finbar

ANNUAL REPORT 2017

DEVELOPING BETTER LIFESTYLES

Finbar is Western Australia's largest and most trusted residential apartment developer. Since its establishment in 1995, Finbar has completed over 5,000 units and proudly continues to shape the landscape and lifestyles of Western Australia. Affiliating with equity partners and landowners enables Finbar to leverage on the growth associated with larger development projects, allowing greater economies of scale while spreading project risk.

www.finbar.com.au

Reva

5 Harper Terrace South Perth

CONTENTS

CHAIRMAN'S REPORT

Finbar's management team has demonstrated diligence in its careful management of cash flow and wise investment decisions resulting in the Company ending the year in a financially stable position.

Dear Shareholder

On behalf of the Board of Directors I am pleased to present you with your 33rd Annual Report, the company's 22nd year as a leading apartment developer in Western Australia.

In what has undoubtedly been the most challenging year in the Company's history, I am proud to be able to report that Finbar Group has delivered its 21st year of consecutive profit.

Finbar's operating profit for the financial year ending 30 June 2017 was $9.6 million with an after tax profit of $5.1 million after investment property impairments totalling $4.5 million.

Whilst the operating profit is lower than FY16, we are well placed to bolster our market-leading position with the ongoing settlement of completed stock and the continued deployment of capital into new construction commencements for pre-sold projects.

We are also pleased to be able to reward shareholders with a total dividend payment for the financial year of six cents per share, fully franked.

The property market in FY17 has been persistently subdued, impacted by the wider economic downturn in Western Australia and financial regulatory changes at both a federal and state level. While this has impacted the Company's sales momentum across a number of projects, it has also reduced our competitor activity, allowing our brand equity and scale to further solidify our leading market position. Notwithstanding the softer conditions, Finbar has been able to successfully market 70 percent of the completed stock held at the commencement of the financial year.

Finbar's management team has demonstrated diligence in its careful management of cash flow and wise investment decisions resulting in the Company ending the year in a financially stable position with a record cash position and $138 million worth of completed stock. Both the completed stock and our project pipeline are unburdened with debt, which allows us to act strategically with market demand and project timings.

The Company reached a significant milestone in FY17, achieving the completion of over 5,000 apartments over 68 projects with a combined value in excess of $3 billion. This represents Finbar's proud contribution to the growing sophistication of the Perth apartment market and our efforts to fulfill our corporate aim of "Developing Better Lifestyles".

The strength and credibility associated with the Finbar brand and the trust placed in us by our stakeholders is testament to the honesty and integrity demonstrated by the company during its 22 years in operation. We are committed to retaining our position as Western Australia's largest and most trusted apartment developer and this ethos is reflected in every decision made by the company.

The decision to redesign the Civic Heart development in May 2017, and to break our 100 percent development delivery record was one not made lightly, however the redesign was what I consider a dynamic management decision that reflects the company's ability to be agile and respond effectively when external factors negatively impact a project. In order to allow us to appropriately design to the unique characteristics of the Civic site, we are in the process of initiating a scheme amendment that allows the synergies of our single ownership of all contiguous lots to be realised.

We are confident that the end result will provide an enhanced outcome for shareholders, sufficiently meeting the newly revised planning aspirations of the City of South Perth with the delivery of an iconic project whilst further mitigating development risk.

The Finbar Loyalty Club continues to provide positive benefits through the ongoing sales traction of repeat purchases amidst a soft market. Loyalty Club members are well aware and accustomed to the quality design and specifications of Finbar projects that are a product of two decades of ongoing refinement. The ability to generate sales leads from a pool of satisfied historic purchasers provides a cost effective complementary alternative to the mass media marketing strategies that still form a major component of our sales efforts.

Successfully operating within the constrained FY17 market has allowed Finbar to intensify its efforts in product development and re-focus activities to meet market demand. The benefits to the Company's future trajectory cannot be under-estimated as we look to the market cycle shifting slowly into a recovery phase as economic activity expands.

On behalf of the Board of Directors and Shareholders, I would like to thank the Finbar management and the staff for their ongoing hard work and dedication to the company, and to our joint venture partners, marketing agents, banking partners, building contractor – Hanssen Pty Ltd, relationship architect – SS Chang Architects, and our suppliers and consultants for continuing to demonstrate unwavering confidence in the Finbar business.

John Chan
Executive Chairman
30 August 2017

Vue Tower
Situated at 63 Adelaide Tce East Perth

MANAGING DIRECTOR'S REPORT

Finbar is well positioned to take advantage of the industry's response to improved market conditions as the recover from the bottom of the cycle gains momentum.

The last financial year presented the most challenging environment for the Company in its history. The subdued property market, influenced primarily by a weak domestic State economy, reduced population growth, moderate declines in asset values and the changes to financial regulatory frameworks, negatively impacted market sentiment which reflected in a decline in the quantum of company sales. Notwithstanding these difficult market conditions, Finbar has achieved its 21st year of consecutive profit.

The persistence of the subdued property market during FY17 has however reduced competition enabling Finbar to further solidify its market share through the ongoing marketing of off-the-plan presales and completed stock resulting in successfully divesting 70 per cent of completed stock held at the commencement of the financial year.

The company has been dedicated to the protection of an unstressed balance sheet and as a result Finbar finished the year with $67 million in cash, a portion of which has subsequently been used to retire all facilities for completed projects. This will ensure the net proceeds from the sale of $138 million in completed stock, $75.5 million of which is attributable to Finbar (after joint venture interests), provides us with sound cashflow and sufficient capital to enable the commencement of two additional projects which will join the construction of Aurelia and Aire in the current financial year.

The biggest contributors to Finbar's earnings in FY17 were profits from the completion and settlement of Motive and Concerto which combined delivered 370 units to the market and have a total end sales value of $278 million. Both of these joint venture projects were completed on time and budget with settlements achieved at 30 June 2017 underpinning a $9.6 million operating profit for the financial year.

Regrettably, the non-cash impairments of our investment income assets at both Fairlanes in East Perth and Pelago in Karratha, reduced our after tax profit by $4.5 million as conservative regional valuations and the continued weakness in the wider CBD office market once again flowed through to underlying book values. There are some encouraging signs of a recovery in both of these markets indicating these investments have most likely experienced the worst of their likely value impairments. The Perth office market has recently seen its first post resources boom reduction in CBD office vacancy rates and Pelago, Karratha has experienced its third consecutive quarter of rental rate increases and a 100% residential occupancy rate.

On the more positive side, and with the long-term growth targets of Finbar in mind as we move through the cycle, I am pleased to report Finbar continues to leverage its brand equity and expertise by acquiring through joint venture arrangements two new pivotal development sites – Canning Highway Applecross and Lot 1000 Riversdale Road in the Springs precinct, Rivervale. The two projects have a total end value of approximately $415 million and will deliver 602 units and 9 commercial lots.

In FY17 development approvals were received for three projects that have a combined sales value of $513.8 million. These developments include the three stage Canning Highway Applecross, two stage Palmyra, and Arbor South developments, equating to 842 apartments and 1,033m2 of commercial space. Finbar now has a $2 billion project pipeline and has received development approval for one half of this total pipeline ensuring that Finbar is well positioned to take advantage of the industry's response to improved market conditions as the recovery from the bottom of the cycle gains momentum.

The ability of Finbar to operate effectively in a challenging environment is best reflected in two significant projects, Aire and Aurelia, being substantially progressed in construction, and the large-scale development, Vue Tower, and boutique luxury development Reva Apartments, expected to commence construction this calendar year. Representing 694 units, 5,270m2 of commercial space and an end value of $434 million, these four projects symbolise Finbar's clear market dominance and operational effectiveness within the current constrained conditions.

In line with the Company's efforts to constantly refine and develop its product offerings, Finbar is working closely with relationship builder Hanssen in developing a complementary Design and Construct model in order to provide price-leading product targeted at the first home buyer segment. Through the adoption of efficiency-led design informed by extensive in-depth experience gained over two decades, this partnership is expected to provide Finbar significant growth opportunities in this price-driven sector of the market.

Concerto
Situated at 189 Adelaide Terrace East Perth

Positioning the offering as a clear alternative to greenfield developments on the urban fringes, this apartment product will focus on the Gen Y demographic that prefer established, activated, and transport-linked locations that can often be financially out of reach for them.

Finbar continued to enact its on-market share buy-back scheme in FY17, resulting in the acquisition and cancellation of approximately 700,000 shares. With the share price trading at a discount to its net tangible assets and a significant discount to the Company's intrinsic value per share, Finbar seeks to return value to shareholders through this approach while prudently ensuring the buy-back does not constrain our ability to adequately fund growth projects in our core business.

Finbar Directors have resolved to announce a final dividend of three cents per share fully franked. Combined with the three cent interim dividend paid in March 2017. This dividend will result in a total fully franked dividend of six cents per share for FY17.

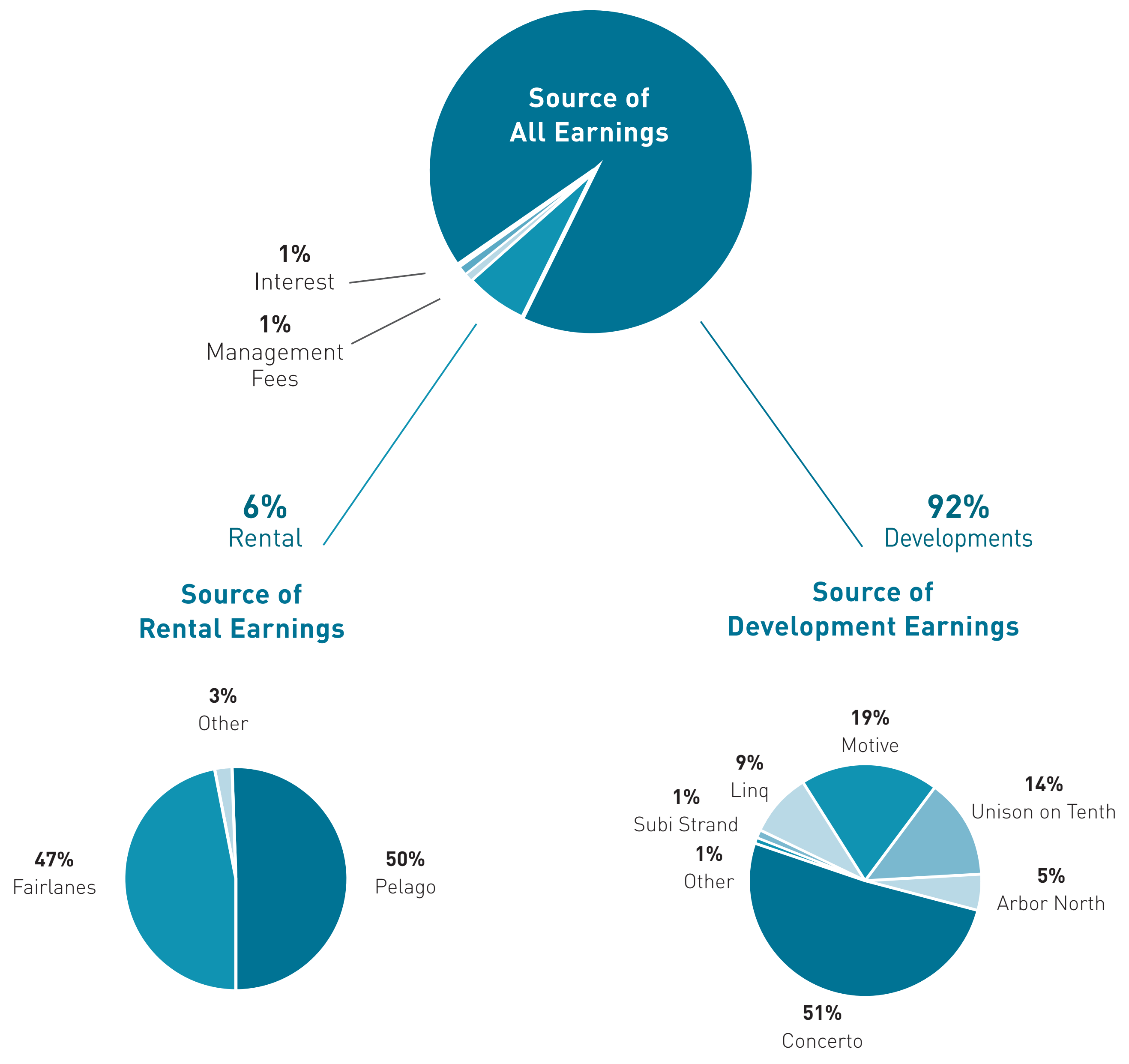
When looking back to FY17 we note that a key driver of sales activity remained the owner-occupier market. While this reflects demographic and life cycle changes, historically the market has experienced a greater proportion of investor interest and it is this sector that was largely missing from the current market which is heavily sentiment and confidence based.

In terms of FY18, we see the ongoing subdued market evidencing a slow recovery moderated by a more positive sentiment in State economic outlook and the return of the investor to the property market. While settlements of completed stock will be the main contributor to revenues in the first half, the completion of both the Aurelia and Aire developments in FY18 will see an improvement in the annual result very much weighted in the second half of the financial year.

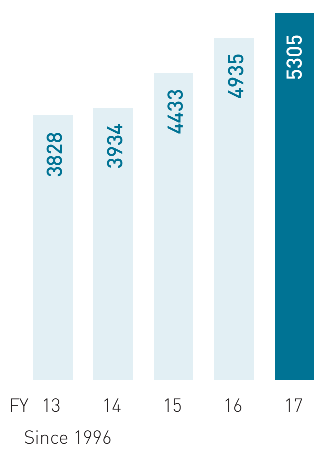
In closing, I would like to thank our dedicated team of management and staff, building contractors, architects, service providers, consultants, bankers, and our joint venture partners for their ongoing support. We look forward to continuing to work with you to grow the Finbar business as we position ourselves to be a well-placed beneficiary of an improving market.

Darren Pateman
Managing Director
31 August 2017

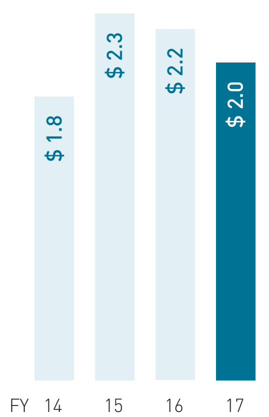
KEY FINANCIAL METRICS



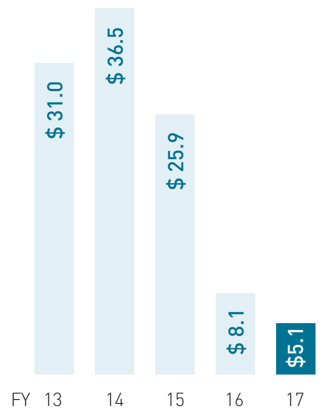
Total Developed Units



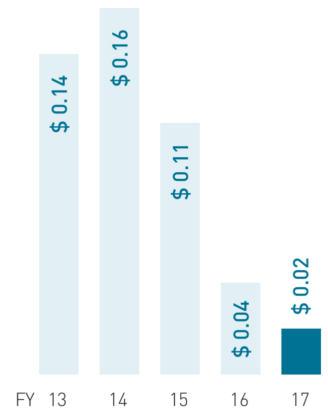
Project Pipeline ($b)



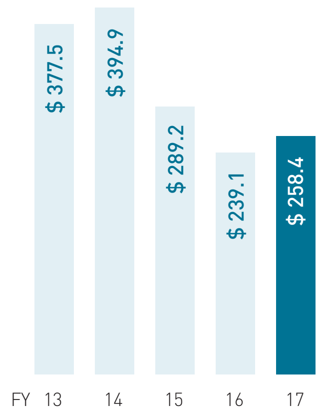
Net Profit After Tax ($m)



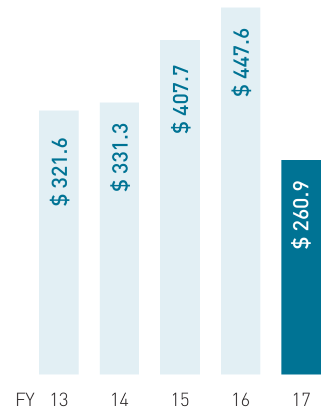
Earnings Per Share



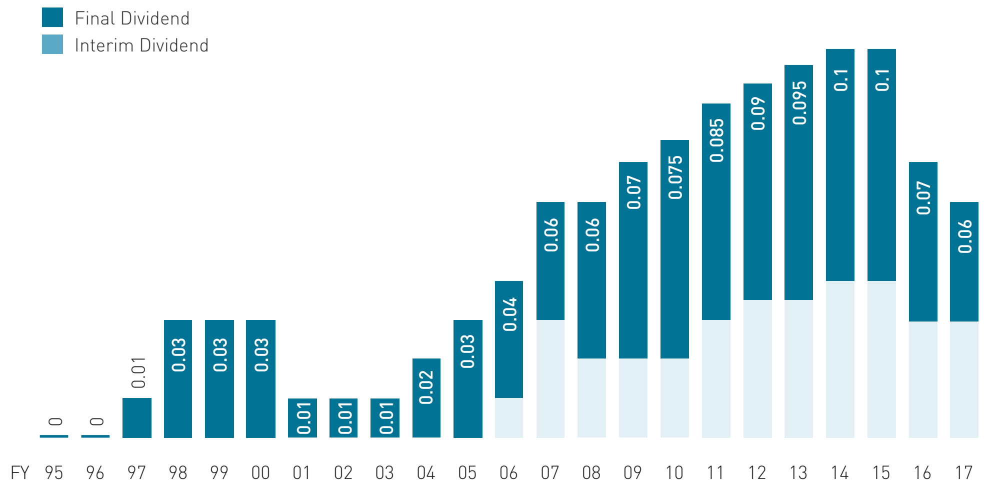
Enterprise Value ($m)



Presales ($m)

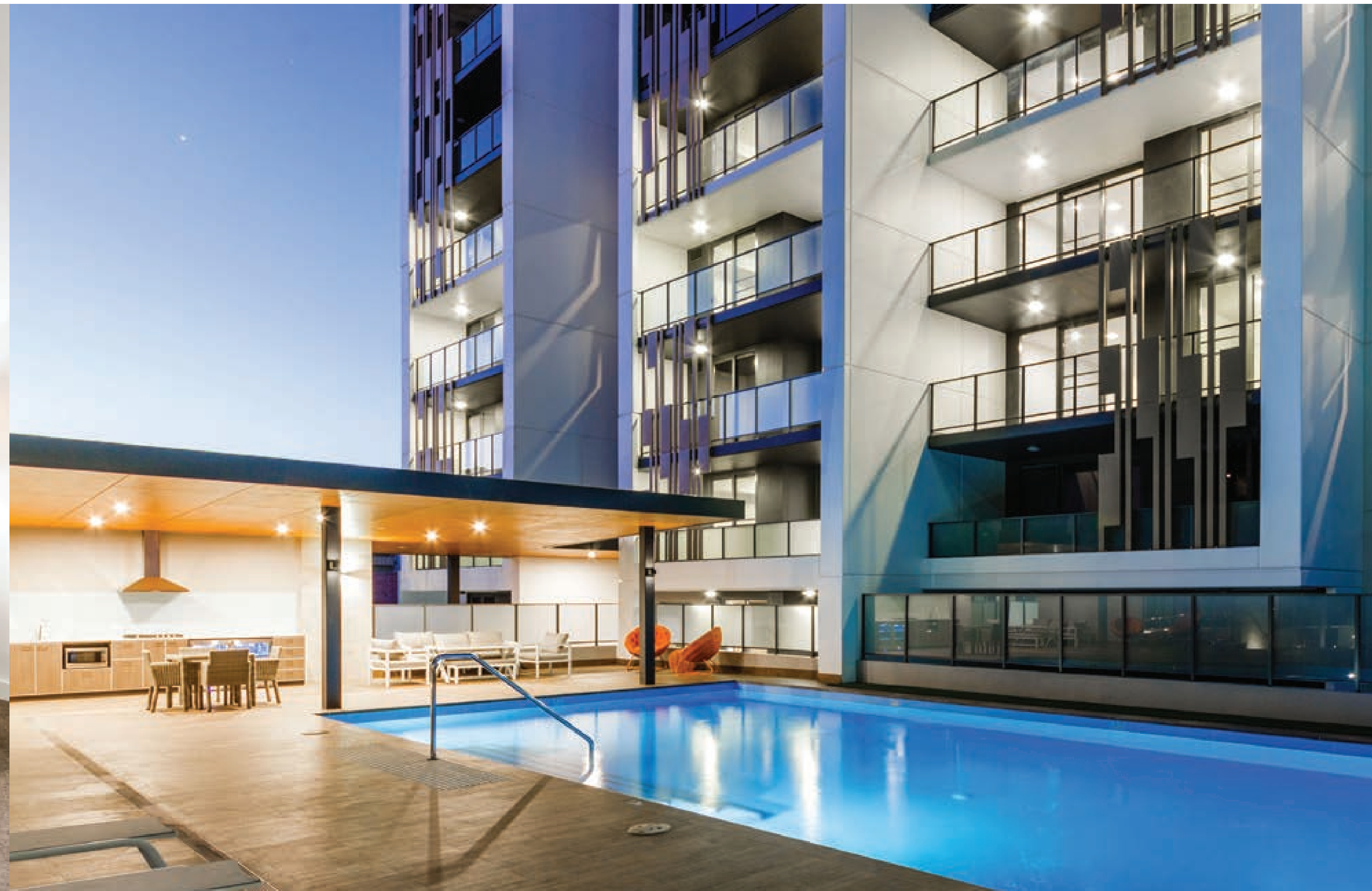


Fully Franked Dividend Per Year



Finbar has rewarded shareholders with a fully franked dividend for the past **20** years, the last **11** years by way of an interim and a final.

FINBAR
OVERVIEW



1995
- Lists on ASX as Property Development Company operating out of 2 bedroom Como apartment
- Commence 1st development project, Seville on the Point, South Perth

1997
- Complete 1st development
- Maiden net profit ($0.7m)
- Maiden dividend (1c per share)

2001
- Relocate to Bluewater building, South Perth (6 staff)

2006
- $100m market capitalisation
- Finish Westralian, first luxury project on Terrace Road, East Perth

2010
- $20m net profit milestone
- Secure first Pilbara project, Pelago West, Karratha
- 2,000 apartment milestone

2012
- Complete company's first Pilbara project
- 3,000 apartment milestone
- Fairlanes awarded winner UDIA High Density Development
- Relocated to Fairlanes building, East Perth (13 staff)

2014
- Launched WA's tallest residential building, Concerto
- Record $36.5m after tax profit
- St Mark's awarded winner UDIA High Density Development and Urban Renewal

2015
- Record launch at Aurelia, with $66 million sales in the 1st month
- Completed Finbar's largest development to date, Subi Strand
- Spring View Towers awarded winner UDIA High Density Development

2016
- Four projects, Norwood, Arbor North, Unison on Tenth and Linq consisting of 492 apartments, and 10 ancillary commercial tenancies worth $249.3M completed.
- Successful marketing of Aire West Perth

2017
- Completed WA's tallest residential apartment development to date, Concerto
- Motive Apartments completion
- 5,000 apartment milestone
- Completed over $3b worth of developments since 1995
- Construction commences at Aire West Perth

Looking out across the Perth CBD Skyline it's hard not to notice the unmistakable footprint of Finbar. Since our beginnings in 1995, our vision has been to develop better lifestyles - a philosophy that has seen us raise apartment development standards to new heights.

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.

OUR PEOPLE

- A team of 16 staff based in East Perth
- 1 full time in Karratha
- 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 BUSINESS

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

OUR COMMITMENT

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

OUR PROJECTS

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

OUR INVESTMENT PROPERTIES

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

OUR FUTURE

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

KEY ACHIEVEMENTS

As Western Australia's largest and most trusted apartment developer, we are privileged to have helped shape Perth into a vibrant modern city through 68 landmark developments.

DEVELOPING BETTER LIFESTYLES

Project Overview

The Company's ability to achieve clear market dominance and operational effectiveness within the current constrained conditions is testament to the experience and efforts of the executive management, staff and key stakeholders. This is reflected in sales of current projects for FY17 reaching almost $171 million, and the commencement of construction of two significant projects in Aire and Aurelia, and the large-scale development Vue Tower and boutique luxury development, Reva Apartments, expected to commence construction in the first half of FY2018.

FY2017 reflected Finbar's strategic approach to broaden its reach across two new key metropolitan areas in both Applecross and Palmyra. With the increasing demographic changes driving key market segments of first home buyers and downsizers, Finbar is addressing the identified demand for affordable and diverse housing typologies in these more traditional suburbs.

Finbar achieved a significant milestone in FY2017 with 68 completed apartment developments comprising in excess of 5000 apartments and worth more than $3 billion. Finbar's substantial contribution to the urban infill that is transforming Perth as a city aligns with the state and local governments' aims to maximise the synergies of infrastructure, amenity and density.

Project Completions

Finbar completed two major developments during the 2017 financial year delivering 370 units to the market, Concerto in East Perth and Motive in West Perth.

With a total project end value of $278 million, the two projects significantly contributed to Finbar's FY17 net profit of $5.1 million with 227 units at Concerto and 143 units at Motive settling in FY 17.

Representing the third and final residential stage in the redevelopment of the former Australian Broadcasting Corporation site known as Symphony City, Concerto, reached practical completion in May 2017 on time and on budget and is the culmination of nine years of planning and preparation.

At 38-storeys, with a further six levels of underground parking, Concerto is Perth's tallest apartment development and Finbar is proud to have delivered a landmark development to Perth and a striking addition to the East Perth skyline.

The project incorporated substantial retention of heritage built fabric that established a clear differentiator in the marketplace for apartments of this calibre. This continues to be reflected in the ongoing high level of interest in the completed product.

Finbar carried out the Concerto project in partnership with the landowner and long-standing joint venture partner, Ventrade Australia.

In another joint venture arrangement, Finbar partnered to complete its two-tower Motive development in West Leederville, which was completed in January 2017.

Positioned adjacent to two main train lines and the activated precincts of Subiaco and Leederville, Motive shares a street frontage that has been revitalised with a number of new food and beverage offerings.

The Motive and Concerto developments are situated in prime, high amenity locations with excellent access to public transport and transport infrastructure. Both projects provide residents with apartments of exceptional quality and with the extensive range of resort style facilities that Finbar is renowned for.

Construction Commences

Construction of Finbar Aire West Perth project commenced in FY2017.

The construction of the 21-storey Aurelia development, which is 75% percent sold, is substantially progressed in construction with completion expected early in 2018.

Aurelia has a total end value of approximately $134 million and is a particularly important project for Finbar being the Company's first new development commenced within the South Perth's Station Precinct. Aurelia has been designed to align with the City of South Perth's aspirations for landmark residential and commercial development in the central area of South Perth in order to support the growth of the commercial centre and act as a catalyst for the introduction of a South Perth train station.

Construction of the 22-storey Aire development, which has a total end value of $106 million, is now 40 percent complete with practical completion expected to occur in mid-2018.

Aire represents another highly successful project for Finbar, having achieved 100 percent presales of the commercial lots and 70 percent presales of the combined residential and serviced apartments, with $26.5 million of these sales occurring within the first six weeks of the marketing launch.

The inclusion of 64 short stay studio apartments within the Aire development makes this a unique offering in the West Perth area. In July 2017 Finbar announced a $12.5 million deal with a fund managed by a Singaporean real estate and wealth management company, ZACD Group, to acquire the studio apartments in one transaction.

Two developments are expected to commence construction in the first half of FY2018. The first will be the 34-level Vue Tower in East Perth, which has been well received by the market and is estimated to complete in FY2019. The second is the boutique luxury development Reva Apartments located adjacent to the Aurelia development with practical completion also expected in FY2019.

Continuing Growth

During the current reporting period, development approvals were received for three new projects including Arbor South, Rivervale, Palmyra Apartments Estates, Palmyra (two-stages) and Canning Highway, Applecross (three-stage). Comprising 840 apartments and 9 commercial lots, they have a combined project end value of $507.4million.

Stage 1 of the Canning Highway development, named Sabina Apartments, will commence active marketing in the first half of FY2018.

In addition to Canning Highway, Applecross, Finbar also secured in FY17 a new Swan River frontage site at Lot 1000 Riversdale Road in the Springs Rivervale precinct, which is expected to yield 150 apartments and add $65 million to Finbar's $2 billion project pipeline.

These two projects represent the strategic replenishing of the significant Finbar project pipeline in various stages of development across the metropolitan area. With approximately $1 billion of the future projects with DA approval, Finbar is well positioned to take full advantage of improved market conditions once the recovery in the cycle gains further traction.

In Focus – Sabina Apartments

Sabina is the first stage of the Canning Highway, Applecross development that consists of three separate strata titled stages comprising three residential towers offering expansive views of the Swan and Canning Rivers and the Perth City skyline.

Sabina is the first development of its size and scale to occur in the established affluent suburb of Applecross, and is an important development due to its position within the Canning Bridge Precinct, an area identified by the State and Local Governments as well placed to be developed into an important strategic centre comprising a diverse community hub with a mix of office, retail, residential, and recreational uses.

The luxury Sabina development will offer residents an opportunity to enjoy the Applecross lifestyle at a significant discount to the median price point for a detached dwelling in the area. It will also provide a viable option to current residents in the area who are looking to downsize whilst remaining in the area.

Featuring resort-style amenities at a level unseen in any development in Perth to date, Sabina will offer luxury product that aligns with the amenity location.

Sabina is located within immediate proximity to high frequency public transport (both rail and bus), the freeway network, and riverfront pedestrian and cycle paths. It is also conveniently located nearby to local retail and food and beverage offerings and only a short distance to the Garden City Shopping Centre.

In its entirety, the Canning Highway development will provide approximately 452 apartments with separate resort-style amenities for each stage, and ground floor commercial tenancies offering street front activation. A central laneway will offer the potential for cafes, restaurants, small bars, and boutique retail stores as well as a high amenity pedestrian-only piazza featuring a stunning suspended public artwork for the whole community to enjoy.

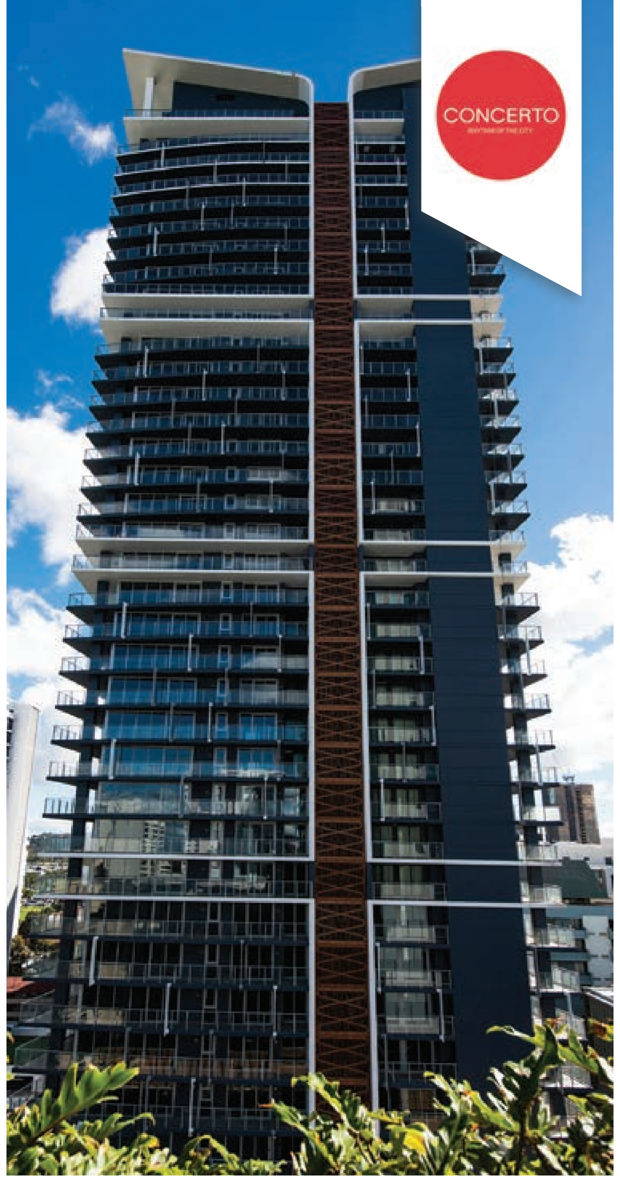
CANNING HIGHWAY APPLECROSS

- **3 stage development.**
- **$350 million project end value**
- **452 residential apartments with 9 commercial lots.**
- **First stage forecast to contribute to FY20.**

DEVELOPMENT OVERVIEW

Metropolitan Projects

COMPLETED PROJECTS



Motive

172 Railway Parade, West Leederville	
Project Company: 172 Railway Parade West Leederville Pty Ltd	
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Marketing Commenced:	Sep-14
Construction Completed:	Jan-17
Total Lots:	143
Approximate Total Project Sales Value:	$79.95m
Value of Sales to Date:	$37.43m
Lots Sold:	72 (50.3%)
Lots Unsold:	71 (49.7%)

Motive Apartments is comprised of two towers being nine and ten storeys with a total of 143 apartments. The development is comprised of one and two bedroom apartments in addition to resort-style facilities offered with every Finbar development. Motive has an estimated end value of approximately $79.95m, with construction completed in January 2017.

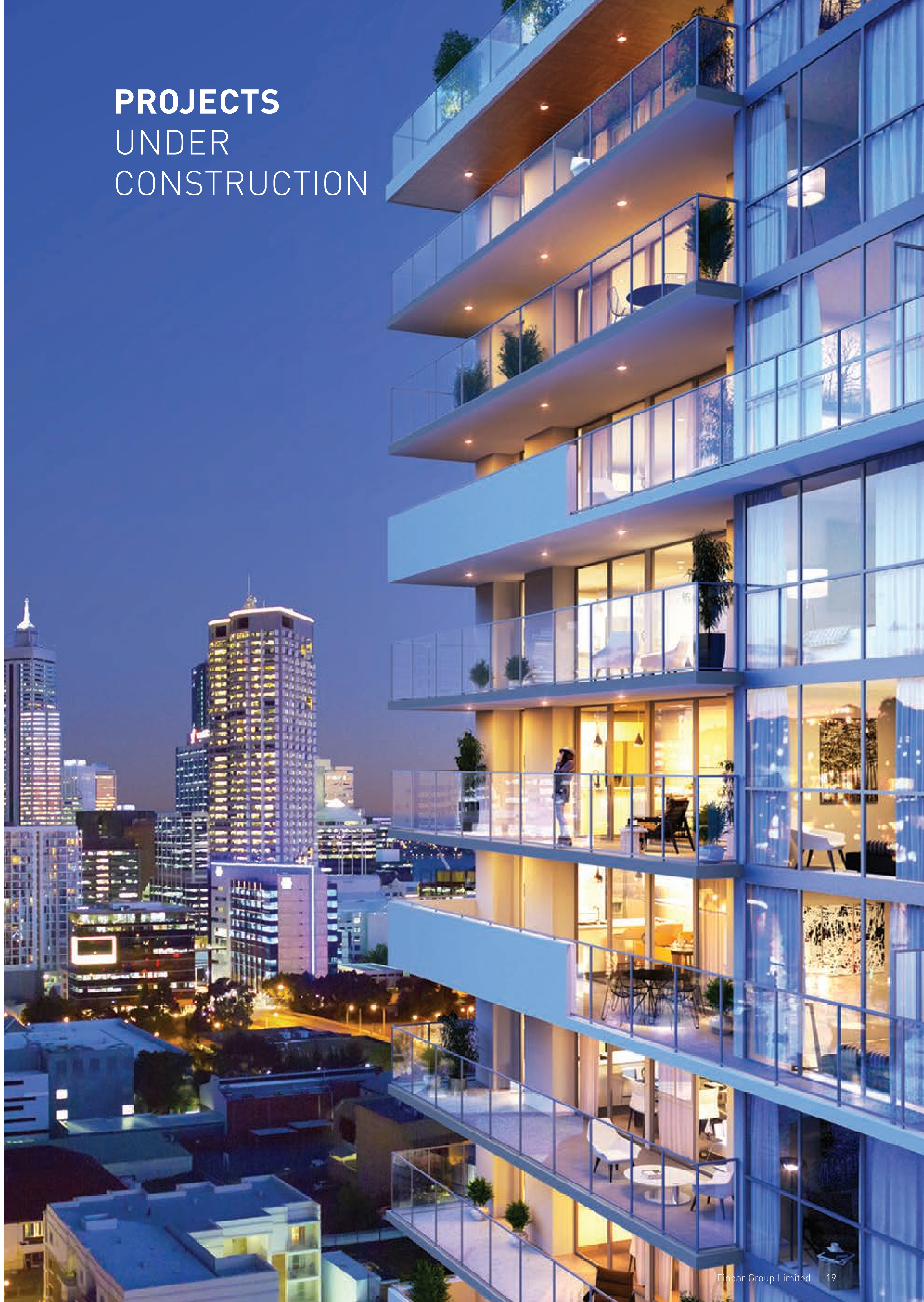
Concerto

189 Adelaide Terrace, East Perth	
Project Company:	88 Terrace Road Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Marketing Commenced:	Aug-14
Construction Completed:	May-17
Total Lots:	227
Approximate Total Project Sales Value:	$198.53m
Value of Sales to Date:	$135.36m
Lots Sold:	157 (69.2%)
Lots Unsold:	70 (30.8%)

Concerto is the final crescendo to Finbar's development vision of Symphony City, consisting of 226 residential apartments and one commercial lot located on the former site of the Australian Broadcasting Corporation (ABC). Concerto at 38 storeys is Western Australia's tallest apartment building consisting of New York-style studios, one and two bedroom apartments, plus luxury two and three bedroom tower apartments. Construction completed in May 2017.

Information current as at 17 August 2017.

PROJECTS UNDER CONSTRUCTION



Aurelia

96 Mill Point Road, South Perth

Project Company:	96 Mill Point Road Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Marketing Commenced:	Feb-15
Estimated Completion:	Mar-18
Total Lots:	138
Approximate Total Project Sales Value:	$134.43m
Value of Sales to Date:	$102.73m
Lots Sold:	103 (74.6%)
Lots Unsold:	35 (25.4%)

Aurelia is located in the midst of South Perth's food and retail precinct, which is less than 250 metres from the South Perth foreshore, and it offers impressive views of the Swan River and the Perth City skyline. The development consists of a mixed use high-rise building, which has potential uses that include office, retail, and permanent residential. It is anticipated the end value will exceed $134 million and completion is anticipated to be in March 2018.

Aire West Perth

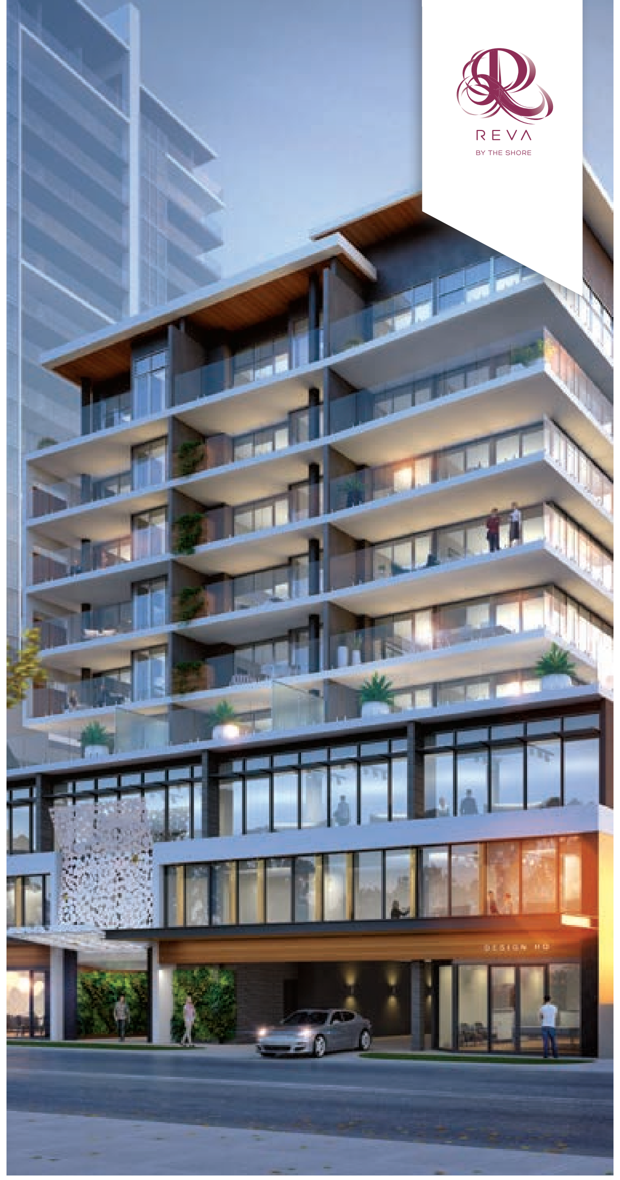
659 Murray Street, West Perth

Project Company:	647 Murray Street Pty Ltd
Entity Type:	Equity Accounted Investee
Finbar's Ultimate Interest:	50%
Marketing Commenced:	Feb-16
Estimated Completion:	Mar-18
Total Lots:	244
Approximate Total Project Sales Value:	$106.14m
Value of Sales to Date:	$68.27m
Lots Sold:	168 (68.9%)
Lots Unsold:	76 (31.1%)

The Aire West Perth development will comprise of 178 residential one, two, and three bedroom apartments, 64 short stay studio apartments and two ground floor commercial lots within a 22 level building. Communal facilities include a roof garden and sky lounge on level 21, as well as a 22 metre swimming pool, games room, residents lounge, gym and sauna on the level 4 amenities deck. This project has an estimated end value of $106.14m and is anticipated to be completed in Mid 2018.

Information current as at 17 August 2017.

FUTURE PROJECTS



Vue Tower

63 Adelaide Terrace, East Perth

Project Company:	63 Adelaide Terrace Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Marketing Commenced:	Feb-15
Total Lots:	252
Approximate Total Project Sales Value:	$145.33m
Value of Sales to Date:	$36.02m
Lots Sold:	74 (29.4%)
Lots Unsold:	178 (70.6%)

Images are artist impressions only and are subject to change.

Vue Tower is located just 150 metres from Langley Park and 300 metres from the Perth foreshore. The apartments will enjoy expansive views of the City, the Swan River, Heirisson Island and the Burswood Peninsula. The project will consist of a 34 level building and podium, and comprise 247 residential apartments with ground floor commercial lots. Marketing commenced in April 2016 with an estimated end value of $145.33 million.

Information current as at 17 August 2017.

Reva

5 Harper Terrace, South Perth

Project Company:	5-7 Harper Terrace Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	100%
Marketing Commenced:	Jul-17
Total Lots:	60
Approximate Total Project Sales Value:	$48.37m
Value of Sales to Date:	$11.44m
Lots Sold:	14 (23.3%)
Lots Unsold:	46 (76.7%)

Images are artist impressions only and are subject to change.

Adjacent to Finbar's highly successful Aurelia project in South Perth, Reva is situated fronting Harper Terrace and will comprise 42 luxury one, two, and three bedroom apartments with rooftop amenities. There will also be 18 commercial lots developed within the Harper Terrace structure, as well as a separate structure to be developed on the secondary frontage of Mill Point Road.

Chase Apartments

239 Great Eastern Highway, Belmont

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

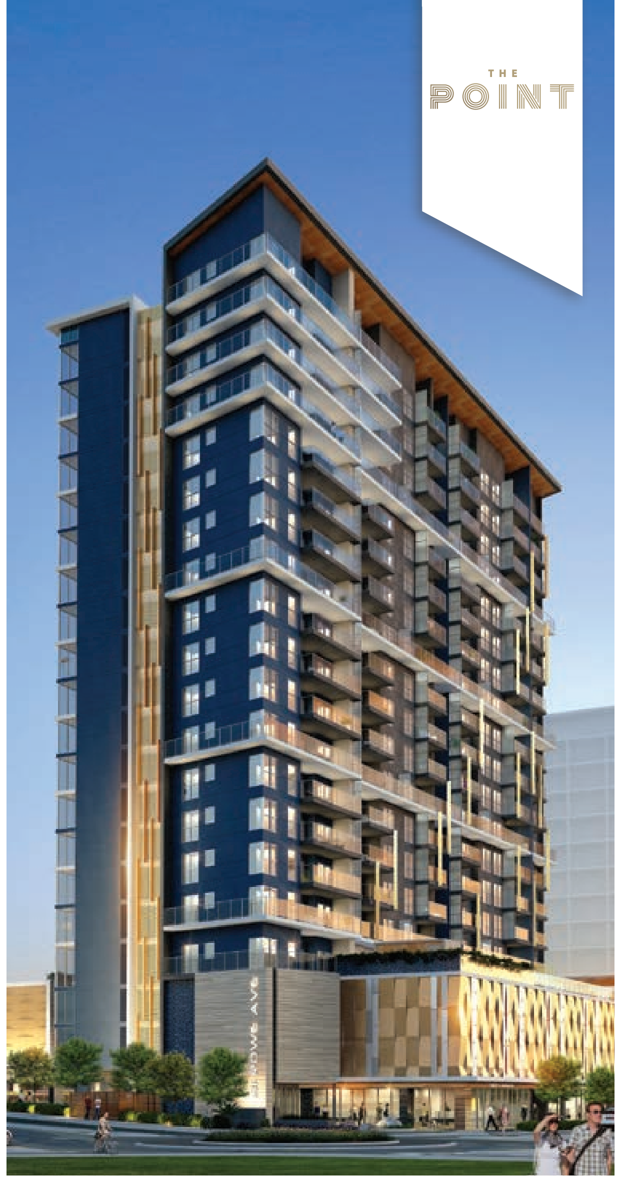
The Chase Apartments project is currently being redesigned to facilitate changes for relaunch into the company's new affordable housing product. A relaunch for this project is expected in FY18.

Sunago

36 Chester Avenue, Dianella

Project Company:	36 Chester Avenue Pty Ltd
Entity Type:	Equity Accounted Investee
Finbar's Ultimate Interest:	50%
Estimated Total Lots:	179
Approximate Total Project Sales Value:	$66m

The Sunago Apartments project is currently being redesigned to facilitate changes for relaunch into the company's new affordable housing product. A relaunch for this project is expected in FY18.



Unison on Kennedy

1 Kennedy Street, Maylands

Project Company:	241 Railway Parade Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Total Lots:	182
Approximate Total Project Sales Value:	$85 m

Images are artist impressions only and are subject to change.

Unison on Kennedy is the second stage of the Unison project and will comprise of 180 one, two, and three bedroom residential apartments and two commercial lots on Kennedy Street, Maylands. Unison will capitalise on its proximity to public transport, located only 200 metres from Maylands railway station, and connecting directly to the Central Business District 4.5 kilometres away.

The Point

31 Rowe Avenue, Rivervale

Project Company:	31 Rowe Avenue Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Total Lots:	192
Approximate Total Project Sales Value:	$97 m

Images are artist impressions only and are subject to change.

The Point development is located 200 metres from Finbar's highly successful Spring View Towers project and 350 metres from Finbar's Arbor projects. The development is located on a 4,000 square metre site located on the corners of Brighton Road, Rowe Avenue, and Great Eastern Highway in the Springs precinct in Rivervale. The Point will comprise of 183 one, two and three bedroom apartments and nine commercial lots on the ground floor and will be situated at the main entrance to the Springs precinct, opposite the recently opened Aloft Hotel.

Information current as at 17 August 2017.

Arbor South

5-7 Rowe Avenue, Rivervale

Project Company:	Lot 1001 -1003 Rowe Avenue Pty Ltd
Entity Type:	Equity Accounted Investee
Finbar's Ultimate Interest:	50%
Total Lots:	132
Approximate Total Project Sales Value:	$55.2 m

Images are artist impressions only and are subject to change.

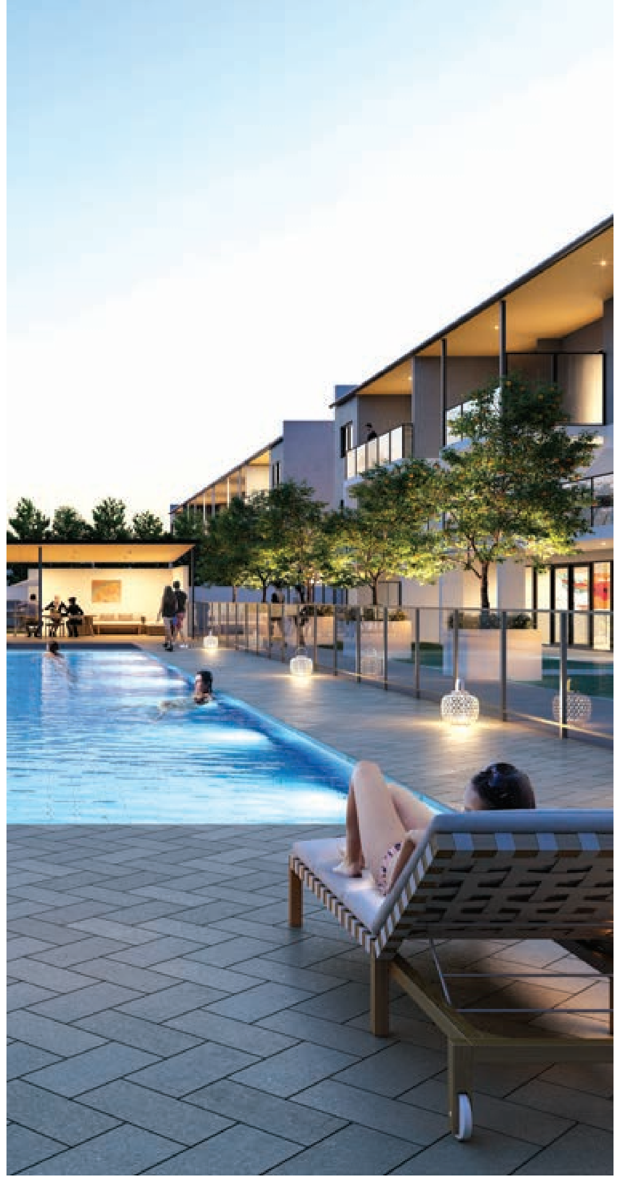
Arbor South is the second stage of the Arbor developments in the Springs precinct, which will comprise 132 one and two bedroom residential apartments. It has an estimated end value of approximately $55.2 million and it is expected to be launched early FY18.

2 Homelea Court

Cnr Rowe Avenue and Homelea Court, Rivervale

Project Company:	2 Homelea Court, Springs Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	100%
Estimated Total Lots:	185
Approximate Total Project Sales Value:	$82.8 m

Acquired in 2016, the 3,770 square metres of land located on the corners of Rowe Avenue and Homelea Court opposite Finbar's Spring View Towers is proposed to be developed into a project consisting of approximately 185 apartments within a 10 level building. The proposed apartment project has an estimated end value of approximately $82.8 million.



Palmyra Stage 1

45 McGregor Road, Palmyra	
Project Company:	43 McGregor Road Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Total Lots:	128
Approximate Total Project Sales Value:	$56.8 m

Images are artist impressions only and are subject to change.

Located on 26,642 square metres of land, the site is bordered by McGregor Road, Justinian Street and Leach Highway, Palmyra. The site is very well located, in close proximity to shopping, public transport, the highway system, public golf course, and only a short drive to Fremantle and the coast. The site will be redeveloped into 258 apartments over two stages with extensive communal facilities including two resort style swimming pools. Stage 1 will consist of 128 apartments comprised of one, two, and three bedroom apartments in a walk-up low rise structure with below ground parking over 13,155 square metres. The project has an anticipated end value of approximately $56.8m

Information current as at 17 August 2017.

Palmyra Stage 2

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

Images are artist impressions only and are subject to change.

Stage 2 will commence to coincide with the completion of Stage 1 and will consist of approximately 130 apartments comprised of one, two, and three bedroom apartments in a walk-up low-rise structure with below ground parking over 12,689 square metres and has an anticipated end value of approximately $52 million. Both stages of the project are aligned with the Company's strategy of providing entry level product in prime locations to appeal to the younger owner-occupier and broader investor market.

Lot 1000

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

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

Canning Hwy Applecross - Stage 1

910 Canning Highway, Applecross	
Project Company:	Finbar Applecross Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Total Lots:	182
Approximate Total Project Sales Value:	$118.92m

Images are artist impressions only and are subject to change.

Located only metres from the Swan River and approximately 700 metres to the Canning Bridge Train Station and proposed new bus station, this 2781sqm site fronting Canning Highway received DA approval in April 2017 as the first of three stages comprising 179 residential apartments and three ground floor commercial tenancies within a podium and 30 storey tower built form. Featuring a central shared lane and public amenity piazza, marketing is expected to commence in the second quarter FY18.

Canning Hwy Applecross - Stage 2

910-912 Canning Highway, Applecross

Project Company:	Finbar Applecross Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Total Lots:	154
Approximate Total Project Sales Value:	$103.27m

Images are artist impressions only and are subject to change.

Located only metres from the Swan River and approximately 600 metres to the Canning Bridge Train Station and proposed new bus station, this 2620sqm site fronting Canning Highway received DA approval in April 2017 as the second of three stages comprising 151 residential apartments and three ground floor commercial tenancies within a podium and 26 storey tower built form.

Canning Hwy Applecross - Stage 3

910-912 Canning Highway, Applecross

Project Company:	Finbar Applecross Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Total Lots:	125
Approximate Total Project Sales Value:	$121.18m

Images are artist impressions only and are subject to change.

Located only metres from the Swan River and approximately 600 metres to the Canning Bridge Train Station and proposed new bus station, this 2670sqm site fronting Kintail Road received DA approval in April 2017 as the third of three stages comprising 122 residential apartments and three ground floor commercial tenancies within a podium and 26 storey tower built form.

Information current as at 17 August 2017.

1 Mends Street

99 Mill Point Road, South Perth

Project Company:	1 Mends Street Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Estimated Total Lots:	~ 220-350
Approximate Total Project Sales Value:	$300m

The 1 Mends Street site is a 8,224 square metre site bounded by Mends Street, Labouchere Road, and Mill Point Road South Perth. The Company has lodged a request to initiate a scheme amendment with the City of South Perth in order to create a new special control area for the land. The City resolved to proceed with the scheme amendment assessment and approval process, and the scheme amendment is estimated to take approximately 12 months.

Harmony - Stage 4 of Symphony City

187 Adelaide Terrace, East Perth

Project Company:	88 Terrace Road Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Estimated Total Lots:	TBC
Approximate Total Project Sales Value:	$40m

Harmony comprises the former ABC Radio Studios heritage building with a GFA of 3711sqm over 3 levels. The Company continues to explore non-residential development outcomes.

INVESTMENT PROPERTIES

Pelago

Sharpe Avenue, Karratha

Total Lots:	124
Residential Lots:	103
Commercial Lots:	21
Passing Rent:	$4.23m
Lots Leased:	114 (91.9%)
Residential Leased	103 (100%)
Commercial Leased	14 (66.7%)

Fairlanes

181 Adelaide Terrace, East Perth

Total SQM:	7586
Office SQM:	7268
Retail SQM:	318
Passing Rent:	$4.47m
SQM Leased:	7110 (93.7%)

Information current as at 17 August 2017.

FINANCIAL REPORT

For the Year Ended 30 June 2017

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 equity accounted investees for the financial year ended 30 June 2017 and the independent auditor's report thereon.

Contents of Directors' Report

1 Directors

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

Executive Director and Chairman

John CHAN - BSc, MBA, MAICD — Director since 27 April 1995; Chairman since 15 July 2010

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

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

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

Managing Director

Darren John PATEMAN - EMBA, GradDipACG, ACSA, AGIA, MAICD, 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 equity accounted investees.

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

Darren has held several positions in his 22 years with the company which has given Darren an intimate knowledge of the key aspects of Finbar's business. Darren was formerly Company Secretary from 1996 to 2010, Chief Executive Officer from 2008 to 2010, and was appointed Managing Director on 15 July 2010.

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

Executive Director and Chief Operations Officer

Ronald CHAN — Director since 24 February 2017

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

Ronald accepted the company's invitation to join the Board as an Executive Director on 24 February 2017. Ronald will bring 13 years of experience in Finbar's company operations where he has worked in several roles in the organisation including marketing, contract administration, and in 2013 was appointed Chief Operations Officer. In this role Ronald has gained an intimate understanding of the company's relationships and systems and managed the company's transition to digital and online marketing strategies.

Non-executive Director

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

Kee Kong Loh joined the Board in April 1993 and has substantial experience in the governance of companies in property development, marine transportation, and electronics manufacturing sectors. He has a degree in accountancy from the University of Singapore and is a member of the Institute of Certified Public Accountants of Singapore.

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

Non-executive Director

Yuun Yean TENG - B Comm, FCPA — Director since 17 December 2015

Yean joined the Board on 17 December 2015. Yean joined Chuan Hup Holdings Limited, an investment holding company, as Head of Risk Management on 1 July 2010, she has been its Group Chief Financial Officer since 2015.

Yean has accumulated over 20 years experience in accounting, finance, tax, risk management, in addition to auditing and management consulting.

Yean graduated with a Bachelor of Commerce degree from the University of Western Australia.

Non-executive (Independent) Director

Lee VERIOS - LLB, MAICD — Director since 6 December 2011

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

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

In addition to his legal practice, Lee is an experienced company director, having held positions in a variety of public and private enterprises. He has been a director of privately owned investment company Wyllie Group Pty Ltd since July 2004, 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 Law Society of WA and was previously Chairman of the Australian Indonesian Business Council (WA Branch).

2 Company Secretary

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

Edward Guy BANK - B Bus, ASCPA — Company Secretary from 2 December 2016

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

Ed continues to hold the position of Chief Financial Officer.

Anthony David HEWETT - MBusLaw (Curtin), GradDipACG, FCSA, FGIA, MSAA — Company Secretary from 5 February 2013 to 2 December 2016

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	2	N/A	N/A	2	2
Darren John PATEMAN	4	4	2	N/A	N/A	N/A	N/A
Ronald CHAN	4	1	0	N/A	N/A	N/A	N/A
Kee Kong LOH	4	4	2	2	2	2	2
Lee VERIOS	4	4	2	2	2	2	2
Yuun Yean TENG	4	4	2	2	2	N/A	N/A

4 Corporate Governance Statement

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

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

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

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

4.1 Board of Directors

Role of the Board

The Board Charter sets out the Board's role, powers and duties, and establishes the functions reserved for the Board and those which are delegated to the management. The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group.

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

Composition of Board

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

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

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. Where the Board believes that a significant conflict exists for a Director on a Board matter, the Director concerned will be restricted from receiving materials, discussing or voting on the matter.

Details of each of the non-executive Directors (Independent) are set out in the Directors Report (page 35).

4.2 Remuneration Committee

The Remuneration Committee Charter sets out the Remuneration Committee's role, powers and duties, and establishes the functions delegated to the Committee by the Board. The Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Executive Officers and Directors themselves of the Company and of other Group Executives. It is also responsible for share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies.

The following directors serve on the Remuneration Committee:

- Kee Kong LOH (Chairman) - Non-executive Director
- John CHAN - Executive Director and Chairman
- Lee VERIOS - Non-executive Independent Director
- Yuun Yean TENG - Non-executive Director

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

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

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

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

4 Corporate Governance Statement (continued)

4.3 Remuneration Report - Audited

4.3.1 Principles of Remuneration

Remuneration of Directors and Executives is referred to as remuneration as defined in AASB 124 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 periodically obtains independent advice on the appropriateness of remuneration packages of both the Company and the Group given trends in comparative companies both locally and internationally and the objectives of the Company's remuneration strategy.

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

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

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

Fixed Remuneration

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

Remuneration levels are reviewed annually through a process that considers individual, segment and overall performance of the Group. In addition, where appropriate, external consultants provide analysis and advice to ensure the Directors' and Senior Executives' remuneration is competitive in the market place. A Senior Executive's remuneration is also reviewed on promotion.

Performance Linked Remuneration

Performance linked remuneration includes short-term incentives and can include long-term incentives, which are designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The short-term incentive (STI) is an 'at risk' bonus provided in the form of cash, whilst the long-term incentive (LTI) is provided as shares or options over ordinary shares of the Company under the rules of the Employee Incentive Plan 2013 and Director Share Plan 2014. As at 30 June 2017 there were no options on issue.

Short-term Incentive

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

At the end of the financial year the Remuneration Committee assess the actual performance of the Group, the relevant segment and the individual key management personnel contribution to the Group. The performance evaluation in respect of the year ended 30 June 2017 has taken place in accordance with this process.

Long-term Incentive

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

Short-term and Long-term Incentive Structure

The Remuneration Committee considers that the above performance-linked remuneration structure is generating the desired outcome. The evidence of this is in respect to the long term historical profit and dividend growth of the Company, coupled with the long term retention of key management personnel resulting in the retention of Company intellectual property.

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:

	2017	2016	2015	2014	2013
Total comprehensive income	$5,058,710	$8,127,095	$25,828,642	$40,877,925	$31,590,971
Profit before tax	$10,369,453	$10,687,308	$31,699,466	$58,671,895	$44,560,499
Dividends paid	$16,219,134	$20,686,172	$22,770,213	$21,914,255	$19,298,374
Change in share price	-$0.03	-$0.36	-$0.44	$0.37	$0.18
Return on capital employed	4.76%	4.26%	11.58%	18.94%	15.45%
Return on total equity	2.34%	3.57%	10.85%	17.13%	15.35%

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

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

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

Directors

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

4.3.2 Directors' and Executive Officers' Remuneration

Details of the nature and amount of each major element of remuneration of each Director of the Company and of the named Group Executives who received the highest remuneration during the financial year ended 30 June 2017 are:

	Short-Term					Post - Employment		
	Directors Fees and Committee Fees $	Salary $	STI Cash Bonus (A) $	Non Monetary Benefits $	Total $	Superannuation $	Other Long Term $	Total $
Executive Directors								
Mr John Chan, Executive Chairman	86,280	435,854	111,813	-	633,947	34,996	7,264	676,207
Mr Darren John Pateman, Managing Director	65,930	529,211	93,278	85,802	774,221	18,289	8,820	801,330
Mr Ronald Chan, Chief Operating Officer *	22,880	220,000	20,596	-	263,476	20,900	3,667	288,043
Non-executive Directors								
Mr Kee Kong Loh	76,105	-	-	-	76,105	-	-	76,105
Ms Yuun Yean Teng	65,930	-	-	-	65,930	-	-	65,930
Mr Lee Verios	69,661	-	-	-	69,661	6,444	-	76,105
Executives								
Mr Edward Guy Bank, CFO and Company Secretary *	-	249,985	55,992	-	305,977	18,289	4,166	328,432
Mr Anthony David Hewett **	-	188,205	8,925	-	197,130	12,788	-	209,918
	386,786	1,623,255	290,604	85,802	2,386,447	111,706	23,917	2,522,070

4 Corporate Governance Statement (continued)

4.3 Remuneration Report - Audited (continued)

4.3.2 Directors' and Executive Officers' Remuneration (continued)

Details of the nature and amount of each major element of remuneration of each Director of the Company and of the named Group Executives who received the highest remuneration during the financial year ended 30 June 2016 are:

	Short-Term					Post - Employment		
	Directors Fees and Committee Fees $	Salary $	STI Cash Bonus (A) $	Non Monetary Benefits $	Total $	Superannuation $	Other Long Term $	Total $
Executive Directors								
Mr John Chan, Executive Chairman	86,280	444,236	177,818	-	708,334	35,669	7,404	751,407
Mr Darren John Pateman, Managing Director	65,930	539,388	184,461	58,667	848,446	18,641	8,990	876,077
Non-executive Directors								
Mr John Boon Heng Cheak	30,484	-	-	-	30,484	-	-	30,484
Mr Kee Kong Loh	76,105	-	-	-	76,105	-	-	76,105
Ms Yuun Yean Teng	35,446	-	-	-	35,446	-	-	35,446
Mr Lee Verios	69,661	-	-	-	69,661	6,444	-	76,105
Executives								
Mr Edward Guy Bank, CFO *	-	254,793	70,068	-	324,861	18,641	4,247	347,749
Mr Ronald Chan *	-	224,231	166,704	-	390,935	21,302	3,737	415,974
Mr Anthony David Hewett *	-	203,846	36,953	-	240,799	19,365	-	260,164
	363,906	1,666,494	636,004	58,667	2,725,071	120,062	24,378	2,869,511

* Excludes accrued annual leave of $105,208 (2016 : $142,437)

** To 2 December 2016

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 38.

Details of the Group's policy in relation to the remuneration that is performance related is discussed on Page 38.

On 29th October 2014, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of $360,000 which is repayable by 27th October 2019. The related benefit is disclosed in table 4.3.2 on page 39.

On 31st August 2015, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of $290,000 which is repayable by 31st August 2020. The related benefit is disclosed in table 4.3.2 on page 39.

On 25th August 2016, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of $207,500 which is repayable by 25th August 2021. The related benefit is disclosed in table 4.3.2 on page 39.

4.3.3 Analysis of Bonuses included in Remuneration

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

	Short Term Incentive Bonus	
	Included in Remuneration $	% vested in year %
Executive Directors		
Mr John Chan	111,813	100%
Mr Darren John Pateman	93,278	100%
Mr Ronald Chan, COO	20,596	100%
Executives		
Mr Edward Guy Bank, CFO and Company Secretary	55,992	100%
Mr Anthony David Hewett, Company Secretary	8,925	100%
	290,604	100%

Amounts included in remuneration for the financial year represent the amount of entitlements in the financial year based on achievement of personal goals and satisfaction of performance criteria, as per Short Term Incentives (page 38). 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 2016	Purchases	Sales	Held at 30 June 2017
Directors				
Mr John Chan	25,465,932	350,000	-	25,815,932
Mr Darren John Pateman	3,037,981	250,000	-	3,287,981
Mr Ronald Chan	213,260	-	-	213,260
Mr Kee Kong Loh	2,000,904	-	-	2,000,904
Ms Yuun Yean Teng	-	-	-	-
Mr Lee Verios	30,000	-	-	30,000
Executives				
Mr Edward Guy Bank	300,000	-	-	300,000
Mr Anthony David Hewett (as at 2 December 2016)	100,000	-	-	100,000
	31,148,077	600,000	-	31,748,077

	Held at 1 July 2015	Purchases	Sales	Held at 30 June 2016
Directors				
Mr John Chan	24,839,516	626,416	-	25,465,932
Mr Darren John Pateman	2,711,689	326,292	-	3,037,981
Mr Ronald Chan	213,260	-	-	213,260
Mr Kee Kong Loh	2,000,904	-	-	2,000,904
Ms Yuun Yean Teng	-	-	-	-
Mr Lee Verios	30,000	-	-	30,000
Executives				
Mr Edward Guy Bank	300,000	-	-	300,000
Mr Anthony David Hewett	85,000	15,000	-	100,000
	30,180,369	967,708	-	31,148,077

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

All options refer to options over ordinary shares of Finbar Group Limited issued under the Employee Incentive Plan 2013 or Director Share Plan 2014. At 30th June 2017 there were no options on issue.

4.4 Audit Committee

The Audit Committee Charter sets out the Audit Committee's role, powers and duties, and establishes the functions delegated to the Audit Committee by the Board. The Audit Committee advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group.

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

The following directors serve on the Audit Committee:

- Lee VERIOS (Chairman) - Non-executive Independent Director
- Kee Kong LOH - Non-executive Director
- Yuun Yean TENG - Non-executive Director

4.5 Risk Management

Oversight of the Risk Management Procedures

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

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

Risk Management and Compliance Control

Comprehensive practices have been established to ensure:

- capital expenditure with respect to land acquisitions or development agreements obtain prior Board approval;
- financial exposures are controlled, including use of derivatives. Further details of the Group's policies relating to interest rates management and credit risk are included in Notes 5 and 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 page 43);
- financial reporting accuracy and compliance with the financial reporting regulatory framework (see page 43);
- environmental regulation compliance (see page 43).

Quality and Integrity of Personnel

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

Financial Reporting

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

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

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

Environmental Regulation

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

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

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

4.6 Ethical Standards

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

Conflict of Interest

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

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

4 Corporate Governance Statement (continued)

4.6 Ethical Standards (continued)

Trading in General Company Securities by Directors and Employees

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

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

4.7 Communication with Shareholders

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

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

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

4.8 Diversity

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

Gender representation

	2017		2016	
	Female	Male	Female	Male
Board	17%	83%	20%	80%
Key Management Personnel	-	100%	-	100%
Senior Management	50%	50%	50%	50%
Group	53%	47%	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 equity accounted investees (through companies registered specifically to conduct the development).

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

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

6 Operating and Financial Review

Operating Results	2017	2016
Total comprehensive income attributable to Owners of the Group	$5,062,123	$8,130,113

Shareholder Returns	2017	2016	2015	2014	2013
Total comprehensive income attributable to Owners of the Group	$5,062,123	$8,130,113	$25,896,656	$36,526,868	$31,210,908
Basic EPS	$0.02	$0.04	$0.11	$0.16	$0.14
Diluted EPS	$0.02	$0.04	$0.11	$0.16	$0.14
Dividends paid	$16,219,134	$20,686,172	$22,770,213	$21,914,255	$19,298,374
Dividends paid per share	$0.07	$0.09	$0.10	$0.10	$0.09
Market price per share	$0.80	$0.83	$1.19	$1.63	$1.26
Change in share price	-$0.03	-$0.36	-$0.44	$0.37	$0.18
Return on capital employed attributable to Owners of the Group	4.76%	4.26%	11.60%	17.62%	15.32%
Return on total equity attributable to Owners of the Group	2.34%	3.57%	10.90%	15.79%	15.39%

Returns to shareholders increase through net equity. Dividends for 2017 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 2017 financial year were the completion of the Motive Apartments in West Leederville and the Concerto 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 equity accounted investees, of which the Company either directly or indirectly holds interests in project profitability ranging between 50% and 100%.

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

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

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

The administration of the companies along with the operating, investment, and acquisitions decisions are made by Finbar's Board and Management. The Company employs 16 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 and state economic activity has softened on the back of a reduction in resource sector activity. As a result, there is less demand for investment property, however, a low interest rate environment coupled with weakened housing prices is helping drive owner occupier activity for company product.

Directors' Report (continued)

6 Operating and Financial Review (continued)

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

Spring View Towers - 3 Homelea Court, Rivervale : 3 units settled in the reporting period. The company is pleased to report that the Spring View Towers development is now complete and the company holds no further stock for sale.

Ecco - 262 Lord Street, Perth : No settlements occurred during the reporting period. 3 units remain for sale in the 98 unit development.

Subi Strand - Cnr Roydhouse Street & Hood Street, Subiaco : 3 units settled in the reporting period. 2 units remain for sale in the 264 unit development.

Norwood - 280 Lord Street, Perth : 7 units have settled in the reporting period. 1 unit remains for sale in the 63 unit development.

Arbor North - Lot 1001-1003 Rowe Avenue, Rivervale : 36 units have settled in the reporting period. 2 units remain for sale in the 154 unit development.

Unison on Tenth - 241 Railway Avenue, Maylands : 54 units have settled in the reporting period. 18 units remain for sale in the 169 unit development.

Linq - 269 James Street, Northbridge : 22 units have settled in the reporting period. 24 units remain for sale in the 116 unit development.

Motive - 172 Railway Parade, West Leederville : 64 units have settled in the reporting period. 71 units remain for sale in the 143 unit development.

Concerto - 193 Adelaide Terrace, East Perth : Construction of the Concerto project completed in the second half of the financial year. 102 units settled in the reporting period. 70 units remain for sale in the 227 unit development.

Currently Under Construction

Aurelia - 96 Mill Point Road, South Perth : Construction works continue to progress well at the Aurelia development, with completion expected during the financial year ending 30 June 2018. To date 103 sales have been achieved in the 138 unit development.

Aire West Perth - 647-659 Murray Street, West Perth : Construction works commenced at the Aire West Perth project during the financial year, with completion expected during the financial year ending 30 June 2018. To date 168 sales have been achieved in the 244 unit development.

Future Projects

Vue Tower - 63 Adelaide Terrace, East Perth : Marketing of the Vue Tower project continues to progress, with construction expected to commence in the financial year ending 30 June 2018. To date 74 sales have been achieved in the 252 unit development.

Reva - 5 Harper Terrace, South Perth : Marketing of the Reva project commenced during the financial year, with construction expected to commence in the financial year ending 30 June 2018. To date 14 sales have been achieved in the 60 unit development.

3-5 Kintail Road, Applecross : Development Approval has been received for a three stage project comprising of 452 apartments and 9 commercial units. Marketing of the Applecross project is expected to commence in the financial year ending 30 June 2018.

Arbor South - Lot 1001-1003 Rowe Avenue Rivervale : Development Approval has been received for the development of 132 apartments. It is anticipated that marketing of the Arbor South project will commence in the financial year ending 30 June 2018.

43 McGregor Road, Palmyra : Development Approval has been received for a two stage development comprising a mix of 258 one, two and three bedroom apartments. Marketing of the first stage is expected to commence in the financial year ending 30 June 2018, with construction expected to commence once sufficient pre-sales have been achieved to underpin project viability.

Unison on Kennedy - 241 Railway Parade, Maylands : Development Approval has been received for the development of 180 one, two and three bedroom apartments plus two commercial lots on Kennedy Street, Maylands. Marketing of the Unison on Kennedy project is expected to commence in the financial year ending 30 June 2018.

Civic Heart - 1 Mends Street, South Perth : Marketing of the Civic Heart project in its current form has been discontinued, with the intention of redesigning the project taking into account the recent new scheme amendment changes which are soon to be gazetted. All existing contracts for sale have been terminated.

Sunago - 36 Chester Avenue, Dianella : The Sunago project is currently being redesigned. It is expected that marketing will commence in the financial year ending 30 June 2019.

Chase - 239 Great Eastern Highway, Belmont : The Chase project is currently being redesigned. It is expected that marketing will commence in the financial year ending 30 June 2019.

The Point - 31 Rowe Avenue, Rivervale : Development Approval has been received for the development of 183 apartments.

Anchorage - Lot 452 Sutherland Street, Port Hedland : Finbar will commit to new regional development if market risks are adequately covered with pre-sales that underpin the full viability of the project. The activity and pricing levels of the current Port Hedland property market are not conducive to our proposed project at present and therefore we have not proceeded to acquire the former Hospital Site land from the State Government nor did we seek an extension to the development approval which we let lapse in August 2016. As such, our project pipeline and current development plans will not be effected by any special control area that may ultimately come into effect as a result of the dust management task force report in Port Hedland.

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.

2 Homelea Court, Springs Rivervale : Acquired in 2016, the 3,770 square metres of land located on the corners of Rowe Avenue and Homelea Court opposite Finbar's Spring View Towers project is proposed to be developed into a project consisting of approximately 185 apartments within a 10 level building. Marketing will commence once development approval has been received.

Investment Property

Fairlanes - 175 Adelaide Terrace, East Perth : The Fairlanes property has been revalued during the reporting period. The valuation resulted in a $3.5 million reduction to the value of the property. The company continues to benefit from the investment income generated from the leased property. The property is currently 94% leased. The company continues to actively market the remaining tenancies for rental.

Pelago West Commercial - 23 Sharpe Avenue, Karratha : The Pelago West commercial property has been revalued during the reporting period. The valuation resulted in a $0.95 million reduction to the value of the property. The Company continues to benefit from the investment income generated from the leased property. The property is currently 77% leased. The company continues to actively market the remaining tenancies for rental.

Pelago East Commercial - 26 Sharpe Avenue, Karratha : The Pelago East commercial property has been revalued during the reporting period. The valuation resulted in a $1.4 million reduction to the value of the property. The company continues to benefit from the investment income generated from the leased property. The property is currently 64% leased. The company continues to actively market the remaining tenancies for rental.

Pelago West Residential - 23 Sharpe Avenue, Karratha : The Pelago West residential property has been revalued during the reporting period. The valuation resulted in a $0.7 million reduction in the value of the property. The company continues to benefit from the investment income generated from the leased property. The property is currently 92% leased. The company continues to actively market the remaining tenancies for rental.

Pelago East Residential - 26 Sharpe Avenue, Karratha : The Pelago East residential property has been revalued during the reporting period. The valuation resulted in a $0.2 million increase to the value of the property. The company continues to benefit from the investment income generated from the leased property. The property is currently 100% leased.

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.

Directors' Report (continued)

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 2017				
Interim 2017 ordinary	3.00	6,955,343	Franked	10 March 2017
Final 2016 ordinary	4.00	9,263,791	Franked	1 September 2016
Total Dividends Paid		16,219,134		

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 2017 ordinary	3.00	6,942,869	Franked	1 September 2017
Total Dividend Proposed		6,942,869		

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2017 and will be recognised in subsequent financial reports.

	Note	$
Dealt with in the financial report as - Dividends	22	16,219,134

Dividend Reinvestment Plan

In accordance with Rule 13 of the Company's Dividend Reinvestment Plan (DRP), the Directors elected to suspend the DRP in the 2016 financial year until further notice and as such the DRP will not 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 continue to assess new development opportunities for the acquisition of land for future development.

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

10 Directors' Interests

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

Director	Ordinary Shares
Mr John Chan	25,815,932
Mr Darren John Pateman	3,287,981
Mr Ronald Chan	213,260
Mr Kee Kong Loh	2,000,904
Ms Yuun Yean Teng	-
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, its Subsidiaries and equity accounted investees, against all liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors of the Company, its Subsidiaries and equity accounted investees, except where the liability arises out of the conduct involving a lack of good faith.

Insurance Premiums

During the financial year the Company has paid insurance premiums of $20,639 (2016: $20,135) 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 2017 $	Consolidated 2016 $
Audit Services:		
Auditors of the Company		
Audit and review of the financial reports	151,750	204,100
Audit and review of the financial reports of equity accounted investees	-	11,200
	151,750	215,300
Services Other Than Statutory Audit:		
Taxation compliance services	21,730	24,500
	21,730	24,500

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 2017.

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

Darren Pateman
Managing Director

Dated at Perth this Twenty Second day of August 2017.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2017

	Note	Consolidated 2017 $	2016 $
Revenue	7	123,709,314	102,657,451
Cost of sales		(92,742,881)	(68,118,595)
Gross Profit		30,966,433	34,538,856
Other income	8	629,754	2,708,462
Recovery of costs in relation to disposal of shareholdings		-	271,938
Administrative expenses		(5,875,962)	(6,608,272)
Advertising expenses		(5,298,552)	(2,813,646)
Revaluation decrease of investment property	9	(5,829,578)	(17,721,291)
Rental expenses	9	(4,288,551)	(4,885,793)
Other expenses	9	-	(4,500)
Results from Operating Activities		10,303,544	5,485,754
Finance income	11	1,459,942	2,732,897
Finance costs	11	(865,316)	(2,242,043)
Net Finance Income		594,626	490,854
Share of (loss)/profit of equity accounted investees (net of income tax)	15	(528,717)	4,710,700
Profit before Income Tax		10,369,453	10,687,308
Income tax expense	12	(5,059,071)	(1,866,801)
Profit for the year		5,310,382	8,820,507
Other comprehensive income			
Items which will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment	9	(347,133)	(990,589)
Tax on items that will not be reclassified to profit or loss	12	95,461	297,177
Other comprehensive income for the year, net of income tax		(251,672)	(693,412)
Total comprehensive income for the year		5,058,710	8,127,095
Profit/(Loss) attributable to:			
Owners of the Group		5,313,795	8,823,525
Non-controlling interest		(3,413)	(3,018)
Profit for the year		5,310,382	8,820,507
Total comprehensive income/(loss) attributable to:			
Owners of the Group		5,062,123	8,130,113
Non-controlling interest		(3,413)	(3,018)
Total comprehensive income for the year		5,058,710	8,127,095
Earnings per Share:			
Basic earnings per share (cents per share)	23	2.29	3.82
Diluted earnings per share (cents per share)	23	2.29	3.82

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 54 to 89.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2017

		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 2015		154,756,607	81,615,416	1,135,616	237,507,639	584,920	238,092,559
Total comprehensive income for the year							
Profit			8,823,525		8,823,525	(3,018)	8,820,507
Other comprehensive income			-	(693,412)	(693,412)	-	(693,412)
Transactions with owners, recognised directly in equity							
Issue of ordinary shares		3,721,911			3,721,911		3,721,911
Buyback of shares		(1,024,247)			(1,024,247)		(1,024,247)
Dividends to shareholders	Note 22		(20,686,172)		(20,686,172)	(428,409)	(21,114,581)
Balance as at 30 June 2016		157,454,271	69,752,769	442,204	227,649,244	153,493	227,802,737
Balance as at 1 July 2016		157,454,271	69,752,769	442,204	227,649,244	153,493	227,802,737
Total comprehensive income for the year							
Profit			5,313,795		5,313,795	(3,413)	5,310,382
Other comprehensive income				(251,672)	(251,672)	-	(251,672)
Transactions with owners, recognised directly in equity							
Issue of ordinary shares		207,500			207,500		207,500
Buyback of shares		(329,646)			(329,646)		(329,646)
Dividends to shareholders	Note 22		(16,219,134)		(16,219,134)	(48,977)	(16,268,111)
Balance as at 30 June 2017		157,332,125	58,847,430	190,532	216,370,087	101,103	216,471,190

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 54 to 89.

Consolidated Statement of Financial Position

As at 30 June 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
ASSETS			
Current Assets			
Cash and cash equivalents	21a	68,776,225	28,063,370
Trade and other receivables	19	16,395,830	13,420,127
Inventories	18	114,962,272	100,537,596
Prepayments	20	338,138	492,687
Investments in Equity Accounted Investees	15	442,476	3,472,897
Other assets	16	175,214	230,419
Total Current Assets		201,090,155	146,217,096
Non Current Assets			
Trade and other receivables	19	37,300,768	28,936,041
Inventories	18	73,125,915	52,218,183
Investment property	13	86,350,499	92,180,077
Prepayments	20	32,344	319,500
Investments in Equity Accounted Investees	15	1,881,003	3,611,300
Property, plant and equipment	14	12,421,242	13,296,824
Deferred Tax Assets	17	4,393,391	4,501,051
Other assets	16	101,089	261,486
Total Non Current Assets		215,606,251	195,324,462
Total Assets		416,696,406	341,541,558
LIABILITIES			
Current Liabilities			
Trade and other payables	26	41,434,058	30,946,359
Loans and borrowings	24	143,068,968	22,673,824
Current tax payable	17	3,156,885	3,215,726
Employee benefits	25	348,791	334,871
Total Current Liabilities		188,008,702	57,170,780
Non Current Liabilities			
Loans and borrowings	24	8,478,221	52,115,997
Deferred tax liabilities	17	3,738,293	4,418,647
Employee benefits	25	-	33,397
Total Non Current Liabilities		12,216,514	56,568,041
Total Liabilities		200,225,216	113,738,821
Net Assets		216,471,190	227,802,737
EQUITY			
Share capital	22	157,332,125	157,454,271
Retained earnings	22	58,847,430	69,752,769
Reserves	22	190,532	442,204
Total Equity Attributable to Holders of the Group		216,370,087	227,649,244
Non-controlling interest		101,103	153,493
Total Equity		216,471,190	227,802,737

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements set out on Pages 54 to 89.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
Cash Flows from Operating Activities			
Cash receipts from customers		155,234,430	152,350,772
Cash paid to suppliers and employees		(161,223,538)	(178,948,605)
Cash used in Operating Activities		(5,989,108)	(26,597,833)
Interest paid		(2,708,605)	(3,287,781)
Income tax paid		(5,596,258)	(7,784,611)
Net Cash used in Operating Activities	21b	(14,293,971)	(37,670,225)
Cash Flows from Investing Activities			
Interest received		975,813	2,669,951
Dividends received from Equity Accounted Investees		1,632,000	9,976,478
Acquisition of property, plant and equipment	14	(46,133)	(770,223)
Proceeds from sale of investment property	13	-	(5,973)
(Repayment of)/proceeds from loans to Equity Accounted Investees		(5,311,650)	14,219,087
Net Cash (used in)/provided by Investing Activities		(2,749,970)	26,089,320
Cash Flows from Financing Activities			
Repurchase of own shares	22	(329,646)	(1,024,247)
Proceeds from borrowings	24	136,829,373	87,894,615
Repayment of borrowings	24	(62,474,820)	(98,542,269)
Dividends paid (net of DRP)	22	(16,219,134)	(17,254,261)
Dividends paid to minority shareholders	22	(48,977)	(428,409)
Net Cash provided by/(used in) Financing Activities		57,756,796	(29,354,571)
Net increase/(decrease) in cash and cash equivalents		40,712,855	(40,935,476)
Cash and cash equivalents at 1 July		28,063,370	68,998,846
Cash and Cash Equivalents at 30 June	21a	68,776,225	28,063,370

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on Pages 54 to 89.

Index to Notes to the Financial Statements

Index to Significant Accounting Policies (Note 3)

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2017

1 Reporting Entity

Finbar Group Limited ('the Company') is a public company domiciled in Australia. The address of the Company's registered office is Level 6, 181 Adelaide Terrace, East Perth, WA 6004. The consolidated financial statements of the Group as at and for the year ended 30 June 2017 comprise the Company, its Subsidiaries (together referred to as 'the Group' and individually as 'Group entities') and the Group's interest in equity accounted investees. The Group is a for-profit entity and is primarily involved in residential property development and property investment (see Note 6).

2 Basis of Preparation

(a) Statement of Compliance

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

The consolidated financial statements were approved by the Board of Directors on 22nd August 2017.

(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.

(i) Assumptions and estimation uncertainties

Information about assumptions made in measuring fair values and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending 30 June 2017 are included in the following notes:

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

(ii) Measurement of fair values

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

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

Significant valuation issues are reported to the Audit Committee.

2 Basis of Preparation (continued)

(d) Use of Estimates and Judgements (continued)

(ii) Measurement of fair values (continued)

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

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

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

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

(e) Changes in Accounting Policies

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

3 Significant Accounting Policies

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

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity. The financial statements of Subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Equity Accounted Investees

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

(iii) Joint Operations

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

(iv) Transactions Eliminated on Consolidation

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

(b) Financial Instruments

(i) Non-derivative Financial Instruments

Non-derivative financial 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)

(c) Property, Plant and Equipment (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.

(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.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2017

(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 equity accounted investees to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income tax expenses that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised. The Group does not distribute non-cash assets as dividends to its shareholders.

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) New Standards and Interpretations

(i) New accounting standards and interpretations effective from 1 July 2016

The Group's financial statements have been prepared on the basis of accounting policies consistent with those in the prior year except for a number of minor amendments issued by the AASB which have been applied for the first time in the 30 June 2017 reporting period. These new pronouncements do not have a material impact on the Group's financial statements.

(ii) New Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not effective for the 30 June 2017 reporting period. The Group's assessment of the impact of those new standards and interpretations considered relevant to the Group are set out below. The Group does not intend to early adopt any of the new standards or interpretations.

IFRS 9 Financial Instruments (effective from 1 January 2018) - AASB 9 brings together all three aspects of the accounting for financial instruments project : classification and measurement, impairment and hedge accounting. The standard includes a single approach for the classification and measurement of financial assets, based on cash flow characteristics and the business model used for the management of the financial instruments. It introduces the expected credit loss model for impairment of financial assets which replaces the incurred loss model under AASB 139. The Group plans to adopt the new standard from 1 July 2018 using the retrospective application approach subject to certain exemptions and reliefs per AASB 9. The Group's assessment of the impacts of AASB 9 are set out on page 63 and to date no material differences have been identified that would impact the Group's financial statements. The Group will continue to perform its assessment and monitor further developments.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2017

Classification and measurement - The Group does not expect a material impact to its financial statements on applying the classification and measurement requirements of AASB 9.

Impairment - AASB 9 requires the Group to use an expected credit loss model for its trade and other receivables measured at amortised cost, either on a 12-month or lifetime basis. The Group will apply the simplified approach available under AASB 9 and record lifetime expected losses on all trade receivables measured at amortised cost. Given the short term nature of these receivables, the Group does not expect these changes to have a material impact. For other receivables, loans to equity accounted investees and interest bearing loans receivable the Group will apply the low credit risk exception available under AASB 9 and measure a 12-month expected credit loss. Given the nature of these receivables, the Group does not expect these changes to have a material impact.

IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018) - AASB 15 establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled when control of the goods or services passes to the customer. The Group plans to adopt the new standard on 1 July 2018 using the modified retrospective approach where transitional adjustments are recognised in retained earnings at the date of initial application without adjustment of the comparative period. The new standard will only be applied to contracts that remain in force at transition date. The Group has undertaken a preliminary assessment of the impacts of AASB 15 and to date no material differences have been identified between AASB 118, the current revenue recognition standard and AASB 15. The Group will continue to perform its assessment and monitor further developments.

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

4 Determination of Fair Values

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

(a) Investment Property and Property carried at fair value

An external, independent valuation company, having appropriately recognised professional qualifications and recent experience in the location and category of the property being valued, values the Group's investment property portfolio and property no less than once every three years. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

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

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

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

4 Determination of Fair Values (continued)

(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 contract, the loss given default (being the proportion of the exposure that is not expected to be recovered in the event of default) and exposure at default (being the maximum loss at the time of default).

5 Financial Risk Management

Overview

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

- credit risk
- liquidity risk
- market risk

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

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 7.48% (2016: 1.97%) of the Group's revenue is attributable to multiple sales transactions with single customers.

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

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

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.

5 Financial Risk Management (continued)

Capital Management

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

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a return on assets of between 6.00% and 8.00%; for the year ended 30 June 2017 the return was 2.61% (2016: 3.54%). In comparison the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 2.51% (2016 : 4.03%).

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

	2017 $	2016 $
Total liabilities	200,225,216	113,738,821
Less: Cash and cash equivalents	68,776,225	28,063,370
Net Debt	131,448,991	85,675,451
Total equity	216,471,190	227,802,737
Capital	216,471,190	227,802,737
Debt-to capital ratio at 30 June	0.61	0.38

From time to time the Company purchases its own shares on the market; the timing of these purchases depends on market prices and availability of unallocated company cash resources where not required for core business activity. Shares purchased are cancelled from issued capital on purchase. The intention of the Board of Directors in undertaking such purchases is to enhance the capital return to the shareholders of the Company. Buy decisions are made on a specific transaction basis by the Board of Directors.

In accordance with Rule 13 of the Company's Dividend Reinvestment Plan (DRP), the Directors elected to suspend the DRP in the 2016 financial year until further notice.

6 Operating Segments

The Group operates predominantly in the property development sector and has identified 4 reportable segments, as described below, which are the Group's three strategic business units, as well as the Corporate office. The strategic business units offer different products, and are managed separately because they require different technology, marketing strategies and have different types of customers. For each of the strategic business units, the Chief Operating Decision Maker (CODM) reviews internal management reports on a regular basis. The following describes the operations in each of the Group's reportable segments:

- Residential apartment development in Western Australia,
- Commercial office/retail development in Western Australia,
- Rental of property in Western Australia,
- Corporate is management fees and net assets attributable to the corporate office.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2017

Information about Reportable Segments For the Year ended 30 June 2017	Residential Apartment Development $	Commercial Office/Retail Development $	Rental of Property $	Corporate $	Total $
External Revenues - Company and Subsidiaries	112,649,522	2,458,246	8,250,472	980,828	124,339,068
External Revenues - Equity Accounted Investees	6,995,010	1,017,273	71,807	-	8,084,090
External Revenues - Total	119,644,532	3,475,519	8,322,279	980,828	132,423,158
Reportable Segment Profit before Income Tax - Company and Subsidiaries	13,706,787	(145,733)	3,961,921	4,486,108	22,009,083
Reportable Segment Profit before Income Tax - Equity Accounted Investees	(831,459)	(11,559)	71,807	(19,352)	(790,563)
Reportable Segment Profit before Income Tax - Total	12,875,328	(157,292)	4,033,728	4,466,756	21,218,520
Reportable Segment Assets - Company and Subsidiaries	197,375,777	12,505,328	87,013,438	21,987,972	318,882,515
Reportable Segment Assets - Equity Accounted Investees	27,425,182	2,370,813	-	-	29,795,995
Reportable Segment Liabilities - Company and Subsidiaries	141,431,012	5,357,907	45,520,719	1,020,403	193,330,041
Reportable Segment Liabilities - Equity Accounted Investees*	17,430,376	207,368	-	-	17,637,744
Capital Expenditure	-	-	-	46,133	46,133
Information about Reportable Segments For the Year ended 30 June 2016					
External Revenues - Company and Subsidiaries	88,297,420	3,395,445	9,849,043	3,824,005	105,365,913
External Revenues - Equity Accounted Investees	44,606,816	2,635,543	15,597	-	47,257,956
External Revenues - Total	132,904,236	6,030,988	9,864,640	3,824,005	152,623,869
Reportable Segment Profit before Income Tax - Company and Subsidiaries	18,936,554	606,443	4,963,250	5,309,068	29,815,315
Reportable Segment Profit before Income Tax - Equity Accounted Investees	6,265,590	401,502	15,597	65,609	6,748,298
Reportable Segment Profit before Income Tax - Total	25,202,144	1,007,945	4,978,847	5,374,677	36,563,613
Reportable Segment Assets - Company and Subsidiaries	165,934,956	6,702,694	93,345,748	22,339,135	288,322,533
Reportable Segment Assets - Equity Accounted Investees	22,661,583	3,906,336	-	-	26,567,919
Reportable Segment Liabilities - Company and Subsidiaries	55,094,675	1,634,707	48,474,870	900,196	106,104,448
Reportable Segment Liabilities - Equity Accounted Investees*	11,499,679	31,111	-	-	11,530,790
Capital Expenditure	-	-	-	507,537	507,537

* Excludes Liabilities payable to Finbar Group

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

6 Operating Segments (continued)

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

	2017 $	2016 $
Revenues		
Total revenue for development reportable segments	115,107,768	91,692,866
Total revenue for rental segments	8,250,472	9,849,043
Total revenue for other reportable segments	980,828	3,824,004
Consolidated Revenue	124,339,068	105,365,913
Total revenue for development reportable segments - Equity Accounted Investees	8,012,283	47,242,359
Total revenue for rental segments - Equity Accounted Investees	71,807	15,597
Total Reportable Segments Revenue	132,423,158	152,623,869
Profit or Loss		
Total profit or loss for reportable segments	21,218,520	36,563,613
Finance income - Company and Subsidiaries	1,459,942	2,732,897
Finance costs - Company and Subsidiaries	(865,316)	(2,242,043)
Unallocated amounts:		
Administrative expenses	(5,875,962)	(6,608,272)
Revaluation of investment property	(5,829,578)	(17,721,291)
Income tax applicable to share of profit of Equity Accounted Investees	261,847	(2,037,596)
Consolidated Profit before Income Tax	10,369,453	10,687,308
Assets		
Total assets for reportable segments	318,882,515	288,322,533
Cash and cash equivalents	68,776,225	28,063,370
Investments in Equity Accounted Investees	2,323,479	7,084,197
Other assets*	26,714,187	18,071,458
Consolidated Total Assets	416,696,406	341,541,558
Liabilities		
Total liabilities for reportable segments	193,330,041	106,104,448
Other liabilities**	6,895,175	3,215,726
Consolidated Total Liabilities	200,225,216	109,320,174

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

	2017 $	2016 $
Property development sales	115,107,768	91,692,866
Rental Income	8,250,472	9,849,043
Supervision and management fees	351,074	1,115,542
Total Revenue	123,709,314	102,657,451

8 Other Income

Administration fees	98,497	114,709
Commission income	1,531	1,614
Management fees	529,282	2,592,139
Other	444	-
Total Other Income before revaluation	629,754	2,708,462

9 Other Expenses

Revaluation decrease of investment property	5,829,578	17,721,291
Rental property expenses	4,288,551	4,885,793
Other expenses	-	4,500
Total Other Expenses	10,118,129	22,611,584
Revaluation decrease of property (reported as other comprehensive income)	347,133	990,589

10 Personnel Expenses

Wages and salaries	3,320,402	3,751,917
Superannuation contributions	237,374	250,925
(Decrease)/increase in liability for annual leave	(54,687)	15,650
Increase in liability for long service leave	35,209	66,312
Directors and committee fees	386,786	363,906
Non Executive Directors - superannuation contributions	6,444	6,444
Total Personnel Expenses	3,931,528	4,455,154

11 Finance Income and Finance Costs

	2017 $	2016 $
Recognised in Profit or Loss		
Interest income on loans to Equity Accounted Investees	557,967	1,503,190
Interest income on loans	439,112	460,481
Interest income on bank deposits	423,003	755,875
Interest income on property settlements	39,860	13,351
Total Finance Income	1,459,942	2,732,897
Interest expense	855,017	2,230,756
Bank charges	10,299	11,287
Total Finance Costs	865,316	2,242,043
Net Finance Income	594,626	490,854
Analysis of Finance Costs		
Total finance costs	4,518,011	3,786,653
Less:		
Finance costs capitalised to inventory	(3,549,977)	(1,517,979)
Add:		
Finance costs relating to property developments sold	2,091,073	613,173
	3,059,107	2,881,847
Made up of:		
Finance costs relating to property developments sold	2,193,791	639,802
Finance costs relating to administration	10,299	16,345
Finance costs relating to rental properties	855,017	2,225,700
	3,059,107	2,881,847

Finance costs have been capitalised to work in progress at a weighted average rate of 2.51% (2016: 4.03%)

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2017

12 Income Tax Expense

	2017 $	2016 $
Recognised in Income Statement		
Current Tax Expense		
Current year	4,136,262	6,960,482
Income tax recognised directly to equity	4,841	4,841
Adjustments for prior periods	(71,170)	-
Write off of previously recognised tax assets	1,506,315	-
Non-recoverable amounts	60,358	91,066
	5,636,606	7,056,389
Deferred Tax Expense Movement		
Origination and reversal of temporary differences	(577,535)	(5,189,588)
	(577,535)	(5,189,588)
Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	5,059,071	1,866,801
Income tax relating to components of other comprehensive income	(95,461)	(297,177)
Total Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	4,963,610	1,569,624
Numerical Reconciliation between Tax Expense and Pre-tax Net Profit		
Profit for the year	5,310,382	8,820,507
Total income tax expense	5,059,071	1,866,801
Profit before Income Tax	10,369,453	10,687,308
Income tax using the domestic rate of 30% (2016: 30%)	3,110,836	3,206,192
Adjustment for effect of small proprietary tax rate of 27.5% (2016 : 28.5%)	276,338	41,605
Increase in income tax expense due to:		
Non-deductible expenses	17,779	(58,852)
Non-recoverable amounts	60,358	91,066
Write off of previously recognised tax assets	1,506,315	-
Decrease in income tax expense due to:		
Tax effect of share of equity accounted investees loss/(profit)	158,615	(1,413,210)
Total Income Tax Expense	5,130,241	1,866,801
Over provided in prior years	(71,170)	-
Total Income Tax Expense	5,059,071	1,866,801
Made up of:		
Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	5,059,071	1,866,801
Income tax relating to components of other comprehensive income	(95,461)	(297,177)
	4,963,610	1,569,624
Income Tax Recognised Directly in Equity		
Decrease in income tax expense due to:		
Tax incentives not recognised in income statement	(4,841)	(4,841)
Total Income Tax Recognised Directly in Equity	(4,841)	(4,841)

13 Investment Property

13a Reconciliation of Carrying Amount

	2017 $	2016 $
Balance at 1 July	92,180,077	110,672,670
Transferred to Property, Plant and Equipment	-	(771,302)
Change in fair value	(5,829,578)	(17,721,291)
Balance at 30 June	86,350,499	92,180,077

Investment property comprises commercial properties at three developments and residential properties at two developments which 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 or by director's confirmation.

The fair value measurement for investment property of $86,350,499 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

Table 13(a) shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

(iii) Valuation technique and significant unobservable inputs

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

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
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 1.5%-4.5%, weighted average 2.69%, Void periods (average 7.5 months after the end of each lease), Occupancy rate 93.72%, Rent-free periods (9-30 month period on certain new leases), Risk-adjusted discounted rates (weighted average 8.0%).	The estimated fair value would increase (decrease) if expected market rental growth were higher (lower) void periods were shorter (longer) the occupancy rate were higher (lower) rent-free periods were shorter (longer); or the risk-adjusted discount rate were lower (higher).
Capitalisation of income valuation: The capitalisation of income valuation method capitalises the current rent received, at a rate analysed from the most recent transactions of comparable property investments. The capitalisation rate used varies across properties. Valuations reflect, where appropriate, lease term remaining, the relationship of current rent to the market rent, location and prevailing investment market conditions.	Adopted capitalisation rate 7.75% - 10.0%, Gross rent per annum $269 - $861 per sqm, Occupancy rate 64.0%-100.0%, Lease term remaining (years) 0.16 - 2.94.	The estimated fair value would increase (decrease) if: the adopted capitalisation rate were higher (lower) the gross rent per annum were higher (lower) the occupancy rate were higher (lower) or; the lease term remaining were longer (shorter).

14 Property, Plant and Equipment

Cost or Valuation	Property $	Office Furniture and Equipment $	Plant and Equipment $	Fixtures and Fittings $	Total $
Balance at 1 July 2015	8,009,423	701,580	9,612,469	91,226	18,414,698
Additions	-	52,170	455,367	-	507,537
Transferred from investment property	771,302	-	-	-	771,302
Change in fair value	(1,149,890)	-	-	-	(1,149,890)
Balance at 30 June 2016	7,630,835	753,750	10,067,836	91,226	18,543,647
Balance at 1 July 2016	7,630,835	753,750	10,067,836	91,226	18,543,647
Additions	-	11,989	34,144	-	46,133
Change in fair value	(534,058)	-	-	-	(534,058)
Balance at 30 June 2017	7,096,777	765,739	10,101,980	91,226	18,055,722
Depreciation					
Balance at 1 July 2015	-	388,701	4,492,066	43,501	4,924,268
Revaluation	(159,301)	-	-	-	(159,301)
Depreciation and amortisation charge for the year	159,301	61,049	251,963	9,543	481,856
Balance at 30 June 2016	-	449,750	4,744,029	53,044	5,246,823
Depreciation					
Balance at 1 July 2016	-	449,750	4,744,029	53,044	5,246,823
Revaluation	(186,925)	-	-	-	(186,925)
Depreciation and amortisation charge for the year	186,925	60,122	319,899	7,636	574,582
Balance at 30 June 2017	-	509,872	5,063,928	60,680	5,634,480
Carrying Amounts					
At 1 July 2015	8,009,423	312,879	5,120,403	47,725	13,490,430
At 30 June 2016	7,630,835	304,000	5,323,807	38,182	13,296,824
At 1 July 2016	7,630,835	304,000	5,323,807	38,182	13,296,824
At 30 June 2017	7,096,777	255,867	5,038,052	30,546	12,421,242

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	7,477,019
Less accumulated depreciation	(963,331)
Net book value at 30 June 2017	6,513,688

14 Property, Plant and Equipment (continued)

Measurement of fair values

(i) Fair Value Hierarchy

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

The fair value measurement for property of $7,096,777 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.

	2017 $	2016 $
Balance at 1 July 2016	7,630,835	8,009,423
Acquisitions and reclassifications from investment property	-	771,302
Revaluation loss included in 'other income'	(347,133)	(990,589)
Depreciation	(186,925)	(159,301)
Balance at 30 June 2017	7,096,777	7,630,835

(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 1.5%-4.5%, weighted average 2.69%, Void periods (average 7.5 months after the end of each lease), Occupancy rate 93.72%, Rent-free periods (9-30 month period on certain new leases), Risk-adjusted discounted rates (weighted average 8.0%).	The estimated fair value would increase (decrease) if: expected market rental growth were higher (lower); void periods were shorter (longer); the occupancy rate were higher (lower); rent-free periods were shorter (longer); or the risk-adjusted discount rate were lower (higher).
Capitalisation of income valuation: The capitalisation of income valuation method capitalises the current rent received, at a rate analysed from the most recent transactions of comparable property investments. The capitalisation rate used varies across properties. Valuations reflect, where appropriate, lease term remaining, the relationship of current rent to the market rent, location and prevailing investment market conditions.	Adopted capitalisation rate 7.75% - 10.0%, Gross rent per annum $269 - $861 per sqm, Occupancy rate 64.0%-100.0% Lease term remaining (years) 0.16 - 2.94.	The estimated fair value would increase (decrease) if: the adopted capitalisation rate were higher (lower); the gross rent per annum were higher (lower); the occupancy rate were higher (lower) or; the lease term remaining were longer (shorter).

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2017

15 Investments in Equity Accounted Investees

The Group's share of loss in Equity Accounted Investees for the year was $528,717 (2016: Profit $4,710,700).

Equity Accounted Investees

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

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

2016	Ownership	Current Assets $	Non-current Assets $	Total Assets $
Equity Accounted Investees Assets				
406 & 407 Newcastle Street Pty Ltd	50.00%	63,270	-	63,270
36 Chester Avenue Pty Ltd	50.00%	202,858	11,894,239	12,097,097
Rowe Avenue Pty Ltd	50.00%	1,156,483	3,918,517	5,075,000
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50.00%	13,725,593	4,556,640	18,282,233
Roydhouse Street Subiaco Pty Ltd	50.00%	4,970,132	62,117	5,032,249
647 Murray Street Pty Ltd	50.00%	57,398	16,556,383	16,613,781
Finbar Sub 5050 Pty Ltd	50.00%	29	564	593
		20,175,763	36,988,460	57,164,223

2016	Ownership	Current Liabilities $	Non-current Liabilities $	Total Liabilities $
Equity Accounted Investees Liabilities				
406 & 407 Newcastle Street Pty Ltd	50.00%	248	-	248
36 Chester Avenue Pty Ltd	50.00%	1,975	12,322,741	12,324,716
Rowe Avenue Pty Ltd	50.00%	402,641	336,610	739,251
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50.00%	11,833,468	372,587	12,206,055
Roydhouse Street Subiaco Pty Ltd	50.00%	116,446	76,191	192,637
647 Murray Street Pty Ltd	50.00%	149,183	17,381,170	17,530,353
Finbar Sub 5050 Pty Ltd	50.00%	246	2,325	2,571
		12,504,207	30,491,624	42,995,831

15 Investments in Equity Accounted Investees (continued)

2017	Ownership	Current Assets $	Non-current Assets $	Total Assets $
Equity Accounted Investees Assets				
406 & 407 Newcastle Street Pty Ltd	50.00%	1,114	-	1,114
36 Chester Avenue Pty Ltd	50.00%	12,157	13,020,140	13,032,297
Rowe Avenue Pty Ltd	50.00%	390,041	3,889,988	4,280,029
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50.00%	5,542,346	5,444,964	10,987,310
Roydhouse Street Subiaco Pty Ltd	50.00%	2,105,532	6,907	2,112,439
647 Murray Street Pty Ltd	50.00%	777,309	36,436,506	37,213,815
Finbar Sub 5050 Pty Ltd	50.00%	42	680	722
		8,828,541	58,799,185	67,627,726

2017	Ownership	Current Liabilities $	Non-current Liabilities $	Total Liabilities $
Equity Accounted Investees Liabilities				
406 & 407 Newcastle Street Pty Ltd	50.00%	251	-	251
36 Chester Avenue Pty Ltd	50.00%	992	13,299,035	13,300,027
Rowe Avenue Pty Ltd	50.00%	50,194	304,876	355,070
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50.00%	10,702,815	107,519	10,810,334
Roydhouse Street Subiaco Pty Ltd	50.00%	1,359	37,042	38,401
647 Murray Street Pty Ltd	50.00%	4,624,828	33,848,721	38,473,549
Finbar Sub 5050 Pty Ltd	50.00%	249	2,886	3,135
		15,380,688	47,600,079	62,980,767

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2017

2016	Ownership	Revenues $	Expenses $	Profit/(Loss) before income tax $
Profit/(Loss) Before Income Tax Recognised from Equity Accounted Investees				
185 Swansea Street Pty Ltd	50.00%	-	128	(128)
375 Hay Street Pty Ltd	50.00%	-	73	(73)
406 & 407 Newcastle Street Pty Ltd	50.00%	-	6,328	(6,328)
36 Chester Avenue Pty Ltd	50.00%	-	265,939	(265,939)
Rowe Avenue Pty Ltd	50.00%	4,120,455	3,887,106	233,349
Lot 1001-1003 Rowe Avenue Pty Ltd	50.00%	50,469,385	40,505,027	9,964,358
Roydhouse Street Subiaco Pty Ltd	50.00%	39,894,878	34,984,258	4,910,620
647 Murray Street Pty Ltd	50.00%	-	1,337,827	(1,337,827)
Finbar Sub 5050 Pty Ltd	50.00%	-	1,437	(1,437)
		94,484,718	80,988,123	13,496,595

2017	Ownership	Revenues $	Expenses $	Profit/(Loss) before income tax $
Profit/(Loss) Before Income Tax Recognised from Equity Accounted Investees				
406 & 407 Newcastle Street Pty Ltd	50.00%	-	(1,841)	1,841
36 Chester Avenue Pty Ltd	50.00%	-	49,812	(49,812)
Rowe Avenue Pty Ltd	50.00%	1,161,818	1,215,391	(53,573)
Lot 1001-1003 Rowe Avenue Pty Ltd	50.00%	12,813,202	13,812,061	(998,859)
Roydhouse Street Subiaco Pty Ltd	50.00%	2,045,000	2,006,273	38,727
647 Murray Street Pty Ltd	50.00%	4,545	523,444	(518,899)
Finbar Sub 5050 Pty Ltd	50.00%	-	551	(551)
		16,024,565	17,605,691	(1,581,126)

16 Other Assets

	2017 $	2016 $
Current		
Capitalised lease incentives	175,214	230,419
Total Current Other Assets	175,214	230,419
Non Current		
Capitalised lease incentives	101,089	261,486
Total Non Current Other Assets	101,089	261,486

17 Tax Assets and Liabilities

The current tax liability for the Group of $3,156,885 (2016: $3,215,726) 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	
	2017	2016	2017	2016
	$	$	$	$
Inventories	(1,078,552)	-	(7,170,607)	(6,717,066)
Interest bearing loans and borrowings	922,021	353,104	-	-
Revaluation of investment property	2,709,612	-	(529,999)	2,599,106
Other items	291,375	178,083	1,451,281	(1,317,565)
Tax value of carry-forward losses recognised	4,059,968	4,986,742	-	-
Tax assets/(liabilities)	6,904,423	5,517,929	(6,249,325)	(5,435,525)
Set off of tax	(2,511,032)	(1,016,878)	2,511,032	1,016,878
Net Tax	4,393,391	4,501,051	(3,738,293)	(4,418,647)

18 Inventories

	2017 $	2016 $
Current		
Work in progress	37,254,073	65,689,696
Completed stock	77,708,199	34,847,900
Total Current Inventories	114,962,272	100,537,596
Non Current		
Work in progress	45,579,688	47,096,303
Completed stock	27,546,227	5,121,880
Total Non Current Inventories	73,125,915	52,218,183

During the year ended 30 June 2017 work in progress recognised as cost of sales by the Group amounted to $92,384,513 (2016: $67,527,757).

19 Trade and Other Receivables

	2017	2016
Current		
Other trade receivables	16,395,830	13,420,127
Total Current Trade and Other Receivables	16,395,830	13,420,127
Non Current		
Other receivables	14,979,970	15,365,634
Amounts receivable from equity accounted investees	22,320,798	13,570,407
Total Non Current Trade and Other Receivables	37,300,768	28,936,041

Other receivables include a secured interest bearing loan of $8.38 million with a 5 year term at bank business interest rates.
Amounts receivable from equity accounted investees bear interest at BBSY + 5.00%
The Group's exposure to credit risk and impairment losses to trade and other receivables are disclosed at Note 27.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2017

20 Prepayments

	Note	2017 $	2016 $
Prepayment of operating expenses		370,482	725,928
Prepayment of sundry development expenses		-	86,259
Total Prepayments		370,482	812,187
Current		338,138	492,687
Non Current		32,344	319,500
		370,482	812,187

21a Cash and Cash Equivalents

	2017	2016
Bank balances	68,776,225	28,063,370
Cash and Cash Equivalents in the Statement of Cash Flows	68,776,225	28,063,370

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

	Note	2017	2016
Cash Flows from Operating Activities			
Profit for the year		5,310,382	8,820,507
Adjustments for:			
Depreciation and amortisation	14	574,582	481,856
Revaluation of investment property	9	5,829,578	17,721,291
Net financing income	11	(594,626)	(490,854)
Share of net profit of equity accounted investees		528,717	(4,710,700)
Income tax expense	12	5,059,071	1,866,801
Operating Profit before Changes in Working Capital and Provisions		16,707,704	23,688,901
Change in trade and other receivables		1,725,669	13,454,229
Change in current inventories	18	(14,424,676)	(53,062,614)
Change in non-current inventories	18	(20,907,732)	(26,120,703)
Change in prepayments	20	441,705	(305,342)
Change in provision for employee benefits	25	(19,477)	81,962
Change in trade and other payables	26	10,487,699	15,665,734
Cash generated from/(used in) Operating Activities		(5,989,108)	(26,597,833)
Interest paid		(2,708,605)	(3,287,781)
Income taxes paid		(5,596,258)	(7,784,611)
Net Cash used in Operating Activities		(14,293,971)	(37,670,225)

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	
	2017	2016
Share Capital		
On issue at 1 July	231,594,772	229,169,977
Issued under Dividend Reinvestment Plan	-	3,091,810
Issued under Director Share Plan	250,000	250,000
Bought back for cash	(415,789)	(917,015)
On Issue at 30 June - Fully Paid	231,428,983	231,594,772

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.

22 Capital and Reserves (continued)

	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 2017				
Interim 2017 ordinary	3.00	6,955,343	Franked	10 March 2017
Final 2016 ordinary	4.00	9,263,791	Franked	1 September 2016
Total Amount		16,219,134		
Dividends Paid During the Year 2016				
Interim 2016 ordinary	3.00	6,947,843	Franked	10 March 2016
Final 2015 ordinary	6.00	13,738,329	Franked	24 September 2015
Total Amount		20,686,172		

During the period a subsidiary paid dividends of $48,977 to minority shareholders.

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

After 30 June 2017 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.

	Cents per Share	Total Amount $	Franked / Unfranked	Date of Payment
Proposed Dividend				
Dividend proposed by the Group are:				
Final 2017 ordinary	3.00	6,942,869	Franked	1 September 2017
Total Amount		6,942,869		

The financial effect of this dividend has not been brought to account in the financial statements for the financial year ended 30 June 2017 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 suspend the DRP in the 2016 financial year until further notice and as such the DRP will not be active for the above mentioned dividend.

	Company 2017 $	Company 2016 $
Dividend Franking Account		
30% franking credits available to shareholders of Finbar Group Limited for subsequent financial years	17,431,869	14,010,350

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

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

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by $2,975,515 (2016: $3,970,196).

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 2017 was based on the profit attributable to ordinary shareholders of $5,313,795 (2016: $8,823,525) and a weighted average number of ordinary shares on issue during the year ended 30 June 2017 of 231,785,200 (30 June 2016: 231,063,482), calculated as follows:

		2017 $	2016 $
Profit Attributable to Ordinary Shareholders		5,313,795	8,823,525
Weighted Average Number of Ordinary Shares			
Issued ordinary shares at 1 July		231,594,772	229,169,977
Effect of share buyback	1 July 2015	-	(87,812)
Effect of share buyback	3 July 2015	-	(108,876)
Effect of share issue - Director Share Plan	31 August 2015	-	207,650
Effect of share buyback	9 September 2015	-	(54,565)
Effect of share buyback	15 September 2015	-	(16,730)
Effect of share issue - Dividend Reinvestment Plan	24 September 2015	-	(51,109)
Effect of share buyback	28 September 2015	-	2,365,319
Effect of share buyback	29 September 2015	-	(76,495)
Effect of share buyback	30 September 2015	-	(18,972)
Effect of share buyback	1 October 2015	-	(18,003)
Effect of share buyback	2 October 2015	-	(4,604)
Effect of share buyback	6 October 2015	-	(44,918)
Effect of share buyback	7 October 2015	-	(14,918)
Effect of share buyback	20 November 2015	-	(33,511)
Effect of share buyback	23 November 2015	-	(24,044)
Effect of share buyback	25 November 2015	-	(21,159)
Effect of share buyback	26 November 2015	-	(7,115)
Effect of share buyback	27 November 2015	-	(29,508)
Effect of share buyback	30 November 2015	-	(16,978)
Effect of share buyback	2 December 2015	-	(2,883)
Effect of share buyback	7 December 2015	-	(5,509)
Effect of share buyback	8 December 2015	-	(1,586)
Effect of share buyback	11 December 2015	-	(4,074)
Effect of share buyback	14 December 2015	-	(10,885)
Effect of share buyback	5 January 2106	-	(4,836)
Effect of share buyback	12 January 2016	-	(279)
Effect of share buyback	18 January 2016	-	(4,212)
Effect of share buyback	8 February 2016	-	(3,907)
Effect of share buyback	10 February 2016	-	(1,926)
Effect of share buyback	16 February 2016	-	(3,689)
Effect of share buyback	17 February 2016	-	(2,563)
Effect of share buyback	18 February 2016	-	(1,999)
Effect of share buyback	19 February 2016	-	(1,803)
Effect of share issue - Director Share Plan	25 August 2016	211,066	-
Effect of share buyback	1 June 2017	(7,449)	-
Effect of share buyback	6 June 2017	(3,279)	-
Effect of share buyback	7 June 2017	(735)	-
Effect of share buyback	8 June 2017	(6,011)	-
Effect of share buyback	9 June 2017	(758)	-
Effect of share buyback	16 June 2017	(301)	-
Effect of share buyback	19 June 2017	(1,503)	-
Effect of share buyback	26 June 2017	(328)	-
Effect of share buyback	27 June 2017	(182)	-
Effect of share buyback	28 June 2017	(37)	-
Effect of share buyback	29 June 2017	(55)	-
Effect of share buyback	30 June 2017	-	-
Weighted Average Number of Ordinary Shares at 30 June		231,785,200	231,063,482
Basic Earnings per Share (cents per share)		2.29	3.82
Diluted Earnings per Share			
The calculation of diluted earnings per share at 30 June 2017 was based on the loss attributable to ordinary shareholders of $5,313,795 (2016: $8,823,525) and a weighted average number of ordinary shares on issue during the year ended 30 June 2017 of 231,785,200 (30 June 2016: 231,063,482), calculated as follows:			
Profit Attributable to Ordinary Shareholders (Diluted)		5,313,795	8,823,525
Weighted Average Number of Ordinary Shares (Diluted) at 30 June		231,785,200	231,063,482
Diluted Earnings per Share (cents per share)		2.29	3.82

24 Loans and Borrowings

	2017 $	2016 $
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.		
Current liabilities		
Commercial bills (Secured)	113,545,782	3,000,000
Investor loans to subsidiaries (Unsecured)	29,523,186	19,673,824
Total Current Interest Bearing Loans and Borrowings	143,068,968	22,673,824
Non-current liabilities		
Commercial bills (Secured)	-	45,392,550
Investor loans to subsidiaries (Unsecured)	8,478,221	6,723,447
Total Non-current Interest Bearing Loans and Borrowings	8,478,221	52,115,997

	Nominal Interest Rate	Financial Year of Maturity	2017 Carrying Amount $	2016 Carrying Amount $
Terms and debt repayment schedule				
Terms and conditions of outstanding loans are as follows:				
Investor loans to subsidiaries (Unsecured)*	6.00%	2018	27,172,496	15,572,709
Investor loans to subsidiaries (Unsecured)*	6.00%	2017	-	1,750,425
Investor loans to subsidiaries (Unsecured)**		2018	2,350,690	2,350,690
Commercial bills (Secured)	BBSY+1.20%	2018	26,000,000	-
Commercial bills (Secured)	BBSY+2.00%	2018	19,392,550	3,000,000
Commercial bills (Secured)	BBSY+1.50%	2018	24,013,936	-
Commercial bills (Secured)	BBSY+1.60%	2018	41,397,235	-
Commercial bills (Secured)	BBSY+1.60%	2018	2,742,061	-
Current			143,068,968	22,673,824
Commercial bills (Secured)	BBSY+2.00%	2018	-	19,392,550
Commercial bills (Secured)	BBSY+1.20%	2018	-	26,000,000
Investor loans to subsidiaries (Unsecured)**		2019	8,478,221	6,723,447
Non Current			8,478,221	52,115,997

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

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.

Investor Loans

Investor Loans are repayable upon the completion of the project.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2017

25 Employee Benefits

	2017 $	2016 $
Current		
Liability for annual leave	13,078	67,764
Liability for long-service leave	335,713	267,107
	348,791	334,871
Non Current		
Liability for long-service leave	-	33,397

26 Trade and Other Payables

	2017 $	2016 $
Current liabilities		
Trade and other payables	39,845,791	30,157,545
Other payables and accrued expenses	1,588,267	788,814
Total Trade and Other Payables	41,434,058	30,946,359

At 30 June 2017, Consolidated trade and other payables include retentions of $476,308 (2016: $348,056) 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 2017 $	Carrying Amount 2016 $
Trade and other receivables - current	19	16,395,830	13,420,127
Trade and other receivables - non-current	19	37,300,768	28,936,041
Cash and cash equivalents	21a	68,776,225	28,063,370
		122,472,823	70,419,538
The Group's maximum exposure to credit risk for trade receivables at the reporting date by receivable category was:			
Equity Accounted Investees		22,320,798	13,570,407
Working capital advances and bonds		1,990,050	1,995,890
Other receivables		14,943,940	14,744,034
GST refunds due and other trade debtors		14,441,810	12,045,837
		53,696,598	42,356,168

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.

27 Financial Instruments (continued)

Liquidity Risk

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

Liquidity Risk	Note	Carrying Amount $	Contractual Cash Flows $	1 Year or Less $	1-3 Years $
30 June 2017					
Non-derivative Financial Liabilities					
Secured bank loans:					
Commercial bills	24	113,545,782	114,591,873	114,591,873	-
Investor Loans	24	38,001,407	38,816,582	30,338,361	8,478,221
Trade and other payables	26	41,434,058	41,434,058	41,434,058	-
		192,981,247	194,842,513	186,364,292	8,478,221
30 June 2016					
Non-derivative Financial Liabilities					
Secured bank loans:					
Commercial bills	24	48,392,550	50,637,288	4,322,452	46,314,836
Investor Loans	24	26,397,271	27,384,146	20,660,699	6,723,447
Trade and other payables	26	30,946,359	30,946,359	30,946,359	-
		105,736,180	108,967,793	55,929,510	53,038,283

Interest Rate Risk	Carrying Amount 2017 $	Carrying Amount 2016 $
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	91,097,023	41,633,777
Financial Liabilities	(140,718,278)	(65,715,684)
	(49,621,255)	(24,081,907)

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 2016.

	Profit or Loss		Equity	
	100bp Increase $	100bp Decrease $	100bp Increase $	100bp Decrease $
30 June 2017				
Variable rate instruments	(1,798,916)	1,798,916	(1,798,916)	1,798,916
30 June 2016				
Variable rate instruments	(937,053)	937,053	(937,053)	937,053
	(937,053)	937,053	(937,053)	937,053

Fair Values

Fair Values Versus Carrying Amounts

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

	Fair Values 2017 $	Fair Values 2016 $
Trade and other receivables	53,696,598	42,356,168
Cash and cash equivalents	68,776,225	28,063,370
Secured bank loans	(113,545,782)	(48,392,550)
Unsecured investor loans	(38,001,407)	(26,397,271)
Trade and other payables	(41,434,058)	(30,946,359)

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

Unsecured shareholder loans

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

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

Cash and short term deposits

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

Bank loans

The carrying amount is a reasonable approximation of fair value.

28 Operating Leases

	Note	2017 $	2016 $
Leases as Lessor			
The Group leases out its investment properties held under operating leases.			
Rental income received from investment property		8,036,654	9,599,837
Other rental property income received		213,818	249,206
	7	8,250,472	9,849,043
Future minimum lease payments			
At 30 June, the future minimum lease payments under non-cancellable leases are receivable as follows:			
Less than one year		6,431,683	5,375,457
Between one and five years		4,129,551	7,285,619
		10,561,234	12,661,076

29 Capital and Other Commitments

	2017 $	2016 $
Commitments and Contingent Liabilities		
Property Development		
Contracted but not provided for and payable:		
Within one year	29,876,187	126,869,734
Later than one year	-	6,451,087
Total Property Development Commitments	29,876,187	133,320,821
Property Development - Equity Accounted Investees		
Contracted but not provided for and payable:		
Within one year	37,188,449	-
Total Property Development Commitments - Equity Accounted Investees	37,188,449	-
Group's Share of Property Development - Equity Accounted Investees		
Contracted but not provided for and payable:		
Within one year	18,594,225	-
Total Share of Property Development Commitments - Equity Accounted Investees	18,594,225	-
Group's Property Development Commitments including Equity Accounted Investees		
Contracted but not provided for and payable:		
Within one year	48,470,412	126,869,734
Later than one year	-	6,451,087
Total Property Development Commitments including Equity Accounted Investees	48,470,412	133,320,821

30 Contingencies

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.		
Guarantees		
The Company has guaranteed the bank facilities of certain equity accounted investees	15,000,000	-

31 Related Parties

	2017 $	2016 $
The key management personnel compensation included in 'personnel expenses' is as follows:		
Short term employee benefits	2,386,447	2,725,071
Other long term benefits	23,917	24,378
Post employment benefits	111,706	120,062
Employee benefits	2,522,070	2,869,511

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.

On 29th October 2014, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of $360,000 which is repayable by 27th October 2019. The related benefit is disclosed on table 4.3.2 on page 39.

On 31st August 2015, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of $290,000 which is repayable by 31st August 2020. The related benefit is disclosed on table 4.3.2 on page 39.

On 25th August 2016, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of $207,500 which is repayable by 25th August 2021. The related benefit is disclosed on table 4.3.2 on page 39.

Other Related Party Transactions

Equity Accounted Investees

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

	2017 $	2016 $
As at 30 June the balance of these loans were as follows:		
36 Chester Avenue Pty Ltd	4,752,568	4,567,286
Rowe Avenue Pty Ltd	22,773	170,987
Lot 1001 - 1003 Rowe Avenue Pty Ltd	2,600,000	1,176,640
647 Murray Street Pty Ltd	14,944,092	7,654,365
Finbar Sub 5050 Pty Ltd	1,365	1,129
	22,320,798	13,570,407

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

Included within the trade and other payables balance is $5,512,888 owing to Ventrade Maylands Pty Ltd and $16,803,106 owing to Ventrade Australia Pty Ltd, who are related parties of Chuan Hup Holdings Limited who owns 19.65% of Finbar Group. The payables are in relation to development projects, are at arms length, non-interest bearing and at call.

Included within the loans and borrowings balance is $27,172,496 owing to Ventrade (Asia) Pte Ltd, a related party of Chuan Hup Holdings Limited who owns 19.65% of Finbar Group. Refer to note 24 for further details.

32 Group Entities

	Country of Incorporation	Shareholding / Unit Holding $	Ownership Interest 2017	Ownership Interest 2016
Parent Company				
Finbar Group Limited				
Subsidiaries				
1 Mends Street Pty Ltd	Australia	1	100%	100%
2 Homelea Court Springs Rivervale Pty Ltd	Australia	1	100%	100%
31 Rowe Avenue Pty Ltd	Australia	1	100%	100%
32 Riversdale Road Pty Ltd (formerly Finbar Elizabeth Quay Pty Ltd)	Australia	1	100%	100%
43 McGregor Road Pty Ltd	Australia	1	100%	100%
5-7 Harper Terrace Pty Ltd	Australia	1	100%	100%
52 Mill Point Road Pty Ltd	Australia	1	100%	100%
59 Albany Highway Pty Ltd	Australia	11	68.75%	68.75%
63 Adelaide Terrace Pty Ltd	Australia	1	100%	100%
88 Terrace Road Pty Ltd	Australia	1	100%	100%
96 Mill Point Road Pty Ltd	Australia	1	100%	100%
172 Railway Parade West Leederville Pty Ltd	Australia	1	100%	100%
175 Adelaide Terrace Pty Ltd	Australia	1	100%	100%
208 Adelaide Terrace Pty Ltd	Australia	6	60%	60%
239 Great Eastern Highway Pty Ltd	Australia	1	100%	100%
241 Railway Parade Pty Ltd	Australia	1	100%	100%
262 Lord Street Perth Pty Ltd	Australia	1	100%	100%
269 James Street Pty Ltd	Australia	1	100%	100%
280 Lord Street Perth Pty Ltd	Australia	1	100%	100%
Finbar Applecross Pty Ltd	Australia	1	100%	-
Finbar Finance Pty Ltd	Australia	1	100%	100%
Finbar Fund Limited	Australia	1	100%	100%
Finbar Karratha Pty Ltd	Australia	1	100%	100%
Finbar Port Hedland Pty Ltd	Australia	1	100%	100%
Finbar Project Management Pty Ltd	Australia	2	100%	100%
Finbar Sub 104 Pty Ltd	Australia	1	100%	100%
Lot 1 to 10 Whatley Crescent Pty Ltd	Australia	1	100%	100%
		43		
Subsidiaries of Subsidiaries				
59 Albany Highway Joint Venture Pty Ltd	Australia	130	100%	100%

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

	2017 $	2016 $
Audit Services:		
Auditors of the Group		
Audit and review of the financial reports	151,750	204,100
Audit and review of the financial reports of equity accounted investees	-	11,200
	151,750	215,300
Services other than Statutory Audit:		
Taxation compliance services	21,730	24,500
	21,730	24,500

35 Parent Entity Disclosures

As at, and throughout the financial year ending 30 June 2017 the parent company of the Group was Finbar Group Limited.

	2017 $	2016 $
Result of the Parent Entity		
Profit for the year	22,796,983	17,995,668
Total Comprehensive Income for the Year	22,796,983	17,995,668
Financial Position of the Parent Entity		
Current Assets	4,037,698	10,021,237
Total Assets	197,325,838	189,922,961
Current Liabilities	1,511,379	866,802
Total Liabilities	1,847,374	900,199
Total Equity of the Parent Entity comprising of:		
Share capital	157,332,116	157,454,262
Retained earnings	38,146,352	31,568,503
Total Equity	195,478,468	189,022,765

Parent Entity Contingencies

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

Directors' Declaration

1. In the opinion of the Directors of Finbar Group Limited ('the Company'):
   (a) The consolidated financial statements and notes that are contained in Pages 58 to 89 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 2017 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 2017.
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 Second day of August 2017.

KPMG

Independent Auditor's Report

To the shareholders of Finbar Group Limited

Report on the audit of the Financial Report

Opinion

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

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

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statements of financial position as at 30 June 2017
- Consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration

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

Basis for opinion

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

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

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

Key Audit Matters

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

- Valuation of Investment Property
- Carrying value of Inventory

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

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

KPMG

Valuation of Investment Property $89.2 million	
Refer to Note 13 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Valuation of investment properties is a key audit matter due to the: • Significance of the balance to the financial statements. • Judgement required in assessing the capitalisation rates used in the income valuation model applied to the projected income of individual properties in the valuation methodology. A small percentage movement in the capitalisation rate would result in a significant financial impact to the investment property balance and the income statement. • Timing of the valuations performed by the Group's external valuer. When the valuation was not performed at year end the directors assessed and confirmed the valuation to be adopted. We involved KPMG Real Estate Specialists to evaluate the external and internal valuations. • Judgmental valuation inputs as in respect to the Karratha investment properties ($55.8 million) there is limited availability of comparable sales and leasing evidence due to the low transaction levels in the Karratha region. This results in a higher level of judgment being applied by the Group to the valuation of both commercial and residential properties in that development, increasing our audit effort applied in this area.	Our procedures included: • We assessed the scope, objectivity and competency of the Group's external valuer, by gaining an understanding of their experience, qualifications. • We compared the valuations prepared using the income valuation model to the alternate discounted cashflow method valuation prepared, as a comparator, by the external valuers. • We involved KPMG Real Estate Specialists and evaluated the external values and the director's internal valuations. Using their valuation skills and market knowledge, we compared values to recent sales evidence and other published reports of industry commentators. • We, in conjunction with our KPMG Real Estate Specialists, questioned the capitalisation rates applied, particularly for the Karratha investment property, based on our knowledge of the property portfolio and other published reports of industry commentators. • We also tested, on a sample basis, other key inputs to the valuations such as gross rent, occupancy rate, lease term remaining and CPI, for consistency to existing lease contracts and published CPI statistics by the Australian Bureau of Statistics.

Carrying value of Inventory $231.4 million	
Refer to Note 18 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Valuation of inventory, being both completed units and work in progress, is a key audit matter due to the: • Significance of the balance to the financial statements. • Significant judgement and our effort applied to assessing forecast selling prices and costs to complete for work in progress. These factors impact the assessment of net realisable value, as in accordance with accounting standards, inventory must be carried at the lower of cost and net realisable value. Work in progress comprises developments currently under construction and future projects, which are long term in nature where forecast costs could be negatively impacted by issues encountered during planning or construction. In addition, forecast selling prices can fluctuate significantly based on property market conditions. These factors increase the level of forecasting judgement and audit complexity when assessing forecast selling prices and costs to complete for inventory.	Our procedures included: • We selected significant developments under construction and future projects, to understand project design complexity, sub-contractor reliance, other project risks and project funding which could negatively impact costs to complete. This was done through enquiry of senior management, and inspection of documentation such as budgets, funding agreements, supplier contracts and internal reports. • We compared actual to forecast construction costs and actual to forecast selling prices to inform our evaluation of forecast selling prices and costs to complete. • We undertook sample testing of sales made during the year and subsequent to year end to sales contracts to assess sales margins achieved during the year and post year end. This informs our evaluation of the carrying value of inventory at balance date against the Group's policy for recording at the lower of cost and net realisable value. • We compared forecast selling prices to forecast costs to complete for each significant project to assess the carrying value of inventory against the Group's policy for recording at the lower of cost and forecast net realizable value.

KPMG

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error

assessing the Company and Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company and Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Finbar Group Limited for the year ended 30 June 2017, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in paragraph 4.3 of the Directors' report for the year ended 30 June 2017.

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

KPMG

Denise McComish
Partner

Perth

22 August 2017

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Finbar Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Finbar Group Limited for the financial year ended 30 June 2017 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

22 August 2017

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 2017)

Substantial Shareholders

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

Shareholder Name	Number	%
Chuan Hup Holdings Limited	45,487,947	19.65
Thorney Holdings Proprietary Limited	26,190,000	11.32

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	431	156,577
1,001-5,000	675	2,038,525
5,001-10,000	426	3,420,889
10,001-100,000	842	24,184,366
100,001-over	127	201,658,626
	2,501	231,458,983

The number of shareholders holding less than a marketable parcel of ordinary shares is 228.

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 of ordinary shares as disclosed in the share register:

	Number of Ordinary Shares Held	%
Chuan Hup Holdings Limited	43,487,947	18.79
HSBC Custody Nominees (Australia) Limited	32,161,128	13.89
Blair Park Pty Ltd	9,802,458	4.24
JP Morgan Nominees Australia Limited	9,081,094	3.92
Zero Nominees Pty Ltd	8,560,222	3.70
Rubi Holdings Pty Ltd	7,912,358	3.42
3rd Wave Investors Ltd	6,000,000	2.59
Apex Investments Pty Ltd	5,600,000	2.42
Mrs Siew Eng Mah	5,091,662	2.20
Hanssen Pty Ltd	5,000,000	2.16
Citicorp Nominees Pty Limited	4,767,365	2.06
Forward International Pty Ltd	4,663,184	2.01
Mr James Chan	4,412,351	1.91
Chan Family Super (WA) Pty Ltd	3,888,350	1.68
Mr Ah-Hwa Lim	3,155,770	1.36
Milton Corporation Limited	2,782,249	1.20
Mr Guan Seng Chan	2,534,191	1.09
Mr Wan Soon Chan	2,402,951	1.04
HPL Pty Ltd	2,060,626	0.89
Croftwell Pty Ltd	2,042,494	0.88
Top 20	165,406,400	71.46

CORPORATE DIRECTORY

Offices and Officers

Directors

Mr John Chan
(Executive Chairman)
Mr Darren Pateman
(Managing Director)
Mr Ronald Chan
(Chief Operations Officer)
Mr Kee Kong Loh
Mr Lee Verios
Ms Yuun Yean Teng

Company Secretary

Mr Edward Guy Bank

Principal Registered Office

Finbar Group Limited
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Email: info@finbar.com.au
Website: www.finbar.com.au

Share Registry

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
PERTH WA 6000
Telephone: +61 8 9323 2000

Auditors

KPMG
235 St Georges Terrace
PERTH WA 6000

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