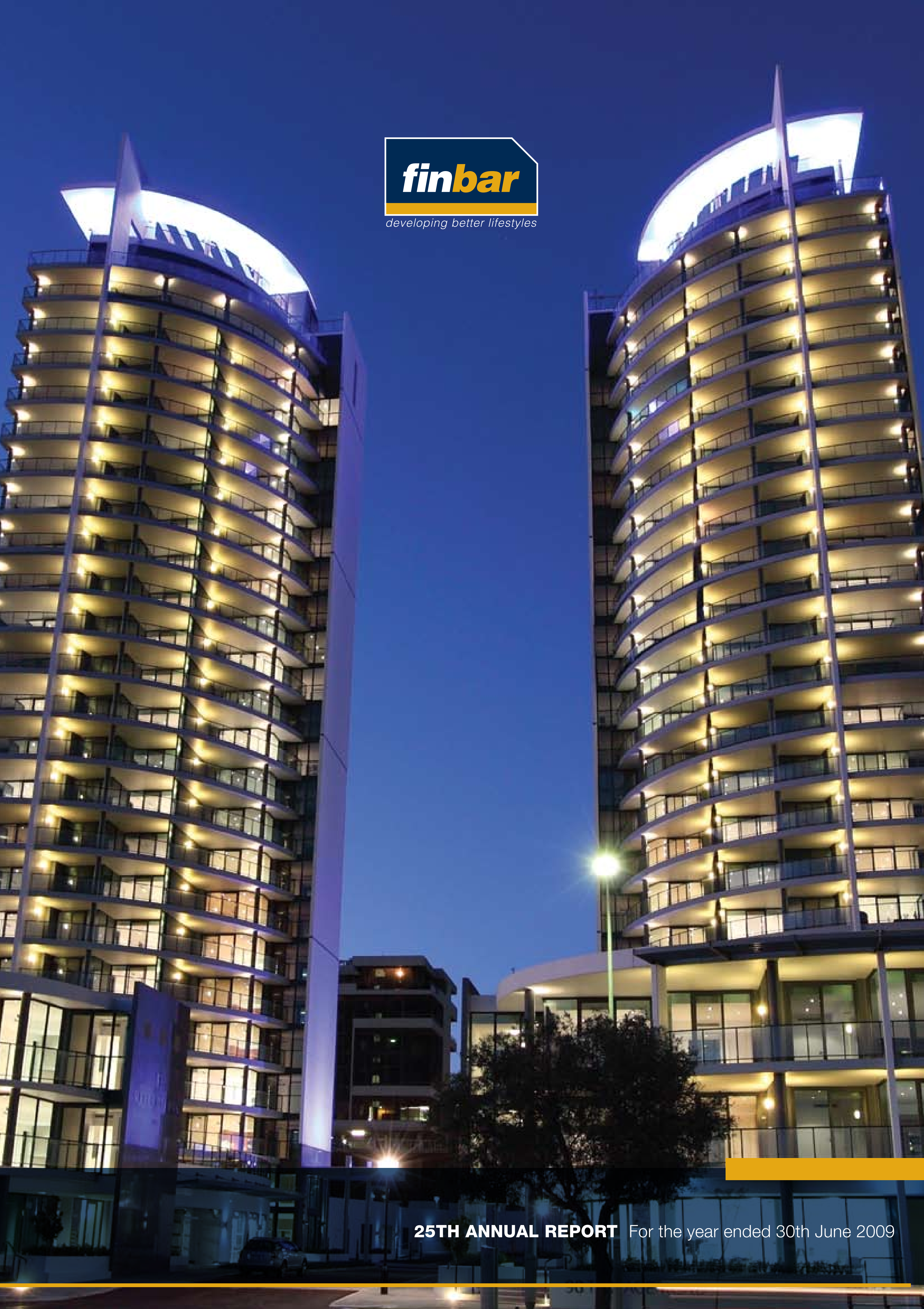

finbar

developing better lifestyles

25TH ANNUAL REPORT For the year ended 30th June 2009

2009 "Finbar has a strong track record of project completions in the Perth metropolitan area" Mr John Chan

CORPORATE DIRECTORY

Directors
Mr Paul Anthony Rengel (Chairman)
Mr John Chan (Managing Director)
Mr John Boon Heng Cheak
Mr Kee Kong Loh
Mr Darren John Pateman

Company Secretary
Mr Darren John Pateman

Principal Registered Office
Finbar Group Limited
Level 3
15 Labouchere Road
SOUTH PERTH WA 6151

PO Box 113
SOUTH PERTH WA 6951

Telephone: +61 8 9474 4460
Facsimile: +61 8 9474 4458

Email: info@finbar.com.au
Website: www.finbar.com.au

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

Auditors
KPMG
235 St Georges Terrace
PERTH WA 6000

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2009 "...the Company continues to be well placed to maintain its leading market position and high levels of returns to share holders, from good profit flows on high quality projects." Mr Paul Rengel

CHAIRMAN'S REPORT

18 September 2009

On behalf of the Board of Directors, I am pleased to present to you the twenty fifth annual report of your Company, for the fiscal year to 30 June 2009.

Finbar has again achieved an outstanding result with a final after tax profit of $18.97 million, up by a substantial amount of $6.74 million from last year, an increase of 55% on last year's base.

The directors are also optimistic about the future profitability of Finbar, with continuing high levels of presales on a substantial inventory of high quality projects in progress.

The Company is in a strong financial position and in addition to current projects in hand, holds prime land located in the inner city areas of Perth and plans to have more projects coming on stream in the short to medium term.

Finbar has not been adversely affected by the recent capital and mortgage market constraints and the directors remain confident that in the Company's market segment, customer demand should continue . Furthermore, the measures of improvement emerging in the financial markets generally, has renewed interest in property markets which, in the absence of unforeseen economic factors, should result in improvements in demand.

With a strong balance sheet and liquid financial position the Company continues to be well placed to maintain its leading market position and high levels of returns to shareholders from good profit flows on high quality projects.

This year again, Finbar has paid a good level of dividend in two tranches amounting to $0.06 per share, fully franked, whilst retaining a sufficient level of earnings to fund its operations.

The directors hold the view that the Company's shares are conservatively priced by the market but shareholders may remain confident that your investment is securely backed by valuable assets, in a highly profitable Company which has a policy of paying good levels of dividends.

I am pleased to again reassure you that your board of directors remains totally committed to traditionally successful best practices in corporate governance, with particular focus on prudent financial management, quality projects and compliance with highest standards of corporate conduct.

It is my pleasant duty annually to commend to shareholders the continuing dedication of Finbar's team of executive directors and staff. Their outstanding efforts make your Company successful.

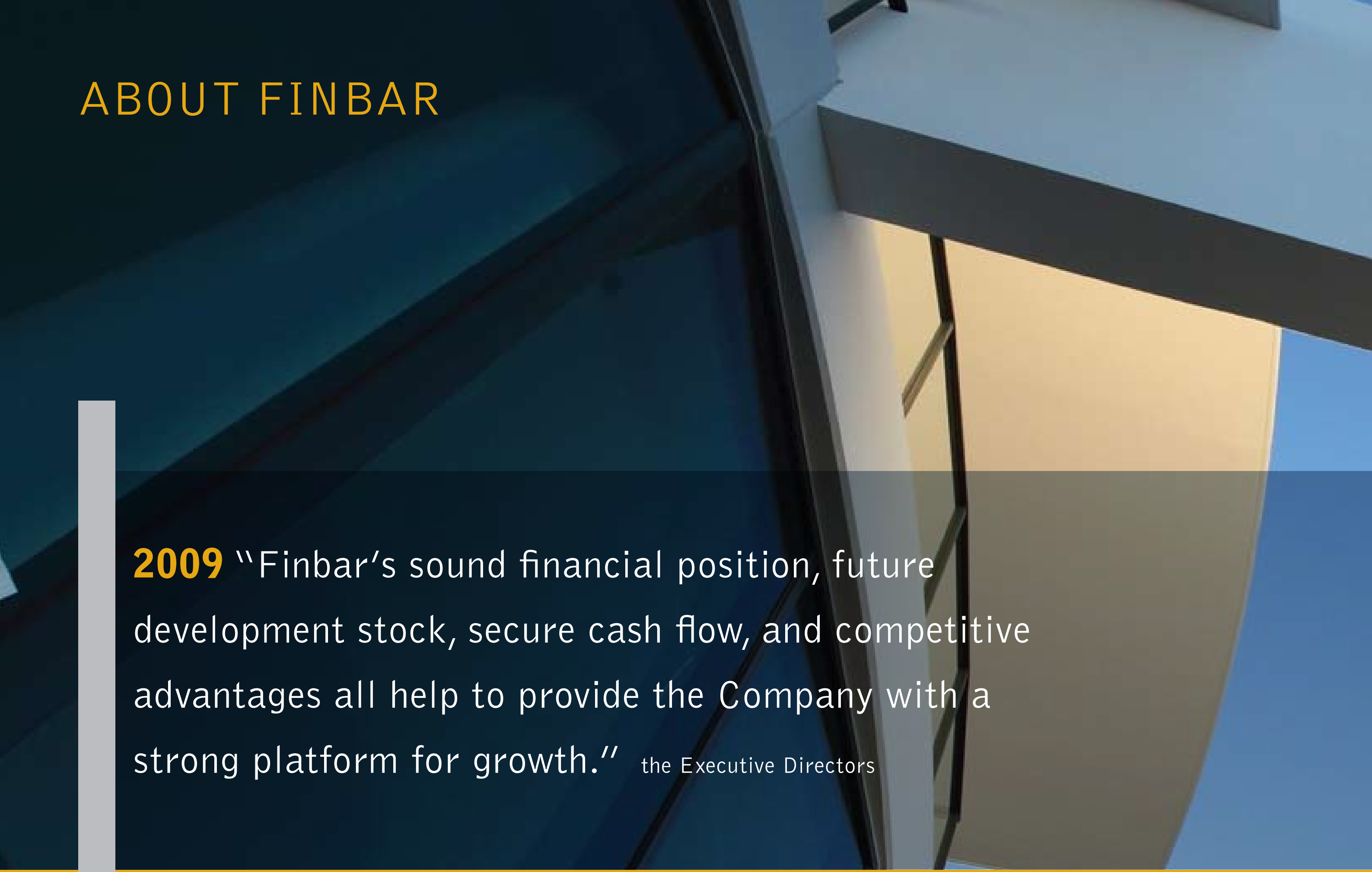
The Company will hold its Annual General meeting on 6 November and I welcome all shareholders to attend.

With Compliments

Paul Anthony Rengel

Chairman of Directors.

ABOUT FINBAR



2009 "Finbar's sound financial position, future development stock, secure cash flow, and competitive advantages all help to provide the Company with a strong platform for growth." the Executive Directors

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

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

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

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

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

In addition to residential projects, the Company is currently developing and intends to retain an interest in office buildings to provide future annuity income to supplement core residential development income.

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

HIGHLIGHTS

- After tax profit of $18.97m for the year to 30 June 2009.
- 24.56% return on shareholders equity.
- Recent strategic acquisitions provide platform for future growth.
- Cashflow protected with pre-sale default levels minimised.
- Expecting a higher profit result in FY2010.

KEY RESULTS	FY09	FY08	MOVEMENT
Net Profit After Tax	$18.97m	$12.23m	↑ 55%
Earnings Per Share (basic)	13.44 cents	8.76 cents	↑ 53%
Net Tangible Assets Per Share	54.9c	47.5c	↑ 5.5%
Return on Equity	24.56%	18.16%	↑ 35%

CIRCLE APARTMENTS – NORTHBRIDGE

REPORT TO SHAREHOLDERS

2009 "The Company has used its strong positioning in a softening property market to capitalise on several strategic land acquisitions..." the Executive Directors

It is with pleasure we report that your Company has recorded an after tax profit of $18.97 million for the period to 30 June 2009. This record result is a 55% increase over the previous corresponding period and a pleasing result to report in light of what has been a very challenging environment for the property sector.

The priorities for the Company management this year have been to ensure construction and commencements of the Company's pre-sold projects continued uninterrupted, and to protect cashflow by implementing strategies to ensure that default rates on pre-sold projects were kept to a minimum.

We believe these objectives have been adequately achieved with the completion of four major projects that comprise 330 residential & commercial lots, and presale contract default rates being maintained at a level that is not dissimilar to levels previously experienced in a stronger market.

Construction finance credit tightening, high construction costs, along with declining sales activity and values have created barriers to entry into the apartment sector and largely restricted competitive activity.

This environment has enabled Finbar to firmly reinforce its positioning as a financially sound, respected, and dependable Western Australian apartment developer that is able to continue to offer a product that meets the needs and price expectations of apartment customers in a soft market.

The Company continues to produce sales results across our product range and are improving margins through continued construction method innovation, the disciplined pursuit of feasible acquisitions within our core area of competencies, and the active marketing of new projects in a marketplace largely void of competitive activity.

CAPITAL MANAGEMENT

The Company continues to meet all of its existing finance facility obligations and maintains a sound working relationship with its bankers.

Two new facilities were obtained during the reporting period. These were project facilities for the Gateway commercial building, and The Edge residential building. Both facilities were obtained on normal development finance terms and conditions.

The Company is confident of securing development specific finance for projects as required notwithstanding the current restrictive credit environment.

The Company has declared fully franked dividends totalling $0.07 per share in respect to the 2009 financial year, being a $0.02 interim dividend paid in March 2009 and a $0.05 final dividend paid in September 2009. This represents an increase of $0.01 per share over the previous year.

In addition to the dividends paid during the year, the Company returned additional benefits to shareholders through the on-market buy back and subsequent cancellation of 1.29 million shares for which the Company paid a total of $752,000, being an average of $0.58 per share.

OPPORTUNITIES

The Company has used its strong position in a softening property market to capitalise on several strategic land acquisitions during the financial year with the joint venture acquisition of two hectares of new development land in East Perth which combined have the potential to add $550m of apartment sales at current values over the next six years.

The Company will continue to use this period of uncertainty initiated by the Global Financial Crisis as a period of opportunity, and will actively continue with the disciplined pursuit and evaluation of new opportunities in the Perth metropolitan area as well as seek to open new markets in Western Australia's Northwest.

The State of Western Australia will once again see a property market under pressure with a population explosion anticipated and employment underpinned by the activity being generated by large scale resource projects in the Pilbara.

Your Board and Management believe that Finbar and its construction partners have the capacity and the capability to create apartment projects in the Pilbara that will offer the same lifestyle facilities enjoyed by the occupants of our city projects. These lifestyle projects will give resource centres the ability to boost populations and give regional areas greater ability to accommodate and retain workers within their communities.

Development opportunities with the State Government will also be explored this year to utilise Finbar's construction cost advantages and expertise, and help to provide affordable housing solutions on Government owned land.

OUTLOOK

Finbar's sound financial position, future development stock, secure cash flow, and competitive advantages all help to provide the Company with a strong platform for growth.

We are confident this growth will be fueled by population growth, jobs, and the renewed confidence that comes with the robust infrastructure and resources activity within a State that has become an integral supplier of the resources for world economic growth.

Irrespective of a sustained economic recovery this year, and the restoration of property buyer confidence, Finbar is very well positioned to benefit from the results being produced for projects even in the current market. Many of these projects are due for completion and settlement this financial year.

For these reasons, the Board and Management are confident of exceeding our $18.97 million result in the 2010 financial year.

Yours faithfully

JOHN CHAN
Managing Director

DARREN PATEMAN
Executive Director / Company Secretary

14 September 2009

PROJECT SUMMARY

REFLECTIONS – 98 & 100 TERRACE ROAD, EAST PERTH

Residential Lots	138 – 2 and 3 bedroom apartments
Commercial Lots	4
Average Sale Price to Date	$916,996
% Sold	99%
Sales Contracts Secured	$129,296,387
Total Project Sales Value	$131,476,387
Completion Date	Completed
Project Company	Burt Way Developments Pty Ltd
Finbar's Ultimate Interest	50%

REFLECTIONS
Waterfront Apartments

Officially opened by the Western Australian Treasurer, the Hon. Troy Buswell MLA on 8 August 2009, the Reflections project is an icon for apartment developments on Terrace Road.

Settlements in the 142 unit $131m project have now commenced and 100% of the sales revenue is expected in FY2010.

FAIRLANES PERTH

FAIRLANES PERTH – 181 ADELAIDE TERRACE, EAST PERTH

Residential Lots	128 – 2 and 3 bedroom apartments
Commercial Lots	Refer to Fairlanes Office on Page 17
Average Sale Price to Date	$687,966
% Sold	60%
Sales Contracts Secured	$68,435,000
Total Project Sales Value	$108,105,000
Estimated Completion Date	Financial Year 2012
Project Company	175 Adelaide Terrace Pty Ltd
Finbar's Ultimate Interest	100%

Located in the thriving east end of the city, Fairlanes Perth is a unique development carefully merging luxury residential living with innovative public spaces.

The development will feature a 27 storey mixed residential and commercial tower including an extensive street level plaza and a terraced amphitheatre.

The public marketing launch commenced in March 2009 and to date the Company has secured 77 sales totaling $68 million in this $153 million project.

Earthworks have now commenced.

DEL MAR – 3 THE PALLADIO, MANDURAH OCEAN MARINA

Total Lots	49 – 1, 2 and 3 bedroom apartments
Average Sale Price to Date	$628,799
% Sold	92%
Sales Contracts Secured	$28,295,050
Total Project Sales Value	$29,915,050
Completion Date	Completed
Project Company	Finbar Group Limited
Finbar's Ultimate Interest	100%

Construction on the Del Mar project was completed in November 2007. The Company continues to hold 3 unsold lots in the 49 unit project.

The Del Mar project is an apartment project located on the new Mandurah Marina, an area which is experiencing high level of available stock and little demand in the current economic climate.

The Company has no borrowings on the remaining lots, and will continue to promote the lots for sale with the view to have the remaining stock sold in FY2010.

DOMUS – 375 HAY STREET, EAST PERTH

Residential Lots	80 – 1 and 2 bedroom apartments
Commercial Lots	1
Average Sale Price to Date	$448,176
% Sold	100%
Sales Contracts Secured	$36,302,288
Total Project Sales Value	$36,302,288
Completion Date	Completed
Project Company	375 Hay Street Pty Ltd
Finbar's Ultimate Interest	50%

Completed in June 2008. All of the 81 units in the Domus project have settled during the reporting period.

CERESA

CERESA – 12 TANUNDA DRIVE, RIVERVALE

Total Lots	113 – 2 and 3 bedroom apartments
Average Sale Price to Date	$615,078
% Sold	100%
Sales Contracts Secured	$69,503,800
Total Project Sales Value	$69,503,800
Completion Date	Completed
Project Company	Rivervale Concepts Pty Ltd
Finbar's Ultimate Interest	50%

Works were completed on the Ceresa project in June 2008, and all 113 apartments have been settled during the reporting period.

HORIZON APARTMENTS on Sixth

HORIZON ON SIXTH – 49 SIXTH AVENUE, MAYLANDS

Total Lots	62 – 2 and 3 bedroom apartments
Average Sale Price to Date	$543,855
% Sold	100%
Sales Contracts Secured	$33,719,000
Total Project Sales Value	$33,719,000
Completion Date	Completed
Project Company	Lot 1 to 10 Whatley Crescent Pty Ltd
Finbar's Ultimate Interest	100%

Completed in November 2008, the Company settled 59 of the completed lots in the reporting period.

The remainder of the lots in this 62 lot development are expected to settle in FY2010

CIRCLE

CIRCLE – 89 & 98 LAKE STREET, NORTHBRIDGE

Residential Lots	31 – 2 and 3 bedroom apartments
Commercial Lots	6
Average Sale Price to Date	$553,764
% Sold	95%
Sales Contracts Secured	$19,381,750
Total Project Sales Value	$20,925,750
Completion Date	Completed
Project Company	Lake Street Pty Ltd
Finbar's Ultimate Interest	100%

Construction at Circle (East & West) is now complete and settlements have now commenced.

There are 35 sold lots in this 37 lot project with all of the revenue for the sold lots expected in FY2010.

SHORERUSH HOMESTEAD – TANUNDA DRIVE, RIVERVALE

Total Lots	1
Sales Contracts Secured	$1,980,000
Total Project Sales Value	$1,980,000
Completion Date	Completed
Project Company	Rivervale Concepts Pty Ltd
Finbar's Ultimate Interest	50%

The Hill 60 Homestead was sold and also settled during the reporting period.

HORIZON ON CENTRAL – 54 CENTRAL AVENUE, MAYLANDS

Total Lots	50 – 2 and 3 bedroom apartments
Average Sale Price to Date	$533,745
% Sold	100%
Sales Contracts Secured	$26,652,500
Total Project Sales Value	$26,652,500
Completion Date	Completed
Project Company	Lot 1 to 10 Whatley Crescent Pty Ltd
Finbar's Ultimate Interest	100%

Completed March 2009, Horizon on Central comprises 50 lots of which all have been sold, 36 lots settled in the reporting period and the remaining lots will settle in FY2010.

ROYALE – 369 HAY STREET, EAST PERTH

Residential Lots	193 – 1, 2 and 3 bedroom apartments
Commercial Lots	4
Average Sale Price to Date	$493,300
% Sold	99%
Sales Contracts Secured	$96,193,500
Total Project Sales Value	$97,408,500
Completion Date	Completed
Project Company	375 Hay Street Pty Ltd
Finbar's Ultimate Interest	50%

Construction works for the 197 lot Royale project were completed in April 2009 and settlements commenced on the cusp of FY2009 and FY2010. This resulted in the settlement of 151 lots prior to the end of FY2009, with 186 lots settled to date.

There are just 2 lots available for sale which are now being promoted and we anticipate these lots will be sold within the next few months and will be settled in FY2010.

CODE
69 MILLIGAN ST

CODE – 69 MILLIGAN STREET, PERTH

Residential Lots	110 – 1 & 2 bedroom apartments
Commercial Lots	4
Average Sale Price to Date	$515,257
% Sold	99%
Sales Contracts Secured	$58,224,000
Total Project Sales Value	$58,759,000
Estimated Completion Date	Financial Year 2010
Project Company	701 Wellington Street Pty Ltd
Finbar's Ultimate Interest	50%

Construction works at Code continued during the reporting period and the building is scheduled for completion in November 2010.

Code is a 114 unit development, and only one unit remains unsold.

It is expected that all revenue for this development will be received in FY2010.

THE SAINT
118 ADELAIDE TERRACE

THE SAINT – 118 ADELAIDE TERRACE, EAST PERTH

Residential Lots	84 – 1, 2 & 3 bedroom apartments
Commercial Lots	1
Average Sale Price to Date	$574,294
Sold	100%
Sales Contracts Secured	$48,815,000
Total Project Sales Value	$48,815,000
Estimated Completion Date	Financial Year 2010
Project Company	Finbar Group Limited
Finbar's Ultimate Interest	50%

Construction works at The Saint have continued during the reporting period with the structure now complete and the practical completion of the building estimated in the first half of 2010 financial year.

The Saint is an 85 unit project all of which have been sold. We anticipate all of the revenue for this project will fall in FY2010.

VERVE – 145 NEWCASTLE STREET, NORTHBRIDGE

Total Residential Lots	28 – 2 and 3 bedroom apartments
Commercial	6
Average Sale Price to Date	$736,818
% Sold	97%
Sales Contracts Secured	$24,315,000
Total Project Sales Value	$25,665,000
Estimated Completion Date	Complete
Project Company	406 & 407 Newcastle Street Pty Ltd
Finbar's Ultimate Interest	50%

The Verve project is now nearing completion with building works expected to be finalised in the first half of FY2010.

All but one lot in the 34 lot project have been sold.

THE EDGE – 8 HORDERN STREET, VICTORIA PARK

Total Lots	75 – 2 and 3 bedroom apartments
Average Sale Price to Date	$687,966
% Sold	83%
Sales Contracts Secured	$42,997,000
Total Project Sales Value	$54,297,000
Estimated Completion Date	Financial Year 2011
Project Company	59 Albany Highway Pty Ltd
Finbar's Ultimate Interest	64%

Construction works at the Edge have now commenced and an active marketing campaign continues.

62 lots in the 75 lot project have been sold.

COMMERCIAL PROJECT

HORIZON HERITAGE – CNR WHATLEY CRESCENT & SIXTH AVENUE, MAYLANDS

Total Lots	1
Estimated Completion Date	Financial Year 2010
Project Company	Lot 1 to 10 Whatley Crescent Pty Ltd
Finbar's Ultimate Interest	100%

Works on the external restoration of the Heritage building were completed during the year.

The Company has also achieved a scheme amendment on the Heritage land that has allowed a change of use from residential to commercial.

The building is now a viable leasing or sale proposition. Both options will be explored in FY2010.

COMMERCIAL PROJECT

ST MARKS – 369 - 375 STIRLING STREET, HIGHGATE

Net Lettable Area	3,200 m^2
Gross Rental PA	$757,000
Project Company	Finbar Funds Management Ltd as RE For Finbar Property Trust
Finbar's Ultimate Interest	100%

Fully leased until March 2012, the St Marks Site is generating annuity income for the Company and on completion of the lease (and any subsequent exercised options) will provide the Company with the opportunity to redevelop the 8,790 m^2 land into a new mixed use development.

COMMERCIAL PROJECT

GATEWAY - 59 ALBANY HIGHWAY, VICTORIA PARK

Net Lettable Area	15,099 m^2
Gross Rental PA	$5,038,000
Estimated Completion Date	Financial Year 2010
Project Company	59 Albany Highway Pty Ltd
Finbar's Ultimate Interest	64%

With the office fully leased to a subsidiary of Monadelphous Group Limited, the construction works for the Gateway is now substantially underway with completion scheduled at the first quarter of 2010 calendar year.

COMMERCIAL PROJECT

FAIRLANES OFFICE – 181 ADELAIDE TERRACE, EAST PERTH

Net Lettable Area	7,155 m^2
Commercial Retail Lots	52
Approximate Gross Rental PA	$3,220,000
Estimated Completion Date	Financial Year 2012
Building End Value	$50,041,000
Project Company	175 Adelaide Terrace Pty Ltd
Finbar's Ultimate Interest	100%

Located directly below the Fairlanes Residential building the Fairlanes office will comprise 7,155m^2 of office over 5 floors which provides the Company with flexibility for either the retention or partial sale of the building.

Your Company is currently exploring options to lease the office space to retain for annuity income.

Earthworks at Fairlanes have now commenced.

FUTURE COMMERCIAL PROJECT

ABC SITE (HERITAGE) – 187 ADELAIDE TERRACE, EAST PERTH

Net Lettable Area	3,300 m^2
Gross Rental PA	$1,320,000
Estimated Completion Date	Financial Year 2013
Project Company	88 Terrace Road Pty Ltd
Finbar's Ultimate Interest	50%

Acquired in October 2008 for $37.58 million and being developed by way of a joint venture, this prime 1.28 hectare site is currently in a scheme amendment process which we hope will provide the Company with the opportunity to develop 44,000m^2 of new apartment and office property on this premium East Perth site.

FUTURE PROJECT

141 ADELAIDE TERRACE, EAST PERTH

Residential Lots	200 – Studio, 1, 2 and 3 bedroom apartments
Commercial Lots	2
Estimated Completion Date	Financial Year 2011
Approximate End Value	$95,000,000
Project Company	143 Adelaide Terrace Pty Ltd
Finbar's Ultimate Interest	50%

In June we announced that a Finbar lead joint venture had successfully purchased this 4,481m^2 property for $10.6 million from receivers and administrators.

A development application is substantially complete which will seek the approval to develop 200 residential apartments.

FUTURE COMMERCIAL PROJECT

PLAIN STREET – 22 PLAIN STREET, EAST PERTH

Residential Lots	29 – 2 bedroom apartments
Commercial Lots	1
Estimated Completion Date	Financial Year 2011
Approximate End Value	$17,000,000
Project Company	22 Plain St Pty Ltd
Finbar's Ultimate Interest	50%

A 50% owned joint venture Company has entered into a contract to purchase the above mentioned development site.

It is proposed the 651m^2 site will be developed into a mixed use development to comprise 29 residential units and one commercial lot.

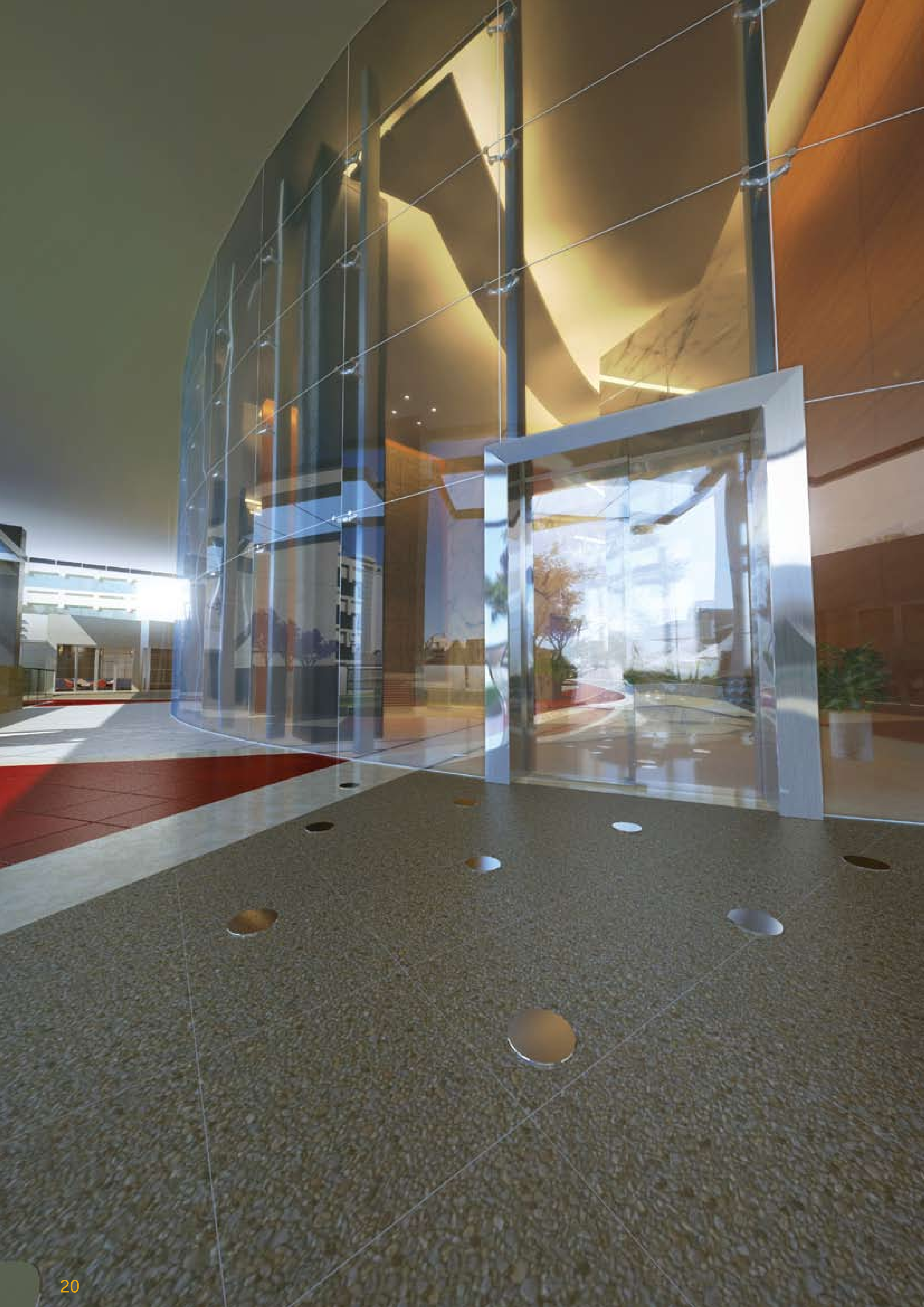
The development proposal is currently with local council for consideration.

FUTURE PROJECT

ABC SITE – 187 ADELAIDE TERRACE, EAST PERTH

Total Lots	Approximately 425
Approximate End Value	$450,000,000
Estimated Completion Date	Financial Year 2013, 2014 & 2015
Project Company	88 Terrace Road Pty Ltd
Finbar's Ultimate Interest	50%

The former ABC site will most likely be a staged development which will provide the Company with approximately $450 million of product to offer the market over the next six years.



ABN 97 009 113 473
ACN 009 113 473

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2009

The Directors present their report together with the financial report of Finbar Group Limited ('the Company') and of the Group, being the Company, its Subsidiaries and the Group's interest in Jointly Controlled entities for the financial year ended 30 June 2009 and the audit report thereon.

	Contents of Directors' Report	Page

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2009

1 Directors

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

Non-executive (Independent) Director

Paul Anthony RENGEL - B Com, FCA (Chairperson)	Director and Chairperson since 22 May 1992	Age: 68

Paul Rengel was appointed Chairman in 1992 and has 38 years of professional experience with international accounting firms and is currently director for corporate finance services with Equity Finance & Securities Pty Ltd in Perth.

Paul holds a Bachelor of Commerce degree from the University of Western Australia, he is a Fellow of the Institute of Chartered Accountants in Australia, an Associate Member of the Australian Institute of Company Directors, and an Associate Member of the Australian Institute of Management.

Paul is an experienced professional company director and is currently non-executive chairman of ASX listed scientific equipment manufacturer - XRF Scientific Limited, and non-executive chairman of ASX listed mineral exploration company - Stonehenge Metals Limited. He brings to the Board a wide experience in the public company sector, financial management and corporate governance.

Non-executive Director

John Boon Heng CHEAK - B Com, B Eco	Director since 28 April 1993	Age: 66

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

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

John is a non-executive director of Australian publicly-listed precision engineering company Zicom Group Limited, and non-executive director of CH Offshore Limited, Singapore and Scomi Marine Bhd, Malaysia, both publicly-listed marine transportation companies.

Non-executive Director

Kee Kong LOH - B Acc, CPA	Director since 28 April 1993	Age: 57

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) and in the last three years has been a director of Cedar Woods Holdings Limited, Chuan Hup Holdings Limited and CH Offshore Limited which are publicly listed companies in Singapore, where he is a resident.

Executive Director

John CHAN - BSc, MBA, MAICD (Managing Director)	Director and Managing Director since 27 April 1995	Age: 62

John Chan is Managing Director of Finbar, and a Director of its Subsidiaries and Jointly Controlled entities.

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

He 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.

Executive Director

Darren John Pateman - EMBA, Grad Dip App CorpGov, ACIS, AICD. AFAIM Director since 6 November 2008 Age: 40

Darren Pateman is the Chief Executive Officer and Company Secretary of Finbar, and Company Secretary of its Subsidiaries and Jointly Controlled entities.

Darren joined Finbar in 1995 and has had an active role in the growth of Finbar since re-listing on the stock exchange as a property development company in 1995. He has held a number of positions in his 13 years with the Company and was appointed CEO in 2006.

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

Executive Director

Richard Dean RIMINGTON Director since 27 April 1995, Resigned 31 August 2008 Age: 50

Richard Rimington is an Executive Director of the Company, its Subsidiaries and Jointly Controlled entities.

Rick joined the board in 1995 and since that time has been instrumental in the growth of the Company following the Company's listing on the exchange as a property development company.

Rick brings to the Board over 23 years of experience in land subdivision and residential project development in Western Australia, South Australia and Queensland.

2 Company Secretary

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

Darren John Pateman - EMBA, Grad Dip App CorpGov, ACIS, AICD. AFAIM Company Secretary since 28 February 1996 Age: 40

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
Paul Anthony Rengel	2	1
John Boon Heng CHEAK	2	1
Kee Kong LOH	2	2
John CHAN	2	2
Darren John PATEMAN	2	2
Richard Dean RIMINGTON (Resigned 31 August 2008)	0	0

4 Corporate Governance Statement

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

4.1 Board of Directors

Role of the Board

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

To fulfill this role, the Board is responsible for the overall corporate governance of the Company and the Group including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for Directors and Senior Executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems.

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

The Board has delegated responsibility for operation and administration of the Company to the Managing Director, the Chief Executive Officer and executive management.

Board Processes

The Company is not currently considered to be of the size, nor are its affairs of such complexity to justify the establishment of separate committees, or a formal Board charter or a code of conduct. Accordingly, all matters which may be capable of delegation to a committee are dealt with by the full Board.

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

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

Director Education

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

Independent Professional Advice and Access to Company Information

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

4.1 Board of Directors (continued)

Composition of Board

The names of the Directors of the Company in office at the date of this report are set out in the Directors' report on Page 23 of this report.

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

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

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

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

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

The Company does not have a nomination or remuneration committee as the Company is not currently considered to be of the size nor have the shareholder spread to warrant the appointment of additional Independent Directors. The Company Chairman is a Non-executive Independent Director who holds this position in the interests of minority shareholders.

4.2 Remuneration Report - Audited

4.2.1 Principles of Remuneration - Audited

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

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group. 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 of the Company, and key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced Directors and Executives. The Board 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 Company and the Group's performance;
- the Company and the Group's performance including:
  - the Company and the Group's earnings;
  - the growth in share price and delivering constant returns on shareholder wealth;
  - the amount of incentives within each key management person's remuneration.

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

Fixed Remuneration

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

Remuneration levels are reviewed annually through a process that considers individual and overall performance of the Company and the Group. In addition external consultants provide analysis and advice to ensure the Directors' and Senior Executives' remuneration is competitive in the market place.

Performance Linked Remuneration

Performance linked remuneration includes both short-term and long-term incentives and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The short-term incentive (STI) is an 'at risk' bonus provided in the form of cash, while the long-term incentive (LTI) is provided as options over ordinary shares of the Company under the rules of the Executive Option Plan 2003 (see Note 25 in the Notes to the Financial Statements). The Board did not exercise any discretion on the payment of options as the plan provides for no such discretion.

Short Long Term Incentive

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

The primary financial performance objective is 'profit before tax'. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes and personal development.

At the end of the financial year the Board and the Managing Director assess the actual performance of the Group, the relevant segment and individual against the KPIs set. The performance evaluation in respect of the year ended 30 June 2009 has taken place in accordance with this process.

Long Term Incentive

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

4.2 Remuneration Report - Audited (continued)

4.2.1 Principles of Remuneration - Audited (continued)

Consequences of Performance on Shareholders Wealth

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

	2005
Net profit attributable to equity holders **(calculated under previous Australian GAAP)**	$6,578,450
Dividends paid	$1,793,737
Change in share price	$0.14
Return on capital employed	13.11%
Return on ordinary shareholders equity	17.35%

	2009	2008	2007	2006	2005
Net profit attributable to equity holders **(calculated under AIFRS)**	$18,895,446	$12,228,014	$3,002,734	$5,025,449	$5,672,748
Dividends paid	$8,472,983	$9,682,097	$7,476,138	$4,098,936	$1,793,737
Change in share price	$0.18	-$0.18	-$0.08	$0.47	$0.14
Return on capital employed	7.99%	6.91%	2.13%	8.69%	12.95%
Return on ordinary shareholders equity	24.47%	18.15%	5.02%	10.26%	16.34%

Net profit amounts for 2005 were calculated in accordance with previous Australian GAAP. Net profit amounts for 2006 to 2009 have been calculated in accordance with Australian Accounting Standards (AASBs).

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

Net profit is considered as one of the financial performance targets in setting the STI.

The Board considers that the above performance-linked remuneration structure is generating the desired outcome.

Service Contracts

No service contracts (except as detailed at Paragraph 4.2.2 of this Directors Report) have been entered into by the Company and the Group for Executive Directors and Senior Executives, including the Managing Director and Chief Executive Officer.

Directors

Total base remuneration for all Directors, last voted upon by shareholders at the 2004 year AGM, is not to exceed $157,000 per annum and are set based on advice from external advisors with reference to fees paid to other Directors of comparable companies. Directors' base fees are presently up to $157,000 per annum.

The Chairperson receives up to twice the base fee. Directors' fees cover all main Board activities.

4.2.2 Directors and Executive Officers' Remuneration - Audited

Details of the nature and amount of each major element of remuneration of each Director of the Company and of the named Company Executive who receive the highest remuneration during the financial year ended 30 June 2009 are:

	Directors Fees	Salary	STI Cash Bonus (A)	Super-annuation	Options Issued (B)	Total	Value of Cash Bonus as proportion of Remuneration
	$	$	$	$	$	$	%
Executive Directors							
Mr John Chan	26,940	79,624	431,595	110,565	-	648,724	66.53%
Mr Richard Dean Rimington	4,490	126,552	55,977	23,623	-	210,642	26.57%
Mr Darren John Pateman	22,450	102,468	276,424	36,121	-	437,463	63.19%
Non-executive Directors							
Mr Paul Anthony Rengel	39,540	-	-	-	-	39,540	
Mr John Boon Heng Cheak	29,365	-	-	-	-	29,365	
Mr Kee Kong Loh	29,365	-	-	-	-	29,365	
Executives							
Mr Edward Guy Bank, CFO	-	93,876	193,698	29,437	-	317,011	61.10%
	152,150	402,520	957,694	199,746	-	1,712,110	55.94%

Details of the nature and amount of each major element of the emolument of each Director of the Company and the named Officers of the Company receiving the highest remuneration during the financial year 30 June 2008 are:

	Directors/ Secretarial Fees	Salary	Super-annuation	Options Issued (B)	Total	Value of Options as proportion of Remuneration
	$	$	$	$	$	%
Executive Directors						
Mr John Chan	24,187	53,778	7,017	9,098	94,080	9.67%
Mr Richard Dean Rimington	24,187	45,712	6,291	6,532	82,722	7.90%
Non-executive Directors						
Mr Paul Anthony Rengel	39,543	-	-	2,333	41,876	5.57%
Mr John Boon Heng Cheak	26,364	-	-	-	26,364	
Mr Kee Kong Loh	26,363	-	-	-	26,363	
Executives						
Mr Darren John Pateman, CEO	11,009	40,334	4,621	4,666	60,630	7.70%
Mr Edward Guy Bank, CFO	-	91,500	11,700	1,166	104,366	1.12%
	151,653	231,324	29,629	23,795	436,401	5.45%

(A) Short-term Incentive Cash Bonus:

The short-term incentive bonus is for performance during the respective financial year using the criteria set out on Page 27.

(B) Options Issued:

The fair value of the options issued is calculated at the grant date using the Black-Scholes option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised in this reporting period. In valuing the options, market conditions have been taken into account.

4.2 Remuneration Report - Audited (continued)

4.2.2 Directors and Executive Officers' Remuneration - Audited (continued)

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant Date	Option Life	Fair Value per Option	Exercise Price	Price of Shares on Grant Date	Expected Volatility	Risk Free Interest Rate	Dividend Yield
3 July 2006	3.0 years	$0.5677	$0.40	$0.925	48.00%	5.883%	1.78%

Management Fees:

The Company had previously entered into a management agreement ("the Agreement") with J&R Management Pty Ltd ("J&R Management") for the provision of executive management, project management and company secretarial services to the Company for a period of three years from 1 July 2004. The agreement was signed on 16 December 2004. The Company and J&R Management had agreed to an extension of the agreement for a period of seven months from 1 July 2007. Mr John Chan and Mr Richard Dean Rimington are Directors and shareholders of J&R Management. Mr Darren John Pateman is a shareholder of J&R Management. The agreement provided for the payment of a commission of eight per cent of pre-tax profits of the Company in each financial year. The agreement was mutually concluded on 31 January 2008. Further details are in Note 31 in the Notes to the Financial Statements.

The terms and conditions of the transactions with J&R Management were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

On 31 January the Company announced that the management agreement with J&R Management Pty Ltd under which the executive management staff and other staff provided to Finbar Group Limited had ceased. The terms of the conclusion of the agreement included the employment directly by Finbar of the entire executive and other staff previously provided under that agreement. These arrangements were on terms that ensured that the financial impact upon Finbar is neutral.

The aggregate amounts recognised during the year relating to J&R Management were as follows:

		Consolidated		Company	
	Note	2009	2008	2009	2008
		$	$	$	$
Monthly fee	a)	-	346,253	-	346,253
Eight per cent of Pre-tax Company profits	b)	-	(50,117)	-	(50,117)
Eight per cent of Pre-tax Jointly Controlled entities profits	c)	-	213,488	-	213,488
Eight per cent of Pre-tax Subsidiaries profits		-	547,455	-	547,455
Deed of Entitlements management fee	d)	1,668,880	426,125	1,668,880	426,125
		1,668,880	1,483,204	1,668,880	1,483,204

The calculation of management fees for 2008 are based on Australian Accounting Standards (AASBs) profit calculations.

a) The monthly fee payable to J&R Management is $Nil per month (2008: $49,465 per month).

b) The calculation of the eight per cent of Pre-tax Company profits did not include the Share of net profits of Jointly Controlled entities' accounted for using the equity method, and does not include the net profits of Subsidiaries.

c) The calculation of the eight per cent of Pre-tax Jointly Controlled entities profits was calculated on the Company's interest in the Jointly Controlled entities'.

d) The calculation of the Deed of Entitlements management fee is as a consequence of the expiry through the effluxion of time of the J&R Management Pty Ltd management agreement.

Details of the Group's policy in relation to the remuneration that is performance related is discussed on Page 27.

4.2.3 Analysis of Bonuses included in Remuneration - Audited

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

	Short Term Incentive Bonus	
	Included in Remuneration	% vested in year
	$	%
Executive Directors		
Mr John Chan	431,595	100%
Mr Richard Dean Rimington	55,977	100%
Mr Darren John Pateman	276,424	100%
Executives		
Mr Edward Guy Bank, CFO	193,698	100%
	957,694	100%

Amounts included in remuneration for the financial year represent the amount of entitlements in the financial year based on achievement of personal goals and satisfaction of performance criteria. No further amounts will be incurred in future financial years in respect of bonus schemes for the 2009 financial year.

4.2.4 Equity Instruments - Audited

All options refer to options over ordinary shares of Finbar Group Limited, which are exercisable on a one-for-one basis under the Executive Option Plan 2003.

4.2.4.1 Options and Rights over Equity Instruments Granted as Remuneration - Audited

Details on options over ordinary shares in the Company that were granted as remuneration to each key management person and employees during the reporting period and since the end of the reporting period, and details on options that were vested during the reporting period are as follows:

	Number of Options Vested during 2009	Exercise Price per Option	Expiry Date
Directors			
Mr John Chan	50,000	$0.40	3 July 2009
Mr Richard Dean Rimington (Resigned 31 August 2009)	375,000	$0.40	3 July 2009

	Number of Options Vested during 2008	Exercise Price per Option	Expiry Date
Directors			
Mr John Chan	1,900,000	$0.40	3 July 2009
Mr Richard Dean Rimington	300,000	$0.40	3 July 2009
Mr Paul Anthony Rengel	200,000	$0.40	3 July 2009
Executives			
Mr Darren John Pateman	1,000,000	$0.40	3 July 2009
Mr Edward Guy Bank	250,000	$0.40	3 July 2009

4.2 Remuneration Report - Audited (continued)

4.2.4 Equity Instruments - Audited (continued)

4.2.4.1 Options and Rights over Equity Instruments Granted as Remuneration - Audited (continued)

The options were provided at no cost to the recipients.

No options have been granted since the end of the financial year.

All options, except those granted to Richard Dean Rimington, expire on the earlier of their expiry date or termination of the individual's employment. At a meeting of the Board held on 19 June 2008 it was resolved that, for reasons of Mr Rimington's long standing and contribution to the Company, the Board grant an extension of time in which Mr Rimington may exercise 725,000 Executive Options to 6 July 2009 irrespective of his employment status with the Company.

These options do not entitle the holder to participate in any share issue of the company or any other body corporate.

Further details, including grant dates and exercise dates regarding options granted to executives under the Executive Option Plan 2003 are in Note 25 in the Notes to the Financial Statements.

4.2.4.2 Modifications of Terms of Equity-settled Share-based Payment Transactions - Audited

No terms of equity-settled share-based payment transactions (including options and rights granted as remuneration to a key management person) have been altered or modified by the issuing entity during the reporting period.

4.2.4.3 Exercise of Options Granted as Remuneration - Audited

During the reporting period, the following shares were issued on the exercise of options previously granted as remuneration (granted 3 July 2006) 425,000 shares were issued on the exercise of options previously granted as remuneration.

	Number of Shares	Amount Paid per Share
Directors		
Mr John Chan	50,000	$0.40
Mr Richard Dean Rimington	375,000	$0.40
Total Options Exercised	425,000	

4.2.4.4 Analysis of Movements in Options - Audited

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

	Value of Options		
	Exercised in 2009 $ (A)	Lapsed in 2009 $ (B)	Total Option Value in 2009 $
Mr John Chan	4,000	-	4,000
Mr Richard Dean Rimington	75,000	-	75,000
	79,000	-	79,000

	Value of Options		
	Exercised in 2008	Lapsed in 2008	Total Option Value in 2008
	$ (A)	$ (B)	$
Mr John Chan	825,000	-	825,000
Mr Richard Dean Rimington	133,500	-	133,500
Mr Paul Anthony Rengel	89,000	-	89,000
Mr John Boon Heng Cheak	-	-	-
Mr Kee Kong Loh	-	-	-
Mr Darren John Pateman	445,000	-	445,000
Mr Edward Guy Bank	111,250	-	111,250
	1,603,750	-	1,603,750

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

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

4.2.4.5 Unissued Shares under Options - Audited

At the date of this report unissued shares of the Company under option are:

Expiry Date	Exercise Price	Number of Shares
3 July 2009	$0.40	1,025,000

All options, except those granted to Richard Dean Rimington, expire on the earlier of their expiry date or termination of the individual's employment. At a meeting of the Board held on 19 June 2008 it was resolved that, for reasons of Mr Rimington's long standing and contribution to the Company, the Board grant an extension of time in which Mr Rimington may exercise 725,000 Executive Options to 6 July 2009 irrespective of his employment status with the Company. The options are exercisable after one year from the grant date. The earliest exercise date was 3 July 2007.

These options do not entitle the holder to participate in any share issue of the company or any other body corporate.

4.3 Audit Committee

The Chief Executive Officer and the Chief Financial Officer declared in writing to the Board that the financial records of the Company for the financial year have been properly maintained and the Company's financial reports for the financial year ended 30 June 2009 comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. This statement is required annually.

The Company does not have a formally constituted audit committee. The Board monitors the need to form an audit committee on a periodic basis. The responsibilities of the Board include:

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

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

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

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

4.4 Risk Management

Oversight of the Risk Management Procedures

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

Risk Profile

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

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

Risk Management and Compliance Control

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

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

Comprehensive practices have been established to ensure:

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

Quality and Integrity of Personnel

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

Financial Reporting

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

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

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

Environmental Regulation

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

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

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

4.5 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 Company.

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 Company 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, 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 Company's assets;
- compliance with laws;
- reporting of unethical behaviour.

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:
  - except between three and 30 days after either the release of the Company's half-year and annual results to the Australian Stock Exchange ('ASX'), the Annual General Meeting or any major announcement;
  - whilst in possession of price sensitive information not yet released to the market;
- raising the awareness of legal prohibitions including transactions with colleagues and external advisers;
- requiring details to be provided of the trading activities of the Directors of the Company;
- identification of processes for unusual circumstances where discretions may be exercised in cases such as financial hardship.

4.6 Communication with Shareholders

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

In summary, the Continuous Disclosure policy operates as follows:

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

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

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

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

5 Principal Activities

The principal activities of the Company and the Group during the course of the financial year continued to be property investment and development.

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

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

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

6 Operating and Financial Review

Operating Results

	2009	2008
The net profit of the Company after income tax amounted to	$17,343,681	$14,477,260
The net profit of the Group after income tax amounted to	$18,895,446	$12,228,014

Shareholder Returns

	AASBs 2009	AASBs 2008	AASBs 2007	AASBs 2006	AASBs 2005
Net profit attributable to equity holders	$18,895,446	$12,228,014	$3,002,734	$5,025,449	$5,672,748
Basic EPS	$0.13	$0.09	$0.02	$0.05	$0.06
Dividends paid	$8,472,983	$9,682,097	$7,476,138	$4,098,936	$1,793,737
Dividends paid per share	$0.06	$0.07	$0.06	$0.04	$0.02
Market price per share	$0.80	$0.62	$0.80	$0.88	$0.41
Change in Share Price	$0.18	-$0.18	-$0.08	$0.47	$0.14
Return on Capital Employed	7.99%	6.91%	2.13%	8.69%	12.95%
Return on Ordinary Shareholders Equity	24.47%	18.15%	5.02%	10.26%	16.34%

Net profit amounts for 2005 to 2009 have been calculated in accordance with Australian Accounting Standards (AASBs).

Returns to shareholders increase through both dividends and capital growth. Dividends for 2009 were fully franked and it is expected that dividends in future years will continue to be fully franked.

Review of Operations

During the year the Group continued to focus on its core activities of residential and commercial property development. The Group has funded its operations from cash reserves together with short-term construction finance which is project specific. The Group has completed its development of the sites at Mandurah Marina (Del Mar) in Mandurah (a total of 4 units remain unsold in the Delmar development as at the end of the financial year), 17-19 Carr Street (Sol Apartments) in West Perth, 131 Adelaide Terrace (Infinity) in East Perth and the residential component of Whatley Crescent (Horizon on Sixth and Horizon on Central) in Maylands (a total of 4 units remain unsold and a total of 9 units were still to be settled at the end of the financial year).

The Group has continued its development of the site at 118 Adelaide Terrace (The Saint) in East Perth (a total of 85 units were pre-sold in The Saint development in the previous financial year), the commercial component of the site at 59 Albany Highway (Gateway) in Victoria Park, the residential component of the site at 59 Albany Highway (The Edge) in Victoria Park (a total of 46 units were pre-sold in The Edge development during this financial year), the commercial component of the site at Whatley Crescent in Maylands, the site at 96&102 Terrace Road (Reflections) in East Perth (a total of 140 units were pre-sold in the Reflections development in previous financial years), the site at 175 Adelaide Terrace (Fairlanes) in East Perth (a total of 36 units were pre-sold in the Fairlanes development during this financial year) and the site at 89&98 Lake Street (Circle) in Northbridge (a total of 31 units were pre-sold in the Circle development in previous financial years).

Significant Changes in State of Affairs

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

7 Dividends

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

	Cents per Share	Total Amount $	Franked / Unfranked	Date of Payment
Dividends Paid During the Year 2009				
Interim 2009 ordinary	2.00	2,820,237	Franked	20 March 2009
Final 2008 ordinary	4.00	5,652,746	Franked	15 September 2008
Total Dividends Paid		8,472,983		

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

Proposed Dividend

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

Final 2009 ordinary	5.00	7,092,088	Franked	4 September 2009
Total Dividends Proposed		7,092,088		

The effect of these dividends have not been brought to account in the financial statements for the year ended 30 June 2009 and will be recognised in subsequent financial reports.

	Note	$
Dealt with in the financial report as - Dividends	22	8,472,983

Dividend Reinvestment Plan

In accordance with Rule 13 of the Company's Dividend Reinvestment Plan (DRP), the Directors have elected to suspend the DRP 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 seek new opportunities for the acquisition of future development projects.

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

10 Directors Interests

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

Director	Ordinary Shares	Options over Ordinary Shares
Mr John Chan	20,748,020	-
Mr Paul Anthony Rengel	923,000	300,000
Mr John Boon Heng Cheak	380,000	-
Mr Kee Kong Loh	1,930,000	-
Mr Darren John Pateman	2,189,228	-

11 Share Options

Unissued Shares under Options

At the end of this financial year unissued shares of the Company under option were:

Expiry Date	Exercise Price	Number of Shares
3 July 2009	$0.40	1,025,000

All options, except those granted to Richard Dean Rimington, expire on the earlier of their expiry date or termination of the individual's employment. At a meeting of the Board held on 19 June 2008 it was resolved that, for reasons of Mr Rimington's long standing and contribution to the Company, the Board grant an extension of time in which Mr Rimington may exercise 725,000 Executive Options to 6 July 2009 irrespective of his employment status with the Company. The options are exercisable after one year from the grant date. The earliest exercise date was 3 July 2007.

These options do not entitle the holder to participate in any share issue of the company or any other body corporate.

Shares Issued on Exercise of Options

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued):

	Number of Shares	Amount Paid per Share
During the financial year	425,000	$0.40
Since the end of the financial year	1,025,000	$0.40
Total Options Exercised	1,450,000	

12 Indemnification and Insurance of Officers and Auditors

Indemnification

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

During the financial year, the Company entered into an agreement with their current auditors, KPMG, indemnifying them against any claims by third parties arising from their report on the annual financial report, except where the liability arises out of conduct involving a lack of good faith.

Insurance Premiums

During the financial year the Company has paid insurance premiums of $18,659 (2008: $19,980) 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 willful breach of duty or improper use of information or position to gain a personal advantage.

13 Non-audit Services

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

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

	Consolidated	
	2009	2008
	$	$
Audit Services:		
Auditors of the Company		
Audit and review of the financial reports (KPMG Australia)	177,000	160,400
Audit Services:		
Auditors of the Jointly Controlled Entities		
Audit and review of the financial reports (KPMG Australia)	11,000	-
Services Other Than Statutory Audit:		
Services other than Statutory Audit:		
Taxation compliance services (KPMG Australia)	17,200	7,500
Accounting advice (KPMG Australia)	-	22,500
	17,200	30,000

14 Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on Page 98 and forms part of the Directors' Report for the financial year ended 30 June 2009.

Dated at Perth this Twenty Seventh day of August 2009.

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

John Chan
Managing Director

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

		Consolidated		Company	
	Note	2009	2008	2009	2008
		$	$	$	$
Revenue	8	54,627,949	76,746,453	7,059,618	26,492,234
Cost of sales		(35,638,592)	(61,978,498)	(1,525,213)	(18,306,074)
Gross Profit		18,989,357	14,767,955	5,534,405	8,186,160
Other income	9	863,094	1,113,494	46,053	140,381
Administrative expenses		(4,302,314)	(2,836,513)	(4,277,074)	(2,758,146)
Other expenses	10	(1,085,741)	(15,977)	-	-
Results from Operating Activities		14,464,396	13,028,959	1,303,384	5,568,395
Financial income	12	2,890,715	4,309,337	9,538,824	12,183,883
Financial expense	12	(3,138,737)	(1,189,037)	(395,398)	(439,215)
Net Financial (Expense)/ Income		(248,022)	3,120,300	9,143,426	11,744,668
Share of profit of Equity Accounted Investees, net of income tax	16	9,235,694	923,653	9,235,694	923,653
Profit before Income Tax		23,452,068	17,072,912	19,682,504	18,236,716
Income tax expense	13	(4,556,622)	(4,844,898)	(2,338,823)	(3,759,456)
Profit for the year		18,895,446	12,228,014	17,343,681	14,477,260
Attributable to:					
Equity holders of the Company		18,970,991	12,230,513	17,343,681	14,477,260
Minority interest		(75,545)	(2,499)	-	-
Profit for the year		18,895,446	12,228,014	17,343,681	14,477,260
Earnings per Share:					
Basic earnings per share (cents per share)	23	13.44	8.76		
Diluted earnings per share (cents per share)	23	13.34	8.67		

The Income Statements are to be read in conjunction with the Notes to the Financial Statements set out on Pages 47 to 94.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Share Capital	Share Option Reserve	Retained Earnings	Total Equity
		$	$	$	$
Opening balance at 1 July 2007		52,267,450	2,871,232	4,658,775	59,797,457
Prior period adjustments recognised directly to equity				70,392	70,392
Recognition of shares issued to minority interest		18			18
Total recognised income and expense				12,228,014	12,228,014
Shares issued - net of share issue cost and tax		4,924,763			4,924,763
Equity settled transactions (net of tax)	25		23,795		23,795
Dividends to shareholders				(9,682,097)	(9,682,097)
Closing balance at 30 June 2008		57,192,231	2,895,027	7,275,084	67,362,342
Opening balance at 1 July 2008		57,192,231	2,895,027	7,275,084	67,362,342
Total recognised income and expense				18,895,446	18,895,446
Shares issued - net of share issue cost and tax		170,000			170,000
Share buy back		(751,740)			(751,740)
Dividends to shareholders				(8,472,983)	(8,472,983)
Closing balance at 30 June 2009		56,610,491	2,895,027	17,697,547	77,203,065

Amounts are stated net of tax

	Note	Company Share Capital	Share Option Reserve	Retained Earnings	Total Equity
		$	$	$	$
Opening balance at 1 July 2007		52,267,444	2,871,232	5,641,538	60,780,214
Prior period adjustments recognised directly to equity				(38,240)	(38,240)
Total recognised income and expense				14,477,260	14,477,260
Shares issued - net of share issue cost and tax		4,924,763			4,924,763
Equity settled transactions (net of tax)	25		23,795		23,795
Dividends to shareholders				(9,682,097)	(9,682,097)
Closing balance at 30 June 2008		57,192,207	2,895,027	10,398,461	70,485,695
Opening balance at 1 July 2008		57,192,207	2,895,027	10,398,461	70,485,695
Total recognised income and expense				17,343,681	17,343,681
Shares issued - net of share issue cost and tax		170,000			170,000
Share buy back		(751,740)			(751,740)
Dividends to shareholders				(8,472,983)	(8,472,983)
Closing balance at 30 June 2009		56,610,467	2,895,027	19,269,159	78,774,653

Amounts are stated net of tax

The Statements of Changes in Equity are to be read in conjunction with the Notes to the Financial Statements set out on Pages 47 to 94.

BALANCE SHEETS

AS AT 30 JUNE 2009

		Consolidated		Company	
	Note	2009	2008	2009	2008
		$	$	$	$
ASSETS					
Current Assets					
Cash and cash equivalents	21a	27,289,254	28,077,809	24,294,564	23,149,097
Trade and other receivables	20	10,274,416	6,042,950	19,283,462	9,770,181
Inventories	19	136,490,698	12,480,015	10,042,169	3,565,780
Prepayments		3,847,866	5,585,475	3,111,278	4,780,157
Investments in Equity Accounted Investees	16	6,143,822	-	6,143,822	-
Other investments, including derivatives	17	8,370,004	524,597	8,370,007	5,952
Total Current Assets		192,416,060	52,710,846	71,245,302	41,271,167
Non Current Assets					
Trade and other receivables	20	3,436,294	9,397,860	30,438,524	37,317,320
Inventories	19	24,745,465	95,055,796	-	600,673
Investment property	14	13,000,000	14,000,000	-	-
Other investments, including derivatives	17	-	759,692	120	759,815
Investments in Equity Accounted Investees	16	238,373	3,883,604	238,373	3,883,604
Property, plant and equipment	15	992,900	1,021,243	878,036	897,130
Deferred tax assets	18	1,536,817	175,320	-	-
Total Non Current Assets		43,949,849	124,293,515	31,555,053	43,458,542
Total Assets		236,365,909	177,004,361	102,800,355	84,729,709
LIABILITIES					
Current Liabilities					
Trade and other payables, including derivatives	26	6,809,105	7,724,934	1,709,218	3,782,556
Loans and borrowings	24	127,419,651	10,424,095	19,237,356	5,800,000
Current tax payable	18	3,122,821	5,471,076	1,244,790	3,316,190
Total Current Liabilities		137,351,577	23,620,105	22,191,364	12,898,746
Non Current Liabilities					
Loans and borrowings	24	21,126,412	86,021,914	-	-
Derivatives		684,855	-	-	-
Deferred tax liabilities	18	-	-	1,834,338	1,345,268
Total Non Current Liabilities		21,811,267	86,021,914	1,834,338	1,345,268
Total Liabilities		159,162,844	109,642,019	24,025,702	14,244,014
Net Assets		77,203,065	67,362,342	78,774,653	70,485,695
EQUITY					
Share capital	22	56,610,491	57,192,231	56,610,467	57,192,207
Share option reserve	25	2,895,027	2,895,027	2,895,027	2,895,027
Retained earnings		17,697,547	7,275,084	19,269,159	10,398,461
Total Equity		77,203,065	67,362,342	78,774,653	70,485,695
Minority interest		45,081	(30,464)	-	-
Total Equity Attributable to Holders of the Company		77,248,146	67,331,878	78,774,653	70,485,695

The Balance Sheets are to be read in conjunction with the Notes to the Financial Statements set out on Pages 47 to 94.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2009

		Consolidated		Company	
	Note	2009	2008	2009	2008
		$	$	$	$
Cash Flows from Operating Activities					
Cash receipts from customers		56,862,206	87,009,338	8,452,776	26,369,583
Cash paid to suppliers and employees		(86,900,033)	(75,693,924)	(13,117,438)	(11,272,226)
Cash (Used in)/Generated from Operations		(30,037,827)	11,315,414	(4,664,662)	15,097,357
Interest paid		(8,155,534)	(7,707,197)	(475,556)	(1,064,695)
Income taxes paid		(8,266,371)	(353,061)	(3,921,154)	(305,363)
Net Cash (Used in)/Generated from Operating Activities	21b	(46,459,732)	3,255,156	(9,061,372)	13,727,299
Cash Flows from Investing Activities					
Proceeds from sale of other investments		14	16	14	16
Interest received		3,687,853	3,469,366	5,366,382	5,037,655
Dividends received from Equity Accounted Investees		6,737,107	678,882	6,737,107	678,882
Dividends received		239	386	2,658,239	4,810,386
Acquisition of subsidiary, net of cash acquired		-	(51)	-	-
Acquisition of property, plant and equipment	15	(52,637)	(25,159)	(52,637)	(25,159)
Acquisition of other investments		(2)	-	(2)	-
Repayment of loans to/(loans to) Subsidiaries		-	-	(4,506,341)	1,142,436
(Loans to)/repayment of loans to Equity Accounted Investees		(6,958,556)	(1,655,750)	(4,378,556)	4,344,250
Net Cash Provided by Investing Activities		3,414,018	2,467,690	5,824,206	15,988,466
Cash Flows from Financing Activities					
Proceeds from issue of share capital	22	170,000	4,924,763	170,000	4,924,763
Share buy back	22	(751,740)	-	(751,740)	-
Proceeds from/(repayment of) borrowings	24	51,311,882	18,167,622	13,437,356	(9,186,040)
Dividends paid	22	(8,472,983)	(9,682,097)	(8,472,983)	(9,682,097)
Net Cash Received from Financing Activities		42,257,159	13,410,288	4,382,633	(13,943,374)
Net (decrease)/increase in cash and cash equivalents		(788,555)	19,133,134	1,145,467	15,772,391
Cash and cash equivalents at 1 July		28,077,809	8,944,675	23,149,097	7,376,706
Cash and Cash Equivalents at 30 June	21a	27,289,254	28,077,809	24,294,564	23,149,097

The Statements of Cash Flows are to be read in conjunction with the Notes to the Financial Statements set out on Pages 47 to 94.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Index to Notes to the Financial Statements

Index to Significant Accounting Policies

1 Reporting Entity

Finbar Group Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is Level 3, 15 Labouchere Road, South Perth, WA 6151. The consolidated financial statements of the Company as at the year ended 30 June 2009 comprise the Company and its Subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in Jointly Controlled entities. The Group is primarily involved in residential property development and property investment (see Note 6).

2 Basis of Preparation

(a) Statement of Compliance

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

The financial statements were approved by the Board of Directors on 27 August 2009.

(b) Basis of Measurement

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

- financial instruments recognised through profit and loss are measured at fair value,
- investment property is measured at fair value.

The methods used to measure fair values are discussed further in Note 4.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the Group.

(d) Use of Estimates and Judgements

The preparation of financial statements 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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 14 - valuation of investment property,
- Note 25 - measurement of share-based payments,
- Note 27 - valuation of financial instruments.

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 Company. Control exists when the Company has the power, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. 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.

In the Company's financial statements, investments in Subsidiaries are carried at cost.

(ii) Jointly Controlled Entities (Equity Accounted Investees)

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

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

(iii) Joint Ventures - Jointly Controlled Operations

The interest of the Group in unincorporated Joint Ventures are brought to account by recognising in its financial statements the assets it controls, the liabilities that it incurs, the expenses it incurs and its share of income that it earns from the sale of goods or services by the Joint Venture.

(iv) Transactions Eliminated on Consolidation

Intra-group balances, and 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.

3 Significant Accounting Policies (continued)

(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).

Available-for-sale Financial Assets

Equity instruments including shares held in listed public companies are held at cost. No assessment of fair value has been made as the amount of the investments are not significant.

Other

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

(ii) Derivative Financial Instruments

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

(iii) Share Capital

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

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

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

(c) Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost or deemed cost less accumulated depreciation and impairment losses.

Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working order for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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.

(ii) Reclassification to Investment Property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in profit or loss.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any loss is recognised in the revaluation reserve to the extent that an amount is included in revaluation reserve for that property, with any remaining loss recognised immediately in profit or loss. Any gain arising on reimbursement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the property, with any remaining gain recognised in a revaluation reserve in equity.

(iii) Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iv) Depreciation and Amortisation

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

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

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

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

3 Significant Accounting Policies (continued)

(d) Investment Property

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

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

(e) Inventories

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

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

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

Current and Non-current Inventory Assets

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

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

All other inventory in treated as non-current.

(f) Impairment

(i) Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on a individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(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 are grouped together into the smallest group of assets that generates cash flow from continuing use that are largely independent of the cash flows of other assets or groups of assets (the "cash generating unit").

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

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

(g) Employee Benefits

(i) Superannuation Contributions

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

(ii) Long-term Employee Benefits

The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit of loss in the period in which they arise.

(iii) Termination Benefits

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

(iv) Short-term Employee Benefits

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

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

(v) Share-based Payment Transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

3 Significant Accounting Policies (continued)

(h) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Revenue

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

(i) Property Development Sales

Revenue from the sale of residential, retail, commercial and industrial property is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, the associated costs and possible return of the property can be estimated reliably, there is no continuing management involvement with the property and the amount of revenue can be measured reliably.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

(ii) Property Development Supervision Fees

Revenue from services rendered, including fees arising from the provision of development project supervision services, is recognised in the income statement 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. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the revenue cannot be measured reliably, the costs incurred or to be incurred cannot be measured reliably, or the stage of completion cannot be measured reliably.

(iii) Management Fee Income

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

(iv) Commissions

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

(v) Rental Income

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

(j) Finance Income and Expenses

Finance income comprises interest income on funds invested (including available-for-sale 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 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 expenses 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. All borrowing costs are recognised in profit or loss using the effective interest method.

(k) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income 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 using the balance sheet method, providing for 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 goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. 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 to the extent that it is probable that future taxable profits will be available against which temporary difference 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 taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(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

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Company operates predominantly in the property development sector.

The Company operates wholly in one geographical segment being Western Australia.

3 Significant Accounting Policies (continued)

(o) New Standards and Interpretations not yet Adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2008, but have not been applied in preparing this financial report:

- Amended AASB 127 *Consolidated and Separate Financial Statements* (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to AASB 127, which become mandatory for the Group's 30 June 2010 financial statements, are not expected to have a significant impact on the consolidated financial statements.
- AASB 8 *Operating Segments* introduces the "managerial approach" to segment reporting. AASB 8, which becomes mandatory for the Group's 30 June 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Group presents segment information in respect of its business and geographical segments (see Note 6). Under AASB 8 *Operating Segments* the Group has not yet determined how it will present segment information.
- Revised AASB 101 *Presentation of Financial Statements* (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or, in an income statement and a separate statement of comprehensive income. Revised AASB 101, which becomes mandatory for the Group's 30 June 2010 financial statements, is expected to have a significant impact on the presentation of the consolidated financial statements. The Group plans to provide total comprehensive income in a single statement of comprehensive income for its 2010 consolidated financial statements.
- Revised AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Group's 30 June 2010 financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Group will apply the revised AASB 123 to qualifying assets for which the capitalisation of borrowing costs commences on or after the effective date. Therefore there will be no impact on prior periods in the Group's 30 June 2010 financial statements.
- AASB 2008-1 *Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations* clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to AASB 2 will be mandatory for the Group's 30 June 2010 financial statements, with retrospective application. The Group has not yet determined the potential effect of the amendment.
- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Process* and 2008-6 *Further Amendments to Australian Accounting Standards arising from The Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 June 2010 financial statements, are not expected to have any impact on the financial statements.
- AASB 2008-7 *Amendments to Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* changes the recognition and measurement of dividend receipts as income and addresses the accounting of a newly formed parent entity in the separate financial statements. The amendments become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the amendments.

4 Determination of Fair Values

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

(a) Investment Property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio 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, prudently and without compulsion.

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, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

(b) Investments in Equity and Debt securities

The fair value of financial assets through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only. No assessment of fair value has been made as the amount of the investments are not significant.

(c) 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.

(d) Derivatives

The fair value of interest rate swaps is based on broker quotes.

(e) Share-based Payment Transactions

The fair value of employee stock options is measured using the Black-Scholes option-pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(f) Financial Guarantees

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

The fair value of financial guarantees has been determined to be $Nil (2008: $Nil).

5 Financial Risk Management

The Company and Group have exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Company's and 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 this financial report.

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 Company and 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 Company's and Group's activities. The Company and Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

(a) 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. For the Company it also arises from receivables due from subsidiaries.

Trade and Other Receivables

The nature of the Company's and 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 Company and 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 Company and 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 1.56% (2008: 3.38%) of the Group's revenue is attributable to sales transactions with a single customer. Geographically there is no concentration of credit risk.

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

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

Investments

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

Guarantees

The Company, where required to establish appropriate financial facilities, has provided limited financial guarantees to various wholly owned Subsidiaries and Equity Accounted Investees. Detail of outstanding guarantees are provided in Note 27.

Liquidity Risk

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

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

- $8 million overdraft facility that is secured by a Registered Mortgage over the strata office of the Company and a Registered Fixed and Floating charge over all the assets and undertakings of the Company. Interest is payable at the rate of BBSY plus 175 basis points.
- $1 million overdraft facility that is secured as a part of the overall finance facility for Burt Way Developments Pty Ltd. Interest is payable at overdraft reference rates.
- $1 million overdraft facility that is secured as a part of the overall finance facility for Lake Street Pty Ltd. Interest is payable at overdraft reference rates.
- $1 million overdraft facility that is secured as a part of the overall finance facility for Lot 1 to 10 Whatley Crescent Pty Ltd. Interest is payable at overdraft reference rates.
- $1.225 million overdraft facility that is secured as a part of the overall finance facility for 59 Albany Highway Pty Ltd. Interest is payable at overdraft reference rates.

Market Risk

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

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

Interest Rate Risk

The Group adopts a policy of ensuring that between 35% and 50% percent of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps.

Capital Management

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

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a return on capital of between 6.00% and 8.00%; during the year ended 30 June 2009 the return was 7.99% (2008: 6.91%). In comparison the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 6.04% (2008: 8.29%).

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

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

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

6 Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group operates predominantly in the property development sector.

The Group operates wholly in one geographical segment being Western Australia.

7 Acquisition of Minority Interests

On 27 November 2007, 59 Albany Highway Pty Ltd, a subsidiary of the Company, acquired a further 51 shares in 59 Albany Highway Joint Venture Pty Ltd for $51 in cash, taking the shareholding in 59 Albany Highway Joint Venture Pty Ltd to 111 of 130 issued and fully paid shares. 59 Albany Highway Joint Venture Pty Ltd had previously been accounted for by 59 Albany Highway Pty Ltd as an Equity Accounted Investee.

The effect of this acquisition was to increase the percentage ownership held by 59 Albany Highway Pty Ltd in 59 Albany Highway Joint Venture Pty Ltd from 46.15% to 85.38%. The effect of this acquisition was to also increase the effective percentage ownership by the Group in 59 Albany Highway Joint Venture Pty Ltd from 31.73% to 58.69%

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
8 Revenue				
Property development sales	49,372,876	73,791,811	1,804,545	23,537,592
Supervision and management fees	5,255,073	2,954,642	5,255,073	2,954,642
Total Revenue	54,627,949	76,746,453	7,059,618	26,492,234
9 Other Income				
Revaluation of Investment Property	-	-	-	-
Trust Distribution	-	-	-	-
Administration fees	46,025	76,206	46,025	73,592
Rental income	805,667	856,293	-	32,760
Commission income	9,964	31,966	-	-
Other	1,438	149,029	28	34,029
Total Other Income	863,094	1,113,494	46,053	140,381
10 Other Expenses				
Revaluation of investment property	1,000,000	-	-	-
Rental expenses	85,741	15,977	-	-
Total Other Expenses	1,085,741	15,977	-	-

11 Personnel Expenses

	Note	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Wages and salaries		1,691,724	419,067	1,691,724	419,067
Superannuation contributions		92,586	41,181	92,586	41,181
Directors and Officers fees		152,150	151,653	152,150	151,653
Directors and Officers fees - superannuation contributions		4,850	5,344	4,850	5,344
Equity-settled share-based payment transactions	25	-	23,795	-	23,795
Total Personnel Expenses		1,941,310	641,040	1,941,310	641,040

12 Financial Income and Expense

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Recognised in Profit and Loss				
Interest income on loans to Equity Accounted Investees	2,189,016	2,764,808	2,189,016	2,764,808
Interest income on loans to Subsidiaries	-	-	4,151,941	3,855,262
Interest income on bank deposits	687,874	971,239	539,628	733,197
Interest income on property settlements	13,586	54,259	-	20,230
Interest rate Swap Contract change in fair value	-	518,645	-	-
Dividend income on shares in Subsidiaries	-	-	2,658,000	4,810,000
Dividend income/Trust distributions on available-for-sale financial assets	239	386	239	386
Total Financial Income	2,890,715	4,309,337	9,538,824	12,183,883
Interest expense	1,093,946	1,183,520	391,730	436,682
Interest rate Swap Contract change in fair value	2,036,412	-	-	-
Bank charges	8,379	5,517	3,668	2,533
Total Financial Expense	3,138,737	1,189,037	395,398	439,215
Net Financing (Expense)/Income	(248,022)	3,120,300	9,143,426	11,744,668
Analysis of Financial Expense				
Total financial expense	11,052,945	7,314,614	479,252	1,067,248
Less:				
Financial expense capitalised to inventory	(7,914,208)	(6,125,577)	(83,854)	(628,033)
Add:				
Financial expense relating to property developments sold	1,099,910	1,294,198	-	521,980
	4,238,647	2,483,235	395,398	961,195
Made up of:				
Financial expense relating to property developments sold	1,099,910	1,294,198	-	521,980
Financial expense relating to administration	3,138,737	1,189,037	395,398	439,215
	4,238,647	2,483,235	395,398	961,195

Financial expense has been capitalised to work in progress at a weighted average rate of 6.04% (2008: 8.29%)

13 Income Tax Expense

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Recognised in Income Statement				
Current Tax Expense				
Current year	3,066,133	3,408,626	2,696,926	3,745,832
Income tax recognised directly to equity	65,484	64,210	65,484	64,210
Adjustments for prior periods	(1,976)	-	-	-
	3,129,641	3,472,836	2,762,410	3,810,042
Deferred Tax Expense				
Origination and reversal of temporary differences	1,426,981	1,372,062	(423,587)	(50,586)
	1,426,981	1,372,062	(423,587)	(50,586)
Total Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	4,556,622	4,844,898	2,338,823	3,759,456
Numerical Reconciliation between Tax Expense and Pre-tax Net Profit				
Profit for the year	18,895,446	12,228,014	17,343,681	14,477,260
Total income tax expense	4,556,622	4,844,898	2,338,823	3,759,456
Profit excluding Income Tax	23,452,068	17,072,912	19,682,504	18,236,716
Income tax using the Company's domestic rate of 30% (2008: 30%)	7,035,620	5,121,874	5,904,751	5,471,015
Increase in income tax expense due to:				
Non-deductible expenses	293,660	371	2,154	8,588
Decrease in income tax expense due to:				
Tax effect of share of Jointly Controlled entities' net profit	(2,770,661)	(277,096)	(2,770,661)	(277,096)
Tax effect of dividend imputation credits	(21)	(51)	(797,421)	(1,443,051)
	4,558,598	4,845,098	2,338,823	3,759,456
(Under)/over provided in prior years	(1,976)	(200)	-	-
Total Income Tax Expense	4,556,622	4,844,898	2,338,823	3,759,456
Income Tax Recognised Directly in Equity				
Decrease in income tax expense due to:				
Tax incentives not recognised in income statement	(65,484)	(64,210)	(65,484)	(64,210)
Total Income Tax Recognised Directly in Equity	(65,484)	(64,210)	(65,484)	(64,210)

14 Investment Property

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Balance at 1 July	14,000,000	13,252,620	-	-
Additions	-	-	-	-
Re-assessment from property, plant and equipment	-	747,380	-	-
Change in fair value	(1,000,000)	-	-	-
	13,000,000	14,000,000	-	-

Investment property comprises a commercial property that is leased to a third party. The lease contains an initial non-cancellable period of seven years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged (see Note 28).

Changes in fair value of the investment property has been determined by independent valuation in the year ended 30 June 2009.

During the 2008 financial year the Group re-allocated $747,380 to Investment Property from Property, Plant and Equipment to bring the classification of the asset in line with its intended use.

15 Property, Plant and Equipment

	Consolidated				
	Office Property	Office Furniture and Equipment	Plant and Equipment	Fixtures and Fittings	Total
Cost	$	$	$	$	$
Balance at 1 July 2007	1,998,959	250,541	42,444	189,443	2,481,387
Re-assessment to investment property	(1,132,792)	-	-	-	(1,132,792)
Additions	2,156	40,045	-	-	42,201
Disposals	-	(38,626)	(3,470)	-	(42,096)
Balance at 30 June 2008	868,323	251,960	38,974	189,443	1,348,700
Balance at 1 July 2008	868,323	251,960	38,974	189,443	1,348,700
Re-assessment to investment property	-	-	-	-	-
Additions	-	36,272	-	-	36,272
Disposals	-	(245)	-	-	(245)
Balance at 30 June 2009	868,323	287,987	38,974	189,443	1,384,727

15 Property, Plant and Equipment (continued)

	Consolidated				
	Office Property	Office Furniture and Equipment	Plant and Equipment	Fixtures and Fittings	Total
Depreciation	$	$	$	$	$
Balance at 1 July 2007	503,403	129,008	31,165	14,802	678,378
Re-assessment to investment property	(385,412)	-	-	-	(385,412)
Additions	-	-	-	-	-
Disposals	-	(26,172)	(2,977)	-	(29,149)
Depreciation and amortisation charge for the year	21,667	25,646	2,227	14,100	63,640
Balance at 30 June 2008	139,658	128,482	30,415	28,902	327,457
Balance at 1 July 2008	139,658	128,482	30,415	28,902	327,457
Re-assessment to investment property	-	-	-	-	-
Disposals	-	(21)	-	-	(21)
Depreciation and amortisation charge for the year	21,708	28,637	1,713	12,333	64,391
Balance at 30 June 2009	161,366	157,098	32,128	41,235	391,827

During the 2008 financial year the Group re-allocated $747,380 from Property, Plant and Equipment to Investment Property to re-classify the asset in line with its intended use.

	Consolidated				
	Office Property	Office Furniture and Equipment	Plant and Equipment	Fixtures and Fittings	Total
Carrying Amounts	$	$	$	$	$
At 1 July 2007	1,495,556	121,533	11,279	174,641	1,803,009
At 30 June 2008	728,665	123,478	8,559	160,541	1,021,243
At 1 July 2008	728,665	123,478	8,559	160,541	1,021,243
At 30 June 2009	706,957	130,889	6,846	148,208	992,900

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

	Company				
	Office Property	Office Furniture and Equipment	Plant and Equipment	Fixtures and Fittings	Total
Cost	$	$	$	$	$
Balance at 1 July 2007	866,167	250,541	42,444	51,479	1,210,631
Additions	2,156	40,045	-	-	42,201
Disposals	-	(38,626)	(3,470)	-	(42,096)
Balance at 30 June 2008	868,323	251,960	38,974	51,479	1,210,736
Balance at 1 July 2008	868,323	251,960	38,974	51,479	1,210,736
Additions	-	36,272	-	-	36,272
Disposals	-	(245)	-	-	(245)
Balance at 30 June 2009	868,323	287,987	38,974	51,479	1,246,763
Depreciation					
Balance at 1 July 2007	117,991	129,008	31,165	11,498	289,662
Disposals	-	(26,172)	(2,977)	-	(29,149)
Depreciation charge for the year	21,667	25,646	2,227	3,553	53,093
Balance at 30 June 2008	139,658	128,482	30,415	15,051	313,606
Balance at 1 July 2008	139,658	128,482	30,415	15,051	313,606
Disposals	-	(21)	-	-	(21)
Depreciation charge for the year	21,708	28,637	1,713	3,084	55,142
Balance at 30 June 2009	161,366	157,098	32,128	18,135	368,727
Carrying Amounts					
At 1 July 2007	748,176	121,533	11,279	39,981	920,969
At 30 June 2008	728,665	123,478	8,559	36,428	897,130
At 1 July 2008	728,665	123,478	8,559	36,428	897,130
At 30 June 2009	706,957	130,889	6,846	33,344	878,036

Security

At 30 June 2009 the office property is subject to a registered mortgage to secure bank loans (see Note 24).

16 Equity Accounted Investees

The Group's share of profit in Equity Accounted Investees for the year was $9,235,694 (2008: $923,653).

Jointly Controlled Entities

The Group accounts for investments in Jointly Controlled entities using the equity method.

The Group has the following investments in Jointly Controlled entities:

Jointly Controlled Entities Assets	Ownership	Current Assets	Non-current Assets	Total Assets
2008		$	$	$
22 Plain Street Pty Ltd*	50.00%	1,336	75,515	76,851
78 Terrace Road Joint Venture Pty Ltd*	50.00%	5,070	-	5,070
132 Terrace Road Joint Venture Pty Ltd*	50.00%	627,193	-	627,193
175 Hay Street Joint Venture Pty Ltd*	50.00%	65,500	-	65,500
188 Adelaide Terrace Joint Venture Pty Ltd*	50.00%	259,034	-	259,034
375 Hay Street Pty Ltd*	50.00%	30,042,131	25,729,294	55,771,425
406 & 407 Newcastle Street Pty Ltd*	50.00%	41,175	5,430,902	5,472,077
701 Wellington Street Pty Ltd*	50.00%	346,182	15,040,930	15,387,112
Boas Gardens Estate Pty Ltd	50.00%	117	-	117
Rivervale Concepts Pty Ltd*	50.00%	55,654,143	768,680	56,422,823
		87,041,881	47,045,321	134,087,202

Jointly Controlled Entities Liabilities	Current Liabilities	Non-current Liabilities	Total Liabilities
2008	$	$	$
22 Plain Street Pty Ltd*	909	70,772	71,681
78 Terrace Road Joint Venture Pty Ltd*	3,298	-	3,298
132 Terrace Road Joint Venture Pty Ltd*	544,233	-	544,233
175 Hay Street Joint Venture Pty Ltd*	-	-	-
188 Adelaide Terrace Joint Venture Pty Ltd*	182,879	-	182,879
375 Hay Street Pty Ltd*	26,253,844	29,442,870	55,696,714
406 & 407 Newcastle Street Pty Ltd*	30,927	5,493,951	5,524,878
701 Wellington Street Pty Ltd*	958,619	14,433,762	15,392,381
Boas Gardens Estate Pty Ltd	75	-	75
Rivervale Concepts Pty Ltd*	41,655,808	7,248,049	48,903,857
	69,630,592	56,689,404	126,319,996

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

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

16 Equity Accounted Investees (continued)

Net Profit/(Loss) Recognised from Jointly Controlled Entities	Revenues	Expenses	Profit/(Loss)
2008	$	$	$
22 Plain Street Pty Ltd*	253,000	251,715	1,285
78 Terrace Road Joint Venture Pty Ltd*	-	95,973	(95,973)
132 Terrace Road Joint Venture Pty Ltd*	74,307,584	72,727,798	1,579,786
175 Hay Street Joint Venture Pty Ltd*	-	142,736	(142,736)
188 Adelaide Terrace Joint Venture Pty Ltd*	23,838,166	23,559,456	278,710
375 Hay Street Pty Ltd*	-	(100,983)	100,983
406 & 407 Newcastle Street Pty Ltd*	2,000	77,074	(75,074)
701 Wellington Street Pty Ltd*	-	10,165	(10,165)
Boas Gardens Estate Pty Ltd	-	32,328	(32,328)
Rivervale Concepts Pty Ltd*	11,934,850	10,886,420	1,048,430
	110,335,600	107,682,682	2,652,918
2009			
22 Plain Street Pty Ltd*	-	11,087	(11,087)
78 Terrace Road Joint Venture Pty Ltd*	-	339	(339)
132 Terrace Road Joint Venture Pty Ltd*	-	(31,984)	31,984
143 Adelaide Terrace Pty Ltd*	-	400	(400)
175 Hay Street Joint Venture Pty Ltd*	-	(1,089)	1,089
188 Adelaide Terrace Joint Venture Pty Ltd*	-	5,153	(5,153)
375 Hay Street Pty Ltd*	99,850,281	82,321,125	17,529,156
406 & 407 Newcastle Street Pty Ltd*	-	11,516	(11,516)
701 Wellington Street Pty Ltd*	-	2,410	(2,410)
Boas Gardens Estate Pty Ltd	-	206	(206)
Rivervale Concepts Pty Ltd*	65,467,088	56,608,922	8,858,166
Wembley Finbar Two Pty Ltd*	-	400	(400)
	165,317,369	138,928,485	26,388,884

* Jointly Controlled entities entered into with Wembley Lakes Estates Pty Ltd. Richard Dean Rimington is a Director of Wembley Lakes Estates Pty Ltd. John Chan, Darren John Pateman and Richard Dean Rimington have interests in but not control of Wembley Lakes Estates Pty Ltd.

17 Other Investments, including Derivatives

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Current				
Investments in Listed shares	5,938	5,952	5,938	5,952
Investments in Subsidiaries	-	-	3	-
Loan to Joint Venture	8,364,066	-	8,364,066	-
Interest rate swaps used for hedging	-	518,645	-	-
Total Current Investments	8,370,004	524,597	8,370,007	5,952
Non Current				
Investments in Subsidiaries	-	-	120	123
Loan to Joint Venture	-	759,692	-	759,692
Total Non Current Investments	-	759,692	120	759,815

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

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

18 Tax Assets and Liabilities

The current tax asset for the Group of $Nil (2008: $Nil) and for the Company of $Nil (2008: $Nil) represent the amount of income taxes recoverable in respect of prior periods and that arise from the payment of tax in excess of the amounts due to the relevant tax authority.

The current tax liability for the Group of $3,122,821 (2008: $5,471,076) and for the Company of $1,244,790 (2008: $3,316,190) represent the amount of income taxes payable in respect of current and prior periods.

Recognised Deferred Tax Assets and Liabilities
Deferred tax assets and liabilities are attributable to the following:

	Consolidated					
	Assets		Liabilities		Net	
	2009	2008	2009	2008	2009	2008
	$	$	$	$	$	$
Inventories	-	-	(7,908,315)	(4,833,831)	(7,908,315)	(4,833,831)
Interest bearing loans and borrowings	3,449,527	2,440,771	-	-	3,449,527	2,440,771
Other items	609,707	761,383	512,203	(891,400)	1,121,910	(130,017)
Tax value of loss carry-forwards recognised	4,873,695	2,698,397	-	-	4,873,695	2,698,397
Tax assets/(liabilities)	8,932,929	5,900,551	(7,396,112)	(5,725,231)	1,536,817	175,320
Set off of tax	(7,396,112)	(5,725,231)	7,396,112	5,725,231	-	-
Net Tax Assets/(Liabilities)	1,536,817	175,320	-	-	1,536,817	175,320

	Company					
	Assets		Liabilities		Net	
	2009	2008	2009	2008	2009	2008
	$	$	$	$	$	$
Inventories	-	-	(103,770)	(93,716)	(103,770)	(93,716)
Interest Bearing loans and borrowings	103,045	163,693	-	-	103,045	163,693
Other items	608,807	761,383	(2,442,420)	(2,176,628)	(1,833,613)	(1,415,245)
Tax value of loss carry-forwards recognised	-	-	-	-	-	-
Tax assets/(liabilities)	711,852	925,076	(2,546,190)	(2,270,344)	(1,834,338)	(1,345,268)
Set off of tax	(711,852)	(925,076)	711,852	925,076	-	-
Net Tax (Liabilities)	-	-	(1,834,338)	(1,345,268)	(1,834,338)	(1,345,268)

Recognised Deferred Tax Assets and Liabilities (continued)

Movement in Temporary Differences During the Year

	Consolidated			
	Balance 1 July 2007 $	Recognised in Profit or Loss $	Recognised in Equity $	Balance 30 June 2008 $
Inventories	3,386,357	1,447,474	-	4,833,831
Interest bearing loans and borrowings	(160,307)	(2,280,464)	-	(2,440,771)
Other items	(467,599)	533,406	64,210	130,017
Tax value of loss carry-forwards recognised	(1,625,919)	(1,072,478)	-	(2,698,397)
	1,132,532	(1,372,062)	64,210	(175,320)

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

Movement in Temporary Differences During the Year

	Company			
	Balance 1 July 2007 $	Recognised in Profit or Loss $	Recognised in Equity $	Balance 30 June 2008 $
Inventories	289,023	(195,307)	-	93,716
Interest bearing loans and borrowings	(24,975)	(138,718)	-	(163,693)
Other items	996,131	354,904	64,210	1,415,245
Tax value of loss carry-forwards recognised	(29,707)	29,707	-	-
	1,230,472	50,586	64,210	1,345,268

	Balance 1 July 2008 $	Recognised in Profit or Loss $	Recognised in Equity $	Balance 30 June 2009 $
Inventories	93,716	10,054	-	103,770
Interest bearing loans and borrowings	(163,693)	60,648	-	(103,045)
Other items	1,415,245	352,884	65,484	1,833,613
Tax value of loss carry-forwards recognised	-	-	-	-
	1,345,268	423,586	65,484	1,834,338

19 Inventories

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Current				
Work in progress	130,993,441	8,914,235	-	-
Completed Stock	5,497,257	3,565,780	10,042,169	3,565,780
Total Current Inventories	136,490,698	12,480,015	10,042,169	3,565,780
Non Current				
Work in progress	24,745,465	95,055,796	-	600,673
Total Non Current Inventories	24,745,465	95,055,796	-	600,673

During the year ended 30 June 2009 work in progress recognised as cost of sales by the Group amounted to $34,794,846 (2008: $60,318,890).

During the year ended 30 June 2009 work in progress recognised as cost of sales by the Company amounted to $279,332 (2008: $5,231,518).

During the year ended 30 June 2009 there were no write-downs in the value of inventories.

20 Trade and Other Receivables

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Current				
Other trade receivables	2,286,008	1,598,773	1,077,556	207,464
Amounts receivable from Jointly Controlled entities	7,988,408	4,444,177	7,988,408	4,444,177
Amounts receivable from Subsidiaries	-	-	10,217,498	5,118,540
Total Current Trade and Other Receivables	10,274,416	6,042,950	19,283,462	9,770,181
Non Current				
Other trade receivables	2,580,000	-	-	-
Amounts receivable from Jointly Controlled entities	856,294	9,397,860	856,294	9,397,860
Amounts receivable from Subsidiaries	-	-	29,582,230	27,919,460
Total Non Current Trade and Other Receivables	3,436,294	9,397,860	30,438,524	37,317,320

The Group's exposure to credit risk and impairment losses to trade and other receivables are disclosed at Note 27.

21a Cash and Cash Equivalents

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Bank balances	21,953,687	16,940,865	18,958,997	12,012,153
Call deposits	5,335,567	11,136,944	5,335,567	11,136,944
Total Cash and Cash Equivalents	27,289,254	28,077,809	24,294,564	23,149,097
Bank overdrafts used for cash management purposes	-	-	-	-
Cash and Cash Equivalents in the Statements of Cash Flows	27,289,254	28,077,809	24,294,564	23,149,097

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

21b Reconciliation of Cash Flows from Operating Activities

		Consolidated		Company	
		2009	2008	2009	2008
		$	$	$	$
Cash Flows from Operating Activities	**Note**				
Profit for the year		18,895,446	12,228,014	17,343,681	14,477,260
Adjustments for:					
Depreciation and amortisation	15	64,391	63,641	55,142	53,093
Amortisation - Incorporation costs	-	-	-	-	
Change in fair value of investment property	14	1,000,000	-	-	-
Net financing income	12	248,022	(3,120,300)	(9,143,426)	(11,744,668)
Share of net profit of Jointly Controlled entities'	16	(9,235,694)	(923,653)	(9,235,694)	(923,653)
Income tax expense	13	4,556,622	4,844,898	2,338,823	3,759,456
Operating Profit before Changes in Working Capital and Provisions		15,528,787	13,092,600	1,358,526	5,621,488
Change in trade and other receivables		2,295,161	20,702,851	176,829	(355,081)
Change in current inventories	19	(124,010,683)	30,650,708	(6,476,389)	11,345,018
Change in non-current inventories	19	70,310,331	(60,530,254)	600,673	(600,673)
Change in prepayments		1,737,609	(4,854,411)	1,668,879	(4,755,641)
Change in trade and other payables	26	(915,829)	5,735,760	(2,073,338)	3,216,766
Cash (Used in)/Generated from Operating Activities		(35,054,624)	4,797,254	(4,744,820)	14,471,877
Interest paid	12	(3,138,737)	(1,189,037)	(395,398)	(439,215)
Income taxes paid		(8,266,371)	(353,061)	(3,921,154)	(305,363)
Net Cash (Used in)/Generated from Operating Activities		(46,459,732)	3,255,156	(9,061,372)	13,727,299

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

22 Capital and Reserves

Share Capital	Company Ordinary Shares 2009	2008
On issue at 1 July	141,683,196	133,458,665
Issued for cash (Executive share options)	425,000	3,650,000
Issued under Dividend Reinvestment Plan	-	4,574,531
Issued for cash	-	-
Bought back for cash	(1,291,435)	-
On Issue at 30 June - Fully Paid	140,816,761	141,683,196

The Group has also issued share options in the 2007 financial year (see Note 25).

The Company does not have authorised capital or par value in respect of its issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Dividends

Dividends recognised in the current year by the Group are:

	Cents per Share	Total Amount $	Franked / Unfranked	Date of Payment
Dividend Paid During the Year 2009				
Interim 2009 ordinary	2.00	2,820,237	Franked	20 March 2009
Final 2008 ordinary	4.00	5,652,746	Franked	15 September 2008
Total Amount		8,472,983		
Dividend Paid During the Year 2008				
Interim 2008 ordinary	2.00	2,831,664	Franked	12 March 2008
Interim 2008 ordinary	2.00	2,740,173	Franked	11 October 2007
Final 2007 ordinary	3.00	4,110,260	Franked	11 October 2007
Total Amount		9,682,097		

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

After 30 June 2009 the following dividends were proposed by the Directors. The dividends have not been provided. The declaration and subsequent payment of dividends has no income tax consequences.

Proposed Dividend

Dividends proposed by the Group are:

	Cents per Share	Total Amount $	Franked / Unfranked	Date of Payment
Final 2009 ordinary	5.00	7,092,088	Franked	4 September 2009
Total Amount		7,092,088		

The financial effect of these dividends have not been brought to account in the financial statements for the financial year ended 30 June 2009 and will be recognised in subsequent financial reports.

Dividend Reinvestment Plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash.

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

Dividend Franking Account   Company

	2009 $	2008 $
30% franking credits available to shareholders of Finbar Group Limited for subsequent financial years	3,434,620	11,799

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

(a) franking credits that will arise from the payment of the current tax liabilities;

(b) franking debits that will arise from the payment of dividends recognised as a liability at the year-end;

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the year-end; and

(d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by $3,039,466 (2008: $2,428,855).

23 Earnings per Share

Basic Earnings per Share

The calculation of basic earnings per share at 30 June 2009 was based on the profit attributable to ordinary shareholders of $18,970,991 (2008: $12,230,513) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2009 of 141,172,911 (30 June 2008: 139,687,437), calculated as follows:

		Consolidated	
		2009	2008
		$	$
Profit Attributable to Ordinary Shareholders		18,970,991	12,230,513
Weighted Average Number of Ordinary Shares			
Issued ordinary shares at 1 July		141,683,196	133,458,665
Effect of share options exercised	4 September 2007	-	2,917,808
Effect of dividend reinvestment plan	11 October 2007	-	3,296,169
Effect of share options exercised	7 May 2008	-	14,795
Effect of share buyback	1 July 2008	(89,304)	-
Effect of share options exercised	7 July 2008	367,808	-
Effect of share buyback	21 July 2008	(471,233)	-
Effect of share buyback	24 July 2008	(140,137)	-
Effect of share options exercised	14 October 2008	35,479	-
Effect of share buyback	1 December 2008	(8,093)	-
Effect of share buyback	12 December 2008	(4,282)	-
Effect of share buyback	15 December 2008	(16,192)	-
Effect of share buyback	7 January 2009	(1,490)	-
Effect of share buyback	14 January 2009	(30,361)	-
Effect of share buyback	19 January 2009	(5,877)	-
Effect of share buyback	20 January 2009	(4,411)	-
Effect of share buyback	21 January 2009	(5,059)	-
Effect of share buyback	28 January 2009	(9,014)	-
Effect of share buyback	30 January 2009	(30,614)	-
Effect of share buyback	10 February 2009	(89)	-
Effect of share buyback	11 February 2009	(14,852)	-
Effect of share buyback	13 February 2009	(1,112)	-
Effect of share buyback	17 February 2009	(1,093)	-
Effect of share buyback	24 February 2009	(20,712)	-
Effect of share buyback	3 March 2009	(18,910)	-
Effect of share buyback	4 March 2009	(7,014)	-
Effect of share buyback	5 March 2009	(6,509)	-
Effect of share buyback	6 March 2009	(6,760)	-
Effect of share buyback	9 March 2009	(619)	-
Effect of share buyback	18 March 2009	(5,699)	-
Effect of share buyback	20 March 2009	(6,979)	-
Effect of share buyback	23 March 2009	(1,034)	-
Effect of share buyback	25 March 2009	(6,123)	-
Weighted Average Number of Ordinary Shares at 30 June		141,172,911	139,687,437

Diluted Earnings per Share

The calculation of diluted earnings per share at 30 June 2009 was based on the profit attributable to ordinary shareholders of $18,970,991 (2008: $12,230,513) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2009 of 142,197,911 (30 June 2008: 141,137,437), calculated as follows:

	Consolidated	
	2009	2008
	$	$
Profit Attributable to Ordinary Shareholders (Diluted)	18,970,991	12,230,513
Weighted Average Number of Ordinary Shares (Diluted)		
Weighted average number of ordinary shares at 30 June	141,172,911	139,687,437
Effect of share options on issue	1,025,000	1,450,000
Weighted Average Number of Ordinary Shares (Diluted) at 30 June	142,197,911	141,137,437

24 Loans and Borrowings

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

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Current liabilities				
Standby commercial bill facility	5,800,000	5,800,000	5,800,000	5,800,000
Commercial bills (Secured)	121,619,651	4,624,095	13,437,356	-
Total Current Interest Bearing Loans and Borrowings	127,419,651	10,424,095	19,237,356	5,800,000
Non-current liabilities				
Commercial bills (Secured)	11,100,000	81,540,799	-	-
Shareholders loans to subsidiaries (Unsecured)	10,026,412	4,481,115	-	-
Total Non-current Interest Bearing Loans and Borrowings	21,126,412	86,021,914	-	-

24 Loans and Borrowings (continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans are as follows:

	Nominal Interest Rate	Financial Year of Maturity	2009 Face Value $	2009 Carrying Amount $	2008 Face Value $	2008 Carrying Amount $
Commercial bills (Secured)	BBRD+1.20%	2010	11,956,958	11,956,958	7,808,183	7,808,183
Commercial bills (Secured)	BBRD	2011	2,000,000	2,000,000	-	-
Commercial bills (Secured)	BBSY+1.15%	2010	77,939,012	77,939,012	40,180,227	40,180,227
Commercial bills (Secured)	BBSY+1.25%	2010	8,500,000	8,500,000	8,500,000	8,500,000
Commercial bills (Secured)	BBRD	2012	9,100,000	9,100,000	8,910,374	8,910,374
Commercial bills (Secured)	-	-	594,389	594,389		
Commercial bills (Secured)	-	-	15,547,626	15,547,626		
Standby commercial bill facility	BBSY+1.75%	2010	5,800,000	5,800,000	5,800,000	5,800,000
Commercial bills (Secured)	BBSY+1.00%	2010	13,437,356	13,437,356	-	-
Commercial bills (Secured)	BBRD+1.40%	2010	9,786,325	9,786,325	4,624,095	4,624,095
Shareholder loans to subsidiaries (Unsecured)	BBSY+5.00%	2011	7,324,289	7,324,289	3,230,088	3,230,088
Shareholder loans to subsidiaries (Unsecured)	BBSY+5.00%	2011	2,702,123	2,702,123	1,251,027	1,251,027
Total Facilities Available			148,546,063	148,546,063	96,446,009	96,446,009

	Company					
	Nominal Interest Rate	Financial Year of Maturity	Face Value	Carrying Amount	Face Value	Carrying Amount
Standby commercial bill facility	BBSY+1.75%	2010	5,800,000	5,800,000	5,800,000	5,800,000
Commercial bills (Secured)		2010	13,437,356	13,437,356	-	-
Total Facilities Available			19,237,356	19,237,356	5,800,000	5,800,000

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

The standby commercial bill loan is secured by registered first mortgage over the strata office of the Company as well as a fixed and floating charge over the Company's assets and undertakings.

25 Share Based Payments

On 26 June 2003, the Company established a share option programme that entitles key management personnel and senior employees to purchase shares in the Company. On 3 July 2006, a grant on similar terms contained in the share option programme were offered to these employee groups.

Options are issued under the Executive Option Plan 2003 (made in accordance with thresholds set in plans approved by shareholders at the 26 June 2003 General Meeting), and it provides for Directors and Senior Executives to receive up to an annual aggregate of 5% of fully paid issued shares by way of options over ordinary shares for no consideration.

The terms and conditions of the grants are as follows. All options are settled by physical delivery of shares.

	Options Granted		Exercise Price	Vesting Conditions	Financial Years in which Grant Vests	Expiry Date
	Number	Date				
Executive Directors						
Mr John Chan	1,950,000	3 July 2006	$0.40	*	3 July 2007	3 July 2009
Mr Richard Dean Rimington	1,400,000	3 July 2006	$0.40	*	3 July 2007	3 July 2009
Non-executive Directors						
Mr Paul Anthony Rengel	500,000	3 July 2006	$0.40	*	3 July 2007	3 July 2009
Executives						
Mr Darren John Pateman	1,000,000	3 July 2006	$0.40	*	3 July 2007	3 July 2009
Mr Edward Guy Bank	250,000	3 July 2006	$0.40	*	3 July 2007	3 July 2009
Total Options Granted	5,100,000					

* Vesting Conditions - No sooner than 12 months from date of grant and based on continuing employment (at a meeting of the Board held on 19 June 2008 it was resolved that, for reasons of Richard Dean Rimington's long standing and contribution to the Company, the Board grant an extension of time in which Mr Rimington may exercise 725,000 Executive Options to 6 July 2009 irrespective of his employment status with the Company).

During the financial year 425,000 options were exercised (2008: 3,650,000). The weighted average share price at the dates of exercise for 2009 was $0.586.

	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
	2009	2009	2008	2008
Outstanding at the beginning of the year		1,450,000		5,100,000
Exercised during the year	$0.40	(425,000)		(3,650,000)
Granted during the year	-		$0.40	-
Outstanding at the End of the Year		1,025,000		1,450,000
Exercisable at the End of the Year		1,025,000		1,450,000

The fair value of the options issued is calculated at the grant date using the Black-Scholes option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised in this reporting period. In valuing the options, market conditions have been taken into account.

25 Share Based Payments (continued)

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant Date	Option Life	Fair Value per Option	Exercise Price	Price of Shares on Grant Date	Expected Volatility	Risk Free Interest Rate	Dividend Yield
3 July 2006	3.0 years	$0.5677	$0.40	$0.925	48.00%	5.883%	1.78%

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Share options (granted in 2007) - equity settled	-	23,795	-	23,795
Total Expense Recognised as Employee Cost	-	23,795	-	23,795

26 Trade and Other Payables, including Derivatives

Current liabilities				
Trade and other payables	4,792,586	7,413,760	753,525	3,620,964
Other payables and accrued expenses	1,183,607	311,174	955,693	161,592
Derivatives used for hedging	832,912	-	-	-
Total Trade and Other Payables	6,809,105	7,724,934	1,709,218	3,782,556

At 30 June 2009, Consolidated trade and other payables include retentions of $258,044 (2008: $149,585) relating to construction contracts in progress.

At 30 June 2009, Company trade and other payables include retentions of $36,527 (2008: $1,355) relating to construction contracts in progress.

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

		Carrying Amount	
	Note	2009	2008
		$	$
Investments in Listed shares	17	5,938	5,952
Interest rate swaps used for hedging	17	-	518,645
Investment in Joint Venture	17	8,364,066	759,692
Trade and other receivables - current	20	10,274,416	6,042,950
Trade and other receivables - non-current	20	3,436,294	9,397,860
Cash and cash equivalents	21a	27,289,254	28,077,809
		49,369,968	44,802,908

	Note	Carrying Amount 2009 $	2008 $
The carrying amount of the Company's financial assets represent the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:			
Investments in Listed shares	17	5,938	5,952
Investments in Subsidiaries shares	17	123	123
Investment in Joint Venture	17	8,364,066	759,692
Trade and other receivables - current	20	19,283,462	9,770,181
Trade and other receivables - non-current	20	30,438,524	37,317,320
Cash and cash equivalents	21a	24,294,564	23,149,097
		82,386,677	71,002,365
The Group's maximum exposure to credit risk for trade receivables at the reporting date by receivable category was:			
Equity Accounted Investees		8,844,702	13,842,037
Working capital advances and bonds		848,330	1,006,830
Loan to Joint Venture partner		2,580,000	-
GST refunds due and sundry other trade debtors		1,437,678	591,943
		13,710,710	15,440,810
The Company's maximum exposure to credit risk for trade receivables at the reporting date by receivable category was:			
Equity Accounted Investees		8,844,702	13,842,037
Controlled entities		39,799,728	33,038,000
Working capital advances and bonds		260,000	100,000
GST refunds due and sundry other trade debtors		817,556	107,464
		49,721,986	47,087,501

Impairment Losses

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

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

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

27 Financial Instruments (continued)

Liquidity Risk

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

	Note	Carrying Amount	Contractual Cash Flows	1 Year or Less	1-3 Years	More than 3 Years
		Consolidated 30 June 2009				
Non-derivative Financial Liabilities		$	$	$	$	$
Secured bank loans:						
Commercial bills	24	132,719,651	136,638,214	124,542,715	2,586,000	9,509,500
Standby commercial bill facility	24	5,800,000	5,839,647	5,839,647	-	-
Shareholder Loans	24	10,026,412	11,329,846	1,102,905	10,226,940	-
Trade and other payables	26	5,976,193	5,976,193	5,976,193	-	-
		154,522,256	159,783,900	137,461,460	12,812,940	9,509,500
		30 June 2008				
Non-derivative Financial Liabilities		$	$	$	$	$
Secured bank loans:						
Commercial bills	24	86,164,894	97,437,529	11,619,584	75,671,611	10,146,335
Standby commercial bill facility	24	5,800,000	5,826,380	5,826,380	-	-
Trade and other payables	26	12,206,049	13,866,839	8,444,690	5,422,149	-
		104,170,943	117,130,748	25,890,654	81,093,760	10,146,335

Westpac Banking Corporation has provided a Banker's Undertaking in the amount of $118,125 to the Heritage Council of Western Australia in respect of the Controlled entity Burt Way Developments Pty Ltd.

	Note	Carrying Amount	Contractual Cash Flows	1 Year or Less	1-3 Years	More than 3 Years
		Company 30 June 2009				
Non-derivative Financial Liabilities		$	$	$	$	$
Secured bank loans:						
Commercial bills	24	13,437,356	13,840,477	13,840,477	-	-
Standby commercial bill facility	24	5,800,000	5,839,646	5,839,646	-	-
Trade and other payables	26	1,709,218	1,709,218	1,709,218	-	-
		20,946,574	21,389,341	21,389,341	-	-
		30 June 2008				
Non-derivative Financial Liabilities		$	$	$	$	$
Secured bank loans:						
Commercial bills	24	-	-	-	-	-
Standby commercial bill facility	24	5,800,000	5,826,380	5,826,380	-	-
Trade and other payables	26	3,782,556	3,874,956	3,874,956	-	-
		9,582,556	9,701,336	9,701,336	-	-

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

	Consolidated 2009				
	Carrying Amount	Expected Cash Flows	1 Year or Less	1-3 Years	More than 3 Years
Interest Rate Swaps	$	$	$	$	$
Liabilities	(1,517,767)	(1,649,747)	(1,176,033)	(473,714)	-
	(1,517,767)	(1,649,747)	(1,176,033)	(473,714)	-

	Consolidated 2008				
	Carrying Amount	Expected Cash Flows	1 Year or Less	1-3 Years	More than 3 Years
Interest Rate Swaps	$	$	$	$	$
Assets	518,645	563,745	315,708	215,673	32,363
	518,645	563,745	315,708	215,673	32,363

The following table indicates the periods in which the cash flows associated with the derivatives that are cash flow hedges are expected to occur:

	Consolidated 2009				
	Carrying Amount	Impact on Profit or Loss	1 Year or Less	1-3 Years	More than 3 Years
Interest Rate Swaps	$	$	$	$	$
Liabilities	(1,517,767)	(1,649,747)	(270,694)	(1,379,053)	-
	(1,517,767)	(1,649,747)	(270,694)	(1,379,053)	-

	Consolidated 2008				
	Carrying Amount	Impact on Profit or Loss	1 Year or Less	1-3 Years	More than 3 Years
Interest Rate Swaps	$	$	$	$	$
Assets	518,645	563,745	18,493	512,888	32,363
	518,645	563,745	18,493	512,888	32,363

The Company has no Interest Rates Swaps.

27 Financial Instruments (continued)

Interest Rate Risk

Profile

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

	Consolidated Carrying Amount		Company Carrying Amount	
	2009	2008	2009	2008
Fixed Rate Instruments	$	$	$	$
Financial Assets	-	518,645	-	-
Financial Liabilities	(1,517,767)	-	-	-
	(1,517,767)	518,645	-	-
Variable Rate Instruments				
Financial Assets	36,133,956	41,919,846	72,938,994	70,029,134
Financial Liabilities	(148,546,063)	(96,446,009)	(19,237,356)	(5,800,000)
	(112,412,107)	(54,526,163)	53,701,638	64,229,134

Fair Value Sensitivity Analysis for Fixed Rate Instruments

A change of 100 basis points in interest rates would have decreased or increased the Group's equity by $208,376 (2008: $72,211) and the Company's equity by $Nil (2008: $Nil).

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 2008.

	Consolidated			
	Profit or Loss		Equity	
	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
30 June 2009	$	$	$	$
Variable rate instruments	(310,686)	310,686	(310,686)	310,686
	(310,686)	310,686	(310,686)	310,686
30 June 2008				
Variable rate instruments	(288,037)	288,037	(288,037)	288,037
	(288,037)	288,037	(288,037)	288,037

Cash Flow Sensitivity Analysis for Variable Rate Instruments (continued)

A change of 100 basis points in interest rates would have (decreased)/increased the Company'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 2008.

	Company			
	Profit or Loss		Equity	
	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
30 June 2009	$	$	$	$
Variable rate instruments	(55,448)	55,448	(55,448)	55,448
	(55,448)	55,448	(55,448)	55,448
30 June 2008				
Variable rate instruments	(97,499)	97,499	(97,499)	97,499
	(97,499)	97,499	(97,499)	97,499

Fair Values

Fair Values Versus Carrying Amounts

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

	Consolidated			
	30 June 2009		30 June 2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$	$	$	$
Investments in Listed shares	5,938	5,938	5,952	5,952
Interest rate swaps used for hedging	-	-	518,645	518,645
Investment in Joint Venture	8,364,066	8,364,066	759,692	759,692
Trade and other receivables	13,710,710	13,710,710	15,440,810	15,440,810
Cash and cash equivalents	27,289,254	27,289,254	28,077,809	28,077,809
Secured bank loans	(138,519,651)	(138,519,651)	(91,964,894)	(91,964,894)
Interest rate swaps used for hedging	1,517,767	1,517,767	-	-
Trade and other payables	(5,976,193)	(5,976,193)	(12,206,049)	(12,206,049)
	(93,608,109)	(93,608,109)	(59,368,035)	(59,368,035)

27 Financial Instruments (continued)

Fair Values (continued)

Fair Values Versus Carrying Amounts (continued)

	Company			
	30 June 2009		30 June 2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$	$	$	$
Investments in Listed shares	5,938	5,938	5,952	5,952
Investments in Subsidiaries shares	123	123	123	123
Interest rate swaps used for hedging	-	-	-	-
Investment in Joint Venture	8,364,066	8,364,066	759,692	759,692
Trade and other receivables	49,721,986	49,721,986	47,087,501	47,087,501
Cash and cash equivalents	24,294,564	24,294,564	23,149,097	23,149,097
Secured bank loans	(19,237,356)	(19,237,356)	(5,800,000)	(5,800,000)
Trade and other payables	(1,709,218)	(1,709,218)	(3,782,556)	(3,782,556)
	61,440,103	61,440,103	61,419,809	61,419,809

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

Guarantees

Subsidiaries

The Company has provided a $8,500,000 limited guarantee and indemnity to Westpac Banking Corporation for security on a finance facility in 175 Adelaide Terrace Pty Ltd.

The Company has provided a $10,000,000 limited guarantee and indemnity to Westpac Banking Corporation for security on a finance facility in Burt Way Developments Pty Ltd.

The Company has provided a $5,000,000 limited guarantee and indemnity to Westpac Banking Corporation for security on a finance facility in Lot 1 to 10 Whatley Crescent Pty Ltd.

28 Operating Leases

Leases as Lessor

The Group leases out its investment property held under an operating lease (see Note 14). The future annual minimum lease payments under non-cancellable leases are as follows:

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Less than one year	757,120	728,000	-	-
Between one and five years	3,343,686	3,215,083	-	-
More than five years	-	885,723	-	-
	4,100,806	4,828,806	-	-

During the year ended 30 June 2009 $736,683 was recognised as rental income in the income statement (2008: $708,339).

29 Capital and Other Commitments

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Commitments and Contingent Liabilities				
Property Development				
Contracted but not provided for and payable:				
Within one year	25,850,253	40,876,466	4,859,675	-
Later than one year	-	1,918,750	-	-
Total Property Development Commitments	25,850,253	42,795,216	4,859,675	-
Property Development - Jointly Controlled Entities				
Contracted but not provided for and payable:				
Within one year	7,085,497	45,000,000	7,085,497	45,000,000
Later than one year	-	11,874,411	-	11,874,411
Total Property Development Commitments - Jointly Controlled Entities	7,085,497	56,874,411	7,085,497	56,874,411
Group's Share of Property Development - Jointly Controlled Entities				
Contracted but not provided for and payable:				
Within one year	3,542,749	22,500,000	3,542,749	22,500,000
Later than one year	-	5,937,206	-	5,937,206
Total Share of Property Development Commitments - Jointly Controlled Entities	3,542,749	28,437,206	3,542,749	28,437,206
Group's Property Development Commitments including Jointly Controlled Entities				
Contracted but not provided for and payable:				
Within one year	29,393,002	63,376,466	8,402,424	22,500,000
Later than one year	-	7,855,956	-	5,937,206
Total Property Development Commitments including Jointly Controlled Entities	29,393,002	71,232,422	8,402,424	28,437,206

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.

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Guarantees				
The Company has guaranteed the bank facilities of certain Controlled entities:	23,500,000	23,500,000	23,500,000	23,500,000
The Company has jointly guaranteed the bank facilities of certain Jointly Controlled entities:	-	6,100,000	-	6,100,000

31 Related Parties

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Executive Directors

Mr John Chan

Mr Richard Dean Rimington (Resigned 31 August 2008)

Mr Darren John Pateman

Non-executive Directors

Mr Paul Anthony Rengel

Mr John Boon Heng Cheak

Mr Kee Kong Loh

Executives

Mr Edward Guy Bank

	Note	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
The key management personnel compensation included in 'personnel expenses' is as follows:					
Short-term employee benefits	11	1,537,566	412,606	1,537,566	412,606
Share-based payments	25	-	23,795	-	23,795
		1,537,566	436,401	1,537,566	436,401

Management Fees:

The Company had previously entered into a management agreement ("the Agreement") with J&R Management Pty Ltd ("J&R Management") for the provision of executive management, project management and company secretarial services to the Company for a period of three years from 1 July 2004. The agreement was signed on 16 December 2004. The Company and J&R Management had agreed to an extension of the agreement for a period of seven months from 1 July 2007. Mr John Chan and Mr Richard Dean Rimington are Directors and shareholders of J&R Management. Mr Darren John Pateman is a shareholder of J&R Management. The agreement provided for the payment of a commission of eight per cent of pre-tax profits of the Company in each financial year.

The terms and conditions of the transactions with J&R Management were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

On 31 January 2008 the Company announced that the management agreement with J&R Management Pty Ltd under which the executive management staff and other staff provided to Finbar Group Limited had ceased. The terms of the conclusion of the agreement included the employment directly by Finbar of the entire executive and other staff previously provided under that agreement. These arrangements were on terms that ensured that the financial impact upon Finbar is neutral.

With effect from 31 January 2008, the Company and J&R Management entered into a Deed of Entitlements Under Management Agreement which recognised that the Agreement had expired through the effluxion of time. The Company and J&R Management agreed to an amount of monies due to J&R Management ($5,206,282 net of GST) under Clause 5 of the Agreement for work in progress pursuant to Clause 5A of the Agreement. Terms of payment were also negotiated by the Company, with an initial payment of $1,206,282 (net of GST) followed by four quarterly payments of $1,000,000 (net of GST) which commenced on 1 May 2008. Interest was charged by J&R Management at a rate of 7.3% per annum calculated on the daily balance outstanding and paid monthly in arrears.

The Company has recognised the amount of $5,206,282 initially through Trade and other payables and through Prepayments. As each development project, the subject of work in progress pursuant to Clause 5A of the Agreement is completed, the amount of work in progress applicable to that development project is amortised to profit or loss.

The aggregate amounts recognised during the year relating to J&R Management were as follows:

		Consolidated		Company	
	Note	2009	2008	2009	2008
		$	$	$	$
Monthly fee	a)	-	346,253	-	346,253
Eight per cent of Pre-tax Company profits	b)	-	(50,117)	-	(50,117)
Eight per cent of Pre-tax Jointly Controlled entities profits	c)	-	213,488	-	213,488
Eight per cent of Pre-tax Subsidiaries profits		-	547,455	-	547,455
Deed of Entitlements management fee	d)	1,668,880	426,125	1,668,880	426,125
		1,668,880	1,483,204	1,668,880	1,483,204

The calculation of management fees for 2008 are based on Australian Accounting Standards (AASBs) profit calculations.

a) The monthly fee payable to J&R Management is $Nil per month (2008: $49,465 per month).

b) The calculation of the eight per cent of Pre-tax Company profits does not include the Share of net profits of Jointly Controlled entities' accounted for using the equity method, and does not include the net profits of Subsidiaries.

c) The calculation of the eight per cent of Pre-tax Jointly Controlled entities profits was calculated on the Company's interest in the Jointly Controlled entities'.

d) The calculation of the Deed of Entitlements management fee is as a consequence of the expiry through the effluxion of time of the J&R Management Pty Ltd management agreement.

Individual Directors and Executives Compensation Disclosures

Information regarding individual directors and executives compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 are provided in the Remuneration Report section of the Directors' report on pages 26 to 33.

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

Other Related Party Transactions with the Company or its Subsidiaries

The Company received rental income and reimbursement of outgoings from J & R Management for the use of office space within the offices at Level 3, 15 Labouchere Road, South Perth.

Other than as outlined above, the terms and conditions of the transactions with Directors and Director related entities were no more favourable than those available, or which might be expected to be available, on similar transactions to Non-director related entities on an arm's length basis.

31 Related Parties (continued)

		Consolidated		Company	
The value of transactions during the year with Directors and their Director-related entities were as follows:		2009 $	2008 $	2009 $	2008 $
Director	**Director-related Entity**				
Mr John Chan and Mr Richard Dean Rimington	J&R Management Pty Ltd				
	Management fees paid	-	1,057,079	-	1,057,079
	Deed of Entitlements	1,668,880	426,125	1,668,880	426,125
	Rent and outgoings received	-	(21,360)	-	(21,360)
	Administration fees	-	3,032	-	3,032

Amounts payable to and receivable from Directors and their Director-related entities at balance date arising from these transactions were as follows:

Current Trade and Other Receivables	Rent and outgoings received	-	3,696	-	3,696
Current Trade and Other Receivables	Administration fees	-	3,336	-	3,336
		-	7,032	-	7,032
Current Trade and Other Payables	Management fees	16,720	16,720	16,720	16,720
Current Trade and Other Payables	Administration fees	-	2,923	-	2,923
Current Trade and Other Payables	Deed of Entitlements	-	3,300,000	-	3,300,000
		16,720	3,319,643	16,720	3,319,643

From time to time, key management personnel of the Company or its Subsidiaries, or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group customers.

Equity Instruments

All options refer to options over ordinary shares of Finbar Group Limited, which are exercisable on a one-for-one basis under the Executive Option Plan 2003.

Options and Rights Over Equity Instruments

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

	Held at 1 July 2008	Granted in Period	Exercised in Period	Held at 30 June 2009	Vested During the Period	Vested and Exercisable at 30 June 2009
Directors						
Mr John Chan	50,000	-	(50,000)	-	-	-
Mr Richard Dean Rimington	1,100,000	-	(375,000)	725,000	-	725,000
Mr Paul Anthony Rengel	300,000	-	-	300,000	-	300,000
	1,450,000	-	(425,000)	1,025,000	-	1,025,000

No options held by key management personnel are vested but not exercisable.

Further details, including grant dates and exercise dates regarding options granted to executives under the Executive Option Plan 2003 are in Note 25.

Movements in Shares

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

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

	Held at 1 July 2007	Received on Exercise of Options	Change in Indirect Holdings	Change in Direct Holdings	Held at 30 June 2008
Directors					
Mr John Chan	16,526,040	1,500,000	2,001,616	64,364	20,092,020
Mr Richard Dean Rimington	4,409,891	300,000	-	-	4,709,891
Mr Paul Anthony Rengel	623,000	200,000	-	(180,000)	643,000
Mr John Boon Heng Cheak	380,000	-	-	-	380,000
Mr Kee Kong Loh	1,932,656	-	-	-	1,932,656
Executives					
Mr Darren John Pateman	876,563	-	1,298,581	-	2,175,144
Mr Edward Guy Bank	-	250,000	266,503	(250,000)	266,503
	24,748,150	2,250,000	3,566,700	(365,636)	30,199,214

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

Identity of Related Parties

The Group has a related party relationship with its Subsidiaries, Jointly Controlled entities (see Note 16) and with its key management personnel.

31 Related Parties (continued)

Other Related Party Transactions

Subsidiaries

Loans are made by the Company to wholly owned Subsidiaries for property development undertakings. Loans outstanding between the Company and its Subsidiaries are interest bearing and are repayable at the completion of the Controlled entity's development project.

As at 30 June 2009, the balance of these loans were as follows:

	2009 $	2008 $
59 Albany Highway Pty Ltd	15,651,629	5,984,691
175 Adelaide Terrace Pty Ltd	4,483,769	2,168,632
Burt Way Developments Pty Ltd	5,001,238	6,066,962
Lake Street Pty Ltd	5,215,978	5,118,540
Lot 1 to 10 Whatley Crescent Pty Ltd	-	7,876,619
	30,352,614	27,215,444

Loans are made by the Company to wholly owned Subsidiaries to fund capital purchases and general ongoing funding. Loans outstanding between the Company and its Subsidiaries are interest bearing and are at call.

As at 30 June 2009, the balance of these loans were as follows:

Finbar Property Trust	6,540,716	5,816,503
Finbar Project Management Pty Ltd	4,752	3,832
Finbar Property Maintenance Pty Ltd	282	-
88 Terrace Road Pty Ltd	2,901,364	2,221
	9,447,114	5,822,556

Loans are made by the 59 Albany Highway Pty Ltd (a Controlled entity of the Company) to 59 Albany Highway Joint Venture Pty Ltd (a Controlled entity of 59 Albany Highway Pty Ltd) for property development undertakings. Loans outstanding between the companies are interest bearing and are repayable at the completion of the Controlled entity's development project.

	2009 $	2008 $
As at 30 June 2009, the balance of these loans were as follows:		
59 Albany Highway Joint Venture Pty Ltd*	15,966,754	7,891,692

* On 27 November 2007, 59 Albany Highway Pty Ltd, a subsidiary of the Company, acquired a further 51 shares in 59 Albany Highway Joint Venture Pty Ltd, taking the shareholding in 59 Albany Highway Joint Venture Pty Ltd to 111 of 130 issued and fully paid shares. 59 Albany Highway Joint Venture Pty Ltd is now accounted for by 59 Albany Highway Pty Ltd as a Controlled entity. 59 Albany Highway Joint Venture Pty Ltd had previously been accounted for by 59 Albany Highway Pty Ltd as an Equity Accounted Investee.

In the financial statements of the Company investments in Subsidiaries are measured at cost.

Jointly Controlled Entities

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

	2009 $	2008 $
As at 30 June 2009, the balance of these loans were as follows:		
143 Adelaide Terrace Pty Ltd	814,993	-
22 Plain Street Pty Ltd	41,101	34,943
375 Hay Street Pty Ltd	-	6,581,504
406 & 407 Newcastle Street Pty Ltd	2,725,178	779,832
701 Wellington Street Pty Ltd	5,263,230	5,069,920
Rivervale Concepts Pty Ltd	-	1,375,838
Wembley Finbar Two Pty Ltd	200	-
	8,844,702	13,842,037

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

32 Group Entities

	Country of Incorporation	Shareholding / Unit Holding $	Ownership Interest 2009	 2008
Parent Company				
Finbar Group Limited				
Subsidiaries				
17-19 Carr Street Pty Ltd	Australia	1	100%	100%
59 Albany Highway Pty Ltd	Australia	11	68.75%	68.75%
88 Terrace Road Pty Ltd	Australia	1	100%	100%
135 Adelaide Terrace Developments Pty Ltd	Australia	1	100%	100%
175 Adelaide Terrace Pty Ltd	Australia	1	100%	100%
Burt Way Developments Pty Ltd	Australia	1	100%	100%
Finbar Finance Pty Ltd	Australia	1	100%	100%
Finbar Funds Management Limited	Australia	1	100%	100%
Finbar Property Trust	Australia	100	100%	100%
Finbar Project Management Pty Ltd	Australia	2	100%	100%
Finbar Property Maintenance Pty Ltd (De-registered)	Australia	1	100%	100%
Lake Street Pty Ltd	Australia	1	100%	100%
Lot 1 to 10 Whatley Crescent Pty Ltd	Australia	1	100%	100%
		123		
Subsidiaries of Subsidiaries				
59 Albany Highway Joint Venture Pty Ltd	Australia	111	85.38%	85.38%

In the financial statements of the Company, investments in Subsidiaries are measured at cost and included with other financial assets (see Note 17).

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 Company, the results of those operations, or the state of affairs of the Company in future financial years.

34 Auditors' Remuneration

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Audit Services:				
Auditors of the Company				
Audit and review of the financial reports (KPMG Australia)	177,000	160,400	174,000	160,400
Audit Services:				
Auditors of the Jointly Controlled Entities				
Audit and review of the financial reports (KPMG Australia)	11,000	-	-	-
Services Other Than Statutory Audit:				
Services other than Statutory Audit:				
Taxation compliance services (KPMG Australia)	17,200	7,500	17,200	7,500
Accounting advice (KPMG Australia)	-	22,500	-	14,500
	17,200	30,000	17,200	22,000

DIRECTORS' DECLARATION

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

1. a) The financial statements and notes, (including the remuneration disclosures that are contained in Sections 4.2.1 to 4.2.4 of the Remuneration report in the Directors' report) set out on Pages 43 to 94, are in accordance with the Corporations Act 2001, including:

   i) giving a true and fair view of the financial position of the Company and the Group as at 30 June 2009 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

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

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

   c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the group entities identified in Note 32 will be able to meet any obligations or liabilities to which they are or may become subject to.

3. The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2009 pursuant to Section 295A of the Corporations Act 2001.

Dated at Perth this Twenty Seventh day of August 2009.

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

John Chan

Managing Director

INDEPENDENT AUDITOR'S REPORT

TO MEMBERS OF FINBAR GROUP LIMITED

Report on the financial report

We have audited the accompanying financial report of Finbar Group Limited (the Company), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO MEMBERS OF FINBAR GROUP LIMITED

Independence

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

Auditor's opinion

In our opinion:

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

(i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

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

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

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Finbar Group Limited for the year ended 30 June 2009, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Kevin Smout
Partner

Perth
27 August 2009

LEAD AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATION ACT 2001

To: the directors of Finbar Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial period ended 30 June 2009 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Kevin Smout
Partner

Perth
27 August 2009

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 2009)

Substantial Shareholders

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

Shareholder Name	Number	%
Chuan Hup Holdings	25,108,920	17.83
Apex Equity Holdings Berhad	15,086,806	10.71
ANZ Nominees Limited (Cash Income A/C)	11,445,102	8.13
Blair Park Pty Ltd	8,421,255	5.98

Voting rights

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

Distribution of Equity Security Holders

Range	Holder of Holders	Ordinary Shares	Options
1-1000	100	36,150	-
1,001-5,000	135	428,284	-
5,001-10,000	87	687,661	-
10,001-100,000	199	5,949,257	-
100,001-over	78	133,715,409	-
	599	140,816,761	-

The number of shareholders holding less than a marketable parcel of ordinary shares is 74.

Stock Exchange

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

Other information

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

ASX ADDITIONAL INFORMATION

Twenty Largest Shareholders:

	Number of Ordinary Shares Held	%
Chuan Hup Holdings	25,108,920	17.83
Apex Equity Holdings Berhad	15,086,806	10.71
ANZ Nominees Limited (Cash Income A/C)	11,445,102	8.13
Blair Park Pty Ltd	8,421,255	5.98
Mr James Chan	6,988,903	4.96
DBS Vickers Securities (Singapore) Pte Ltd	6,200,000	4.40
Mrs Siew Eng Mah	5,091,662	3.62
Fadmoor Pty Ltd (John Rubino Super Fund A/C)	4,645,159	3.30
Apex Investments Pty Ltd	4,546,462	3.23
Mr Ah Hwa Lim	3,118,513	2.21
Mr Wan Kah Chan & Mrs Mui Tee Chan (Chan Family Super Fund A/C)	2,931,676	2.08
Baguio International Limited	2,879,344	2.04
Zero Nominees Pty Ltd	2,417,638	1.72
Mr Guan Seng Chan	2,185,606	1.55
Dynamic Corporation Pty Ltd	2,135,476	1.52
Mr Wan Soon Chan	2,081,892	1.48
Dynamic Corporation Pty Ltd (Rick Rimington Super Fund A/C)	1,662,715	1.18
Pateman Equity Pty Ltd	1,516,410	1.08
Richard Rimington	1,375,000	0.98
Forward International Pty Ltd	1,361,718	0.97
Top 20	111,200,257	78.97

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