

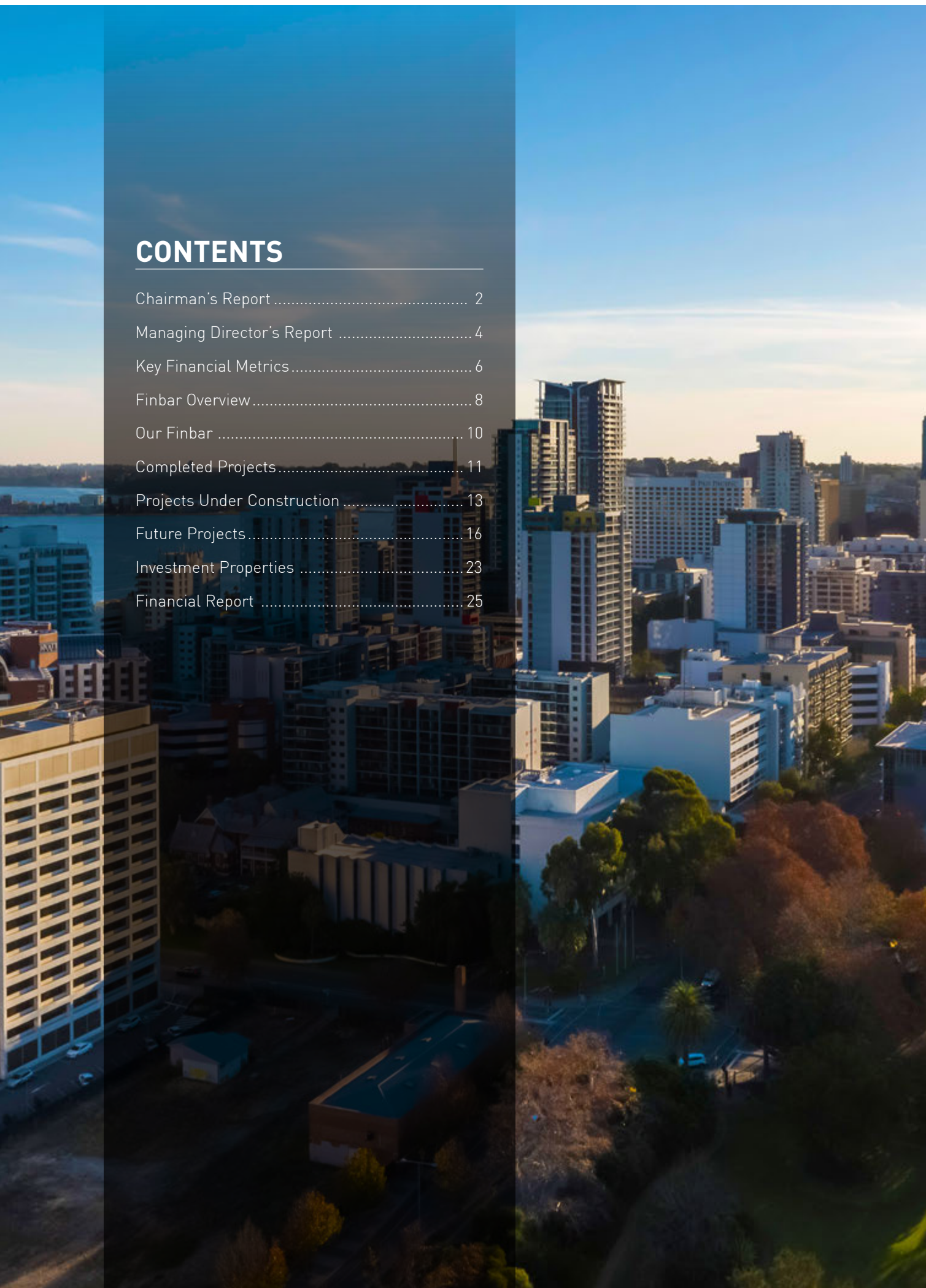


ANNUAL REPORT 2019



CONTENTS

Chairman's Report	2
Managing Director's Report	4
Key Financial Metrics	6
Finbar Overview	8
Our Finbar	10
Completed Projects	11
Projects Under Construction	13
Future Projects	16
Investment Properties	23
Financial Report	25



CHAIRMAN'S REPORT



MESSAGE FROM THE CHAIRMAN

John Chan

Dear Shareholder,

It is a great honour to present you with Finbar's 24th Annual Report as a property development company, and to announce the company's 23rd year of consecutive profit.

Finbar has this year delivered an after tax net profit of \$11.37 million for the financial year ending 30 June 2019.

We believe the result is a significant achievement in what continues to be an extremely challenging local market, the most challenging in the company's history, and we are proud that Finbar has been able to maintain its position as the leading apartment developer in Western Australia with almost 6,000 completed lots delivered over the course of its 24 year history.

The ongoing prudent economic management of the company has seen Finbar retain a strong cash position of \$45.5 million despite the ongoing subdued economic conditions, coupled with a multi billion dollar development pipeline of diverse stock offerings and remains in the unique and enviable position of being debt free on all current completed stock.

During the past financial year, Finbar has completed both its Vue and Reva projects with a combined total of 309 units across both developments representing \$196 million in end value.

Despite the ongoing difficult conditions, the past financial year has also seen the commencement of construction of Palmyra East in Perth's south, Maylands' One Kennedy development and the first stage of the Sabina apartment development in upmarket Applecross.

Over the course of the last financial year, we have sold 270 units across our projects with an end value of \$148 million, again a significant achievement in a market which has seen a number of developers exit the WA market and other projects mothballed or delayed due to the ongoing subdued economic conditions.

The success of the Vue project in Adelaide Terrace, which was completed in June 2019, has defied market expectation and is evidence of the successful intersection of location, lifestyle, amenity, and price.

While we believe the market is at the commencement of a gradual recovery phase, Finbar's ability to launch, complete and deliver significant projects under tough local conditions is testament to the ongoing and careful strategic management of the company's resources.

Our ability to remain agile and responsive to changing market and consumer demand, backed by a considerable history and track record of focusing on the core business activity of delivering apartment projects in the Perth CBD and selected well located suburbs, has ensured that Finbar continues to deliver in line and above market expectations.

We remain committed to that model of agility and responsiveness and will continue to move to where market demand is most readily identified where prudent and appropriate.

The Perth housing market has changed significantly, particularly over the last decade, with an increasing number of different buying demographics opting for the relative ease and lifestyle associated benefits of apartment living which is helping ensure demand for product remains consistent and ongoing.

The two main demographics which are producing the most notable growth continue to be the first home buyer market and the mature downsizer looking to trade the suburbs for a city lifestyle or to downsize but remain in the suburbs familiar to them.

Both One Kennedy in inner city Maylands and Palmyra East on the outer fringes of Fremantle are prime examples of this trend and also of Finbar's ability to pivot quickly to ensure its projects are located and designed to meet the areas of identified growth and demand as they emerge.

Both projects represent good value for money and provide a range of prospective buyers with a stylish, centrally located, low rise offering while still maintaining Finbar's trademark extensive lifestyle amenities which is appealing to both the first home buyer and local downsizer alike.

Finbar's Sabina development in upmarket Applecross, the first stage of which is expected to be completed in FY 2019/2020, is strongly skewed to owner occupiers from Applecross and the surrounding suburbs and has achieved \$47 million in presales with 61% of buyers aged 40 and above.

We have responded to identified buyer demand and are currently designing an increase in the size of apartments in stage two of the development, offering more three bedroom apartments and a larger footprint in a proportion of units in line with that sector's desire for more space as they adjust to downsizing from larger suburban homes.

The delayed approval of the landmark Civic Heart project in South Perth was disappointing to the dedicated team who had worked incredibly hard to satisfy the complex design requirements set out for the site, however we remain confident that we will be able to deliver a significant project that will revitalise previously under utilised land in a significant local precinct. We remain confident we will be able to deliver the people of South Perth and beyond a project with an array of sophisticated amenities, vibrant communal spaces and residential apartments that exceed expectations, with some of the very best views in Perth.

Tightened lending conditions in the wake of the Hayne Royal Commission into misconduct in the banking, superannuation and financial services industry have also contributed to a more difficult operating environment that has again seen the demise of some significant industry players.

Despite an upswing in mining activity in Western Australia and in the commercial real estate space, with significant reductions in vacancy rates across the Perth CBD in the past financial year, the residential market remains subdued.

The introduction of the Foreign Buyers Surcharge of 7% in January this year remains an obstacle to recovery in the local market and we join the Property Council of WA and other leading figures in the industry in urging the government to re-examine this issue in light of its impact on the overall health and growth of the local economy.

We believe a buoyant CBD, with a thriving population of residents choosing to live in the inner city will help revitalise a struggling city centre and would benefit from the addition of both city based university campuses and student housing options, both of which have fuelled the development of thriving CBD precincts in our larger cities.

As our local economy commences its forward trajectory, we are confident we will see more investors return to the market and believe current conditions present a great opportunity for investors looking to enter the market at a very competitive price point.

The launch this financial year of Finbar to Rent, which was developed to assist investors by providing them with an integrated, cost effective, streamlined sales and ongoing management service, is a marker of our confidence in the improvement in the local market and the cautious return of investors to this market.

As the Perth apartment market continues to gradually improve, Finbar remains in a strong financial position with significant off the plan and completed stock sales across its projects and a multi billion dollar pipeline of approved projects in some of Perth's most sought after locations.

Looking to the future, as resource activity across the State continues on its upward trajectory, the State Government's ongoing focus on achieving infill targets and steadily improving job growth and consumer sentiment, we believe Finbar is well positioned to take advantage of improving economic conditions and enjoy positive future growth.

We are pleased to be able to deliver continued value and stability to our shareholders despite the conditions with a total dividend payment for the financial year of six cents per share fully franked.

On behalf of the Board of Directors and Shareholders, I would like to thank the Finbar management team for their continued hard work and dedication to the ongoing success of the company.

Finally, I would like to thank our joint venture partners, our primary building contractor - Hanssen, relationship architect - SS Chang Architects, as well as our marketing agents, suppliers, consultants, and banking partners.



JOHN CHAN
Executive Chairman

MANAGING DIRECTOR'S REPORT



MESSAGE FROM MANAGING DIRECTOR

Darren Pateman

While we have once again experienced one of the most challenging years in our company's 24-year history, sound financial management, a respected brand, and an ability to respond to rapidly changing customer expectations has again ensured that Finbar remains well placed to weather the current storm.

The cumulative impact of the Federal election, particularly in relation to proposed property related taxation reforms, tightened lending conditions in the wake of the Banking Royal Commission, and generally subdued economic confidence both nationally and globally, has had a definite impact on the local market and on sales levels achieved during the past financial year.

While an upswing in resource activity is yet to impact activity in the local property market significantly, there are definite signs that the erosion in the median price of both apartments and houses in Perth has eased with recent figures indicating the bottom of the market may finally have been reached.

Finbar once again finished the financial year with a solid cash level of \$45.5 million and having repaid \$63 million of debt on the Reva and recently completed Vue Tower project. We are again in the fortunate position of carrying no debt on any completed project, with development finance currently limited to the Palmyra and Sabina projects currently under construction.

Finbar has reported a net profit of \$11.37 million for the past financial year, an achievement given the prevailing economic challenges and the remaining lack of consumer confidence in the Perth market.

The figure was somewhat lower than originally expected due to the delay in some Vue Tower settlements with the associated profit then flowing into the next financial year, a calculation that is always difficult to accurately predict with projects that are completed right on the cusp of a reporting period.

Completion of the Palmyra project, which was anticipated to occur in FY19, was delayed with resources allocated to ensuring the completion of Vue Tower. Settlements for Palmyra are now expected to commence in September 2019.

We have made good progress with construction at both Sabina in Applecross and One Kennedy in Maylands with both expected to be completed in FY20 alongside Palmyra.

Our ongoing corporate agility does allow us to shift and change product focus and design relatively swiftly in comparison to many of our competitors, enabling us to meet the changing demands of the market and to respond to the needs of dominant buying demographics as they are identified.

This is evidenced by the increase in focus on producing first home buyer product which can be seen at both Palmyra and One Kennedy.

Our continued ability to operate at a lower cost base than our competitors ensures we remain able to offer a premium product at a price that represents good value for money to a broad cross section of buyers. This is demonstrated by the fact that one in four apartments sold in the Perth metropolitan area this past year was a Finbar apartment.

However, we are not impervious to greater market conditions and fluctuations and we remain active in a market that still lacks positive sentiment despite a continued low interest rate environment and with lenders (guided by APRA) able to relax some lending conditions to the end buyer.

We strongly believe the impetus for change and a real upswing in local market activity will again come on the back of a resurgent local resources sector and its flow-on effect on consumer spending and confidence, population growth and unemployment levels. Once this upward trajectory is established, it will flow on into increased rental demand, median house and unit price statistics, owner occupier buying activity and ultimately the return of investors to the local market.

Finbar has reported a net profit of \$11.37 million for the past financial year, an achievement given the prevailing economic challenges and the remaining lack of consumer confidence in the Perth market.

Once public statistics point to an upswing in market activity and price, investors will soon follow in larger numbers and contribute to the more than doubling of sales activity that Finbar typically has enjoyed prior to the economic slowdown.

The successful launch this year of Finbar to Rent, a streamlined and cost-effective property management service for investors purchasing Finbar product, or those who have previously bought, will also position us for the anticipated upswing in the local market buoyed by the return of investors in significant numbers.

Finbar is well positioned to continue to ride out current conditions and to be in a strong position to benefit from the next upswing in the local market with a secure multi-billion dollar pipeline of debt free, pre-approved projects ready to launch, and joint venture partners keen to invest in the market alongside us.

Looking Forward

Our focus moving forward will be to continue to work efficiently through the current pipeline of product and ensuring it is well positioned to meet consumer demand. We are under no pressure to actively source and secure new development sites and remain in the fortunate position of having an adequate land bank so that our capital can be actively deployed into the next projects earmarked for launch. Our strong financial position means we remain able to do this with less reliance on pre-sales than we would typically strive for in a stronger market.

We also benefit from our strong and ongoing relationships with joint venture partners who are equally committed to providing capital to fund the commencement of new projects with lower pre-sale levels to ensure that we continue to deliver our core business.

While the first home buyer market has been a strong performer in terms of sales at several of our recent projects, we also recognise that the downsizer market, particularly in the Western Suburbs, provides some scope for growth. Our ability to meet the market has seen us respond to this particular buying demographic by providing larger apartments in key locations so that downsizers are able to stay within reach of familiar surroundings, social networks, family and entertainment options.

However, risk adjusted rates of return are consistent across the development industry, as any other, with industry-leading returns not necessarily derived from producing premium, boutique style products in top performing suburbs, for reasons that the barriers to entry into the smaller scale project market are low.

Some products, such as those taller and larger scale projects for which Finbar typically focuses, remain able to attract higher market returns. Remaining focused on this core aspect of our business will allow us to best utilise our unique skill set, competitive advantages, and unique relationships moving forward.

While we are disappointed with further delays to the approval process for the Civic Heart project in South Perth, which we are still working through as this report goes to print, we remain positive in terms of the ultimate outcome for this unique site and believe it will prove to be a future flagship project for the company in a landmark location.

Dividend

Finbar continues to benefit from having a loyal and consistent shareholder base that has supported the company's long-term management and performance in both good and bad times. We thank you again for your continued support and the company has again provided for a 3 cent final dividend bringing this to 6 cents for the financial year and 109.5 cents since our property company inception.

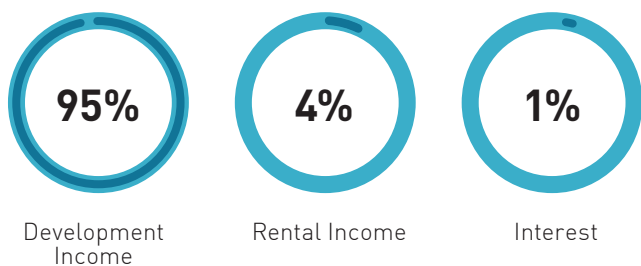


DARREN PATEMAN
Managing Director

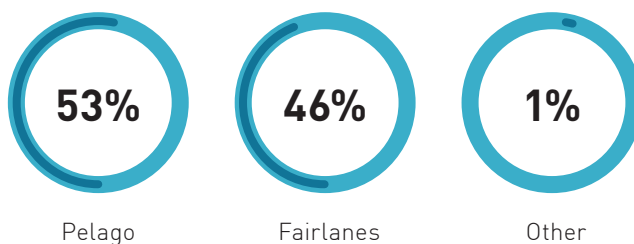
Key Financial Metrics

SOURCE OF EARNINGS

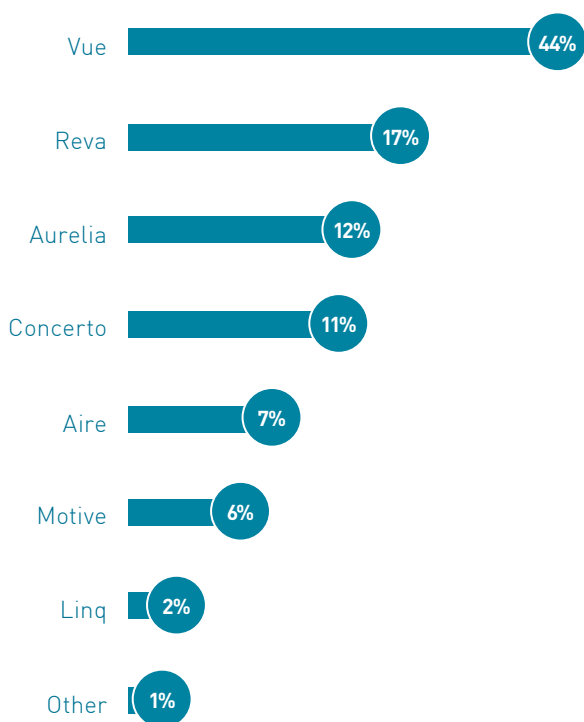
TOTAL EARNINGS



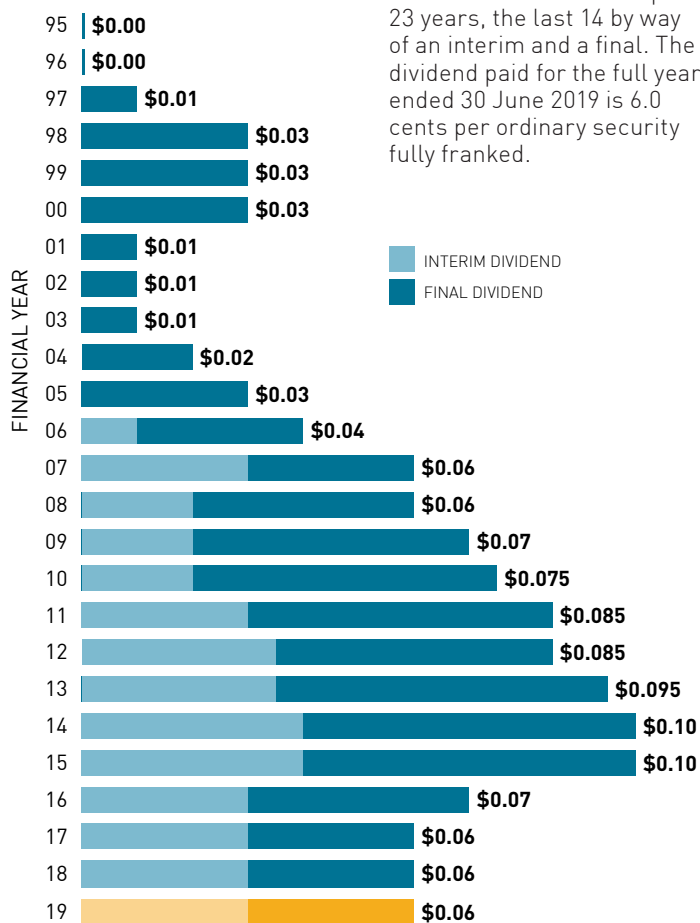
RENTAL INCOME



DEVELOPMENT INCOME



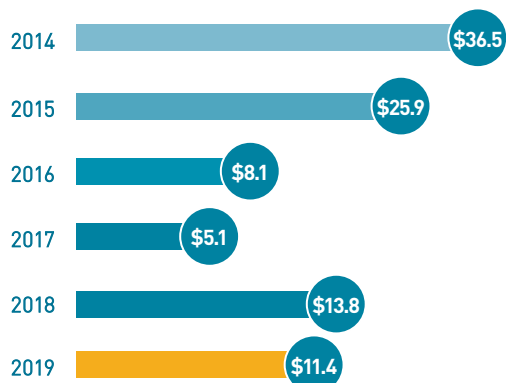
FULLY FRANKED DIVIDEND PER YEAR (CENTS)



Finbar has rewarded shareholders with a fully franked dividend for the past 23 years, the last 14 by way of an interim and a final. The dividend paid for the full year ended 30 June 2019 is 6.0 cents per ordinary security fully franked.

NET PROFIT AFTER TAX

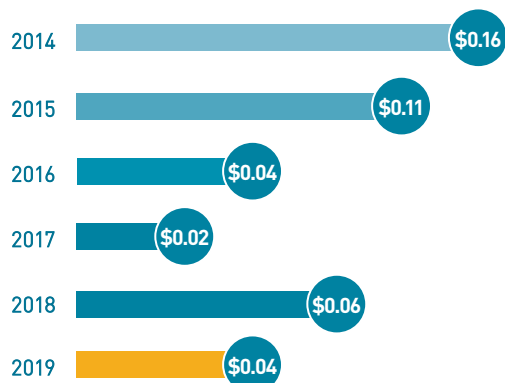
\$MILLION



Finbar's Net Profit After Tax decrease to **\$11.4 MILLION** was underpinned by a stabilisation in the Western Australian housing market enabling a continued reduction in our completed stock and the completion and settlement of the two key developments for FY2019, Vue Tower and Reva.

EARNINGS PER SHARE

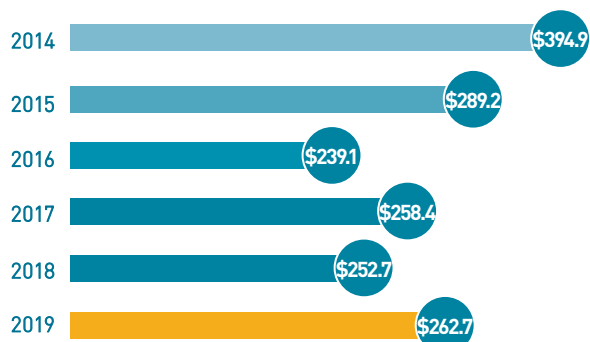
\$



Finbar's EPS decreased by **33%** to **\$0.04**

ENTERPRISE VALUE

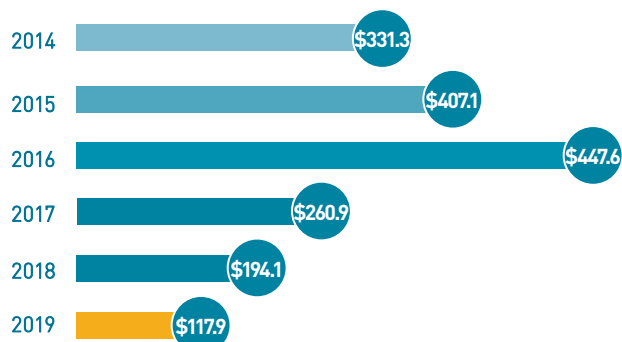
\$MILLION



Finbar's Enterprise Value increased by **3.96%** to **\$262.7 MILLION**

PRESALES

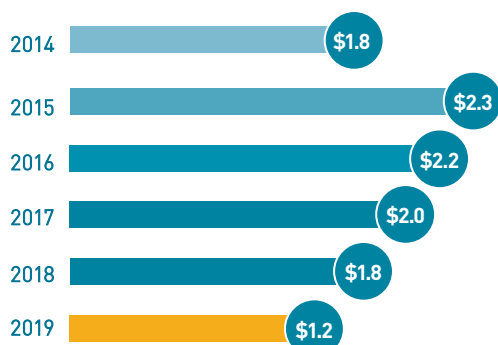
\$MILLION



The reduction in Presales for FY2019 to **\$117.9 MILLION** was largely due to the settlement of **\$110.8 MILLION** worth of apartments at Vue Tower and Reva. With the launch of two developments during FY2019, Finbar expects Presales to continue to strengthen throughout FY2020.

PROJECT PIPELINE

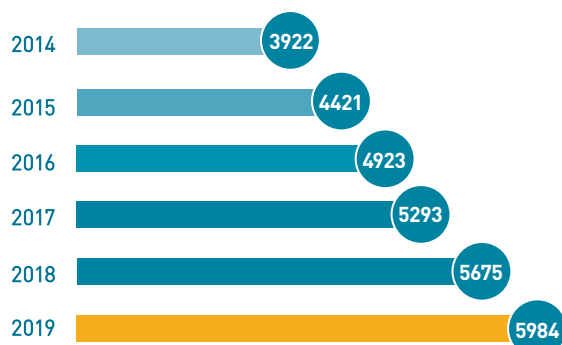
\$BILLION



Finbar maintains a robust Project Pipeline of **\$1.2 BILLION** to ensure that the company can capitalise on changing market conditions and bring new product to the market as quickly and efficiently as possible to maximise shareholder returns.

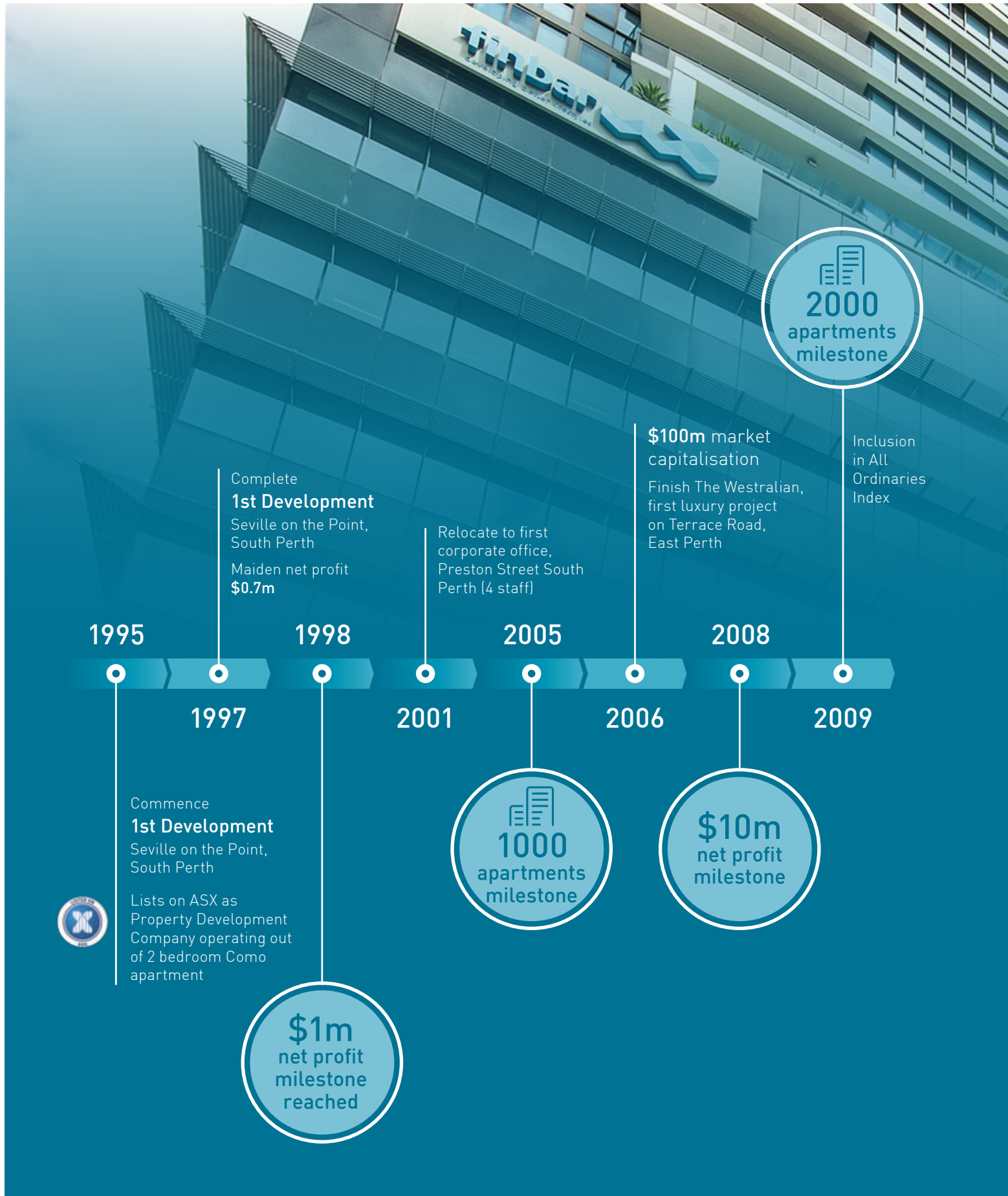
TOTAL DEVELOPED UNITS

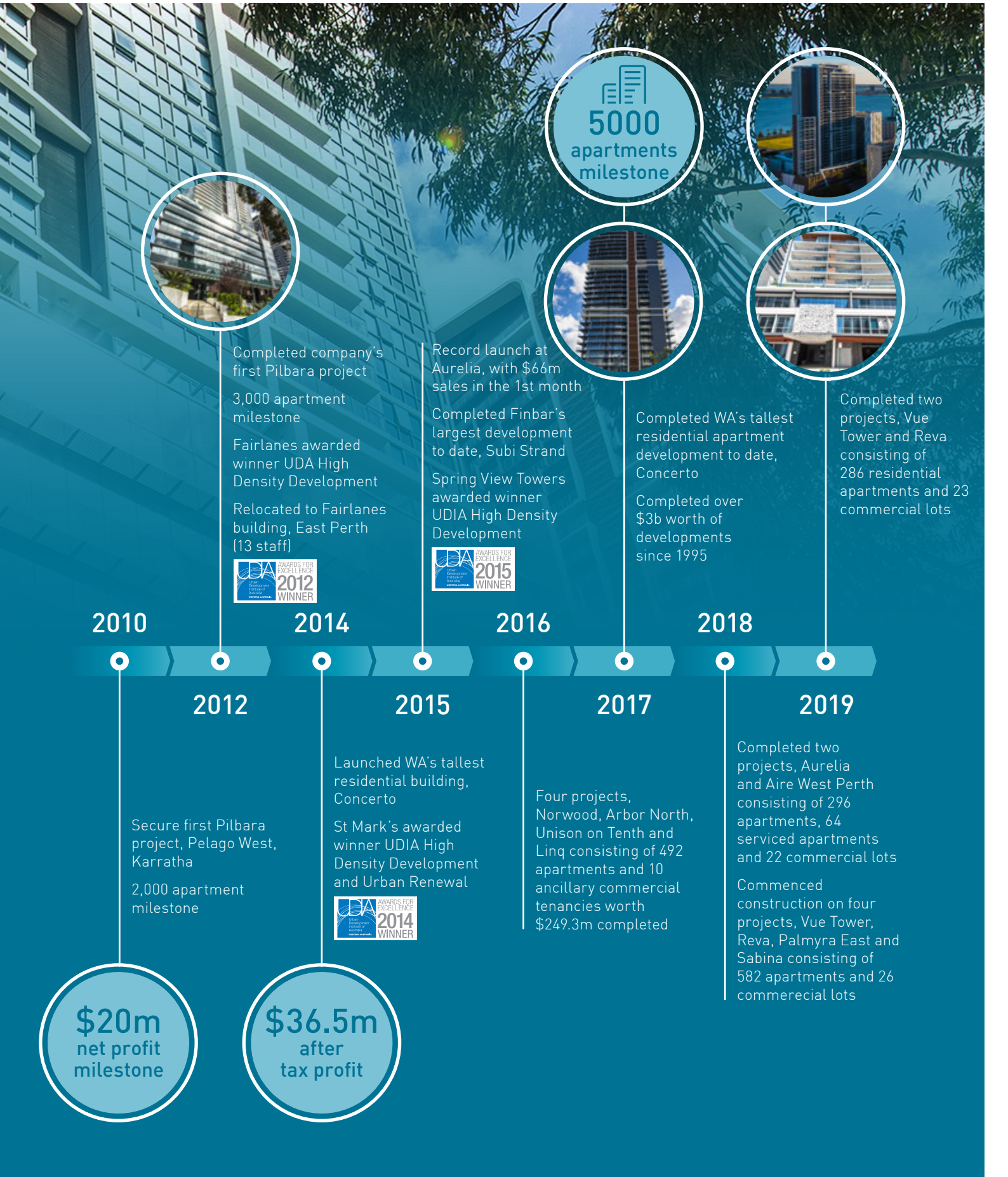
UNITS



Total Developed Units reached **5,984** by the end of FY2019 with the addition of **309** units from the completion of Vue Tower and Reva. Finbar continues to position itself as the largest residential apartment developer in Western Australia.

Finbar Overview





5000
apartments
milestone



Completed company's first Pilbara project
3,000 apartment milestone
Fairlanes awarded winner UDA High Density Development
Relocated to Fairlanes building, East Perth (13 staff)



Record launch at Aurelia, with \$66m sales in the 1st month
Completed Finbar's largest development to date, Subi Strand
Spring View Towers awarded winner UDIA High Density Development



Completed WA's tallest residential apartment development to date, Concerto
Completed over \$3b worth of developments since 1995

Completed two projects, Vue Tower and Reva consisting of 286 residential apartments and 23 commercial lots

2010

2014

2016

2018

2012

2015

2017

2019

Secure first Pilbara project, Pelago West, Karratha
2,000 apartment milestone

Launched WA's tallest residential building, Concerto
St Mark's awarded winner UDIA High Density Development and Urban Renewal



Four projects, Norwood, Arbor North, Unison on Tenth and Linq consisting of 492 apartments and 10 ancillary commercial tenancies worth \$249.3m completed

Completed two projects, Aurelia and Aire West Perth consisting of 296 apartments, 64 serviced apartments and 22 commercial lots
Commenced construction on four projects, Vue Tower, Reva, Palmyra East and Sabina consisting of 582 apartments and 26 commercial lots

\$20m
net profit
milestone

\$36.5m
after
tax profit

Our Finbar

Finbar is one of Perth's most successful and agile lifestyle property developers leading the way in the development of medium to high density residential apartments and commercial property in Western Australia.



John Chan
Executive Chairman



Darren Pateman
Managing Director



Ronald Chan
Chief Operations
Officer/Director



Kee Kong Loh
Non-Executive
Director



Lee Verios
Non-Executive
Director



Terrence Peh
Non-Executive
Director

OUR PEOPLE

- » A team of 21 staff based in East Perth
- » 1 full time in Karratha
- » Includes a management team with strong leadership skills and excellent track record
- » Are led by experienced and long serving management focusing on decisions that benefit the company for the long term.

OUR BUSINESS

- » Retains a strong brand and a highly regarded reputation in WA
- » Operates on a low cost base providing attractive profit margins and shareholder returns
- » Maintains exemplary relationships with suppliers and stakeholders
- » Manages a pipeline of projects to ensure economies of scale and future growth.

OUR COMMITMENT

- » Our commitment to our customers, shareholders, State and local government and the environment has seen Finbar remain WA's largest and most trusted apartment developer.

OUR PROJECTS

- » Represent some of Perth's most prestigious and well-appointed lifestyle apartments
- » Remain committed to creating progressive and innovative designs which represent value for money
- » Offer a successful fusion of residential, office and public space.

OUR INVESTMENT PROPERTIES

- » Include the Fairlanes and Pelago buildings leased to reputable and proven businesses and individuals
- » Provide consistent annual revenues from investments
- » Ensure these additional revenue streams contribute to and smooth annual earnings.

OUR FUTURE

- » Our vision is to remain WA's leading medium to high density apartment developer
- » Continue to focus development efforts in and around inner city Perth
- » Sustain and enhance the quality of inner city living for current and future generations

COMPLETED PROJECTS





V
U E
TOWER

VUE TOWER

63 Adelaide Terrace, East Perth

Project Company	63 Adelaide Terrace Pty Ltd
Entity Type	Fully Owned Subsidiary
Finbar's Ultimate Interest	50%
Marketing Commenced	Feb-15
Construction Completed	June-19
Total Lots	250
Approximate Total Project	\$147.2m
Sales Value	
Value of Sales to Date	\$104.6m
Lots Sold	180 (72%)
Lots Unsold	70 (28%)

Vue Tower is located just 150 metres from Langley Park and 300 metres from the Perth foreshore. The apartments enjoy expansive views of the City, the Swan River, Heirisson Island, Optus Stadium and the Burswood Peninsula. The project consists of a 34 level building and podium, and comprises 245 residential apartments with ground floor commercial lots and office units on levels 1 & 2.



REVA
BY THE SHORE

REVA

5 Harper Terrace, South Perth

Project Company	5-7 Harper Terrace Pty Ltd
Entity Type	Fully Owned Subsidiary
Finbar's Ultimate Interest	100%
Marketing Commenced	Jul-17
Construction Completed	Feb-19
Total Lots	59
Approximate Total Project	\$48.8m
Sales Value	
Value of Sales to Date	\$29.3m
Lots Sold	34 (58%)
Lots Unsold	25 (42%)

Adjacent to Finbar's highly successful Aurelia project in South Perth, Reva is situated fronting Harper Terrace and comprises of 41 luxury one, two, and three bedroom apartments with rooftop amenities, as well as 18 commercial lots that were developed within the Harper Terrace structure as well as a separate structure to be developed on the secondary frontage of Mill Point Road.

UNDER CONSTRUCTION





Palmyra
APARTMENTS EAST



PALMYRA APARTMENTS EAST

49 McGregor Road, Palmyra

Project Company	43 McGregor Road Pty Ltd
Entity Type	Fully Owned Subsidiary
Finbar's Ultimate Interest	50%
Marketing Commenced	Jan-18
Construction Completed	FY20
Total Lots	128
Approximate Total Project	\$53.2m
Sales Value	
Value of Sales to Date	\$25.9m
Lots Sold	69 (54%)
Lots Unsold	59 (46%)

Situated on the doorstep of the historic port city of Fremantle, in the established community of Palmyra. Palmyra Apartment Estate is a transformative, three-storey gated residential community to be developed in two stages. Palmyra Apartments East Stage 1 and Palmyra Apartments West Stage 2 feature contemporary architectural design in a beautifully landscaped setting.

Images are artist impressions only and are subject to change.



onekennedy
MAYLANDS APARTMENTS



ONE KENNEDY

1 Kennedy Street, Maylands

Project Company	241 Railway Parade Pty Ltd
Entity Type	Fully Owned Subsidiary
Finbar's Ultimate Interest	50%
Marketing Commenced	Oct-18
Construction Completed	FY20
Total Lots	123
Approximate Total Project	\$52.5m
Sales Value	
Value of Sales to Date	\$18.0m
Lots Sold	46 (37%)
Lots Unsold	77 (63%)

One Kennedy is the second stage of the Maylands project and comprises 120 one, two, and three bedroom residential threestorey walk-up apartments and three commercial lots. One Kennedy capitalises on its proximity to public transport, located only 200 metres from Maylands railway station, and connecting directly to the Central Business District 4.5 kilometres away.

Images are artist impressions only and are subject to change.



SABINA APPLECROSS

908 Canning Highway, Applecross

Project Company	Finbar Applecross Pty Ltd
Entity Type	Fully Owned Subsidiary
Finbar's Ultimate Interest	50%
Marketing Commenced	Feb-18
Construction Completed	FY20
Total Lots	167
Approximate Total Project	\$120.7m
Sales Value	
Value of Sales to Date	\$47m
Lots Sold	64 (38%)
Lots Unsold	103 (62%)

Located only metres from the Swan River and approximately 700 metres to the Canning Bridge Train Station and proposed new bus station. Sabina is the first stage of a three stage development and consists of 164 residential apartments and 3 ground floor commercial tenancies within a podium and 30 storey tower built form. Featuring a central shared lane and public amenity piazza.

Images are artist impressions only and are subject to change.

CONSTRUCTION IMAGES



SABINA • 05/09/19



PALMYRA • 05/09/19



ONE KENNEDY • 02/09/19

FUTURE PROJECTS





Riverena
APARTMENTS



RIVERENA

5 Rowe Avenue, Rivervale

Project Company	Lot 1001-1003 Rowe Avenue Pty Ltd
Entity Type	Equity Accounted Investee
Finbar's Ultimate Interest	50%
Marketing Commenced	Feb-19
Construction Completed	TBC
Total Lots	125
Approximate Total Project	\$51.4m
Sales Value	
Value of Sales to Date	\$11.4m
Lots Sold	30 (24%)
Lots Unsold	95 (76%)

Riverena is the second stage of the Arbor development in the Springs precinct, which will comprise 125 one, two and three bedroom residential apartments.

Images are artist impressions only and are subject to change.

Dianella

APARTMENTS



DIANELLA APARTMENTS

36 Chester Avenue, Dianella

Project Company	36 Chester Avenue Pty Ltd
Entity Type	Fully Owned Subsidiary
Finbar's Ultimate Interest	100%
Estimated Completion	TBC
Total Lots	128
Approximate Total Project	\$60m
Sales Value	

DA approval received for a low-rise three to four storey residential development of 128 one, two and three bedroom apartments.

Images are artist impressions only and are subject to change.

CIVIC HEART

SOUTH PERTH



CIVIC HEART

1 Mends Street, South Perth

Project Company	1 Mends Street Pty Ltd
Entity Type	Fully Owned Subsidiary
Finbar's Ultimate Interest	50%
Estimated Completion	TBC
Total Lots	TBC
Approximate Total Project Sales Value	\$365m

1 Mends Street site is a 8,224 square metre site bounded by Mends Street, Labouchere Road, and Mill Point Road South Perth. Scheme amendment to better address site characteristics and allow for two towers was granted in Jan 19. DA plans have been submitted that would see approximately 300 units and 2600sqm of commercial tenancies with a food and beverage focus. Determination is expected end 2019.

Images are artist impressions only and are subject to change.

CANNING HWY APPLECROSS STAGE 2



CANNING HWY APPLECROSS STAGE 2

3 Kintail Road, Applecross

Project Company	Finbar Applecross Pty Ltd
Entity Type	Fully Owned Subsidiary
Finbar's Ultimate Interest	50%
Estimated Completion	TBC
Total Lots	125
Approximate Total Project Sales Value	\$121m

Located only metres from the Swan River and approximately 600 metres to the Canning Bridge Train Station and proposed new bus station, this 2,620sqm site fronting Canning Highway received DA approval in April 2017 as the second of 3 stages comprising 122 residential apartments and 3 ground floor commercial tenancies within a podium and 26 storey tower built form.

Images are artist impressions only and are subject to change.



PALMYRA APARTMENTS WEST

45 McGregor Road, Palmyra

Project Company	43 McGregor Road Pty Ltd
Entity Type	Fully Owned Subsidiary
Finbar's Ultimate Interest	50%
Estimated Completion	TBC
Total Lots	130
Approximate Total Project Sales Value	\$52m

Palmyra Stage 2 will commence to coincide with the completion of Stage 1 and will consist of 130 apartments comprised of one, two, and three bedroom apartments in a walkup low-rise structure with below ground parking over 13,421 square metres and has an anticipated end value of approximately \$52 million. Both stages of the project are aligned with the Company's strategy of providing entry level product in prime locations to appeal to the younger owner-occupier and broader investor market.

Images are artist impressions only and are subject to change.

THE POINT



THE POINT

31 Rowe Avenue, Rivervale

Project Company	31 Rowe Avenue Pty Ltd
Entity Type	Fully Owned Subsidiary
Finbar's Ultimate Interest	50%
Estimated Completion	TBC
Total Lots	192
Approximate Total Project Sales Value	\$90m

The Point development is located 200 metres from Finbar's highly successful Spring View Towers project and 350 metres from Finbar's Arbor projects. The development is located on a 4,000 square metre site situated on the corners of Brighton Road, Rowe Avenue, and Great Eastern Highway in the Springs precinct in Rivervale. The Point will comprise of 167 one, two, and three bedroom apartments and 9 commercial lots on the ground floor and will be situated at the main entrance to the Springs precinct, opposite the recently opened Aloft Hotel.

Images are artist impressions only and are subject to change.



CANNING HWY APPLECROSS STAGE 3

CANNING HWY APPLECROSS STAGE 3

912 Canning Highway, Applecross

Project Company	Finbar Applecross Pty Ltd
Entity Type	Fully Owned Subsidiary
Finbar's Ultimate Interest	50%
Estimated Completion	TBC
Total Lots	154
Approximate Total Project Sales Value	\$103m

Located only metres from the Swan River and approximately 600 metres to the Canning Bridge Train Station and proposed new bus station, this 2,620sqm site fronting Canning Highway received DA approval in April 2017 as the third of 3 stages comprising 151 residential apartments and 3 ground floor commercial tenancies within a podium and 26 storey tower built form.

Images are artist impressions only and are subject to change.



239 GREAT EASTERN HIGHWAY

239 GREAT EASTERN HIGHWAY

239 Great Eastern Highway, Belmont

Project Company	239 Great Eastern Highway Pty Ltd
Entity Type	Fully Owned Subsidiary
Finbar's Ultimate Interest	100%
Estimated Completion	TBC
Total Lots	TBC
Approximate Total Project Sales Value	\$75m

The 239 Great Eastern Highway project has an approved DA for 194 one and two bedroom apartments and 154sqm of ground floor commercial.

LOT 1000



LOT 1000

32 Riversdale Road, Rivervale

Project Company	32 Riversdale Road Pty Ltd
Entity Type	Fully Owned Subsidiary
Finbar's Ultimate Interest	50%
Estimated Completion	TBC
Total Lots	150
Approximate Total Project Sales Value	\$65m

Lot 1000 is the seventh development site to be secured by Finbar and its respective development partners within the Springs precinct. Whilst detailed design works will not commence for some time, and the ultimate yield is yet to be negotiated through formal development application with approval authorities, it is anticipated that the end project will yield approximately 150 residential apartments with an end sales value of approximately \$65 million.

2 HOMELEA COURT



2 HOMELEA COURT

Cnr Rowe Avenue & Homelea Court, Rivervale

Project Company	2 Homelea Court Springs Pty Ltd
Entity Type	Fully Owned Subsidiary
Finbar's Ultimate Interest	100%
Estimated Completion	TBC
Total Lots	185
Approximate Total Project Sales Value	\$83m

Acquired in 2016, the 3,770 square metres of land located on the corners of Rowe Avenue and Homelea Court opposite Finbar's Spring View Towers and is proposed to be developed into a project consisting of approximately 185 apartments within a 10 level building. The proposed apartment project has an estimated end value of approximately \$83 million.

LOT 888



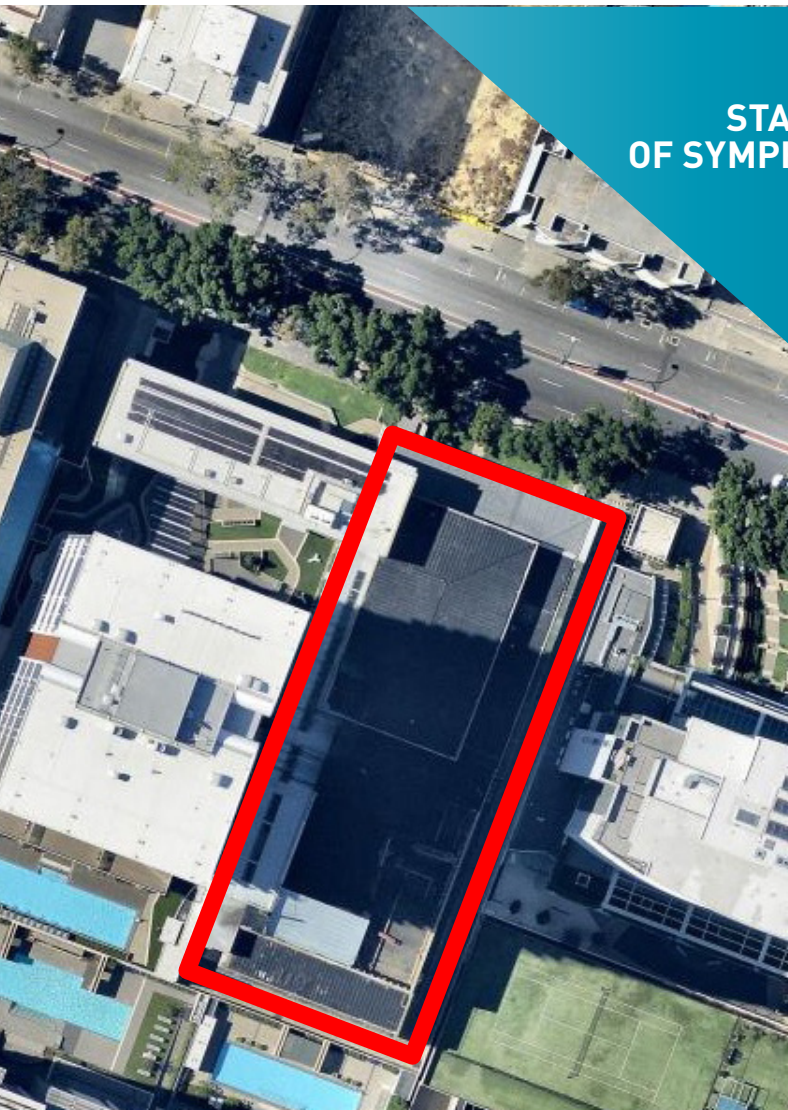
LOT 888

2 Hawksburn Road, Rivervale

Project Company	Rowe Avenue Pty Ltd
Entity Type	Equity Accounted Investee
Finbar's Ultimate Interest	50%
Estimated Completion	TBC
Total Lots	TBC
Approximate Total Project Sales Value	\$40m

The current approved DA comprises a 6 level office building with 6,250sqm NLA. A concept has been developed for a residential outcome of 86 apartments and 1,200sqm of commercial. An alternative concept of a wholly commercial building is being explored that reflects current commercial office market demand.

STAGE 4 OF SYMPHONY CITY



STAGE 4 OF SYMPHONY CITY

187 Adelaide Terrace, East Perth

Project Company	Finbar Sub 104 Pty Ltd
Entity Type	Fully Owned Subsidiary
Finbar's Ultimate Interest	100%
Estimated Completion	TBC
Total Lots	TBC
Approximate Total Project Sales Value	TBC

Stage 4 of Symphony City comprises the former ABC Radio Studios heritage building with a GFA of 3,711sqm over 3 levels. Finbar acquired the final stage from the JV partner to better leverage potential future development outcomes.

INVESTMENT PROPERTIES





PELAGO

Sharpe Avenue, Karratha

Total Lots	124
Residential Lots	102
Commercial Lots	22
FY20 Forecasted Rent	\$4.76m
Lots Leased	115 (95%)



FAIRLANES
OFFICE



FAIRLANES

181 Adelaide Terrace, East Perth

Total SQM	7586
Office SQm	7268
Retail SQM	318
FY20 Forecasted Rent	\$1.39m
SQM Leased	3960 (52%)

FINANCIAL REPORT



FINANCIAL REPORT

For the Year Ended 30 June 2019

CONTENTS

PAGE

Directors' Report (including Corporate Governance Statement)	27
Consolidated Statement of Profit or Loss and Other Comprehensive Income	43
Consolidated Statement of Changes in Equity	44
Consolidated Statement of Financial Position	45
Consolidated Statement of Cash Flows	46
Notes to the Consolidated Financial Statements	47
Directors' Declaration	84
Independent Auditor's Report	85
Lead Auditor's Independence Declaration	90
ASX Additional Information	92

DIRECTORS' REPORT

For the Year Ended 30 June 2019

The Directors present their report together with the consolidated financial report of the Group, comprising Finbar Group Limited ('the Company'), its subsidiaries and the Group's interest in equity accounted investees for the financial year ended 30 June 2019 and the independent auditor's report thereon.

CONTENTS OF DIRECTORS' REPORT

	PAGE
1. Directors	28
2. Company Secretary	29
3. Directors' Meetings	29
4. Corporate Governance Statement	29
4.1. Board of Directors	30
4.2. Remuneration Committee	30
4.3. Remuneration Report - Audited	30
4.3.1 Principles of Remuneration - Audited	31
4.3.2 Directors' and Executive Officers' Remuneration - Audited	32
4.3.3 Analysis of Bonuses included in Remuneration Report - Audited	34
4.3.4 Directors' and Executives Interests	34
4.3.5 Equity Instruments - Audited	35
4.4. Audit Committee	35
4.5. Risk Management	35
4.6. Ethical Standards	36
4.7. Communication with Shareholders	37
4.8. Diversity	37
5. Principal Activities	37
6. Operating and Financial Review	37
7. Dividends	40
8. Events Subsequent to Reporting Date	41
9. Likely Developments	41
10. Directors' Interests	41
11. Indemnification and Insurance of Officers and Auditors	41
12. Non-audit Services	42
13. Lead Auditor's Independence Declaration	42

DIRECTORS' REPORT (continued)

For the Year Ended 30 June 2019

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

Chairman since 15 July 2010

John Chan is Executive Director and Chairman of Finbar, and a Director of its Subsidiaries and equity accounted investees.

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.

Managing Director

Darren John PATEMAN - EMBA, GradDipACG, ACSA, AGIA, MAICD

Director since 6 November 2008

Managing Director since 15 July 2010

Darren Pateman is the Managing Director of Finbar and a Director of Finbar's Subsidiaries and equity accounted investees.

Darren commenced with Finbar prior to its relisting on the ASX as a property development company in 1995 and in this time has played a primary role in developing Finbar's systems, strategy and culture.

Darren has held several positions in his 24 years with the company which has given Darren an intimate knowledge of the key aspects of Finbar's business. Darren was formerly Company Secretary from 1996 to 2010, Chief Executive Officer from 2008 to 2010, 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 (GradDipACG). 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.

Executive Director and Chief Operations Officer

Ronald CHAN

Director since 24 February 2017

Ronald Chan is the Chief Operations Officer of Finbar and a Director of Finbar's Subsidiaries and equity accounted investees.

Ronald joined the Board as an Executive Director on 24 February 2017. Ronald brings 15 years of experience in Finbar's Company operations where he has worked in several roles in the organisation including marketing, contract administration, and in 2013 was appointed Chief Operations Officer. In this role Ronald has gained an intimate understanding of the Company's relationships and systems and managed the Company's transition to digital and online marketing strategies.

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.

Non-executive Director

Terence Siong Woon PEH - B.Comm, M.Comm

Director since 24 April 2018

Terence Peh joined the Board on 24 April 2018. Terence is Chief Executive Officer and Executive Director of Chuan Hup Holdings Limited, an investment company listed on the Singapore Stock Exchange, and Finbar's largest corporate shareholder.

Terence has over 20 years of experience in property development investment and project management in Asia Pacific, and management experience in finance in the marine and electronics manufacturing services industries.

Terence obtained his Bachelor of Commerce in Marketing from Curtin University and a Master of Commerce in Finance from the University of New South Wales.

DIRECTORS' REPORT (continued)

For the Year Ended 30 June 2019

1. Directors (continued)

Non-executive (Independent) Director

Lee VERIOS - LLB, MAICD

Director since 6 December 2011

Lee Verios joined the Board in December 2011. He is a well credentialed commercial lawyer having practised in Western Australia for over 40 years.

Until his retirement from practising law in 2012, Lee was partner in the international law firm of Norton Rose and the leader of their Commercial Property division in Perth. Throughout his legal career, Lee has held senior management roles in each of the firms of which he has been a member.

In addition to his legal practice, Lee is an experienced company director, having held positions in a variety of public and private enterprises. He has been a director of privately owned investment company Wyllie Group Pty Ltd since July 2004.

Lee is a member of the Australian Institute of Company Directors, the Law Society of WA and was previously Chairman of the Australian Indonesian Business Council (WA Branch).

2. Company Secretary

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

Edward Guy BANK - B Bus, ASCPA

Company Secretary since 2 December 2016

Edward Bank is the Company Secretary of Finbar, and of Finbar's Subsidiaries and equity accounted investees. Ed is a Certified Practising Accountant with 27 years experience in private practice including 8 years as the Company's external accountant. Ed joined the Company in 2005 in the capacity of Chief Financial Officer.

Ed continues to hold the position of Chief Financial Officer.

3. Directors' Meetings

The number of Directors' meetings attended by each of the Directors of the Company, whilst being a Director, during the financial year are:

Director	Board Meetings Held	Board Meetings Attended	Resolutions Without Meetings	Audit Committee Meetings Held	Audit Committee Meetings Attended	Remuneration Committee Meetings Held	Remuneration Committee Meetings Attended
John CHAN	4	4	2	N/A	N/A	2	2
Darren John PATEMAN	4	4	2	N/A	N/A	N/A	N/A
Ronald CHAN	4	4	2	N/A	N/A	N/A	N/A
Kee Kong LOH	4	4	2	2	2	2	2
Lee VERIOS	4	4	2	2	2	2	2
Terence PEH	4	4	2	2	2	2	2

4. Corporate Governance Statement

The Board ('Board') of Finbar Group Limited ('Finbar' or 'the Company'), its subsidiaries and equity accounted investees (collectively the Group) is committed to maintaining a high standard of corporate governance in the conduct of the organisation's business in order to create and deliver value to shareholders. In this regard, Finbar has established a corporate governance framework, including corporate governance policies and charters to assist in this commitment. A copy of these policies and charters are available from the governance page of Finbar's website, www.finbar.com.au and are referenced throughout this document where relevant.

The framework is reviewed and revised in response to changes to law, developments in corporate governance best practice and changes to the Finbar business environment.

As a listed entity, Finbar is required to comply with Australian laws including the Corporations Act 2001 (Cth) and the Australian Securities Exchange Listing Rules, and to report against the ASX Corporate Governance Council's Principles and Recommendations.

In March 2014, the ASX Corporate Governance Council released its third edition of the ASX Principles, which included the requirement for listed entities to provide an Appendix 4G - Key to Disclosures Corporate Governance Council Principles and Recommendations. The Board considers that it has complied with its obligations under the ASX Principles during the period and this Corporate Governance Statement reports on the organisations approach to Corporate Governance.

DIRECTORS' REPORT (continued)

For the Year Ended 30 June 2019

4. Corporate Governance Statement (continued)

4.1 Board of Directors

Role of the Board

The Board Charter sets out the Board's role, powers and duties, and establishes the functions reserved for the Board and those which are delegated to the management. 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.

The Board has delegated responsibility for the operation and administration of the Group to the Executive Chairman, the Managing Director and Senior Executives.

Composition of Board

The Board recognises the importance of ensuring that Directors are free from interests and relationships that could, or could reasonably be perceived to materially interfere with the Director's ability to exercise independent judgement and act in the Group's best interests.

Accordingly, the Board has adopted guidelines, set out in the Board Charter, which are used to determine the independence of the Directors.

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 will be restricted from receiving materials, discussing or voting on the matter.

Details of each of the non-executive Directors (Independent) are set out in the Directors Report (page 28).

4.2 Remuneration Committee

The Remuneration Committee Charter sets out the Remuneration Committee's role, powers and duties, and establishes the functions delegated to the Committee by the Board. 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 following directors serve on the Remuneration Committee:

- » Kee Kong LOH (Chairman) - Non-executive Director
- » John CHAN - Executive Director and Chairman
- » Lee VERIOS - Non-executive Independent Director
- » Terence PEH - Non-executive Director

The Remuneration Committee Charter sets out the process for the periodical evaluation of the performance of the Executive Chairman and Managing Director. These evaluations have been conducted during the period.

The Remuneration Committee Charters sets out the process for the periodical evaluation of the performance of the Senior Executives. The Remuneration Committee in consultation with the Executive Chairman and Managing Director are responsible for the periodical evaluation of the performance of the Senior Executives. These evaluations have been conducted during the period.

Finbar has a written agreement, either in the form of an employment contract or letter of employment, with each Executive Director and Senior Executive which sets out the terms of their appointment.

A copy of the Remuneration Committee Charter is available on Finbar's website www.finbar.com.au.

4.3 Remuneration Report - Audited

4.3.1 Principles of Remuneration

Remuneration of Directors and Executives is referred to as remuneration as defined in AASB 124 Related Party Disclosures 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 Section 300A Executives.

Remuneration levels for key management personnel and the secretary of the Company, and key management personnel and secretaries of the Group, are competitively set to attract and retain appropriately qualified and experienced Directors and Executives. The Remuneration Committee periodically 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.

DIRECTORS' REPORT (continued)

For the Year Ended 30 June 2019

4. Corporate Governance Statement (continued)

4.3 Remuneration Report - Audited (continued)

4.3.1 Principles of Remuneration (continued)

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;
- » the key management personnel's contribution to revenue and future earnings potential;
- » project outcomes;
- » the key management personnel's length of service; 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, short-term performance-based incentives and can include 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, where appropriate, 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 short-term incentives and can include long-term incentives, which are 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, whilst the long-term incentive (LTI) is provided as shares or options over ordinary shares of the Company under the rules of the Employee Incentive Plan 2013 and Director Share Plan 2014. As at 30 June 2019, there were no options on issue.

Short-term Incentive

The Remuneration Committee has elected to set the primary financial performance objective of 'profit before tax' as the key measure for the calculation of the short term incentives of key management personnel. The non-financial objectives vary with position and responsibility and include measures such as those outlined above. The STI for the current period was wholly based on a percentage of 'profit before tax'. Contractual amounts are accrued in the current year and discretionary amounts are accounted for in the year of payment. The contractual amount is set at 3.3% of 'profit before tax' for 2019 financial year.

At the end of the financial year the Remuneration Committee assess the actual performance of the Group, the relevant segment and the individual key management personnel contribution to the Group. The performance evaluation in respect of the year ended 30 June 2019 has taken place in accordance with this process.

Long-term Incentive

Incentive shares or options issued under the Employee Incentive Plan 2013 or Director Share Plan 2014 are made in accordance with thresholds set in the plans approved by shareholders at the relevant Annual General Meeting, subject to the Board's discretion.

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 in respect to the long term historical profit and dividend growth of the Company, coupled with the long term retention of key management personnel resulting in the retention of Company intellectual property.

DIRECTORS' REPORT (continued)

For the Year Ended 30 June 2019

4. Corporate Governance Statement (continued)

4.3 Remuneration Report - Audited (continued)

4.3.1 Principles of Remuneration (continued)

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:

	2019	2018	2017	2016	2015
Total comprehensive income	\$11,371,914	\$13,760,281	\$5,058,710	\$8,127,095	\$25,828,642
Profit before tax	\$15,946,970	\$18,785,726	\$10,369,453	\$10,687,308	\$31,699,466
Dividends paid	\$16,302,264	\$13,873,747	\$16,219,134	\$20,686,172	\$22,770,213
Change in share price	-\$0.10	\$0.14	-\$0.03	-\$0.36	-\$0.44
Return on capital employed	5.58%	6.24%	4.76%	4.26%	11.58%
Return on total equity	4.58%	5.46%	2.34%	3.57%	10.85%

Profit before tax is considered as one of the financial targets in setting the STI.

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.

Directors

Total base remuneration for all Directors, last voted upon by shareholders at the November 2013 AGM, is not to exceed \$360,000 per annum. Directors' base fees are presently \$197,790 per annum. In line with industry practice, as from 1 July 2017 executive salaries were varied to be inclusive of all directors duties and responsibilities.

4.3.2 Directors' and Executive Officers' Remuneration

Details of the nature and amount of each major element of remuneration of each Director of the Company and of the named Group Executives who received the highest remuneration during the financial year ended 30 June 2019 are:

	Short-Term				Post - Employment			
	Directors Fees and Committee Fees \$	Salary \$	STI Cash Bonus (A) \$	Non Monetary Benefits \$	Total \$	Super-annuation \$	Other Long Term \$	Total \$
Executive Directors								
Mr John Chan, Executive Chairman	-	532,130	175,153	-	707,283	23,183	8,869	739,335
Mr Darren John Pateman, Managing Director	-	669,549	175,153	104,000	948,702	20,531	11,075	980,308
Mr Ronald Chan, Chief Operating Officer *	-	308,172	87,577	-	395,749	20,531	5,020	421,300
Non-executive Directors								
Mr Kee Kong Loh	76,105	-	-	-	76,105	-	-	76,105
Mr Terence Siong Woon Peh	65,930	-	-	-	65,930	-	-	65,930
Mr Lee Verios	69,661	-	-	-	69,661	6,444	-	76,105
Executives								
Mr Edward Guy Bank, CFO *	-	291,544	87,577	-	379,121	20,531	4,752	404,404
	211,696	1,801,395	525,460	104,000	2,642,551	91,220	29,716	2,763,487

DIRECTORS' REPORT (continued)

For the Year Ended 30 June 2019

4. Corporate Governance Statement (continued)

4.3 Remuneration Report - Audited (continued)

4.3.2 Directors' and Executive Officers' Remuneration (continued)

Details of the nature and amount of each major element of remuneration of each Director of the Company and of the named Group Executives who received the highest remuneration during the financial year ended 30 June 2018 are:

	Short-Term				Post - Employment			
	Directors Fees and Committee Fees \$	Salary \$	STI Cash Bonus (A) \$	Non Monetary Benefits \$	Total \$	Super-annuation \$	Other Long Term \$	Total \$
Executive Directors								
Mr John Chan, Executive Chairman	-	532,130	234,400	-	766,530	25,000	24,020	815,550
Mr Darren John Pateman, Managing Director	-	670,031	254,394	95,932	1,020,357	20,049	33,328	1,073,734
Mr Ronald Chan, Chief Operating Officer *	-	308,681	167,185	-	475,866	20,049	25,126	521,041
Non-executive Directors								
Mr Kee Kong Loh	76,105	-	-	-	76,105	-	-	76,105
Ms Yuun Yean Teng **	53,660	-	-	-	53,660	-	-	53,660
Mr Terence Siong Woon Peh	12,270	-	-	-	12,270	-	-	12,270
Mr Lee Verios	69,661	-	-	-	69,661	6,444	-	76,105
Executives								
Mr Edward Guy Bank, CFO *	-	292,026	117,200	-	409,226	20,049	13,510	442,785
	211,696	1,802,868	773,179	95,932	2,883,675	91,591	95,984	3,071,250

* Excludes accrued annual leave balance of \$151,614 (2018: \$136,614).

** Retired on 24 April 2018.

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 31.

Details of the Group's policy in relation to the remuneration that is performance related is discussed on Page 31.

On 29th October 2014, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of \$360,000 which is repayable by 27th October 2019. The related benefit is disclosed in table 4.3.2 on page 32.

On 31st August 2015, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of \$290,000 which is repayable by 31st August 2020. The related benefit is disclosed in table 4.3.2 on page 32.

On 25th August 2016, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of \$207,500 which is repayable by 25th August 2021. The related benefit is disclosed in table 4.3.2 on page 32.

On 13th September 2017, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of \$202,500 which is repayable by 13th September 2022. The related benefit is disclosed in table 4.3.2 on page 32.

DIRECTORS' REPORT (continued)

For the Year Ended 30 June 2019

4. Corporate Governance Statement (continued)

4.3 Remuneration Report - Audited (continued)

4.3.3 Analysis of Bonuses included in Remuneration

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	175,153	100%
Mr Darren John Pateman	175,153	100%
Mr Ronald Chan, COO	87,577	100%
Executives		
Mr Edward Guy Bank, CFO and Company Secretary	87,577	100%
	525,460	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, as per Short Term Incentives (page 31). No discretionary bonus was paid to the Executives in the 2019 financial year (2018: \$99,970). Any discretionary amounts of executive bonuses relating to 2019 financial year are yet to be determined, and therefore may impact future financial years.

4.3.4 Directors' and Executives Interests

Movement 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 2018	Purchases	Sales	Held at 30 June 2019
Directors				
Mr John Chan*	26,567,520	50,000	-	26,617,520
Mr Darren John Pateman	3,586,368	23,125	-	3,609,493
Mr Ronald Chan*	5,067,217	6,857	-	5,074,074
Mr Kee Kong Loh	2,000,904	-	-	2,000,904
Mr Terence Siong Woon Peh**	54,932,348	904,827	-	55,837,175
Mr Lee Verios	70,000	74,786	(72,393)	72,393
Executives				
Mr Edward Guy Bank	300,000	-	-	300,000

	Held at 1 July 2017	Purchases	Sales	Held at 30 June 2018
Directors				
Mr John Chan*	25,815,932	751,588	-	26,567,520
Mr Darren John Pateman	3,287,981	298,387	-	3,586,368
Mr Ronald Chan*	4,876,444	190,773	-	5,067,217
Mr Kee Kong Loh	2,000,904	-	-	2,000,904
Mr Terence Siong Woon Peh**	-	54,932,348	-	54,932,348
Mr Lee Verios	30,000	40,000	-	70,000
Executives				
Mr Edward Guy Bank	300,000	-	-	300,000

* Both John Chan and Ronald Chan have interests in Forward International Pty Ltd which holds shares in Finbar Group.

** Terence Peh is a Director and shareholder of Chuan Hup Holdings Limited which holds shares in Finbar Group.

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

DIRECTORS' REPORT (continued)

For the Year Ended 30 June 2019

4. Corporate Governance Statement (continued)

4.3 Remuneration Report - Audited (continued)

4.3.5 Equity Instruments

All options refer to options over ordinary shares of Finbar Group Limited issued under the Employee Incentive Plan 2013 or Director Share Plan 2014. As at 30 June 2019, there were no options on issue.

4.4. Audit Committee

The Audit Committee Charter sets out the Audit Committee's role, powers and duties, and establishes the functions delegated to the Audit Committee by 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.

A copy of the Audit Committee Charter is available on Finbar's website www.finbar.com.au.

The following directors serve on the Audit Committee:

- » Lee VERIOS (Chairman) - Non-executive Independent Director
- » Kee Kong LOH - Non-executive Director
- » Terence Siong Woon PEH - Non-executive Director

4.5. Risk Management

Oversight of the Risk Management Procedures

The Board has elected not to establish a separate Risk Committee to oversee risk management and instead the overall responsibility of risk management resides with the Board in its entirety. In this regard, risk management considerations form part of the Board's discussions at scheduled meetings.

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 Director and Chief Financial Officer provide assurance, in writing to the Board, that the financial risk management and associated compliance and controls have been assessed and found to be operating effectively.

Risk Management and Compliance Control

Comprehensive practices have been established to ensure:

- » capital expenditure with respect to land acquisitions or development agreements 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 24 in the Notes to the Consolidated 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); and
- » environmental regulation compliance (see below).

Quality and Integrity of Personnel

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

Financial Reporting

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

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

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

DIRECTORS' REPORT (continued)

For the Year Ended 30 June 2019

4. Corporate Governance Statement (continued)

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 28 in the Notes to the Consolidated 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; and
- » 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 Securities 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; and
- » requiring details to be provided of the trading activities of the Directors of the Company.

DIRECTORS' REPORT (continued)

For the Year Ended 30 June 2019

4. Corporate Governance Statement (continued)

4.7. Communication with Shareholders

The Board is committed to ensuring that the Company complies with its continuous disclosure obligations and to facilitate this, has approved a Continuous Disclosure Policy that applies to all Group personnel, including the Directors and Senior Executives. The Board seeks to promote investor confidence by seeking to ensure that trading in the Company's shares take place in an informed market.

Finbar provides information about itself, its activities and operations, and its governance via its website www.finbar.com.au.

A copy of the Group's Market Disclosure Policy is available on Finbar's website www.finbar.com.au.

4.8. Diversity

The Board has considered the recommendation to formulate strict measureable targets for the purposes of the assessment of gender diversity within the organisation. Given the small size and relatively stable nature of its workforce it has formed the view that at this time it would not be appropriate or practical to establish a written policy regarding gender diversity. The Board will review this position at least annually. However, generally, when selecting new employees or advancing existing employees, no consideration is given to gender, age or ethnicity, but instead selections are based upon individual achievements, skill and expertise.

Gender representation	2019		2018	
	Female	Male	Female	Male
Board	-	100%	-	100%
Key Management Personnel	-	100%	-	100%
Senior Management	60%	40%	50%	50%
Group	48%	52%	53%	47%

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 equity accounted investees (through companies registered specifically to conduct the development).

The Group holds rental property through 175 Adelaide Terrace Pty Ltd (wholly owned subsidiary of the Company) and Finbar Karratha Pty Ltd (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

Total comprehensive income attributable to Owners of the Group

2019	2018
\$11,371,914	\$13,760,204

Shareholder Returns

Total comprehensive income attributable to Owners of the Group

	2019	2018	2017	2016	2015
Total comprehensive income attributable to Owners of the Group	\$11,371,914	\$13,760,204	\$5,062,123	\$8,130,113	\$25,896,656
Basic EPS	\$0.04	\$0.06	\$0.02	\$0.04	\$0.11
Diluted EPS	\$0.04	\$0.06	\$0.02	\$0.04	\$0.11
Dividends paid	\$16,302,264	\$13,873,747	\$16,219,134	\$20,686,172	\$22,770,213
Dividends paid per share	\$0.06	\$0.06	\$0.07	\$0.09	\$0.10
Market price per share	\$0.84	\$0.94	\$0.80	\$0.83	\$1.19
Change in share price	-\$0.10	\$0.14	-\$0.03	-\$0.36	-\$0.44
Return on capital employed attributable to Owners of the Group	5.58%	6.24%	4.76%	4.26%	11.60%
Return on total equity attributable to Owners of the Group	4.58%	5.46%	2.34%	3.57%	10.90%

DIRECTORS' REPORT (continued)

For the Year Ended 30 June 2019

6. Operating and Financial Review (continued)

Shareholder Returns (continued)

Dividends for 2019 were fully franked and it is expected that dividends in future years will continue to be fully franked.

Key transactions that contributed to the consolidated net profit of the Company for the 2019 financial year were the completion of the VUE Apartments in East Perth and the REVA Apartments in South Perth, sales and settlements of completed stock held at 30 June 2018 as well as the ongoing rental of the Company's commercial properties. See below for further information on the Company's project completions.

Review of Operations

Finbar Group Limited's ('Finbar' or 'the Company') core business lies in the development of medium to high density residential apartments and commercial property within the state of Western Australia. Finbar carries out its development projects in its own right or through incorporated special purpose entities and equity accounted investees, of which the Company either directly or indirectly holds interests in project profitability ranging between 50% and 100%.

The Company operates predominantly within the Perth CBD and surrounding areas.

Finbar's business model involves the acquisition of suitable development land either directly or by way of an incorporated Special Purpose Vehicle or by development agreements with Land Owners. Equity partners are sought to allow the Company to leverage into larger development projects to take advantage of the benefits of economies of scale, and to help spread project risk.

Finbar outsources its design, sales and construction activities to external parties.

The administration of the companies along with the operating, investment, and acquisitions decisions are made by Finbar's Board and Management. The Company employs 21 staff in its corporate offices in East Perth, Western Australia and 1 member of staff in its office in the Pilbara.

This outsourcing model ensures that the Company is and remains scalable, efficient and agile in a market where acquisition and project timing is critical in maintaining a competitive advantage, helping to protect margins and enhancing the returns Finbar can generate for its shareholders.

There have been no significant changes in the Company's operating model that occurred during the relevant reporting period and the Company continued to develop and invest in built-form projects within Western Australia throughout the year as its core business.

Notwithstanding a subdued level of confidence in the resources construction cycle in Western Australia, there remains strong support for the product offered by Finbar.

Underlying state population growth and state economic activity has softened on the back of a reduction in resource sector activity. As a result, there is less demand for investment property, however, a low interest rate environment coupled with weakened housing prices is helping drive owner occupier activity for company product.

Factors that may affect the Company's profit are generally restricted to items that would be considered to reside outside of the control of the Board and Management and are, in general, movements in interest rates, government rebates and incentives, changes in taxation and superannuation laws, banking lending policies and their regulatory changes, global economic factors, resources sector activity, and employment rates.

The ability to source new viable development opportunities is central to Finbar's ongoing success and the Board and Management has demonstrated a long track record of this ability.

The Board and Management control the Company's key risks through the implementation of control measures which include; land acquisitions generally secured without the use of debt funding, development funding which is carried out utilising senior bank funding (no mezzanine) from major Australian banks, and the Company's small and agile structure which can rapidly adapt to changes in market conditions.

There were no significant changes in the composition of overall assets and liabilities, with movements in assets from non-current to current and movements in liabilities from non-current to current as projects reach completion. The Company continued to focus on the generation of sales and rental revenue through property development and investment.

The Board and Management do not currently have the view that there is a requirement to reposition the Company's overall business model. The Board and Management continuously monitor market fluctuations and conditions and implement appropriate strategies to benefit from and insulate the Company against changing market conditions.

DIRECTORS' REPORT (continued)

For the Year Ended 30 June 2019

6. Operating and Financial Review (continued)

Completed Projects

Ecco - 262 Lord Street, Perth : 2 units have settled in the reporting period. The 98 unit development is fully sold.

Norwood - 280 Lord Street, Perth : 1 unit has settled in the reporting period. The 63 unit development is fully sold.

Unison on Tenth - 241 Railway Avenue, Maylands : 2 units have settled in the reporting period. The 169 unit development is fully sold.

Linq - 269 James Street, Northbridge : 9 units have settled in the reporting period. The 116 unit development is fully sold.

Motive - 172 Railway Parade, West Leederville : 23 units have settled in the reporting period. 29 units remain for sale in the 143 unit development.

Concerto - 193 Adelaide Terrace, East Perth : 24 units settled in the reporting period. 19 units remain for sale in the 227 unit development.

Aurelia - 96 Mill Point Road, South Perth : 26 units have settled in the reporting period. 16 units remain for sale in the 138 unit development.

Aire West Perth - 647-659 Murray Street, West Perth : 53 units have settled in the reporting period. 16 units remain for sale in the 244 unit development.

Reva - 5 Harper Terrace, South Perth : Construction of the Reva project completed in the second half of the financial year. 32 units have settled in the reporting period. 25 units remain for sale in the 59 unit development.

Vue Tower - 63 Adelaide Terrace, East Perth : Construction of the Vue project completed in the second half of the financial year. 158 units have settled in the reporting period. 71 units remain for sale in the 250 unit development.

Currently Under Construction

Palmyra East Apartments - 43 McGregor Road, Palmyra : Construction works continue to progress well at the first stage of the two stage Palmyra development, with completion expected during the first half of financial year ending 30 June 2020. To date 69 sales have been achieved in the development of 128 residential apartments.

Sabina - 908 Canning Highway, Applecross : Construction works continue to progress well at the first stage of the three stage Applecross development, with completion expected during the financial year ending 30 June 2020. To date 64 sales have been achieved in the development of 164 residential apartments and 3 commercial units.

One Kennedy - 241 Railway Parade, Maylands : Construction works continue to progress well at One Kennedy, with completion expected during the financial year ending 30 June 2020. To date 45 sales have been achieved in the development of 120 residential apartments and 3 commercial units.

Riverena - Lot 1001-1003 Rowe Avenue Rivervale : Marketing of the Riverena project continues to progress, with construction expected to commence in the financial year ending 30 June 2020. To date 27 sales have been achieved in the development of 125 residential apartments.

Future Projects

Civic Heart - 1 Mends Street, South Perth : A scheme amendment that addresses site specific characteristics was gazetted on January 2019. Development Approval has been lodged and determination is expected in October 2019. It comprises of 309 residential apartments and 26 commercial tenancies in a four level shared podium with two towers of 39 and 22 levels.

912 Canning Highway, Applecross (Stage 2) : Development Approval has been received for 151 residential apartments and 3 commercial units.

3 Kintail Road, Applecross (Stage 3) : Development Approval has been received for 122 residential apartments and 3 commercial units.

Palmyra West Apartments - 43 McGregor Road, Palmyra (Stage 2) : Development Approval has been received for 130 residential apartments.

36 Chester Avenue, Dianella : Development Approval has been received for a development of 128 residential apartments.

239 Great Eastern Highway, Belmont : Development Approval has been received for a development of 194 residential apartments and 2 commercial units.

The Point - 31 Rowe Avenue, Rivervale : Development Approval has been received for a development of 167 apartments and 9 commercial units.

Springs Commercial - 2 Hawksburn Road, Rivervale : The company has not secured a lease to date which would underpin the viability of the development of a commercial building on this land. The company will continue to seek a leasing pre-commitment. If it is unsuccessful by the time the Riverena development nears completion, the company will consider seeking approval from the statutory authorities for a redesign into a residential apartment project.

DIRECTORS' REPORT (continued)

For the Year Ended 30 June 2019

6. Operating and Financial Review (continued)

Future Projects (continued)

2 Homelea Court, Springs Rivervale : Finbar through a wholly owned subsidiary holds an additional four abutting parcels of land in the Springs precinct in Rivervale for a combined value of \$5.15million. The four vacant sites are located on the corners of Rowe Avenue and Homelea Court and comprise a total of 3,770 square metres of land which Finbar intends to amalgamate to develop a project consisting of approximately 185 apartments within a 10 level building.

Lot 1000 - 32 Riversdale Road, Rivervale : Development options are currently being explored.

187 Adelaide Terrace, East Perth : The last of the Symphony City development site comprising 2,984sqm and the existing heritage listed former ABC Radio building was acquired through a wholly owned Finbar subsidiary in September 2018. Development options are currently being explored within the heritage parameters of the building for a mixed use project.

Investment Property

Fairlanes - 181 Adelaide Terrace, East Perth : The Fairlanes property has been revalued during the reporting period. The valuation resulted in a \$596,188 reduction to the value of the property. The company continues to benefit from the investment income generated from the leased property. The property is currently 52% leased. The company continues to actively market the remaining tenancies for rental.

Pelago Commercial - 23 & 26 Sharpe Avenue, Karratha : The Pelago commercial property has been revalued during the reporting period. The valuation resulted in a \$460,000 increase to the value of the property. The company continues to benefit from the investment income generated from the leased property. The property is currently 52% leased. The company continues to actively market the remaining tenancies for rental.

Pelago Residential - 23 & 26 Sharpe Avenue, Karratha : The Pelago residential property has been revalued during the reporting period. The valuation resulted in a \$1.1million increase to the value of the property. The company continues to benefit from the investment income generated from the leased property. The property is currently 96% leased. The company continues to actively market the remaining tenancies for rental.

Significant Changes in State of Affairs

Other than set out in this report, 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 2019				
Final 2018 ordinary	3.00	8,123,099	Franked	14 September 2018
Interim 2019 ordinary	3.00	8,179,165	Franked	12 March 2019
Total Dividends Paid		16,302,264		

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

Proposed Dividend

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

Final 2019 ordinary	3.00	8,163,694	Franked	12 September 2019
Total Dividend Proposed		8,163,694		

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2019 and will be recognised in subsequent financial reports.

	Note	\$
Dealt with in the financial report as - Dividends	19	16,302,264

Dividend Reinvestment Plan

In accordance with Rule 13 of the Company's Dividend Reinvestment Plan (DRP), the Directors have elected to suspend the DRP in the 2019 financial year until further notice. As such the DRP will not be active for the above mentioned dividend.

DIRECTORS' REPORT (continued)

For the Year Ended 30 June 2019

8. Events Subsequent to Reporting Date

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

9. Likely Developments

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

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

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
Mr John Chan	26,617,520
Mr Darren John Pateman	3,609,493
Mr Ronald Chan	5,074,074
Mr Kee Kong Loh	2,000,904
Mr Terence Siong Woon Peh	55,837,175
Mr Lee Verios	72,393

11. Indemnification and Insurance of Officers and Auditors

Indemnification

The Company has agreed to indemnify the current Directors of the Company, its Subsidiaries and Equity Accounted Investees, 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, its Subsidiaries and Equity Accounted Investees, except where the liability arises out of the conduct involving a lack of good faith.

Insurance Premiums

During the financial year the Company has paid insurance premiums of \$29,901 (2018: \$22,832) 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.

DIRECTORS' REPORT (continued)

For the Year Ended 30 June 2019

12. 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	
	2019 \$	2018 \$
Audit Services:		
Auditors of the Company		
Audit and review of the financial reports	141,083	174,425
Audit and review of the financial reports of equity accounted investees	169	6,750
	141,252	181,175
Services Other Than Statutory Audit:		
Taxation compliance services	34,929	18,543
	34,929	18,543

13. Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on Page 90 and forms part of the Directors' Report for the financial year ended 30 June 2019.

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



Darren Pateman
Managing Director

Dated at Perth this Twentieth day of August 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2019

	Note	Consolidated	
		2019 \$	2018* \$
Revenue	7	154,690,070	150,736,461
Cost of sales		(126,263,342)	(120,828,162)
Gross Profit		28,426,728	29,908,299
Other income	8	59,897	1,356,785
Administrative expenses		(6,918,123)	(7,104,935)
Advertising expenses		(4,083,207)	(3,270,990)
Revaluation increase/(decrease) of investment property		963,812	(2,027,338)
Revaluation increase of property, plant and equipment		114,247	-
Rental expenses		(4,151,973)	(4,696,474)
Results from Operating Activities		14,411,381	14,165,347
Finance income	10	1,890,430	2,675,006
Finance costs	10	(780,725)	(802,024)
Net Finance Income		1,109,705	1,872,982
Share of profit of Equity Accounted Investees (net of income tax)	14	425,884	2,747,397
Profit before Income Tax		15,946,970	18,785,726
Income tax expense	11	(4,560,151)	(4,849,818)
Profit for the year		11,386,819	13,935,908
Other comprehensive income			
Items which will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment		(21,293)	(250,896)
Tax on items that will not be reclassified to profit or loss	11	6,388	75,269
Other comprehensive loss for the year, net of income tax		(14,905)	(175,627)
Total comprehensive income for the year		11,371,914	13,760,281
Profit attributable to:			
Owners of the Group		11,386,819	13,935,831
Non-controlling interest		-	77
Profit for the year		11,386,819	13,935,908
Total comprehensive income attributable to:			
Owners of the Group		11,371,914	13,760,204
Non-controlling interest		-	77
Total comprehensive income for the year		11,371,914	13,760,281
Earnings per Share:			
Basic earnings per share (cents per share)	20	4.18	5.84
Diluted earnings per share (cents per share)	20	4.18	5.84

* The Group has initially applied AASB 15 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 2(e)(iii).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2019

Attributable to equity holders of the company

	Share Capital \$	Retained Earnings \$	Asset Revaluation Reserve \$	Total \$	Non Controlling Interest \$	Total Equity \$
Balance as at 1 July 2017*	157,332,125	58,847,430	190,532	216,370,087	101,103	216,471,190
Total comprehensive income for the year						
Profit		13,935,831		13,935,831	77	13,935,908
Other comprehensive income			(175,627)	(175,627)	-	(175,627)
Transactions with owners, recognised directly in equity						
Issue of ordinary shares	36,195,623			36,195,623		36,195,623
Buyback of shares	(285,953)			(285,953)		(285,953)
Dividends to shareholders Note 19		(13,873,747)		(13,873,747)	(101,180)	(13,974,927)
Balance as at 30 June 2018*	193,241,795	58,909,514	14,905	252,166,214	-	252,166,214
Balance as at 1 July 2018*	193,241,795	58,909,514	14,905	252,166,214	-	252,166,214
Total comprehensive income for the year						
Profit		11,386,819		11,386,819	-	11,386,819
Other comprehensive income			(14,905)	(14,905)	-	(14,905)
Transactions with owners, recognised directly in equity						
Issue of ordinary shares	2,035,637			2,035,637		2,035,637
Buyback of shares	(794,412)			(794,412)		(794,412)
Dividends to shareholders Note 19		(16,302,264)		(16,302,264)	-	(16,302,264)
Balance as at 30 June 2019	194,483,020	53,994,069	-	248,477,089	-	248,477,089

Amounts are stated net of tax

* The Group has initially applied AASB 15 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 2(e)(iii).

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on Pages 47 to 83.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	Consolidated	
		2019 \$	2018* \$
ASSETS			
Current Assets			
Cash and cash equivalents	18a	45,489,944	57,750,242
Trade and other receivables	17	18,353,772	39,494,544
Inventories	16	129,925,235	84,307,397
Prepayments		55,039	162,044
Investments in Equity Accounted Investees	14	3,043,383	2,556,405
Other assets		20,474	91,055
Total Current Assets		196,887,847	184,361,687
Non Current Assets			
Trade and other receivables	17	16,122,651	15,222,637
Inventories	16	62,807,546	60,604,201
Investment property	12	85,306,973	84,768,616
Investments in Equity Accounted Investees	14	1,496,376	1,509,117
Property, plant and equipment	13	9,628,620	10,611,799
Deferred Tax Assets	15	6,176,748	5,768,019
Other assets		80,980	66,202
Total Non Current Assets		181,619,894	178,550,591
Total Assets		378,507,741	362,912,278
LIABILITIES			
Current Liabilities			
Trade and other payables	23	40,838,247	42,017,421
Loans and borrowings	21	34,665,088	8,068,734
Current tax payable	15	3,060,121	2,591,294
Employee benefits	22	487,563	444,184
Total Current Liabilities		79,051,019	53,121,633
Non Current Liabilities			
Trade and other payables	23	3,319,993	6,742,156
Loans and borrowings	21	44,943,221	47,835,771
Deferred tax liabilities	15	2,686,992	3,046,504
Employee benefits	22	29,427	-
Total Non Current Liabilities		50,979,633	57,624,431
Total Liabilities		130,030,652	110,746,064
Net Assets		248,477,089	252,166,214
EQUITY			
Share capital	19	194,483,020	193,241,795
Retained earnings	19	53,994,069	58,909,514
Reserves	19	-	14,905
Total Equity		248,477,089	252,166,214

* The Group has initially applied AASB 15 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 2(e)(iii).

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements set out on Pages 47 to 83.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2019

	Note	Consolidated	
		2019 \$	2018* \$
Cash Flows from Operating Activities			
Cash receipts from customers		203,660,306	234,900,772
Cash paid to suppliers and employees		(225,951,621)	(167,562,828)
Cash generated (used in)/from Operating Activities		(22,291,315)	67,337,944
Interest paid		(1,734,679)	(4,943,925)
Income tax paid		(4,739,358)	(7,118,687)
Net Cash generated (used in)/from Operating Activities	18b	(28,765,352)	55,275,332
Cash Flows from Investing Activities			
Interest received		1,674,340	3,556,901
Dividends received from Equity Accounted Investees		217,225	1,005,404
Acquisition of property, plant and equipment	13	(37,887)	(6,892)
Proceeds from sale of property, plant and equipment	13	12,040	-
Acquisition of other investments		(1)	(58)
Loans to Equity Accounted Investees		(297,740)	(13,897,317)
Proceeds from loans to Equity Accounted Investees		10,457,475	14,262,994
Cash held by subsidiary at acquisition**		3,837	-
Net Cash provided by Investing Activities		12,029,289	4,921,032
Cash Flows from Financing Activities			
Proceeds from issue of share capital (net of DRP)	19	-	34,393,463
Repurchase of own shares	19	(794,412)	(285,953)
Proceeds from borrowings	21	99,992,618	41,617,031
Repayment of borrowings	21	(80,455,814)	(134,283,765)
Dividends paid (net of DRP)	19	(14,266,627)	(12,561,943)
Dividends paid to minority shareholders	19	-	(101,180)
Net Cash provided by/(used in) Financing Activities		4,475,765	(71,222,347)
Net decrease in cash and cash equivalents		(12,260,298)	(11,025,983)
Cash and cash equivalents at 1 July		57,750,242	68,776,225
Cash and Cash Equivalents at 30 June	18a	45,489,944	57,750,242

* The Group has initially applied AASB 15 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 2(e)(iii).

** During the financial year, the Group acquired 36 Chester Avenue Pty Ltd's remaining 50% interest from the joint venture partner. 36 Chester Avenue Pty Ltd is a wholly owned subsidiary of Finbar Group Limited as at 30 June 2019. Refer to Note 14 and 29 for more details.

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on Pages 47 to 83.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

Index to Notes to the Financial Statements

Note	Page	Note	Page
1. Reporting Entity	49	17. Trade and Other Receivables	71
2. Basis of Preparation	49	18. Cash and Cash Equivalents	72
3. Significant Accounting Policies	51	19. Capital and Reserves	72
4. Determination of Fair Values	59	20. Earnings per Share	74
5. Financial Risk Management	59	21. Loans and Borrowings	76
6. Operating Segments	61	22. Employee Benefits	77
7. Revenue	64	23. Trade and Other Payables	77
8. Other Income	64	24. Financial Instruments	78
9. Personnel Expenses	64	25. Operating Leases	80
10. Finance Income and Finance Costs	64	26. Capital and Other Commitments	80
11. Income Tax Expense	65	27. Contingencies	81
12. Investment Property	66	28. Related Parties	81
13. Property, Plant and Equipment	67	29. Group Entities	82
14. Investments in Equity Accounted Investees	69	30. Subsequent Events	83
15. Tax Assets and Liabilities	71	31. Auditor's Remuneration	83
16. Inventories	71	32. Parent Entity Disclosures	83

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

Index to Significant Accounting Policies (Note 3)

Note	Page
(a) Basis of Consolidation	51
(b) Financial Instruments	52
(c) Property, Plant and Equipment	53
(d) Investment Property	54
(e) Inventories	54
(f) Impairment	54
(g) Employee Benefits	55
(h) Provisions	55
(i) Revenue	56
(j) Finance Income and Finance Costs	57
(k) Income Tax	57
(l) Goods and Services Tax	57
(m) Earnings per Share	58
(n) Segment Reporting	58
(o) New Standards and Interpretations	58

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

1. Reporting Entity

Finbar Group Limited ('the Company') is a public company domiciled in Australia. The address of the Company's registered office is Level 6, 181 Adelaide Terrace, East Perth, WA 6004. The consolidated financial statements of the Group as at and for the year ended 30 June 2019 comprise the Company, its Subsidiaries (together referred to as 'the Group' and individually as 'Group entities') and the Group's interest in equity accounted investees. The Group is a for-profit entity and is primarily involved in residential property development and property investment (see Note 6).

2. Basis of Preparation

(a) Statement of Compliance

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

The consolidated financial statements were approved by the Board of Directors on 20th August 2019.

(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 or loss are measured at fair value; and
- » 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 the Group.

(d) Use of Estimates and Judgements

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

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

(i) Assumptions and estimation uncertainties

Information about assumptions made in measuring fair values and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending 30 June 2019 are included in the following notes:

- » Note 12 - Valuation of investment property;
- » Note 13 - Property, plant & equipment; and
- » Note 24 - Valuation of financial instruments.

(ii) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes the CFO who has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Significant valuation issues are reported to the Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- » Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- » Level 2: inputs other than quoted prices included in 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)

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

2. Basis of Preparation (continued)

(e) Changes in Accounting Policies

Except for the changes below, the Group's accounting policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2018.

The Group has applied AASB 9 *Financial Instrument* from 1 July 2018. Management has assessed the impact of applying the new standard and no material adjustment has been noted from the adoption. The Group has updated its accounting policy for financial instrument and associated impairment recognition as detailed in Note 3(b)(i) and 3(f)(i).

The Group has applied AASB 15 *Revenue from Contracts with Customers* using the cumulative effect method – i.e. by recognising the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance of equity at 1 July 2018. The Group has applied the practical expedient in paragraph C5(b) of AASB 15 under which, for completed contracts that have variable consideration, the Group has used the transaction price at the date when the contract was completed rather than estimating variable consideration amounts in the comparative reporting period. Therefore, the comparative information has not been restated and continues to be reported under AASB 118. The Group has changed its accounting policy for revenue recognition as detailed in Note 3(i) in accordance with AASB 15. The details of the significant changes and quantitative impact of the changes are set out below.

Land cost base on property sale

For projects with an external land owner when the Group is engaged as a property developer of the land, the Group previously did not recognise the cost base of land when recognising revenue on property sale. Under AASB 15, Finbar is deemed to be acting as the principal in the transaction and as such property sales revenue and cost of sales are grossed up by the land cost base. The net profit or loss impact is nil. This adjustment is only applicable to projects with an external land owner when the Group is engaged as a property developer of the land.

Variable consideration on completed units cost base

The Group previously set the cost base of each completed unit based on sale price at project completion. Under AASB 15, at reporting period, the cost base of each unit is required to be reassessed based on the current sale prices (variable consideration). The adoption impacts the closing inventory balance and consequently, the cost of sales recorded in profit or loss.

Impact of changes in accounting policies For the Year Ended 30 June 2019

	As reported \$	Adjustments \$	Balances without adoption of AASB 15 \$
Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Revenue	154,690,070	(15,812,955)	138,877,115
Cost of sales	(126,263,342)	15,200,345	(111,062,997)
Other income	59,897	-	59,897
Other Expenses	(14,075,244)	24,251	(14,050,993)
Net Finance Income	1,109,705	-	1,109,705
Share of profit of Equity Accounted Investees (net of income tax)	425,884	(85,601)	340,283
Income Tax Expense	(4,560,151)	176,508	(4,383,643)
Profit for the year	11,386,819	(497,452)	10,889,367
Other comprehensive income	(14,905)	-	(14,905)
Total comprehensive income for the year	11,371,914	(497,452)	10,874,462

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

2. Basis of Preparation (continued)

(e) Changes in Accounting Policies (continued)

Impact of changes in accounting policies For the Year Ended 30 June 2019	As reported \$	Adjustments \$	Balances without adoption of AASB 15 \$
Consolidated Statement of Financial Position			
Assets			
Inventories	192,732,781	(395,939)	192,336,842
Investments in Equity Accounted Investees	4,539,759	(85,601)	4,454,158
Deferred Tax Assets	6,176,748	(7,275)	6,169,473
Others	175,058,453	-	175,058,453
Total Assets	378,507,741	(488,815)	378,018,926
Liabilities			
Trade and other payables	44,158,240	192,420	44,350,660
Deferred tax liabilities	2,686,992	(183,783)	2,503,209
Others	83,185,420	-	83,185,420
Total Liabilities	130,030,652	8,637	130,039,289
Net Assets	248,477,089	(497,452)	247,979,637
Equity			
Share capital	194,483,020	-	194,483,020
Retained earnings	53,994,069	(497,452)	53,496,617
Total Equity	248,477,089	(497,452)	247,979,637

The adjustments recognised for year ended 30 June 2019 have no material impact on Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows.

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 Group controls an entity when it is exposed to or has rights to variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity. 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) Equity Accounted Investees

Equity accounted investees are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic and operating decisions. Investments in equity accounted investees 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 equity accounted investees are carried at the lower of the equity accounted amount and the recoverable amount. Investments in equity accounted investees are treated as current assets where it is expected that the investment will be realised within a twelve month time frame.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

3. Significant Accounting Policies (continued)

(a) Basis of Consolidation (continued)

(iii) Joint Operations

A joint operation is carried on by each venturer using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

(iv) Transactions Eliminated on Consolidation

Intra-group balances and transactions, 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 assets

Trade and other receivables and debt securities issued are initially recognised when they are originated. All other financial assets (including assets designated at fair value through profit or loss – FVTPL) are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- » it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- » its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

Non-derivative financial liabilities

Trade and other payables, commercial bills and subordinated liabilities are initially recognised when they are originated at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method. All other financial liabilities (including liabilities designated at fair value through profit or loss) are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Share Capital

Ordinary shares

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

Repurchase of share capital

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

Dividends

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

3. Significant Accounting Policies (continued)

(c) Property, Plant and Equipment

(i) Recognition and Measurement

Items of 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).

Items classified as property are measured at fair value. Refer Note 3(c)(iv).

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 revaluation 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 reliably measured. 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) Revaluation Model for Property

After recognition as an asset, the Group has elected to carry an item of property whose fair value can be reliably measured shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

If an item of property is revalued, the entire class of property to which that asset belongs shall be revalued. Any gain or loss arising on remeasurement is recognised in other comprehensive income and asset revaluation reserve. Refer Note 4.

(v) Depreciation and Amortisation

Depreciation and amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Assets are depreciated or amortised from the date of acquisition. Land is not depreciated.

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

» Office property	40 years
» Office furniture and equipment, fixtures and fittings	5 - 25 years
» Plant and equipment	1 - 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

3. Significant Accounting Policies (continued)

(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, used in the production or supply of goods and services or for administrative purposes. Investment property is measured at fair value (see Note 4) with any change therein recognised in profit or loss.

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

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

(e) Inventories

Inventories and work in progress, including land held for resale, are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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

Current and Non-current Inventory Assets

Inventory is classified as current when it satisfies any of the following criteria:

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

All other inventory is treated as non-current.

(f) Impairment

(i) Financial Assets

Under the expected credit losses (ECL) model in accordance with AASB 9 *Financial Instrument*, the Group calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability-weighted outcomes.

At each reporting period, the Group assess whether the credit risk on a financial instrument has increased significantly since initial recognition, by analysing reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

Except for purchased or originated credit-impaired financial assets, trade receivables, AASB 15 contract assets and lease receivables, at each reporting date:

- » the Group measures the loss allowance for a financial instrument at an amount equal to the 'lifetime expected credit losses' if the credit risk on that financial instrument has increased significantly since initial recognition.
- » if the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measure the loss allowance for that financial instrument at an amount equal to '12 month expected credit loss'.

The allowance and any changes in the expected credit loss are recognised as impairment gain and losses in profit or loss.

(ii) Non-financial Assets

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

3. Significant Accounting Policies (continued)

(f) Impairment (continued)

(ii) Non-financial Assets (continued)

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.

(ii) Long-term Employee Benefits

The Group's 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 or 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 reliably estimated.

(iv) Short-term Employee Benefits

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

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

(v) Share-based Payment Transactions

At 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 reliably estimated, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

3. Significant Accounting Policies (continued)

(i) Revenue

The Group has applied AASB 15 *Revenue from Contracts with Customers* using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under AASB 118 Revenue. The details of accounting policies under AASB 118 are disclosed separately if they are different from those under AASB 15 and the impact of changes is disclosed in Note 2(e).

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 reliably estimated, there is no continuing management involvement with the property and the amount of revenue can be reliably measured.

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 reliably measured, the costs incurred or to be incurred cannot be reliably measured, or the stage of completion cannot be reliably measured.

(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 reliably measured or when contractually due.

(iv) Rental Income

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

Current Revenue Policy

Under AASB 15, Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

(i) Property Sales

Revenue from property sales include:

- » Sale of residential and commercial property;
- » Development costs fees which represent the fees charged to recoup project development costs from the Land Owners; and
- » Profit Share fees which represent percentage profit sharing revenue based on net project profit.

Revenue is recognised when control of the assets is transferred and the amount of revenue is measured based on the contracted amount. The timing of transfers of control vary depending on the individual terms of the contract of sale.

For projects with an external landowner when the Group is engaged as a property developer of the land, the Group is deemed to be acting as the principal in the transaction and as such, property sales revenue and cost of sale are grossed up by the land cost base.

The cost of sales allocated to individual units is based on the estimated overall selling price for the project and is updated at each reporting date.

(ii) Supervision Fees

Supervision fees represents the management fees charged to the Equity Accounted Investees. Revenue is recognised in profit or loss in proportion to the stage of project completion which is by reference to an assessment of the costs incurred and the costs to be incurred. Revenue is measured based on the contracted amount and constrained to the amount that is highly probable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

3. Significant Accounting Policies (continued)

(i) Revenue (continued)

Current Revenue Policy (continued)

(ii) Management Fee

Management fees represents the management fee charged to the Equity Accounted Investees' shareholders. Revenue is recognised in profit or loss at project completion and is measured based on the contracted amount and constrained to the amount that is highly probable.

(iii) Rental Income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease in accordance with AASB 117. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(j) Finance Income and Finance Costs

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

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

(k) Income Tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and equity accounted investees 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

3. Significant Accounting Policies (continued)

(m) Earnings per Share

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

(n) Segment Reporting

Determination and Presentation of Operating Segments

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

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

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

(o) New Standards and Interpretations

(i) New accounting standards and interpretations effective from 1 July 2018

The Group's financial statements have been prepared on the basis of accounting policies consistent with those in the prior year except for the adoption of AASB 15 and 9 issued by the AASB which have been applied for the first time in the 30 June 2019 reporting period. Refer to Note 2(e) for the impact of new standards.

(ii) New Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not effective for the 30 June 2019 reporting period. The Group is considering these new standards and is still assessing the impact on its financial statements. These new or amended accounting standards and interpretations that are most relevant to the Group, are set out below.

The Group has done a preliminary assessment of the impact of the new standard and does not expect it will have a significant impact on the Group's financial statements. The Group will continue to review and monitor the effect of applying the new standard on the Group's financial statements.

IFRS 16 Leases (effective from 1 July 2019) - AASB 16 will result in almost all leases being recognised on the Balance Sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

IAS 28 Long-term interests in associates and joint ventures (effective from 1 July 2019) - IAS 28 requires an entity to apply AASB 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Annual Improvements 2015-2017 Cycle (Amendments to AASB 3, 11, 112 and 123) (effective from 1 July 2019) -

- » AASB 3 Business Combinations requires an entity to remeasure its previously held interest in a joint operation when it obtains control of the business;
- » AASB 11 Joint Arrangements requires an entity to not remeasure its previously held interest in a joint operation when it obtains joint control of the business;
- » AASB 112 Income Taxes requires an entity to account for all income tax consequences of dividend payments according to where the entity originally recognised the past transactions or events that generated the distributable profits; and
- » AASB 123 Borrowing Costs requires an entity to treat any borrowing originally made to develop a qualifying asset as part of general borrowings when the asset is ready for its intended use or sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

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 and Property carried at fair value

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 and property 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.

Properties that have not been independently valued as at the balance sheet date are carried at fair value by way of directors confirmation.

(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) Share-based Payment Transactions

The fair value of employee stock options is measured using the Black-Scholes (or similar) 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.

(d) 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 contract, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

5. Financial Risk Management (continued)

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 10.92% (2018: 7.09%) of the Group's revenue is attributable to multiple sales transactions with single customers.

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

The Group's trade and other receivables relate mainly to the Group's loans to Equity Accounted Investees (within which the Group holds no more than a 50% interest) and Goods and Services Tax refunds due from the Australian Taxation Office. The loans to Equity Accounted Investees are repaid from proceeds on settlement and bear interest at BBSY plus agreed margin.

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

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.

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, whilst optimising the return.

Interest Rate Risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

5. Financial Risk Management (continued)

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 total comprehensive income attributable to the group divided by total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a return on assets of between 6.00% and 8.00%; for the year ended 30 June 2019 the return was 4.41% (2018: 5.33%). In comparison the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 2.84% (2018: 2.51%).

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

	Note	2019 \$	2018 \$
Interest-bearing debt	24	49,828,544	39,357,550
Market Capitalisation as at 30 June		228,583,439	254,523,763
Total Capital		278,411,983	293,881,313
Debt-to-capital ratio at 30 June		18%	13%

From time to time the Company purchases its own shares on the market; the timing of these purchases depends on market prices and availability of unallocated company cash resources where not required for core business activity. 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.

In accordance with Rule 13 of the Company's Dividend Reinvestment Plan (DRP), the Directors have elected to suspend the DRP in the 2019 financial year until further notice. As such the DRP will not be active for the above mentioned dividend.

6. Operating Segments

The Group operates predominantly in the property development sector and has identified 4 reportable segments, as described below, which are the Group's three strategic business units, as well as the Corporate office. 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 Chief Operating Decision Maker (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 property in Western Australia; and
- » Corporate costs includes supervision fees, management fees and net assets attributable to the corporate office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

6. Operating Segments (continued)

Information about Reportable Segments For the Year ended 30 June 2019	Residential Apartment Development \$	Commercial Office/Retail Development \$	Rental of Property \$	Corporate \$	Total \$
External Revenues - Company and Subsidiaries	141,550,296	6,019,490	6,875,321	304,860	154,749,967
External Revenues - Equity Accounted Investees	11,545,713	-	29,780	-	11,575,493
External Revenues - Total	153,096,009	6,019,490	6,905,101	304,860	166,325,460
Reportable Segment Profit before Income Tax - Company and Subsidiaries	10,805,644	67,743	2,723,348	6,654,710	20,251,445
Reportable Segment Profit before Income Tax - Equity Accounted Investees	643,287	8,568	24,030	(10,567)	665,318
Reportable Segment Profit before Income Tax - Total	11,448,931	76,311	2,747,378	6,644,143	20,916,763
Reportable Segment Assets - Company and Subsidiaries	184,548,348	28,130,308	85,476,634	18,708,012	316,863,302
Reportable Segment Assets - Equity Accounted Investees	8,171,479	2,083,443	-	-	10,254,922
Reportable Segment Liabilities - Company and Subsidiaries	83,541,397	1,386,370	37,783,333	1,572,440	124,283,540
Reportable Segment Liabilities - Equity Accounted Investees**	3,055,383	34,407	-	-	3,089,790
Capital Expenditure	-	-	-	43,100	43,100
For the Year ended 30 June 2018					
External Revenues - Company and Subsidiaries	136,432,960	4,018,366	9,013,824	2,628,096	152,093,246
External Revenues - Equity Accounted Investees	24,074,722	8,303,046	600	-	32,378,368
External Revenues - Total	160,507,682	12,321,412	9,014,424	2,628,096	184,471,614
Reportable Segment Profit before Income Tax - Company and Subsidiaries	7,314,472	365,274	3,478,727	12,139,146	23,297,619
Reportable Segment Profit before Income Tax - Equity Accounted Investees	2,974,746	980,572	(955)	(14,650)	3,939,713
Reportable Segment Profit before Income Tax - Total	10,289,218	1,345,846	3,477,772	12,124,496	27,237,332
Reportable Segment Assets - Company and Subsidiaries	149,994,264	19,855,123	85,008,511	20,317,972	275,175,870
Reportable Segment Assets - Equity Accounted Investees	25,240,109	3,197,855	-	-	28,437,964
Reportable Segment Liabilities - Company and Subsidiaries	61,922,475	1,755,258	39,731,772	1,698,765	105,108,270
Reportable Segment Liabilities - Equity Accounted Investees**	11,272,908	1,148,931	-	4,559	12,426,398
Capital Expenditure	-	-	-	6,892	6,892

** Excludes Liabilities payable to Finbar Group.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

6. Operating Segments (continued)

Reconciliation of Reportable Segment Revenues, Profit or Loss, Assets and Liabilities	2019 \$	2018 \$
Revenues		
Total revenue for development reportable segments	147,569,786	140,451,326
Total revenue for rental segments	6,875,321	9,013,824
Total revenue for other reportable segments	304,860	2,628,096
Consolidated Revenue	154,749,967	152,093,246
Total revenue for development reportable segments - Equity Accounted Investees	11,545,713	32,377,768
Total revenue for rental segments - Equity Accounted Investees	29,780	600
Total Reportable Segments Revenue	166,325,460	184,471,614
Profit or Loss		
Total profit or loss for reportable segments	20,916,763	27,237,332
Finance income - Company and Subsidiaries	1,890,430	2,675,006
Finance costs - Company and Subsidiaries	(780,725)	(802,024)
Unallocated amounts:		
Administrative expenses	(6,918,123)	(7,104,935)
Revaluation of investment property	963,812	(2,027,338)
Revaluation of property, plant and equipment	114,247	-
Income tax applicable to share of profit of Equity Accounted Investees	(239,434)	(1,192,315)
Consolidated Profit before Income Tax	15,946,970	18,785,726
Assets		
Total assets for reportable segments	316,863,302	275,175,870
Cash and cash equivalents	45,489,944	57,750,242
Investments in Equity Accounted Investees	4,539,759	4,065,522
Other assets**	11,614,736	25,920,644
Consolidated Total Assets	378,507,741	362,912,278
Liabilities		
Total liabilities for reportable segments	124,283,540	105,108,270
Other liabilities	5,747,112	5,637,794
Consolidated Total Liabilities	130,030,652	110,746,064

** Includes receivables due to Finbar Group from Equity Accounted Investees.

Geographical information

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

	2019 \$	2018 \$
7. Revenue		
Property development sales	147,569,786	140,451,326
Rental Income	6,875,321	9,013,824
Supervision fees	244,963	1,271,311
Total Revenue	154,690,070	150,736,461
8. Other Income		
Administration fees	53,224	60,834
Management fees	4,802	1,294,604
Other	1,871	1,347
Total Other Income	59,897	1,356,785
9. Personnel Expenses		
Wages and salaries	3,945,976	4,048,292
Superannuation contributions	235,592	224,490
Increase in liability for annual leave	4,913	6,937
Increase in liability for long service leave	67,893	88,456
Directors and committee fees	211,696	211,696
Non Executive Directors - superannuation contributions	6,444	6,444
Total Personnel Expenses	4,472,514	4,586,315
10. Finance Income and Finance Costs		
Recognised in Profit or Loss		
Interest income on loans to Equity Accounted Investees	608,106	1,893,982
Interest income on loans	457,548	445,816
Interest income on bank deposits	615,565	316,573
Interest income on property settlements	209,211	18,635
Total Finance Income	1,890,430	2,675,006
Interest expense	774,394	794,023
Bank charges	6,331	8,001
Total Finance Costs	780,725	802,024
Net Finance Income	1,109,705	1,872,982
Analysis of Finance Costs		
Total finance costs	1,784,811	2,864,690
Less:		
Finance costs capitalised to inventory	(1,004,086)	(1,381,969)
Add:		
Finance costs relating to property developments sold	625,532	943,149
	1,406,257	2,425,870
Made up of:		
Finance costs relating to property developments sold	625,532	1,623,846
Finance costs relating to administration	8,685	8,595
Finance costs relating to rental properties	772,040	793,429
	1,406,257	2,425,870

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

	2019 \$	2018 \$
11. Income Tax Expense		
Current Tax Expense		
Current year	5,426,303	6,879,356
Income tax recognised directly to equity	57,573	57,573
Adjustments for prior periods	-	(154,644)
Write off and reversal of previously recognised tax assets	(138,000)	182,546
Non-recoverable amounts	40,089	8,976
	5,385,965	6,973,807
Deferred Tax Expense Movement		
Origination and reversal of temporary differences	(825,814)	(2,123,989)
	(825,814)	(2,123,989)
Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	4,560,151	4,849,818
Income tax relating to components of other comprehensive income	(6,388)	(75,269)
Total Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	4,553,763	4,774,549
Numerical Reconciliation between Tax Expense and Pre-tax Net Profit		
Profit for the year	11,386,819	13,935,908
Total income tax expense	4,560,151	4,849,818
Profit before Income Tax	15,946,970	18,785,726
Income tax using the domestic rate of 30% (2018: 30%)	4,784,091	5,635,718
Adjustment for effect of small proprietary* tax rate of 27.5%	-	(6)
Increase in income tax expense due to:		
Non-deductible expenses	1,737	1,447
Non-recoverable amounts	40,089	8,976
Write off and reversal of previously recognised tax assets	(138,000)	182,546
Decrease in income tax expense due to:		
Tax effect of share of equity accounted investees loss	(127,766)	(824,219)
Total Income Tax Expense	4,560,151	5,004,462
Over provided in prior years	-	(154,644)
Total Income Tax Expense	4,560,151	4,849,818
Made up of:		
Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	4,560,151	4,849,818
Income tax relating to components of other comprehensive income	(6,388)	(75,269)
	4,553,763	4,774,549
Income Tax Recognised Directly in Equity		
Decrease in income tax expense due to:		
Tax incentives not recognised in income statement	(57,573)	(57,573)
Total Income Tax Recognised Directly in Equity	(57,573)	(57,573)

* Represent small proprietary subsidiaries which deregistered during 2018 financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

	2019 \$	2018 \$
12. Investment Property		
12a Reconciliation of Carrying Amount		
Balance at 1 July	84,768,616	86,350,499
Sale of Investment Property	(425,455)	-
Transferred to Property, Plant and Equipment	-	445,455
Change in fair value	963,812	(2,027,338)
Balance at 30 June	85,306,973	84,768,616

Investment property comprises commercial properties at three developments and residential properties at two developments which are leased to third parties (see Note 25).

12b Measurement of fair values

(i) Fair Value Hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued or by director's confirmation.

The fair value measurement for investment property of \$85,306,973 has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2(d)).

(ii) Level 3 Fair Value

Note 12a shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

(iii) Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Discounted cash flows:</i> The valuation model considers the present value of net cash flows able to be generated from the property taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs, such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.	Expected market rental growth 2.0% - 4.0%; Weighted average 2.74%; Void periods (average 8.1 months after the end of each lease); Occupancy rate 73.13%; Rent-free periods (21 - 60 month period on certain new leases); and Risk-adjusted discounted rates (weighted average 8.0%).	The estimated fair value would increase (decrease) if: Expected market rental growth were higher (lower); Void periods were shorter (longer); Occupancy rate were higher (lower); Rent-free periods were shorter (longer); or Risk-adjusted discount rate were lower (higher).
<i>Capitalisation of income valuation:</i> The capitalisation of income valuation method capitalises the current rent received, at a rate analysed from the most recent transactions of comparable property investments. The capitalisation rate used varies across properties. Valuations reflect, where appropriate, lease term remaining, the relationship of current rent to the market rent, location and prevailing investment market conditions.	Adopted capitalisation rate 7.5% - 10.0%; Gross rent per annum \$450 - \$600 per sqm; Occupancy rate 56.86% - 73.13%; and Lease term remaining (years) 0.03 - 8.5.	The estimated fair value would increase (decrease) if: Adopted capitalisation rate were higher (lower); Gross rent per annum were higher (lower); Occupancy rate were higher (lower); or Lease term remaining were longer (shorter).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

13. Property, Plant and Equipment

	Property \$	Office Furniture and Equipment \$	Plant and Equipment \$	Fixtures and Fittings \$	Total \$
Cost or Valuation					
Balance at 1 July 2017	7,096,777	765,739	10,101,980	91,226	18,055,722
Additions	-	6,892	-	-	6,892
Change in fair value	(445,455)	-	-	-	(445,455)
Reclassification	(422,662)	-	-	-	(422,662)
Balance at 30 June 2018	6,228,660	772,631	10,101,980	91,226	17,194,497
Balance at 1 July 2018	6,228,660	772,631	10,101,980	91,226	17,194,497
Additions	-	43,100	-	-	43,100
Change in fair value	(78,812)	-	-	-	(78,812)
Disposals	-	-	(12,040)	-	(12,040)
Balance at 30 June 2019	6,149,848	815,731	10,089,940	91,226	17,146,745
Depreciation					
Balance at 1 July 2017	-	509,872	5,063,928	60,680	5,634,480
Revaluation	(171,766)	-	-	-	(171,766)
Depreciation and amortisation charge for the year	171,766	46,425	895,684	6,109	1,119,984
Balance at 30 June 2018	-	556,297	5,959,612	66,789	6,582,698
Balance at 1 July 2018	-	556,297	5,959,612	66,789	6,582,698
Revaluation	(171,766)	-	-	-	(171,766)
Depreciation and amortisation charge for the year	171,766	41,562	888,978	4,887	1,107,193
Balance at 30 June 2019	-	597,859	6,848,590	71,676	7,518,125
Carrying Amounts					
At 1 July 2017	7,096,777	255,867	5,038,052	30,546	12,421,242
At 30 June 2018	6,228,660	216,334	4,142,368	24,437	10,611,799
At 1 July 2018	6,228,660	216,334	4,142,368	24,437	10,611,799
At 30 June 2019	6,149,848	217,872	3,241,350	19,550	9,628,620

For each revalued class the carrying amount that would have been recognised had the assets been carried on historical cost basis are as follows:

	Property \$
Revalued assets at deemed cost	
Cost	6,870,672
Less accumulated depreciation	(1,231,071)
Net book value at 30 June 2019	5,639,601

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

13. Property, Plant and Equipment (continued)

Measurement of fair values

(i) Fair Value Hierarchy

The fair value of property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued or by director's confirmation.

The fair value measurement for property of \$6,149,848 has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2(d)).

(ii) Level 3 Fair Value

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	2019 \$	2018 \$
Balance at 1 July	6,228,660	7,096,777
Acquisitions and reclassifications from investment property and inventory	-	(445,455)
Revaluation increase of property	114,247	-
Revaluation loss included in 'other comprehensive income'	(21,293)	(250,896)
Depreciation	(171,766)	(171,766)
Balance at 30 June	6,149,848	6,228,660

(iii) Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Discounted cash flows:</i> The valuation model considers the present value of net cash flows able to be generated from the property taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs, such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.	Expected market rental growth 2.0% - 4.0%; Weighted average 2.74%; Void periods (average 8.1 months after the end of each lease); Occupancy rate 73.13%; Rent-free periods (21 - 60 month period on certain new leases); and Risk-adjusted discounted rates (weighted average 8.0%).	The estimated fair value would increase (decrease) if: Expected market rental growth were higher (lower); Void periods were shorter (longer); Occupancy rate were higher (lower); Rent-free periods were shorter (longer); or Risk-adjusted discount rate were lower (higher).
<i>Capitalisation of income valuation:</i> The capitalisation of income valuation method capitalises the current rent received, at a rate analysed from the most recent transactions of comparable property investments. The capitalisation rate used varies across properties. Valuations reflect, where appropriate, lease term remaining, the relationship of current rent to the market rent, location and prevailing investment market conditions.	Adopted capitalisation rate 7.5% - 10.0%; Gross rent per annum \$450 - \$600 per sqm; Occupancy rate 56.86% - 73.13%; and Lease term remaining (years) 0.03 - 8.5.	The estimated fair value would increase (decrease) if: Adopted capitalisation rate were higher (lower); Gross rent per annum were higher (lower); Occupancy rate were higher (lower); or Lease term remaining were longer (shorter).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

14. Investments in Equity Accounted Investees

The Group's share of profit in Equity Accounted Investees for the year was \$425,884 (2018: \$2,747,397).

Equity Accounted Investees

The Group accounts for investments in Equity Accounted Investees using the equity method.

The Group has the following investments in Equity Accounted Investees (all stated at 100% of the values) :

Equity Accounted Investees Assets 2018	Ownership %	Current Assets \$	Non-current Assets \$	Total Assets \$
36 Chester Avenue Pty Ltd	50.00%	4,177	14,585,214	14,589,391
Rowe Avenue Pty Ltd	50.00%	817	3,954,056	3,954,873
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50.00%	222,459	6,378,877	6,601,336
Roydhouse Street Subiaco Pty Ltd	50.00%	490,788	-	490,788
647 Murray Street Pty Ltd	50.00%	32,514,391	1,432,761	33,947,152
Finbar Sub 5050 Pty Ltd	50.00%	48	892	940
Axis Linkit Pty Ltd	50.00%	499	240	739
		33,233,179	26,352,040	59,585,219

Equity Accounted Investees Liabilities 2018	Ownership %	Current Liabilities \$	Non-current Liabilities \$	Total Liabilities \$
36 Chester Avenue Pty Ltd	50.00%	69,051	14,785,917	14,854,968
Rowe Avenue Pty Ltd	50.00%	40,125	349,002	389,127
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50.00%	6,629,823	250,284	6,880,107
Roydhouse Street Subiaco Pty Ltd	50.00%	56,175	-	56,175
647 Murray Street Pty Ltd	50.00%	28,406,620	862,336	29,268,956
Finbar Sub 5050 Pty Ltd	50.00%	-	3,643	3,643
Axis Linkit Pty Ltd	50.00%	-	1,200	1,200
		35,201,794	16,252,382	51,454,176

Equity Accounted Investees Assets 2019	Ownership %	Current Assets \$	Non-current Assets \$	Total Assets \$
36 Chester Avenue Pty Ltd*	0.00%	-	-	-
Rowe Avenue Pty Ltd	50.00%	647	4,024,344	4,024,991
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50.00%	10,429	7,494,677	7,505,106
Roydhouse Street Subiaco Pty Ltd	50.00%	3,195	178	3,373
647 Murray Street Pty Ltd	50.00%	10,328,390	1,326,922	11,655,312
Finbar Sub 5050 Pty Ltd	50.00%	47	1,048	1,095
Axis Linkit Pty Ltd	50.00%	237	319	556
		10,342,945	12,847,488	23,190,433

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

14. Investments in Equity Accounted Investees (continued)

Equity Accounted Investees Liabilities 2019	Ownership %	Current Liabilities \$	Non-current Liabilities \$	Total Liabilities \$
36 Chester Avenue Pty Ltd*	0.00%	-	-	-
Rowe Avenue Pty Ltd	50.00%	12,595	450,135	462,730
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50.00%	51,412	8,019,490	8,070,902
Roydhouse Street Subiaco Pty Ltd	50.00%	3,405	-	3,405
647 Murray Street Pty Ltd	50.00%	5,247,493	321,022	5,568,515
Finbar Sub 5050 Pty Ltd	50.00%	262	3,900	4,162
Axis Linkit Pty Ltd	50.00%	-	1,200	1,200
		5,315,167	8,795,747	14,110,914

Profit/(Loss) Before Income Tax Recognised from Equity Accounted Investees 2018	Ownership %	Revenues \$	Expenses \$	Profit/(Loss) before income tax \$
406 & 407 Newcastle Street Pty Ltd (De-registered 15 November 2017)	50.00%	5	59	(54)
36 Chester Avenue Pty Ltd	50.00%	122	10,235	(10,113)
Rowe Avenue Pty Ltd	50.00%	2,423	5,996	(3,573)
Lot 1001-1003 Rowe Avenue Pty Ltd	50.00%	832,773	1,483,840	(651,067)
Roydhouse Street Subiaco Pty Ltd	50.00%	2,206,466	2,143,688	62,778
647 Murray Street Pty Ltd	50.00%	61,754,883	53,272,126	8,482,757
Finbar Sub 5050 Pty Ltd	50.00%	-	502	(502)
Axis Linkit Pty Ltd	50.00%	19	820	(801)
		64,796,691	56,917,266	7,879,425

Profit/(Loss) Before Income Tax Recognised from Equity Accounted Investees 2019	Ownership %	Revenues \$	Expenses \$	Profit/(Loss) before income tax \$
36 Chester Avenue Pty Ltd*	0.00%	-	-	-
Rowe Avenue Pty Ltd	50.00%	5	4,984	(4,979)
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50.00%	95	410,131	(410,036)
Roydhouse Street Subiaco Pty Ltd	50.00%	12,477	12,753	(276)
647 Murray Street Pty Ltd	50.00%	23,164,391	21,152,103	2,012,288
Finbar Sub 5050 Pty Ltd	50.00%	-	520	(520)
Axis Linkit Pty Ltd	50.00%	1	263	(262)
		23,176,969	21,580,754	1,596,215

* As at 30 June 2019, 36 Chester Avenue Pty Ltd is a wholly owned subsidiary of Finbar Group Limited (Note 29). During the financial year, the Group acquired the remaining 50% interest from the joint venture partner. Acquisition of the net liability has been included under Share of profit of Equity Accounted Investees in Consolidated Statement of Profit and Loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

15. Tax Assets and Liabilities

The current tax liability for the Group of \$3,060,121 (2018: \$2,591,294) 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:

	Assets		Liabilities	
	2019 \$	2018 \$	2019 \$	2018 \$
Inventories	(1,164,424)	(1,176,602)	(8,068,772)	(6,949,672)
Interest bearing loans and borrowings	111,551	509,946	-	-
Revaluation of investment property	2,383,462	2,770,969	-	-
Other items	511,098	280,976	3,414,441	2,482,487
Tax value of carry-forward losses recognised	6,302,400	4,803,411	-	-
Tax assets/(liabilities)	8,144,087	7,188,700	(4,654,331)	(4,467,185)
Set off of tax	(1,967,339)	(1,420,681)	1,967,339	1,420,681
Net Tax	6,176,748	5,768,019	(2,686,992)	(3,046,504)

16. Inventories

	2019 \$	2018 \$
Current		
Work in progress	70,549,285	31,395,917
Completed stock	59,375,950	52,911,480
Total Current Inventories	129,925,235	84,307,397
Non Current		
Work in progress	40,237,825	40,093,105
Completed stock	22,569,721	20,511,096
Total Non Current Inventories	62,807,546	60,604,201

17. Trade and Other Receivables

Current		
Trade receivables	15,712,573	19,338,973
Other receivables	782,324	8,380,000
Amounts receivable from equity accounted investees	1,858,875	11,775,571
Total Current Trade and Other Receivables	18,353,772	39,494,544
Non Current		
Trade receivables	4,301,538	5,785,583
Other receivables	8,242,000	1,060,000
Amounts receivable from equity accounted investees	3,579,113	8,377,054
Total Non Current Trade and Other Receivables	16,122,651	15,222,637

Amounts receivable from equity accounted investees bear interest at BBSY plus agreed margin.

The Group's exposure to credit risk and impairment losses to trade and other receivables are disclosed at Note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

18a Cash and Cash Equivalents	Note	2019 \$	2018 \$
Bank balances		45,489,944	57,750,242
Cash and Cash Equivalents in the Statement of Cash Flows		45,489,944	57,750,242

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed at Note 24.

18b Reconciliation of Cash Flows from Operating Activities

Cash Flows from Operating Activities			
Profit for the year		11,386,819	13,935,908
Adjustments for:			
Other comprehensive income for the year, net of income tax			
Depreciation and amortisation	13	1,107,193	1,119,984
Revaluation of investment property		(963,812)	2,027,338
Net financing income		(1,116,036)	(1,880,983)
Share of net profit of equity accounted investees		(425,884)	(2,747,397)
Income tax expense	11	4,560,151	4,849,818
Operating Profit before Changes in Working Capital and Provisions		14,548,431	17,304,668
Change in trade and other receivables		15,408,177	(772,663)
Change in inventories	16	(47,821,183)	43,176,589
Change in prepayments		107,005	208,438
Change in provision for employee benefits	22	72,806	95,393
Change in trade and other payables		(4,606,551)	7,325,519
Cash generated (used in)/from Operating Activities		(22,291,315)	67,337,944
Interest paid		(1,734,679)	(4,943,925)
Income taxes paid		(4,739,358)	(7,118,687)
Net Cash generated (used in)/from Operating Activities		(28,765,352)	55,275,332

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.

19. Capital and Reserves

	Company	
	Ordinary Shares	
Share Capital	2019	2018
On issue at 1 July	270,769,961	231,428,983
Issued under Dividend Reinvestment Plan	2,319,774	1,426,877
Issued for cash	-	38,013,843
Issued under Director Share Plan	-	250,000
Bought back for cash	(966,593)	(349,742)
On Issue at 30 June - Fully Paid	272,123,142	270,769,961

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

19. Capital and Reserves (continued)

Dividends

Dividends recognised in the current year by the Group are:

Dividends Paid During the Year 2019	Cents per Share	Total Amount \$	Franked / Unfranked	Date of Payment
Final 2018 ordinary	3.00	8,123,099	Franked	14 September 2018
Interim 2019 ordinary	3.00	8,179,165	Franked	12 March 2019
Total Amount		16,302,264		

Dividends Paid During the Year 2018

Final 2017 ordinary	3.00	6,933,877	Franked	1 September 2017
Interim 2018 ordinary	3.00	6,939,870	Franked	12 April 2018
Total Amount		13,873,747		

No dividend was paid to minority shareholders during the financial period (2018: \$101,180).

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

After 30 June 2019 the following dividend has been proposed by the Directors. The dividend has not been provided. The declaration and subsequent payment of dividends has no income tax consequences.

Proposed Dividend

Dividend proposed by the Group are:

	Cents per Share	Total Amount \$	Franked / Unfranked	Date of Payment
Final 2019 ordinary	3.00	8,163,694	Franked	12 September 2019
Total Amount		8,163,694		

The financial effect of this dividend has not been brought to account in the financial statements for the financial year ended 30 June 2019 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 suspend the DRP in the 2019 financial year until further notice. As such the DRP will not be active for the above mentioned dividend.

Dividend Franking Account

30% franking credits available to shareholders of Finbar Group Limited for subsequent financial years	Company	
	2019	2018
	10,531,340	15,844,531

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

- franking credits that will arise from the payment of current tax liabilities;
- franking debits that will arise from the payment of dividends recognised as a liability at the year-end;
- franking credits that will arise from the receipt of dividends recognised as receivables at the year-end; and
- 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 \$3,498,726 (2018: \$3,481,328).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

19. Capital and Reserves (continued)

Nature and purpose of reserve

Asset revaluation reserve

The revaluation reserve relates to the revaluation of non investment property carried at fair value.

20. Earnings per Share

Basic Earnings per Share

The calculation of basic earnings per share at 30 June 2019 was based on the profit attributable to ordinary shareholders of \$11,386,819 (2018: \$13,935,831) and a weighted average number of ordinary shares on issue during the year ended 30 June 2019 of 272,316,724 (30 June 2018: 238,445,591) calculated as follows:

	2019 \$	2018 \$
Profit Attributable to Ordinary Shareholders	11,386,819	13,935,831
	Ordinary Shares	
	2019	2018
Issued ordinary shares at 1 July	270,769,961	231,428,983
Effect of share buyback	-	(12,918)
Effect of share buyback	-	(10,484)
Effect of share buyback	-	(19,671)
Effect of share buyback	-	(48,493)
Effect of share buyback	-	(9,671)
Effect of share buyback	-	(2,119)
Effect of share buyback	-	(14,243)
Effect of share buyback	-	(9,479)
Effect of share buyback	-	(8,838)
Effect of share buyback	-	(9,342)
Effect of share buyback	-	(9,315)
Effect of share buyback	-	(9,166)
Effect of share buyback	-	(9,260)
Effect of share buyback	-	(9,178)
Effect of share buyback	-	(9,151)
Effect of share buyback	-	(9,123)
Effect of share buyback	-	(4,548)
Effect of share buyback	-	(9,068)
Effect of share buyback	-	(4,493)
Effect of share buyback	-	(6,533)
Effect of share buyback	-	(8,932)
Effect of share buyback	-	(17,522)
Effect of share buyback	-	(4,438)
Effect of share buyback	-	(8,795)
Effect of share buyback	-	(10,971)
Effect of share buyback	-	(4,476)
Effect of share buyback	-	(4,356)
Effect of share buyback	-	(4,342)
Effect of share buyback	-	(4,274)
Effect of share buyback	-	(4,260)
Effect of share buyback	-	(5,952)
Effect of share buyback	-	(6,642)
Effect of share buyback	-	(8,356)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

20. Earnings per Share (continued)

Weighted Average Number of Ordinary Shares (continued)		Ordinary Shares	
		2019	2018
Effect of share buyback	31 August 2017	-	(4,164)
Effect of share issue - Director Share Plan	13 September 2017	-	199,315
Effect of share issue - Dividend Reinvestment Plan	12 April 2018	-	312,740
Effect of share issue - Share Placement	23 April 2018	-	6,301,370
Effect of share issue - Share Purchase Plan	21 May 2018	-	525,756
Effect of share issue - Dividend Reinvestment Plan	14 September 2018	1,843,108	-
Effect of share buyback	24 January 2019	(42,088)	-
Effect of share buyback	25 January 2019	(16,635)	-
Effect of share buyback	29 January 2019	(12,946)	-
Effect of share buyback	30 January 2019	(16,289)	-
Effect of share buyback	31 January 2019	(24,822)	-
Effect of share buyback	1 February 2019	(10,274)	-
Effect of share buyback	7 February 2019	(15,781)	-
Effect of share buyback	8 February 2019	(15,671)	-
Effect of share buyback	11 February 2019	(15,342)	-
Effect of share buyback	12 February 2019	(15,233)	-
Effect of share buyback	5 March 2019	(10)	-
Effect of share buyback	6 March 2019	(909)	-
Effect of share buyback	13 March 2019	(12,055)	-
Effect of share buyback	14 March 2019	(2,252)	-
Effect of share buyback	18 March 2019	(11,507)	-
Effect of share buyback	21 March 2019	(10,244)	-
Effect of share buyback	25 March 2019	(16,110)	-
Effect of share buyback	28 March 2019	(1,442)	-
Effect of share buyback	2 April 2019	(8,620)	-
Effect of share buyback	4 April 2019	(1,199)	-
Effect of share buyback	8 April 2019	(16)	-
Effect of share buyback	9 April 2019	(9,096)	-
Effect of share buyback	10 April 2019	(8,986)	-
Effect of share buyback	11 April 2019	(130)	-
Effect of share buyback	12 April 2019	(133)	-
Effect of share buyback	15 April 2019	(7,073)	-
Effect of share buyback	16 April 2019	(113)	-
Effect of share buyback	24 April 2019	(883)	-
Effect of share buyback	7 May 2019	(753)	-
Effect of share buyback	14 May 2019	(4,603)	-
Effect of share buyback	15 May 2019	(5,151)	-
Effect of share buyback	16 May 2019	(1,023)	-
Effect of share buyback	17 May 2019	(4,932)	-
Effect of share buyback	20 May 2019	(4,024)	-
Weighted Average Number of Ordinary Shares at 30 June		272,316,724	238,445,591
Basic Earnings per Share (cents per share)		4.18	5.84

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

20. Earnings per Share (continued)

Diluted Earnings per Share

The calculation of diluted earnings per share at 30 June 2019 was based on the profit attributable to ordinary shareholders of \$11,385,819 (2018: \$13,935,831) and a weighted average number of ordinary shares on issue during the year ended 30 June 2019 of 272,316,724 (30 June 2018: 238,445,591), calculated as follows:

	2019 \$	2018 \$
Profit Attributable to Ordinary Shareholders (Diluted)	11,386,819	13,935,831
Weighted Average Number of Ordinary Shares (Diluted) at 30 June	272,316,724	238,445,591
Diluted Earnings per Share (cents per share)	4.18	5.84

21. 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 24.

	2019 \$	2018 \$
Current		
Commercial bills (Secured)	28,363,544	-
Investor loans to subsidiaries (Unsecured)	6,301,544	8,068,734
Total Current Interest Bearing Loans and Borrowings	34,665,088	8,068,734
Non Current		
Commercial bills (Secured)	21,465,000	39,357,550
Investor loans to subsidiaries (Unsecured)	23,478,221	8,478,221
Total Non Current Interest Bearing Loans and Borrowings	44,943,221	47,835,771

Terms and debt repayment schedule

Terms and conditions of outstanding loans are as follows:

			2019 Carrying Amount \$	2018 Carrying Amount \$
	Nominal Interest Rate	Financial Year of Maturity		
Commercial bills (Secured)	BBSY+1.70%	2020	12,470,994	-
Commercial bills (Secured)*	BBSY+2.00%	2021	15,892,550	-
Investor loans to subsidiaries (Unsecured)**		2020	4,218,044	5,718,044
Investor loans to subsidiaries (Unsecured)**		2020	2,083,500	-
Investor loans to subsidiaries (Unsecured)**		2019	-	2,350,690
Current			34,665,088	8,068,734
Commercial bills (Secured)	BBSY+2.00%	2021	21,465,000	21,465,000
Commercial bills (Secured)*	BBSY+2.00%	2021	-	17,892,550
Investor loans to subsidiaries (Unsecured)**		2022	8,478,221	8,478,221
Investor loans to subsidiaries (Unsecured)**		2022	15,000,000	-
Non Current			44,943,221	47,835,771

* Due to a breach of debt covenant, the commercial bill on the Pelago investment property is classified as a current liability as at 30 June 2019. Subsequent to year end the bank agreed to waive the breach for the 12 month reporting period ending 30 June 2019 and it is expected to be repaid at maturity in the financial year 2021.

** These are loans from land owners which are non interest bearing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

21. Loans and Borrowings (continued)

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 24) are denominated in Australian dollars.

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

Investor Loans

Investor Loans are repayable upon the completion of the project.

	2019 \$	2018 \$
22. Employee Benefits		
Current		
Liability for annual leave	24,928	20,015
Liability for long-service leave	462,635	424,169
Total Current Employee Benefits	487,563	444,184
Non Current		
Liability for long-service leave	29,427	-
Total Non Current Employee Benefits	29,427	-

23. Trade and Other Payables

Current

Trade and other payables	39,478,042	40,828,539
Other payables and accrued expenses	1,360,205	1,188,882
Total Current Trade and Other Payables	40,838,247	42,017,421

Non Current

Trade and other payables	3,240,254	6,665,198
Other payables and accrued expenses	79,739	76,958
Total Non Current Trade and Other Payables	3,319,993	6,742,156

At 30 June 2019, Consolidated trade and other payables include retentions of \$435,504 (2018: \$149,533) relating to construction contracts in progress.

The Group's exposure to liquidity risk related to trade and other payables is disclosed at Note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

24. Financial Instruments

Credit Risk

Exposure to Credit Risk

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

	Note	Carrying Amount	
		2019 \$	2018 \$
Trade and other receivables - current	17	18,353,772	39,494,544
Trade and other receivables - non-current	17	16,122,651	15,222,637
Cash and cash equivalents	18a	45,489,944	57,750,242
		79,966,367	112,467,423
The Group's maximum exposure to credit risk for trade and other receivables at the reporting date by receivable category was:			
Equity Accounted Investees		5,437,988	20,152,625
GST refunds due and other trade debtors		10,063,235	15,063,217
Other receivables		18,244,870	18,627,124
Working capital advances and bonds		730,330	874,215
		34,476,423	54,717,181

Impairment Losses

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

Liquidity Risk

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

	Note	30 June 2019			
		Carrying Amount \$	Contractual Cash Flows \$	1 Year or Less \$	1-3 Years \$
Non-derivative Financial Liabilities					
Secured bank loans:					
Commercial bills*	21	49,828,544	52,505,070	15,183,658	37,321,412
Investor Loans	21	29,779,765	29,779,765	6,301,544	23,478,221
Trade and other payables	23	44,158,240	44,158,240	40,838,247	3,319,993
		123,766,549	126,443,075	62,323,449	64,119,626
30 June 2018					
	Note	Carrying Amount \$	Contractual Cash Flows \$	1 Year or Less \$	1-3 Years \$
Non-derivative Financial Liabilities					
Secured bank loans:					
Commercial bills*	21	39,357,550	43,985,676	3,231,519	40,754,157
Investor Loans	21	16,546,955	16,546,955	8,068,734	8,478,221
Trade and other payables	23	48,759,577	48,759,577	42,017,421	6,742,156
		104,664,082	109,292,208	53,317,674	55,974,534

* Refer to Note 21 Loan and Borrowings for details on commercial bill maturity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

24. 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:

	Carrying Amount	
	2019 \$	2018 \$
Variable Rate Instruments		
Financial Assets	50,927,932	77,902,867
Financial Liabilities	(49,828,544)	(39,357,550)
	1,099,388	38,545,317

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 2018.

	Profit or Loss		Equity	
	100bp Increase \$	100bp Decrease \$	100bp Increase \$	100bp Decrease \$
30 June 2019				
Variable rate instruments	(626,770)	626,770	(626,770)	626,770
30 June 2018				
Variable rate instruments	(1,089,113)	1,089,113	(1,089,113)	1,089,113

Fair Values

Fair Values Versus Carrying Amounts

The fair values of financial assets and liabilities, as detailed below, are equal to the carrying amounts shown on the balance sheet:

	Note	Fair Values	
		2019 \$	2018 \$
Trade and other receivables	17	34,476,423	54,717,181
Cash and cash equivalents	18a	45,489,944	57,750,242
Secured bank loans	21	(49,828,544)	(39,357,550)
Unsecured shareholder loans	21	(29,779,765)	(16,546,955)
Trade and other payables	23	(44,158,240)	(48,759,577)

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

Unsecured shareholder loans

Due to the short term nature of these financial rights and obligations, their carrying values approximate to their fair values.

Long term loans are secured and interest bearing at bank business interest rates.

Cash and short term deposits

The carrying amount is fair value due to the liquid nature of these assets.

Bank loans

The carrying amount is a reasonable approximation of fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

25. Operating Leases	Note	2019 \$	2018 \$
Leases as Lessor			
The Group leases out its investment properties held under operating leases.			
Rental income received from investment property		6,870,570	9,010,867
Other rental property income received		4,751	2,957
	7	6,875,321	9,013,824
Future minimum lease payments			
At 30 June, the future minimum lease payments under non-cancellable leases are receivable as follows:			
Less than one year		3,833,013	3,952,562
Between one and five years		3,674,399	4,242,878
More than 5 years		468,727	701,180
		7,976,139	8,896,620
26. Capital and Other Commitments			
Commitments and Contingent Liabilities			
Property Development			
Contracted but not provided for and payable:			
Within one year		51,064,606	89,209,667
Later than one year		-	-
Total Property Development Commitments		51,064,606	89,209,667
Property Development - Equity Accounted Investees			
Contracted but not provided for and payable:			
Within one year		-	-
Later than one year		-	-
Total Property Development Commitments - Equity Accounted Investees		-	-
Group's Share of Property Development - Equity Accounted Investees			
Contracted but not provided for and payable:			
Within one year		-	-
Later than one year		-	-
Total Share of Property Development Commitments - Equity Accounted Investees		-	-
Group's Property Development Commitments including Equity Accounted Investees			
Contracted but not provided for and payable:			
Within one year		51,064,606	89,209,667
Total Property Development Commitments including Equity Accounted Investees		51,064,606	89,209,667

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

27. 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.

	2019 \$	2018 \$
Guarantees		
The Company has guaranteed the bank facilities of certain controlled entities	18,076,550	25,076,550
The Company has guaranteed the bank facilities of certain equity accounted investees	-	-

28. Related Parties

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

	2019 \$	2018 \$
Short term employee benefits	2,642,551	2,883,675
Other long term benefits	29,716	95,984
Post employment benefits	91,220	91,591
Employee benefits	2,763,487	3,071,250

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 30 to 35.

On 29th October 2014, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of \$360,000 which is repayable by 27th October 2019. The related benefit is disclosed on table 4.3.2 on page 32.

On 31st August 2015, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of \$290,000 which is repayable by 31st August 2020. The related benefit is disclosed on table 4.3.2 on page 32.

On 25th August 2016, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of \$207,500 which is repayable by 25th August 2021. The related benefit is disclosed on table 4.3.2 on page 32.

On 13th September 2017, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of \$202,500 which is repayable by 13th September 2022. The related benefit is disclosed on table 4.3.2 on page 32.

Other Related Party Transactions

Equity Accounted Investees

Loans are made by the Group to equity accounted investees for property development undertakings. Loans outstanding between the Group and joint ventures are interest bearing and are repayable at the completion of the equity accounted investees development project.

As at 30 June the balance of these loans were as follows:

	2019 \$	2018 \$
36 Chester Avenue Pty Ltd*	-	5,209,421
Rowe Avenue Pty Ltd	39,455	9,001
Lot 1001 - 1003 Rowe Avenue Pty Ltd	3,537,301	3,156,341
647 Murray Street Pty Ltd	1,858,875	11,775,571
Finbar Sub 5050 Pty Ltd	1,757	1,691
Axis Linkit Pty Ltd	600	600
	5,437,988	20,152,625

* Refer to Note 14 Investments in Equity Accounted Investees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

28. Related Parties (continued)

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

Included within the trade and other payables balance is \$5,667,156 (2018: \$15,822,518) owing to Ventrade Australia Pty Ltd, who are related parties of Chuan Hup Holdings Limited who owns 20.53% of Finbar Group. The payables are in relation to development projects, are at arms length, non-interest bearing and at call.

29. Group Entities

Parent Company	Country of Incorporation	Shareholding/ Unit Holding \$	Ownership Interest	
			2019	2018
Finbar Group Limited				
Subsidiaries				
1 Mends Street Pty Ltd	Australia	1	100%	100%
2 Homelea Court Springs Pty Ltd	Australia	1	100%	100%
31 Rowe Avenue Pty Ltd	Australia	1	100%	100%
32 Riversdale Road Pty Ltd	Australia	1	100%	100%
36 Chester Avenue Pty Ltd**	Australia	2	100%	50%
43 McGregor Road Pty Ltd	Australia	1	100%	100%
5-7 Harper Terrace Pty Ltd	Australia	1	100%	100%
63 Adelaide Terrace Pty Ltd	Australia	1	100%	100%
88 Terrace Road Pty Ltd	Australia	1	100%	100%
96 Mill Point Road Pty Ltd	Australia	1	100%	100%
172 Railway Parade West Leederville Pty Ltd	Australia	1	100%	100%
175 Adelaide Terrace Pty Ltd	Australia	1	100%	100%
239 Great Eastern Highway Pty Ltd	Australia	1	100%	100%
241 Railway Parade Pty Ltd	Australia	1	100%	100%
262 Lord Street Perth Pty Ltd	Australia	1	100%	100%
269 James Street Pty Ltd	Australia	1	100%	100%
280 Lord Street Perth Pty Ltd	Australia	1	100%	100%
Finbar Applecross Pty Ltd	Australia	1	100%	100%
Finbar Finance Pty Ltd	Australia	1	100%	100%
Finbar Fund Pty Ltd	Australia	1	100%	100%
Finbar Karratha Pty Ltd	Australia	1	100%	100%
Finbar Port Hedland Pty Ltd	Australia	1	100%	100%
Finbar Project Management Pty Ltd	Australia	2	100%	100%
Finbar To Rent Pty Ltd	Australia	1	100%	0%
Finbar Sub 104 Pty Ltd	Australia	1	100%	100%
Finbar Executive Rentals Pty Ltd	Australia	1	100%	0%
Finbar Sub 106 Pty Ltd	Australia	1	100%	0%
Lot 1 to 10 Whatley Crescent Pty Ltd	Australia	1	100%	100%
		30		

** Refer to Note 14 Investments in Equity Accounted Investees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 30 June 2019

30. Subsequent Events

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

31. Auditors' Remuneration	2019 \$	2018 \$
Audit Services:		
Auditors of the Group		
Audit and review of the financial reports	141,083	174,425
Audit and review of the financial reports of equity accounted investees	169	6,750
	141,252	181,175
Services other than Statutory Audit:		
Taxation compliance services	34,929	18,543
	34,929	18,543

32. Parent Entity Disclosures

As at, and throughout the financial year ending 30 June 2019 the parent company of the Group was Finbar Group Limited.

Result of the Parent Entity	2019 \$	2018 \$
Profit for the year	4,739,164	9,979,553
Total Comprehensive Income for the year	4,739,164	9,979,553
Financial Position of the Parent Entity		
Current Assets	33,397,499	56,516,157
Total Assets	218,801,743	228,926,205
Current Liabilities	1,600,249	1,432,263
Total Liabilities	1,629,676	1,432,263
Total Equity of the Parent Entity comprising of:		
Share capital	194,483,020	193,241,795
Retained earnings	22,689,047	34,252,147
Total Equity	217,172,067	227,493,942

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.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Finbar Group Limited ('the Company'):
 - a) The Consolidated Financial Statements and notes that are contained in Pages 47 to 83 and the Remuneration report in the Directors' report, set out on Pages 30 to 35, 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 2019 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. 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 2019.
3. The Directors draw attention to Note 2(a) to the consolidated financial statements, which contains a statement of compliance with International Financial Reporting Standards.

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



Darren Pateman
Managing Director

Dated at Perth this Twentieth day of August 2019.



Independent Auditor's Report

To the shareholders of Finbar Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Finbar Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the **Group's** financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- Complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2019
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The **Key Audit Matters** we identified are:

- Valuation of Investment Property
- Carrying value of Inventory.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Investment Property (\$85.3million)	
Refer to Note 12 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>Valuation of investment properties is a key audit matter due to the:</p> <ul style="list-style-type: none"> • Significance of the balance to the financial statements. • Judgement required in assessing the capitalisation rates applied to the projected income of individual properties in the income valuation model. A small percentage movement in the capitalisation rate would result in a significant financial impact to the investment property balance and the income statement. • Timing of the valuations performed by the Group's external valuer. It is the Group's policy when the valuation was not performed at year end for the directors to assess and confirm the valuation to be adopted in the financial report. We evaluated the external and internal valuations. • Judgmental valuation inputs with respect to the Karratha investment properties (\$54.9million), as there is limited availability of comparable sales and leasing evidence due to the low transaction levels in the Karratha region. This results in a higher level of judgment being applied by the Group to the valuation of both commercial and residential properties in that development, increasing our audit effort applied in this area. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We assessed the scope, objectivity, competence and capabilities of the Group's external valuer. • We compared the valuations prepared using the income valuation model to the alternate discounted cashflow method valuation where prepared, as a comparator, by the external valuers. • We involved KPMG Real Estate Specialists to inform our evaluation of the external valuations and the director's internal valuations, by comparing values to recent sales evidence and other published reports of industry commentators. • We challenged the capitalisation rates applied, particularly for the Karratha investment property, based on our knowledge of the property portfolio and other published reports of industry commentators. • We also compared, on a sample basis, the following key inputs to the valuations to existing lease contracts and published CPI statistics by the Australian Bureau of Statistics: <ul style="list-style-type: none"> - gross rent; - occupancy rate; - lease term remaining; and - CPI.

Carrying value of Inventory (\$192.7million)	
Refer to Note 16 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>Valuation of inventory, being both completed units and work in progress, is a key audit matter due to the:</p> <ul style="list-style-type: none"> • Significance of the balance to the financial statements. • Significant judgement and our effort applied to assessing forecast selling prices and costs to complete for work in progress. These factors impact the assessment of net realisable value, as in accordance with accounting standards, inventory must be carried at the lower of cost and net realisable value. <p>Work in progress comprises developments currently under construction and future projects, which are long term in nature where forecast costs could be negatively impacted by issues encountered during planning or construction. In addition, forecast selling prices can fluctuate significantly based on property market conditions.</p> <p>These factors increase the level of forecasting judgement and audit complexity when assessing forecast selling prices and costs to complete for inventory.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We selected a sample of significant developments under construction and future projects to understand project design complexity, sub-contractor reliance, other project risks and project funding which could negatively impact costs to complete. This was done through enquiry of senior management, and inspection of documentation such as budgets, funding agreements, supplier contracts and internal reports. • We compared a sample of actual to forecast selling prices and actual to forecast construction costs to inform our evaluation of forecast selling prices and costs to complete respectively. • We undertook sample testing of sales made during the year and subsequent to year end to sales contracts to assess sales margins achieved during the year and post year end. This informs our evaluation of the carrying value of inventory at balance date against the Group's policy for recording at the lower of cost and net realisable value. • We compared forecast selling prices to forecast total costs for significant projects. We did this to assess the carrying value of inventory against the Group's policy for recording at the lower of cost and forecast net realisable value.

Other Information

Other Information is financial and non-financial information in Finbar Group Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report. The remaining Other Information consisting of Key Financial Metrics, Chairman's Report, Managing Director's Report, Finbar Overview, Key Achievements, Development Overview and Finbar's Investment Properties are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- To obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- To issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Finbar Group Limited for the year ended 30 June 2019, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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 responsibilities

We have audited the Remuneration Report included in paragraph 4.3 of the Directors' report for the year ended 30 June 2019.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Derek Meates

Partner

Perth

20 August 2019



Lead Auditor's Independence Declaration under Section 307C of the Corporations 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 of Finbar Group Limited for the financial year ended 30 June 2019 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

Derek Meates
Partner
Perth
20 August 2019

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 2019)

Substantial Shareholders

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

Shareholder Name	Number	%
Chuan Hup Holdings Limited	55,871,363	20.53
Thorney Holdings Proprietary Limited	28,362,797	10.42
John Chan	26,617,520	9.78
Westoz Funds Management Pty Ltd	16,599,777	6.10

Voting rights

Ordinary shares

Refer to Note 19 in the Notes to the Financial Statements.

Distribution of Equity Security Holders

Range	Number of Holders	Ordinary Shares
1-1,000	377	114,209
1,001-5,000	556	1,636,880
5,001-10,000	384	3,014,118
10,001-100,000	905	27,712,949
100,001-over	138	239,644,986
	2,360	272,123,142

The number of shareholders holding less than a marketable parcel of ordinary shares is 280.

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.

ASX ADDITIONAL INFORMATION (continued)

Twenty largest shareholders of ordinary shares as disclosed in the share register :

	Number of Ordinary Shares Held	%
CHUAN HUP HOLDINGS LIMITED	53,837,175	19.78
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	33,895,273	12.46
J P MORGAN NOMINEES AUSTRALIA LIMITED	19,491,939	7.16
ZERO NOMINEES PTY LTD	16,712,860	6.14
BLAIR PARK PTY LTD	10,138,477	3.73
RUBI HOLDINGS PTY LTD	7,912,358	2.91
3RD WAVE INVESTORS LTD	6,100,000	2.24
MR JAMES CHAN	6,097,591	2.24
APEX INVESTMENTS PTY LTD	5,798,876	2.13
MRS SIEW ENG MAH	5,091,662	1.87
HANSSEN PTY LTD	5,000,000	1.84
FORWARD INTERNATIONAL PTY LTD	4,831,490	1.78
CHAN FAMILY SUPER (WA) PTY LTD	3,954,479	1.45
CITICORP NOMINEES PTY LIMITED	3,933,499	1.45
MILTON CORPORATION LIMITED	3,642,464	1.34
MR AH-HWA LIM	3,155,770	1.16
MS YI XIAN CHAN	2,892,126	1.06
DENSHIR PTY LTD	2,668,715	0.98
MR WAN SOON CHAN	2,435,137	0.89
HPL PTY LTD	2,253,439	0.83
TOP 20	199,843,330	73.44

Offices and Officers

Directors

Mr John Chan (Executive Chairman)

Mr Darren John Pateman (Managing Director)

Mr Ronald Chan (Chief Operations Officer)

Mr Kee Kong Loh

Mr Lee Verios

Mr Terence Siong Woon Peh

Company Secretary

Mr Edward Guy Bank

Principal Registered Office

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