finbar

Annual Report 2014


developing
finbar
better
lifestyles

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CORPORATE DETAILS

Directors

Mr John Chan
(Executive Chairman)

Mr Darren Pateman
(Managing Director)

Mr John Boon Heng Cheak

Mr Kee Kong Loh

Mr Lee Verios

Company Secretary

Mr Anthony Hewett

ABN

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Auditors

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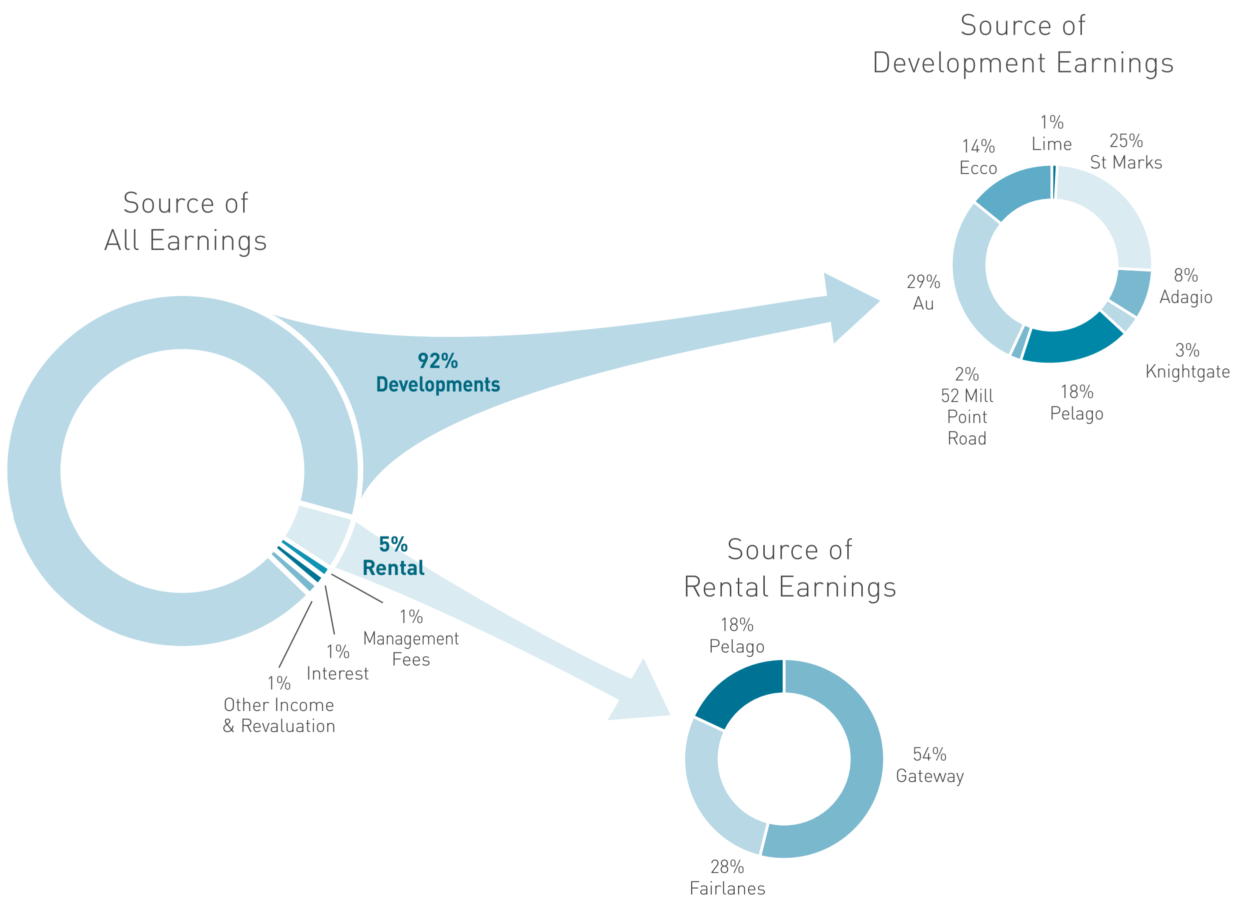
Artist Impression of "Aurora", an illuminated LED public artwork planned for Subi Strand.

THE YEAR AT A GLANCE



662

units completed across the group in FY14

$50,424m^2$

square metres of completed units in FY14

$1.8b

current project pipeline

OTHER FACTS AND FIGURES

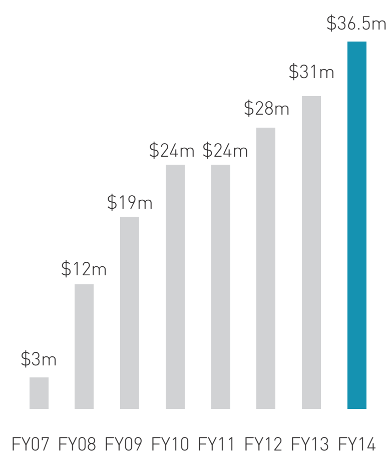
Since 1996, 90% of Finbar's developments are located in and around the Perth CBD

Since 1996, Finbar will have developed more than 3,934 apartments with a further 716 under construction in inner city Perth

Since 1996, Finbar will have developed over $2.163 billion in residential and commercial property with a further $467m under construction

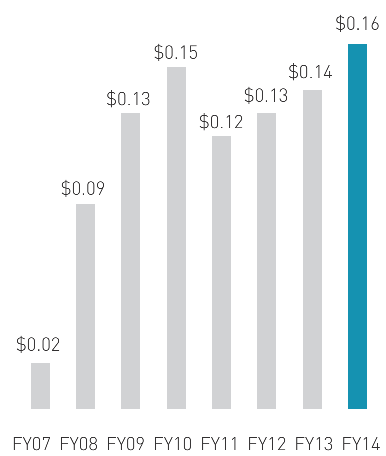
KEY FINANCIAL RESULTS

Net Profit After Tax



We have delivered 8 years of consecutive net profit growth.

Earnings Per Share

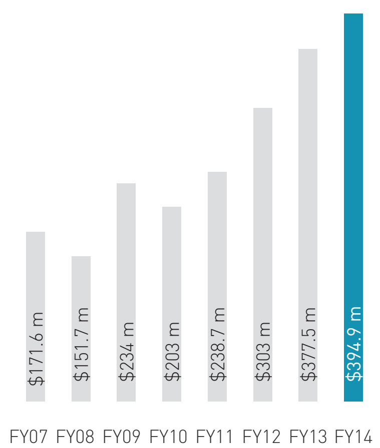


Earnings per share (EPS) were up 12.59% in FY14.

Total Shareholder Return

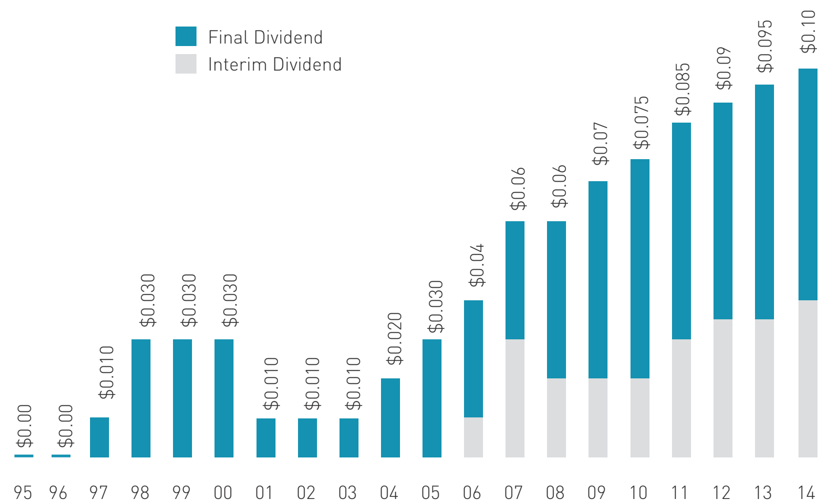
Our annual total shareholder return (TSR) is defined as the 12 month share price movement plus total dividends for the year.

Enterprise Value (EV)



Enterprise value is calculated as market capitalisation plus debt, minority interest, minus total cash and cash equivalents.

Fully Franked Dividend Per Year



Finbar has rewarded shareholders with a fully franked dividend for the past 18 years, the last 9 years by way of an interim and a final.

CHAIRMAN'S REPORT

Dear Shareholder

On behalf of the Board of Directors, I am pleased to present you with the 30th Annual Report of your company for the financial year ended 30 June 2014, the Company's 19th year as a residential property developer in Western Australia.

Finbar Group reported a record after tax profit of $36.5 million in the 2014 financial year (FY14), which is a 17% increase on the previous year. This is the eighth consecutive year of profit growth and reflects another strong operational and financial performance given the backdrop of slower economic growth across the state.

In February 2014, we signed a 10 year exclusivity agreement with our long term primary building contractor, Hanssen Pty Ltd, to secure the development of our current $1.8 billion project pipeline over the next five years which provides Finbar with a significant competitive cost advantage focusing on delivering value for our shareholders. Personally, I would like to thank Gerry Hanssen for the strong relationship we have developed over the years which has been founded on trust, dedication and a vision of the future.

The FY14 period has witnessed an era of transformation in the inner city of Perth with the apartment market significantly expanding due to increased demand from local and overseas buyers as well as greater competition from local property developers. This type of sustainable transformation coupled with continued long term momentum provides Finbar with the confidence to commit to larger projects like Concerto in East Perth and Unison in Maylands.

This transformation has been supported over the past year by an increasing number of buyers of Finbar apartments from Asia who are migrating to Perth and attracted to Australia's safe haven investment status, quality of education and general lifestyle.

Our record profit and cash position in FY14 has provided us with the opportunity to reward all our shareholders with a total dividend payment for the financial year of 10 cents per share, representing a 5% increase on the previous year.

On behalf of the Board and Shareholders, I would like to thank our management, our staff, our joint venture partners and our consultants for their dedicated efforts to maintain our reputation as Western Australia's leading and most reliable apartment developer.

We thank you for your support over the past year and as we enter into our 20th year as a residential property developer, we look forward to updating you on our pipeline of projects at the Annual General Meeting in October.

John Chan
Executive Chairman
29 August 2014

FINBAR GROUP REPORTED A RECORD AFTER TAX PROFIT OF $36.5 MILLION IN THE 2014 FINANCIAL YEAR (FY14), WHICH IS A 17% INCREASE ON THE PREVIOUS YEAR.

Ecco Apartments on Lord Street, Perth was completed in April 2014.

MANAGING DIRECTOR'S REPORT

I am delighted to report our eighth consecutive year of profit growth alongside a record cash position of more than $60 million for the 2014 financial year (FY14). This outstanding achievement was supported by a buoyant residential property market in the Perth metropolitan area and increasing interest from local and overseas buyers.

Finbar experienced a solid year in FY14 by completing a total of six projects including Knightsgate, St Marks, Ecco, 52 Mill Point Road, AU and Pelago East in Karratha. With a total end sales value of almost $400 million and the large majority of projects fully settled during FY14, Finbar was in a commanding position to retire $187 million of debt across all six projects with cashflow to support the next cycle of acquisitions and project commencements for our continued growth.

We also received five development approvals in metropolitan Perth for Subi Strand, Concerto, Unison, Norwood and Arbor North with a combined project end value of approximately $695 million. The five projects together account for more than 1,030 apartments, 23 commercial units and are forecast to contribute to Finbar's earnings over the next three years. Meanwhile, three of the five development approvals (Subi Strand, Concerto and Unison) account for a total project value of almost $560 million. This concentration of sales illustrates the scale and size of project we are now committing ourselves to and is a result of a steady increase in demand for inner city apartment living in Perth and the requirement to meet this long term supply trend.

Finbar supplemented its growth pipeline by securing, by way of acquisition or joint venture, seven new major metropolitan projects for development with a total end value of approximately $883 million, including our single largest one stage project, Civic Triangle in South Perth. Other projects acquired as part of this growth pipeline included Unison, 269 James Street, 172 Railway Parade, Lot 1014 Springs, 96 Mill Point Road and 239 Great Eastern Highway.

We signed a ten year exclusivity agreement in February 2014 with our long standing primary building contractor, Hanssen Pty Ltd, which provides Finbar with a significant competitive cost advantage and development agility that would be difficult and expensive to replicate elsewhere. Furthermore, Hanssen has become a significant shareholder in Finbar as part of the exclusivity agreement which aligns the interests of our primary contractor to the group's long term financial success and secures sufficient resources to develop our $1.8 billion project pipeline over the next five years.

The Pelago project was completed in just over three years from inception and represents the Pilbara's first residential and commercial high rise building with a total of 288 apartments and 22 commercial units. As our first expansion project into the North West, Pelago offers Pilbara workers and their families an alternative lifestyle to live permanently in Karratha as it transforms itself from a small regional town into a major regional city.

Whilst the Pilbara market has softened as a result of general market sentiment surrounding the resource sector, our company has benefited from a Karratha corporate accommodation market that has taken the opportunity to rationalise and relocate workers into newer, more convenient, and more feature rich housing. As such our company has benefited directly by receiving very strong rental demand for our remaining apartments which by the time of our AGM we anticipate will be fully leased and returning approximately $6 million per annum on our asset which is debt free.

Our record cash position of approximately $61 million at the end of FY14 was testament to the strong cashflows generated from our projects completed during the year. This position of financial strength allows us to benefit from recycling our capital into new and larger projects which are anticipated to enhance our earnings growth in the next few years.

FINBAR EXPERIENCED A SOLID YEAR IN FY14 BY COMPLETING A TOTAL OF SIX PROJECTS INCLUDING KNIGHTSGATE, ST MARKS, ECCO, 52 MILL POINT ROAD, AU AND PELAGO EAST IN KARRATHA.

Au Apartments, between Hay Street & Adelaide Terrace in Perth, was completed in June 2014.

It is becoming increasingly evident that the inner city Perth apartment market has matured with the size of residential projects becoming ever larger which plays nicely into our company's capabilities, brand positioning and competitive advantages.

With this current and future trend in mind, we recently commenced the construction of Spring View Towers, Toccata and Subi Strand during FY14 which are anticipated to be completed before the end of FY15. Norwood and Arbor North are also under construction due for completion FY16. Together these five projects will contain more than 690 apartments amounting to a combined end value of approximately $475 million with construction completion forecast over the next 12-18 months. These off-the-plan projects are initially underpinned by a strong level of pre-sales to secure the required level of debt finance for each development prior to commencing construction.

According to The Directions 2031 report published by the Western Australian government in 2010, current state government policy is focused on accommodating a greater proportion of medium-rise and higher density housing to meet the demands of the Perth metropolitan population reaching 3.5 million by 2050.

This state government in-fill policy is aligned with Finbar's strategy to provide long term sustainable residential apartment development in an attempt to slowdown the rapid rate of urban sprawl that continues to take place across Perth's outer suburbs.

We are very proud of our reputation as Western Australia's most trusted and leading apartment developer which is founded on our disciplined approach to our business development and capital control, and our long term relationships with suppliers and valued JV partners. This philosophy remains a core value to our business and is imperative if we are to continue to meet the rising demand for apartment style living in Perth through larger and more sophisticated residential developments, predominantly in inner city locations.

In terms of our FY15 financial performance and beyond, Finbar is mindful that the timing of our project completions and settlements will ultimately impact on each financial year's profitability as it is at the point of construction completion and hand-over of the end product that the Company can account for revenue from pre-sales.

As projects become larger, so too can the time gap for receipt of sales revenue increase and sometimes this may not fall perfectly in a reporting period to enable continued and steady reported growth. As a result, Finbar will provide profit guidance for FY15 closer to the end of the financial year.

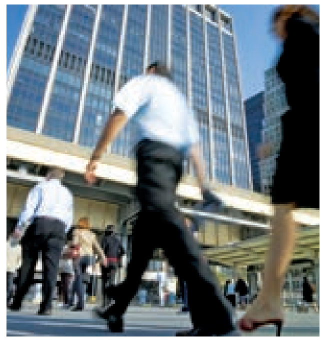
The Company remains confident that the existing and recently refreshed $1.8 billion project pipeline is consistent to meet the group's medium and long term profit growth targets as Finbar continues to benefit from its unique cost advantages, robust sales across multiple projects and industry leading profit margins

Finally, it is my pleasure to once again thank all our staff, building contractors, service providers, consultants, joint venture partners, and state government departments who are responsible for contributing to an eighth consecutive year of record profitability for the group.

Darren Pateman
Managing Director
29 August 2014

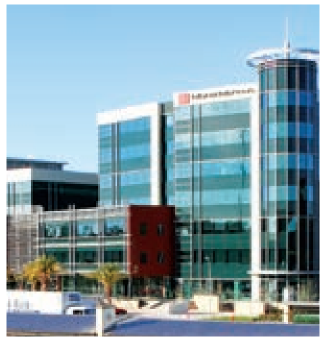
FINBAR OVERVIEW

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. Defined by its strong population growth, high standard of living and employment opportunities, WA offers Finbar the opportunity to create projects which combine the convenience of work location and lifestyle. Backed by a strong balance sheet and healthy cashflows, the Company has a multitude of projects in the pipeline within the inner city area of Perth and regions creating a more enticing, vibrant and unique place to live. Finbar has a collaborative approach through valued joint venture relationships to leverage growth while sharing project risk and profitability.



Our People

- Are a team of 19 full time staff based in East Perth
- 1 full time in Karatha
- Include 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 Investment Properties

- Include the Fairlanes and Gateway office buildings leased to reputable and proven businesses
- Provide consistent annual revenues from commercial investments
- Ensure these additional revenue streams contribute to and smooth annual earnings
- Represent the development and retention of Finbar built commercial assets

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 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
- Focus on reducing the impact on the local environment through high density apartment living and innovative construction techniques
- Include a successful expansion into the Pilbara with significant upside potential

Our Commitment

- Our reputation and reliability is built on successfully delivering 100% of our projects as promised
- 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
- Finbar remains dedicated to the WA apartment market and believes in continuing what we know best in order to serve our customers and shareholders better through continuous organic growth

Our Future

- Our vision is to remain WA's leading medium to high density apartment developer
- Continue to focus development efforts in and around the Perth CBD and regions
- Sustain and enhance the quality of inner city living for current and future generations
- Enhance and develop relationships with local government and joint venture partners

COMPANY TIMELINE

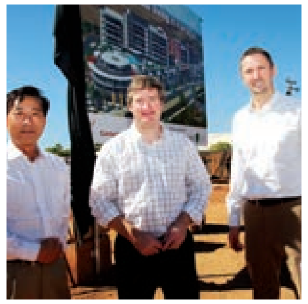
2014

2014 Record $36.5m after tax profit
2014 Secured single largest project to date, Civic Triangle
2014 Launched WA's tallest residential building, Concerto
2013 Pelago West receives Judges Choice and High Density UDIA award's
2013 $30m net profit milestone
2013 $300m market capitalisation

2012

2012 Relocate to Fairlanes Building (13 staff)
2012 Fairlanes Awarded Winner UDIA High Density Development
2012 3,000 apartment milestone
2012 Complete company's first Pilbara project
2011 $200m market capitalisation

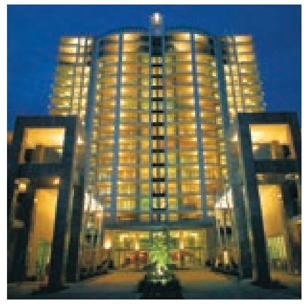
2010



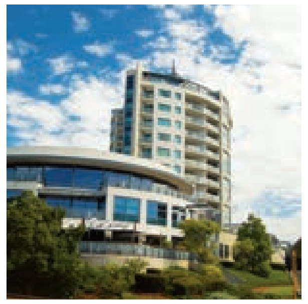
2010 Secure first Pilbara project, Pelago West, Karratha
2010 $20m net profit milestone
2009 Listing on All Ordinaries Indices
2009 2,000 apartment milestone
2008 $10m net profit milestone

2006

2006 Finish Westralian, first luxury project on Terrace Road
2006 $100m market capitalisation
2005 1,000 apartments milestone



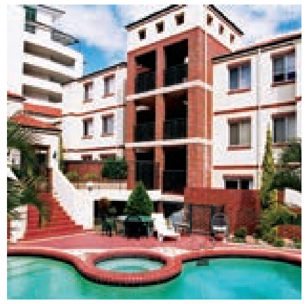
2001



2001 Relocate to Bluewater building, South Perth (6 staff)
1998 Relocate to 1st corporate office, Preston Street South Perth (4 staff)
1998 $1m net profit milestone reached

1997

1997 Maiden dividend (1c per share)
1997 Maiden net profit ($0.7m)
1997 Complete 1st development
1995 Commence 1st development project, Seville on the Point, South Perth
1995 Lists on ASX as Property Development Company operating out of 2 bedroom Como apartment



1995

KEY ACHIEVEMENTS

Pelago East Grand Opening

Pelago East was officially opened in Karratha on 30 November 2013 by Hon. Colin Barnett MLA, the Premier of Western Australia, and Hon. Brendon Grylls MLA, Minister for Regional Development and Lands.

Following completion of both Pelago East (November 2013) and Pelago West (June 2012), the Pelago project now comprises a total of 288 one, two and three-bedroom superior apartments, 22 commercial units, two swimming pools, two children's playgrounds and undercover parking.

The Pelago project represents the Pilbara's first residential and commercial high rise building and was completed just over three years after Finbar had been selected as the proponent by Landcorp.

With 91% of the apartments now sold or leased, Pelago offers residents an alternative lifestyle choice, relieving pressure on local accommodation while attracting and retaining permanent residents in the Pilbara region.

The Pelago project represents a significant milestone in the Pilbara region as Karratha transforms itself from a small regional town into a major regional city, paving the way for future developments in the region.

FY14 HAS BEEN A STRONG YEAR OF PROJECT COMPLETIONS AND AQUISITIONS.

A Year of Acquisitions

Seven significant acquisitions were made during the 2014 financial year, with an estimated combined project end value of $883 million.

Our commitment to, and expertise in locating, acquiring and developing selective sites with a long-term outlook, enables Finbar to deliver great investment and lifestyle returns. Therefore, through comprehensive analysis and a prudent due diligence process, Finbar has this financial year acquired the following projects in the view that will maximise shareholder value:

- 269 James Street, Northbridge
- 172 Railway Parade West Leederville
- 96 Mill Point Road, South Perth
- 239 Great Eastern Highway, Belmont
- Lot 1014, Springs Rivervale Precinct, Rivervale
- 241 Railway Parade, Maylands
- Civic Triangle, South Perth

269 James Street, Northbridge (100% Owned)

- $50 million project end value.
- 85 residential apartments with ground floor commercial lots.
- Forecast to contribute to FY16 earnings.

172 Railway Parade, West Leederville (50:50 JV)

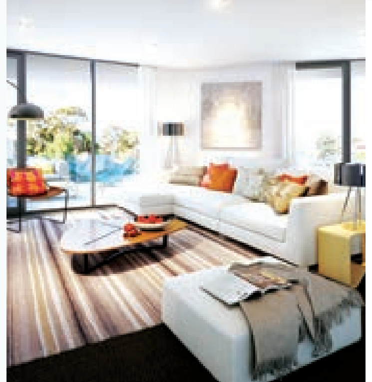
- $86 million project end value.
- 143 residential apartments in two towers.
- Forecast to contribute to FY16 earnings.
- DA approved.

96 Mill Point Road (50:50 JV)

- $100 million project end value.
- High rise project with residential, commercial and serviced apartment opportunities.
- Forecast to contribute to FY17 earnings.

South Perth Civic Triangle (50:50 JV)

- $300 million project end value
- Mixed-use of 295 residential apartments, plus retail and commercial spaces
- Forecast to contribute to FY18 earnings



239 Great Eastern Highway, Belmont (100% Owned)

- $60 million project end value.
- 150 residential apartments and two ground floor commercial lots in a 10 level building.
- Forecast to contribute to FY17 earnings.

241 Railway Parade, Maylands (50:50 JV)

- $188 million project end value
- 347 residential apartments with 4 ground floor commercial lots
- Forecast to contribute to FY16 and FY17 earnings

Lot 1014 Springs Rivervale (50:50 JV)

- $75 million project end value.
- >130 residential apartments and ground floor commercial lots.
- Forecast to contribute to FY17 earnings.

Pipeline of Continued Growth

Over the past two decades, Finbar has completed 58 projects with a total value of almost $2.4 billion. Finbar anticipates this value to grow to approximately $4.2 billion over the next four years with a refreshed pipeline of $1.8 billion dollars. This will be achieved through strategic asset allocation, continual design and development improvements, and a cost efficiency-centric predisposition.

KEY ACHIEVEMENTS

Project Completions

The 2014 financial year represented a solid year for project completions with 637 residential apartments and 25 commercial lots completed, accounting for a total project end value of almost $400 million.

The resort-style facilities included in a Finbar development provides residents with a contemporary lifestyle, the latest quality amenities and the utmost convenience; a trade mark characteristic of Finbar developments. This characteristic has not only added value for residents living in a Finbar apartment but also to shareholders who directly benefit from Finbar's reputation as WA's largest and most trusted apartment developer.

Developing better lifestyles is more than just a mantra, it is a personification of the positive impact residents often experience with a Finbar development. Residents are immersed in a better way of life through both physical and mental satisfaction which is seamlessly apparent when living in a celebrated Finbar apartment, with the six completed projects being no exception.

Knightsgate (50:50 JV)

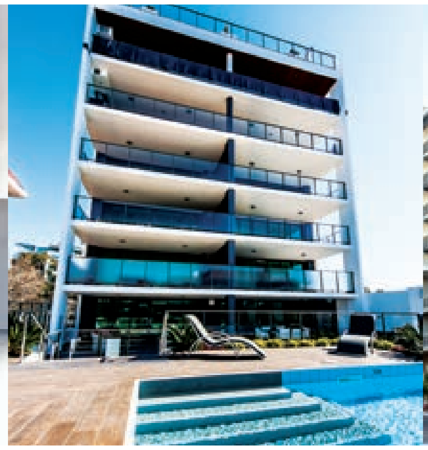
- $14.9 million project end value.
- 43 one and two bedroom apartments located 200 metres from Currambine train station.

St Marks (100% Owned)

- $70.6 million project end value.
- 130 one, two and three bedroom apartments and one commercial heritage building.

Ecco (50:50 JV)

- $52.8 million project end value.
- 90 one, two and three bedroom apartments and 8 commercial lots.



Au (45:55 JV)

- $107.9 million project end value.
- 192 one, two and three bedroom apartments and two ground floor commercial lots.

Fifty Two Mill Point Road (50:50 JV)

- $16.9 million project end value.
- 8 luxury residential apartments in a 9 level building.

Pelago East (100% Owned)

- $137.1 million project end value.
- 174 one, two and three bedroom apartments and 14 commercial lots.

DEVELOPING BETTER LIFESTYLES

AS WESTERN AUSTRALIA'S LARGEST AND MOST TRUSTED APARTMENT DEVELOPER, FINBAR IS COMMITTED TO DEVELOPING BETTER LIFESTYLES.

Apartment Living in the Perth Metropolitan Area

As Western Australia's leading apartment developer, Finbar is focused on creating better lifestyles for its residents through the prime location and quality of its affordable inner city projects.

The Perth metropolitan area continues to experience an unprecedented level of population growth and project development activity including the three government-led major redevelopment projects of Elizabeth Quay, Perth City Link and Riverside.

In 2010, the Western Australian government published The Directions 2031 report which sets out a planning framework to prepare for the Perth metropolitan region population reaching 2.2 million by 2031 and as much as 3.5 million by 2050. As a result of this significant increase in population size, the report favours the development of urban corridors serviced by public transport to accommodate medium-rise and higher density housing while reducing development pressure on existing suburbs and the urban fringe.

This state government policy is aligned with Finbar's strategy of providing a long term sustainable approach towards future residential development by offering an economically viable and realistic solution to slowdown the rapid rate of urban sprawl that continues to take place across Perth's outer suburbs.

According to a report released in June 2014 by the policy group Committee for Perth, Perth is now the second most congested city in Australia which is contributing to significant increases in commuting times for a larger proportion of the city's residents. The report states that approximately 60% of Perth's population growth is occurring more than 20 kilometres from the Central Business District (CBD) with the city's largest growing suburbs being more than 33 kilometres from the CBD. It concludes that this issue can be alleviated by allowing more people to live closer to work with higher density living and ensuring that the growth rate of public transport maintains the same pace as population growth.

Finbar's strategy focuses on the growth of inner city apartment living which reduces the reliance on car ownership and places more emphasis on a healthier and more sustainable lifestyle of commuting shorter travelling distances on foot and public transport. By reducing commuting times, Perth's residents will improve their lifestyles by having more time to pursue leisure activities and enjoying the local amenities located right on their doorstep.

MercyCare Fostering Services

In December 2013, Finbar donated a new Hyundai i30 car to the MercyCare Fostering Services team in the Perth suburb of Wembley to assist the team in their day-to-day work with young people who are living in out-of-home care within the metropolitan area. The car is used for assisting foster carers and children to attend specialist appointments to support a child's recovery and facilitate contact between siblings living in separate foster families.

Established in the 1840s and reliant on government funding, MercyCare Fostering Services works with approximately 80 children and young people up until 18 years of age who are unable to live with their families and require care and support. The majority of children in Mercycare's foster care programme remain with their foster families for the long term or until they are ready to live independently. The organisation also recruits, assesses and trains people to become foster carers to provide medium to long term foster care.

WEST AUSTRALIAN
BALLET

West Australian Ballet

As a proud sponsor to the West Australian Ballet, Finbar remains committed to enhancing the style and vibrancy of Perth through sponsorship of the local arts for the enjoyment of the West Australian population.

West Australian Ballet offers an extensive dance programme including three to four major seasons in Perth, regional shows touring throughout the State, choreographic workshops and a detailed education programme.

Proudly supporting West Australian Ballet

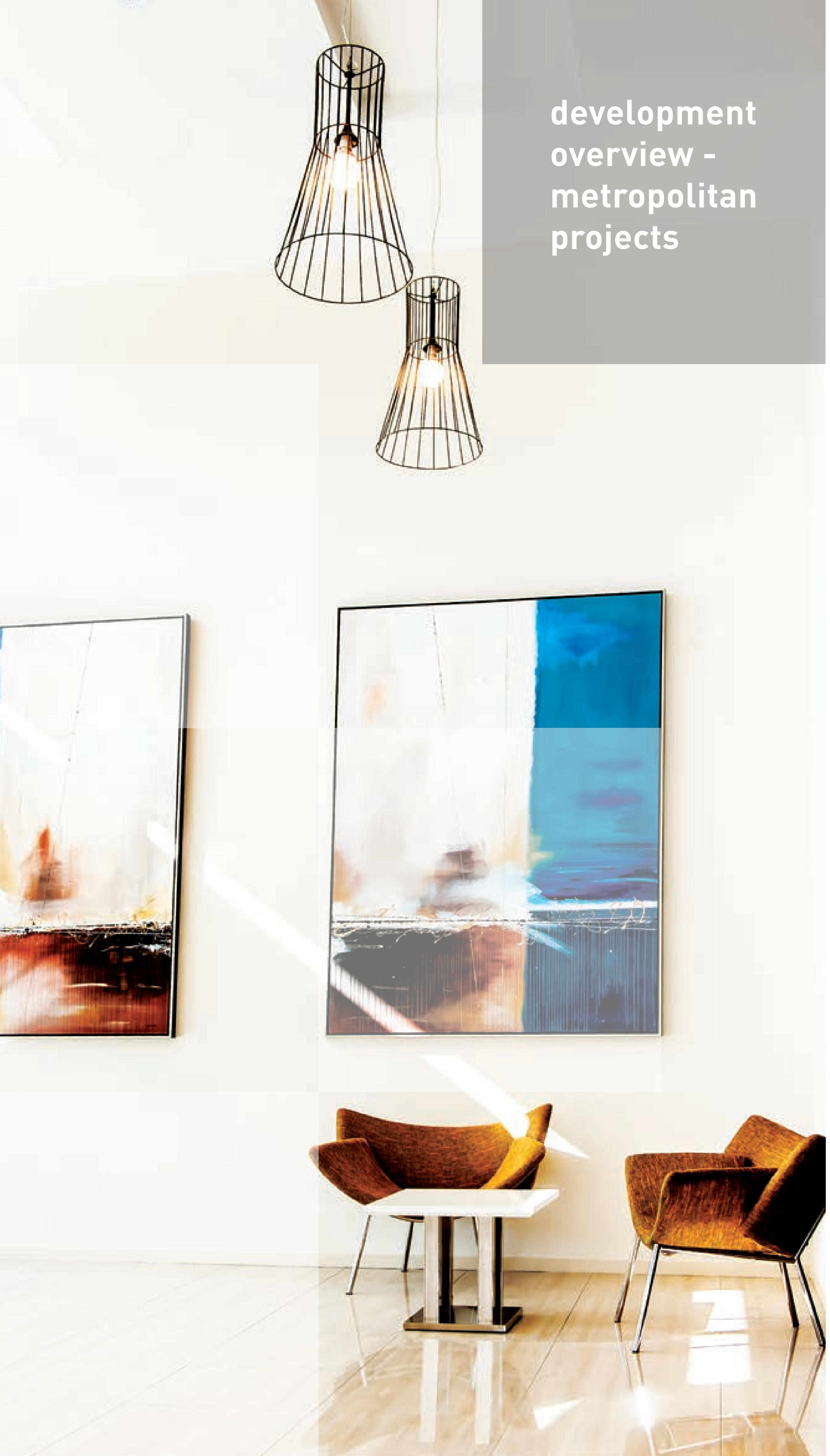
Just as West Australian Ballet is integral to the local arts, we're committed to enhancing the style and vibrancy of Perth with 64 landmark apartment developments either completed or underway.

With more on offer in Perth than ever before, we're proud to give thousands of West Australians the opportunity to live, work and play in this great city we call home.

finbar.com.au

WA's largest and most trusted apartment developer.

finbar
developing better lifestyles



development overview - metropolitan projects

DEVELOPMENT OVERVIEW

Completed Projects

Knightsgate Residences

9 Citadel Way, Currambine

Project Company:	17 Sunlander Drive Pty Ltd
Finbar's Ultimate Interest:	50%
Marketing commenced:	February 2011
Construction Completion:	August 2013
Total Lots:	43 lots
Total Project Sales Value:	$14.9 m
Value of Sales to Date:	$14.9 m
Lots Sold:	43 (100%)
Lots Unsold:	Nil (0%)

Knightsgate Residences located in Currambine encompasses a total of 43 – 1 and 2 bedroom apartments over three storeys. Marketing commenced in February 2011. Completion occurred in August 2013.

St Marks Apartments

131 Harold Street, Highgate

Project Company:	Finbar Funds Management Pty Ltd
Finbar's Ultimate Interest:	100%
Marketing commenced:	September 2011
Construction Completion:	September 2013
Total Lots:	131 lots
Total Project Sales Value:	$70.6 m
Value of Sales to Date:	$70.6 m
Lots Sold:	131 (100 %)
Lots Unsold:	Nil (0%)

St Marks Apartments is located seconds from the vibrant Beaufort Street cafe strip in Highgate and consists of 130 luxury 1, 2 and 3 bedroom apartments along with one building intended for commercial or educational use. Completion occurred in September 2013.

On 29 August 2014, St Marks Apartments won both the High Density and Urban Renewal categories of the UDIA WA Awards for Excellence 2014.

Information current as at 03 September 2014.

Completed Projects

Ecco Apartments

262 Lord Street, Perth	
Project Company:	262 Lord Street Perth Pty Ltd
Finbar's Ultimate Interest:	50%
Marketing commenced:	February 2012
Construction Completion:	April 2014
Total Lots:	98 lots
Total Project Sales Value:	$52.8 m
Value of Sales to Date:	$47.1 m
Lots Sold:	91 (92.9%)
Lots Unsold:	7 (7.1%)

Ecco Apartments is located at 262 Lord Street in Perth. The project encompasses 90 – one , two and three bedroom apartments along with 8 commercial suites. 89 out of 90 residential apartments are sold and only 6 of the commercial units remain unsold. Completion occured in April 2014.

Au Apartments

208 Adelaide Terrace & 311 Hay Street, East Perth	
Project Company:	208 Adelaide Terrace Pty Ltd
Finbar's Ultimate Interest:	45%
Marketing commenced:	October 2011
Construction Completion:	June 2014
Total Lots:	194 lots
Total Project Sales Value:	$107.8 m
Value of Sales to Date:	$105 m
Lots Sold:	189 (97.4%)
Lots Unsold:	5 (2.6%)

Au Apartments is located opposite the Perth Mint and the Pan Pacific Hotel in East Perth. The project includes 192 apartments in one, two and three bedroom configurations plus 2 commercial lots distributed over two 10 storey structures. Completion occured in June 2014.

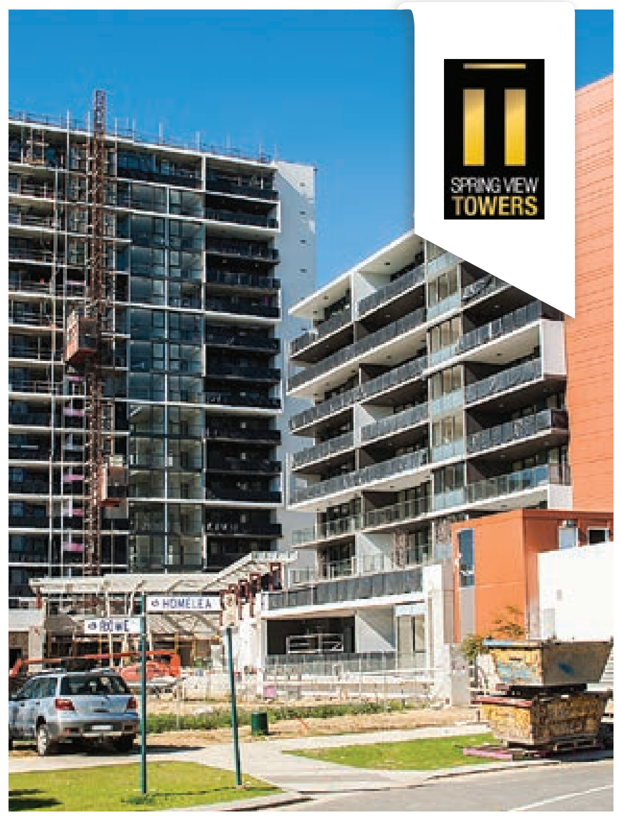
Completed Projects

Fifty Two Mill Point Rd

Fifty Two Mill Point Road, South Perth	
Project Company:	52 Mill Point Road Pty Ltd
Finbar's Ultimate Interest:	50%
Marketing commenced:	February 2012
Construction Completion:	June 2014
Total Lots:	8 lots
Total Project Sales Value:	$16.9 m
Value of Sales to Date:	$15.6 m
Lots Sold:	7 (87.5%)
Lots Unsold:	1 (12.5%)

Fifty Two Mill Point Road in South Perth is a luxurious boutique apartment development, comprising of only 8 apartments over 9 storeys. Completion occured in June 2014.

Under Construction



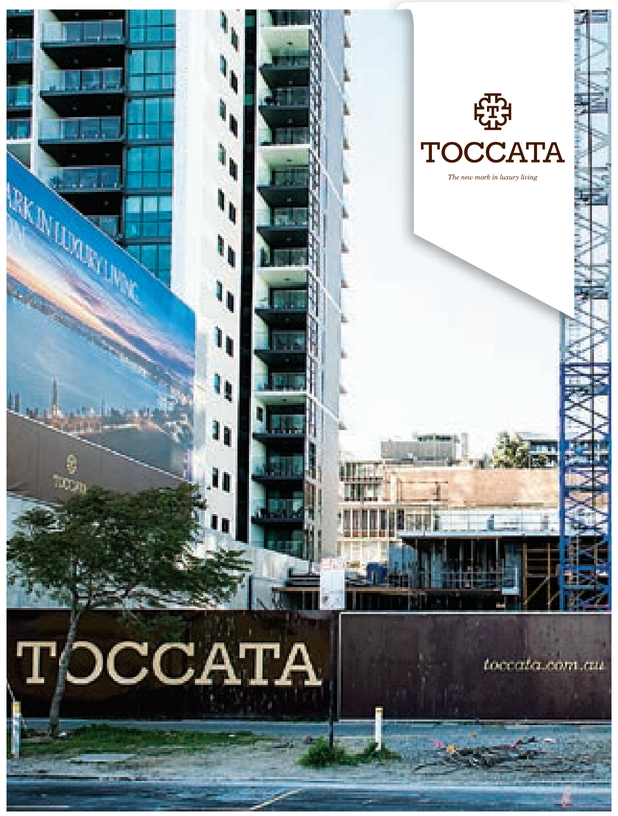
Spring View Towers

3 Homelea Court, Rivervale	
Project Company:	Rowe Avenue Pty Ltd
Finbar's Ultimate Interest:	50%
Marketing commenced:	February 2013
Estimated Completion:	FY15
Total Lots:	188
Total Project Sales Value:	$100.3 m
Value of Sales to Date:	$96.6 m
Lots Sold:	181 (96.3%)
Lots Unsold:	7 (3.7%)

Spring View Towers is the jewel in the crown of the new State Government redevelopment precinct Springs Rivervale. The 188 apartment complex of 1, 2 and 3 bedroom apartments comprises an impressive 16-storey tower and 9-storey building. Construction is nearing completion and will be the first finished project in the Springs Rivervale location.

Information current as at 03 September 2014.

Under Construction



Toccata

88 Terrace Road, East Perth

Project Company:	88 Terrace Road Pty Ltd
Finbar's Ultimate Interest:	50%
Marketing commenced:	March 2014
Estimated Completion:	FY15
Total Lots:	47
Total Project Sales Value:	$86.5 m
Value of Sales to Date:	$62.2 m
Lots Sold:	32 (66%)
Lots Unsold:	15 (34%)

Toccata Apartments, located on Terrace Road in East Perth is the second stage of the Symphony City redevelopment. The development is currently under construction, and at completion will comprise 45 luxury apartments plus two commercial lots over 21 storeys with an approximate end value of $86 million.

Subi Strand

28 Hood Street, Subiaco

Project Company:	Roydhouse Street Subiaco Pty Ltd
Finbar's Ultimate Interest:	50%
Marketing commenced:	November 2013
Estimated Completion:	FY15
Total Lots:	264
Total Project Sales Value:	$166.5 m
Value of Sales to Date:	$119.5 m
Lots Sold:	199 (75.4%)
Lots Unsold:	65 (24.6%)

Situated within the award winning Subi Centro precinct, Subi Strand is a mixed use development comprising two buildings and a landscaped pedestrian mall, creating a vibrant connection between Hood Street and Roydhouse Street. Subi Strand is currently under construction, and will deliver 245 residential apartments and a mix of 19 office, retail, showroom and food tenancies.

Under Construction

Norwood Perth

280 Lord Street, Perth

Project Company:	280 Lord Street Perth Pty Ltd
Finbar's Ultimate Interest:	50%
Marketing commenced:	October 2013
Estimated Completion:	FY16
Total Lots:	63
Total Project Sales Value:	$36.2 m
Value of Sales to Date:	$24.3 m
Lots Sold:	44 (68.3%)
Lots Unsold:	19 (25.4%)

With an estimated end value of $36 million, Norwood Perth is a boutique apartment project comprising a total of 59 residential apartments with four commercial lots. The development is placed on 2,828 square metres of prime land which is located on the corner of Lord and Windsor Streets in Perth.

Arbor North

Lot 1001 Rowe Avenue, Rivervale

Project Company:	Lot 1001 - 1003 Rowe Avenue Pty Ltd
Finbar's Ultimate Interest:	50%
Marketing commenced:	February 2014
Estimated Completion:	FY16
Total Lots:	154
Total Project Sales Value:	$77.7 m
Value of Sales to Date:	$44.5 m
Lots Sold:	94 (61%)
Lots Unsold:	60 (39%)

Images are artist impressions only and are subject to change.

Arbor North is the first stage of Arbor at Springs, an exciting new apartment development in the dynamic Springs, Rivervale. Arbor North will have an approximated $77 million end project value comprising one and two bedroom apartments and was launched to the market in February 2014 and construction commenced in August 2014.

Information current as at 03 September 2014.

Future Projects

Concerto

189 Adelaide Terrace, East Perth

Project Company:	88 Terrace Road Pty Ltd
Finbar's Ultimate Interest:	50%
Marketing commenced:	August 2014
Estimated Completion:	FY17
Total Lots:	227
Total Project Sales Value:	$207.7 m
Value of Sales to Date:	$51.6 m
Lots Sold:	64 (28.2%)
Lots Unsold:	163 (71.8%)

Images are artist impressions only and are subject to change.

Concerto is the final crescendo to Finbar's development vision of Symphony City, consisting of 226 apartments located on the former site of the Australian Broadcasting Corporation (ABC). Once complete, Concerto will be East Perth's tallest apartment building consisting of New York-style studio, one and two bedroom apartments, plus luxury 2 and 3 bedroom tower apartments, and a bar/café on the ground floor.

Unison on Tenth

2 Tenth Avenue, Maylands

Project Company:	241 Railway Parade Pty Ltd
Finbar's Ultimate Interest:	50%
Approximate Project Value:	$188 m (combined)
Estimated Completion:	FY16

Images are artist impressions only and are subject to change.

Unison on Tenth comprises 167 residential apartments plus two commercial lots on Tenth Avenue. The combined Unison development will consist of 347 one, two, and three bedroom apartments with four ground level commercial tenancies. The marketing campaign is underway.

Future Projects

Unison on Kennedy

1 Kennedy Street, Maylands

Project Company:	241 Railway Parade Pty Ltd
Finbar's Ultimate Interest:	50%
Approximate Project Value:	$188 m (combined)
Estimated Completion:	FY17

Images are artist impressions only and are subject to change.

Unison on Kennedy is part of the Unison project comprising 180 residential apartments plus two commercial lots on Kennedy Street. The combined Unison development will consist of 347 one, two, and three bedroom apartments with four ground level commercial tenancies.

Dianella

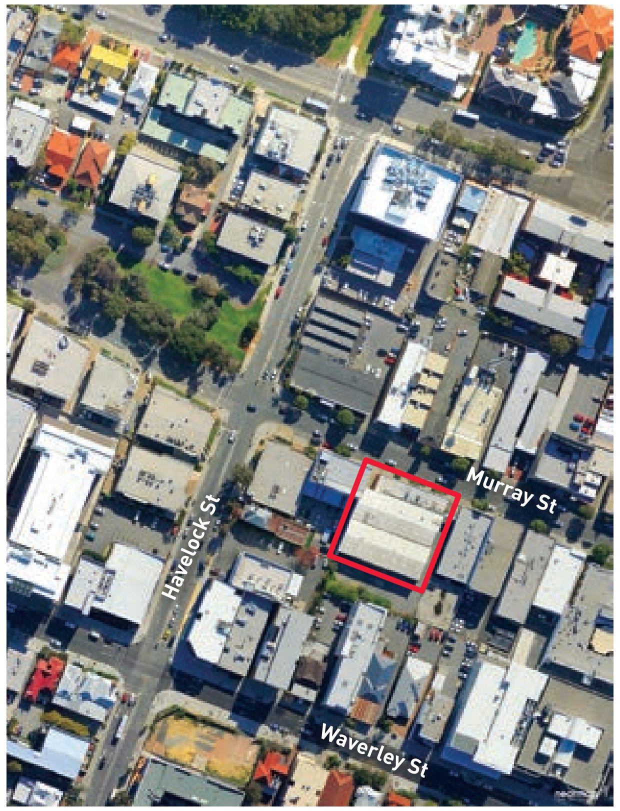
36 Chester Avenue, Dianella

Project Company:	36 Chester Avenue Pty Ltd
Finbar's Ultimate Interest:	50%
Approximate Project Value:	$66 m
Estimated Completion:	FY17

36 Chester Avenue located in Dianella has an approximate end value of $66 million. The Company is awaiting the revised Dianella Districts Centre Structure Plan to allow increased density and height which is anticipated to be gazetted in September 2014. The Company is proposing 135 residential lots up to 6 levels comprising one, two and three bedroom apartments.

Information current as at 03 September 2014.

Future Projects



647 Murray Street West Perth

647 Murray Street, West Perth	
Project Company:	647 Murray Street Pty Ptd
Finbar's Ultimate Interest:	50%
Approximate Project Value:	$125 m
Estimated Completion:	FY17

Finbar has entered into a 50% joint venture to develop the site at 647-659 Murray Street in West Perth. The property was being leased until June 2014, after which the existing buildings will be demolished to make way for the proposed development of approximately 240 residential apartments with an estimated end value of approximately $125 million.

269 James Street Northbridge

269 James Street, Northbridge	
Project Company:	269 James Street Pty Ltd
Finbar's Ultimate Interest:	100%
Approximate Project Value:	$50 m
Estimated Completion:	FY16

Images are artist impressions only and are subject to change.

Situated on the corner of James and Fitzgerald Streets, this future development site is 2,119 sqm and will have an approximate end value of $50 million. The site is prime development land located 1 km from the Perth CBD, adjacent to public transport and the freeway system, while only a short walk from the Northbridge restaurant precinct. The development will also benefit from the completion of the Northbridge Link project.

Future Projects

Arbor South

Lot - 1002 -1003 Rowe Avenue, Rivervale	
Project Company:	Lot - 1001 -1003 Rowe Avenue Pty Ltd
Finbar's Ultimate Interest:	50%
Approximate Project Value:	$53 m
Estimated Completion:	FY17

Arbor South is the second stage of the Arbor at Springs development which will comprise approximately 270 residential apartments with an estimated combined end value of approximately $130 million. It is expected that Arbor South will contribute $53 million to FY17.

Lot 1014 Springs Rivervale

31 Rowe Avenue, Rivervale	
Project Company:	31 Rowe Avenue Pty Ltd
Finbar's Ultimate Interest:	50%
Approximate Project Value:	$75 m
Estimated Completion:	FY17

The site which is located just 200 metres from Finbar's highly successful Spring View Towers project and 350 metres from Finbar's new Arbor project. 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 subdivision in Rivervale. It is expected to yield in excess of 130 residential apartments with ground floor commercial space and will be situated at the main entrance to the Springs precinct.

Information current as at 03 September 2014.

Future Projects

Motive

172 Railway Parade, West Leederville	
Project Company: 172 Railway Parade West Leederville Pty Ltd	
Finbar's Ultimate Interest:	50%
Approximate Project Value:	$86 m
Estimated Completion:	FY16

Images are artist impressions only and are subject to change.

Motive Apartments will be a 13 storey development with 143 residential apartments. Motive will comprise one and two bedroom apartments in addition to the resort-style facilities offered with every Finbar development. The 143 residential apartments will result in an estimated end value of approximately $86 million which is anticipated to contribute to Finbar's earnings in FY16.

96 Mill Point Road South Perth

96 Mill Point Road, South Perth	
Project Company:	96 Mill Point Road Pty Ltd
Finbar's Ultimate Interest:	50%
Approximate Project Value:	$100 m
Estimated Completion:	FY17

The site is located in the midst of South Perth's food and retail precinct which is just 100 metres from the South Perth foreshore. It will offer the opportunity to create a project with impressive views of the Swan River and the Perth City skyline. The development will consist of a mixed use high-rise building which has potential uses that include office, retail, serviced apartment, and permanent residential. It is anticipated the end project value will exceed $100 million with construction to start in 2015.

Future Projects

239 Great Eastern Highway Belmont

239 Great Eastern Highway, Belmont	
Project Company:	239 Great Eastern Highway Pty Ltd
Finbar's Ultimate Interest:	100%
Approximate Project Value:	$60 m
Estimated Completion:	FY17

Finbar is working to design and develop approximately 150 residential apartments plus two ground floor commercial lots on the site to create a project with an end value of circa $60 million. The site is prime development land located five kilometres from the Perth Central Business District and three kilometres from Perth Airport.

Civic Triangle

1 Mends Street, South Perth	
Project Company:	1 Mends Street Pty Ltd
Finbar's Ultimate Interest:	
Approximate Project Value:	$300 m
Estimated Completion:	FY18

Images are artist impressions only and are subject to change.

The Civic Triangle site is a 7,206 square metre site currently owned by the City of South Perth comprising nine separate lots bounded by Mends Street, Labouchere Road, and Mill Point Road. The project is set to be a vibrant mixed-use 'civic heart' development that incorporates retail, residential, commercial, and local public amenities. The project to comprise of approximately 295 apartments, commercial space and local amenities with an estimated end value greater than $300 million.

Information current as at 03 September 2014.

development overview - regional projects

FINBAR'S REGIONAL PROJECTS

Completed

Pelago East

26 Sharpe Avenue, Karratha

Project Company:	Finbar Karratha Pty Ltd
Finbar's Ultimate Interest:	100%
Construction Completion:	November 2013
Total Lots:	174 lots
Total Project Sales Value:	$119.2 m
Value of Sales to Date:	$51.0 m
Lots Sold:	85 (48.9%)
Lots Unsold:	89 (51.1%)
Lots Unsold Leased to Date	78 (87.6%)
Lots Unsold Vacant	11 (12.4%)

Pelago East has a 9 storey and 7 storey building comprising 174 apartments in 1, 2 and 3 bedroom configurations plus an additional 14 commercial lots for leasing. Pelago East was the second stage of Finbar's Pelago apartment development, Karratha's only high-rise, luxury apartment development.

Under Consideration

Anchorage

Sutherland & Morgans Street, Port Hedland

Project Company:	Finbar Port Hedland Pty Ltd
Finbar's Ultimate Interest:	100%

Project under consideration

The WA State Government has appointed Finbar as the preferred developer of a significant apartment site in the Pilbara Town of Port Hedland. Known as the former Port Hedland Regional Hospital site, the development is situated directly opposite the Port Hedland Yacht Club.

Information current as at 03 September 2014.

FINANCIAL REPORT

For the Year Ended 30 June 2014

Directors' Report

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 joint ventures for the financial year ended 30 June 2014 and the independent auditor's report thereon.

Contents

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 joint ventures.

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, AFAIM	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 joint ventures.

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 19 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 Adminstrators, a Member of the Australian Institute of Company Directors and an Associate Fellow of the Australian Institute of Management.

Non-executive Director

John Boon Heng CHEAK - B Eco	Director since 28 April 1993

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

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

John is a non-executive director of CH Offshore Limited, Singapore which is a publicly-listed marine transportation company.

Non-executive Director

Kee Kong LOH - B Acc, CPA	Director since 28 April 1993

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

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

Loh is a director of PCI Limited (Singapore) which is a publicly listed company in Singapore, where he is a resident.

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 2010, Lee was partner in the international law firm of Norton Rose and the leader of their Commerical 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, and is a Non-Executive Director of ASX listed Decmil Group Limited, a civil engineering and construction company.

Lee is a member of the Australian Institute of Company Directors, the Hellenic Australian Chamber of Commerce and Industry 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:

Anthony David HEWETT - MBusLaw (Curtin), GradDipACG, FCSA, FGIA, MSAA — Company Secretary since 5 February 2013

Over the past 13 years, Anthony has developed considerable experience in a variety of managerial, operational and compliance oriented roles within a range of financial services businesses and not-for profit organisations in Western Australia.

Anthony was most recently the Company Secretary and Head of Risk Management for the Euroz Group of Companies for almost six years, during which he assisted the Board of Directors with the management and administration of the Group's listed, unlisted and not-for-profit entities. Immediately prior to this role Anthony was the Compliance Officer for Euroz Securities Limited for 3.5 years.

Anthony has been involved in the establishment and management of both a Charitable Foundation and Private Charitable Trust in Western Australia.

Anthony is a Chartered Secretary and holds a Master of Business Law from Curtin University, a Graduate Diploma in Applied Corporate Governance (GradDipACG) from the Governance Institute of Australia, and qualifications in Building Design and Drafting, Financial Services, Leadership and Training. Anthony is a Fellow of the Institute of Chartered Secretaries and Administrators (FCSA), a Fellow of the Governance Institute of Australia (FGIA) and a Master Stockbroking, Stockbrokers Association of Australia (MSAA).

3 Directors' Meetings

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

Director	Board Meetings Held	Board Meetings Attended	Resolutions Without Meetings	Audit Committee Meetings Held	Audit Committee Meetings Attended	Remuneration Committee Meetings Held	Remuneration Committee Meetings Attended
John CHAN	4	4	5	N/A	N/A	N/A	N/A
Darren John PATEMAN	4	4	6	N/A	N/A	N/A	N/A
John Boon Heng CHEAK	4	4	6	2	2	3	3
Kee Kong LOH	4	4	5	2	2	3	3
Lee VERIOS	4	4	6	2	2	3	3

4 Corporate Governance Statement

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

4.1 Board of Directors

Role of the Board

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

To fulfil this role, the Board is responsible for the overall corporate governance of the Group including formulating its strategic direction, approving and monitoring site acquisition and project concepts, appointing, removing and creating succession policies for Directors and Senior Executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems.

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

The Board has delegated responsibility for operation and administration of the Group to the Executive Chairman, the Managing Director and executive management. The Board acknowledges ASX recommendations 2.2 and 2.5, which recommend that the Chairman should be an Independent Director and for his role to be segregated from that of the Chief Executive Officer, however, the Board is of the opinion that the Group is the best structured with the same person in the dual role of CEO/Chairman.

Board Processes

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

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

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

Director Education

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

Independent Professional Advice and Access to Group Information

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

Composition of Board

The names of the Directors of the Company in office at the date of this report are set out in the Directors' report on Page 35 of this report.

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

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

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

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

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

The Company does not currently have a Nomination Committee as the responsibility is handled directly by the Board of Directors.

4 Corporate Governance Statement (continued)

4.2 Remuneration Committee

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

The members of the Remuneration Committee are:

- Kee Kong LOH (Chairman) - Non-executive Director
- Lee VERIOS - Non-executive Independent Director
- John Boon Heng CHEAK - Non-executive Director

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

4.3 Remuneration Report - Audited

4.3.1 Principles of Remuneration - Audited

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

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

Remuneration levels for key management personnel and 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 obtains independent advice on the appropriateness of remuneration packages of both the Company and the Group given trends in comparative companies both locally and internationally and the objectives of the Company's remuneration strategy.

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

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

Remuneration packages include a mix of fixed and variable remuneration, 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 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 and 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 options over ordinary shares of the Company under the rules of the Executive Option Plan 2003.

Short-term Incentive

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

The primary financial performance objective is 'profit before tax'. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, customer satisfaction and personal development. The STI for the year ended 30 June 2014 was based wholly 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.

At the end of the financial year the Remuneration Committee assess the actual performance of the Group, the relevant segment and the individual against the KPIs set. The performance evaluation in respect of the year ended 30 June 2014 has taken place in accordance with this process.

Long-term Incentive

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

Short-term and Long-term Incentive Structure

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

Consequences of Performance on Shareholders Wealth

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

	2014	2013	2012	2011	2010
Total comprehensive income	$40,877,925	$31,590,971	$27,292,927	$28,225,305	$23,561,832
Profit before tax	$58,671,895	$44,560,499	$39,131,721	$34,943,120	$32,174,863
Dividends paid	$21,914,255	$19,298,374	$18,896,550	$15,115,909	$9,928,923
Change in share price	$0.37	$0.18	$0.10	-$0.02	$0.20
Return on capital employed	18.94%	15.45%	17.39%	16.38%	26.94%
Return on total equity	17.13%	15.35%	14.49%	16.18%	21.13%

Profit before tax is considered as one of the financial targets in setting the STI. Profit amounts for 2010 to 2014 have been calculated in accordance with Australian Accounting Standards (AASBs).

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

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

Service Contracts

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

Directors

Total base remuneration for all Directors, last voted upon by shareholders at the November 2013 AGM, is not to exceed $360,000 per annum. Directors' base fees are presently up to $329,650 per annum.

4 Corporate Governance Statement (continued)

4.3 Remuneration Report - Audited (continued)

4.3.2 Directors' and Executive Officers' Remuneration - Audited

Details of the nature and amount of each major element of remuneration of each Director of the Company and of the named Group Executive who receive the highest remuneration during the financial year ended 30 June 2014 are:

	Short-Term				Post - Employment			
	Directors Fees and Committee Fees $	Salary $	STI Cash Bonus (A) $	Total $	Super-annuation $	Other Long Term $	Total $	S300A(1)(e)(i) Proportion of Remuneration Performance Related %
Executive Directors								
Mr John Chan, Executive Chairman	86,280	390,190	667,253	1,143,723	24,960	6,589	1,175,272	56.77%
Mr Darren John Pateman, Managing Director	65,930	473,849	533,802	1,073,581	17,776	17,857	1,109,214	48.12%
Non-executive Directors								
Mr John Boon Heng Cheak	65,930	-	-	65,930	-	-	65,930	
Mr Kee Kong Loh	76,105	-	-	76,105	-	-	76,105	
Mr Lee Verios	69,661	-	-	69,661	6,444	-	76,105	
Executives								
Mr Edward Guy Bank, CFO*	-	222,574	346,819	569,393	17,776	6,838	594,007	58.39%
Mr Ronald Chan*	-	191,154	42,617	233,771	21,624	6,500	261,895	16.27%
Mr Anthony David Hewett*	-	165,577	31,240	196,817	18,206	-	215,023	14.53%
	363,906	1,443,344	1,621,731	3,428,981	106,786	37,784	3,573,551	45.38%

Details of the nature and amount of each major element of the emolument of each Director of the Company and the named Officers of the Group receiving the highest remuneration during the financial year 30 June 2013 are:

	Short-Term				Post - Employment			
	Directors Fees and Committee Fees $	Salary $	STI Cash Bonus (A) $	Total $	Super-annuation $	Other Long Term $	Total $	S300A(1)(e)(i) Proportion of Remuneration Performance Related %
Executive Directors								
Mr John Chan, Executive Chairman	81,011	389,239	658,812	1,129,062	24,960	35,181	1,189,203	55.40%
Mr Darren John Pateman, Managing Director	60,661	363,657	527,050	951,368	17,842	32,869	1,002,079	52.60%
Non-executive Directors								
Mr John Boon Heng Cheak	60,661	-	-	60,661	-	-	60,661	
Mr Kee Kong Loh	70,836	-	-	70,836	-	-	70,836	
Mr Lee Verios	64,987	-	-	64,987	5,849	-	70,836	
Executives								
Mr Edward Guy Bank, CFO*	-	200,000	345,360	545,360	17,999	3,334	566,693	60.94%
Mr Ronald Chan*	-	167,308	37,500	204,808	18,433	7,250	230,491	16.27%
Mr Anthony David Hewett*	-	64,615	-	64,615	4,965	-	69,580	-
	338,156	1,184,819	1,568,722	3,091,697	90,048	78,634	3,260,379	48.11%

* Excludes accrued annual leave of $107,020 (2013 : $82,150)

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 39. Details of the Group's policy in relation to the remuneration that is performance related is discussed on Page 39.

4.3.3 Analysis of Bonuses included in Remuneration - Audited

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

	Short Term Incentive Bonus	
	Included in Remuneration $	% vested in year %
Executive Directors		
Mr John Chan	667,253	100%
Mr Darren John Pateman	533,802	100%
Executives		
Mr Edward Guy Bank, CFO	346,819	100%
Mr Ronald Chan, COO	42,617	100%
Mr Anthony David Hewett, Company Secretary	31,240	100%
	1,621,731	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. Any discretionary amounts of executive bonuses 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 2013	Purchases	Sales	Held at 30 June 2014
Directors				
Mr John Chan	23,556,322	883,194	-	24,439,516
Mr Darren John Pateman	2,326,669	3,484	-	2,330,153
Mr John Boon Heng Cheak	495,074	11,882	-	506,956
Mr Kee Kong Loh	2,000,904	-	-	2,000,904
Mr Lee Verios	30,000	-	-	30,000
Executives	-			
Mr Edward Guy Bank	300,000	-	-	300,000
Mr Ronald Chan	213,260	-	-	213,260
Mr Anthony David Hewett	20,000	40,000	-	60,000
	28,942,229	938,560	-	29,880,789

	Held at 1 July 2012	Purchases	Sales	Held at 30 June 2013
Directors				
Mr John Chan	23,361,742	194,580	-	23,556,322
Mr Darren John Pateman	2,265,174	61,495	-	2,326,669
Mr John Boon Heng Cheak	483,073	12,001	-	495,074
Mr Kee Kong Loh	2,000,904	-	-	2,000,904
Mr Lee Verios	-	30,000	-	30,000
Executives				
Mr Edward Guy Bank	300,000	-	-	300,000
Mr Ronald Chan	213,260	-	-	213,260
Mr Anthony David Hewett	-	20,000	-	20,000
	28,624,153	318,076	-	28,942,229

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

4 Corporate Governance Statement (continued)

4.3 Remuneration Report - Audited (continued)

4.3.5 Equity Instruments - Audited

All options refer to options over ordinary shares of Finbar Group Limited, which are exercisable on a one-for-one basis under the Executive Option Plan 2003. At 30th June 2014 there were no options in issue.

4.4 Audit Committee

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

The members of the Audit Committee are:

- Lee VERIOS (Chairman) - Non-executive Independent Director
- Kee Kong LOH - Non-executive Director
- John Boon Heng CHEAK - Non-executive Director

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

The Managing Director and the Chief Financial Officer declared in writing to the Board that the financial records of the Company and Group entities for the financial year have been properly maintained and the Group's financial report for the financial year ended 30 June 2014 comply with accounting standards and present a true and fair view of the Group's financial condition and operational results. This statement is required annually.

The responsibilities of the Audit Committee include:

- reviewing the annual and half-year financial reports and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards (AASBs), and assessing whether the financial information is consistent with committee members' information and adequate for shareholder needs;
- assessing management processes supporting external reporting;
- assessing corporate risk assessment processes;
- establishing procedures for selecting, appointing, and if necessary, removing the external auditor;
- assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review;
- providing advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the *Corporations Act 2001*;
- assessing the adequacy of the internal control framework and the Group's ethical standards;
- organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board;
- monitoring fraud control and monitoring prompt and appropriate rectification of any deficiencies or breakdowns identified;
- monitoring the procedures to ensure compliance with the *Corporations Act 2001* and the ASX Listing Rules and all other regulatory requirements;
- addressing any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, ASX and financial institutions.

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

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

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

4.5 Risk Management

Oversight of the Risk Management Procedures

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

Risk Profile

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

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

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

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

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

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

Risk Management and Compliance Control

Comprehensive practices have been established to ensure:

- capital expenditure and revenue commitments above a certain size obtain prior Board approval;
- financial exposures are controlled, including use of derivatives. Further details of the Group's policies relating to interest rates management and credit risk are included in Notes 5 and 27 in the Notes to the Financial Statements;
- management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- business transactions are properly authorised and executed;
- the quality and integrity of personnel (see below);
- financial reporting accuracy and compliance with the financial reporting regulatory framework (see below);
- environmental regulation compliance (see below).

Quality and Integrity of Personnel

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

Financial Reporting

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

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

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

Environmental Regulation

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

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

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

4 Corporate Governance Statement (continued)

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 31 in the Notes to the Financial Statements.

Code of Conduct

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

- aligning the behaviour of the Board and Management with the code of conduct by maintaining appropriate core Group values and objectives;
- fulfilling responsibilities to shareholders by delivering shareholder value;
- usefulness of financial information by maintaining appropriate accounting policies, practices and disclosure;
- fulfilling responsibilities to clients, customers and consumers by maintaining high standards of product quality, service standards, commitments to fair value, and safety of goods produced;
- employment practices such as occupational health and safety, employment opportunity, training and education support, community activities, sponsorships and donations;
- responsibilities to the individual, such as privacy, use of privileged or confidential information, and conflict resolution;
- managing actual or potential conflicts of interest;
- corporate opportunities such as preventing Directors and key executives from taking advantage of property, information or position for personal gain;
- confidentiality of corporate information;
- fair dealing;
- protection and proper use of the Group's assets;
- compliance with laws;
- reporting unlawful or of unethical behaviour including protection of those who report violations in good faith.

Trading in General Company Securities by Directors and Employees

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

- identification of those restricted from trading - Directors and Senior Executives may acquire shares in the Company, but are prohibited from dealing in Company shares or exercising options:
- within two trading days after either the release of the Company's half-year and annual results to the Australian Stock Exchange ('ASX'), the Annual General Meeting or any major announcement;
- whilst in possession of price sensitive information not yet released to the market;
- raising the awareness of legal prohibitions including transactions with colleagues and external advisers;
- raising awareness that the Company prohibits those restricted from trading in Company shares as described above from entering into transactions such as margin loans that could trigger a trade during a prohibited period;
- requiring details to be provided of the trading activities of the Directors of the Company;
- identification of processes for unusual circumstances where discretions may be exercised in cases such as financial hardship.

4.7 Communication with Shareholders

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

In summary, the Continuous Disclosure policy operates as follows:

- the Executive Chairman, the Managing Director and the Company Secretary are responsible for interpreting the Group's policy and where necessary informing the Board. The Company Secretary is responsible for all communications with the ASX. Such matters are advised to the ASX in accordance with the ASX Listing Rules and the Corporations Act;
- the full Annual Report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document), including relevant information about the operations of the Group during the year, changes in the state of affairs and details of future developments;
- the half-yearly report contains summarised financial information and a review of the operations of the Group during the period. The half-year reviewed financial report is lodged with the Australian Securities and Investments Commission and the ASX, and sent to any shareholder who requests it;
- proposed major changes in the Company and the Group which may impact on share ownership rights are submitted to a vote of shareholders;
- all announcements made to the market, and related information (including information provided to analysts or the media during briefings), are placed on the Company's website after they are released to the ASX;
- the full texts of notices of meetings and associated explanatory material are placed on the Company's website;
- the external auditor being requested to attend the annual general meetings to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Group and the independence of the auditor in relation to the conduct of the audit.

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

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

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

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 and 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

	2014		2013	
	Female	Male	Female	Male
Board	-	100%	-	100%
Key Management Personnel	-	100%	-	100%
Senior Management	60%	40%	50%	50%
Group	55%	45%	50%	50%

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 joint ventures (through companies registered specifically to conduct the development).

The Group holds rental property through 59 Albany Highway Joint Venture Pty Ltd (wholly owned subsidiary of 59 Albany Highway Pty Ltd, a 68.75% owned subsidiary of the Company), 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	2014	2013
Total comprehensive income attributable to Owners of the Group	$36,526,868	$31,210,908

Shareholder Returns	2014	2013	2012	2011	2010
Total comprehensive income attributable to Owners of the Group	$36,526,868	$31,210,908	$28,300,279	$24,023,464	$23,571,133
Basic EPS	$0.16	$0.14	$0.13	$0.13	$0.16
Diluted EPS	$0.16	$0.14	$0.13	$0.13	$0.16
Dividends paid	$21,914,255	$19,298,374	$18,896,550	$15,115,909	$9,928,923
Dividends paid per share	$0.10	$0.09	$0.09	$0.085	$0.07
Market price per share	$1.63	$1.26	$1.08	$0.98	$1.00
Change in share price	$0.37	$0.18	$0.10	-$0.02	$0.20
Return on capital employed attributable to Owners of the Group	17.62%	15.32%	17.80%	14.55%	26.95%
Return on total equity attributable to Owners of the Group	15.79%	15.39%	15.27%	14.11%	21.13%

Returns to shareholders increase through both dividends and capital growth. Dividends for 2014 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 2014 financial year were the completion of the Pelago East Apartments in Karratha, St Marks Apartments in Highgate, Knightsgate Apartments in Currambine, Ecco Apartments in Perth and Au Apartments in East Perth 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 joint venture companies, 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, however in the last three years the Company has embarked upon substantial projects in the North West Region of Western Australia, namely the Pelago West and East developments in Karratha.

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 19 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 nationally in the resources construction cycle in Western Australia, there remains strong support for the product offered by Finbar.

Underlying state population growth continues to drive rental values and ownership demand. Combined with a low interest rate environment, Finbar expects a continued demand by owner occupiers which is supplemented by the property investor market.

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. There were no significant changes to funding strategy, or dividend policy during the relevant reporting period. 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.

Completed Projects

Pelago East - 26 Sharpe Avenue, Karratha : The completion of the Pelago East project occurred in the first half of the reporting period. 82 units in the 174 unit development have sold and settled in the reporting period. The balance of apartments are leased whilst being actively marketed for sale.

Knightsgate - 9 Citadel Way, Currambine : The completion of the Knightsgate project occurred in the first half of the reporting period. The company is pleased to report that the development is now complete with 43 settlements occuring in the reporting period.

St Marks - 131 Harold Street, Highgate : The completion of the St Marks project occurred in the first half of the reporting period. The company is pleased to report that the development is now complete with 131 settlements occuring in the reporting period.

Ecco - 262 Lord Street, Perth : The completion of the Ecco project occurred in the second half of the reporting period. 90 settlements in the Ecco project occurred in the reporting period. 1 unit has settled since the end of the reporting period, and 7 units remain for sale in the 98 unit development.

Lime - 189 Swansea Street, East Victoria Park : 6 settlements in the Lime project occurred in the reporting period. 1 unit remains for sale in the 111 unit development. The remaining unit is leased for investment income whilst being actively marketed for sale.

Pelago West - 23 Sharpe Avenue, Karratha : 4 settlements in the Pelago West project occurred in the reporting period with 99 sales in the completed 114 unit project now being achieved. The balance of apartments are leased whilst being actively marketed for sale.

Adagio - 90 Terrace Road, East Perth : 34 settlements in the Adagio project occurred in the reporting period. Settlement of the remaining 1 unit is expected in the first half of the financial year ending 30 June 2015.

Au - 208 Adelaide Terrace & 311 Hay Street, East Perth : The Au project reached completion in the second half of the reporting period. 169 settlements occurred in the reporting period. 12 units have been settled since the end of the reporting period, and 5 units remain for sale in the 194 unit development.

Fifty Two Mill Point Rd - 52 Mill Point Road, South Perth : The Fifty Two Mill Point Rd project reached completion in the second half of the reporting period. 3 units settled in the reporting period. 2 units have settled since the end of the reporting period, and 1 unit remains unsold in the boutique 8 apartment project.

Currently Under Construction

Spring View Towers - 3 Homelea Court, Rivervale : Construction at the Spring View Towers project is expected to reach completion in the financial year ending 30 June 2015. To date 181 sales have been achieved in the 188 unit development.

Subi Strand - Cnr Roydhouse Street & Hood Street, Subiaco : Construction works commenced during the reporting period with completion expected during the financial year ending 30 June 2015. To date 172 sales have been achieved in the 264 unit development.

Toccata - 88 Terrace Road, East Perth : Construction works commenced during the reporting period with completion expected during the financial year ending 30 June 2015. To date 32 sales have been achieved in the 47 unit development.

Norwood - 280 Lord Street, Perth : Construction works commenced during the reporting period with completion expected during the financial year ending 30 June 2016. To date 44 sales have been achieved in the 63 unit development.

Directors' Report (continued)

Future Projects

Arbor North - Lot 1001-1003 Rowe Avenue, Rivervale : Development Approval has been received. The Arbor North project was launched during the reporting period with 94 sales achieved to date in the 154 unit development. Construction is expected to commence in FY15, with completion expected during the financial year ending 30 June 2016.

Dianella - 36 Chester Avenue, Dianella : The Company is awaiting local council approval of a scheme amendment. Once this has been approved work will commence in preparation of lodgement of a Development Application.

Concerto & Harmony - 193 Adelaide Terrace, East Perth : Development Approval has been received for the development of 226 apartments. The Concerto project will launch early in FY15. It is anticipated that construction will commence in FY15 with completion expected in the financial year ending 30 June 2017.

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 Arbor development nears completion, the company will consider seeking approval from the statutory authorities for the redesign into a residential apartment project.

West Perth - 647-659 Murray Street, West Perth : The Company continues to work towards the lodgement of a Development Application for the site.

Anchorage - Lot 452 Sutherland Street, Port Hedland : The Company continues to work towards the lodgement of a Development Application for the site.

Unison - 241 Railway Avenue, Maylands : Development Approval has been received for the development of 347 apartments, plus 4 commercial lots over two stages. Marketing is expected to commence in early FY15. Construction is expected to commence in FY15 with completion in the financial years ending 30 June 2016 and 2017.

West Leederville - 172 Railway Parade, West Leederville : A Development Application has been lodged for the 142 apartment project. It is anticipated marketing will commence in FY15.

Northbridge - 269 James Street, Northbridge : A Development Application has been lodged. It is anticipated marketing will commence in FY15.

Belmont - 239 Great Eastern Highway, Belmont : The Company is commencing work in preparation of lodging a Development Application for the site at 239 Great Eastern Highway, Belmont. It is anticipated marketing will commence late in 2015, with the project anticipated to contribute to company earnings in FY17.

Aurelia - 96 Mill Point Road, South Perth : A Development Application is currently being prepared. It is anticipated that marketing will commence in FY15.

Springs Stage 3 - 31 Rowe Avenue, Rivervale : A preliminary Development Application has been lodged. It is anticipated that a Development Application will be lodged in the first half of FY15.

South Perth Civic Triangle - 1 Mends Street, South Perth : On 12 August 2014 the company announced that it had secured a development agreement to develop a 7,206 square metre site currently owned by the City of South Perth comprising nine separate lots bounded by Mends Street, Labouchere Road, and Mill Point Road, excluding the Post Office land. Settlement will take place in September 2014. It is anticipated that a Development Application will be lodged by the end of 2014.

Investment Property

Gateway - 59 Albany Highway, Victoria Park : There has been no material change to the Gateway development and the company continues to benefit from the investment income generated from the leased property.

Fairlanes - 175 Adelaide Terrace, East Perth : The company continues to benefit from the investment income generated from the leased property. The property is currently 94% leased. The company continues to actively market the remaining tenancies for rental.

Pelago West Commercial - 23 Sharpe Avenue, Karratha : The company has now benefitted from a full year of rental income for the leased commerical lots in the Pelago West Project during the reporting period. The company has now leased 55% of the available commercial space within the Pelago West building.

Pelago East Commercial - 26 Sharpe Avenue, Karratha : The leasing campaign for the ground floor commercial property at Pelago East commenced during the reporting period. The company has now leased 43% of the available commercial space within the Pelago East building.

The commercial properties at Pelago East and Pelago West were revalued in the reporting period. The Pelago East commercial property was moved to Investment Property from Inventories in the period at a value of $1.3 million below cost. The Pelago West commercial property was revalued from $8 million (2013) to $6.9 million (2014). These revaluations resulted in a $2.3 million reduction to the profit before tax of Finbar Karatha Pty Ltd.

Significant Changes in State of Affairs

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

7 Dividends

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

	Cents per Share	Total Amount $	Franked / Unfranked	Date of Payment
Dividends Paid During the Year 2014				
Interim 2014 ordinary	4.00	8,833,887	Franked	17 April 2014
Final 2013 ordinary	6.00	13,080,368	Franked	11 September 2013
Total Dividends Paid		21,914,255		

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 2014 ordinary	6.00	13,621,092	Franked	19 September 2014
Total Dividend Proposed		13,621,092		

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2014 and will be recognised in subsequent financial reports.

	Note	$
Dealt with in the financial report as - Dividends	22	21,914,255

Dividend Reinvestment Plan

In accordance with Rule 13 of the Company's Dividend Reinvestment Plan (DRP), the Directors elected to reactivate the DRP in the 2011 financial year until further notice and as such the DRP will be active for the above mentioned dividend.

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 seek new opportunities for the acquisition of future development projects.

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

10 Directors' Interests

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

Director	Ordinary Shares
Mr John Chan	24,439,516
Mr Darren John Pateman	2,330,153
Mr John Boon Heng Cheak	506,956
Mr Kee Kong Loh	2,000,904
Mr Lee Verios	30,000

11 Indemnification and Insurance of Officers and Auditors

Indemnification

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

Insurance Premiums

During the financial year the Company has paid insurance premiums of $20,685 (2013: $20,685) 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.

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	
	2014 $	2013 $
Audit Services:		
Auditors of the Company		
Audit and review of the financial reports	178,400	182,700
	178,400	182,700
Services Other Than Statutory Audit:		
Taxation compliance services	14,000	16,500
Accounting advice	10,200	4,200
	24,200	20,700

13 Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on Page 95 and forms part of the Directors' Report for the financial year ended 30 June 2014.

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

Darren Pateman
Managing Director

Dated at Perth this Twenty Seventh day of August 2014.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
Revenue	7	275,247,830	136,410,140
Cost of sales		(204,631,575)	(84,553,069)
Gross Profit		70,616,255	51,857,071
Other income	8	2,877,535	3,723,306
Profit on disposal of property, plant & equipment		(582)	31,778
Administrative expenses		(7,228,044)	(5,898,731)
Advertising expenses		(1,806,131)	(2,016,314)
Other expenses	9	(5,010,837)	(4,515,322)
Results from Operating Activities		59,448,196	43,181,788
Finance income	11	3,417,023	3,685,360
Finance costs	11	(3,616,022)	(3,434,672)
Net Finance (Costs)/Income		(198,999)	250,688
Share of (loss)/profit of Equity Accounted Investees (net of income tax)	15	(577,302)	1,128,023
Profit before Income Tax		58,671,895	44,560,499
Income tax expense	12	(17,857,793)	(13,003,551)
Profit for the year		40,814,102	31,556,948
Other comprehensive income			
Items which will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment	8	91,175	48,605
Tax on items that will not be reclassified to profit or loss	12	(27,352)	(14,582)
Other comprehensive income for the year, net of income tax		63,823	34,023
Total comprehensive income for the year		40,877,925	31,590,971
Profit attributable to:			
Owners of the Group		36,463,045	31,176,885
Non-controlling interest		4,351,057	380,063
Profit for the year		40,814,102	31,556,948
Total comprehensive income attributable to:			
Owners of the Group		36,526,868	31,210,908
Non-controlling interest		4,351,057	380,063
Total comprehensive income for the year		40,877,925	31,590,971
Earnings per Share:			
Basic earnings per share (cents per share)	23	16.43	14.48
Diluted earnings per share (cents per share)	23	16.43	14.48

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements set out on Pages 55 to 91.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2014

		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 2012		132,690,730	51,101,089	1,490,060	185,281,879	3,140,107	188,421,986
Total comprehensive income for the year							
Profit			31,176,885		31,176,885	380,063	31,556,948
Revaluation reserve transfer on disposal			128,112	(128,112)	-		-
Other comprehensive income			-	34,023	34,023	-	34,023
Transactions with owners, recognised directly in equity							
Issue of ordinary shares		5,088,875			5,088,875		5,088,875
Transactions with non-controlling interest, recognised directly into equity			508,293		508,293	(508,293)	-
Dividends to shareholders	Note 22		(19,298,374)		(19,298,374)		(19,298,374)
Balance as at 30 June 2013		137,779,605	63,616,005	1,395,971	202,791,581	3,011,877	205,803,458
Balance as at 1 July 2013		137,779,605	63,616,005	1,395,971	202,791,581	3,011,877	205,803,458
Total comprehensive income for the year							
Profit			36,463,045		36,463,045	4,351,057	40,814,102
Revaluation reserve transfer on reclassification			34,023	(34,023)	-		-
Other comprehensive income				63,823	63,823	-	63,823
Transactions with owners, recognised directly in equity							
Issue of ordinary shares		13,908,273			13,908,273		13,908,273
Dividends to shareholders	Note 22		(21,914,255)		(21,914,255)		(21,914,255)
Balance as at 30 June 2014		151,687,878	78,198,818	1,425,771	231,312,467	7,362,934	238,675,401

Amounts are stated net of tax

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on Pages 55 to 91.

Consolidated Statement of Financial Position

As at 30 June 2014

		Consolidated	
	Note	2014 $	2013 $
ASSETS			
Current Assets			
Cash and cash equivalents	21a	60,914,484	35,596,741
Trade and other receivables	19	11,104,520	24,275,371
Inventories	18	75,768,509	179,819,864
Prepayments	20	92,044	380,952
Investments in Equity Accounted Investees	15	-	73,664
Other assets	16	352,454	340,072
Total Current Assets		148,232,011	240,486,664
Non Current Assets			
Trade and other receivables	19	46,109,434	12,009,731
Inventories	18	11,771,124	4,360,571
Investment property	13	134,981,804	122,102,119
Investments in Equity Accounted Investees	15	-	1,109,448
Property, plant and equipment	14	12,325,927	14,711,394
Other assets	16	1,952,696	2,238,204
Total Non Current Assets		207,140,985	156,531,467
Total Assets		355,372,996	397,018,131
LIABILITIES			
Current Liabilities			
Trade and other payables	26	12,055,009	33,381,575
Loans and borrowings	24	-	43,730,421
Investments In Equity Accounted Investees	15	495, 922	-
Current tax payable	17	13,500,733	8,964,521
Employee benefits	25	33,499	39,377
Total Current Liabilities		26,085,163	86,115,894
Non Current Liabilities			
Loans and borrowings	24	78,379,122	95,770,679
Investments In Equity Accounted Investees	15	203,668	-
Deferred tax liabilities	17	11,831,928	9,193,718
Employee benefits	25	197,714	134,382
Total Non Current Liabilities		90,612,432	105,098,779
Total Liabilities		116,697,595	191,214,673
Net Assets		238,675,401	205,803,458
EQUITY			
Share capital		151,687,878	137,779,605
Retained earnings		78,198,818	63,616,005
Reserves		1,425,771	1,395,971
Total Equity Attributable to Holders of the Group		231,312,467	202,791,581
Non-controlling interest		7,362,934	3,011,877
Total Equity		238,675,401	205,803,458

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements set out on Pages 55 to 91.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2014

	Note	Consolidated 2014 $	2013 $
Cash Flows from Operating Activities			
Cash receipts from customers		322,471,991	156,498,942
Cash paid to suppliers and employees		(191,371,153)	(157,540,538)
Cash generated from/(used in) Operating Activities		131,100,838	(1,041,596)
Interest paid		(8,175,150)	(5,889,280)
Income tax paid		(10,710,723)	(7,395,827)
Net Cash generated from/(used in) Operating Activities	21b	112,214,965	(14,326,703)
Cash Flows from Investing Activities			
Proceeds from sale of property, plant & equipment	14	-	740,314
Interest received		2,498,277	4,033,718
Dividends received from Equity Accounted Investees		1,305,398	1,006,820
Acquisition of property, plant and equipment	14	(300,659)	(611,529)
Loans (to)/from Equity Accounted Investees		(22,340,755)	4,968,425
Net Cash (used in)/provided by Investing Activities		(18,837,739)	10,137,748
Cash Flows from Financing Activities			
Proceeds from issue of share capital	22	8,380,000	3,678,742
(Repayment of)/Proceeds from borrowings	24	(60,053,500)	22,286,106
Dividends paid (net of DRP)	22	(16,385,983)	(17,912,447)
Net Cash (used in)/generated from Financing Activities		(68,059,483)	8,052,401
Net increase in cash and cash equivalents		25,317,743	3,863,446
Cash and cash equivalents at 1 July		35,596,741	31,733,295
Cash and Cash Equivalents at 30 June	21a	60,914,484	35,596,741

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on Pages 55 to 91.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2014

Index to Notes to the Financial Statements

Index to Significant Accounting Policies (Note 3)

1 Reporting Entity

Finbar Group Limited (the 'Company') is a 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 2014 comprise the Company, its Subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in joint ventures. 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 27th August 2014.

(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,
- 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.

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 2014 are included in the following notes:

- Note 13 - valuation of investment property,
- Note 14 - Property, plant & equipment,
- Note 27 - valuation of financial instruments.

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 heirarchy 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 heirarchy as the lowest level input that is significant to the entire measurement.

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

(e) Changes in Accounting Policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

AASB 10 *Consolidated Financial Statements* (2011) (see (i))

AASB 11 *Joint Arrangements* (see (ii))

AASB 13 *Fair Value Measurement* (see (iii))

AASB 12 *Disclosure of Interests in Other Entities* (disclosure only)

The nature and effects of the changes are explained below.

(i) Subsidiaries

As a result of AASB 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. AASB 10 (2011) introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, AASB 10 (2011) requires the Group consolidate investees that it controls on the basis of de facto circumstances. This has had no impact on the Group's control conclusions in relation to its subsidiaries.

(ii) Joint Arrangements

As a result of AASB 11, the Group has changed its accounting policy for its interests in joint arrangements. Under AASB 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its joint arrangements and has reclassified the investments from jointly controlled entities to joint ventures. Notwithstanding the reclassification, the investments continue to be accounted for using the equity method; accordingly, there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

2 Basis of Preparation (continued)

(iii) Fair Value Measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement dates. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 *Financial Instruments : Disclosures.*

In accordance with the transitional provisions of AASB 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change has had no significant impact on the measurements of the Group's assets and liabilities.

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) Joint Ventures (Equity Accounted Investees)

Joint ventures 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 joint ventures 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 joint ventures are carried at the lower of the equity accounted amount and the recoverable amount. Investments in joint ventures are treated as current assets where it is expected that the investment will be realised within a twelve month time frame.

(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.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2014

(b) Financial Instruments

(i) Non-derivative Financial Instruments

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

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

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

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

Other

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

(ii) Derivative Financial Instruments

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

(iii) Share Capital

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

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

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

(c) Property, Plant and Equipment

(i) Recognition and Measurement

Items of 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 (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.

3 Significant Accounting Policies (continued)

(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 to 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.

(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.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2014

(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 (Including Receivables)

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

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is recognised through profit or loss.

(ii) Non-financial Assets

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

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

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

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

3 Significant Accounting Policies (continued)

(g) Employee Benefits

(i) Superannuation Contributions

Obligations for contributions to superannuation funds are recognised as an expense in profit or loss.

(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.

(i) Revenue

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

(i) Property Development Sales

Revenue from the sale of residential, retail, commercial and industrial property is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, the associated costs and possible return of the property can be 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.

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(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) Commissions

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

(v) Rental Income

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

(j) Finance Income and Finance Costs

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

Finance 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 joint ventures 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.

3 Significant Accounting Policies (continued)

(l) Goods and Services Tax

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

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

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

(m) Earnings per Share

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

(n) Segment Reporting

Determination and Presentation of Operating Segments

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

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

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

(o) Presentation of Financial Statements

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

(p) New Standards and Interpretations not yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 *Financial Instruments* (2013), AASB 9 *Financial Instruments* (2010) and AASB 9 *Financial Instruments* (2009) (together AASB 9).

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets.

AASB 9 (2013) introduces new requirements for hedge accounting.

AASB 9 is effective for annual periods beginning on or after 1 January 2017. The effective date is subject to review pending the finalisation of the outstanding phases of the standard. However, early adoption is permitted. The adoption of these standards may have an impact on the Group's financial assets, but no impact on the Group's financial liabilities.

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 balance sheet date are carried at fair value by way of director's valuation using a discounted cash flow model.

(b) Trade and Other Receivables

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

(c) Derivatives

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

(d) Share-based Payment Transactions

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

(e) Financial Guarantees

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

5 Financial Risk Management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk Management Framework

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

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

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

Credit Risk

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

Trade and Other Receivables

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

The demographics of the Group's customer base has little or no influence on credit risk. Approximately 16.76% (2013: 19.12%) of the Group's revenue is attributable to multiple sales transactions with single customers.

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

The Group's trade and other receivables relate mainly to the Groups loans to Equity Accounted Investees (within which the Group holds no 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+5.00%.

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

Investments

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

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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.

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

Interest Rate Risk

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

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 2014 the return was 17.55% (2013: 12.10%). In comparison the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 4.34% (2013: 4.89%).

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

	2014 $	2013 $
Total liabilities	116,697,595	191,214,673
Less: Cash and cash equivalents	60,914,484	35,596,741
Net Debt	55,783,111	155,617,932
Total equity	238,675,401	205,803,458
Capital	238,675,401	205,803,458
Debt-to capital ratio at 30 June	0.23	0.76

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

The DRP was in place for both the interim distribution and final distribution for the year ending 30 June 2014 and the preceding year. A discount of 3% was applied to shares issued under the DRP in accordance with the DRP rules stating the discount may not exceed 10%.

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

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

6 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 3 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.
- Corporate costs and net assets attributable to the corporate office.

Information about Reportable Segments For the Year ended 30 June 2014	Residential Apartment Development $	Commercial Office/Retail Development $	Rental of Property $	Corporate $	Total $
External Revenues - Company and Subsidiaries	250,447,564	9,499,805	13,569,804	3,854,165	277,371,338
External Revenues - Equity Accounted Investees	4,421	1,679,000	-	22	1,683,443
External Revenues - Total	250,451,985	11,178,805	13,569,804	3,854,187	279,054,781
Interest Income	1,173,112	-	-	2,243,911	3,417,023
Interest Expense	-	-	-	3,604,246	3,604,246
Depreciation and Amortisation	-	105,480	-	339,223	444,703
Reportable Segment Profit before Income Tax - Company and Subsidiaries	51,955,509	1,554,154	8,558,967	3,563,788	65,632,418
Reportable Segment Profit before Income Tax - Equity Accounted Investees	(1,077,528)	159,205	(3,911)	22	(922,212)
Reportable Segment Profit before Income Tax - Total	50,877,981	1,713,359	8,555,056	3,563,810	64,710,206
Reportable Segment Assets - Company and Subsidiaries	97,104,385	2,035,541	137,496,804	20,821,892	257,458,622
Reportable Segment Assets - Equity Accounted Investees	62,147,450	1,850,942	-	-	63,998,392
Reportable Segment Liabilities - Company and Subsidiaries	10,914,762	91,830	78,476,536	1,182,218	90,665,346
Reportable Segment Liabilities - Equity Accounted Investees*	44,333,816	992,551	-	-	45,326,367
Capital Expenditure	-	-	-	297,481	297,481

* Excludes Liabilities payable to Finbar Group

Notes to the Consolidated Financial Statements
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Information about Reportable Segments For the Year ended 30 June 2013	Residential Apartment Development $	Commercial Office/Retail Development $	Rental of Property $	Corporate $	Total $
External Revenues - Company and Subsidiaries	121,560,250	1,750,000	12,229,593	2,255,179	137,795,022
External Revenues - Equity Accounted Investees	19,750,182	3,880,783	48,427	-	23,679,392
External Revenues - Total	141,310,432	5,630,783	12,278,020	2,255,179	161,474,414
Interest Income	785,758	-	-	2,899,602	3,685,360
Interest Expense	-	-	-	3,425,826	3,425,826
Depreciation and Amortisation	-	-	-	187,489	187,489
Reportable Segment Profit before Income Tax - Company and Subsidiaries	36,264,332	476,535	7,714,271	2,144,574	46,599,712
Reportable Segment Profit before Income Tax - Equity Accounted Investees	1,226,707	340,714	28,557	-	1,595,978
Reportable Segment Profit before Income Tax - Total	37,491,039	817,249	7,742,828	2,144,574	48,195,690
Reportable Segment Assets - Company and Subsidiaries	194,513,269	14,024,258	132,877,486	6,813,511	348,228,524
Reportable Segment Assets - Equity Accounted Investees	25,680,328	1,901,891	-	-	27,582,219
Reportable Segment Liabilities - Company and Subsidiaries	88,109,907	4,980,964	78,898,160	1,067,403	173,056,434
Reportable Segment Liabilities - Equity Accounted Investees*	19,912,540	32,622	-	-	19,945,162
Capital Expenditure	-	-	-	616,906	616,906

* Excludes Liabilities payable to Finbar Group

The 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.

6 Operating Segments (continued)

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

	2014 $	2013 $
Revenues		
Total revenue for development reportable segments	273,517,173	135,539,843
Total revenue for other reportable segments	3,854,165	2,255,179
Consolidated Revenue	277,371,338	137,795,022
Total revenue for development reportable segments - Equity Accounted Investees	1,683,421	23,630,965
Total revenue for rental segments included in other income - Equity Accounted Investees	-	48,427
Total revenue for other reportable segments included in other income - Equity Accounted Investees	22	-
Total Reportable Segments Revenue	279,054,781	161,474,414
Profit or Loss		
Total profit or loss for reportable segments	64,710,206	48,195,690
Finance income - Company and Subsidiaries	3,417,023	3,685,360
Finance income - Equity Accounted Investees	144,944	52,503
Finance costs - Company and Subsidiaries	(3,616,022)	(3,434,672)
Finance costs - Equity Accounted Investees	(470)	(1,072)
Unallocated amounts:		
Administrative expenses	(6,984,092)	(5,796,317)
Revaluation of investment property	754,027	2,338,424
Income tax applicable to share of profit of Equity Accounted Investees	246,279	(479,417)
Consolidated Profit before Income Tax	58,671,895	44,560,499
Assets		
Total assets for reportable segments	257,458,622	348,228,524
Cash and cash equivalents	60,914,484	35,596,741
Investments in Equity Accounted Investees	-	1,183,114
Other assets*	36,999,890	12,009,752
Consolidated Total Assets	355,372,996	397,018,131
Liabilities		
Total liabilities for reportable segments	90,665,346	173,056,434
Investments in Equity Accounted Investees	699,590	-
Other liabilities**	25,332,661	18,158,239
Consolidated Total Liabilities	116,697,597	191,214,673

Geographical information

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

* Includes receivables due to Finbar Group from Equity Accounted Investees

** Includes liabilities payable to Finbar Group from Equity Accounted Investees

7 Revenue

	2014 $	2013 $
Property development sales	259,947,369	123,310,250
Rental Income	13,569,804	12,229,593
Supervision and management fees	1,730,657	870,297
Total Revenue	275,247,830	136,410,140

8 Other Income

	2014 $	2013 $
Administration fees	131,075	110,605
Commission income	3,019	4,167
Other	1,989,414	1,270,110
Total Other Income before revaluation	2,123,508	1,384,882
Revaluation of investment property	754,027	2,338,424
Total Other Income	2,877,535	3,723,306
Revaluation of property (reported as other comprehensive income)	91,175	48,605

9 Other Expenses

	2014 $	2013 $
Rental property expenses	5,010,837	4,515,322
Total Other Expenses	5,010,837	4,515,322

10 Personnel Expenses

	2014 $	2013 $
Wages and salaries	4,382,182	3,699,523
Superannuation contributions	222,247	169,349
(Decrease)/Increase in liability for annual leave	(5,878)	6,762
Increase in liability for long service leave	63,331	81,991
Directors fees	363,906	338,156
Directors - superannuation contributions	6,444	5,849
Total Personnel Expenses	5,032,232	4,301,630

11 Finance Income and Finance Costs

	2014 $	2013 $
Recognised in Profit or Loss		
Interest income on loans to Equity Accounted Investees	918,795	1,762,701
Interest income on bank deposits	1,325,116	1,136,901
Interest income on property settlements	1,173,112	785,758
Total Finance Income	3,417,023	3,685,360
Interest expense	3,604,246	3,425,826
Bank charges	11,776	8,846
Total Finance Costs	3,616,022	3,434,672
Net Finance (Costs)/ Income	(198,999)	250,688
Analysis of Finance Costs		
Total finance costs	7,183,030	7,340,593
Less:		
Finance costs capitalised to inventory	(3,567,008)	(3,905,921)
Add:		
Finance costs relating to property developments sold	2,030,702	1,616,413
	5,646,724	5,051,085
Made up of:		
Finance costs relating to property developments sold	2,030,702	1,616,413
Finance costs relating to administration	12,666	10,929
Finance costs relating to rental properties	3,603,356	3,423,743
	5,646,724	5,051,085

Finance costs have been capitalised to work in progress at a weighted average rate of 4.34% (2013: 4.89%)

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12 Income Tax Expense

	2014 $	2013 $
Recognised in Income Statement		
Current Tax Expense		
Current year	15,206,719	9,669,962
Income tax recognised directly to equity	141,029	141,029
Non-recoverable amounts	12,863	(52,597)
	15,360,611	9,758,394
Deferred Tax Expense Movement		
Origination and reversal of temporary differences	2,497,181	3,245,157
	2,497,181	3,245,157
Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	17,857,792	13,003,551
Income tax relating to components of other comprehensive income	27,352	14,582
Total Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	17,885,145	13,018,133
Numerical Reconciliation between Tax Expense and Pre-tax Net Profit		
Profit for the year	40,814,102	31,556,948
Other comprehensive income	91,175	48,605
Total income tax expense	17,857,793	13,003,551
Profit excluding Income Tax	58,763,070	44,609,104
Income tax using the Group's domestic rate of 30% (2013: 30%)	17,628,921	13,382,731
Increase in income tax expense due to:		
Non-deductible expenses	70,171	26,406
Non-recoverable amounts	12,863	(52,597)
Decrease in income tax expense due to:		
Tax effect of share of joint ventures loss/(profit)	173,190	(338,407)
Total Income Tax Expense	17,885,145	13,018,133
Made up of:		
Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	17,857,792	13,003,551
Income tax relating to components of other comprehensive income	27,352	14,582
	17,885,145	13,018,133
Income Tax Recognised Directly in Equity		
Decrease in income tax expense due to:		
Tax incentives not recognised in income statement	(141,029)	(141,029)
Total Income Tax Recognised Directly in Equity	(141,029)	(141,029)

13 Investment Property

	2014 $	2013 $
13a Reconciliation of Carrying Amount		
Balance at 1 July	122,102,119	113,106,803
Transferred from Inventory	11,120,972	6,656,892
Transferred from Property, Plant and Equipment	1,004,686	-
Change in fair value	754,027	2,338,424
Balance at 30 June	134,981,804	122,102,119

Investment property comprises commercial properties at four developments that are leased to third parties (see Note 28).

13b Measurement of fair values

(i) Fair Value Heirarchy

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.

The fair value measurement for investment property of $134,981,804 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.

Balance at 1 July 2013	122,102,119
Acquisitions and reclassification from inventory, property, plant and equipment	12,125,658
Gain included in 'other income'	754,027
Changes in fair value (unrealised)	-
Balance at 30 June 2014	134,981,804

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
Discounted cash flows: 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 8.0%-8.50%, weighted average 8.30% Void periods (average 8.5 months after the end of each lease) Occupancy rate 21.0%-97.1%, weighted average 65.49% Rent-free periods (10 month period on certain new leases) Risk-adjusted discounted rates (weighted average 9.25%).	The estimated fair value would increase (decrease) if: expected market rental growth were higher (lower); void periods were shorter (longer); the occupancy rate were higher (lower); rent-free periods were shorter (longer); or the risk-adjusted discount rate were lower (higher).

14 Property, Plant and Equipment

Cost or Valuation	Property $	Office Furniture and Equipment $	Plant and Equipment $	Fixtures and Fittings $	Total $
Balance at 1 July 2012	9,562,651	193,537	5,546,416	137,964	15,440,568
Additions	32,335	55,536	487,706	41,329	616,906
Transferred from/(to) inventory	1,562,428	-	-	-	1,562,428
Change in fair value	48,605	-	-	-	48,605
Reclassification	(459,062)	409,164	-	49,898	-
Disposals	(708,496)	(487)	-	-	(708,983)
Balance at 30 June 2013	10,038,461	657,750	6,034,122	229,191	16,959,524
Balance at 1 July 2013	10,038,461	657,750	6,034,122	229,191	16,959,524
Additions	-	32,229	265,252	-	297,481
Transferred to investment property	(1,004,686)	-	-	-	(1,004,686)
Transferred from/(to) inventory	818,126	-	-	-	818,126
Change in fair value	(68,126)	-	-	-	(68,126)
Reclassification	(1,534,230)	-	1,534,230	-	
Disposals	-	(1,043)	-	-	(1,043)
Balance at 30 June 2014	8,249,545	688,936	7,833,604	229,191	17,001,276
Depreciation					
Balance at 1 July 2012	-	123,989	35,369	32,485	191,843
Disposals	-	(447)	-	-	(447)
Transferred from/(to) inventory	-	-	1,869,245	-	1,869,245
Depreciation and amortisation charge for the year	58,596	106,680	5,556	16,657	187,489
Balance at 30 June 2013	58,596	230,222	1,910,170	49,142	2,248,130
Balance at 1 July 2013	58,596	230,222	1,910,170	49,142	2,248,130
Reclassification	(58,596)	-	58,596	-	-
Disposals	-	(468)	-	-	(468)
Transferred from/(to) inventory		-	2,142,285	-	2,142,285
Revaluation	(159,301)	-			(159,301)
Depreciation and amortisation charge for the year	159,301	85,363	79,645	120,394	444,703
Balance at 30 June 2014	-	315,117	4,190,696	169,536	4,675,349
Carrying Amounts					
At 1 July 2012	9,562,651	69,548	5,511,047	105,479	15,248,725
At 30 June 2013	9,979,865	427,528	4,123,952	180,049	14,711,394
At 1 July 2013	9,979,865	427,528	4,123,952	180,049	14,711,394
At 30 June 2014	8,249,545	373,819	3,642,908	59,655	12,325,927

14 Property, Plant and Equipment (continued)

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	6,372,030
Less accumulated depreciation	(290,569)
Net book value at 30 June 2014	6,081,460

Measurement of fair values

(i) Fair Value Heirarchy

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.

The fair value measurement for property of $8,249,545 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.

Balance at 1 July 2013	10,038,461
Acquisitions and reclassification from inventory, property, plant and equipment	(1,720,790)
Gain included in 'other income'	91,175
Depreciation	(159,301)
Changes in fair value (unrealised)	-
Balance at 30 June 2014	8,249,545

(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
Discounted cash flows: 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 8.0%-8.50%, weighted average 8.30% Void periods (average 8.5 months after the end of each lease) Occupancy rate 21.0%-97.1%, weighted average 65.49% Rent-free periods (10 month period on certain new leases) Risk-adjusted discounted rates (weighted average 9.25%).	The estimated fair value would increase (decrease) if: expected market rental growth were higher (lower); void periods were shorter (longer); the occupancy rate were higher (lower); rent-free periods were shorter (longer); or the risk-adjusted discount rate were lower (higher).

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15 Investments in Equity Accounted Investees

The Group's share of loss in Equity Accounted Investees for the year was $577,302 (2013: Profit $1,128,023).

Joint Ventures

The Group accounts for investments in Joint Ventures using the equity method.

The Group has the following investments in Joint Ventures (all stated at 100% of the values):

2013	Ownership	Current Assets $	Non-current Assets $	Total Assets $
Joint Venture Assets				
22 Plain Street Pty Ltd*	50.00%	92,243	-	92,243
143 Adelaide Terrace Pty Ltd*	50.00%	52,157	3,047	55,204
185 Swansea Street Pty Ltd*	50.00%	3,814,439	15,898	3,830,337
375 Hay Street Pty Ltd*	50.00%	41,789	-	41,789
406 & 407 Newcastle Street Pty Ltd*	50.00%	510,144	10,775	520,919
701 Wellington Street Pty Ltd* (De-registered)	50.00%	4,716	-	4,716
36 Chester Avenue Pty Ltd	50.00%	69,292	8,169,941	8,239,233
Rowe Avenue Pty Ltd	50.00%	84,137	13,729,704	13,813,841
Lot 1001 - 1003 Rowe Avenue Pty Ltd***	50.00%	944,272	9,958,672	10,902,944
Roydhouse Street Subiaco Pty Ltd	50.00%	28,341	18,657,703	18,686,044
647 Murray Street Pty Ltd**	50.00%	9,581	651,992	661,573
Finbar Sub 5050 Pty Ltd	50.00%	-	130	130
		5,651,111	51,197,862	56,848,973

2013	Ownership	Current Liabilities $	Non-current Liabilities $	Total Liabilities $
Joint Venture Liabilities				
22 Plain Street Pty Ltd*	50.00%	31,418	-	31,418
143 Adelaide Terrace Pty Ltd*	50.00%	8,600	-	8,600
185 Swansea Street Pty Ltd*	50.00%	1,218,833	132,859	1,351,692
375 Hay Street Pty Ltd*	50.00%	6,567	-	6,567
406 & 407 Newcastle Street Pty Ltd*	50.00%	2,569	-	2,569
701 Wellington Street Pty Ltd* (De-registered)	50.00%	42	-	42
36 Chester Avenue Pty Ltd	50.00%	7,460	8,251,094	8,258,554
Rowe Avenue Pty Ltd	50.00%	970,819	13,497,516	14,468,335
Lot 1001 - 1003 Rowe Avenue Pty Ltd***	50.00%	10,644	10,891,821	10,902,465
Roydhouse Street Subiaco Pty Ltd	50.00%	107,371	18,597,669	18,705,040
647 Murray Street Pty Ltd**	50.00%	6,116	740,923	747,039
Finbar Sub 5050 Pty Ltd	50.00%	-	431	431
		2,370,439	52,112,313	54,482,752

** Formerly 1 Richardson Street Pty Ltd.
*** Formerly McGregor Road Palmyra Pty Ltd.

15 Investments in Equity Accounted Investees (continued)

2014	Ownership	Current Assets $	Non-current Assets $	Total Assets $
Joint Venture Assets				
22 Plain Street Pty Ltd*(De-registered)	50.00%	-	-	-
143 Adelaide Terrace Pty Ltd*(De-registered)	50.00%	-	-	-
185 Swansea Street Pty Ltd*	50.00%	735,600	-	735,600
375 Hay Street Pty Ltd*	50.00%	33,770	-	33,770
406 & 407 Newcastle Street Pty Ltd*	50.00%	197,275	-	197,275
701 Wellington Street Pty Ltd* (De-registered)	50.00%	-	-	-
36 Chester Avenue Pty Ltd	50.00%	2,100	9,042,051	9,044,151
Rowe Avenue Pty Ltd	50.00%	64,082,381	1,416,796	65,499,177
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50.00%	22,300	11,900,213	11,922,513
Roydhouse Street Subiaco Pty Ltd	50.00%	32,089,628	1,021,022	33,110,650
647 Murray Street Pty Ltd	50.00%	35,325	11,848,441	11,883,766
Finbar Sub 5050 Pty Ltd	50.00%	-	211	211
		97,198,379	35,228,734	132,427,113

2014	Ownership	Current Liabilities $	Non-current Liabilities $	Total Liabilities $
Joint Venture Liabilities				
22 Plain Street Pty Ltd*(De-registered)	50.00%	-	-	-
143 Adelaide Terrace Pty Ltd*(De-registered)	50.00%	-	-	-
185 Swansea Street Pty Ltd*	50.00%	75,689	22,718	98,407
375 Hay Street Pty Ltd*	50.00%	765	-	765
406 & 407 Newcastle Street Pty Ltd*	50.00%	5,051	-	5,051
701 Wellington Street Pty Ltd* (De-registered)	50.00%	-	-	-
36 Chester Avenue Pty Ltd	50.00%	-	9,070,537	9,070,537
Rowe Avenue Pty Ltd	50.00%	65,269,082	1,060,785	66,329,867
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50.00%	101,744	12,444,729	12,546,473
Roydhouse Street Subiaco Pty Ltd	50.00%	33,277,275	664,727	33,942,002
647 Murray Street Pty Ltd	50.00%	6,944	11,825,548	11,832,492
Finbar Sub 5050 Pty Ltd	50.00%	-	701	701
		98,736,550	35,089,745	133,826,295

2013	Ownership	Revenues $	Expenses $	Profit/(Loss) before income tax $
Profit/(Loss) Before Income Tax Recognised from Joint Ventures				
22 Plain Street Pty Ltd*	50.00%	2,744,091	2,683,209	60,882
143 Adelaide Terrace Pty Ltd*	50.00%	6,343	-	6,343
185 Swansea Street Pty Ltd*	50.00%	43,260,566	39,242,465	4,018,101
375 Hay Street Pty Ltd*	50.00%	30,000	4,310	25,690
406 & 407 Newcastle Street Pty Ltd*	50.00%	1,272,801	1,082,811	189,990
701 Wellington Street Pty Ltd* (De-registered)	50.00%		127	(127)
Rivervale Concepts Pty Ltd* (De-registered)	50.00%	-	106	(106)
36 Chester Avenue Pty Ltd	50.00%	-	10,049	(10,049)
Rowe Avenue Pty Ltd	50.00%	-	930,567	(930,567)
Lot 1001 - 1003 Rowe Avenue Pty Ltd***	50.00%	682	-	682
Roydhouse Street Subiaco Pty Ltd	50.00%	-	27,140	(27,140)
647 Murray Street Pty Ltd**	50.00%	-	119,914	(119,914)
Finbar Sub 5050 Pty Ltd	50.00%	-	433	(433)
		47,314,483	44,101,131	3,213,352

2014	Ownership	Revenues $	Expenses $	Profit/(Loss) before income tax $
Profit/(Loss) Before Income Tax Recognised from Joint Ventures				
22 Plain Street Pty Ltd*(De-registered)	50.00%	-	151	(151)
143 Adelaide Terrace Pty Ltd*(De-registered)	50.00%	-	480	(480)
185 Swansea Street Pty Ltd*	50.00%	3,358,000	2,917,216	440,784
375 Hay Street Pty Ltd*	50.00%	8,842	6,295	2,547
406 & 407 Newcastle Street Pty Ltd*	50.00%	-	(34,105)	34,105
701 Wellington Street Pty Ltd* (De-registered)	50.00%	-	4,672	(4,672)
36 Chester Avenue Pty Ltd	50.00%	-	10,093	(10,093)
Rowe Avenue Pty Ltd	50.00%	-	251,709	(251,709)
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50.00%	-	892,056	(892,056)
Roydhouse Street Subiaco Pty Ltd	50.00%	-	1,160,509	(1,160,509)
647 Murray Street Pty Ltd	50.00%	-	(195,343)	195,343
Finbar Sub 5050 Pty Ltd	50.00%	-	270	(270)
		3,366,842	5,014,003	(1,647,161)

* Joint Ventures entered into with Wembley Lakes Estates Pty Ltd. John Chan and Darren John Pateman have interests in but not control of Wembley Lakes Estates Pty Ltd.
** Formerly 1 Richardson Street Pty Ltd.
*** Formerly McGregor Road Palmyra Pty Ltd.

16 Other Assets

	2014 $	2013 $
Current		
Capitalised lease incentives	352,454	340,072
Total Current Other Assets	352,454	340,072
Non Current		
Establishment Fees	28,682	-
Capitalised lease incentives	1,924,014	2,238,204
Total Non Current Other Assets	1,952,696	2,238,204

17 Tax Assets and Liabilities

The current tax liability for the Group of $13,500,733 (2013: $8,964,521) 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		Net	
	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $
Inventories	-	-	(7,913,668)	(11,128,229)	(7,913,668)	(11,128,229)
Interest bearing loans and borrowings	643,437	3,048,881	-	-	643,437	3,048,881
Revaluation of investment property	-	-	(7,180,402)	(6,926,842)	(7,180,402)	(6,926,842)
Other items	804,143	246,537	(668,865)	191,451	135,278	437,988
Tax value of carry-forward losses recognised	2,483,427	5,374,484	-	-	2,483,427	5,374,484
Tax assets/(liabilities)	3,931,007	8,669,902	(15,762,935)	(17,863,620)	(11,831,928)	(9,193,718)
Set off of tax	(3,931,007)	(8,669,902)	3,931,007	8,669,902	-	-
Net Tax Liabilities	-	-	(11,831,928)	(9,193,718)	(11,831,928)	(9,193,718)

	Balance 1 July 2012 $	Recognised in Profit or Loss $	Recognised in Equity $	Balance 30 June 2013 $
Movement in Temporary Differences During the Year				
Inventories	8,411,752	2,716,477	-	11,128,229
Interest bearing loans and borrowings	(3,867,150)	818,269	-	(3,048,881)
Revaluation of investment property	6,465,620	461,222	-	6,926,842
Other items	864,414	(1,443,431)	141,029	(437,988)
Tax value of carry-forward losses recognised	(6,067,104)	692,620	-	(5,374,484)
	5,807,532	3,245,157	141,029	9,193,718

	Balance 1 July 2013 $	Recognised in Profit or Loss $	Recognised in Equity $	Balance 30 June 2014 $
Inventories	11,128,229	(3,214,561)	-	7,913,668
Interest bearing loans and borrowings	(3,048,881)	2,405,444	-	(643,437)
Revaluation of investment property	6,926,842	253,560	-	7,180,402
Other items	(437,988)	161,681	141,029	(135,278)
Tax value of carry-forward losses recognised	(5,374,484)	2,891,057	-	(2,483,427)
	9,193,718	2,497,181	141,029	11,831,928

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18 Inventories

	2014 $	2013 $
Current		
Work in progress	11,425,466	153,474,454
Completed stock	64,343,043	26,345,410
Total Current Inventories	75,768,509	179,819,864
Non Current		
Work in progress	11,771,124	4,360,571
Total Non Current Inventories	11,771,124	4,360,571

During the year ended 30 June 2014 work in progress recognised as cost of sales by the Group amounted to $215,000,136 (2013: $108,942,181).

19 Trade and Other Receivables

	2014 $	2013 $
Current		
Other trade receivables	11,104,520	24,275,350
Amounts receivable from joint ventures	-	21
Total Current Trade and Other Receivables	11,104,520	24,275,371
Non Current		
Other receivables	9,109,544	-
Amounts receivable from joint ventures	36,999,890	12,009,731
Total Non Current Trade and Other Receivables	46,109,434	12,009,731

Other receivables includes a secured interest bearing loan with a 5 year term at bank business interest rates.
The Group's exposure to credit risk and impairment losses to trade and other receivables are disclosed at Note 27.

20 Prepayments

	2014 $	2013 $
Balance at 1 July	380,952	255,371
Net (reduction)/increase of sundry prepayments	(288,908)	125,581
Balance at 30 June	92,044	380,952
Made up as follows:		
Prepayment of sundry development expenses	92,044	380,952
Total Prepayments	92,044	380,952

21a Cash and Cash Equivalents

	Note	2014 $	2013 $
Bank balances		60,914,484	35,596,741
Cash and Cash Equivalents in the Statement of Cash Flows		60,914,484	35,596,741

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed at Note 27.

21b Reconciliation of Cash Flows from Operating Activities

Cash Flows from Operating Activities			
Profit for the year		40,814,102	31,556,948
Adjustments for:			
Depreciation and amortisation	14	444,703	187,489
Revaluation of investment property	8	(754,027)	(2,338,424)
Net financing (income)/expense	11	198,999	(250,688)
Share of net loss/(profit) of joint ventures'		577,302	(1,128,023)
Loss/(gain) on disposal of property, plant & equipment		582	(31,778)
Other		-	666,606
Income tax expense	12	17,857,792	13,003,551
Operating Profit before Changes in Working Capital and Provisions		59,139,453	41,665,681
Change in trade and other receivables		8,239,885	(220,193)
Change in current inventories	18	104,051,355	(90,409,353)
Change in non-current inventories	18	(7,410,553)	34,976,297
Change in prepayments	20	288,908	(125,581)
Transferred from inventories to investment property	13	(11,120,972)	(6,656,892)
Transferred from inventories to property, plant & equipment	14	(818,126)	(1,562,428)
Change in provision for employee benefits	25	57,454	88,751
Change in trade and other payables	26	(21,326,566)	18,747,514
Cash generated from/(used in) Operating Activities		131,100,838	(3,496,204)
Interest paid		(8,175,150)	(3,434,672)
Income taxes paid		(10,710,723)	(7,395,827)
Net Cash generated from/(used in) Operating Activities		112,214,965	(14,326,703)

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

22 Capital and Reserves

	Company Ordinary Shares 2014	Company Ordinary Shares 2013
Share Capital		
On issue at 1 July	218,006,169	214,172,868
Issued under Dividend Reinvestment Plan	4,012,035	3,833,301
Issued for cash	5,000,000	-
On Issue at 30 June - Fully Paid	227,018,204	218,006,169

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.

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	Cents per Share	Total Amount $	Franked / Unfranked	Date of Payment
Dividends				
Dividends recognised in the current year by the Group are:				
Dividends Paid During the Year 2014				
Interim 2014 ordinary	4.00	8,833,887	Franked	17 April 2014
Final 2013 ordinary	6.00	13,080,368	Franked	11 September 2013
Total Amount		21,914,255		
Dividends Paid During the Year 2013				
Interim 2013 ordinary	3.50	7,518,864	Franked	19 April 2013
Final 2012 ordinary	5.50	11,779,510	Franked	4 September 2012
Total Amount		19,298,374		

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

After 30 June 2014 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:				
Final 2014 ordinary	6.00	13,621,092	Franked	19 September 2014
Total Amount		13,621,092		

The financial effect of this dividend has not been brought to account in the financial statements for the financial year ended 30 June 2014 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 elected to reactivate the DRP in the 2011 financial year until further notice and as such the DRP will be active for the above mentioned dividend.

	Company 2014 $	Company 2013 $
Dividend Franking Account		
30% franking credits available to shareholders of Finbar Group Limited for subsequent financial years	7,749,117	7,982,364

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

a. franking credits that will arise from payment of current tax liabilities;
b. franking debits that will arise from the payment of dividends recognised as a liability at the year-end;
c. franking credits that will arise from the receipt of dividends recognised as receivables at the year-end; and
d. franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by $5,837,611 (2013: $5,605,873).

Nature and purpose of reserve

Asset revaluation reserve

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

23 Earnings per Share

Basic Earnings per Share

The calculation of basic earnings per share at 30 June 2014 was based on the profit attributable to ordinary shareholders of $36,463,045 (2013: $31,176,885) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2014 of 221,954,749 (30 June 2013: 215,334,368), calculated as follows:

		2014 $	2013 $
Profit Attributable to Ordinary Shareholders		36,463,045	31,176,885
Weighted Average Number of Ordinary Shares			
Issued ordinary shares at 1 July		218,006,169	214,172,868
Effect of share issue - Dividend Reinvestment Plan	5 September 2012	-	533,909
Effect of share issue - Dividend Reinvestment Plan	19 April 2013	-	101,196
Effect of share issue - Dividend Reinvestment Plan	19 April 2013	-	526,395
Effect of share issue - Dividend Reinvestment Plan	11 September 2013	2,272,812	
Effect of share issue	17 March 2014	1,438,356	
Effect of share issue - Dividend Reinvestment Plan	17 April 2014	237,412	
Weighted Average Number of Ordinary Shares at 30 June		221,954,749	215,334,368
Basic Earnings per Share (cents per share)		16.43	14.48
Diluted Earnings per Share			
The calculation of diluted earnings per share at 30 June 2014 was based on the profit attributable to ordinary shareholders of $36,463,045 (2013: $31,176,885) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2014 of 221,954,749 (30 June 2013: 215,334,368), calculated as follows:			
Profit Attributable to Ordinary Shareholders (Diluted)		36,463,045	31,176,885
Weighted Average Number of Ordinary Shares (Diluted)			
Weighted Average Number of Ordinary Shares (Diluted) at 30 June		221,954,749	215,334,368
Diluted Earnings per Share (cents per share)		16.43	14.48

24 Loans and Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate risk see Note 27.

	2014 $	2013 $
Current liabilities		
Commercial bills (Secured)	-	41,856,049
Shareholder loans to subsidiaries (Unsecured)	-	1,874,372
Total Current Interest Bearing Loans and Borrowings	-	43,730,421
Non-current liabilities		
Commercial bills (Secured)	73,770,000	83,255,513
Shareholders loans to subsidiaries (Unsecured)	4,609,122	12,515,166
Total Non-current Interest Bearing Loans and Borrowings	78,379,122	95,770,679

	Nominal Interest Rate	Financial Year of Maturity	2014 Face Value $	2014 Carrying Amount $	2013 Face Value $	2013 Carrying Amount $
Terms and debt repayment schedule						
Terms and conditions of outstanding loans are as follows:						
Commercial bills (Secured)	BBSY+1.13%	2014	-	-	31,303,164	31,303,164
Commercial bills (Secured)	BBSY+1.07%	2014	-	-	4,758,667	4,758,667
Commercial bills (Secured)	BBSY+0.94%	2014	-	-	5,794,218	5,794,218
Commercial bills (Secured)	BBSY+1.35%	2015	-	-	4,801,500	4,801,500
Commercial bills (Secured)	BBSY+0.94%	2015	-	-	4,684,013	4,684,013
Commercial bills (Secured)	BBSY+2.51%	2016	4,000,000	4,000,000	4,000,000	4,000,000
Commercial bills (Secured)	5.66%	2016	43,770,000	43,770,000	43,770,000	43,770,000
Commercial bills (Secured)	BBSY+1.25%	2017	26,000,000	26,000,000	26,000,000	26,000,000
Shareholder loans to subsidiaries (Unsecured)*	BBSY+5.00%	2014	-	-	1,874,372	1,874,372
Shareholder loans to subsidiaries (Unsecured)*	BBSY+5.00%	2015	-	-	7,573,837	7,573,837
Shareholder loans to subsidiaries (Unsecured)*	BBSY+5.00%	2016	4,609,122	4,609,122	4,941,329	4,941,329
Total Facilities Available			78,379,122	78,379,122	139,501,100	139,501,100

* These loans are from the non-controlling shareholder

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 27) are denominated in Australian dollars.

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

Shareholder Loans

Shareholder Loans are repayable upon the completion of the project.

25 Employee Benefits

	2014 $	2013 $
Current		
Liability for annual leave	33,499	39,377
Non Current		
Liability for long-service leave	197,714	134,382

26 Trade and Other Payables

	2014 $	2013 $
Current liabilities		
Trade and other payables	10,481,723	32,010,747
Other payables and accrued expenses	1,573,286	1,370,828
Total Trade and Other Payables	12,055,009	33,381,575

At 30 June 2014, Consolidated trade and other payables include retentions of $815,346 (2013: $602,158) relating to construction contracts in progress.

The Group's exposure to liquidity risk related to trade and other payables is disclosed at Note 27.

27 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 2014 $	Carrying Amount 2013 $
Trade and other receivables - current	19	11,104,520	24,275,371
Trade and other receivables - non-current	19	46,109,434	12,009,731
Cash and cash equivalents	21a	60,914,484	35,596,741
		118,128,438	71,881,843
The Group's maximum exposure to credit risk for trade receivables at the reporting date by receivable category was:			
Equity Accounted Investees		36,999,890	12,009,752
Working capital advances and bonds		772,283	2,006,025
Loan to Joint Venture partner		-	2,580,000
Other receivables		9,109,104	-
GST refunds due and sundry other trade debtors		10,332,677	19,689,325
		57,213,954	36,285,102

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	Carrying Amount $	Contractual Cash Flows $	1 Year or Less $	1-3 Years $	More than 3 Years $
30 June 2014						
Non-derivative Financial Liabilities						
Secured bank loans:						
Commercial bills	24	73,770,000	81,326,499	3,714,282	77,612,217	-
Shareholder Loans	24	4,609,122	5,313,566	355,133	4,958,433	-
Trade and other payables	26	12,055,009	12,055,009	12,055,009	-	-
		90,434,131	98,695,073	16,124,424	82,570,651	
30 June 2013						
Non-derivative Financial Liabilities						
Secured bank loans:						
Commercial bills	24	125,111,562	138,225,250	47,178,958	91,046,292	-
Shareholder Loans	24	14,389,538	16,322,107	2,338,159	13,983,948	-
Trade and other payables	26	33,381,575	33,381,575	33,381,575	-	-
		172,882,675	187,928,932	82,898,692	105,030,240	-

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2014

	Carrying Amount 2014 $	Carrying Amount 2013 $
Interest Rate Risk		
Profile		
At the reporting date the interest rate profile of the Group's interest-bearing financial assets and liabilities was:		
Variable Rate Instruments		
Financial Assets	97,914,374	47,606,493
Financial Liabilities	(78,379,122)	(139,501,100)
	19,535,252	(91,894,607)

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 2013.

	Profit or Loss		Equity	
	100bp Increase $	100bp Decrease $	100bp Increase $	100bp Decrease $
30 June 2014				
Variable rate instruments	(1,179,101)	1,179,101	(1,179,101)	1,179,101
	Consolidated			
	100bp Increase $	100bp Decrease $	100bp Increase $	100bp Decrease $
30 June 2013				
Variable rate instruments	(1,030,861)	1,030,861	(1,030,861)	1,030,861

Fair Values

Fair Values Versus Carrying Amounts

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

	Carrying Amount 2014 $	Carrying Amount 2013 $
Trade and other receivables	57,213,954	36,285,102
Cash and cash equivalents	60,914,484	35,596,741
Secured bank loans	(73,770,000)	(125,111,562)
Unsecured shareholder loans	(4,609,122)	(14,389,538)
Trade and other payables	(12,055,009)	(33,381,575)
	27,694,307	(101,000,832)

The Group has not disclosed the fair values for financial instruments such as, short term trade and other receivables and payables, secured bank loans and unsecured shareholder loans and loans to equity accounted investees because their carrying amounts are a reasonable approximation of fair values.

28 Operating Leases

	Note	2014 $	2013 $
Leases as Lessor			
The Group leases out its investment properties held under operating leases.			
Rental income received from investment property		13,569,804	12,212,370
Other rental property income received		-	17,223
	7	13,569,804	12,229,593
Future minimum lease payments			
At 30 June, the future minimum lease payments under non-cancellable leases are receivable as follows:			
Less than one year		11,916,313	10,211,155
Between one and five years		42,304,521	52,638,162
More than 5 years		13,925,817	14,602,362
		68,146,651	77,451,679

29 Capital and Other Commitments

	2014 $	2013 $
Commitments and Contingent Liabilities		
Property Development		
Contracted but not provided for and payable:		
Within one year	47,028,408	77,353,360
Later than one year	-	-
Total Property Development Commitments	47,028,408	77,353,360
Property Development - joint ventures		
Contracted but not provided for and payable:		
Within one year	80,987,908	29,500,000
Later than one year	-	18,285,570
Total Property Development Commitments - Joint Ventures	80,987,908	47,785,570
Group's Share of Property Development - Joint Ventures		
Contracted but not provided for and payable:		
Within one year	40,493,954	14,750,000
Later than one year	-	9,142,785
Total Share of Property Development Commitments - Joint Ventures	40,493,954	23,892,785
Group's Property Development Commitments including Joint Ventures		
Contracted but not provided for and payable:		
Within one year	87,522,362	92,103,360
Later than one year	-	9,142,785
Total Property Development Commitments including Joint Ventures	87,522,362	101,246,145

30 Contingencies

	2014 $	2013 $
The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.		
Guarantees		
The Company has guaranteed the bank facilities of certain subsidiaries	-	7,500,000
Guarantees		
The Company has guaranteed the bank facilities of certain equity accounted joint ventures	-	-

31 Related Parties

	2014 $	2013 $
The key management personnel compensation included in 'personnel expenses' is as follows:		
Short term employee benefits	3,428,981	3,091,697
Other long term benefits	37,784	78,634
Post employment benefits	106,786	90,048
Employee benefits	3,573,551	3,260,379

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 38 to 42.

Apart from the details disclosed in this note and in note 15, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Identity of Related Parties

The Group has a related party relationship with joint ventures (see Note 15) and with its key management personnel.

Other Related Party Transactions

Joint Ventures

Loans are made by the Group to joint ventures for property development undertakings. Loans outstanding between the Group and joint ventures are interest bearing and are repayable at the completion of the jointly controlled entity's development project.

	2014 $	2013 $
As at 30 June the balance of these loans were as follows:		
36 Chester Avenue Pty Ltd	3,727,627	3,564,591
Rowe Avenue Pty Ltd	14,208,438	6,349,084
701 Wellington Street Pty Ltd	-	21
Roydhouse Street Subiaco Pty Ltd	11,211,017	1,654,707
Lot 1001 - 1003 Rowe Avenue Pty Ltd	2,159,255	9,209
647 Murray Street Pty Ltd	5,692,868	431,708
Finbar Sub 5050 Pty Ltd	685	432
	36,999,890	12,009,752

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

32 Group Entities

	Country of Incorporation	Shareholding / Unit Holding $	Ownership Interest 2014	Ownership Interest 2013
Parent Company				
Finbar Group Limited				
Subsidiaries				
1 Mends Street Pty Ltd	Australia	1	100%	0%
17 Sunlander Drive Pty Ltd	Australia	1	100%	100%
31 Rowe Avenue Pty Ltd	Australia	1	100%	100%
43 McGregor Road Pty Ltd	Australia	1	100%	0%
52 Mill Point Road Pty Ltd	Australia	1	100%	100%
59 Albany Highway Pty Ltd	Australia	11	68.75%	68.75%
88 Terrace Road Pty Ltd	Australia	1	100%	100%
96 Mill Point Road Pty Ltd	Australia	1	100%	0%
172 Railway Parade West Leederville Pty Ltd	Australia	1	100%	0%
175 Adelaide Terrace Pty Ltd	Australia	1	100%	100%
208 Adelaide Terrace Pty Ltd	Australia	6	60%	60%
239 Great Eastern Highway Pty Ltd	Australia	1	100%	0%
241 Railway Parade Pty Ltd	Australia	1	100%	0%
262 Lord Street Perth Pty Ltd	Australia	1	100%	100%
269 James Street Pty Ltd	Australia	1	100%	0%
280 Lord Street Perth Pty Ltd	Australia	1	100%	100%
Finbar Finance Pty Ltd	Australia	1	100%	100%
Finbar Fund Limited	Australia	1	100%	0%
Finbar Funds Management Pty Ltd	Australia	1	100%	100%
Finbar Karratha Pty Ltd	Australia	1	100%	100%
Finbar Port Hedland Pty Ltd	Australia	1	100%	0%
Finbar Project Management Pty Ltd	Australia	2	100%	100%
Finbar Property Trust	Australia	100	100%	100%
Finbar Sub 100 Pty Ltd	Australia	1	100%	100%
Finbar Sub 101 Pty Ltd	Australia	1	100%	0%
Finbar Sub 103 Pty Ltd	Australia	1	100%	0%
Lake Street Pty Ltd	Australia	1	100%	100%
Lot 1 to 10 Whatley Crescent Pty Ltd	Australia	1	100%	100%
		143		
Subsidiaries of Subsidiaries				
59 Albany Highway Joint Venture Pty Ltd	Australia	130	100%	100.00%

33 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.

34 Auditors' Remuneration

	2014 $	2013 $
Audit Services:		
Auditors of the Group		
Audit and review of the financial reports	178,400	182,700
	178,400	182,700
Services other than Statutory Audit:		
Taxation compliance services	14,000	16,500
Accounting advice	10,200	4,200
	24,200	20,700

35 Parent Entity Disclosures

	2014	2013
As at, and throughout the financial year ending 30 June 2014 the parent company of the Group was Finbar Group Limited.		
Result of the Parent Entity		
Profit for the year	4,890,676	10,845,317
Total Comprehensive Income for the Year	4,890,676	10,845,317
Financial Position of the Parent Entity		
Current Assets	23,955,747	16,255,075
Total Assets	167,168,066	172,071,941
Current Liabilities	3,790,192	3,909,578
Total Liabilities	5,114,999	6,903,566
Total Equity of the Parent Entity comprising of:		
Share capital	151,687,870	137,779,596
Retained earnings	10,365,200	27,388,779
Total Equity	162,053,070	165,168,375
Parent Entity Contingencies		
The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is capable of reliable measurement.		
Parent Entity Guarantees in respect of Debts of Subsidiaries		
Guarantees		
The Company has guaranteed the bank facilities of certain Controlled entities:	-	7,500,000
The Company has guaranteed the bank facilities of certain equity accounted joint ventures:	-	-

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 55 to 91 and the Remuneration report in the Directors' report, set out on Pages 38 to 42, 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 2014 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 2014.

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 Twenty Seventh day of August 2014.

Independent Auditors' Report

to Members of Finbar Group Limited

Report on the financial report

We have audited the accompanying financial report of Finbar Group Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2014, and 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 ended on that date, notes 1 to 35 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

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

Auditor's opinion

In our opinion:

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

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

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

Independent Auditors' Report

Report on the remuneration report

We have audited the Remuneration Report included in section 4.3 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Finbar Group Limited for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Denise McComish
Partner

Perth
27 August 2014

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 for the financial year ended 30 June 2014 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

Denise McComish
Partner

Perth
27 August 2014

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 2014)

Substantial Shareholders

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

Shareholder Name	Number	%
Chuan Hup Holdings	39,824,117	17.54
HSBC Custody Nominees (Australia) Limited	30,247,562	13.32
Zero Nominees Pty Ltd	13,091,956	5.77

Voting rights

Ordinary shares

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

Distribution of Equity Security Holders

Range	Number of Holders	Ordinary Shares
1-1,000	397	170,630
1,001-5,000	719	2,161,856
5,001-10,000	481	3,766,190
10,001-100,000	784	22,231,519
100,001-over	114	198,688,009
	2,495	227,018,204

The number of shareholders holding less than a marketable parcel of ordinary shares is 172.

Stock Exchange

The Company is listed on the Australian Securities Exchange. The Home exchange is Perth.
ASX Code: FRI

Other information

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

Twenty Largest Shareholders:

	Number of Ordinary Shares Held	%
Chuan Hup Holdings Limited	39,824,117	17.54
HSBC Custody Nominees (Australia) Limited	30,247,562	13.32
Zero Nominees Pty Ltd	13,091,956	5.77
Blair Park Pty Ltd	9,005,455	3.97
Rubi Holdings Pty Ltd	7,950,000	3.50
National Nominees Limited	7,346,883	3.24
JP Morgan Nominees Australia Limited	5,840,629	2.57
Apex Investments Pty Ltd	5,180,584	2.28
Mrs Siew Eng Mah	5,091,662	2.24
Hanssen Pty Ltd	5,000,000	2.20
Forward International Pty Ltd	4,486,184	1.98
DBS Vickers Securities (Singapore) Pte Ltd	4,221,405	1.86
Mr James Chan	4,151,992	1.83
Mr Ah-Hwa Lim	3,145,616	1.39
Mr Wan Kah Chan & Mrs Mui Tee Chan	3,108,350	1.37
3rd Wave Investors Ltd	2,970,000	1.31
Baguio International Limited	2,879,344	1.27
Milton Corporation Limited	2,782,249	1.23
Mr Guan Seng Chan	2,534,191	1.12
HSBC Custody Nominees (Australia) Limited	2,522,074	1.11
Top 20	161,380,253	71.10

CORPORATE DIRECTORY

Offices and Officers

Directors

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

Company Secretary

Mr Anthony David Hewett

Principal Registered Office

Finbar Group Limited
Level 6
181 Adelaide Terrace
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EAST PERTH WA 6892

Telephone: +61 8 6211 3300
Facsimile: +61 8 9221 8833
Email: info@finbar.com.au
Website: www.finbar.com.au

Share Registry

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

Auditors

KPMG
235 St Georges Terrace
PERTH WA 6000

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