012, we will be relocating the corporate office from South Perth, which has seen the Company through the last 10 years of growth, into the Fairlanes office building in Adelaide Terrace in East Perth, providing your Company with the capability to grow for at least the next 10 years.

In conclusion, we face the future with confidence in our projects, our key relationships partners, and our project team. We have a number of strategic competitive advantages that your Company will continue to bolster and capitalise, and shareholders may be confident in both Finbar's short and long term prospects.

Sadly this year we lost our valued colleague and fellow director Paul Rengel to a long term illness. Paul provided a valuable contribution to the Board for 18 years, and the Board remains very grateful for his significant contribution to the Company's growth and will be greatly missed by everyone in the Finbar team.

On behalf of the Board and Shareholders, I thank our management and staff for contributing significantly towards Finbar Group's successes this year, and I welcome their continued dedication to the future of this Company.

We thank you for your support over the past year and look forward to updating you on our exciting projects and activities at the Annual General Meeting in November.

John Chan
Executive Chairman

4 October 2011

Managing Director's Report

Finbar's record result for FY2011 was achieved against the backdrop of a volatile global economy which continues to challenge the property market in Western Australia. Investor buyer activity is soft which normally represents approximately 50% of sales activity in a more buoyant marketplace.

Finbar is an agile and scalable company that enables us to adapt quickly to changing markets and economic environments. This agility means we have been able to introduce products to new markets with a change in product mix that allows us to meet the underlying demand in respect to both price and product expectations. Our low cost base still enables us to protect our superior profit margins.

Marketing this year has been redirected to the owner occupier market which is currently the largest sector of the market in the absence of investment activity. Owner occupiers seek accommodation for more immediate occupation and this underlying demand is evident in the fact that Finbar has only five individual apartments to sell out of all completed company projects. Approximately 25% of our apartments are currently selling after practical completion of the project.

This absence of stock has enabled us to focus on projects currently under construction and allowed us to launch new projects confidently and drive shareholder value though securing our future profitability and growth. Under construction at present is the Fairlanes building, 18 on Plain, Pelago West in Karratha, Adagio and Lime. Fairlanes and 18 on Plain are due to be completed in the second half of this financial year which will underpin our FY12 earnings. Pelago West in Karratha has already reached the stage of construction where the structure is complete and construction is on track to be completed in or around April 2012 with revenue anticipated to fall into FY13. Such progress in a short period of time and in a challenging regional location is a testament to the dedication and determination by our builder Hanssen and our project team. The cover, and page 8 of this report contains updated images and information on progress.

Our strong balance sheet and cashflow from sold property enables us to continue to grow and invest in new projects for our future. This new investment is evident in our recent launch of the new St Marks project in Highgate, and Au in East Perth. Further details of these projects are contained in this report.

Finbar has historically leveraged growth through a number of successful Joint Venture relationships. This year has been no different with Finbar privileged to have the continued support of enduring joint partners that reinvest alongside Finbar in multiple projects as they have done now for over a decade. This year we welcome two new land owner JV partners to the Finbar JV family with the owners of the new Ecco Apartment project in Lord Street, and joint owners of our Au project in East Perth. Both projects will be launched in this financial year and together will bring an additional 300 apartments into the project pipeline. We look forward to working with our new partners at Swanline Developments and Heyspring International to produce an exemplary outcome for our mutual benefit.

Finbar has always been proud of our brand, and we are recognised as Western Australia's most active and reliable apartment developer. The Company has taken steps over the past year to extend this brand awareness to the Asian markets where we are seeing an increase in demand. Asian buyers are currently seeking to secure property in Perth, where their children are schooled, where they are in the same time zone, and in a country that is considered a safe haven with a high standard of living. This marketing exercise has increased the level of sales in our higher priced luxury apartments, like Adagio, where sales have reached the stage that pre-sales cover in excess of the construction facility.

FY2011 is the first year in which Finbar has retained a substantial asset to generate investment income to supplement our property development business. The Gateway office building is now 95% leased, and this building, along with the intended retention of the Fairlanes office building and Pelago commercial due within the next nine months, will all make a substantial and ongoing contribution to company earnings to underpin and smooth our development earnings.

Finbar's balance sheet has strengthened again this year and a robust cash reserve secures our equity commitments to our committed projects. Our debt remains limited to long term facilities secured on investment property held for recurrent income, or construction finance facilities which are repaid from pre-sales on completion. Again, we thank our bankers Commonwealth Bank, Westpac, and NAB for continuing to support our Company growth with our new project facilities this past year.

Imminent changes to the accounting standards and our anticipated early adoption in the current financial year will see all revenue consolidated and reflect the real level of settlement activity. These changes will ensure a more accurate, concise and transparent method for shareholders and analysts to track our sales activity, which is one of a number of key benchmarks for measuring our financial performance.

Given that we currently derive the majority of our income from earnings that can only be recognised on physical completion and settlement of projects, providing accurate guidance on earnings for a property development company is a challenging task that only becomes more precise much closer to book close date. However, for the purposes of estimating our current financial year earnings, we anticipate a modest increase in profitability this year, and further growth into 2013 as the Company's shareholders begin to benefit from either their dilution or new investment in the Company resulting from our 2010/11 capital raisings to fund our Pilbara expansion.

Your Company has an employee team with an average tenure in excess of 10 years. Decision making for short term benefit is not part of our cultural philosophy. Every day this team thinks about ways that we can build on the intrinsic value of this Company to create shareholder value, and do so in a way that will continue to protect it from the harsh realities of a volatile global economic environment. This commitment extends beyond those directly employed by the Company but uniquely exists within the key relationships we have built over the past 16 years with our design team, building contractors, service providers and consultants. I take this opportunity to thank all those who work with Finbar who have all contributed to the success and exciting future potential of this Company.

Darren Pateman
Managing Director

4 October 2011

Aerial view of Finbar's past and current developments

About Finbar

Finbar Group Limited is an Australian property development company listed on the Australian Stock Exchange trading under the security code 'FRI'.

Incorporated in 1984, Finbar first listed as a property development company in 1995 and has established itself as the market leader in built form apartment development in the Perth metropolitan area.

Finbar's core business lies in the development of medium to high density residential apartments and commercial property within the state of Western Australia where it carries out its development projects in its own right or through incorporated special purpose entities and Joint Venture companies of which the Company either directly or indirectly holds interests in project profitability ranging between 50% and 100%.

Finbar's business model involves the acquisition of suitable development land either directly or by way of incorporated Joint Ventures whereby equity partners are sought to allow the Company to leverage into larger redevelopment projects to take advantage of the benefits of economies of scale, and to help spread project risk.

Joint Venture opportunities are also brought to the Company through land owners who require partners with project delivery expertise. Joint Ventures of this nature enable the Company to leverage our development expertise and help limit the level of capital contribution required by the Company to achieve higher returns on equity.

In addition to residential projects, the Company has developed and retained an interest in an office building to provide future annuity income to supplement core residential development income.

Finbar outsources its development activities to external consultants, sales persons, and building contractors. The administration of the Company along with the operating, investment, and acquisitions decisions are made by the Company board and management. The Company employs just twelve staff members in its South Perth offices.

Development Overview

Information current as of 30th September 2011

COMPLETED DEVELOPMENTS

Code

Gateway

The Saint

Times 2 Apartments

Del Mar Apartments

The Edge Apartments

Verve Apartments

Code

Code - 69 Milligan Street, Perth is a 50% Joint Venture project located in the heart of the CBD opposite the Perth Arena and the future Northbridge Link. The development comprises of 110 – 1 and 2 bedroom apartments plus 4 commercial lots. Marketing commenced off the plan in November 2006 with construction works completed in September 2009. All apartments have been sold and settled.

Del Mar Apartments

Del Mar Apartments - located at 3 The Palladio, Mandurah Ocean Marina is a 100% owned project completed in November 2007. All lots are now sold, with settlement of the last unit occurring during the reporting period.

Gateway

Gateway - located at 59 Albany Highway in Victoria Park is a 64% Joint Venture commercial project. The project has a total net lettable area of 15,099m^2 generating approximately $5,038,000 in gross rental per annum. Construction works completed in July 2010 with the major tenant Monadelphous Group Limited now occupying the premises.

The Edge Apartments

The Edge Apartments - located at 8 Hordern Street, Victoria Park is a 64% Joint Venture project comprising a total of 75 apartments in 2 and 3 bedroom configuration including 11 townhouse style apartments. Marketing commenced in August 2008 with construction works completed in November 2010. 70 units were settled in the reporting period with two units sold and only 3 units left remaining unsold. The Company anticipates all remaining units will be sold and settled in the financial year ending 30 June 2012.

The Saint

The Saint - located at 118 Adelaide Terrace in East Perth is a 50% Joint Venture project comprising a total of 84 – 1, 2 and 3 bedroom apartments plus 1 commercial lot. Marketing commenced off the plan in July 2007 with construction works completed in December 2009. All lots are now sold. 6 units settled in the reporting period and one unit contracted to settle in the financial year ending 30 June 2012.

Times 2 Apartments

Times 2 Apartments - located at 143 Adelaide Terrace East Perth is a 50% Joint Venture project totalling 200 apartments plus 2 commercial lots. Marketing commenced in November 2009 with construction works completed in April 2011. All but two lots remains unsold with a total of 191 apartments now settled. The Company anticipates to have all units sold and settled in the financial year ending 30 June 2012.

Verve Apartments

Verve Apartments - is a 50% Joint Venture project set within a close proximity of the vibrant Northbridge nightlife at 145 Newcastle Street, Perth. Verve boasts 28 – 2 and 3 bedroom apartments and 6 commercial lots. Marketing commenced in March 2008 with construction works completed in November 2009. All units are now sold. A total of 10 units settled in the reporting period, with one unit contracted to settle in the financial year ending 30 June 2013.

UNDER CONSTRUCTION

Fairlanes Perth

181 ADELAIDE TERRACE, EAST PERTH

FAIRLANES

Fairlanes Perth is a 27 story mixed used development located in the eastern end of the city. The residential portion of the development contains 128 apartments in 2 and 3 bedroom configurations boasting lifestyle resort style amenities on the 7th Floor.

Marketing commenced in March 2009. The Company is pleased with the progress of construction with the final floor slab now completed and internal fit outs currently progressing at a rapid rate. Only 13 apartments remain unsold which the Company hopes to secure prior to end of FY2012.

TOTAL LOTS
128 – 2 and 3 bedroom apartments

COMMERCIAL
Refer to Fairlanes Office

AVERAGE SALE PRICE TO DATE
$845,478

% SOLD
90%

FINBAR'S ULTIMATE INTEREST
100%

SALES CONTRACTS SECURED
$97,230,000

TOTAL PROJECT SALES VALUE
$108,185,000

ESTIMATED COMPLETION DATE
Financial Year 2012

PROJECT COMPANY
175 Adelaide Terrace Pty Ltd

UNDER CONSTRUCTION

Fairlanes Office

181 ADELAIDE TERRACE, EAST PERTH

FAIRLANES
OFFICE

Located directly below the residential portion of Fairlanes Perth, Fairlanes Office will comprise 7,155m^2 of office space over 5 floors.

The Company has retained the top floor and intends to move its registered office once construction is complete.

The residential component has secured the financial success of the Fairlanes project which has enabled the Company to offer the remaining 6,700 sqm of office space in the commercial component of the building for lease without offering lease incentives which will help maximise the future income potential and value of this to be retained investment.

NETT LETTABLE AREA
7,155m^2

COMMERCIAL RETAIL LOTS
52

APPROXIMATE GROSS RENTAL PA
$3,220,000

FINBAR'S ULTIMATE INTEREST
100%

BUILDING END VALUE
$50,041,000

ESTIMATED COMPLETION DATE
Financial Year 2012

PROJECT COMPANY
175 Adelaide Terrace Pty Ltd

UNDER CONSTRUCTION

18 on Plain

18 PLAIN STREET, EAST PERTH

18 on Plain is a boutique development located in East Perth comprising 29 – 2 bedroom apartments over 10 storeys. The development sits opposite the Hyatt Hotel and only 300m from the Swan River. Marketing commenced in March 2010 with 23 apartments now sold and only 8 lots remaining.

Construction is progressing well with the structure now complete and internal fitouts underway. The Project is scheduled for completion with results being reflected in the current financial year to 30 June 2012.

TOTAL LOTS
29 – 2 bedroom apartments

COMMERCIAL LOTS
2

AVERAGE SALE PRICE TO DATE
$629,261

% SOLD
74%

FINBAR'S ULTIMATE INTEREST
50%

SALES CONTRACTS SECURED
$14,473,000

TOTAL PROJECT SALES VALUE
$20,471,000

ESTIMATED COMPLETION DATE
Financial Year 2012

PROJECT COMPANY
22 Plain Street Pty Ltd

UNDER CONSTRUCTION

Pelago West

23 SHARPE AVENUE, PEGS CREEK

Pelago West Apartments, Stage One will be Karratha's first luxury highrise apartments situated in the heart of the city centre comprising a total of 114 – 1, 2 and 3 bedroom apartments plus 8 ground floor commercial lots. Marketing commenced in March 2011 and to date 61 lots have been sold with a further 12 leased on a five year contract to a service contractor. Construction commenced in the second half of the reporting year and the structure is now complete.

TOTAL LOTS
114 – 1, 2 & 3 bedroom apartments

COMMERCIAL LOTS
8

AVERAGE SALE PRICE TO DATE
$689,516

% SOLD
55%

FINBAR'S ULTIMATE INTEREST
100%

SALES CONTRACTS SECURED
$43,282,604

TOTAL PROJECT SALES VALUE
$96,369,749

ESTIMATED COMPLETION DATE
Financial Year 2012

PROJECT COMPANY
Finbar Karratha Pty Ltd

UNDER CONSTRUCTION

Lime

189 SWANSEA STREET EAST, EAST VICTORIA PARK

Lime Apartments located at 189 Swansea Street East in East Victoria Park is a 50% Joint Venture project comprising a total of 95 – 2 bedroom apartments and 16 commercial lots over 3 walk-up levels. The development is situated just a few minutes from the café and restaurant precinct along Albany Highway.

Marketing commenced in March 2011 and the Company has secured 30 pre-sales contracts. Construction works has now commenced with brick works currently progressing.

TOTAL LOTS
95 – 2 bedroom apartments

COMMERCIAL
16

AVERAGE SALE PRICE TO DATE
$432,692

% SOLD
32%

FINBAR'S ULTIMATE INTEREST
50%

SALES CONTRACTS SECURED
$11,250,000

TOTAL PROJECT SALES VALUE
$51,163,500

ESTIMATED COMPLETION DATE
Financial Year 2012

PROJECT COMPANY
185 Swansea Street Pty Ltd

UNDER CONSTRUCTION

Adagio at Symphony City

TERRACE ROAD, EAST PERTH

Adagio Apartments is situated along the exclusive Terrace Road precinct in East Perth with uninterrupted panoramic views of the Swan River. Adagio will comprise 113 luxury 2 and 3 bedroom apartments over 23 storeys. Marketing commenced in October 2010 with over $75.9 million in pre-sales achieved to date. Construction works has now commenced.

TOTAL LOTS
113 – 2 and 3 bedroom apartments

COMMERCIAL
2

AVERAGE SALE PRICE TO DATE
$1,652,065

% SOLD
40%

FINBAR'S ULTIMATE INTEREST
50%

SALES CONTRACTS SECURED
$75,995,000

TOTAL PROJECT SALES VALUE
$183,943,000

ESTIMATED COMPLETION DATE
Financial Year 2013

PROJECT COMPANY
88 Terrace Road Pty Ltd

FUTURE DEVELOPMENTS


St Marks Apartments


Knightsgate Residence


Pelago East Apartments – Stage Two


Ecco Apartments


Toccata Apartments


Au 311 Apartments


36 Chester Avenue


Concerto & Harmony

St Marks Apartments
St Marks Apartments located at 131 Harold Street in Highgate is a 100% Finbar owned project comprising 130 – 1, 2 and 3 bedroom apartments valued at approximately $66 million. Marketing commenced in September 2011 with 20 pre-sales achieved within the first week of launch.

Au Apartments
Au Apartments located at 208 Adelaide Terrace and 311 Hay Street is a Joint Venture project which the Company entered into during the reporting period. The development will encompass a total of 192 – 1, 2 and 3 bedroom apartments plus 2 commercial lots over 9 storeys. Marketing will commence in October 2011 with an approximate value of $104 million.

Knightsgate Residence
Knightsgate Residence located at 9 Citadel Way in Currumbine is a 50% Joint Venture project totalling 43 apartments in 1 and 2 bedroom configurations valued at approximately $14 million. Marketing commenced in February 2011 with 9 lots pre-sold to date.

Ecco Apartments
Ecco Apartments located at 262 Lord Street in Perth is a 50% Joint Venture project which the Company secured during the reporting period. Development Approval has been received for 90 apartments in 1, 2 and 3 bedroom layouts plus 8 commercial lots. The Company is planning to commence marketing in early 2012.

36 Chester Avenue
36 Chester Avenue located in Dianella is a 50% Joint Venture project. The Company is currently in the planning application process. Marketing is scheduled to commence in early 2012.

Pelago East Apartments
Pelago East Apartments, Stage Two in Karratha will comprise of 178 apartments plus 14 commercial lots. Pelago East will be launched to the market when more sales in Pelago West, Stage One have occurred.

Toccata Apartments
Toccata Apartments at Symphony City is located at 88 Terrace Road East Perth. The Company currently holds a Development Approval for this project and intends to commence marketing immediately upon Adagio securing more sales.

Concerto & Harmony
Concerto & Harmony located at 193 Adelaide Terrace in East Perth is the third stage of the Symphony City project and is currently in early stages of planning and design brief.

Financial Report

FOR THE YEAR ENDED 30 JUNE 2011

ABN 97 009 113 473 **ACN** 009 113 473

Contents

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2011

The Directors present their report together with the financial report of the Group, comprising Finbar Group Limited ('the Company') and its Subsidiaries and the Group's interest in Jointly Controlled entities for the financial year ended 30 June 2011 and the independent auditor's report thereon.

Contents

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2011

1 DIRECTORS

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

Executive Director and Chairman

John CHAN - BSc, MBA, MAICD

Director since 27 April 1995
Managing Director from 27 April 1995 to 15 July 2010
Chairman since 15 July 2010

John Chan is Executive Director and Chairman 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.

John 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.

Non-executive (Independent) Director

Paul Anthony RENGEL - B Com, FCA

Director since 22 May 1992
Chairman from 22 May 1992 to 15 July 2010

Paul Rengel was appointed Chairman in 1992 and has 39 years of professional experience with international accounting firms and is currently director for corporate finance services with Equity Finance & Securities Pty Ltd 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 in the last four years has been 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, B Eco

Director since 28 April 1993

John Cheak joined the Board in 1993 and has extensive experience in the governance of companies in property development and marine transportation 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 CH Offshore Limited, Singapore a publicly-listed marine transportation company.

Non-executive Director

Kee Kong LOH - B Acc, CPA

Director since 28 April 1993

Kee Kong 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) which is a publicly listed company in Singapore, where he is a resident.

Managing Director

Darren John PATEMAN - EMBA, Grad Dip App CorpGov, ACIS, MAICD, AFAIM

Director since 6 November 2008
Managing Director since 15 July 2010

Darren Pateman is the Managing Director and was Company Secretary of Finbar until 15 July 2010.

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 15 years with the Company and was appointed Managing Director on 15 July 2010.

Darren is a Chartered Secretary and holds an Executive Master of Business Administration from the University of Western Australia and a Graduate Diploma in Applied Corporate Governance. Darren is an Associate of the Institute of Chartered Secretaries and Administrators, a Member of the Australian Institute of Company Directors and an Associate Fellow of the Australian Institute of Management.

Directors' Report (continued)

FOR THE YEAR ENDED 30 JUNE 2011

2 COMPANY SECRETARY

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

Darren John PATEMAN - EMBA, Grad Dip App CorpGov, ACIS, MAICD, AFAIM — **Company Secretary from 28 February 1996 to 15 July 2010**

Edward Guy BANK - B Bus, ASCPA — **Company Secretary since 15 July 2010**

Ed Bank was appointed to the position of Company Secretary of Finbar and Company Secretary of its Subsidiaries and Jointly Controlled entities on 15 July 2010. Ed continues to hold the position of Chief Financial Officer.

Ed is a Certified Practicing Accountant with twenty five years experience in private practice including seven years as the Company's external accountant. Ed joined the Company in 2005 in the capacity of Chief Financial Officer.

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	Resolutions Without Meetings	Audit Committee Meetings Held	Audit Committee Meetings Attended	Remuneration Committee Meetings Held	Remuneration Committee Meetings Attended
Paul Anthony RENGEL	4	3	4	2	2	2	2
John Boon Heng CHEAK	4	4	4	2	2	2	2
Kee Kong LOH	4	4	4	2	2	2	2
John CHAN	4	4	4	N/A	N/A	N/A	N/A
Darren John PATEMAN	4	4	4	N/A	N/A	N/A	N/A

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 fulfil this role, the Board is responsible for the overall corporate governance of the Group including formulating its strategic direction, approving and monitoring site acquisition and project concepts, 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 Group to the Executive Chairman, the Managing Director and executive management.

Board Processes

To assist in the execution of responsibilities, the Board has established an Audit Committee and an Executive Remuneration Committee.

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 Chairman, Managing Director and the Chief Financial Officer. Standing items include the Managing Director'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 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 Group Information

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

Composition of 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 Page 19 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 Group; and
- 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).

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 any Group member, or an officer of or otherwise associated directly or indirectly with a material* supplier or customer;
- Has no material* contractual relationship with any Group member other than as a Director of the Company; and
- 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 Group.

* 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 Company does not have a nomination 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. Mr Paul Rengel is a Non-executive Independent Director who holds this position in the interests of minority shareholders.

4.2 REMUNERATION COMMITTEE

The Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Executive Officers and Directors themselves of the Company and of other Group Executives. It is also responsible for share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies.

The members of the Remuneration Committee are:

- **Kee Kong LOH (Chairman)** - Non-executive Director
- **Paul Anthony RENGEL** - Non-executive Independent Director
- **John Boon Heng CHEAK** - Non-executive Director

The Board policy is that the Remuneration Committee will comprise of at least one Independent Director and two Non-executive Directors. The Executive Chairman, John Chan, is invited to Remuneration Committee meetings, as required, to discuss Senior Executives' performance and remuneration packages but does not attend meetings involving matters pertaining to him.

Directors' Report (continued)

FOR THE YEAR ENDED 30 JUNE 2011

4.3 REMUNERATION REPORT - AUDITED

4.3.1 PRINCIPLES OF REMUNERATION - AUDITED

Remuneration of Directors and Executives is referred to as remuneration as defined in AASB 124 and Section 300A of the Corporations Act 2001.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group, including Directors of the Company and other Executives. 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 and secretaries 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 Remuneration Committee 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 Group's performance; and
- the Group's performance including:
  - the Group's earnings;
  - the growth in share price and delivering constant returns on shareholder wealth; and
  - the amount of incentives within each key management person's remuneration.

Remuneration packages include a mix of fixed and variable remuneration, and short-term 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, segment and overall performance of the Group. In addition, external consultants provide analysis and advice to ensure the Directors' and Senior Executives' remuneration is competitive in the market place. A Senior Executive's remuneration is also reviewed on promotion.

Performance Linked Remuneration

Performance linked remuneration includes both short-term and long-term incentives and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The short-term incentive (STI) is an 'at risk' bonus provided in the form of cash, while 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 26 in the Notes to the Financial Statements).

Short-term Incentive

The Remuneration Committee sets the key performance indicators (KPIs) for the key management personnel. The KPIs generally include measures relating to the Group, the relevant segment, and the individual, and include financial, people, customer, strategy and risk measures. The measures are chosen as they directly align the individual's reward to the KPIs of the Group and to its strategy and performance.

The primary financial performance objective is 'profit before tax'. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, customer satisfaction and personal development. The STI for the year ended 30 June 2011 was based wholly on a percentage of 'profit before tax'.

At the end of the financial year the Remuneration Committee assess the actual performance of the Group, the relevant segment and the individual against the KPIs set. The performance evaluation in respect of the year ended 30 June 2011 has taken place in accordance with this process.

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 Annual General Meeting), which subject to the Boards' discretion, 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.

Short-term and Long-term Incentive Structure

The Remuneration Committee considers that the above performance-linked remuneration structure is generating the desired outcome. The evidence of this is firstly in respect to the strong growth in profits in recent years, as well as the increase in the Company share price.

Consequences of Performance on Shareholders Wealth

In considering the Group's performance and benefits for shareholder wealth, the Remuneration Committee has regard to the following indices in respect of the current financial year and the previous four financial years:

	2011	2010	2009	2008	2007
Total comprehensive income	$28,225,305	$23,561,832	$18,895,446	$12,228,014	$3,002,734
Dividends paid	$15,115,909	$9,928,923	$8,472,983	$9,682,097	$7,476,138
Change in share price	-$0.02	$0.20	$0.18	-$0.18	-$0.08
Return on capital employed	16.38%	26.94%	24.79%	11.90%	5.79%
Return on total equity	16.18%	21.13%	24.47%	18.15%	5.02%

Profit before tax is considered as one of the financial targets in setting the STI. Profit amounts for 2006 to 2011 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 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.

Service Contracts

No service contracts have been entered into by the Company and the Group for Executive Directors and Senior Executives, including the Managing Director.

Directors

Total base remuneration for all Directors, last voted upon by shareholders at the 2011 year AGM, is not to exceed $200,000 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 $200,000 per annum.

4.3.2 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 Group Executive who receive the highest remuneration during the financial year ended 30 June 2011 are:

	Short-Term				Post-Employment			
	Directors Fees	Salary	STI Cash Bonus (A)	Total	Superannuation	Other Long Term	Total	S300A (1)(e)(i) Proportion of Remuneration Performance Related
	$	$	$	$	$	$	$	%
Executive Directors								
Mr John Chan, Executive Chairman	43,009	254,807	455,832	753,649	37,290	-	790,938	57.63%
Mr Darren John Pateman, Managing Director	30,855	203,846	373,363	608,064	31,515	-	639,578	58.38%
Non-executive Directors								
Mr Paul Anthony Rengel	41,030	-	-	41,030	-	-	41,030	
Mr John Boon Heng Cheak	30,855	-	-	30,855	-	-	30,855	
Mr Kee Kong Loh	36,932	-	-	36,932	-	-	36,932	
Executives								
Mr Edward Guy Bank, CFO *	-	152,885	260,850	413,734	22,318	15,790	451,843	57.73%
	182,682	611,537	1,090,045	1,884,264	91,123	15,790	1,991,177	54.74%

Directors' Report (continued)

FOR THE YEAR ENDED 30 JUNE 2011

4.3.2 DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION - AUDITED (CONTINUED)

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 Group receiving the highest remuneration during the financial year 30 June 2010 are:

	Short-Term				Post-Employment			
	Directors Fees $	Salary $	STI Cash Bonus (A) $	Total $	Superannuation $	Other Long Term $	Total $	S300A (1)(e)(i) Proportion of Remuneration Performance Related %
Executive Directors								
Mr John Chan	29,365	190,881	415,816	636,062	107,312	-	743,374	55.94%
Mr Darren John Pateman	29,365	198,170	332,653	560,188	40,238	-	600,426	55.40%
Non-executive Directors								
Mr Paul Anthony Rengel	39,540	-	-	39,540	-	-	39,540	
Mr John Boon Heng Cheak	29,365	-	-	29,365	-	-	29,365	
Mr Kee Kong Loh	29,365	-	-	29,365	-	-	29,365	
Executives								
Mr Edward Guy Bank *	-	148,963	215,725	364,688	28,817	13,290	406,795	53.03%
	157,000	538,014	964,194	1,659,208	176,367	13,290	1,848,865	52.15%

* Excludes accrued annual leave of $46,655 (2010: $41,239)

Notes in relation to the Table of Directors' and Executive Officers' Remuneration - Audited

(A) Short-term Incentive Cash Bonus:

The short-term incentive bonus is for performance during the respective financial years using the criteria set out on Page 22.

Details of the Group's policy in relation to the remuneration that is performance related is discussed on Page 22.

4.3.3 ANALYSIS OF BONUSES INCLUDED IN REMUNERATION - AUDITED

Details of the vesting profile of the short-term incentive bonuses awarded as remuneration to each Director of the Company and each of the named Group Executives are detailed below.

	Short-Term Incentive Bonus	
	Included in Remuneration $	% vested in year %
Executive Directors		
Mr John Chan	455,832	100%
Mr Darren John Pateman	373,363	100%
Executives		
Mr Edward Guy Bank, CFO	260,850	100%
	1,090,045	100%

Amounts included in remuneration for the financial year represent the amount of entitlements in the financial year based on achievement of personal goals and satisfaction of performance criteria. No further amounts will be incurred in future financial years in respect of bonus schemes for the 2011 financial year.

4.3.4 EQUITY INSTRUMENTS - AUDITED

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. At 30th June 2011 there were no options in issue.

4.4 AUDIT COMMITTEE

The Audit Committee has a documented charter, approved by the Board. All members must be Non-executive Directors with at least one independent. The Chairman may not be the Chairman of the Board. The Audit Committee advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group.

The members of the Audit Committee are:

- **Paul Anthony RENGEL (Chairman)** - Non-executive Independent Director
- **Kee Kong LOH** - Non-executive Director
- **John Boon Heng CHEAK** - Non-executive Director

The external auditors, the Managing Director and the Chief Financial Officer are invited to Audit Committee meetings at the discretion of the committee.

The Managing Director and the Chief Financial Officer declared in writing to the Board that the financial records of the Company and Group entities for the financial year have been properly maintained and the Group's financial report for the financial year ended 30 June 2011 comply with accounting standards and present a true and fair view of the Group's financial condition and operational results. This statement is required annually.

The responsibilities of the Audit Committee 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 consistent with committee members information and adequate for shareholder needs;
- assessing management processes supporting external reporting;
- assessing corporate risk assessment processes;
- establishing procedures for selecting, appointing, and if necessary, removing the external auditor;
- 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;
- providing advice to the Board in respect of whether the 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;
- assessing the adequacy of the internal control framework and the Group's ethical standards;
- organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board;
- 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 Audit Committee reviews the performance of the external auditors on an annual basis and normally meets with them during the year to:

- discuss the external audit, 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 to recommend Board 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 Audit Committee 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.

4.5 RISK MANAGEMENT

Oversight of the Risk Management Procedures

The Board oversees the establishment, implementation, and annual review of the Group's risk management procedures. Management has established and implemented informal risk management procedures for assessing, monitoring and managing all risks including operational, financial reporting, and compliance risks for the Group. The Managing Directors and the Chief Financial Officer have provided assurance, in writing to the Board, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating effectively. The operational and other risk management compliance and controls have also been assessed and found to be operating 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.

Directors' Report (continued)

FOR THE YEAR ENDED 30 JUNE 2011

4.5 RISK MANAGEMENT (CONTINUED)

Risk Profile

Management provide, at the request of the Audit Committee, the risk profile that outlines the material business risks of the Group.

The Audit Committee reports the status of material business risks to the Board at each Board meeting.

Material risks for the Group may 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 purchase, development and 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 Group's risk profile. Where necessary, the Board draws on the expertise of appropriate external consultants to assist.

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.

Risk Management and Compliance Control

Comprehensive practices have been established to ensure:

- capital expenditure and revenue commitments above a certain size obtain prior Board approval;
- financial exposures are controlled, including use of derivatives. Further details of the Group's policies relating to interest rates management and credit risk are included in Notes 5 and 28 in the Notes to the Financial Statements;
- 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 Managing Director and the Chief Financial Officer have provided assurance, in writing to the Board that the Group'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 each half year end of all related party transactions.

Environmental Regulation

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.

4.6 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 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 Group.

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 32 in the Notes to the Financial Statements.

Code of Conduct

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

- aligning the behaviour of the Board and Management with the code of conduct by maintaining appropriate core Group values and objectives;
- fulfilling responsibilities to shareholders by delivering shareholder value;
- 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, training and education support, community activities, sponsorships and donations;
- responsibilities to the individual, such as privacy, use of privileged or confidential information, and conflict resolution;
- managing actual or potential 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 Group's assets;
- compliance with laws;
- reporting unlawful or of unethical behaviour including protection of those who report violations in good faith.

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 may acquire shares in the Company, but are prohibited from dealing in Company shares or exercising options:
  - within two trading 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;
- raising awareness that the Company prohibits those restricted from trading in Company shares as described above from entering into transactions such as margin loans that could trigger a trade during a prohibited period;
- requiring details to be provided of the trading activities of the Directors of the Company;
- identification of processes for unusual circumstances where discretions may be exercised in cases such as financial hardship.

4.7 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 Executive Chairman, the Managing Director and the Chief Financial Officer are responsible for interpreting the Group'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 in accordance with the ASX Listing Rules and the Corporations Act;
- the full 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 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 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 Group and the independence of the auditor in relation to the conduct of the audit.

Directors' Report (continued)

FOR THE YEAR ENDED 30 JUNE 2011

4.7 COMMUNICATION WITH SHAREHOLDERS (CONTINUED)

All of the above information, including that of the previous two 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 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 Group during the course of the financial year continued to be property development and investment.

The Group's focus is the development of medium to high-density residential buildings and commercial developments in Western Australia by way of direct ownership, ownership through fully owned Subsidiaries or by Jointly Controlled entities (through companies registered specifically to conduct the development).

The Group has continued to hold the rental property through the Finbar Property Trust (a wholly owned subsidiary of the Company).

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

6 OPERATING AND FINANCIAL REVIEW

Operating Results	2011	2010
The net profit of the Group after income tax amounted to	$24,023,464	$23,571,133

Shareholder Returns	2011	2010	2009	2008	2007
Profit attributable to owners of the Group	$24,023,464	$23,571,133	$18,970,991	$12,230,513	$2,915,086
Basic EPS	$0.13	$0.16	$0.13	$0.09	$0.02
Diluted EPS	$0.13	$0.16	$0.13	$0.09	$0.02
Dividends paid	$15,115,909	$9,928,923	$8,472,983	$9,682,097	$7,476,138
Dividends paid per share	$0.07	$0.05	$0.06	$0.07	$0.06
Market price per share	$0.98	$1.00	$0.80	$0.62	$0.80
Change in share price	-$0.02	$0.20	$0.18	-$0.18	-$0.08
Return on capital employed	14.55%	26.95%	24.87%	11.90%	5.69%
Return on total equity attributable to holders of the Group	14.11%	21.13%	24.56%	18.16%	4.88%

Net profit amounts for 2007 to 2011 have been calculated in accordance with Australian Accounting Standards (AASBs).

Returns to shareholders increase through both dividends and capital growth. Dividends for 2011 were fully franked and it is expected that dividends in future years will continue to be fully franked.

Review of Operations

Completed Projects

Delmar - 3 Palladio, Mandurah Ocean Marina: All lots are now sold, with settlement of the last unit occurring during the reporting period.

The Saint - 118 Adelaide Terrace East Perth: All lots are now sold. 6 units settled in the reporting period with the remaining unit contracted to settle in the financial year ending 30 June 2012.

Code - 69 Milligan Street East Perth: All units are now sold and settled.

Verve - 145 Newcastle Street Northbridge: All units are now sold. A total of 10 units settled in the reporting period, with 1 unit contracted to settle in the financial year ending 30 June 2013.

The Edge - 8 Horden Street Victoria Park: 70 units were settled in the reporting period, with 2 units sold since the end of the reporting period and 3 lots remaining to be sold. It is anticipated that all remaining units will be sold and settled in the financial year ending 30 June 2012.

Gateway Office Building - 59 Albany Highway Victoria Park: The Gateway building is being held as an investment property and is 93% leased. Offers to lease on the remaining space are currently being negotiated and it is anticipated that the property will be fully leased during the financial year ending 30 June 2012.

Times Two - 143 Adelaide Terrace East Perth: Times Two was the largest contributor to this year's profit result with 172 units in the 202 unit project settling in the reporting period. A total of 10 lots have settled since the end of the reporting period, and an additional 18 recent sales have been achieved. There are only 2 unsold lots in the project it is anticipated that all remaining lots will be sold and settled in the financial year ending 30 June 2012.

The completion and virtual sell-out of this project gives the Company confidence in the success of the imminent launch of Au208 and Au311 which is a similar product in close proximity to Times Two, and will be launched at a similar price point (refer below).

Currently Under Construction

Fairlanes - 181 Adelaide Terrace East Perth: Construction of the Fairlanes office and residential building has continued without interruption and is approximately two weeks from reaching the important milestone of "topping up", being the completion of the 27 level structure.

To date, 115 unconditional sales have been achieved in the 128 unit residential building which will generate sufficient proceeds when settled to retire the project specific debt.

Finbar sold its corporate offices in South Perth during the financial year on a lease-back arrangement and the Company intends to move its registered office into the Fairlanes building once complete. This move will position the Company's office geographically closer to the majority of the Company's core projects, provide capacity for future growth, and provide an environment that will help ensure our Company continues to attract and retain the industry's most talented people.

The residential component of this building has secured the financial success of the Fairlanes project which has enabled the Company to offer the remaining 6,700 sqm of office space in the commercial component of the building for lease without offering lease incentives which will help maximise the future income potential and value of this to be retained investment.

18 on Plain - 18 Plain Street East Perth: Construction continues at 18 on Plain with the structure now complete. 26 units have been presold in this 31 lot project, and the project is scheduled for completion such that the results will be reflected in the current financial year to 30 June 2012.

Pelago West - 23 Sharpe Avenue Pegs Creek: Construction at Pelago West commenced in the second half of the reporting period and the structure has already reached level 6 of 8 levels. To date 60 lots have been sold with a further 12 leased on a five year contract to a service contractor. These leased lots (originally 18 in total) are currently being sold to investors with a secured lease, and we expect to continue to progressively convert these leased lots to sales.

These 72 total contracts have successfully secured the viability of the Company's first Pilbara project.

Lime - 185 Swansea Street East Victoria Park: 26 pre-sales have been achieved at the 111 lot Lime project. Construction work has now commenced.

Adagio at Symphony City - 90 Terrace Road East Perth: Construction work has commenced at the first stage of the Symphony City project. 46 pre-sales have been secured in the 115 unit project.

Future Projects

St Marks Apartments - 369 Stirling Street Highgate: During the reporting period the Company received development approval for a 130 unit project to be constructed on the former investment property site. The Company is currently preparing for a marketing launch which is scheduled to commence in October.

Au208 & Au311 - 208 Adelaide Terrace & 311 Hay Street East Perth: During the reporting period the Company secured the Joint Venture development site and obtained approval for a new 192 unit project to be launched in October.

Knightsgate - 17 Sunlander Drive Currambine: All approvals have been received and the marketing campaign continues on the Knightsgate project. To date 8 lots in the 43 unit project have been pre-sold.

262 Lord Street Perth: A Joint Venture, secured during the reporting period, the proposed Lord Street development has now received development approval and a marketing campaign to launch the 98 unit project will commence in the Spring.

36 Chester Avenue Dianella: Another project secured during the reporting period. The Company is currently in the planning application process. It is anticipated that the project will be brought to the market early in the 2012.

Pelago East - 26 Sharpe Avenue Pegs Creek: Approvals have been secured for Pelago East comprising 178 apartments plus commercial. With similar product, location, and price point to Pelago West, Pelago East will be launched to the market when more sales in Pelago West have occurred.

Toccata at Symphony City - 88 Terrace Road East Perth: The Company currently holds a development approval for this project. Marketing will commence once Adagio at Symphony City, located immediately to the West, has reached a more substantial level of sales.

Concerto & Harmony at Symphony City - 193 Adelaide Terrace East Perth: The third stage of the Symphony City project is currently in early stages of planning and design brief.

Directors' Report (continued)

FOR THE YEAR ENDED 30 JUNE 2011

6 OPERATING AND FINANCIAL REVIEW (CONTINUED)

Significant Changes in State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Group 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 2011				
Interim 2011 ordinary	3.00	6,176,111	Franked	8 April 2011
Final 2010 ordinary	5.50	8,939,798	Franked	20 September 2010
Total Dividends Paid		15,115,909		

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 2011 ordinary	5.50	11,425,578	Franked	5 September 2011
Total Dividends Proposed		11,425,578		

The effect of these dividends have not been brought to account in the financial statements for the year ended 30 June 2011 and will be recognised in subsequent financial reports.

	Note	$
Dealt with in the financial report as - Dividends	22	15,115,909

Dividend Reinvestment Plan

In accordance with Rule 13 of the Company's Dividend Reinvestment Plan (DRP), the Directors have elected to reactivate the DRP until further notice and as such the DRP will be active for the above mentioned dividend.

8 EVENTS SUBSEQUENT TO REPORTING DATE

Other than the items below, 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 Group, the results of those operations, or the state of affairs of the Group in future financial years.

- Since the end of the financial year (as disclosed in note 24), the commercial bill facility of $43,770,000 has been transferred from 59 Albany Highway Pty Ltd to 59 Albany Highway Joint Venture Pty Ltd at a fixed interest rate for 5 years.

9 LIKELY DEVELOPMENTS

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 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 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 Group.

10 DIRECTORS' INTERESTS

The relevant interest of each Director in the shares and options over such instruments by the companies within 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	22,586,513	-
Mr Paul Anthony Rengel	623,000	-
Mr John Boon Heng Cheak	453,934	-
Mr Kee Kong Loh	2,000,904	-
Mr Darren John Pateman	2,246,619	-

11 SHARE OPTIONS

Unissued Shares under Options

At the end of this financial year there were no unissued shares of the Company under option.

Shares Issued on Exercise of Options

During or since the end of the financial year, no ordinary shares were issued by the Company as a result of the exercise of options (there are no amounts unpaid on the shares issued and no remaining unissued shares under options).

12 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 $19,636 (2010: $18,010) 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 wilful breach of duty or improper use of information or position to gain a personal advantage.

13 NON-AUDIT SERVICES

During the year KPMG, the Group'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 Group 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 Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Directors' Report (continued)

FOR THE YEAR ENDED 30 JUNE 2011

13 NON-AUDIT SERVICES (CONTINUED)

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

	Consolidated 2011 $	2010 $
Audit Services:		
Auditors of the Company		
Audit and review of the financial reports	211,400	182,115
Audit and review of the financial reports of equity accounted investees	9,000	-
	220,400	182,115
Services Other Than Statutory Audit:		
Taxation compliance services	11,000	19,530
	11,000	19,530

14 LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on Page 71 and forms part of the Directors' Report for the financial year ended 30 June 2011.

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

Darren Pateman
Managing Director

Dated at Perth this Twenty Fourth day of August 2011.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $	2010 $
Revenue	7	54,085,516	154,448,539
Cost of sales		(38,582,647)	(124,168,242)
Gross profit		15,502,869	30,280,297
Other income	8	14,844,117	575,806
Profit on sale of property, plant & equipment		2,629,645	-
Administrative expenses		(4,651,541)	(5,665,924)
Other expenses	9	(2,089,493)	(1,136,101)
Results from operating activities		26,235,597	24,054,078
Financial income	11	5,590,544	3,644,424
Finance costs	11	(2,724,402)	(848,846)
Net finance costs		2,866,142	2,795,578
Share of profit of equity accounted investees (net of income tax)	15	5,841,381	5,325,207
Profit before income tax		34,943,120	32,174,863
Income tax expense	12	(6,717,815)	(8,613,031)
Profit for the year		28,225,305	23,561,832
Other comprehensive income			
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		28,225,305	23,561,832
Profit attributable to:			
Owners of the Group		24,023,464	23,571,133
Non-controlling interest		4,201,841	(9,301)
Profit for the year		28,225,305	23,561,832
Total comprehensive income attributable to:			
Owners of the Group		24,023,464	23,571,133
Non-controlling interest		4,201,841	(9,301)
Total comprehensive income for the year		28,225,305	23,561,832
Earnings per share:			
Basic earnings per share (cents per share)	23	12.98	16.07
Diluted earnings per share (cents per share)	23	12.98	16.07

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements set out on Pages 37 to 67.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2011

		Attributable to equity holders of the Company					
		Share Capital $	Share Option Reserve $	Retained Earnings $	Total $	Non-controlling Interest $	Total Equity $
Balance as at 1 July 2009		56,610,491	2,895,027	17,742,628	77,248,146	(45,081)	77,203,065
Total comprehensive income for the year							
Profit				23,571,133	23,571,133	(9,301)	23,561,832
Transactions with owners, recognised directly in equity							
Issue of ordinary shares		20,675,300			20,675,300		20,675,300
Dividends to shareholders	Note 22			(9,928,923)	(9,928,923)		(9,928,923)
Balance as at 30 June 2010		77,285,791	2,895,027	31,384,838	111,565,656	(54,382)	111,511,274
Balance as at 1 July 2010		77,285,791	2,895,027	31,384,838	111,565,656	(54,382)	111,511,274
Total comprehensive income for the year							
Profit				24,023,464	24,023,464	4,201,841	28,225,305
Transactions with owners, recognised directly in equity							
Transfer of reserve			(2,895,027)	2,895,027			
Issue of ordinary shares		49,813,238			49,813,238		49,813,238
Dividends to shareholders	Note 22			(15,115,909)	(15,115,909)		(15,115,909)
Balance as at 30 June 2011		127,099,029	-	43,187,420	170,286,449	4,147,459	174,433,908

Amounts are stated net of tax

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on Pages 37 to 67.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2011

	Note	Consolidated 2011 $	2010 $
ASSETS			
Current assets			
Cash and cash equivalents	21a	61,303,639	41,543,385
Trade and other receivables	19	8,252,396	12,844,144
Inventories	18	2,884,321	88,376,211
Prepayments	20	859,152	1,491,478
Investments in equity accounted investees	15	5,632,530	1,628,395
Other investments	16	1,965,625	-
Total current assets		80,897,663	145,883,613
Non current assets			
Trade and other receivables	19	12,167,005	9,027,144
Inventories	18	115,075,905	24,672,252
Investment property	13	68,000,000	12,000,000
Investments in equity accounted investees	15	691,053	163,807
Property, plant and equipment	14	3,903,677	1,152,836
Deferred tax assets	17	-	1,219,873
Total non current assets		199,837,640	48,235,912
Total assets		280,735,303	194,119,525
LIABILITIES			
Current liabilities			
Trade and other payables, including derivatives	27	8,062,637	3,825,071
Loans and borrowings	24	39,180,700	66,196,840
Current tax payable	17	3,504,716	1,516,698
Employee benefits	25	48,510	43,027
Total current liabilities		50,796,563	71,581,636
Non current liabilities			
Loans and borrowings	24	55,206,406	11,002,492
Deferred tax liabilities	17	261,739	-
Employee benefits	25	36,687	24,123
Total non current liabilities		55,504,832	11,026,615
Total liabilities		106,301,395	82,608,251
Net assets		174,433,908	111,511,274
EQUITY			
Share capital	22	127,099,029	80,180,818
Retained earnings		43,187,420	31,384,838
Total equity attributable to holders of the group		170,286,449	111,565,656
Non-controlling interest		4,147,459	(54,382)
Total equity		174,433,908	111,511,274

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements set out on Pages 37 to 67.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $	2010 $
Cash flows from operating activities			
Cash receipts from customers		147,215,492	155,662,393
Cash paid to suppliers and employees		(179,937,526)	(76,027,359)
Cash generated from operating activities		(32,722,034)	79,635,034
Interest paid		(8,260,901)	(4,947,957)
Income tax paid		(3,083,735)	(9,715,909)
Net cash (used in)/from operating activities	21b	(44,066,670)	64,971,168
Cash flows from investing activities			
Proceeds from sales of investments		25	1,546
Proceeds from sale of property, plant & equipment	14	3,296,220	-
Interest received		5,381,249	2,385,767
Dividends received from equity accounted investees		1,255,000	9,915,199
Dividends received		-	96
Acquisition of property, plant and equipment	14	(3,436,536)	(215,534)
Acquisition of other investments		(1)	-
Loans to equity accounted investees		3,809,949	(1,041,377)
Net cash provided by investing activities		10,305,906	11,045,697
Cash flows from financing activities			
Proceeds from issue of share capital	22	47,495,218	20,489,000
Proceeds from/(repayment of) borrowings	24	19,318,328	(72,322,811)
Dividends paid	22	(13,292,528)	(9,928,923)
Net cash from/(used in) financing activities		53,521,018	(61,762,734)
Net increase in cash and cash equivalents		19,760,254	14,254,131
Cash and cash equivalents at 1 July		41,543,385	27,289,254
Cash and cash equivalents at 30 June	21a	61,303,639	41,543,385

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on Pages 37 to 67.

FINBAR GROUP LIMITED 30 JUNE 2011 ANNUAL FINANCIAL REPORT

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

INDEX TO NOTES TO THE FINANCIAL STATEMENTS

INDEX TO SIGNIFICANT ACCOUNTING POLICIES

Notes to the Financial Statements (continued) FOR THE YEAR ENDED 30 JUNE 2011

1 REPORTING ENTITY

Finbar Group 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 Group as at and for the year ended 30 June 2011 comprise the Company and its Subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in Jointly Controlled entities. The Group is primarily involved in residential property development and property investment (see Note 6).

2 BASIS OF PREPARATION

(a) Statement of Compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. This consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were approved by the Board of Directors on 24 August 2011.

(b) Basis of Measurement

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

- financial instruments recognised through profit and loss are measured at fair value,
- 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 functional currency for all of the Group entities.

(d) Use of Estimates and Judgements

The preparation of consolidated financial statements in conformity with AASBs 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.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 13 - valuation of investment property,
- Note 28 - valuation of financial instruments.

(e) Changes in Accounting Policies

Overview

There have been no changes in accounting policies during the year.

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 Group. The financial statements of Subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

FINBAR GROUP LIMITED 30 JUNE 2011 ANNUAL FINANCIAL REPORT

(ii) Jointly Controlled Entities (Equity Accounted Investees)

Jointly Controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement. Investments in Jointly Controlled entities are accounted for using the equity method (Equity Accounted Investees) and are initially recognised at cost. The consolidated financial statements include the Group's share of the income and expenses and equity movements of Equity Accounted Investees, after adjustments to align the accounting policies with those of the Group, from the date that the joint control commences until the date the joint control ceases. When the Group's share of losses exceeds its interest in an Equity Accounted Investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the Equity Accounted Investee. Investments in Jointly Controlled entities are carried at the lower of the equity accounted amount and the recoverable amount. Investments in Jointly Controlled entities are treated as current assets where it is expected that the investment will be realised within a twelve month time frame.

(iii) Joint Ventures - Jointly Controlled Operations

The interests 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 transaction, 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 Investees are eliminated against the investment to the extent of the Group's interest in the Equity Accounted Investee. 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 Equity Accounted Investee or, if not consumed or sold by the Equity Accounted Investee, 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.

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

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

(ii) Derivative Financial Instruments

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in fair value are recognised in profit and loss.

(iii) Share Capital

Ordinary shares

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

Repurchase of share capital

When share capital recognised in equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity.

Dividends

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

Notes to the Financial Statements (continued) FOR THE YEAR ENDED 30 JUNE 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 is directly attributable to the acquisition of the asset. The cost of self-constructed assets include the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working order for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs (see below).

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.

Gains on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant & equipment and are recognised net within “Other income” in profit or loss.

Losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant & equipment and are recognised net within “Administrative expenses” in profit or loss.

When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

In respect to borrowing costs relating to qualifying assets, the Group capitalises costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset.

(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 carrying amount of the replaced part is derecognised. 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. Land is not depreciated.

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

• Office property	40 years
• Office furniture and equipment, fixtures and fittings	5 - 25 years
• Plant and equipment	3 - 10 years

Depreciation and amortisation rates and methods are reviewed at each reporting date. When changes are made, adjustments are reflected prospectively in the current and future periods only.

(d) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods and services or for administrative purposes. Investment property is measured at fair value (see Note 4) with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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 expensed as incurred.

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 is treated as non-current.

(f) Impairment

(i) Financial Assets (Including Receivables)

A financial asset not carried at fair value is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and the loss event had a negative effect on the estimated future cash flows of that asset that can be measured reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

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. Losses are recognised in profit and loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is recognised through profit or loss.

(ii) Non-financial Assets

The carrying amounts of the Group’s non-financial assets other than 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.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash flow from continuing use that are largely independent of the cash flows of other assets or groups of assets (the “cash generating unit”).

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in 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.

Notes to the Financial Statements (continued) FOR THE YEAR ENDED 30 JUNE 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 plus related on costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit of loss in the period in which they arise.

(iii) Termination Benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Short-term Employee Benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be recognised reliably.

(v) 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 discounts, rebates and 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, the associated costs and possible return of the property can be estimated reliably, there is no continuing management involvement with the property and the amount of revenue can be measured reliably.

The timing of transfers of risks and rewards vary depending on the individual terms of the contract of sale.

(ii) Property Development Supervision Fees

Revenue from services rendered, including fees arising from the provision of development project supervision services, is recognised in profit or loss 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 incurred and the costs to be incurred. 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 Revenue

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

(iv) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(v) 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 Finance Costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), interest on loans to Equity Accounted Investees, dividend income, gains on the disposal of available-for-sale assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expense comprise interest expense on borrowings, changes in fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(k) Income Tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income or loss 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 in respect of 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 assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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 tax expenses that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised. The Group does not distribute non-cash assets as dividends to its shareholders.

(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.

(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.

Notes to the Financial Statements (continued) FOR THE YEAR ENDED 30 JUNE 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Segment Reporting

Determination and Presentation of Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are regularly reviewed by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete information is available.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(o) Presentation of Financial Statements

The Group applies revised AASB101 *Presentation of Financial Statements (2007)*. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owners changes in equity are presented in the consolidated statement of comprehensive income.

(p) New Standards and Interpretations not yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2010, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except for *IFRS 9 Financial Instruments*, which becomes mandatory for the Group's 2014 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

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 appropriately recognised professional qualifications and recent experience in the location and category of the property being valued, values the Group's investment property portfolio no less than once every three years. 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 and willingly.

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, 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) Trade and Other Receivables

The fair value of trade and receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(c) Derivatives

The fair value of interest rate swaps is based on quotation from the relevant financial provider.

(d) Share-based Payment Transactions

The fair value of employee stock options is measured using the 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.

(e) 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).

5 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is responsible for developing and monitoring risk management policies.

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

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

Credit Risk

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

Trade and Other Receivables

The nature of the Group's business means that most sales contracts occur on a pre-sales basis, before significant expenditure has been incurred on the development. All pre-sale contracts require a deposit at the point of entering into the contract, these funds being held in trust independently of the Group. Generally, pre-sale contracts are executed on an unconditional basis. Possession of a development property does not generally pass until such time as the financial settlement of the property has been completed, and title to a development property does not pass until the financial settlement of the property has been completed. Where possession of the development property is granted prior to settlement, title to the property remains with the Group until financial settlement of the property has been completed.

The demographics of the Group's customer base has little or no influence on credit risk. Approximately 19.53% (2010: 2.89%) of the Group's revenue is attributable to multiple sales transactions with single customers.

The Board of Directors has established a credit policy which undertakes an analysis of each sale. Purchase limits are established on customers, with these purchase limits being reviewed on each property development.

The Group's trade and other receivables relate mainly to the Groups loans to Equity Accounted Investees (within which the Group holds no less than a 50% interest) and Goods and Services Tax refunds due from the Australian Taxation Office.

The Group has not established an allowance for impairment, as no losses are estimated to be incurred in respect of trade and other receivables.

Notes to the Financial Statements (continued) FOR THE YEAR ENDED 30 JUNE 2011

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

Investments

The Group has limited its exposure to credit risk by only investing in liquid securities, such liquid securities primarily placed with large Australian banking institutions. Given the high credit ratings of these banking institutions, the Board of Directors does not expect any counterparty to fail to meet its obligations.

Liquidity Risk

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

The Group uses project by project costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains the following lines of credit:

- $1.2 million overdraft facility that is secured as a part of the overall finance facility for 175 Adelaide Terrace Pty Ltd. Interest is payable at overdraft reference rates.

Market Risk

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

The Group enters into derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out by the Chief Financial Officer under guidance from the Executive Chairman and the Managing Director.

Interest Rate Risk

The Group continuously reviews its exposure to changes in interest rates and where it is considered prudent will enter into borrowings on a fixed rate basis. This is generally achieved by entering into interest rate swaps.

Capital Management

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

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a return on assets of between 6.00% and 8.00%; for the year ended 30 June 2011 the return was 12.63% (2010: 17.01%). In comparison the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 6.00% (2010: 5.14%).

The Group's debt to adjusted capital ratio at the end of the financial year was as follows:

	Consolidated 2011 $	2010 $
Total liabilities	113,805,799	91,010,041
Less: Cash and cash equivalents	61,303,639	41,543,385
Net Debt	52,502,160	49,466,656
Total equity	174,433,908	111,511,274
Adjusted capital	174,433,908	111,511,274
Debt-to adjusted capital ratio at 30 June	0.30	0.44

From time to time the Company purchases its own shares on the market; the timing of these purchases depends on market prices. Shares purchased are cancelled from issued capital on purchase. The intention of the Board of Directors in undertaking such purchases is to enhance the capital return to the shareholders of the Company. Buy decisions are made on a specific transaction basis by the Board of Directors; the Company does not have a defined share buy-back plan.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

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6 OPERATING SEGMENTS

The Group operates predominantly in the property development sector and has identified 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products, and are managed separately because they require different technology, marketing strategies and have different types of customers. For each of the strategic business units, the CODM reviews internal management reports on a regular basis. The following describes the operations in each of the Group's reportable segments:

- Residential apartment development in Western Australia,
- Commercial office/retail development in Western Australia,
- Rental of commercial property in Western Australia.

Information about Reportable Segments For the Year ended 30 June 2011	Residential Apartment Development $	Commercial Office/Retail Development $	Rental of Commercial Property $	Other $	Total $
External Revenues - Company and Subsidiaries	45,714,332	4,906,039	6,021,361	8,225,765	64,867,497
External Revenues - Equity Accounted Investees	40,782,911	2,532,500	25,612	-	43,341,023
External Revenues - Total	86,497,243	7,438,539	6,046,973	8,225,765	108,208,520
Interest Income	61,717	-	-	5,098,398	5,160,115
Interest Expense	-	-	-	2,713,581	2,713,581
Depreciation and Amortisation	-	-	1,231	66,367	67,598
Reportable Segment Profit before Income Tax - Company and Subsidiaries	6,093,252	5,944,471	1,724,021	8,225,765	21,987,509
Reportable Segment Profit before Income Tax - Equity Accounted Investees	6,617,848	1,619,867	25,612	-	8,263,327
Reportable Segment Profit before Income Tax - Total	12,711,100	7,564,338	1,749,633	8,225,765	30,250,836
Reportable Segment Assets - Company and Subsidiaries	99,804,846	28,715,912	70,794,600	45,515	199,360,873
Reportable Segment Assets - Equity Accounted Investees	16,010,038	2,472,229	-	-	18,482,267
Capital Expenditure	-	-	3,537,602	-	3,537,602

Information about Reportable Segments For the Year ended 30 June 2010	Residential Apartment Development $	Commercial Office/Retail Development $	Rental of Commercial Property $	Other $	Total $
External Revenues - Company and Subsidiaries	145,306,733	6,114,736	493,606	3,109,270	155,024,345
External Revenues - Equity Accounted Investees	42,270,444	2,157,545	2,672	-	44,430,661
External Revenues - Total	187,577,177	8,272,281	496,278	3,109,270	199,455,006
Interest Income	147,152	-	-	2,409,839	2,556,991
Interest Expense	-	-	-	841,689	841,689
Depreciation and Amortisation	-	-	8,153	51,500	59,653
Reportable Segment Profit before Income Tax - Company and Subsidiaries	25,918,564	1,334,663	357,505	3,109,270	30,720,002
Reportable Segment Profit before Income Tax - Equity Accounted Investees	7,016,156	507,640	2,672	-	7,526,468
Reportable Segment Profit before Income Tax - Total	32,934,720	1,842,303	360,177	3,109,270	38,246,470
Reportable Segment Assets - Company and Subsidiaries	49,183,104	68,100,461	12,373,377	31,241	129,688,183
Reportable Segment Assets - Equity Accounted Investees	22,053,949	3,133,829	-	-	25,187,778
Capital Expenditure	-	-	210,920	-	210,920

The revenues from equity accounted investees are reported in this table as they are managed by Finbar and reported to CODM's. Revenues from equity accounted investees are not reported in the statement of comprehensive income.

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Notes to the Financial Statements (continued) FOR THE YEAR ENDED 30 JUNE 2011

6 OPERATING SEGMENTS (CONTINUED)

Reconciliation of Reportable Segment Revenues, Profit or Loss, Assets and Liabilities

	Note	Consolidated 2011 $	2010 $
Revenues			
Total revenue for development reportable segments	7	50,620,371	151,421,469
Total revenue for other reportable segments		8,225,765	3,027,070
		58,846,136	154,448,539
Total revenue for rental and other segments included in other income	8	6,021,361	575,806
Consolidated Revenue		64,867,497	155,024,345
Total revenue for development reportable segments - Equity Accounted Investees		43,315,411	44,427,989
Total revenue for rental segments included in other income - Equity Accounted Investees		25,612	2,672
Total Reportable Segments Revenue		108,208,520	199,455,006
Profit or Loss			
Total profit or loss for reportable segments		30,250,836	38,246,470
Financial income - Company and Subsidiaries		5,590,544	3,644,424
Financial income - Equity Accounted Investees		131,955	138,030
Financial expense - Company and Subsidiaries		(516,554)	(848,846)
Financial expense - Equity Accounted Investees		(6,098)	(9,784)
Unallocated amounts:			
Other corporate expenses		(4,687,195)	(5,694,822)
Revaluation of investment property		6,691,781	(1,000,000)
Income tax applicable to share of profit of Equity Accounted Investees		(2,512,149)	(2,300,609)
Consolidated Profit before Income Tax		34,943,120	32,174,863
Assets			
Total assets for reportable segments		199,360,873	129,688,183
Cash and cash equivalents		61,303,639	41,543,385
Investments in Equity Accounted Investees		6,323,583	1,792,202
Other assets		13,747,208	21,095,755
Consolidated Total Assets		280,735,303	194,119,525

Geographical Segments

The Group operates predominantly in the one geographical segment of Western Australia.

7 REVENUE

Property development sales	50,620,371	151,421,469
Supervision and management fees	3,465,145	3,027,070
Total Revenue	54,085,516	154,448,539

8 OTHER INCOME

Administration fees	29,526	54,872
Revaluation of investment property	6,691,781	-
Rental income	6,021,361	493,606
Commission income	5,614	11,574
Other	2,095,835	15,754
Total Other Income	14,844,117	575,806

9 OTHER EXPENSES

	Consolidated 2011 $	2010 $
Change in fair value of investment property	-	1,000,000
Rental property expenses	2,089,493	136,101
Total Other Expenses	2,089,493	1,136,101

10 PERSONNEL EXPENSES

Wages and salaries	2,453,393	2,251,744
Superannuation contributions	158,786	181,695
Increase in liability for annual leave	5,483	43,027
Increase in liability for long service leave	12,565	24,123
Directors and Officers fees	182,682	157,000
Total Personnel Expenses	2,812,909	2,657,589

11 FINANCE INCOME AND FINANCE COSTS

Recognised in Profit and Loss		
Interest income on loans to Equity Accounted Investees	2,255,551	1,308,251
Interest income on bank deposits	2,842,847	1,101,588
Interest income on property settlements	61,717	147,152
Interest rate Swap Contract change in fair value	430,429	1,087,337
Dividend income/Trust distributions on available-for-sale financial assets	-	96
Total Finance Income	5,590,544	3,644,424
Interest expense	2,713,581	841,689
Bank charges	10,821	7,157
Total Finance Cost	2,724,402	848,846
Net Finance Income/(Costs)	2,866,142	2,795,578
Analysis of Finance Costs		
Total finance costs	6,064,905	6,101,441
Less:		
Finance costs capitalised to inventory	(3,340,503)	(5,252,595)
Add:		
Finance costs relating to property developments sold	1,047,352	2,037,602
	3,771,754	2,886,448
Made up of:		
Finance costs relating to property developments sold	1,047,352	2,037,602
Finance costs relating to administration	2,724,402	848,846
	3,771,754	2,886,448

Finance costs have been capitalised to work in progress at a weighted average rate of 6.00% (2010: 5.14%).

Notes to the Financial Statements (continued) FOR THE YEAR ENDED 30 JUNE 2011

12 INCOME TAX EXPENSE

	Consolidated 2011 $	2010 $
Recognised in Income Statement		
Current Tax Expense		
Current year	7,847,775	8,575,254
Income tax recognised directly to equity	175,843	45,734
Adjustments for prior periods	(9)	261,872
Non-recoverable amounts	(25)	1,381
	8,023,584	8,884,241
Deferred Tax Expense		
Origination and reversal of temporary differences	(1,305,769)	(271,210)
	(1,305,769)	(271,210)
Total Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	6,717,815	8,613,031
Numerical Reconciliation between Tax Expense and Pre-tax Net Profit		
Profit for the year	28,225,305	23,561,832
Total income tax expense	6,717,815	8,613,031
Profit excluding Income Tax	34,943,120	32,174,863
Income tax using the Group's domestic rate of 30% (2010: 30%)	10,482,936	9,652,459
Increase in income tax expense due to:		
Non-deductible expenses	(2,012,673)	294,892
Non-recoverable amounts	(25)	1,381
Decrease in income tax expense due to:		
Tax effect of share of Jointly Controlled entities' net profit	(1,752,414)	(1,597,562)
Tax effect of dividend imputation credits	-	(11)
	6,717,824	8,351,159
Under/(over) provided in prior years	(9)	261,872
Total Income Tax Expense	6,717,815	8,613,031
Income Tax Recognised Directly in Equity		
Decrease in income tax expense due to:		
Tax incentives not recognised in income statement	(175,843)	(45,734)
Total Income Tax Recognised Directly in Equity	(175,843)	(45,734)

13 INVESTMENT PROPERTY

	2011	2010
Balance at 1 July	12,000,000	13,000,000
Transferred from Inventory	49,308,219	-
Change in fair value	6,691,781	(1,000,000)
Balance at 30 June	68,000,000	12,000,000

Investment property comprises a commercial property that is leased to a third party (see Note 29).

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14 PROPERTY, PLANT AND EQUIPMENT

Consolidated	Office Property	Office Furniture and Equipment	Plant and Equipment	Fixtures and Fittings	Total
Cost	$	$	$	$	$
Balance at 1 July 2009	868,323	287,987	38,974	189,443	1,384,727
Additions	-	8,669	210,920	-	219,589
Balance at 30 June 2010	868,323	296,656	249,894	189,443	1,604,316
Balance at 1 July 2010	868,323	296,656	249,894	189,443	1,604,316
Additions	52,266	70,793	3,361,954	-	3,485,013
Disposals	(868,323)	-	-	-	(868,323)
Balance at 30 June 2011	52,266	367,449	3,611,848	189,443	4,221,006
Depreciation					
Balance at 1 July 2009	161,366	157,098	32,128	41,235	391,827
Depreciation and amortisation charge for the year	21,708	25,728	1,369	10,848	59,653
Balance at 30 June 2010	183,074	182,826	33,497	52,083	451,480
Depreciation					
Balance at 1 July 2010	183,074	182,826	33,497	52,083	451,480
Disposals	(201,749)	-	-	-	(201,749)
Depreciation and amortisation charge for the year	18,675	41,505	3,818	3,600	67,598
Balance at 30 June 2011	-	224,331	37,315	55,683	317,329
Carrying Amounts	$	$	$	$	$
At 1 July 2009	706,957	130,889	6,846	148,208	992,900
At 30 June 2010	685,249	113,830	216,397	137,360	1,152,836
At 1 July 2010	685,249	113,830	216,397	137,360	1,152,836
At 30 June 2011	52,266	143,118	3,574,533	133,760	3,903,677

Notes to the Financial Statements (continued) FOR THE YEAR ENDED 30 JUNE 2011

15 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

The Group's share of profit in Equity Accounted Investees for the year was $5,841,381 (2010: $5,325,207).

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:

Jointly Controlled Entities Assets

2010	Ownership	Current Assets $	Non-current Assets $	Total Assets $
22 Plain Street Pty Ltd*	50.00%	8,033	2,956,325	2,964,358
78 Terrace Road Joint Venture Pty Ltd*	50.00%	353	-	353
132 Terrace Road Joint Venture Pty Ltd*	50.00%	5,953	-	5,953
143 Adelaide Terrace Pty Ltd*	50.00%	29,958,906	694,007	30,652,913
185 Swansea Street Pty Ltd*	50.00%	2,108	10,263,101	10,265,209
375 Hay Street Pty Ltd*	50.00%	404,611	-	404,611
406 & 407 Newcastle Street Pty Ltd*	50.00%	7,032,880	419,309	7,452,189
701 Wellington Street Pty Ltd*	50.00%	3,146,592	-	3,146,592
Rivervale Concepts Pty Ltd*	50.00%	406,093	-	406,093
		40,965,529	14,332,742	55,298,271

Jointly Controlled Entities Liabilities

2010	Current Liabilities $	Non-current Liabilities $	Total Liabilities $
22 Plain Street Pty Ltd*	29,181	3,008,307	3,037,488
78 Terrace Road Joint Venture Pty Ltd*	52	-	52
132 Terrace Road Joint Venture Pty Ltd*	211	-	211
143 Adelaide Terrace Pty Ltd*	30,445,442	548,496	30,993,938
185 Swansea Street Pty Ltd*	2,251	10,265,253	10,267,504
375 Hay Street Pty Ltd*	128,849	-	128,849
406 & 407 Newcastle Street Pty Ltd*	6,089,195	225,704	6,314,899
701 Wellington Street Pty Ltd*	887,076	80,430	967,506
Boas Gardens Estate Pty Ltd (De-registered)	369	-	369
Rivervale Concepts Pty Ltd*	3,053	-	3,053
	37,585,679	14,128,190	51,713,869

Jointly Controlled Entities Assets

2011	Ownership	Current Assets $	Non-current Assets $	Total Assets $
22 Plain Street Pty Ltd*	50.00%	8,336,336	297,705	8,634,041
78 Terrace Road Joint Venture Pty Ltd*	50.00%	128	-	128
132 Terrace Road Joint Venture Pty Ltd*	50.00%	6,772	-	6,772
143 Adelaide Terrace Pty Ltd*	50.00%	16,973,670	-	16,973,670
185 Swansea Street Pty Ltd*	50.00%	20,010	12,606,705	12,626,715
375 Hay Street Pty Ltd*	50.00%	112,732	-	112,732
406 & 407 Newcastle Street Pty Ltd*	50.00%	1,444,435	391,612	1,836,047
701 Wellington Street Pty Ltd*	50.00%	96,923	-	96,923
Rivervale Concepts Pty Ltd*	50.00%	366,047	-	366,047
36 Chester Avenue Pty Ltd*	50.00%	34,222	6,443,255	6,477,477
		27,391,275	19,739,277	47,130,552

Jointly Controlled Entities Liabilities

2011	Current Liabilities $	Non-current Liabilities $	Total Liabilities $
22 Plain Street Pty Ltd*	8,571,190	173,307	8,744,497
78 Terrace Road Joint Venture Pty Ltd*	218	-	218
132 Terrace Road Joint Venture Pty Ltd*	218	-	218
143 Adelaide Terrace Pty Ltd*	5,923,902	190,306	6,114,208
185 Swansea Street Pty Ltd*	77,922	12,757,459	12,835,381
375 Hay Street Pty Ltd*	11,563	-	11,563
406 & 407 Newcastle Street Pty Ltd*	204,556	39,403	243,959
701 Wellington Street Pty Ltd*	50,157	-	50,157
Boas Gardens Estate Pty Ltd (De-registered)	575	-	575
Rivervale Concepts Pty Ltd*	3,818	-	3,818
36 Chester Avenue Pty Ltd*	10,047	6,468,746	6,478,793
	14,854,166	19,629,221	34,483,387

Net Profit/(Loss) Recognised from Jointly Controlled Entities

2010	Revenues $	Expenses $	Profit/(Loss) $
22 Plain Street Pty Ltd*	-	100,101	(100,101)
78 Terrace Road Joint Venture Pty Ltd*	-	(174)	174
132 Terrace Road Joint Venture Pty Ltd*	-	4,222	(4,222)
143 Adelaide Terrace Pty Ltd*	-	486,138	(486,138)
185 Swansea Street Pty Ltd*	-	2,239	(2,239)
188 Adelaide Terrace Joint Venture Pty Ltd*	-	(35)	35
375 Hay Street Pty Ltd*	23,130,335	17,200,846	5,929,489
406 & 407 Newcastle Street Pty Ltd*	14,152,550	12,440,904	1,711,646
701 Wellington Street Pty Ltd*	51,505,664	43,225,605	8,280,059
Boas Gardens Estate Pty Ltd (De-registered)	-	206	(206)
Rivervale Concepts Pty Ltd*	67,429	144,294	(76,865)
	88,855,978	73,604,346	15,251,632

Net Profit/(Loss) Recognised from Jointly Controlled Entities

2011	Revenues $	Expenses $	Profit/(Loss) $
22 Plain Street Pty Ltd*	-	53,323	(53,323)
78 Terrace Road Joint Venture Pty Ltd*	-	391	(391)
132 Terrace Road Joint Venture Pty Ltd*	909	97	812
143 Adelaide Terrace Pty Ltd*	77,846,327	61,845,631	16,000,696
185 Swansea Street Pty Ltd*	-	294,815	(294,815)
375 Hay Street Pty Ltd*	61,081	10,499	50,582
406 & 407 Newcastle Street Pty Ltd*	5,979,043	5,329,331	649,712
701 Wellington Street Pty Ltd*	2,736,007	2,339,321	396,686
Boas Gardens Estate Pty Ltd (De-registered)	-	206	(206)
Rivervale Concepts Pty Ltd*	7,455	48,266	(40,811)
36 Chester Avenue Pty Ltd*	-	1,883	(1,883)
	86,630,822	69,923,763	16,707,059

* Jointly Controlled entities entered into with Wembley Lakes Estates Pty Ltd. John Chan and Darren John Pateman have interests in but not control of Wembley Lakes Estates Pty Ltd.

Notes to the Financial Statements (continued) FOR THE YEAR ENDED 30 JUNE 2011

16 OTHER INVESTMENTS

	Consolidated 2011 $	2010 $
Current		
Capitalised lease incentives	1,965,625	-
Total Current Investments	1,965,625	-

17 TAX ASSETS AND LIABILITIES

The current tax liability for the Group of $3,504,716 (2010: $1,516,698) represents 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	
	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $
Inventories	-	-	(7,224,012)	(6,735,632)	(7,224,012)	(6,735,632)
Interest bearing loans and borrowings	3,326,456	4,464,349	-	-	3,326,456	4,464,349
Other items	234,967	423,081	(542,131)	(491,008)	(307,164)	(67,927)
Tax value of loss carry-forwards recognised	3,942,981	3,559,083	-	-	3,942,981	3,559,083
Tax assets/(liabilities)	7,504,404	8,446,513	(7,766,143)	(7,226,640)	(261,739)	1,219,873
Set off of tax	(7,766,143)	(7,226,640)	7,766,143	7,226,640	-	-
Net Tax Assets	(261,739)	1,219,873	-	-	(261,739)	1,219,873

Movement in Temporary Differences During the Year

	Consolidated			
	Balance 1 July 2009 $	Recognised in Profit or Loss $	Recognised in Equity $	Balance 30 June 2010 $
Inventories	7,908,315	(1,172,683)	-	6,735,632
Interest bearing loans and borrowings	(3,449,527)	(1,014,822)	-	(4,464,349)
Other items	(1,121,910)	1,144,103	45,734	67,927
Tax value of loss carry-forwards recognised	(4,873,695)	1,314,612	-	(3,559,083)
	(1,536,817)	271,210	45,734	(1,219,873)

	Consolidated			
	Balance 1 July 2010 $	Recognised in Profit or Loss $	Recognised in Equity $	Balance 30 June 2011 $
Inventories	6,735,632	488,380	-	7,224,012
Interest bearing loans and borrowings	(4,464,349)	1,137,893	-	(3,326,456)
Other items	67,927	63,394	175,843	307,164
Tax value of loss carry-forwards recognised	(3,559,083)	(383,898)	-	(3,942,981)
	(1,219,873)	1,305,769	175,843	261,739

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18 INVENTORIES

	Consolidated 2011 $	2010 $
Current		
Work in progress	-	87,326,144
Completed Stock	2,884,321	1,050,067
Total Current Inventories	2,884,321	88,376,211
Non Current		
Work in progress	115,075,905	24,672,252
Total Non Current Inventories	115,075,905	24,672,252

During the year ended 30 June 2011 work in progress recognised as cost of sales by the Group amounted to $37,759,904 (2010: $123,656,132).

During the year ended 30 June 2011 there were no write-downs in the value of inventories.

19 TRADE AND OTHER RECEIVABLES

Current		
Other trade receivables	4,183,967	1,383,887
Amounts receivable from Jointly Controlled entities	4,068,429	11,460,257
Total Current Trade and Other Receivables	8,252,396	12,844,144
Non Current		
Other trade receivables	3,200,000	2,580,000
Amounts receivable from Jointly Controlled entities	8,967,005	6,447,144
Total Non Current Trade and Other Receivables	12,167,005	9,027,144

The Group's exposure to credit risk and impairment losses to trade and other receivables are disclosed at Note 28.

20 PREPAYMENTS

Balance at 1 July	1,491,478	3,847,866
Prepayment amount expensed to administrative expenses	(527,449)	(1,994,012)
Net reduction of sundry prepayments	(104,877)	(362,376)
Balance at 30 June	859,152	1,491,478
Made up as follows:		
Prepayment of administrative expenses	591,317	1,118,766
Prepayment of sundry development expenses	267,835	372,712
Total Prepayments	859,152	1,491,478

Prepayment of Administrative Expense

On 31 January 2008 the Company announced that the management agreement with J&R Management Pty Ltd under which the executive management staff and other staff provided to Finbar Group Limited had ceased.

The Company has recognised the amount initially through Trade and other payables and through Prepayments. As each development project, the subject of work in progress pursuant to Clause 5A of the Agreement is completed, the amount of work in progress applicable to that development project is expensed to profit or loss.

Notes to the Financial Statements (continued) FOR THE YEAR ENDED 30 JUNE 2011

21a CASH AND CASH EQUIVALENTS

	Note	Consolidated 2011 $	2010 $
Bank balances		59,988,639	25,943,385
Short term deposits		715,000	15,000,000
Cash and Cash Equivalents		60,703,639	40,943,385
Short term deposits - to secure commercial bill interest coverage	24	600,000	600,000
Cash and Cash Equivalents in the Statement of Cash Flows		61,303,639	41,543,385

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed at Note 28.

21b RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2011 $	2010 $
Cash Flows from Operating Activities			
Profit for the year		28,225,305	23,561,832
Adjustments for:			
Depreciation and amortisation	14	67,598	59,653
Change in fair value of investment property	13	-	1,000,000
Revaluation of investment property	13	(6,691,781)	-
Net financing (income)/expense	11	(2,866,142)	(2,795,578)
Share of net profit of Jointly Controlled entities'	15	(5,841,381)	(5,325,207)
Gain on sale of property, plant & equipment	14	(2,629,645)	-
Income tax expense	12	6,717,815	8,613,031
Operating Profit before Changes in Working Capital and Provisions		16,981,769	25,113,731
Change in trade and other receivables		(5,908,259)	3,479,843
Change in current inventories	18	85,491,890	48,114,487
Change in non-current inventories	18	(90,403,653)	73,213
Change in prepayments		632,326	2,356,388
Transferred from inventories	13	(49,308,219)	-
Change in provision for employee benefits	25	18,047	67,150
Change in trade and other payables	27	4,237,566	(3,668,889)
Cash generated from/(used in) Operating Activities		(38,258,533)	75,535,923
Interest paid	11	(2,724,402)	(848,846)
Income taxes paid		(3,083,735)	(9,715,909)
Net Cash (used in)/generated from Operating Activities		(44,066,670)	64,971,168

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.

22 CAPITAL AND RESERVES

Share Capital

	Company Ordinary Shares 2011	2010
On issue at 1 July	162,541,761	140,816,761
Issued for cash (Executive share options)	-	1,025,000
Issued under Dividend Reinvestment Plan	5,538,070	-
Issued for cash	39,657,950	20,700,000
On issue at 30 June - Fully Paid	207,737,781	162,541,761

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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 recognised in the current year by the Group are:

	Cents per Share	Total Amount $	Franked/ Unfranked	Date of Payment
Dividends Paid During the Year 2011				
Interim 2011 ordinary	3.00	6,176,111	Franked	8 April 2011
Final 2010 ordinary	5.50	8,939,798	Franked	20 September 2010
Total Amount		15,115,909		
Dividends Paid During the Year 2010				
Interim 2010 ordinary	2.00	2,836,835	Franked	19 March 2010
Final 2009 ordinary	5.00	7,092,088	Franked	4 September 2009
Total Amount		9,928,923		

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

After 30 June 2011 the following dividends were proposed by the Directors. The dividends have not been provided. The declaration and subsequent payment of dividends has no income tax consequences.

Proposed Dividend

Dividends proposed by the Group are:

	Cents per Share	Total Amount $	Franked/ Unfranked	Date of Payment
Final 2011 ordinary	5.50	11,425,578	Franked	5 September 2011
Total Amount		11,425,578		

The financial effect of these dividends have not been brought to account in the financial statements for the financial year ended 30 June 2011 and will be recognised in subsequent financial reports.

Dividend Reinvestment Plan

The Company has 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.

In accordance with Rule 13 of the Company's Dividend Reinvestment Plan (DRP), the Directors have elected to reactivate the DRP until further notice and as such the DRP will be active for the above mentioned dividend.

Dividend Franking Account

	Company 2011 $	2010 $
30% franking credits available to shareholders of Finbar Group Limited for subsequent financial years	10,532,868	11,059,853

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 $4,896,676 (2010: $3,831,342).

Notes to the Financial Statements (continued) FOR THE YEAR ENDED 30 JUNE 2011

23 EARNINGS PER SHARE

Basic Earnings per Share

The calculation of basic earnings per share at 30 June 2011 was based on the profit attributable to ordinary shareholders of $24,023,464 (2010: $23,571,133) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2011 of 185,041,746 (30 June 2010: 146,658,679), calculated as follows:

		Consolidated 2011 $	2010 $
Profit Attributable to Ordinary Shareholders		24,023,464	23,571,133
Weighted Average Number of Ordinary Shares			
Issued ordinary shares at 1 July		162,541,761	140,816,761
Effect of share options exercised	1 July 2009	-	723,014
Effect of share options exercised	2 July 2009	-	298,356
Effect of share issue	6 April 2010	-	4,820,548
Effect of share issue	20 September 2010	2,846,017	-
Effect of share issue	14 December 2010	13,524,682	-
Effect of share issue	4 February 2011	1,369,462	-
Effect of share issue	9 February 2011	4,335,180	-
Effect of share issue	8 April 2011	424,644	-
Weighted Average Number of Ordinary Shares at 30 June		185,041,746	146,658,679
Basic Earnings per Share (cents per share)		12.98	16.07

Diluted Earnings per Share

The calculation of diluted earnings per share at 30 June 2011 was based on the profit attributable to ordinary shareholders of $24,023,464 (2010: $23,571,133) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2011 of 185,041,746 (30 June 2010: 146,658,679), calculated as follows:

	Consolidated 2011 $	2010 $
Profit Attributable to Ordinary Shareholders (Diluted)	24,023,464	23,571,133
Weighted Average Number of Ordinary Shares (Diluted)		
Weighted Average Number of Ordinary Shares at 30 June	185,041,746	146,658,679
Effect of share options on issue	-	-
Weighted Average Number of Ordinary Shares (Diluted) at 30 June	185,041,746	146,658,679
Diluted Earnings per Share (cents per share)	12.98	16.07

24 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate risk see Note 28.

	Consolidated 2011 $	2010 $
Current liabilities		
Commercial bills (Secured)	39,180,700	66,196,840
Total Current Interest Bearing Loans and Borrowings	39,180,700	66,196,840
Commercial bills (Secured)	43,770,000	-
Shareholders loans to subsidiaries (Unsecured)	11,436,406	11,002,492
Total Non-current Interest Bearing Loans and Borrowings	55,206,406	11,002,492

Terms and debt repayment schedule

Terms and conditions of outstanding loans are as follows:

	Nominal Interest Rate	Financial Year of Maturity	2011 Face Value $	2011 Carrying Amount $	2010 Face Value $	2010 Carrying Amount $
Commercial bills (Secured)	BBRD+1.20%	2012	43,770,000	43,770,000	41,978,203	41,978,203
Commercial bills (Secured)			-	-	18,218,637	18,218,637
Commercial bills (Secured)	BBSY+2.00%	2012	33,180,700	33,180,700	-	-
Commercial bills (Secured)*	BBRD+1.70%	2012	6,000,000	6,000,000	6,000,000	6,000,000
Shareholder loans to subsidiaries (Unsecured)	BBSY+5.00%	2014	5,165,982	5,165,982	8,042,736	8,042,736
Shareholder loans to subsidiaries (Unsecured)	BBSY+5.00%	2014	2,955,942	2,955,942	2,959,756	2,959,756
Shareholder loans to subsidiaries (Unsecured)	BBSY+5.00%	2014	3,314,482	3,314,482	-	-
Total Facilities Available			94,387,106	94,387,106	77,199,332	77,199,332

Financing Arrangements

Bank overdrafts

Bank overdrafts of the Subsidiaries are secured by a registered mortgage debenture over the Controlled entity's assets and undertakings. Bank overdrafts are payable on demand and are subject to annual review.

Commercial bills

Commercial bills (refer Note 28) are denominated in Australian dollars.

The commercial bills loans of the Subsidiaries are secured by registered first mortgages over the development property land and buildings of the Controlled entity as well as a registered mortgage debenture over the Controlled entity's assets and undertakings.

*The interest coverage on the commercial bill of $6,000,000 is secured by a $600,000 short term deposit (See Note 21a).

Shareholder Loans

Shareholder Loans are repayable upon the completion of the project. The Shareholder Loans above relate to projects which are anticipated to complete in the Financial year ending 30th June 2014.

25 EMPLOYEE BENEFITS

	Consolidated 2011 $	2010 $
Current		
Liability for annual leave	48,510	43,027
Non Current		
Liability for long-service leave	36,687	24,123

26 SHARE BASED PAYMENTS ARRANGEMENTS

On 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 grant on similar terms contained in the share option programme were 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.

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

Notes to the Financial Statements (continued) FOR THE YEAR ENDED 30 JUNE 2011

26 SHARE BASED PAYMENTS ARRANGEMENTS (CONTINUED)

During the financial year no options were exercised (2010: 1,025,000).

	Weighted Average Exercise Price 2011	Number of Options 2011	Weighted Average Exercise Price 2010	Number of Options 2010
Outstanding at the beginning of the year	$0.00	-	$0.40	1,025,000
Exercised during the year	$0.00	-	$0.40	(1,025,000)
Outstanding at the end of the year		-	$0.40	-
Exercisable at the end of the year		-	$0.40	-

27 TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES

	Consolidated 2011 $	2010 $
Current liabilities		
Trade and other payables	7,024,824	2,746,165
Other payables and accrued expenses	1,037,813	648,477
Derivatives used for hedging	-	430,429
Total Trade and Other Payables	8,062,637	3,825,071

At 30 June 2011, Consolidated trade and other payables include retentions of $297,370 (2010: $296,467) relating to construction contracts in progress.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed at Note 28.

28 FINANCIAL INSTRUMENTS

Credit Risk

Exposure to Credit Risk

The carrying amount of the Group's financial assets represent the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Note	Carrying Amount 2011 $	2010 $
Lease Accounting Recognition	16	1,965,625	-
Trade and other receivables - current	19	8,252,396	12,844,144
Trade and other receivables - non-current	19	12,167,005	9,027,144
Cash and cash equivalents	21a	61,303,639	41,543,385
		83,688,665	63,414,673

The Group's maximum exposure to credit risk for trade receivables at the reporting date by receivable category was:		
Equity Accounted Investees	13,035,434	17,907,401
Working capital advances and bonds	2,014,533	552,400
Loan to Joint Venture partner	2,580,000	2,580,000
GST refunds due and sundry other trade debtors	2,789,434	831,487
	20,419,401	21,871,288

Impairment Losses

None of the Group's trade receivables are past due and based on historic default rates the Group believes that no impairment allowance is necessary in respect of trade receivables.

All of the Group's equity investments in listed shares are in shares that are listed on the Australian Securities Exchange. The Group believes that no impairment allowance is necessary in respect of these assets as the amount of the investments are not significant.

Liquidity Risk

The following are the contractual maturities of non-derivative financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Consolidated 30 June 2011	Note	Carrying Amount $	Contractual Cash Flows $	1 Year or Less $	1-3 Years $	More than 3 Years $
Non-derivative Financial Liabilities						
Secured bank loans:						
Commercial bills	24	82,950,700	83,566,783	83,566,783	-	-
Shareholder Loans	24	11,436,406	16,925,881	1,372,369	15,553,512	-
Trade and other payables	27	8,062,637	8,062,636	8,062,636	-	-
		102,449,743	108,555,300	93,001,788	15,553,512	-

30 June 2010	Note	$	$	$	$	$
Non-derivative Financial Liabilities						
Secured bank loans:						
Commercial bills	24	66,196,840	67,541,668	67,541,668	-	-
Shareholder Loans	24	11,002,492	16,283,688	1,320,299	14,963,389	-
Trade and other payables	27	3,394,642	3,375,942	3,375,942	-	-
		80,593,974	87,201,298	72,237,909	14,963,389	-

National Australia Bank has provided a Banker's Undertaking in the amount of $100,000 to the Town of Victoria Park in respect of the Controlled entity 59 Albany Highway Pty Ltd.

The following table indicates the periods in which the cash flows associated with the derivatives that are cash flow hedges are expected to occur and impact on profit or loss:

Consolidated 2011	Carrying Amount $	Expected Cash Flows $	1 Year or Less $	1-3 Years $	More than 3 Years $
Interest Rate Swaps					
Liabilities	-	-	-	-	-

2010	Carrying Amount $	Expected Cash Flows $	1 Year or Less $	1-3 Years $	More than 3 Years $
Interest Rate Swaps					
Liabilities	(430,429)	(448,094)	(448,094)	-	-

Interest Rate Risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial assets and liabilities was:

	Consolidated Carrying Amount 2011 $	2010 $
Fixed Rate Instruments		
Financial Liabilities	-	(430,429)
Variable Rate Instruments		
Financial Assets	74,339,073	59,450,786
Financial Liabilities	(94,387,106)	(77,199,332)
	(20,048,033)	(17,748,546)

Notes to the Financial Statements (continued) FOR THE YEAR ENDED 30 JUNE 2011

28 FINANCIAL INSTRUMENTS (CONTINUED)

Interest Rate Risk (continued)

Cash Flow Sensitivity Analysis for Variable Rate Instruments

A change of 100 basis points in interest rates would have (decreased)/increased the Group's equity and profit or loss by the amounts shown below. This analysis assumes that all variables remain constant. The analysis is on the same basis for 2010.

	Consolidated			
	Profit or Loss		Equity	
30 June 2011	100bp Increase $	100bp Decrease $	100bp Increase $	100bp Decrease $
Variable rate instruments	(351,695)	351,695	(351,695)	351,695

	Consolidated			
	Profit or Loss		Equity	
30 June 2010	100bp Increase $	100bp Decrease $	100bp Increase $	100bp Decrease $
Variable rate instruments	(307,330)	307,330	(307,330)	307,330

Fair Values

Fair Values Versus Carrying Amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown on the balance sheet are as follows:

	Consolidated			
	30 June 2011		30 June 2010	
	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Trade and other receivables	20,419,401	20,419,401	21,871,288	21,871,288
Cash and cash equivalents	61,303,639	61,303,639	41,543,385	41,543,385
Secured bank loans	(82,950,700)	(82,950,700)	(66,196,840)	(66,196,840)
Interest rate swaps used for hedging	-	-	(430,429)	(430,429)
Trade and other payables	(8,062,637)	(8,062,637)	(3,394,642)	(3,394,642)
	(7,324,672)	(7,324,672)	(6,607,238)	(6,607,238)

Fair Value Hierarchy

The different levels in respect to the fair value hierarchy are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e.., as prices) or indirectly (i.e.., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
30 June 2011				
Interest rate swaps used for hedging	-	-	-	-
30 June 2010				
Interest rate swaps used for hedging	-	(430,429)	-	(430,429)

The derivatives have been classified as Level 2 on the basis that their fair value is the price accepted by the Group in an over-the-counter transaction. The pricing associated with the swap reflects credit and other factors specific to the arms length transaction between the Group and the swap provider.

The basis for determining fair values is disclosed at Note 4.

Guarantees

Subsidiaries

The Company has provided a $6,500,000 limited guarantee and indemnity to National Australia Bank for security on a finance facility in Finbar Property Trust.

The Company has provided a $20,000,000 limited guarantee and indemnity to Westpac Banking Corporation for security on a finance facility in 175 Adelaide Terrace Pty Ltd.

29 OPERATING LEASES

	Note	Consolidated 2011 $	2010 $
Leases as Lessor			
The Group leases out its investment property held under an operating lease.			
Rental income received from investment property	13	709,577	441,653
Other rental property income received		5,311,784	51,953
		6,021,361	493,606

30 CAPITAL AND OTHER COMMITMENTS

	Consolidated 2011 $	2010 $
Commitments and Contingent Liabilities		
Property Development		
Contracted but not provided for and payable:		
Within one year	103,969,550	46,643,156
Later than one year	33,411,723	24,359,071
Total Property Development Commitments	137,381,273	71,002,227
Property Development - Jointly Controlled Entities		
Contracted but not provided for and payable:		
Within one year	26,210,829	29,949,193
Later than one year	2,652,659	-
Total Property Development Commitments - Jointly Controlled entities	28,863,488	29,949,193
Group's Share of Property Development - Jointly Controlled Entities		
Contracted but not provided for and payable:		
Within one year	13,105,415	14,974,597
Later than one year	1,326,330	-
Total Share of Property Development Commitments - Jointly Controlled entities	14,431,744	14,974,597
Group's Property Development Commitments including Jointly Controlled Entities		
Contracted but not provided for and payable:		
Within one year	117,074,965	61,617,753
Later than one year	34,738,053	24,359,071
Total Property Development Commitments including Jointly Controlled entities	151,813,017	85,976,824

31 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.

	Consolidated 2011 $	2010 $
Guarantees		
The Company has guaranteed the bank facilities of certain Controlled entities:	26,500,000	16,850,000

Notes to the Financial Statements (continued) FOR THE YEAR ENDED 30 JUNE 2011

32 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 Darren John Pateman

Non-executive Directors

Mr Paul Anthony Rengel

Mr John Boon Heng Cheak

Mr Kee Kong Loh

Executives

Mr Edward Guy Bank

	Note	Consolidated 2011 $	2010 $
The key management personnel compensation included in 'personnel expenses' is as follows:			
Short-term employee benefits		1,884,264	1,833,753
Other long-term benefits		15,790	13,290
Post-employment benefits		91,123	176,367
Employee benefits	10	1,991,177	2,023,410

Individual Directors and Executives Compensation Disclosures

Information regarding individual directors and executives compensation are provided in the Remuneration Report section of the Directors' report on pages 22 to 24.

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

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.

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 2010	Granted in Period	Exercised in Period	Held at 30 June 2011	Vested During the Period	Vested and Exercisable at 30 June 2011
Directors						
Mr Richard Dean Rimington (Resigned 31 August 2008)	-	-	-	-	-	-
Mr Paul Anthony Rengel	-	-	-	-	-	-
	-	-	-	-	-	-

	Held at 1 July 2009	Granted in Period	Exercised in Period	Held at 30 June 2010	Vested During the Period	Vested and Exercisable at 30 June 2010
Directors						
Mr Richard Dean Rimington (Resigned 31 August 2008)	725,000	-	(725,000)	-	-	-
Mr Paul Anthony Rengel	300,000	-	(300,000)	-	-	-
	1,025,000	-	(1,025,000)	-	-	-

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 26.

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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 2010	Received on Exercise of Options	Purchases	Sales	Held at 30 June 2011
Directors					
Mr John Chan	20,830,020	-	1,756,493	-	22,586,513
Mr Paul Anthony Rengel	623,000		-	-	623,000
Mr John Boon Heng Cheak	380,000	-	73,934	-	453,934
Mr Kee Kong Loh	1,930,656	-	70,248	-	2,000,904
Mr Darren John Pateman	2,189,228	-	57,391	-	2,246,619
Executives					
Mr Edward Guy Bank	266,503	-	33,497	-	300,000
	26,219,407	-	1,991,563	-	28,210,970

	Held at 1 July 2009	Received on Exercise of Options	Purchases	Sales	Held at 30 June 2010
Directors					
Mr John Chan	20,748,020	-	82,000	-	20,830,020
Mr Paul Anthony Rengel	623,000	300,000	-	(300,000)	623,000
Mr John Boon Heng Cheak	380,000	-	-	-	380,000
Mr Kee Kong Loh	1,930,656	-	-	-	1,930,656
Mr Darren John Pateman	2,189,228	-	-	-	2,189,228
Executives					
Mr Edward Guy Bank	266,503	-	-	-	266,503
	26,137,407	300,000	82,000	(300,000)	26,219,407

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

Identity of Related Parties

The Group has a related party relationship with Jointly Controlled entities (see Note 15) and with its key management personnel.

Other Related Party Transactions

Jointly Controlled Entities

Loans are made by the Group to Jointly Controlled entities for property development undertakings. Loans outstanding between the Group and Jointly Controlled entities are interest bearing and are repayable at the completion of the Jointly Controlled entity's development project.

	2011 $	2010 $
As at 30 June 2011, the balance of these loans were as follows:		
22 Plain Street Pty Ltd	3,970,546	1,437,980
36 Chester Avenue Pty Ltd	3,180,896	-
143 Adelaide Terrace Pty Ltd	-	9,681,506
185 Swansea Street Pty Ltd	5,786,109	5,009,164
406 & 407 Newcastle Street Pty Ltd	97,883	1,778,751
	13,035,434	17,907,401

In the financial statements of the Group, investments in Jointly Controlled entities are carried at the lower of the equity accounted amount and the recoverable amount.

Notes to the Financial Statements (continued) FOR THE YEAR ENDED 30 JUNE 2011

33 GROUP ENTITIES

	Country of Incorporation	Shareholding / Unit Holding $	Ownership Interest 2011	Ownership Interest 2010
Parent Company				
Finbar Group Limited				
Subsidiaries				
8 Davidson Terrace Pty Ltd	Australia	1	100%	100%
17 Sunlander Drive Pty Ltd	Australia	1	100%	100%
17-19 Carr Street Pty Ltd	Australia	1	100%	100%
59 Albany Highway Pty Ltd	Australia	11	68.75%	68.75%
88 Terrace Road Pty Ltd	Australia	1	100%	100%
135 Adelaide Terrace Developments Pty Ltd	Australia	1	100%	100%
175 Adelaide Terrace Pty Ltd	Australia	1	100%	100%
208 Adelaide Terrace Pty Ltd	Australia	1	60%	-
262 Lord Street Perth Pty Ltd	Australia	1	100%	-
Burt Way Developments Pty Ltd	Australia	1	100%	100%
Finbar Finance Pty Ltd	Australia	1	100%	100%
Finbar Funds Management Limited	Australia	1	100%	100%
Finbar Property Trust	Australia	100	100%	100%
Finbar Karratha Pty Ltd	Australia	1	100%	100%
Finbar Project Management Pty Ltd	Australia	2	100%	100%
Finbar Property Maintenance Pty Ltd (De-registered)	Australia	1	100%	100%
Lake Street Pty Ltd	Australia	1	100%	100%
Lot 1 to 10 Whatley Crescent Pty Ltd	Australia	1	100%	100%
		128		
Subsidiaries of Subsidiaries				
59 Albany Highway Joint Venture Pty Ltd	Australia	111	85.38%	85.38%

34 SUBSEQUENT EVENTS

Other than the items below, 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 Group, the results of those operations, or the state of affairs of the Group in future financial years.

- Since the end of the financial year (as disclosed in Note 24), the commercial bill facility of $43,770,000 has been transferred from 59 Albany Highway Pty Ltd to 59 Albany Highway Joint Venture Pty Ltd at a fixed interest rate for 5 years.

35 AUDITORS' REMUNERATION

	Consolidated 2011 $	2010 $
Audit Services:		
Auditors of the Group		
Audit and review of the financial reports	211,400	182,115
Audit and review of the financial reports of equity accounted investees	9,000	-
	220,400	182,115
Services other than Statutory Audit:		
Taxation compliance services	11,000	19,530
	11,000	19,530

36 PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ending 30 June 2011 the parent company of the Group was Finbar Group Limited.

	Company 2011 $	2010 $
Result of the Parent Entity		
Profit for the year	22,488,623	25,322,891
Total Comprehensive Income for the year	22,488,623	25,322,891
Financial Position of the Parent Entity		
Current Assets	63,838,238	52,871,195
Total Assets	179,582,967	120,866,666
Current Liabilities	4,283,656	3,356,338
Total Liabilities	7,553,098	6,022,745
Total Equity of the Parent Entity comprising of:		
Share capital	126,894,091	77,285,767
Share option reserve	2,895,027	2,895,027
Retained earnings	42,035,841	34,663,127
Total Equity	171,824,959	114,843,921

Parent Entity 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 capable of reliable measurement.

Parent Entity Guarantees in respect of Debts of Subsidiaries

	2011 $	2010 $
Guarantees		
The Company has guaranteed the bank facilities of certain Controlled entities:	26,500,000	16,850,000

The Company has provided a $6,500,000 limited guarantee and indemnity to National Australia Bank for security on a finance facility in Finbar Property Trust.

The Company has provided a $20,000,000 limited guarantee and indemnity to Westpac Banking Corporation for security on a finance facility in 175 Adelaide Terrace Pty Ltd.

Directors' Declaration

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

a) The consolidated financial statements and notes that are contained in Pages 33 to 67 and the Remuneration report in the Directors' report, set out on Pages 22 to 24, are in accordance with the Corporations Act 2001, including:

   i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

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

b) 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 33 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 required by Section 295A of the Corporations Act 2001 from the Managing Director and the Chief Financial Officer for the financial year ended 30 June 2011.

4. The Directors draw attention to Note 2(a) to the consolidated financial statements, which contains a statement of compliance with International Financial reporting Standards.

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

Darren Pateman
Managing Director

Dated at Perth this Twenty Fourth day of August 2011.

Independent Auditor's Report

TO MEMBERS OF FINBAR GROUP LIMITED

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Finbar Group Limited ('the Company'), which comprises the statement of financial position as at 30 June 2011, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 36 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company and the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

We 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, a true and fair view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Finbar Group Limited 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 2011 and of their performance for the year ended on that date; and

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

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

Independent Auditor's Report

TO MEMBERS OF FINBAR GROUP LIMITED (CONTINUED)

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Finbar Group Limited for the year ended 30 June 2011, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Kevin Smout
Partner

Perth
24 August 2011

Lead Auditor's Independence Declaration

UNDER SECTION 307C OF THE CORPORATION ACT 2001

To: the directors of Finbar Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011, 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

Kevin Smout
Partner

Perth
24 August 2011

ASX Additional Information

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

SHAREHOLDINGS (AS AT 30 JUNE 2011)

Substantial Shareholders

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

Shareholder Name	Number	%
Chuan Hup Holdings	31,443,246	15.14
HSBC Custody Nominees (Australia) Limited	16,358,749	7.87
Apex Equity Holdings Berhad	15,727,931	7.57
JP Morgan Nominees Australia Limited	8,421,255	5.29

Voting rights

Ordinary shares

Refer to Note 22 in the Notes to the Financial Statements.

Distribution of Equity Security Holders

Range	Number of Holders	Ordinary Shares	Options
1-1,000	185	83,423	-
1,001-5,000	394	1,262,402	-
5,001-10,000	292	2,307,289	-
10,001-100,000	544	16,192,449	-
100,001-over	107	187,892,218	-
	1,522	207,737,781	-

The number of shareholders holding less than a marketable parcel of ordinary shares is 109.

Stock Exchange

The Company is listed on the Australian Securities 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 Limited	31,443,246	15.14
HSBC Custody Nominees (Australia) Limited	16,358,749	7.87
Apex Equity Holdings Berhad	15,727,931	7.57
JP Morgan Nominees Australia Limited	10,990,043	5.29
National Nominees Limited	9,567,792	4.61
Rubi Holdings Pty Ltd (John Rubino Super Fund A/C)	8,668,930	4.17
Blair Park Pty Ltd	8,421,255	4.05
DBS Vickers Securities (Singapore) Pte Ltd	6,200,000	2.98
Mr James Chan	5,890,923	2.84
Mrs Siew Eng Mah	5,091,662	2.45
Apex Investments Pty Ltd	4,671,506	2.25
Chuan Hup Holdings Limited	4,100,000	1.97
Apex Equity Holdings Berhad	3,834,724	1.85
Cogent Nominees Pty Ltd	3,459,570	1.67
Mr Ah-Hwa Lim	3,125,536	1.50
Mr Wan Kah Chan and Mrs Mui Tee Chan	3,000,000	1.44
Baguio International Limited	2,879,344	1.39
Zero Nominees Pty Ltd	2,454,838	1.18
Mr Guan Seng Chan	2,381,328	1.15
Forward International Pty Ltd	2,292,146	1.10
Top 20	150,559,523	72.47

Notes

FINBAR GROUP LIMITED 30 JUNE 2011 ANNUAL FINANCIAL REPORT

PELAGO WEST

Photo taken 29th September 2011