finbar 26th ANNUAL REPORT

For the year ended 30th June 2010

26TH ANNUAL REPORT For the year ended 30th June 2010

finbar

developing better lifestyles

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
Mr Paul Anthony Rengel

Company Secretary
Mr Edward Guy Bank

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Auditors
KPMG
235 St Georges Terrace
PERTH WA 6000

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CHAIRMAN'S MESSAGE

I am very pleased to present to you the company's 26th annual report for the financial year to 30 June 2010, my first as Chairman of the company after 15 years as your Managing Director.

Finbar's strategy has served us well during these volatile times, with the company producing another record profit; $23.56 million after tax. This is a 24% increase over last year's profit and is testament to the Finbar business model.

In line with increased earnings, this year's final dividend has also increased to 5.5 cents per share. Coupled with the interim dividend paid in March, the total distribution is 7.5 cents per share fully franked on after tax earnings of 16 cents per share.

The board remains committed to providing a balance between sustainable growth and a stable dividend for shareholders, and therefore intends to maintain a dividend payout ratio of up to 50% of earnings.

The company share price has withstood the market volatility and has provided us with the opportunity to raise additional capital to strongly position the company for growth into apartment projects in the Perth metropolitan area and the Pilbara.

This year has also seen the restructuring of the board to create a composition that my fellow directors and I feel will provide an effective structure for the company's continued and long term strategic growth. Importantly, your management comprises the same key people that have driven your company's growth for the past 15 years, and whose resolute focus is on driving our growth for the next 15 years.

In line with this restructuring, Paul Rengel has stepped down from his position as Chairman after 15 years in the role and will take up a role as non-executive director. Paul has made an outstanding contribution to the work of the Board. I would like to thank Paul, and look forward to his continued contribution.

Our ability to perform in a challenging environment is a testament to the ability of our management staff, their team, our consultants, and our builders. I congratulate them on their successes that have placed Finbar in an enviable position with the ability to freely harness exciting new project opportunities.

Your company will hold its annual general meeting in November, the details of which have been mailed to you. I encourage all shareholders to attend so that we may update on our project activity for the year to date.

John Chan

Executive Chairman
15 October 2010

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 nine staff members in its South Perth offices.

CODE APARTMENTS
69 MILLIGAN STREET PERTH

The past year has seen Finbar continue to grow with another consecutive record profit in a year that has again challenged the property industry as the sector finds its feet in a post GFC environment.

This success is due to our focus on a few core strategic fundamentals that are central to the way in which this company has conducted business since 1995, and in no small part due to the deep commitment from our dedicated staff, external design team, and builders, who are all driven to produce an end result that meets the needs of our chosen market.

Finbar has focused on our brand, product, and costs, and has remained agile. This strategy drives everything that we do, and the past twelve months we have continued to deliver improved outcomes against each of these strategic goals.

The market acceptance of our brand and our product is demonstrated by the low default rates for completed lots, and the sale of all residential lots across all of our completed projects. These settlements enabled us to boost cash reserves to $41.5 million at 30 June 2010 in preparation for the construction launch of new projects totalling $615 million in end value.

This past year we have brought two new projects to the market with Times Two and 18 on Plain. Together these projects bring an additional 171 presales onto the books for future recognition.

Securing sufficient pre-sales to retire project debt on project completion is central to our core policies to mitigate risk and provide our bankers with security for project specific finance. As such, we have secured our project facilities for new projects at Fairlanes, Times Two, and an investment facility for the now completed Gateway office building, and we thank our bankers Westpac, Commonwealth Bank, and NAB respectively for their continued support of the company in what we recognise is a very tight credit market.

The tight credit market has continued to restrict competitive development activity, and this effect, coupled with the constant drive for innovative cost saving construction methods are helping to provide the company with robust margins across all current projects and has helped move raw land costs to a more attractive level for the benefit of future projects. We have used this opportunity to secure two new developments sites, in East Victoria Park and Karratha, which together will place an additional 400 lots into the project pipeline.

Pilbara Expansion

It is unavoidable now that any property company in Western Australia is intrinsically linked to the future success of the State's resource sector as the sector drives the employment, population, and general financial wellbeing of all West Australians.

This year the company has gone one step further toward direct involvement in the creation of lifestyle apartment housing in the Pilbara with the imminent acquisition of a 1.2 hectare site in Karratha. Karratha is an administrative centre of resources activity and a town which is experiencing an inability of new housing supply to keep up with accommodation demands.

Finbar and our construction partners have the capacity and capability to create apartment projects in the Pilbara that offer the same features, finishes, and lifestyle choices to those enjoyed by the buyers of our Perth projects.

We have committed to construct our first project which will comprise 292 residential apartments plus 3,000 square metres of office and retail space in the Karratha town centre. Subject to development approvals, we intend to take this product to the market and commence construction work this financial year.

In March we conducted a capital raising of $20.7 million to provide working capital for the company's first Pilbara project and to ensure that our expansion into the region does not restrict the company's ability to capitalise from the significant growth opportunities that continue to exist in our Perth apartment business.

We do not see this Karratha opportunity as a single project commitment, but rather the beginning of a long term relationship with the region, working side by side with the enormous government and private sector commitments, where Finbar can develop apartment housing for Pilbara workers and their families to help satisfy demand for many years to come.

Looking Ahead

Finbar has entered the 2010-11 financial year with a healthy pipeline of projects currently under construction which are supported by strong presales. These presales provide the company with a high level of certainty that project specific debt will be extinguished on completion, and that our future revenue and profits are also secure. This year will also see the company realise an increase in holding value from its Gateway Office project as the building starts to receive rental income and is recognised as an investment asset. These projects will underpin our earnings this financial year and as such we are anticipating achieving similar levels of profit to the record profit achieved last financial year, with potential to achieve further earnings growth in 2011-12 as a new round of projects reach the end of the development pipeline.

Government population forecasts predict that an additional 560,000 people will need to be accommodated in Perth and subregions by 2031, creating a demand for an estimated 328,000 new homes. The state government has mandated for at least 47%, or 154,000 of these homes to occur in established urban areas by way of infill developments. As the States leading built-form apartment developer, Finbar is ideally positioned to benefit from this strategic shift from urban sprawl to infill developments at a time when the apartment market is maturing as a true accommodation alternative to the single residential home.

Your board and management remain committed to prudent investment in property development assets that will enable your company to exploit its competitive advantages. These investments will be either wholly owned acquisitions, or provide opportunities for the company to leverage off its intellectual property by securing joint ventures with land owners, and welcoming further business with our existing joint venture partners.

We will however continue to use the same core principles that have driven company growth for the past 15 years as the board positions your company to grow alongside Western Australia's expanding population.

Darren Pateman

Managing Director
15 October 2010

COMPLETED DEVELOPMENTS

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 but 1 lot remains unsold.

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.

VERVE

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 completing in November 2009. All but 1 lot remains unsold and 80% of apartments have been settled with the majority of the balance anticipated to take place in FY2011

DEL MAR

Del Mar Apartments - located at 3 The Palladio, Mandurah Ocean Marina is a 100% owned project completed in November 2007. As of the last reporting year the Company settled 2 of the 3 remaining stock with the last apartment now sold and settlement to occur in FY2011.

HORIZON

Horizon on Sixth and Horizon Central is a 100% owned project located on the former Senses site between Sixth Avenue and Central Avenue in Maylands. The development comprised a total of 112 apartments in 2 and 3 bedroom configurations over 2 stages. All apartments have settled.

COMPLETED DEVELOPMENTS

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 approximately 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.

REFLECTIONS

Reflections Waterfront Apartments is a 50% Joint Venture project located at 98 and 100 Terrace Road in East Perth. The Development officially completed in August 2009 and now remains the tallest and most iconic apartment development on Terrace Road. All 142 apartments totalling $131m in sales revenue have settled in the reporting period.

CIRCLE

Circle Apartments located at 98 and 89 Lake Street in Northbridge is a 100% owned project comprising a total of 31 – 2 and 3 bedroom apartments and 6 commercial lots. The development completed in July 2009 with all lots now settled.

ROYALE

Royale Apartments is a 50% Joint Venture project located at 369 Hay Street in East Perth. The development contains 197 – 1, 2 and 3 bedroom apartments including 4 commercial lots. The development completed in June 2009 with all lots now settled.

HORIZON HERITAGE

Horizon Heritage, purchased in 2007, on the corner of Whatley Crescent and Sixth Avenue in Maylands was home to the former WA Institute of the Blind. The building was substantially restored externally and sold to the City of Bayswater last reporting period with settlement effected in FY2011. The premises will be home to the Western Australian Ballet turning the building into a vibrant world-class training facility.

THE EDGE

8 HORDERN STREET, VICTORIA PARK

TOTAL LOTS	75 – 2 and 3 bedroom apartments
SALES CONTRACTS SECURED	$45,447,000
TOTAL PROJECT SALES VALUE	$54,197,000
AVERAGE SALE PRICE TO DATE	$699,185
ESTIMATED COMPLETION DATE	Financial Year 2011
% SOLD	87%
PROJECT COMPANY	59 Albany Highway Pty Ltd
FINBAR'S ULTIMATE INTEREST	64%

The Edge Apartments is a 7 storey development situated just 10 minutes from the CBD and a short stroll from the Swan River. The development encompasses a total of 75 apartments in 2 and 3 bedrooms layouts including 11 townhouse style apartments. Marketing commenced in August 2008 with construction works scheduled for completion in the coming months.

The Company has 10 unsold units remaining in this development and is anticipating settlement of the 65 secured sales to occur in the first half of FY2011.

CURRENT DEVELOPMENTS

FAIRLANES PERTH

181 ADELAIDE TERRACE, EAST PERTH

FAIRLANES
PERTH

TOTAL LOTS	128 – 2 and 3 bedroom apartments
SALES CONTRACTS SECURED	$94,985,000
COMMERCIAL	Refer to Fairlanes Office
TOTAL PROJECT SALES VALUE	$108,170,000
AVERAGE SALE PRICE TO DATE	$848,080
ESTIMATED COMPLETION DATE	Financial Year 2012
% SOLD	88%
PROJECT COMPANY	175 Adelaide Terrace Pty Ltd
FINBAR'S ULTIMATE INTEREST	100%

Fairlanes Perth is a 27 storey 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 resort style amenities on the 7th Floor.

Marketing commenced in March 2009 and construction works is well underway with 4 levels of basement now completed. Only 16 apartments remain unsold.

FAIRLANES OFFICE

181 ADELAIDE TERRACE, EAST PERTH

NETT LETTABLE AREA	7,155 m^2
BUILDING END VALUE	$50,041,000
COMMERCIAL RETAIL LOTS	52
ESTIMATED COMPLETION DATE	Financial Year 2012
APPROXIMATE GROSS RENTAL PA	$3,220,000
PROJECT COMPANY	175 Adelaide Terrace Pty Ltd
FINBAR'S ULTIMATE INTEREST	100%

FAIRLANES
OFFICE

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

Your Company is currently marketing the office space for lease.

CURRENT DEVELOPMENTS

TIMES TWO APARTMENTS

143 ADELAIDE TERRACE, EAST PERTH

TOTAL LOTS	200 – Studio, 1, 2 and 3 bedroom apartments
SALES CONTRACTS SECURED	$71,946,500
COMMERCIAL	2
TOTAL PROJECT SALES VALUE	$94,420,000
AVERAGE SALE PRICE TO DATE	$479,643
ESTIMATED COMPLETION DATE	Financial Year 2011
% SOLD	74%
PROJECT COMPANY	143 Adelaide Terrace Pty Ltd
FINBAR'S ULTIMATE INTEREST	50%

Times Two Apartments, located at 143 Adelaide Terrace in East Perth sits strategically within a short distance from 4 other successfully completed Finbar developments. The project encompasses 200 - 1, 2, 3 bedroom and studio apartments over two 10 storey buildings. Marketing commenced in November 2009 with structural works now nearing completion. The Company has secured 150 sales contracts and is actively marketing the remainder of the lots.

CURRENT DEVELOPMENTS

18 ON PLAIN

22 PLAIN STREET, EAST PERTH

TOTAL LOTS	29 – 2 bedroom apartments
SALES CONTRACTS SECURED	$13,198,000
COMMERCIAL LOTS	2
TOTAL PROJECT SALES VALUE	$20,501,000
AVERAGE SALE PRICE TO DATE	$627,900
ESTIMATED COMPLETION DATE	Financial Year 2012
% SOLD	65%
PROJECT COMPANY	22 Plain Street Pty Ltd
FINBAR'S ULTIMATE INTEREST	50%

eighteen on plain

18 on Plain is a boutique development located in East Perth comprising 29 two bedroom apartments and two commercial lots over 10 storeys. The development sits opposite the Hyatt hotel and only 300m from the Swan River. Marketing commenced in March 2010 with 21 apartments now sold and only 10 lots remaining.

Ground works are currently underway and the Company anticipates having this project completed in FY2012.

Stage 1 - Adagio

SYMPHONY CITY

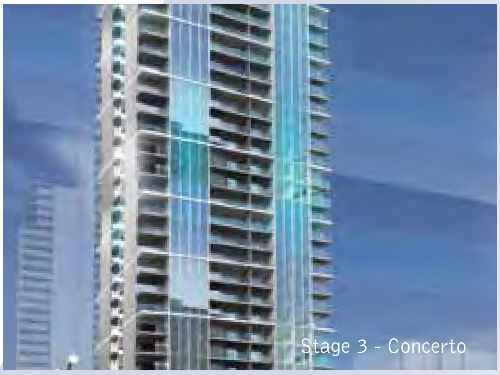
187 ADELAIDE TERRACE, EAST PERTH

SYMPHONY CITY

TOTAL LOTS	Approximately 425
APPROXIMATE END VALUE	$450,000,000
COMMERCIAL LETTABLE AREA	3,300 m^2
ESTIMATED COMPLETION DATE	Financial Year 2013, 2014 & 2015
PROJECT COMPANY	88 Adelaide Terrace Pty Ltd
FINBAR'S ULTIMATE INTEREST	50%

Symphony City is a 50% Joint Venture project located on the former ABC site in East Perth. The property will be redeveloped into 3 apartment towers over 3 separate stages and will generate approximately $450 million in total sales revenue over 6 years. The Company is currently gearing up to launch stage 1 of Symphony City at the end of October 2010 which will bring a total of 117 apartments to the market place valued at approximately $187 million.


Stage 2 - Toccata


Stage 3 - Concerto


Stage 4 - Harmony

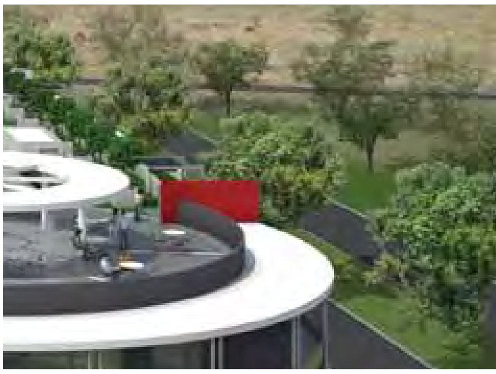
PELAGO

CORNER OF WARRAMBIE AND SHARPE AVENUE, KARRATHA

TOTAL LOTS	292 - 1, 2 and 3 bedroom apartments
APPROXIMATE END VALUE	$225,000,000
COMMERCIAL LOTS	22
ESTIMATED COMPLETION DATE	Financial Year 2012
PROJECT COMPANY	Finbar Karratha Pty Ltd
FINBAR'S ULTIMATE INTEREST	100%

APARTMENTS PELAGO

Karratha (Stage 1 and 2) is a 100% owned project located on the corner of Warrambie and Sharpe Avenue in Karratha. Subject to development approval the development will span across two stages comprising 292 apartments in 1, 2 and 3 bedroom configurations as well as approximately 2,782sqm of commercial space. The development will be the first of its kind in the Karratha town centre. The Company is in the planning stage of launching the development at the end of 2010.



FUTURE DEVELOPMENTS

ST MARKS 369 - 375 STIRLING STREET, HIGHGATE

St Marks Stirling St, Highgate – Submission is currently underway to redevelop the site into two stages comprising a total approximately of 152 apartments in 1, 2 and 3 bedroom configurations over 6 floors, and the restoration of the heritage building which will be converted into 1,104 m^2 of boutique offices. The development is scheduled to launch to the public in early 2011.

TOTAL LOTS	152 - 1, 2 and 3 bedroom apartments
COMMERCIAL LETTABLE AREA	1,104m2
APPROXIMATE END VALUE	73,000,000
ESTIMATED COMPLETION DATE	FY 2013
PROJECT COMPANY	Finbar Funds Management Ltd as RE For Finbar Property Trust
FINBAR'S ULTIMATE INTEREST	100%

185 SWANSEA 185 SWANSEA STREET VICTORIA PARK

185 Swansea Street in Victoria Park is a 50% Joint Venture project comprising a total of 95 two bedroom apartments and 2,514m^2 of commercial space over 3 walk-up levels. The development is situated just a few minutes from the café and restaurant precinct along Albany Highway. The Company is anticipating launching this project to the public in early 2011.

TOTAL LOTS	95 - 2 bedroom apartments
COMMERCIAL LOTS	16
APPROXIMATE END VALUE	$55,000,000
ESTIMATED COMPLETION DATE	FY 2012
PROJECT COMPANY	185 Swansea Street Pty Ltd
FINBAR'S ULTIMATE INTEREST	50%

GATEWAY
59 ALBANY HIGHWAY, VICTORIA PARK

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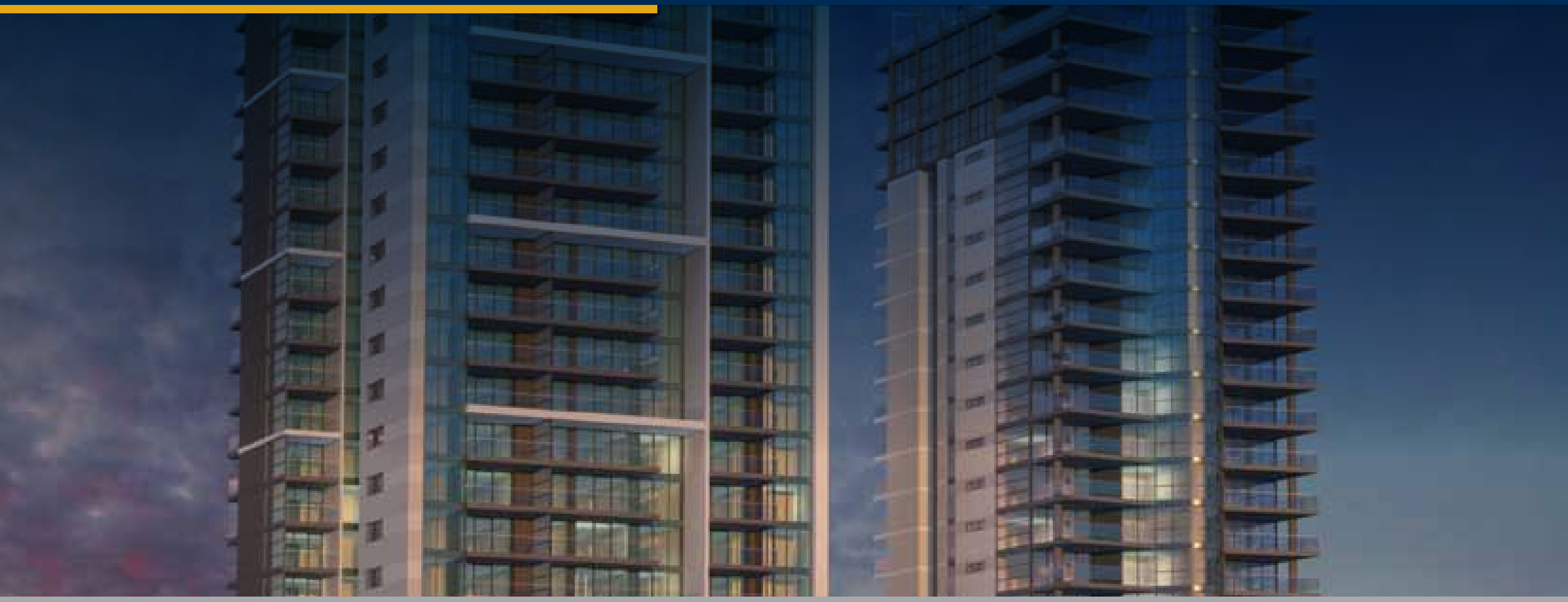

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2010

The Directors present their report together with the financial report of Finbar Group Limited ('the Group'), being the Company, its Subsidiaries and the Group's interest in Jointly Controlled entities for the financial year ended 30 June 2010 and the independent auditor's report thereon.

Contents of Directors' Report **Page**

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2010

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 (Chairman)

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

Paul Rengel was appointed Chairman in 1992 and has 38 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 three 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 and Scomi Marine Bhd, Malaysia, both publicly-listed marine transportation companies.

Non-executive Director

Kee Kong LOH – B Acc, CPA

Director since 28 April 1993

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.

1 Directors (continued)

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 14 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.

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 four 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
Paul Anthony RENGEL	3	3	3
John Boon Heng CHEAK	3	2	3
Kee Kong LOH	3	3	3
John CHAN	3	3	3
Darren John PATEMAN	3	3	3

4 Corporate Governance Statement

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

4.1 Board of Directors

Role of the Board

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

To 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.

DIRECTORS' REPORT

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 20 of this report.

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

- The Board shall comprise Directors with a range of expertise encompassing the current and proposed activities of the Company;
- Where a vacancy is considered to exist, the Board selects an appropriate candidate through consultation with external parties and consideration of the needs of shareholders and the Company. Such appointments are referred to shareholders at the next opportunity for re-election in general meeting;
- New Directors are provided the opportunity to meet with management and familiarise themselves with the business operations of the 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

During the year ended 30 June 2010, the Company did not have a remuneration committee and the Board undertook the responsibilities of a remuneration committee.

Since the end of the financial year a Remuneration Committee has been established.

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.

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

Each year 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 2010 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 2010 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:

	2010	2009	2008	2007	2006
Total comprehensive income	$23,561,832	$18,895,446	$12,228,014	$3,002,734	$5,025,449
Dividends paid	$9,928,923	$8,472,983	$9,682,097	$7,476,138	$4,098,936
Change in share price	$0.20	$0.18	-$0.18	-$0.08	$0.47
Return on capital employed	26.94%	24.79%	11.90%	5.79%	12.01%
Return on total equity	21.13%	24.47%	18.15%	5.02%	10.26%

Profit before tax is considered as one of the financial targets in setting the STI. Profit amounts for 2006 to 2010 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.

4.3 Remuneration Report - Audited (continued)

4.3.1 Principles of Remuneration - Audited (continued)

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 2004 year AGM, is not to exceed $157,000 per annum and are set based on advice from external advisors with reference to fees paid to other Directors of comparable companies. Directors' base fees are presently up to $157,000 per annum.

The Chairman may receive up to twice the base fee. Directors' fees cover all main Board activities and membership of committees. The Chairman of the Audit Committee may receive up to $10,175 per annum to Chair and administer the committee matters.

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 2010 are:

	Directors Fees	Salary	STI Cash Bonus (A)	Superannuation	Other Long Term Benefits	Total	Value of Cash Bonus as proportion of Remuneration
	$	$	$	$	$	$	%
Executive Directors							
Mr John Chan, Executive Chairman	29,365	190,881	415,816	107,312	-	743,374	55.94%
Mr Darren John Pateman, Managing Director	29,365	198,170	332,653	40,238	-	600,426	55.40%
Non-executive Directors							
Mr Paul Anthony Rengel	39,540	-	-	-	-	39,540	
Mr John Boon Heng Cheak	29,365	-	-	-	-	29,365	
Mr Kee Kong Loh	29,365	-	-	-	-	29,365	
Executives							
Mr Edward Guy Bank, CFO	-	148,963	215,725	28,817	13,290	406,795	53.03%
	157,000	538,014	964,194	176,367	13,290	1,848,865	52.15%

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 2009 are:

	Directors/ Secretarial Fees	Salary	STI Cash Bonus (A)	Superannuation	Total	Value of Cash Bonus as proportion of Remuneration
	$	$		$	$	%
Executive Directors						
Mr John Chan	26,940	79,624	431,595	110,565	648,724	66.53%
Mr Darren John Pateman	22,450	102,468	276,424	36,121	437,463	63.19%
Non-executive Directors						
Mr Paul Anthony Rengel	39,540	-	-	-	39,540	
Mr John Boon Heng Cheak	29,365	-	-	-	29,365	
Mr Kee Kong Loh	29,365	-	-	-	29,365	
Executives						
Mr Edward Guy Bank	-	93,876	193,698	29,437	317,011	61.10%
	147,660	275,968	901,717	176,123	1,501,468	60.06%

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 24. Details of the Group's policy in relation to the remuneration that is performance related is discussed on Page 24.

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	415,816	100%
Mr Darren John Pateman	332,653	100%
Executives		
Mr Edward Guy Bank, CFO	215,725	100%
	964,194	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 2010 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.

4.3.4.1 Exercise of Options Granted as Remuneration in Previous Years - Audited

During the reporting period, the following shares were issued on the exercise of options previously granted as remuneration (granted 3 July 2006) 1,025,000 shares were issued on the exercise of options previously granted as remuneration.

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

			Value of Options		
	Number of Shares	Amount Paid per Share	Exercised in 2010 $ (A)	Lapsed in 2010 $ (B)	Total Option Value in 2010 $
Mr Richard Dean Rimington (Resigned 31 August 2008)	725,000	$0.40	290,000	-	290,000
Mr Paul Anthony Rengel	300,000	$0.40	120,000	-	120,000
Total Options Exercised	1,025,000		410,000	-	410,000

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

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

4.4 Audit Committee

During the year ended 30 June 2010, the Company did not have an audit committee and the Board undertook the responsibilities of an audit committee.

Since the end of the financial year an Audit Committee has been established.

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 2010 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.

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 page 29).

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.

4.5 Risk Management (continued)

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.

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	2010	2009
The net profit of the Group after income tax amounted to	$23,571,133	$18,970,991

Shareholder Returns	2010	2009	2008	2007	2006
Profit attributable to owners of the Group	$23,571,133	$18,970,991	$12,230,513	$2,915,086	$5,045,470
Basic EPS	$0.16	$0.13	$0.09	$0.02	$0.05
Diluted EPS	$0.16	$0.13	$0.09	$0.02	$0.05
Dividends paid	$9,928,923	$8,472,983	$9,682,097	$7,476,138	$4,098,936
Dividends paid per share	$0.05	$0.06	$0.07	$0.06	$0.04
Market price per share	$1.00	$0.80	$0.62	$0.80	$0.88
Change in share price	$0.20	$0.18	-$0.18	-$0.08	$0.47
Return on capital employed	26.95%	24.87%	11.90%	5.69%	12.05%
Return on total equity attributable to holders of the Group	21.13%	24.56%	18.16%	4.88%	10.29%

Net profit amounts for 2006 to 2010 have been calculated in accordance with Australian Accounting Standards (AASBs).

Returns to shareholders increase through both dividends and capital growth. Dividends for 2010 were fully franked and it is expected that dividends in future years will continue to be fully franked.

Review of Operations

The Group has completed the sale of the final remaining unit in the Mandurah Marina (Delmar) development and settlement is due in the financial year ending 30 June 2011.

The Group has completed the sale and settlement of all remaining units in the Whatley Crescent development (Horizon on Sixth and Horizon on Central) in Maylands. The Heritage site at Whatley Crescent was sold in the reporting period and has settled in the financial year ending 30 June 2011.

The Group has completed the sale and settlement of all remaining units in the 375 Hay Street (Royale) development in East Perth.

The Group has completed the sale and settlement of all units in the 96 & 102 Terrace Road (Reflections) development in East Perth.

The Group has completed the sale and settlement of all units in the 89 & 98 Lake Street (Circle) development in Northbridge where the final remaining unit has settled in the financial year ending 30 June 2011.

The Group has completed the development of the site at 118 Adelaide Terrace (The Saint) in East Perth. A total of 78 units were settled in the reporting period, with 1 unit having been settled since that date. A total of 2 units remain unsettled and 4 units remain unsold. It is expected that all remaining units will be sold and settled in the financial year ending 30 June 2011.

The Group has completed the development of the site at 69 Milligan Street (Code) in Perth where a total of 108 units were settled in the reporting period, with 3 units having been settled since that date and 3 units remaining unsettled. It is expected that all remaining units will be settled in the financial year ending 30 June 2011.

The Group has completed the development of the site at 145 Newcastle Street (Verve) in Northbridge. A total of 23 units were settled in the reporting period, with 2 units having been settled since that date. A total of 8 units remain unsettled and 1 unit remains unsold. It is expected that all remaining units will be sold and settled in the financial year ending 30 June 2011.

The Group has continued the development of the residential sites at 59 Albany Highway (The Edge) in Victoria Park with 65 units having been pre-sold, 175 Adelaide Terrace (Fairlanes) in East Perth with 105 units having been pre-sold, 141 Adelaide Terrace (Times Two) in East Perth with 143 units having been pre-sold and 22 Plain Street (18 on Plain) in East Perth with 20 units having been pre-sold.

The Group has continued obtaining approvals for the development of the site at 187 Adelaide Terrace (ABC site) in East Perth.

The Group has also continued the development of the commercial site at 59 Albany Highway (Gateway) in Victoria Park. Tenants have commenced moving into the property since the end of the reporting period.

During the year the Group acquired the site at the corner of 6-14 Welshpool Road and 185-189 Swansea Street in East Victoria Park and has commenced obtaining approvals for the development of this site.

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 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 Dividends Paid		9,928,923		

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.

	Cents per Share	Total Amount $	Franked / Unfranked	Date of Payment
Final 2010 ordinary	5.50	8,939,797	Franked	20 September 2010
Total Dividends Proposed		8,939,797		

The effect of these dividends have not been brought to account in the financial statements for the year ended 30 June 2010 and will be recognised in subsequent financial reports.

	Note	$
Dealt with in the financial report as - Dividends	22	9,928,923

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 in the Notes to the Financial Statements), the commercial bill facility of $41,978,203 has been repaid, and has been replaced with a new three year facility.
- Since the end of the financial year the Group has successfully completed the settlement of the heritage property at Lot 134 Whatley Crescent in Maylands.

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	20,830,020	-
Mr Paul Anthony Rengel	623,000	-
Mr John Boon Heng Cheak	380,000	-
Mr Kee Kong Loh	1,930,000	-
Mr Darren John Pateman	2,189,228	-

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, the Company issued ordinary shares as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued and no remaining unnissed shares under options):

	Number of Shares	Amount Paid per Share
During the financial year	1,025,000	$0.40
Total Options Exercised	1,025,000	

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 $18,010 (2009: $18,659) 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.

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	
	2010 $	2009 $
Audit Services:		
Auditors of the Company		
Audit and review of the financial reports (KPMG Australia)	182,115	177,000
Audit Services:		
Auditors of the Jointly Controlled Entities		
Audit and review of the financial reports (KPMG Australia)	-	11,000
Services Other Than Statutory Audit:		
Taxation compliance services (KPMG Australia)	19,530	17,200

14 Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on Page 87 and forms part of the Directors' Report for the financial year ended 30 June 2010.

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

John Chan
Executive Chairman

Dated at Perth this Sixteenth day of August 2010.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Revenue	7	154,448,539	54,627,949
Cost of sales		(124,168,242)	(35,638,592)
Gross Profit		30,280,297	18,989,357
Other income	8	575,806	863,094
Administrative expenses		(5,665,924)	(4,302,314)
Other expenses	9	(1,136,101)	(1,085,741)
Results from Operating Activities		24,054,078	14,464,396
Financial income	11	3,644,424	2,890,715
Financial expense	11	(848,846)	(3,138,737)
Net Financial Income/(Expense)		2,795,578	(248,022)
Share of profit of Equity Accounted Investees (net of income tax)	15	5,325,207	9,235,694
Profit before Income Tax		32,174,863	23,452,068
Income tax expense	12	(8,613,031)	(4,556,622)
Profit for the year		23,561,832	18,895,446
Other comprehensive income			
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		23,561,832	18,895,446
Profit attributable to:			
Owners of the Group		23,571,133	18,970,991
Non-controlling interest		(9,301)	(75,545)
Profit for the year		23,561,832	18,895,446
Total comprehensive income attributable to:			
Owners of the Group		23,571,133	18,970,991
Non-controlling interest		(9,301)	(75,545)
Total comprehensive income for the year		23,561,832	18,895,446
Earnings per Share:			
Basic earnings per share (cents per share)	23	16.07	13.44
Diluted earnings per share (cents per share)	23	16.07	13.34

The Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements set out on Pages 40 to 83.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	Attributable to equity holders of the company					
	Non Controlling Interest	Total Equity	Non Controlling Interest	Total Equity	Non Controlling Interest	Total Equity
	$	$	$	$	$	$
Opening balance at 1 July 2008	57,192,231	2,895,027	7,244,620	67,331,878	30,464	67,362,342
Total comprehensive income for the year						
Profit for the year			18,970,991	18,970,991	(75,545)	18,895,446
Transactions with owners, recorded directly in equity						
Shares issued - net of share issue cost and tax	170,000			170,000		170,000
Own shares acquired	(751,740)			(751,740)		(751,740)
Dividends to shareholders (Note 22)			(8,472,983)	(8,472,983)		(8,472,983)
Closing balance at 30 June 2009	56,610,491	2,895,027	17,742,628	77,248,146	(45,081)	77,203,065
Opening balance 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 for the year			23,571,133	23,571,133	(9,301)	23,561,832
Transactions with owners, recorded directly in equity						
Shares issued - net of share issue cost and tax	20,675,300			20,675,300		20,675,300
Dividends to shareholders (Note 22)			(9,928,923)	(9,928,923)		(9,928,923)
Closing balance at 30 June 2010	77,285,791	2,895,027	31,384,838	111,565,656	(54,382)	111,511,274

Amounts are stated net of tax

The Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on Pages 40 to 83.

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2010

		Consolidated	
	Note	2010	2009
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents	21a	41,543,385	27,289,254
Trade and other receivables	19	12,844,144	10,274,416
Inventories	18	88,376,211	136,490,698
Prepayments	20	1,491,478	3,847,866
Investments in Equity Accounted Investees	15	1,628,395	6,143,822
Other investments	16	-	8,370,004
Total Current Assets		145,883,613	192,416,060
Non Current Assets			
Trade and other receivables	19	9,027,144	3,436,294
Inventories	18	24,672,252	24,745,465
Investment property	13	12,000,000	13,000,000
Investments in Equity Accounted Investees	15	163,807	238,373
Property, plant and equipment	14	1,152,836	992,900
Deferred tax assets	17	1,219,873	1,536,817
Total Non Current Assets		48,235,912	43,949,849
Total Assets		194,119,525	236,365,909
LIABILITIES			
Current Liabilities			
Trade and other payables, including derivatives	27	3,825,071	6,809,105
Loans and borrowings	24	66,196,840	127,419,651
Current tax payable	17	1,516,698	3,122,821
Employee benefits	25	43,027	-
Total Current Liabilities		71,581,636	137,351,577
Non Current Liabilities			
Trade and other payables, including derivatives	27	-	684,855
Loans and borrowings	24	11,002,492	21,126,412
Employee benefits	25	24,123	-
Total Non Current Liabilities		11,026,615	21,811,267
Total Liabilities		82,608,251	159,162,844
Net Assets		111,511,274	77,203,065
EQUITY			
Share capital	22	77,285,791	56,610,491
Share option reserve	26	2,895,027	2,895,027
Retained earnings		31,384,838	17,742,628
Total Equity Attributable to Holders of the Group		111,565,656	77,248,146
Non-controlling interest		(54,382)	(45,081)
Total Equity		111,511,274	77,203,065

The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements set out on Pages 40 to 83.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Cash Flows from Operating Activities			
Cash receipts from customers		155,662,393	56,862,206
Cash paid to suppliers and employees		(76,027,359)	(86,900,033)
Cash generated from/(used in) Operations		79,635,034	(30,037,827)
Interest paid		(4,947,957)	(8,155,534)
Income taxes paid		(9,715,909)	(8,266,371)
Net Cash generated from/(used in) Operating Activities	21b	64,971,168	(46,459,732)
Cash Flows from Investing Activities			
Proceeds from sale of other investments		1,546	14
Interest received		2,385,767	3,687,853
Dividends received from Equity Accounted Investees		9,915,199	6,737,107
Dividends received		96	239
Acquisition of property, plant and equipment	14	(215,534)	(52,637)
Acquisition of other investments		-	(2)
Loans to Equity Accounted Investees		(1,041,377)	(6,958,556)
Net Cash (used in)/provided by Investing Activities		11,045,697	3,414,018
Cash Flows from Financing Activities			
Proceeds from issue of share capital	22	20,489,000	170,000
Share buy back	22	-	(751,740)
(Repayment of)/Proceeds from borrowings	24	(72,322,811)	51,311,882
Dividends paid	22	(9,928,923)	(8,472,983)
Net Cash (used in)/received from Financing Activities		(61,762,734)	42,257,159
Net increase/(decrease) in cash and cash equivalents		14,254,131	(788,555)
Cash and cash equivalents at 1 July		27,289,254	28,077,809
Cash and Cash Equivalents at 30 June	21a	41,543,385	27,289,254

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on Pages 40 to 83.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

Index to Notes to the Financial Statements

Index to Significant Accounting Policies

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 the year ended 30 June 2010 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 financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on 16 August 2010.

(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 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 26 - measurement of share-based payments,
- Note 28 - valuation of financial instruments.

(e) Changes in Accounting Policies Overview

Starting as of 1 July 2009, the Group has changed its accounting policies in respect to the following areas:

- Determination and presentation of operating segments;
- Presentation of financial statements.

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.

(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.

3 Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

(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.

(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:

- Buildings 40 years
- Office furniture, 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.

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 in 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.

3 Significant Accounting Policies (continued)

(f) Impairment (continued)

(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.

(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 for 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 Expense

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.

3 Significant Accounting Policies (continued)

(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.

(n) Segment Reporting

Determination and Presentation of Operating Segments

As of 1 July 2009 the Group determines and presents operating segments based on information that internally is provided to the Executive Chairman, who is the Group's Chief Operating Decision Maker (CODM). This change in accounting policy is due to the adoption of AASB 8 *Operating Segments*. Previously operating segments were determined and presented in accordance with AASB 114 *Segment Reporting*. The new accounting policy in respect of segment operating disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirements of AASB 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

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 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), which became applicable as of 1 July 2009. 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.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact in earnings per share.

(p) New Standards and Interpretations not yet Adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report:

- AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement.* AASB 9 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Group has not yet determined the potential effect of the standard.
- AASB 124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which become mandatory for the Group's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

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 2.89% (2009: 1.56%) of the Group's revenue is attributable to sales transactions with a single customer.

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.

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.

5 Financial Risk Management (continued)

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.
- $1.225 million overdraft facility that is secured as a part of the overall finance facility for 59 Albany Highway Pty Ltd. Interest is payable at overdraft reference rates.
- $0.35 million overdraft facility that is secured as a part of the overall finance facility for 59 Albany Highway 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 is 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 capital of between 6.00% and 8.00%; during the year ended 30 June 2010 the return was 12.18% (2009: 7.99%). In comparison the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 5.14% (2009: 6.04%).

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

	Consolidated	
	2010	2009
	$	$
Total liabilities	91,010,041	166,558,962
Less: Cash and cash equivalents	41,543,385	27,289,254
Net Debt	49,466,656	139,269,708
Total equity	111,511,274	77,203,065
Adjusted capital	111,511,274	77,203,065
Debt-to adjusted capital ratio at 30 June	0.44	1.80

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.

6 Segment Reporting

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.

6 Segment Reporting (continued)

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	-	-	25,187,779
Capital Expenditure	-	-	210,920	-	210,920

Information about Reportable Segments For the Year ended 30 June 2009	Residential Apartment Development $	Commercial Office/Retail Development $	Rental of Commercial Property $	Other $	Total $
External Revenues - Company and Subsidiaries	49,372,876	-	805,667	5,312,500	55,491,043
External Revenues - Equity Accounted Investees	81,430,424	1,228,260	26,589	-	82,685,273
External Revenues - Total	130,803,300	1,228,260	832,256	5,312,500	138,176,316
Interest Income	13,586	-	-	2,876,890	2,890,476
Interest Expense	-	-	-	1,093,946	1,093,946
Depreciation and Amortisation	-	-	9,249	55,142	64,391
Reportable Segment Profit before Income Tax - Company and Subsidiaries	13,867,149	(132,864)	719,926	5,312,500	19,766,711
Reportable Segment Profit before Income Tax - Equity Accounted Investees	13,005,832	(8,237)	26,589	-	13,024,184
Reportable Segment Profit before Income Tax - Total	26,872,981	(141,101)	746,515	5,312,500	32,790,895
Reportable Segment Assets - Company and Subsidiaries	125,813,308	40,343,497	13,148,757	36,264	179,341,826
Reportable Segment Assets - Equity Accounted Investees	33,717,416	2,686,317	-	-	36,403,733

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

		Consolidated	
	Note	2010	2009
		$	$
Revenues			
Total revenue for development reportable segments	7	151,421,469	49,372,876
Total revenue for other reportable segments	7	3,027,070	5,255,073
		154,448,539	54,627,949
Total revenue for rental and other segments included in other income	8	575,806	863,094
Consolidated Revenue		155,024,345	55,491,043
Total revenue for development reportable segments - Equity Accounted Investees		44,427,989	82,658,684
Total revenue for rental segments included in other income - Equity Accounted Investees		2,672	26,589
Total Reportable Segments Revenue		199,455,006	138,176,316
Profit or Loss			
Total profit or loss for reportable segments		38,246,470	32,790,895
Financial income - Company and Subsidiaries		3,644,424	854,303
Financial income - Equity Accounted Investees		138,030	200,025
Financial expense - Company and Subsidiaries		(848,846)	(1,102,325)
Financial expense - Equity Accounted Investees		(9,784)	(7,926)
Unallocated amounts:			
Other corporate expenses		(5,694,822)	(4,324,156)
Revaluation of investment property		(1,000,000)	(1,000,000)
Income tax applicable to share of profit of Equity Accounted Investees		(2,300,609)	(3,958,748)
Consolidated Profit before Income Tax		32,174,863	23,452,068
Assets			
Total assets for reportable segments		129,688,183	179,341,826
Cash and cash equivalents		41,543,385	27,289,254
Investments in Equity Accounted Investees		1,792,202	6,382,195
Other assets		21,095,755	23,352,634
Consolidated Total Assets		194,119,525	236,365,909

Geographical Segments

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

7 Revenue

	Consolidated	
	2010	2009
	$	$
Property development sales	151,421,469	49,372,876
Supervision and management fees	3,027,070	5,255,073
Total Revenue	154,448,539	54,627,949

8 Other Income

Administration fees	54,872	46,025
Rental income	493,606	805,667
Commission income	11,574	9,964
Other	15,754	1,438
Total Other Income	575,806	863,094

9 Other Expenses

Change in fair value of investment property	1,000,000	1,000,000
Rental expenses	136,101	85,741
Total Other Expenses	1,136,101	1,085,741

10 Personnel Expenses

Wages and salaries	2,251,744	1,691,724
Superannuation contributions	181,695	92,586
Increase in liability for annual leave	43,027	-
Increase in liability for long service leave	24,123	-
Directors and Officers fees	157,000	147,660
Directors and Officers fees - superannuation contributions	-	9,340
Total Personnel Expenses	2,657,589	1,941,310

11 Financial Income and Expense

	Consolidated	
	2010	2009
Recognised in Profit and Loss	$	$
Interest income on loans to Equity Accounted Investees	1,308,251	2,189,016
Interest income on bank deposits	1,101,588	687,874
Interest income on property settlements	147,152	13,586
Interest rate Swap Contract change in fair value	1,087,337	-
Dividend income/Trust distributions on available-for-sale financial assets	96	239
Total Financial Income	3,644,424	2,890,715
Interest expense	841,689	1,093,946
Interest rate Swap Contract change in fair value	-	2,036,412
Bank charges	7,157	8,379
Total Financial Expense	848,846	3,138,737
Net Financing Income/(Expense)	2,795,578	(248,022)
Analysis of Financial Expense		
Total financial expense	6,101,441	11,052,945
Less:		
Financial expense capitalised to inventory	(5,252,595)	(7,914,208)
Add:		
Financial expense relating to property developments sold	2,037,602	1,099,910
	2,886,448	4,238,647
Made up of:		
Financial expense relating to property developments sold	2,037,602	1,099,910
Financial expense relating to administration	848,846	3,138,737
	2,886,448	4,238,647

Financial expense has been capitalised to work in progress at a weighted average rate of 5.14% (2009: 6.04%)

12 Income Tax Expense

	Consolidated	
	2010	2009
	$	$
Recognised in Income Statement		
Current Tax Expense		
Current year	8,575,254	3,066,133
Income tax recognised directly to equity	45,734	65,484
Adjustments for prior periods	261,872	(1,976)
Non-recoverable amounts	1,381	-
	8,884,241	3,129,641
Deferred Tax Expense		
Origination and reversal of temporary differences	(271,210)	1,426,981
	(271,210)	1,426,981
Total Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	8,613,031	4,556,622
Numerical Reconciliation between Tax Expense and Pre-tax Net Profit		
Profit for the year	23,561,832	18,895,446
Total income tax expense	8,613,031	4,556,622
Profit excluding Income Tax	32,174,863	23,452,068
Income tax using the Group's domestic rate of 30% (2009: 30%)	9,652,459	7,035,620
Increase in income tax expense due to:		
Non-deductible expenses	294,892	293,660
Non-recoverable amounts	1,381	-
Decrease in income tax expense due to:		
Tax effect of share of Jointly Controlled entities' net profit	(1,597,562)	(2,770,661)
Tax effect of dividend imputation credits	(11)	(21)
	8,351,159	4,558,598
Under/(over) provided in prior years	261,872	(1,976)
Total Income Tax Expense	8,613,031	4,556,622
Income Tax Recognised Directly in Equity		
Decrease in income tax expense due to:		
Tax incentives not recognised in income statement	(45,734)	(65,484)
Total Income Tax Recognised Directly in Equity	(45,734)	(65,484)

13 Investment Property

	Consolidated	
	2010	2009
	$	$
Balance at 1 July	13,000,000	14,000,000
Change in fair value	(1,000,000)	(1,000,000)
Balance at 30 June	12,000,000	13,000,000

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

Changes in fair value of the investment property has been determined by independent valuation undertaken by an appropriately qualified valuer in the year ended 30 June 2010.

14 Property, Plant and Equipment

	Consolidated				
	Office Property	Office Furniture and Equipment	Plant and Equipment	Fixtures and Fittings	Total
Cost	$	$	$	$	$
Balance at 1 July 2008	868,323	251,960	38,974	189,443	1,348,700
Additions	-	36,272	-	-	36,272
Disposals	-	(245)	-	-	(245)
Balance at 30 June 2009	868,323	287,987	38,974	189,443	1,384,727
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
Depreciation	$	$	$	$	$
Balance at 1 July 2008	139,658	128,482	30,415	28,902	327,457
Disposals	-	(21)	-	-	(21)
Depreciation and amortisation charge for the year	21,708	28,637	1,713	12,333	64,391
Balance at 30 June 2009	161,366	157,098	32,128	41,235	391,827
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
Carrying Amounts	$	$	$	$	$
At 1 July 2008	728,665	123,478	8,559	160,541	1,021,243
At 30 June 2009	706,957	130,889	6,846	148,208	992,900
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

15 Equity Accounted Investees

The Group's share of profit in Equity Accounted Investees for the year was $5,325,207 (2009: $9,235,694).

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		Current Assets	Non-current Assets	Total Assets
		$	$	$
2009	**Ownership**			
22 Plain Street Pty Ltd*	50.00%	222,753	80,028	302,781
78 Terrace Road Joint Venture Pty Ltd*	50.00%	180	-	180
132 Terrace Road Joint Venture Pty Ltd*	50.00%	15,256	-	15,256
143 Adelaide Terrace Pty Ltd*	50.00%	2	1,633,420	1,633,422
185 Swansea Street Pty Ltd*	50.00%	2	120	122
188 Adelaide Terrace Joint Venture Pty Ltd*	50.00%	363	-	363
375 Hay Street Pty Ltd*	50.00%	24,041,931	3,300	24,045,231
406 & 407 Newcastle Street Pty Ltd*	50.00%	14,984,483	420,596	15,405,079
701 Wellington Street Pty Ltd*	50.00%	39,031,198	1,175,380	40,206,578
Rivervale Concepts Pty Ltd*	50.00%	926,864	-	926,864
		79,223,032	3,312,844	82,535,876

Jointly Controlled Entities Liabilities	Current Liabilities	Non-current Liabilities	Total Liabilities
	$	$	$
2009			
22 Plain Street Pty Ltd*	3,259	302,132	305,391
132 Terrace Road Joint Venture Pty Ltd*	5,292	-	5,292
143 Adelaide Terrace Pty Ltd*	-	1,633,700	1,633,700
185 Swansea Street Pty Ltd*	-	400	400
375 Hay Street Pty Ltd*	11,319,560	380,551	11,700,111
406 & 407 Newcastle Street Pty Ltd*	15,071,374	394,567	15,465,941
701 Wellington Street Pty Ltd*	39,040,186	1,173,347	40,213,533
Boas Gardens Estate Pty Ltd (De-registered)	163	-	163
Rivervale Concepts Pty Ltd*	446,955	-	446,955
	65,886,789	3,884,697	69,771,486

15 Equity Accounted Investees (continued)

Jointly Controlled Entities Assets

		Current Assets	Non-current Assets	Total Assets
		$	$	$
2010	Ownership			
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
175 Hay Street Joint Venture Pty Ltd*	50.00%	-	-	-
185 Swansea Street Pty Ltd*	50.00%	2,108	10,263,101	10,265,209
188 Adelaide Terrace Joint Venture Pty Ltd*	50.00%	-	-	-
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
Boas Gardens Estate Pty Ltd (De-registered)	50.00%	-	-	-
Rivervale Concepts Pty Ltd*	50.00%	406,093	-	406,093
		40,965,529	14,332,742	55,298,271

Jointly Controlled Entities Liabilities

	Current Liabilities	Non-current Liabilities	Total Liabilities
	$	$	$
2010			
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
175 Hay Street Joint Venture Pty Ltd*	-	-	-
185 Swansea Street Pty Ltd*	2,251	10,265,253	10,267,504
188 Adelaide Terrace Joint Venture Pty Ltd*	-	-	-
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

Net Profit/(Loss) Recognised from Jointly Controlled Entities	Revenues	Expenses	Profit/(Loss)
	$	$	$
2009			
22 Plain Street Pty Ltd*	-	11,087	(11,087)
78 Terrace Road Joint Venture Pty Ltd*	-	339	(339)
132 Terrace Road Joint Venture Pty Ltd*	-	(31,984)	31,984
143 Adelaide Terrace Pty Ltd*	-	400	(400)
175 Hay Street Joint Venture Pty Ltd*	-	(1,089)	1,089
185 Swansea Street Pty Ltd*	-	400	(400)
188 Adelaide Terrace Joint Venture Pty Ltd*	-	5,153	(5,153)
375 Hay Street Pty Ltd*	99,850,281	82,321,125	17,529,156
406 & 407 Newcastle Street Pty Ltd*	-	11,516	(11,516)
701 Wellington Street Pty Ltd*	-	2,410	(2,410)
Boas Gardens Estate Pty Ltd (De-registered)	-	206	(206)
Rivervale Concepts Pty Ltd*	65,467,088	56,608,922	8,858,166
	165,317,369	138,928,485	26,388,884

Net Profit/(Loss) Recognised from Jointly Controlled Entities	Revenues	Expenses	Profit/(Loss)
	$	$	$
2010			
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

* 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.

16 Other Investments

	Consolidated	
	2010	2009
	$	$
Current		
Investments in Listed shares	-	5,938
Loan to Joint Venture	-	8,364,066
Total Current Investments	-	8,370,004

All of the Group's equity investments in listed shares are in shares that are listed on the Australian Securities Exchange and are shown at cost. No assessment of fair value has been made as the amount of the investments are not significant.

The Group's Loan to Joint Venture represents the Group's loan to an unincorporated Joint Venture for the development of the property located at 118 Adelaide Terrace, East Perth. The loan is shown at cost. The Board of Directors has assessed no impairment to the value of the loan. This loan was repaid in January 2010.

17 Tax Assets and Liabilities

The current tax liability for the Group of $1,516,698 (2009: $3,122,821) 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	
	2010	2009	2010	2009	2010	2009
	$	$	$	$	$	$
Inventories	-	-	(6,735,632)	(7,908,315)	(6,735,632)	(7,908,315)
Interest bearing loans and borrowings	4,464,349	3,449,527	-	-	4,464,349	3,449,527
Other items	423,081	609,707	(491,008)	512,203	(67,927)	1,121,910
Tax value of loss carry-forwards recognised	3,559,083	4,873,695	-	-	3,559,083	4,873,695
Tax assets/(liabilities)	8,446,513	8,932,929	(7,226,640)	(7,396,112)	1,219,873	1,536,817
Set off of tax	(7,226,640)	(7,396,112)	7,226,640	7,396,112	-	-
Net Tax Assets	1,219,873	1,536,817	-	-	1,219,873	1,536,817

Movement in Temporary Differences During the Year

	Consolidated			
	Balance 1 July 2008	Recognised in Profit or Loss	Recognised in Equity	Balance 30 June 2009
	$	$	$	$
Inventories	4,833,831	3,074,484	-	7,908,315
Interest bearing loans and borrowings	(2,440,771)	(1,008,756)	-	(3,449,527)
Other items	130,017	(1,317,411)	65,484	(1,121,910)
Tax value of loss carry-forwards recognised	(2,698,397)	(2,175,298)	-	(4,873,695)
	(175,320)	(1,426,981)	65,484	(1,536,817)

	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)

18 Inventories

	Consolidated	
	2010	2009
	$	$
Current		
Work in progress	87,326,144	130,993,441
Completed Stock	1,050,067	5,497,257
Total Current Inventories	88,376,211	136,490,698
Non Current		
Work in progress	24,672,252	24,745,465
Total Non Current Inventories	24,672,252	24,745,465

During the year ended 30 June 2010 work in progress recognised as cost of sales by the Group amounted to $123,656,132 (2009: $34,794,846).

During the year ended 30 June 2010 there were no write-downs in the value of inventories.

19 Trade and Other Receivables

Current		
Other trade receivables	1,383,887	2,286,008
Amounts receivable from Jointly Controlled entities	11,460,257	7,988,408
Total Current Trade and Other Receivables	12,844,144	10,274,416
Non Current		
Other trade receivables	2,580,000	2,580,000
Amounts receivable from Jointly Controlled entities	6,447,144	856,294
Total Non Current Trade and Other Receivables	9,027,144	3,436,294

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

20 Prepayments

	Consolidated	
	2010	2009
	$	$
Balance at 1 July	3,847,866	5,585,475
Prepayment amount expensed to administrative expenses	(1,994,012)	(1,668,880)
Net reduction of sundry prepayments	(362,376)	(68,729)
Balance at 30 June	1,491,478	3,847,866
Made up as follows:		
Prepayment of administrative expenses	1,118,766	3,111,278
Prepayment of sundry development expenses	372,712	736,588
Total Prepayments	1,491,478	3,847,866

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 expenses to profit or loss.

21a Cash and Cash Equivalents

		Consolidated	
	Note	2010	2009
		$	$
Bank balances		25,943,385	21,953,687
Short term deposits		15,000,000	5,335,567
Cash and Cash Equivalents		40,943,385	27,289,254
Short term deposits - to secure commercial bill interest coverage	24	600,000	-
Cash and Cash Equivalents in the Statement of Cash Flows		41,543,385	27,289,254

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

		Consolidated	
		2010	2009
Cash Flows from Operating Activities		$	$
Profit for the year		23,561,832	18,895,446
Adjustments for:			
Depreciation and amortisation	14	59,653	64,391
Change in fair value of investment property	13	1,000,000	1,000,000
Net financing (income)/expense	11	(2,795,578)	248,022
Share of net profit of Jointly Controlled entities'	15	(5,325,207)	(9,235,694)
Income tax expense	12	8,613,031	4,556,622
Operating Profit before Changes in Working Capital and Provisions		25,113,731	15,528,787
Change in trade and other receivables		3,479,843	2,295,161
Change in current inventories	18	48,114,487	(124,010,683)
Change in non-current inventories	18	73,213	70,310,331
Change in prepayments		2,356,388	1,737,609
Change in provision for employee benefits	25	67,150	-
Change in trade and other payables	27	(3,668,889)	(915,829)
Cash generated from/(used in) Operating Activities		75,535,923	(35,054,624)
Interest paid	11	(848,846)	(3,138,737)
Income taxes paid		(9,715,909)	(8,266,371)
Net Cash generated from/(used in) Operating Activities		64,971,168	(46,459,732)

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	
	2010	2009
On issue at 1 July	140,816,761	141,683,196
Issued for cash (Executive share options)	1,025,000	425,000
Issued for cash	20,700,000	-
Bought back for cash	-	(1,291,435)
On Issue at 30 June - Fully Paid	162,541,761	140,816,761

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 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		
Dividends Paid During the Year 2009				
Interim 2009 ordinary	2.00	2,820,237	Franked	20 March 2009
Final 2008 ordinary	4.00	5,652,746	Franked	15 September 2008
Total Amount		8,472,983		

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

After 30 June 2010 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 2010 ordinary	5.50	8,939,797	Franked	20 September 2010
Total Amount		8,939,797		

The financial effect of these dividends have not been brought to account in the financial statements for the financial year ended 30 June 2010 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	
	2010	2009
	$	$
30% franking credits available to shareholders of Finbar Group Limited for subsequent financial years	11,059,853	3,434,620

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 $3,831,342 (2009: $3,039,466).

23 Earnings per Share

Basic Earnings per Share

The calculation of basic earnings per share at 30 June 2010 was based on the profit attributable to ordinary shareholders of $23,571,133 (2009: $18,970,991) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2010 of 146,658,679 (30 June 2009: 141,172,911), calculated as follows:

	Consolidated	
	2010	2009
	$	$
Profit Attributable to Ordinary Shareholders	23,571,133	18,970,991

		Consolidated	
Weighted Average Number of Ordinary Shares		2010	2009
Issued ordinary shares at 1 July		140,816,761	141,683,196
Effect of share buyback	1 July 2008	-	(89,304)
Effect of share options exercised	7 July 2008	-	367,808
Effect of share buyback	21 July 2008	-	(471,233)
Effect of share buyback	24 July 2008	-	(140,137)
Effect of share options exercised	14 October 2008	-	35,479
Effect of share buyback	1 December 2008	-	(8,093)
Effect of share buyback	12 December 2008	-	(4,282)
Effect of share buyback	15 December 2008	-	(16,192)
Effect of share buyback	7 January 2009	-	(1,490)
Effect of share buyback	14 January 2009	-	(30,361)
Effect of share buyback	19 January 2009	-	(5,877)
Effect of share buyback	20 January 2009	-	(4,411)
Effect of share buyback	21 January 2009	-	(5,059)
Effect of share buyback	28 January 2009	-	(9,014)
Effect of share buyback	30 January 2009	-	(30,614)
Effect of share buyback	10 February 2009	-	(89)
Effect of share buyback	11 February 2009	-	(14,852)
Effect of share buyback	13 February 2009	-	(1,112)
Effect of share buyback	17 February 2009	-	(1,093)
Effect of share buyback	24 February 2009	-	(20,712)
Effect of share buyback	3 March 2009	-	(18,910)
Effect of share buyback	4 March 2009	-	(7,014)
Effect of share buyback	5 March 2009	-	(6,509)
Effect of share buyback	6 March 2009	-	(6,760)
Effect of share buyback	9 March 2009	-	(619)
Effect of share buyback	18 March 2009	-	(5,699)
Effect of share buyback	20 March 2009	-	(6,979)
Effect of share buyback	23 March 2009	-	(1,034)
Effect of share buyback	25 March 2009	-	(6,123)
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	-
Weighted Average Number of Ordinary Shares at 30 June		146,658,679	141,172,911

Diluted Earnings per Share

The calculation of diluted earnings per share at 30 June 2010 was based on the profit attributable to ordinary shareholders of $23,571,133 (2009: $18,970,991) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2010 of 146,658,679 (30 June 2009: 142,197,911), calculated as follows:

	Consolidated	
	2010	2009
	$	$
Profit Attributable to Ordinary Shareholders (Diluted)	23,571,133	18,970,991
Weighted Average Number of Ordinary Shares (Diluted)		
Weighted average number of ordinary shares at 30 June	146,658,679	141,172,911
Effect of share options on issue	-	1,025,000
Weighted Average Number of Ordinary Shares (Diluted) at 30 June	146,658,679	142,197,911

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	
	2010	2009
	$	$
Current liabilities		
Standby commercial bill facility	-	5,800,000
Commercial bills (Secured)	66,196,840	121,619,651
Total Current Interest Bearing Loans and Borrowings	66,196,840	127,419,651
Non-current liabilities		
Commercial bills (Secured)	-	11,100,000
Shareholders loans to subsidiaries (Unsecured)	11,002,492	10,026,412
Total Non-current Interest Bearing Loans and Borrowings	11,002,492	21,126,412

24 Loans and Borrowings (continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans are as follows:

	Nominal Interest Rate	Financial Year of Maturity	2010 Face Value $	2010 Carrying Amount $	2009 Face Value $	2009 Carrying Amount $
Commercial bills (Secured)*	BBRD+1.20%	2011	41,978,203	41,978,203	11,956,958	11,956,958
Commercial bills (Secured)			-	-	2,000,000	2,000,000
Commercial bills (Secured)	BBSY+1.95%	2011	18,218,637	18,218,637	-	-
Commercial bills (Secured)			-	-	77,939,012	77,939,012
Commercial bills (Secured)			-	-	8,500,000	8,500,000
Commercial bills (Secured)**	BBRD+1.70%	2011	6,000,000	6,000,000	9,100,000	9,100,000
Standby commercial bill facility			-	-	5,800,000	5,800,000
Commercial bills (Secured)			-	-	13,437,356	13,437,356
Commercial bills (Secured)			-	-	9,786,325	9,786,325
Shareholder loans to subsidiaries (Unsecured)	BBSY+5.00%	2011	8,042,736	8,042,736	7,324,289	7,324,289
Shareholder loans to subsidiaries (Unsecured)	BBSY+5.00%	2011	2,959,756	2,959,756	2,702,123	2,702,123
Total Facilities Available			77,199,332	77,199,332	148,546,063	148,546,063

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 commercial bill has been repaid since the end of the financial year, and has been replaced with a new three year facility.
** The interest coverage on the commercial bill of $6,000,000 is secured by a $600,000 short term deposit (see Note 21a)

25 Employee Benefits

	Consolidated 2010 $	Consolidated 2009 $
Current		
Liability for annual leave	43,027	-
Non Current		
Liability for long-service leave	24,123	-

26 Share Based Payments

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.

During the financial year 1,025,000 options were exercised (2009: 425,000). The weighted average share price at the dates of exercise for 2010 was $0.80.

	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
	2010	2010	2009	2009
Outstanding at the beginning of the year	$0.40	1,025,000	$0.40	1,450,000
Exercised during the year	$0.40	(1,025,000)	$0.40	(425,000)
Outstanding at the End of the Year		-	$0.40	1,025,000
Exercisable at the End of the Year		-	$0.40	1,025,000

27 Trade and Other Payables, including Derivatives

	Consolidated	
	2010	2009
Current liabilities		
Trade and other payables	2,746,165	4,792,586
Other payables and accrued expenses	648,477	1,183,607
Derivatives used for hedging	430,429	832,912
Total Trade and Other Payables	3,825,071	6,809,105
Non-current liabilities		
Derivatives used for hedging	-	684,855
Total Trade and Other Payables	-	684,855

At 30 June 2010, Consolidated trade and other payables include retentions of $296,467 (2009: $258,044) 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:

		Carrying Amount	
	Note	2010	2009
		$	$
Investments in Listed shares	16	-	5,938
Investment in Joint Venture	16	-	8,364,066
Trade and other receivables - current	19	12,844,144	10,274,416
Trade and other receivables - non-current	19	9,027,144	3,436,294
Cash and cash equivalents	21a	41,543,385	27,289,254
		63,414,673	49,369,968

The Group's maximum exposure to credit risk for trade receivables at the reporting date by receivable category was:

Equity Accounted Investees	17,907,401	8,844,702
Working capital advances and bonds	552,400	848,330
Loan to Joint Venture partner	2,580,000	2,580,000
GST refunds due and sundry other trade debtors	831,487	1,437,678
	21,871,288	13,710,710

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 2010					
	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	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	-

	Consolidated 30 June 2009					
		$	$	$	$	$
Non-derivative Financial Liabilities						
Secured bank loans:						
Commercial bills	24	132,719,651	136,638,214	124,542,714	2,586,000	9,509,500
Standby commercial bill facility	24	5,800,000	5,839,647	5,839,647	-	-
Shareholder Loans	24	10,026,412	11,329,846	1,102,906	10,226,940	-
Trade and other payables	27	5,976,193	5,976,193	5,976,193	-	-
		154,522,256	159,783,900	137,461,460	12,812,940	9,509,500

National Australia Bank has provided a Banker's Undertaking in the amount of $128,124 to the Town of Victoria Park in respect of the Controlled entity 59 Albany Highway Pty Ltd.

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 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)	-	-

	Consolidated 2010				
	Carrying Amount	Expected Cash Flows	1 Year or Less	1-3 Years	More than 3 Years
Interest Rate Swaps		$	$	$	$
Liabilities	(1,517,767)	(1,649,747)	(1,176,033)	(473,714)	-

28 Financial Instruments (continued)

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	
	Carrying Amount	Expected Cash Flows
Fixed Rate Instruments	$	$
Financial Liabilities	(430,429)	(1,517,767)
Variable Rate Instruments		
Financial Assets	59,450,786	36,133,956
Financial Liabilities	(77,199,332)	(148,546,063)
	(17,748,546)	(112,412,107)

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 2009.

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

	Consolidated			
	Profit or Loss		Equity	
	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
30 June 2009	$	$	$	$
Variable rate instruments	(310,686)	310,686	(310,686)	310,686

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 2010		30 June 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$	$	$	$
Investments in Listed shares	-	-	5,938	5,938
Investment in Joint Venture	-	-	8,364,066	8,364,066
Trade and other receivables	21,871,288	21,871,288	13,710,710	13,710,710
Cash and cash equivalents	41,543,385	41,543,385	27,289,254	27,289,254
Secured bank loans	(66,196,840)	(66,196,840)	(138,519,651)	(138,519,651)
Interest rate swaps used for hedging	(430,429)	(430,429)	(1,517,767)	(1,517,767)
Trade and other payables	(3,394,642)	(3,394,642)	(5,976,193)	(5,976,193)
	(6,607,238)	(6,607,238)	(96,643,643)	(96,643,643)

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 2010				
Interest rate swaps used for hedging	-	(430,429)	-	(430,429)
30 June 2009				
Interest rate swaps used for hedging	-	(1,517,767)	-	(1,517,767)

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 $10,350,000 limited guarantee and indemnity to Commonwealth Bank for security on a finance facility in 59 Albany Highway Pty Ltd.

29 Operating Leases

		Consolidated	
	Note	2010	2009
Leases as Lessor		$	$
The Group leases out its investment property held under an operating lease.			
Rental income received from investment property	13	441,653	736,683
Other rental property income received		51,953	68,984
		493,606	805,667

30 Capital and Other Commitments

Commitments and Contingent Liabilities		
Property Development		
Contracted but not provided for and payable:		
Within one year	46,643,156	25,850,253
Later than one year	24,359,071	-
Total Property Development Commitments	71,002,227	25,850,253
Property Development - Jointly Controlled Entities		
Contracted but not provided for and payable:		
Within one year	29,949,193	7,085,497
Total Property Development Commitments - Jointly Controlled Entities	29,949,193	7,085,497
Group's Share of Property Development - Jointly Controlled Entities		
Contracted but not provided for and payable:		
Within one year	14,974,597	3,542,749
Total Share of Property Development Commitments - Jointly Controlled Entities	14,974,597	3,542,749
Group's Property Development Commitments including Jointly Controlled Entities		
Contracted but not provided for and payable:		
Within one year	61,617,753	29,393,002
Later than one year	24,359,071	-
Total Property Development Commitments including Jointly Controlled Entities	85,976,824	29,393,002

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	
	Note	2010	2009
Guarantees		$	$
The Company has guaranteed the bank facilities of certain Controlled entities:		16,850,000	23,500,000

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

The key management personnel compensation included in 'personnel expenses' is as follows:

	Note	2010	2009
Employee benefits	10	2,023,410	1,537,566

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 23 to 26.

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.

32 Related Parties (continued)

Options and Rights Over Equity Instruments

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

	Held at 1 July 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)	-	-	-

	Held at 1 July 2008	Granted in Period	Exercised in Period	Held at 30 June 2009	Vested During the Period	Vested and Exercisable at 30 June 2009
Directors						
Mr John Chan	50,000	-	(50,000)	-	-	-
Mr Richard Dean Rimington (Resigned 31 August 2008)	1,100,000	-	(375,000)	725,000	-	725,000
Mr Paul Anthony Rengel	300,000	-	-	300,000	-	300,000
	1,450,000	-	(425,000)	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.

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 2009	Received on Exercise of Options	Change in Indirect Holdings	Change in Direct Holdings	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

	Held at 1 July 2008	Received on Exercise of Options	Change in Indirect Holdings	Change in Direct Holdings	Held at 30 June 2009
Directors					
Mr John Chan	20,092,020	50,000	656,000	(50,000)	20,748,020
Mr Paul Anthony Rengel	623,000	-	-	-	623,000
Mr John Boon Heng Cheak	380,000	-	-	-	380,000
Mr Kee Kong Loh	1,932,656	-	(2,000)	-	1,930,656
Mr Darren John Pateman	2,175,144	-	14,084	-	2,189,228
Executives					
Mr Edward Guy Bank	266,503	-	-	-	266,503
	25,469,323	50,000	668,084	(50,000)	26,137,407

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.

32 Related Parties (continued)

	2010 $	2009 $
As at 30 June 2010, the balance of these loans were as follows:		
22 Plain Street Pty Ltd	1,437,980	41,101
143 Adelaide Terrace Pty Ltd	9,681,506	814,993
185 Swansea Street Pty Ltd	5,009,164	200
406 & 407 Newcastle Street Pty Ltd	1,778,751	2,725,178
701 Wellington Street Pty Ltd	-	5,263,230
	17,907,401	8,844,702

In the financial statements of the Group, investments in Jointly Controlled entities are measured at cost.

33 Group Entities

	Country of Incorporation	Shareholding / Unit Holding $	Ownership Interest 2010	 2009
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%
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%
		126		
Subsidiaries of Subsidiaries				
59 Albany Highway Joint Venture Pty Ltd	Australia	111	85.38%	85.38%

34 Subsequent Events

Other 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 $41,978,203 has been repaid, and has been replaced with a new three year facility.
- Since the end of the financial year, the Group has successfully completed the settlement of the heritage property at Lot 134 Whatley Crescent in Maylands

35 Auditors' Remuneration

	Consolidated	
	2010	2009
Audit Services:	$	$
Auditors of the Group		
Audit and review of the financial reports (KPMG Australia)	182,115	177,000
Audit Services:		
Auditors of the Jointly Controlled Entities		
Audit and review of the financial reports (KPMG Australia)	-	11,000
Services Other Than Statutory Audit:		
Services other than Statutory Audit:		
Taxation compliance services (KPMG Australia)	19,530	17,200

36 Parent Entity Disclosures

As at, and throughout the financial year ending 30 June 2010 the parent company of the Group was Finbar Group Limited.

	Company	
	2010	2009
Result of the Parent Entity	$	$
Profit for the year	25,322,891	17,343,681
Other comprehensive income	-	-
Total Comprehensive Income for the Year	25,322,891	17,343,681
Financial Position of the Parent Entity		
Current Assets	52,871,195	71,245,302
Total Assets	120,866,666	102,800,355
Current Liabilities	3,356,338	22,191,364
Total Liabilities	6,022,745	24,025,702
Total Equity of the Parent Entity comprising of:		
Share capital	77,285,767	56,610,467
Share option reserve	2,895,027	2,895,027
Retained earnings	34,663,127	19,269,159
Total Equity	114,843,921	78,774,653

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

	2010	2009
Guarantees	$	$
The Company has guaranteed the bank facilities of certain Controlled entities:	16,850,000	23,500,000

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 $10,350,000 limited guarantee and indemnity to Commonwealth Bank for security on a finance facility in 59 Albany Highway Pty Ltd.

DIRECTOR'S DECLARATION

FOR THE YEAR ENDED 30 JUNE 2010

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

1. a) The consolidated financial statements and notes that are contained in Pages 36 to 83 and the Remuneration report in the Directors' report, set out on Pages 23 to26, 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 2010 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 2010.

4. The Directors draw attention to Note 2 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:

John Chan
Executive Chairman

Dated at Perth this Sixteenth day of August 2010.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FINBAR GROUP LIMITED

Report on the financial report

We have audited the accompanying financial report of the Group comprising Finbar Group Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year , which comprises the statement of financial position as at 30 June 2010, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies 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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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 (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Group's financial position and of its performance.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FINBAR GROUP LIMITED

Report on the remuneration report

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 the Group is 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 2010 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.

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

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. 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 2010, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Kevin Smout

Partner

Perth

16 August 2010

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 2010 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

16 August 2010

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 2010)

Substantial Shareholders

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

Shareholder Name	Number	%
Chuan Hup Holdings	28,858,920	17.75
Apex Equity Holdings Berhad	15,086,806	9.28
HSBC Custody Nominees (Australia) Limited	13,469,076	8.29
Blair Park Pty Ltd	8,421,255	5.18

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	147	63,753	-
1,001-5,000	242	785,192	-
5,001-10,000	157	1,268,370	-
10,001-100,000	260	7,953,857	-
100,001-over	91	152,470,589	-
	897	162,541,761	-

The number of shareholders holding less than a marketable parcel of ordinary shares is 81.

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	28,858,920	17.75
Apex Equity Holdings Berhad	15,086,806	9.28
HSBC Custody Nominees (Australia) Limited	13,469,076	8.29
Blair Park Pty Ltd	8,421,255	5.18
DBS Vickers Securities (Singapore) Pte Ltd (Client Account)	6,200,000	3.81
Mr James Chan	5,888,903	3.62
Rubi Holdings Pty Ltd (John Rubino Super Fund A/C)	5,645,159	3.47
Mrs Siew Eng Mah	5,091,662	3.13
Apex Investments Pty Ltd	4,578,462	2.82
ANZ Nominees Limited (Cash Income A/C)	3,919,540	2.41
National Nominees Limited	3,861,750	2.38
Mr Ah Hwa Lim	3,118,513	1.92
Mr Wan Kah Chan & Mrs Mui Tee Chan (Chan Family S/F A/C)	2,981,676	1.83
Baguio International Limited	2,879,344	1.77
Dynamic Corporation Pty Ltd	2,860,476	1.76
Zero Nominees Pty Ltd	2,417,638	1.49
Mr Guan Seng Chan	2,185,606	1.34
Dynamic Corporation Pty Ltd (Rick Rimington S/F A/C)	2,093,270	1.29
Mr Wan Soon Chan	2,081,892	1.28
Pateman Equity Pty Ltd	1,516,410	0.93
Top 20	123,156,358	75.75

26TH ANNUAL REPORT For the year ended 30th June 2010

Cover Image: Gateway, Albany Highway Commercial Development

www.finbar.com.au