finbar

ANNUAL REPORT 2016

Developing

Better

Lifestyles

Civic Heart

on the corner of Mill Point Road and Labouchere Road in South Perth launched September 2015.

www.finbar.com.au

CORPORATE DETAILS

DIRECTORS

Mr John Chan
(Executive Chairman)

Mr Darren Pateman
(Managing Director)

Mr Kee Kong Loh

Mr Lee Verios

Ms Yuun Yean Teng

Mr John Boon Heng Cheak
(Retired Dec 2015)

COMPANY SECRETARY

Mr Anthony Hewett

ABN

97 009 113 473

PRINCIPAL REGISTERED OFFICE

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AUDITORS

KPMG
235 St Georges Terrace
PERTH WA 6000

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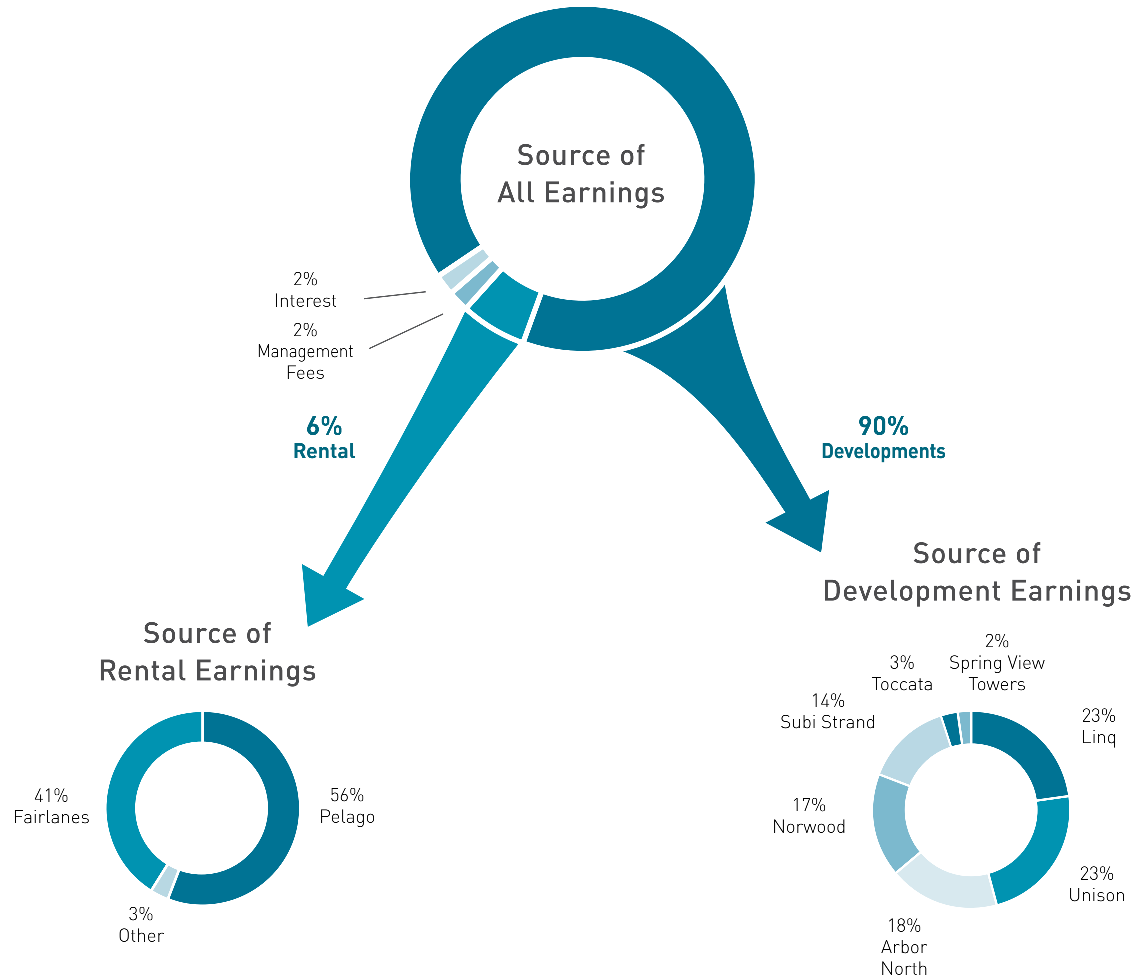


OTHER FACTS AND FIGURES

91.7% of completed FY15 residual stock was sold during FY16.

4,935 units developed since 1996.

508 units currently under construction.

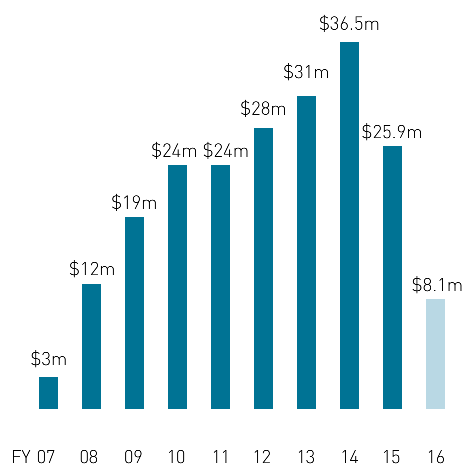
1697 units with development approval.

$447.6m record presales figure in 2016.

$2.2b project pipeline.

$0.87m average sales per day in FY2016.

Net Profit After Tax

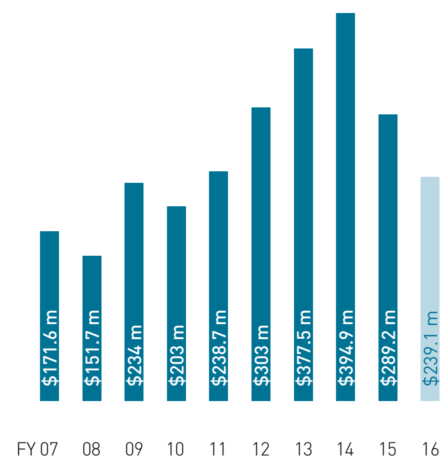


20 consecutive years of profitability.

Earnings Per Share

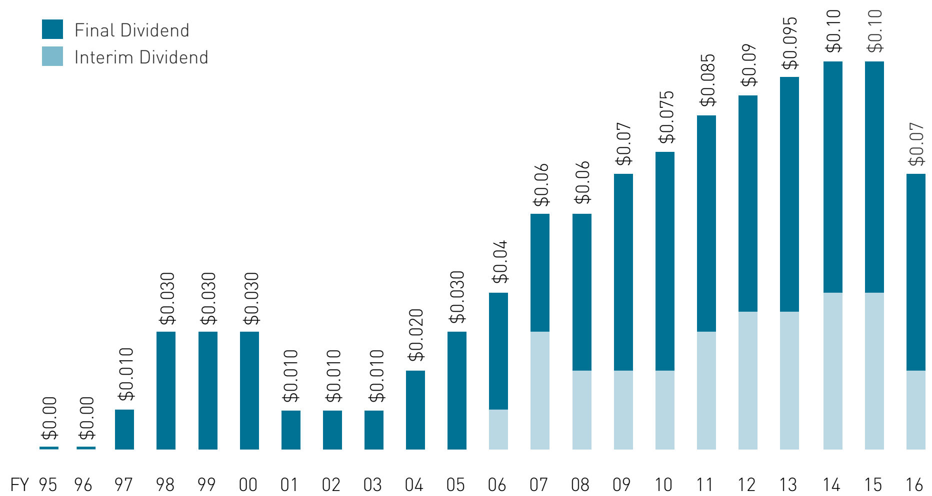
Earnings per share (EPS) down 64% in FY16.

Enterprise Value (EV)



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

Fully Franked Dividend Per Year



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

Over the past two decades we have completed **4,935** units in Western Australia, putting us very much at the forefront of our industry.

CHAIRMAN'S REPORT

Dear Shareholder

On behalf of the Board of Directors, I am pleased to present you with your 32nd Annual Report for the financial year ending 30 June 2016, the Company's 21st year as a leading apartment developer in Western Australia.

During our years in operation this past financial year has certainly been the most subdued with respect to economic growth and property market activity across the state. However, Finbar Group can report a respectable operating profit of $21.2 million (FY15: $27.5) and an after tax profit of $8.1 million after investment property impairments totalling $13 million.

Within the challenging market conditions, our focus during FY16 was to consolidate our leadership position, protect our balance sheet and secure our medium to long-term growth ambitions, reflected by our $2.2 billion project pipeline.

Our operating profit and positive cash position has provided us with the ability to reward shareholders with a total dividend payment for the financial year of 7 cents per share, fully franked. Although slightly down from FY15 this amount still represents eight percent of the current share price and a solid dividend payment.

Despite the softer conditions we are proud to have ended the year with record presales of $447.6 million, an increase of 9.8 percent from the previous year, and to have achieved the largest year-end pre-sale contract level in the Company's history.

We continued to achieve robust sales across multiple projects settling 454 apartments during FY16 with a combined sales value of $318 million across all wholly owned and joint venture projects.

The strength in our sales is being driven by the maturation of the Perth residential market with an increased momentum of homeowners beginning to embrace apartment living as a better lifestyle choice. Although starting from a low base, Perth is beginning to follow the same trajectory as other Eastern states cities with a higher percentage of apartments as a proportion of total residential stock.

This movement is also being driven by state government policy to reduce urban sprawl, promote urban infill, and provide affordable living options closer to the city. Finbar is a key driver of infill development across the wider metropolitan area with our developments aligning with local and state government aspirations for residential density within activity centres such as Applecross, South Perth, Maylands, and Rivervale. These new amenity locations offer opportunities outside our usual inner city apartment market where we see scope for considerable upside as people look to age in place or remain in their local area.

We continue to work closely with our valued existing joint venture partners, evident most recently in our long standing continued partnership with Wembley Lakes Estates Pty Ltd to develop Lot 1000 at The Springs, Rivervale and with a company controlled by John Rubino to develop a strategic site within the Canning Bridge Precinct in Applecross.

The integrity and trust associated with the Finbar brand means we consistently receive joint venture proposals from high net worth parties. We recently launched Vue Towers at the eastern entrance to the Perth CBD with our first Chinese partner, Perth Upper China Hotel Pty Ltd, and we have also welcomed a new partner, West Coast Eggs Pty Ltd, working with us to develop the significant Golden Eggs site in Palmyra.

The Finbar Loyalty program, our exclusive incentive program, launched in November 2015, has been hugely successful with 13% of all Finbar property being sold to previous customers. With Finbar continuing to bolster its project pipeline and future opportunities, this new endeavour seeks to maximise synergies with past and present purchasers to provide different incentivisation pathways in order to drive additional sales. It also offers a level of customer service that provides a platform for interaction and closer engagement to ensure we continue to meet or exceed market expectations in terms of product offering. The interactive member showroom located at the entrance to our corporate office is open to those interested in finding out more about the range of benefits available for repeat customers and shareholders as well as those who refer purchasers to us.

In closing, on behalf of the Board and Shareholders, I would like to thank our management, staff, joint venture partners, marketing agents, banking partners, building contractor – Hanssen Pty Ltd, and our suppliers and consultants for their continued dedication to Finbar ensuring we maintain our position as WA's largest and most respected apartment developer.

John Chan
Executive Chairman
13 September 2016

Aire West Perth

Situated at 659 Murray Street West Perth

Finbar is in an enviable position with a record project pipeline in excess of $2.2 billion dollars, of which **$1.1 billion** has already received development approval and **$415 million** is currently under construction.

MANAGING DIRECTOR'S REPORT

This last financial year presented many challenges for the property market in Western Australia, influenced by moderating property values and rental incomes for both residential and commercial stock. Population growth receding from recent highs, fluctuating resource prices, and the rebalancing of risk within the financial regulatory framework to address principally eastern state market concerns have together negatively impacted market sentiment in Perth.

In this turbulent environment, Finbar has demonstrated its resilience through a careful and diligent allocation of resources, and I am pleased to report a solid operating profit and a strong cash position of $28 million for the 2016 financial year (FY16). This cash position was reduced from previous years due to the deployment of capital across new project commencements and has, since the end of the financial year, been bolstered with the ongoing settlement of completed stock.

Our lower after-tax profit was directly impacted by non-cash impairments brought about by the current weakness in the wider commercial rental market. Whilst our vacancy rates are low and rents achieved are above market, the result of a reduction in prevailing market rents has negatively influenced external valuations of our key retained commercial assets at Fairlanes, East Perth and Pelago, Karratha.

Our focus this year has been to strengthen our market share position amidst reduced competitive activity and to drive pre-sales to ensure the continuation of project commencements for the benefit of future earnings.

Towards this end, our goal was to close the financial year with a strong balance sheet and no short term or residual debt on completed stock, and we are proud to have successfully delivered on both benchmarks.

Finbar currently has $62 million in ungeared completed stock due to the noted market conditions. Our marketing strategies have in part been focused and re-aligned to increase traction within the established market. This is reflected in the Company achieving the consistent disposal of $1.5 million in completed stock per week. In the last 12 months, through the successful efforts of our dynamic team and sales consultants, we have sold 454 apartments equating to 1.24 sales per day, every day, which we expect to continue.

Maintaining the Company's growth aspirations has been paramount in continuing to renew a strong pipeline of high profile projects. Key to this expansion is Finbar's ability to attract stable joint venture partners in order to take advantage of inherent synergies through the efficient deployment of available working capital, our specialist industry knowledge base, proven lower construction costs and capacity to deliver multiple projects through our relationship builder, Hanssen Pty Ltd. With a current pipeline value of $2.2 billion, Finbar is poised to take full counter-cyclical advantage and be the immediate beneficiary of an improving market.

Finbar's vision to provide long-term medium to high-density residential apartment developments in amenity locations remains aligned with the West Australian Government's policy framework designed to slow the expansion of the linear urban corridor and encourage urban consolidation.

The Directions 2031 and PerthandPeel@3.5million have infill targets set at 47 percent, however current infill development is running at approximately 20 percent, impacted by high barriers to competitor entry and planning and infrastructure constraints. As a result, the statutory environment will potentially be a key driver of significantly increasing future demand. In response, Finbar continues to strategically position itself across a range of amenity inner city locations with an ability to provide expedited, market-driven responses.

Whilst the current market conditions reduce investment buyer activity, what is evident from our continuing level of sales is an important additional driver linked to an increased demand from owner-occupiers and overseas buyers purchasing completed stock. We are observing the growing sophistication of the Perth property market as the population continues to realise the benefits of inner city apartment living and embrace it as a preferred accommodation option across a range of demographics. Finbar's reputation as a trusted brand with an unblemished record for project delivery means we have a compelling competitive edge in this owner-occupier market segment.

Finbar is also well placed to take advantage of recent eastern state governments' targeted increases in stamp duty for overseas purchasers of residential product. With WA government policy avoiding such regressive taxation measures coupled with the government's strong overseas tourism drive there are expectations of a positive influence on the Perth apartment market.

Vue Tower

Situated at 63 Adelaide Terrace East Perth

The need to meet this expanding demand is reflected in Finbar's increased number and scale of projects. In FY16 we completed four successful developments that represented a significant return on investment for the Company and our joint venture partners including Norwood in Perth, Arbor North in Rivervale, Unison on Tenth in Maylands and Linq in Northbridge. The four projects account for 502 apartments and ancillary commercial tenancies with a total end sales value of $249.3 million. Finbar has as a result cumulatively delivered almost 5000 completed apartments to date, over 66 projects, with a combined value of $2.7 billion.

Since July 2015, we have received seven development approvals adding $632 million to the project pipeline and equating to 1180 apartments and 4435sqm of commercial space. These developments include Aire Apartments in West Perth, The Point in Rivervale, Vue Tower in East Perth, Chase Apartments in Belmont, Reva Apartments in South Perth, Anchorage in Port Hedland and Sunago in Dianella.

Finbar has taken advantage of subdued land values, acquiring wholly in its own right or through joint venture arrangements four new pivotal development projects to supplement its pipeline with a total end value of approximately $599 million.

These projects include Lots 1004, 201 and 3-5 Homelea Court, Rivervale; 912-918 Canning Highway and 3-5 Kintail Road, Applecross; Lot 1000 Riversdale Road, Rivervale; and the significant 2.7ha Golden Eggs site in Palmyra.

Our continued high level of sales is also evidence that any suggestion of an oversupply of apartments in Perth is unfounded. Although there are a number of developments in conceptual or even approved stages across Perth, only a very small portion of these will proceed beyond development approval. The market is self-regulating with no speculative development and no speculative buying. If a proponent fails to achieve the required significant pre-sales to trigger project-specific finance, financial institutions will provide no support. This restriction in wider supply is expected to provide an additional future impetus to sales for Finbar in the short to medium term.

The on-market share buy-back scheme continued to operate throughout FY16, which saw the acquisition and cancellation of approximately 1 million shares. The aim of this scheme is to return capital to shareholders where Finbar's shares are trading at a significant discount to the intrinsic value of the Company.

Naturally we are moderating this activity in line with our own working capital requirements for our core business.

Looking ahead to Finbar's FY17 financial performance and beyond, it should be noted that while we have achieved a record number of presales, the increased scale and complexity of our mixed use projects will result in longer construction timelines and greater profit peaks being recorded. These results will by their nature introduce an element of variance to reported earnings across subsequent financial years. However, when considered over an extended timeframe, company profits will exhibit greater growth.

In closing, I would like to thank our management, staff, building contractors, service providers, consultants, bankers, and joint venture partners for their ongoing support. We look forward to continuing to grow with you in the years ahead.

Darren Pateman
Managing Director
13 September 2016

FINBAR OVERVIEW

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

1995

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

1997

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

2001

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

2006

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

2010

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

2012

- Complete company's first Pilbara project
- 3,000 apartment milestone
- Fairlanes awarded Winner UDIA High Density Development
- Relocate to Fairlanes Building (13 staff)

2014

- Launched WA's tallest residential building, Concerto
- Secured single largest project to date, Civic Heart
- Record $36.5m after tax profit
- St Marks awarded Winner UDIA High Density Development and Urban Renewal

2015

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

2016

- Successful marketing launch of Finbar's largest single stage comprehensive mixed use development, Civic Heart
- Seven development approvals received adding $632 million to the project pipeline and equating to 1180 apartments and 4435sqm of commercial space
- Four projects, Norwood, Arbor North, Unison on Tenth and Linq consisting of 492 apartments, and 10 ancillary commercial tenancies worth $249.3M completed

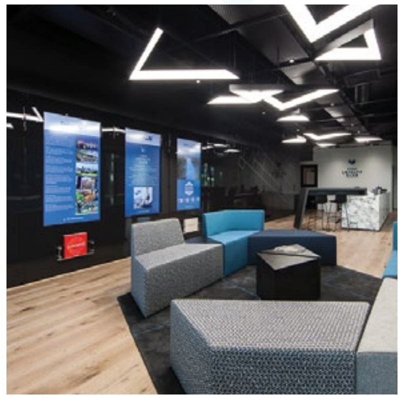
Defined by its strong population growth, high standard of living and employment opportunities, WA offers Finbar the opportunity to create projects which combine the convenience of work location and lifestyle.

Our People

- A team of 19 full time staff based in East Perth
- 1 full time in Karatha
- Include a management team with strong leadership skills and excellent track record
- Are led by experienced and long serving management focusing on decisions that benefit the company for the long term.

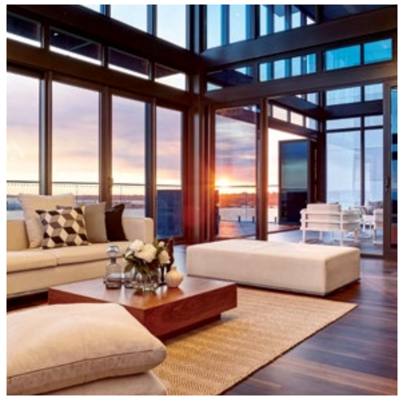
Our Investment Properties

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



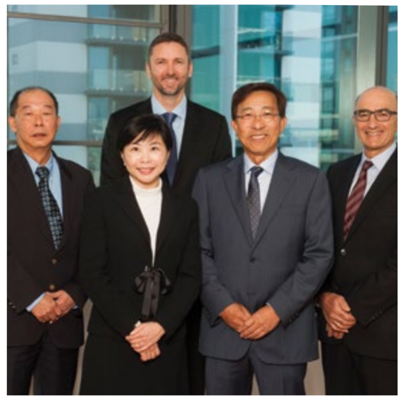
Our Business

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



Our Projects

- Represent some of Perth's most prestigious and well-appointed lifestyle apartments
- Remain committed to creating progressive and innovative designs which represent value for money
- Offer a successful fusion of residential, office and public space
- Focus on reducing the impact on the local environment through high density apartment living and innovative construction techniques

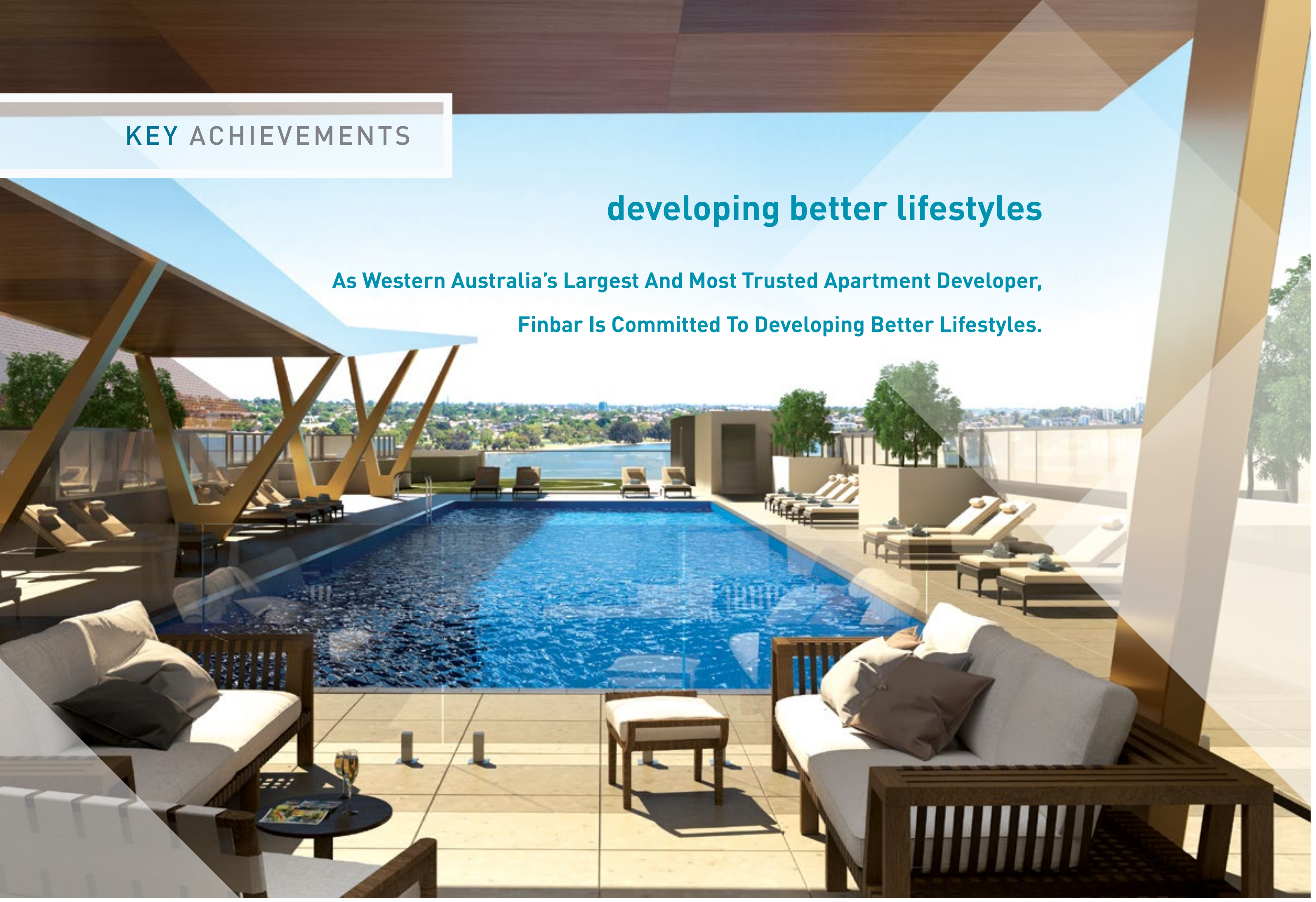


Our Commitment

- Our reputation and reliability is built on successfully delivering 100% of our projects as promised
- Our commitment to our customers, shareholders, State and local government and the environment has seen Finbar remain WA's largest and most trusted apartment developer
- Finbar remains dedicated to the WA apartment market and believes in continuing what we know best in order to serve our customers and shareholders better through continuous organic growth

Our Future

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



KEY ACHIEVEMENTS

developing better lifestyles

As Western Australia's Largest And Most Trusted Apartment Developer, Finbar Is Committed To Developing Better Lifestyles.

Demonstrating Resilience

During FY16 Finbar continued to cement its position as Perth's largest and most trusted residential apartment developer with results reflecting a solid financial year of operating profit and demonstrating the Company's resilience in soft market conditions.

The total pre-sales contracts value was $447.6 million. This represents the highest pre-sales level in the Company's history and follows on from a record-breaking FY15.

This solid result demonstrates Finbar's flexibility and agility in a market responding to impacts from the recalibration of investment in the WA resources sector and financial regulatory policy adjustments driven primarily by concerns around the surging eastern states housing markets.

The ongoing establishment of a strong project pipeline reflects Finbar's continued confidence in the Perth apartment market and is expected to deliver 3,233 potential lot settlements over 4 years, providing a strong base for future earnings potential.

FY16 has seen the completion of four key projects accounting for a total project end value of $249.3 million, providing 492 residential apartments and ten commercial lots.

Successful marketing launches were carried out for four major projects valued at $733 million incorporating Finbar's deep understanding of the market and its offering of high quality product in amenity locations at effective price points.

The Company was also successful in securing development approvals for a further seven new projects valued at $632 million to be carried out over the next 3 years.

This extensive project pipeline combined with achieving high pre-sale numbers, a strong capital position, and reduced competitor activity puts Finbar in an enviable position for future growth.

Completions and Settlements – Delivering Results

Finbar has continued to provide the Perth market with a mix of quality apartment developments during FY16 with the completion of Norwood, Arbor North, Unison on Tenth and Linq projects. All four projects were completed within set timeframes and on budget and have largely contributed to Finbar's FY16 operating profit of $21.2 million.

Norwood was completed in September 2015, contributing to the Company's continued success in an exciting transitional area of Perth following on from the successful completion of Finbar's nearby Ecco development in 2014.

With 92 per cent of sales by value secured to date, the Norwood project continues to gain traction and reflects market recognition of the quality, amenity and location of the product.

Arbor North, Finbar's second project in the Springs precinct, Rivervale, was completed in November 2015, only 13 months after completing the inaugural Spring View Towers project, and has seen robust sales levels, with 85.1 per cent of sales by value achieved to date.

Unison on Tenth reached practical completion in 14 months, with settlements of the off the plan contracts being successfully completed and with remaining stock being well received within the market.

The exciting Northbridge Linq development was completed in May 2016 providing new residences to take advantage of the recent improvements to Perth city and the nearby transport hubs of the Perth Train Station and new Busport Underground Station.

Norwood

- $34.1 million project end value.
- 59 residential apartments with four commercial units.

Arbor North

- $71.6 million projected end value.
- 154 residential apartments.

Unison on Tenth

- $79.8 million project end value.
- 167 residential apartments with two ground floor commercial lot.

Linq

- $64.1 million project end value.
- 112 residential apartments with four commercial lots.

The Way Forward – Continuing Growth

During FY16, successful marketing launches took place for the new Civic Heart, Vue Tower, Chase Apartments and Aire West Perth developments.

The Aire launch in February 2016 was particularly successful with over $26.5 million in pre-sales recorded in the first six weeks and over $44.7 million achieved to date demonstrating that Finbar continues to achieve market acceptance for its well-appointed product.

These released developments join the Aurelia, Concerto and Motive projects already under construction. Current project timelines see Motive set for completion in January 2017, Concerto in June 2017 followed by Aurelia in late 2017.

Development approvals were received during the current reporting period for the Reva, Chase Apartments, Vue Tower, The Point, Aire West Perth, Anchorage and Sunago projects. Comprising 1116 apartments, 64 serviced apartments and 42 commercial lots, they represent a significant replenishment of the Company's development pipeline.

Of these seven new projects, Aire West Perth is slated to be the first to start construction in late CY2016, and Civic Heart in early CY2017.

Finbar also secured a new $109 million JV redevelopment project on the Golden Egg Farms site in Palmyra aligning with the Company's strategy of sourcing large-scale urban infill development projects. Currently undergoing schematic design, the development is expected to comprise 254 one, two and three bedroom apartments over two equal size stages. Development approval will be sought shortly with the marketing launch anticipated for early CY2017.

Civic Heart

- $401.6 million project end value.
- 294 residential apartments with 19 commercial units.
- Forecast to contribute to FY19 earnings.

Vue Tower

- $151.7 million projected end value.
- 247 residential apartments with five commercial lots.
- Forecast to contribute to FY18 earnings.

Chase Apartments

- $74.9 million project end value.
- 194 residential apartments with two ground floor commercial lot.
- Forecast to contribute to FY18 earnings.

Aire West Perth

- $109.2 million project end value.
- 178 residential apartments with two commercial lots, and 64 serviced apartments.
- Forecast to contribute to FY18 earnings.

Reva

- $51.6 million project end value.
- 42 residential apartments and 18 commercial lots.
- Forecast to contribute to FY18 earnings.

The Point

- $97 million projected end value.
- 183 residential apartments with nine commercial lots.
- Forecast to contribute to FY19 earnings.

Sunago

- $70.7 million project end value.
- 163 residential apartments.
- Forecast to contribute to FY18 earnings.

Development approvals were received during the current reporting period for the Reva, Chase, Vue Tower, The Point, Aire, Anchorage and Sunago projects. Comprising **1116** apartments, **64** serviced apartments and **42** commercial lots, they represent a significant replenishment of the Company's development pipeline.

Growth Pipeline

The current project pipeline of $2.2 billion with $447.6 million in pre-sales indicating growth is set to continue as the Company builds on its reputation as Perth's largest and most trusted residential property developer.

Since Finbar entered the property development market in 1995, the Company has completed 66 projects, totaling 4935 units with a total end value of $2.7 billion.

Finbar anticipates it will develop and settle an additional 3233 over the next 4 years representing the Company's position at the forefront of the industry.

Urban Infill – The Way Forward

The Perth apartment market has continued to grow in sophistication and make a significant contribution to residential diversity in the wider metropolitan area. This has been enhanced and supported through the release by the Western Australian Planning Commission in 2016 of the PerthandPeel@3.5million draft strategic planning framework. The reason for its creation was the acknowledgment by government of the negative impacts stemming from almost 75% of all residential development occurring in greenfield projects at the city's fringe.

Providing a suite of strategic land use documents, PerthandPeel@3.5million sets out an aspirational target of 47% urban infill that looks to avoid this burgeoning urban fringe footprint and promote sustainability, affordability, greater housing choice and livability. A clear goal is the creation of 800,000 new homes by 2050, which importantly comprises 380,000 infill lots.

The encouragement of housing supply within existing activity centres, linked with public transport infrastructure, aligns well with the Company's activities. Finbar is well placed to gain a clear operational advantage in this conducive policy environment of growth for residential built form.

Industry bodies such as the Property Council of Australia (PCA WA) are also key stakeholders that, through effective political and industry relationships, are encouraging and driving government policies that recognise the benefits derived through facilitating density outcomes. The recent #designperth report reflects this approach and a positive engagement with the community on high density and amenity.

The #designperth report found huge potential cost savings for the taxpayer through investment in more infill development and urban regeneration, stating that for every 1000 dwellings developed in infill sites, a saving of up to $94.5 million could be achieved.

Finbar's strategic relationships have included not only active involvement with both the PCA WA and Urban Development Institute of Australia (WA) but also sponsorship of the Committee for Perth's 'Get a Move On' Project. This policy study focuses on public transport in Perth and the beneficial synergies achieved through the co-location of work and residential density opportunities with significant public transport infrastructure. Finbar recognises the importance to engage with government, industry and the community with an ongoing dialogue and exchange of ideas to positively and passionately shape the city in which we live.

Finbar's design approach has consistently applied similar principles to the policies and approaches outlined above. The creation of amenity for residents as well as the surrounding local community, sustainability, residential diversity and affordability are central themes embodied in the range of product the Company delivers into the Perth market. The Finbar brand as Western Australia's largest apartment developer is synonymous with certainty of delivery and quality, and strongly positions the company to deliver on its corporate motto – developing better lifestyles.

developing better lifestyles

As Western Australia's Largest And Most Trusted Apartment Developer, Finbar Is Committed To Developing Better Lifestyles.

Civic Heart – The One

Finbar's aspiration to develop better lifestyles is embodied in the launch of the landmark joint venture South Perth project, Civic Heart.

The $401.6 million mixed-use project is Finbar's highest value single stage development to date, with its design, size and scale making it the most exciting project in the Company's history.

With record pre-sales of $61.2 million during launch week, sales to date of $122 million, and Woolworths agreeing to lease the significant ground floor supermarket tenancy, the market is clearly embracing Finbar's vision of a new heart for South Perth.

Development approval was granted in May 2015 and Finbar expects to commence early ground works soon with substantial construction due to commence in early 2017 and expected completion 2019.

Civic Heart is an elliptical 38 level structure located at the entrance to South Perth; perfectly situated to take full advantage of sweeping panoramic views across the Swan River and Perth city skyline.

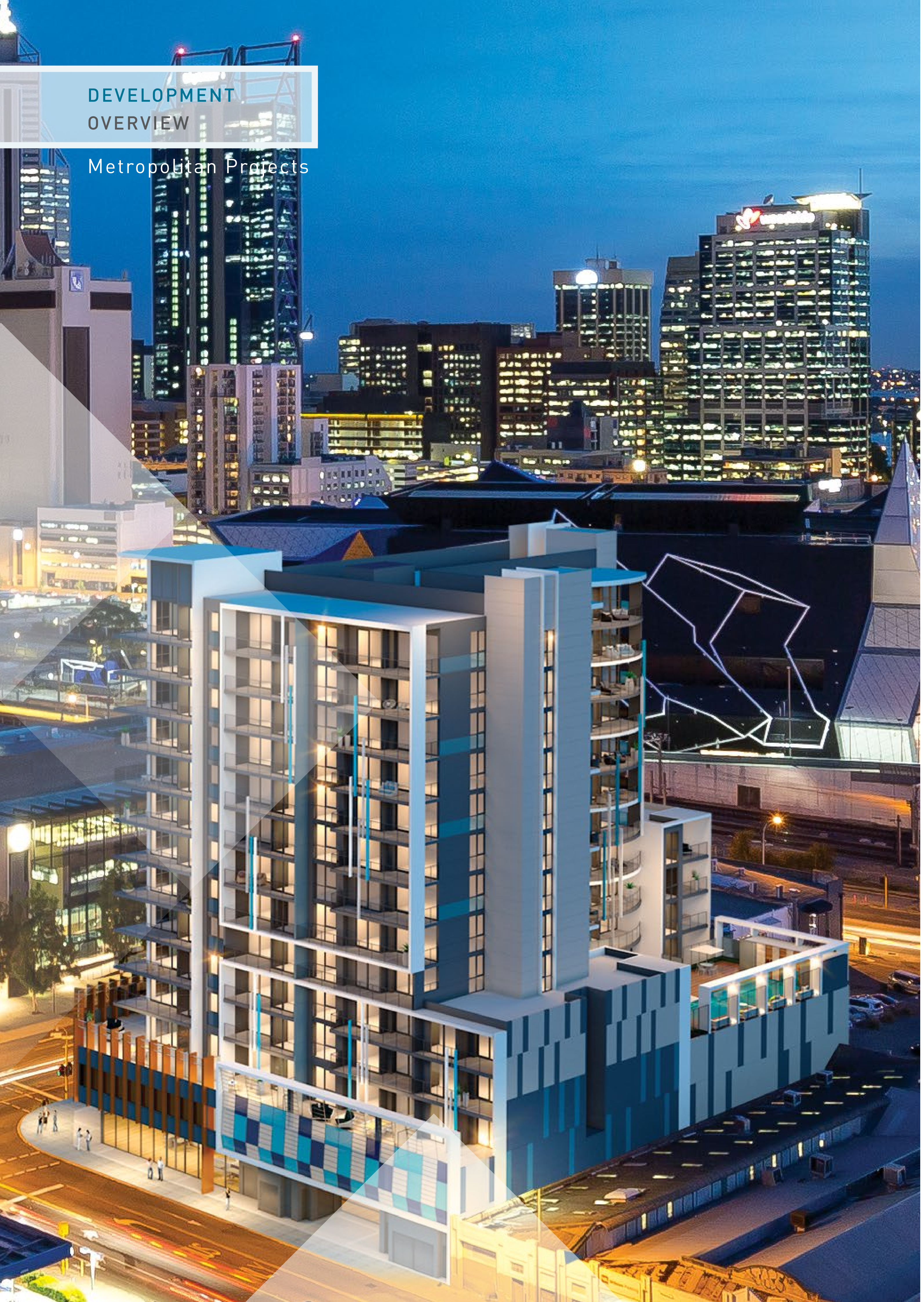
The building will feature 294 one, two and three bedroom residential apartments and two penthouses as well as the luxurious world-class amenities Finbar has become renowned for including a solar-heated wet-edge pool, steam room and sauna, private cabanas, private dining rooms, theatrettes, library, games room, wellness centre and more.

A commercial and retail precint will be contained within a three level podium structure positioned below the residential tower. The precinct will provide the South Perth community with a range of retail shops and services including a large supermarket, childcare centre, commercial gym and medical suites.

In February this year Finbar entered into a binding heads of agreement with national supermarket company Woolworths to lease and operate the supermarket tenancy located on the ground floor of Civic Heart. This engagement by one of Australia's leading supermarket chains reflects a clear understanding and acceptance of the opportunity that the project offers from a retail perspective.

The **$401.6** million mixed-use project is Finbar's highest value single stage development to date, with its design, size and scale making it the most exciting project in the Company's history.

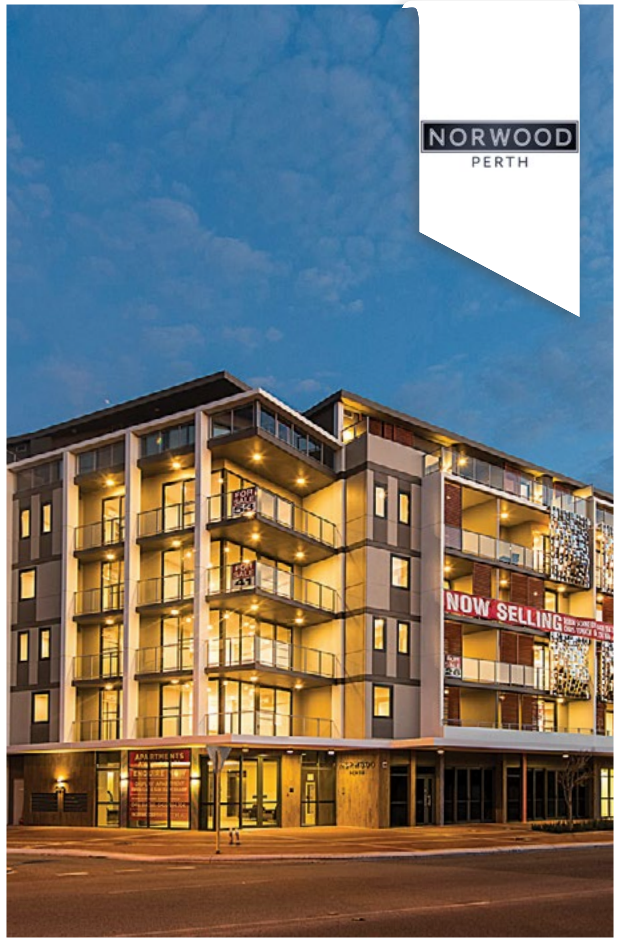
Information current as at 16 August 2016.

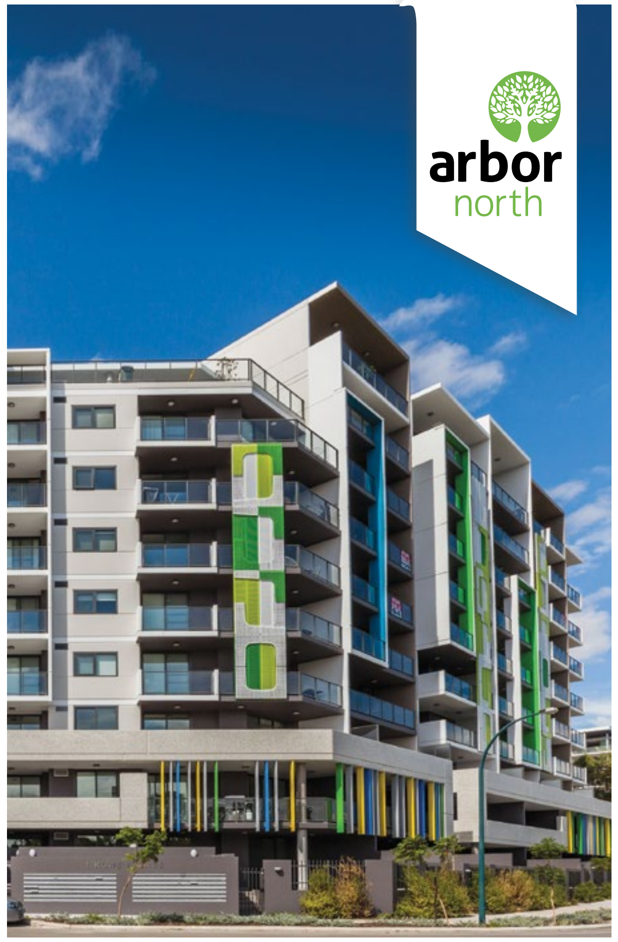


DEVELOPMENT OVERVIEW

Metropolitan Projects

Completed Projects





Norwood

280 Lord Street, Perth

Project Company:	280 Lord Street Perth Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Marketing Commenced:	October 2013
Construction Completion:	September 2015
Total Lots:	63
Approximate Total Project Sales Value:	$34.1 m
Value of Sales to Date:	$30.8 m
Lots Sold:	58 (92.1%)
Lots Unsold:	5 (7.9%)

With an estimated end value of $34.1 million, Norwood Perth is a boutique apartment project comprising a total of 59 residential apartments with four ground floor commercial lots. The development is placed on 2,828 square metres of prime land which is located on the corner of Lord and Windsor Streets in Perth.

Arbor North

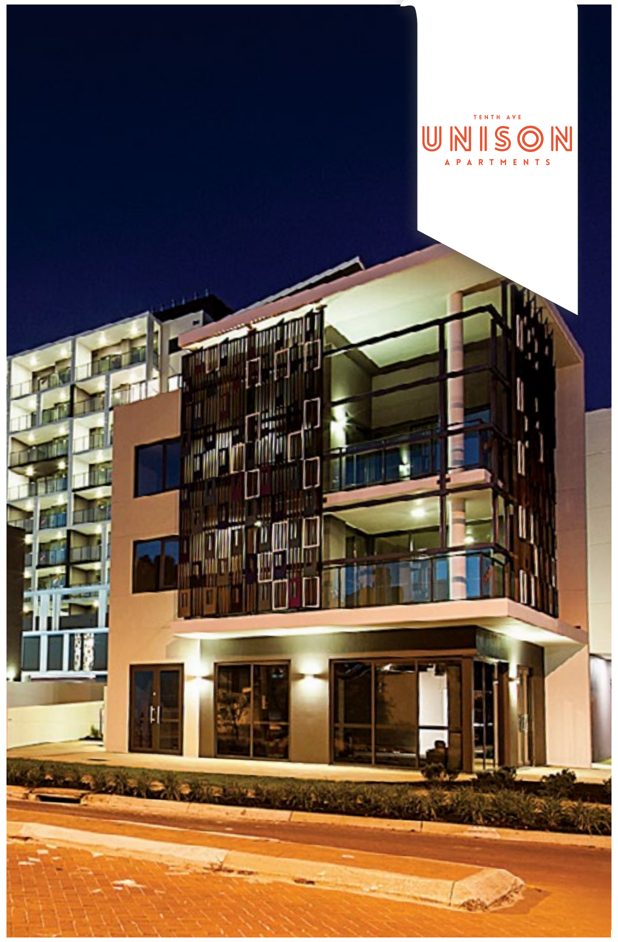
Lot 1001 Rowe Avenue, Rivervale

Project Company:	Lot 1001 - 1003 Rowe Avenue Pty Ltd
Entity Type:	Equity Accounted Investee
Finbar's Ultimate Interest:	50%
Marketing Commenced:	February 2014
Construction Completion:	November 2015
Total Lots:	154
Approximate Total Project Sales Value:	$71.6 m
Value of Sales to Date:	$62.5 m
Lots Sold:	131 (85.1%)
Lots Unsold:	23 (14.9%)

Arbor North is the first stage of Arbor at Springs, an exciting new apartment development in the dynamic Springs, Rivervale. Arbor North will have an approximated $71.6 million end project value comprising one and two bedroom apartments and was launched to the market in February 2014 with construction completed in November 2015.

Information current as at 16 August 2016.

Completed Projects



Unison on Tenth

2 Tenth Avenue, Maylands

Project Company:	241 Railway Parade Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Marketing Commenced:	August 2014
Construction Completion:	March 2016
Total Lots:	169
Approximate Total Project Sales Value:	$79.8 m
Value of Sales to Date:	$54.7 m
Lots Sold:	121 (71.6%)
Lots Unsold:	48 (28.4%)

Unison on Tenth is the first stage of the Unison Development and comprises 167 residential apartments plus two commercial lots on Tenth Avenue Maylands. Construction of Unison on Tenth was completed in March 2016.

Linq

269 James Street, Northbridge

Project Company:	269 James Street Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	100%
Marketing Commenced:	October 2014
Construction Completion:	May 2016
Total Lots:	116
Approximate Total Project Sales Value:	$63.8 m
Value of Sales Today:	$42.8 m
Lots Sold:	81 (69.8%)
Lots Unsold:	35 (30.2%)

Situated on the corner of James and Fitzgerald Streets, Northbridge the Linq development comprises 112 apartments and four commercial lots situated on a 2,119 sqm site. The Linq development is located in a prime position just 1km from the Perth CBD, adjacent to public transport and the freeway system, and only a short walk from the Northbridge restaurant precinct. Launched in October 2014, construction was completed in May 2016.

Information current as at 16 August 2016.

Under Construction

Motive

172 Railway Parade, West Leederville

Project Company:	172 Railway Parade West Leederville Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Marketing Commenced:	September 2014
Estimated Completion:	FY17
Total Lots:	143
Approximate Total Project Sales Value:	$80.9 m
Value of Sales to Date:	$32.9 m
Lots Sold:	65 (45.5%)
Lots Unsold:	78 (54.5%)

Motive Apartments will be comprised of two towers being nine and 10 storeys with a total of 143 residential apartments. Motive will comprise one and two bedroom apartments in addition to the resort-style facilities offered with every Finbar development. The 143 residential apartments will result in an estimated end value of approximately $80.9 million which is anticipated to contribute to Finbar's earnings in FY17.

Aurelia

96 Mill Point Road, South Perth

Project Company:	96 Mill Point Road Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Marketing Commenced:	February 2015
Estimated Completion:	FY18
Total Lots:	138
Approximate Total Project Sales Value:	$136.8 m
Value of Sales to Date:	$93.1 m
Lots Sold:	100 (72.5%)
Lots Unsold:	38 (27.5%)

The site is located in the midst of South Perth's food and retail precinct which is just 250 metres from the South Perth foreshore, and it will offer the opportunity to create a project with impressive views of the Swan River and the Perth City skyline. The development will consist of a mixed use high-rise building which has potential uses that include office, retail, and permanent residential. It is anticipated the end project value will exceed $136.8 million. Construction commenced in June 2015.

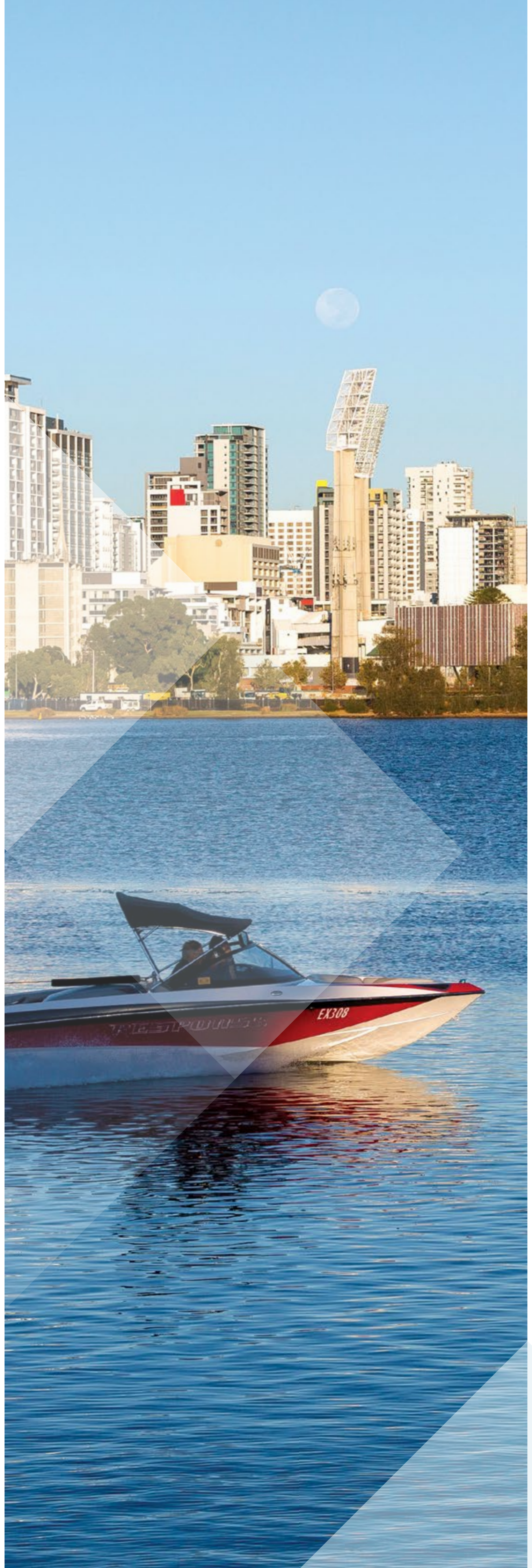
Concerto

189 Adelaide Terrace, East Perth

Project Company:	88 Terrace Road Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Marketing Commenced:	August 2014
Estimated Completion:	FY17
Total Lots:	227
Approximate Total Project Sales Value:	$198.7 m
Value of Sales to Date:	$131.0 m
Lots Sold:	150 (66.1%)
Lots Unsold:	77 (33.9%)

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

Information current as at 16 August 2016.



Civic Heart

99 Mill Point Road, South Perth

Project Company:	1 Mends Street Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Marketing Commenced:	September 2015
Estimated Completion:	FY19
Total Lots:	313
Approximate Total Project Sales Value:	$401.6 m
Value of Sales to Date:	$122 m
Lots Sold:	125 (39.9%)
Lots Unsold:	188 (61.1%)

Images are artist impressions only and are subject to change.

The Civic Heart site is a 8,224 square metre site bounded by Mends Street, Labouchere Road, and Mill Point Road South Perth. The project is set to be a vibrant mixed-use 'civic heart' development that incorporates retail, residential, commercial, and local public amenities. The project is to comprise 294 apartments, commercial space and local amenities with an estimated end value of $401.6 million.

Vue Tower

63 Adelaide Terrace, East Perth	
Project Company:	63 Adelaide Terrace Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Marketing Commenced:	April 2016
Estimated Completion:	FY18
Total Lots:	252
Approximate Total Project Sales Value:	$151.7 m
Value of Sales to Date:	$10.0 m
Lots Sold:	18 (7.1%)
Lots Unsold:	234 (92.9%)

Images are artist impressions only and are subject to change.

Vue Tower is located just 150 metres from Langley Park and 300 metres from the Perth foreshore. The proposed apartments will enjoy expansive views of the City, the Swan River, Heirisson Island and the Burswood Peninsula. The project will consist of a 34 level apartment building and comprise 247 residential apartments with ground floor commercial lots. Marketing commenced in April 2016 with an estimated end value of $151.7 million.

Aire West Perth

659 Murray Street, West Perth	
Project Company:	647 Murray Street Pty Ltd
Entity Type:	Equity Accounted Investee
Finbar's Ultimate Interest:	50%
Marketing Commenced:	February 2016
Estimated Completion:	FY18
Total Lots:	244
Approximate Total Project Sales Value:	$109.2 m
Value of Sales to Date:	$44.7 m
Lots Sold:	85 (34.8%)
Lots Unsold:	159 (65.2%)

Images are artist impressions only and are subject to change.

The Aire West Perth development will be comprised of 178 residential one, two, and three bedroom apartments, 64 serviced apartments and two ground floor commercial lots within a 22 level building. Communal facilities will be located on a level 21 amenities deck and include a 22 metre swimming pool, games room, meeting room, residents lounge, gym and sauna. Marketing commenced in February 2016 with an estimated end value of $109.2 million.

Sunago

36 Chester Avenue, Dianella	
Project Company:	36 Chester Avenue Pty Ltd
Entity Type:	Equity Accounted Investee
Finbar's Ultimate Interest:	50%
Marketing Commenced:	November 2015
Estimated Completion:	FY18
Total Lots:	163
Approximate Total Project Sales Value:	$70.7 m
Value of Sales to Date:	$4.0 m
Lots Sold:	9 (5.5%)
Lots Unsold:	154 (94.5%)

Images are artist impressions only and are subject to change.

Sunago will be comprised of 163 one and two bedroom apartments with a range of living options available, featuring City and district views from the seven storey tower, with the three and four level podiums overlooking internal gardens, surrounding streets and parkland

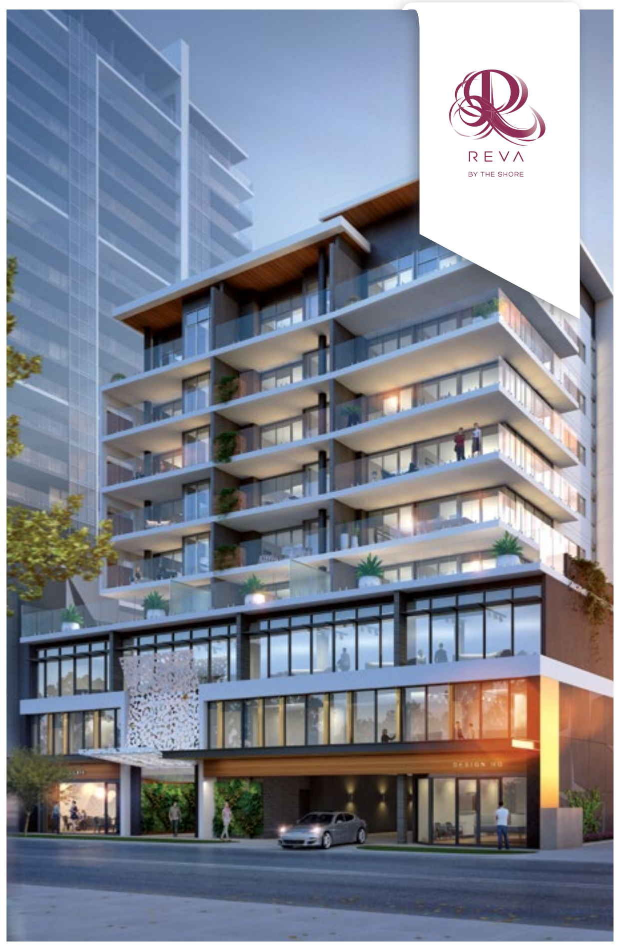
Chase Apartments

239 Great Eastern Highway, Belmont	
Project Company:	239 Great Eastern Highway Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	100%
Marketing Commenced:	March 2016
Estimated Completion:	FY18
Total Lots:	196
Approximate Total Project Sales Value:	$74.9 m
Value of Sales to Date:	$7.5 m
Lots Sold:	20 (10.2%)
Lots Unsold:	176 (89.8%)

Images are artist impressions only and are subject to change.

Chase Apartments is located in a prime location just five kilometres from the Perth CBD and three kilometres from Perth Airport. The development will be comprised of 194 one and two bedroom apartments coupled with a high level of amenities including an 18 metre pool, gymnasium, residents' lounge/games room and sauna. Two commercial tenancies will also feature on the ground floor of the building. Marketing commenced in the second half of 2016 with construction forecast to commence in 2017.

Information current as at 16 August 2016.



Unison on Kennedy

1 Kennedy Street, Maylands	
Project Company:	241 Railway Parade Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Estimated Completion:	FY19
Total Lots:	182
Approximate Total Project Sales Value:	$85 m

Images are artist impressions only and are subject to change.

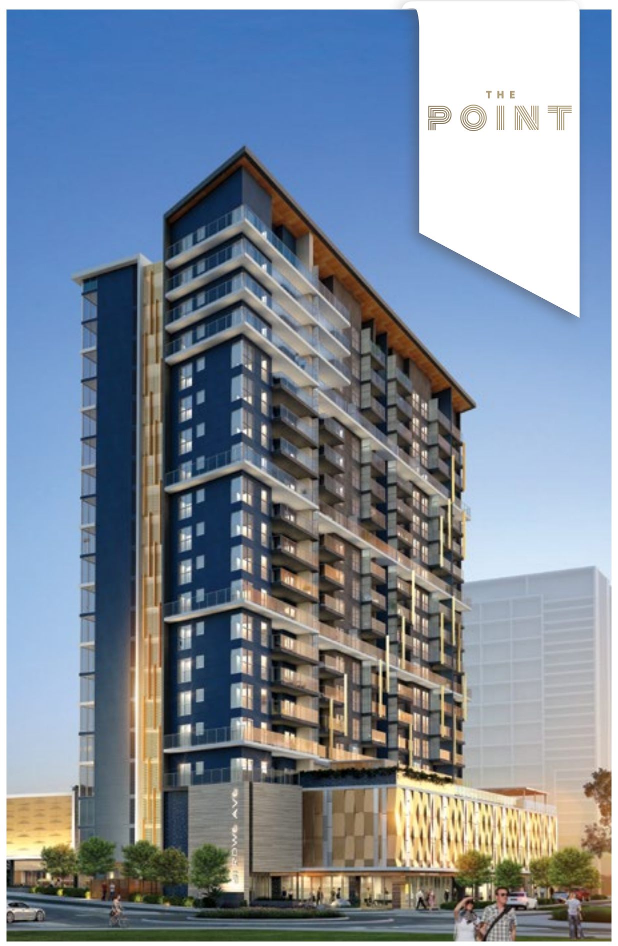
Unison on Kennedy is the second stage of the Unison project and will comprise of 180 one, two, and three bedroom residential apartments and two commercial lots on Kennedy Street, Maylands. Unison will capitalise on its proximity to public transport, located only 200 metres from Maylands railway station,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

Reva

5 Harper Terrace, South Perth	
Project Company:	5-7 Harper Terrace Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	100%
Estimated Completion:	FY18
Total Lots:	60
Approximate Total Project Sales Value:	$51.6 m

Images are artist impressions only and are subject to change.

Adjoining Finbar's highly successful Aurelia project in South Perth, Reva is situated on a 1,782 square metre site fronting Harper Terrace and will be comprised of 42 luxury residential apartments with rooftop amenities, as well as 18 commercial lots that will be developed within the Harper Terrace structure as well as a separate structure to be developed on the secondary frontage of Mill Point Road.



The Point

31 Rowe Avenue, Rivervale	
Project Company:	31 Rowe Avenue Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Estimated Completion:	FY19
Total Lots:	192
Approximate Total Project Sales Value:	$97 m

Images are artist impressions only and are subject to change.

The Point development is located 200 metres from Finbar's highly successful Spring View Towers project and 350 metres from Finbar's Arbor project. The development is located on a 4,000 square metre site situated on the corners of Brighton Road, Rowe Avenue, and Great Eastern Highway in the Springs precinct in Rivervale. The Point will comprise of 192 one, two and three bedroom apartments and nine commercial lots on the ground floor and will be situated at the main entrance to the Springs precinct.

Arbor South

Lot 1002 -1003 Rowe Avenue, Rivervale	
Project Company:	Lot 1001 -1003 Rowe Avenue Pty Ltd
Entity Type:	Equity Accounted Investee
Finbar's Ultimate Interest:	50%
Estimated Completion:	FY19
Total Lots:	132
Approximate Total Project Sales Value:	$55.2 m

Images are artist impressions only and are subject to change.

Arbor South is the second stage of the Arbor development in the Springs precinct which will be comprised of 132 residential apartments with an estimated combined end value of approximately $55.2 million. It is expected that Arbor South will be completed in FY19.

Information current as at 16 August 2016.

2 Homelea Court

Cnr Rowe Avenue and Homelea Court, Rivervale	
Project Company:	2 Homelea Court, Springs Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	100%
Estimated Completion:	FY19
Total Lots:	185
Approximate Total Project Sales Value:	$82.8 m

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

Palmyra Stage 1

43-53 McGregor Road, Palmyra	
Project Company:	43 McGregor Road Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Estimated Completion:	FY19
Total Lots:	126
Approximate Total Project Sales Value:	$56.8 m

Located on 26,642 square metres of land, the site is bordered by McGregor Road, Justinian Street and Leach Highway, Palmyra. The site is very well located in close proximity to shopping, public transport, the highway system, public golf course, and only a short drive to Fremantle and the coast. Finbar's initial design concept has the site being redeveloped into approximately 254 apartments over two stages with extensive communal facilities including two resort style swimming pools. Stage 1 will consist of 126 apartments comprised of one, two and three bedroom apartments in a walk-up low-rise structure with below ground parking over 13,155 square metres and has an anticipated end value of approximately $56.8 million.

Future Projects

Palmyra Stage 2

43-53 McGregor Roard, Palmyra	
Project Company:	43 McGregor Road Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Estimated Completion:	FY20
Total Lots:	128
Approximate Total Project Sales Value:	$52.0 m

Stage 2 will commence to coincide with the completion of Stage 1 and will consist of 128 apartments comprised of one, two and three bedroom apartments in a walk-up low-rise structure with below ground parking over 12,689 square metres and has an anticipated end value of approximately $52 million. Both stages of the project are aligned with the Company's strategy of providing entry level product in prime locations to appeal to the younger owner occupier and broader investor market.

Lot 1000

32 Riversdale Road, Rivervale	
Project Company:	32 Riversdale Road Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Estimated Completion:	FY20
Estimated Total Lots:	150
Approximate Total Project Sales Value:	$65 m

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

Information current as at 16 August 2016.

Future Projects

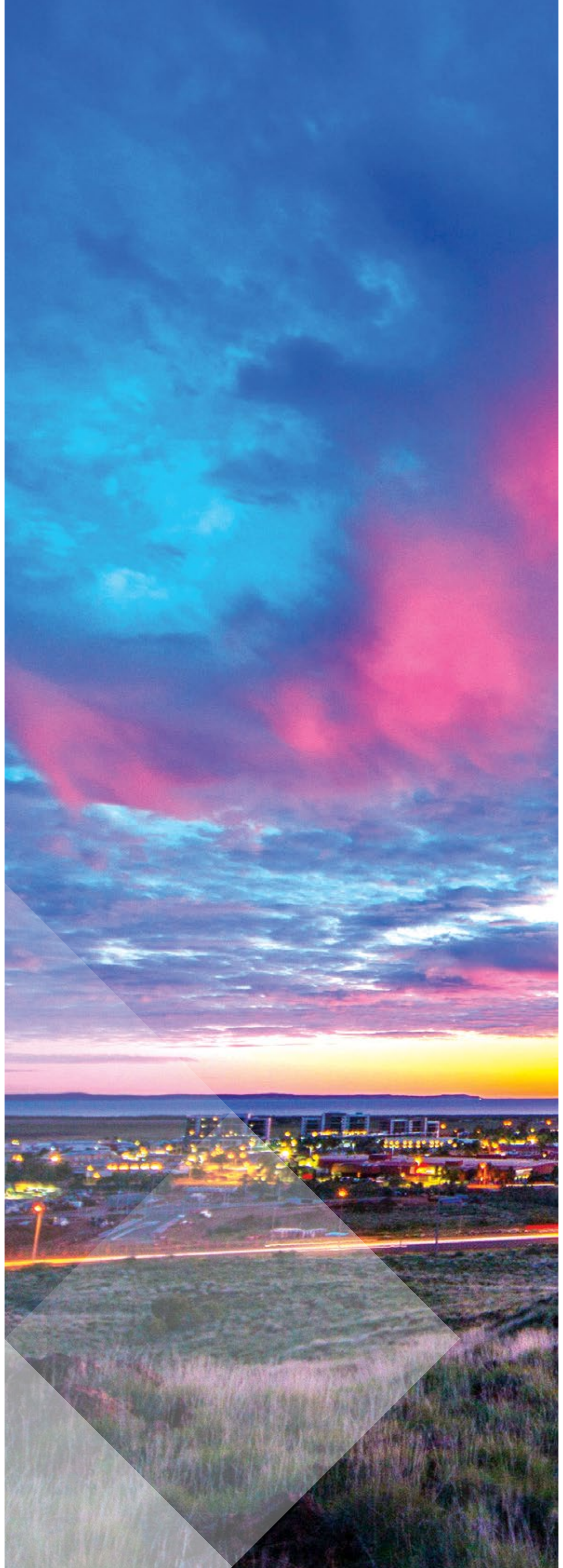
Canning Hwy Applecross

910 Canning Highway, Applecross

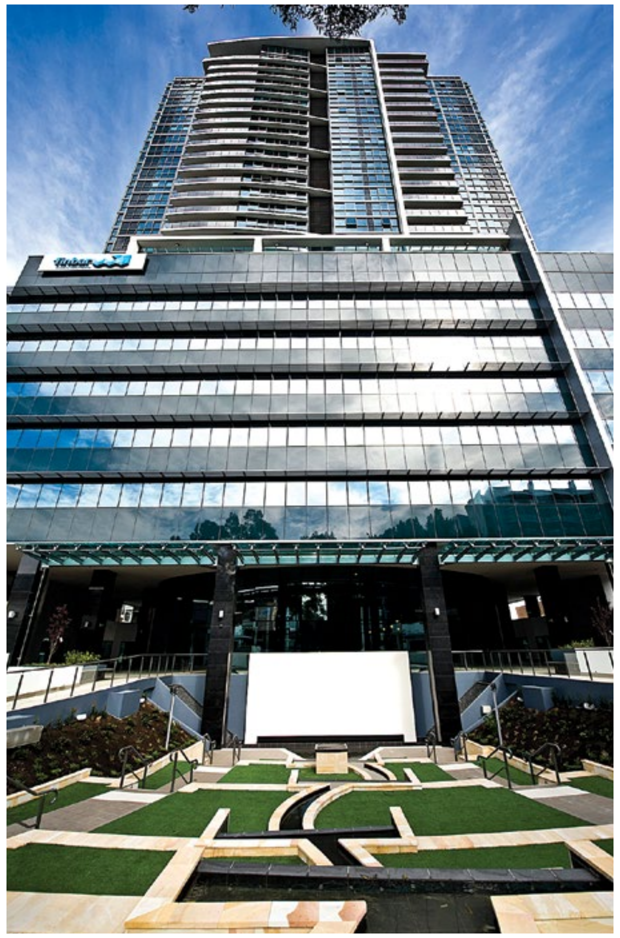
Project Company:	Finbar Applecross Pty Ltd
Entity Type:	Fully Owned Subsidiary
Finbar's Ultimate Interest:	50%
Estimated Completion:	FY20
Total Lots:	≈ 440
Approximate Total Project Sales Value:	≈ $350 m

Located on a 8,072 square metre site fronting both Kintail Road and Canning Highway, this projects initial design concept will see the land developed in three separate strata titled stages comprising three residential towers offering expansive views of the Canning and Swan Rivers and the Perth City skyline.

A total of approximately 440 apartments with independent resort-style amenities will be developed over the three stages, with ground floor commercial property offering street front activation. It is estimated that the end sales value will exceed $350 million.



Finbar's Investment Properties



Pelago

Sharpe Avenue, Karratha

Total Lots:	122
Residential Lots:	101
Commercial Lots:	21
Passing Rent:	$4.34 m
Lots Leased:	82 (67.2%)

Fairlanes

181 Adelaide Terrace, East Perth

Total NLA:	7,586 sqm
Office NLA:	7,268 sqm
Retail NLA:	318 sqm
Passing Rent:	$4.59 m
Area Leased:	7,110 sqm (93.7%)

Information current as at 16 August 2016.

FINANCIAL REPORT

For the Year Ended 30 June 2016

Directors' Report

The Directors present their report together with the consolidated financial report of the Group, comprising Finbar Group Limited ('the Company'), its subsidiaries and the Group's interest in equity accounted investees for the financial year ended 30 June 2016 and the independent auditor's report thereon.

Contents of Directors' Report

1 Directors

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

Executive Director and Chairman

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

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

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

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

Managing Director

Darren John PATEMAN - EMBA, GradDipACG, ACSA, AGIA, MAICD, AFAIM — Director since 6 November 2008; Managing Director since 15 July 2010

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

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

Darren has held several positions in his 21 years with the company which has given Darren an intimate knowledge of the key aspects of Finbar's business. Darren was formerly Company Secretary from 1996 to 2010, Chief Executive Officer from 2008 to 2010, and was appointed Managing Director on 15 July 2010.

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

Non-executive Director

John Boon Heng CHEAK - B Eco — Director from 28 April 1993 to 17 December 2015

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

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

John resigned from the Board on 17 December 2015.

Non-executive Director

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

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

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

Non-executive Director

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

Yean joined the Board on 17 December 2015. Yean joined Chuan Hup Holdings Limited, an investment holding company, as Head of Risk Management on 1 July 2010 and is responsible for monitoring Chuan Hup's financial risk exposure, as well as other risk management and audit related projects.

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

Yean graduated with a Bachelor of Commerce degree from the University of Western Australia, where she majored in Accounting, Finance and Management, and is a fellow member of CPA Australia.

Non-executive (Independent) Director

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

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

Until his retirement from practising law in 2010, Lee was partner in the international law firm of Norton Rose and the leader of their Commercial Property division in Perth. Throughout his legal career, Lee has held senior management roles in each of the firms of which he has been a member.

In addition to his legal practice, Lee is an experienced company director, having held positions in a variety of public and private enterprises. He has been a director of privately owned investment company Wyllie Group Pty Ltd since July 2004, and is a Non-Executive Director of ASX listed Decmil Group Limited, a civil engineering and construction company, and is a Director of the not for profit organisation, The Hellenic Initiative Australia.

Lee is a member of the Australian Institute of Company Directors, the Hellenic Australian Chamber of Commerce and Industry and was previously Chairman of the Australian Indonesian Business Council (WA Branch).

2 Company Secretary

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

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

Anthony Hewett is the Company Secretary of Finbar, and of Finbar's Subsidiaries and Jointly Controlled entities. Anthony has served in the role of company secretary for more than a decade for a number of Western Australian based listed and unlisted organisations. In addition to his company secretarial roles, Anthony has developed considerable experience in a variety of managerial, operational, and compliance oriented roles within a range of financial services businesses and not-for profit organisations and has been involved in the establishment and management of both a Charitable Foundation and Private Charitable Trust in Western Australia.

Anthony is a Chartered Secretary and holds a Master of Business Law from Curtin University, a Graduate Diploma in Applied Corporate Governance (GradDipACG) from the Governance Institute of Australia.

In addition, Anthony also holds qualifications in Building Design and Drafting, Financial Services, Leadership and Training. Anthony is a Fellow of the Institute of Chartered Secretaries and Administrators (FCSA), a Fellow of the Governance Institute of Australia (FGIA) and a Master Stockbroking, Stockbrokers Association of Australia (MSAA).

3 Directors' Meetings

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

Director	Board Meetings Held	Board Meetings Attended	Resolutions Without Meetings	Audit Committee Meetings Held	Audit Committee Meetings Attended	Remuneration Committee Meetings Held	Remuneration Committee Meetings Attended
John CHAN	4	4	9	N/A	N/A	1	1
Darren John PATEMAN	4	4	9	N/A	N/A	N/A	N/A
John Boon Heng CHEAK	4	2	8	1	1	1	1
Kee Kong LOH	4	4	9	2	2	2	2
Lee VERIOS	4	4	9	2	2	2	2
Yuun Yean TENG	4	2	1	1	1	N/A	N/A

4 Corporate Governance Statement

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

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

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

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

4.1 Board of Directors

Role of the Board

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

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

Composition of Board

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

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

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

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

4.2 Remuneration Committee

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

The following directors serve on the Remuneration Committee:

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

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

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

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

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

4 Corporate Governance Statement (continued)

4.3 Remuneration Report - Audited

4.3.1 Principles of Remuneration

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

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

Remuneration levels for key management personnel and the secretary of the Company, and key management personnel and secretaries of the Group, are competitively set to attract and retain appropriately qualified and experienced Directors and Executives. The Remuneration Committee periodically obtains independent advice on the appropriateness of remuneration packages of both the Company and the Group given trends in comparative companies both locally and internationally and the objectives of the Company's remuneration strategy.

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

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

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

Fixed Remuneration

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

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

Performance Linked Remuneration

Performance linked remuneration includes short-term incentives and can include long-term incentives, which are designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The short-term incentive (STI) is an 'at risk' bonus provided in the form of cash, whilst the long-term incentive (LTI) is provided as shares or options over ordinary shares of the Company under the rules of the Employee Incentive Plan 2013 and Director Share Plan 2014. As at 30th June 2016 there were no options on issue.

Short-term Incentive

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

At the end of the financial year the Remuneration Committee assess the actual performance of the Group, the relevant segment and the individual key management personnel contribution to the Group. The performance evaluation in respect of the year ended 30 June 2016 has taken place in accordance with this process.

Long-term Incentive

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

Short-term and Long-term Incentive Structure

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

Consequences of Performance on Shareholders Wealth

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

	2016	2015	2014	2013	2012
Total comprehensive income	$8,127,095	$25,828,642	$40,877,925	$31,590,971	$27,292,927
Profit before tax	$10,687,308	$31,699,466	$58,671,895	$44,560,499	$39,131,721
Dividends paid	$20,686,172	$22,770,213	$21,914,255	$19,298,374	$18,896,550
Change in share price	-$0.36	-$0.44	$0.37	$0.18	$0.10
Return on capital employed	4.26%	11.58%	18.94%	15.45%	17.39%
Return on total equity	3.57%	10.85%	17.13%	15.35%	14.49%

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

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

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

Directors

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

4.3.2 Directors' and Executive Officers' Remuneration

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

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

4 Corporate Governance Statement (continued)

4.3 Remuneration Report - Audited (continued)

4.3.2 Directors' and Executive Officers' Remuneration (continued)

Details of the nature and amount of each major element of remuneration of each Director of the Company and of the named Group Executive who receive the highest remuneration during the financial year ended 30 June 2015 are:

	Short-Term					Post - Employment		
	Directors Fees and Committee Fees $	Salary* $	STI Cash Bonus (A) $	Non Monetary Benefits $	Total $	Superannuation $	Other Long Term $	Total $
Executive Directors								
Mr John Chan, Executive Chairman	86,280	435,854	474,058	-	996,192	34,996	12,153	1,043,341
Mr Darren John Pateman, Managing Director	65,930	529,211	438,601	17,163	1,050,905	18,289	13,390	1,082,584
Non-executive Directors								
Mr John Boon Heng Cheak	65,930	-	-	-	65,930	-	-	65,930
Mr Kee Kong Loh	76,105	-	-	-	76,105	-	-	76,105
Mr Lee Verios	69,661	-	-	-	69,661	6,444	-	76,105
Executives								
Mr Edward Guy Bank, CFO**	-	249,985	237,651	-	487,636	18,289	8,423	514,348
Mr Ronald Chan**	-	220,000	216,924	-	436,924	20,900	7,167	464,991
Mr Anthony David Hewett**	-	200,000	41,437	-	241,437	19,000	-	260,437
	363,906	1,635,050	1,408,671	17,163	3,424,790	117,918	41,133	3,583,841

* The financial year ended 30 June 2016 contained 53 weekly pay periods, compared to 52 in the financial year ended 30 June 2015.

** Excludes accrued annual leave of $142,437 (2015 : $134,324)

Notes in relation to the Table of Directors' and Executive Officers' Remuneration - Audited

(A) Short-term Incentive Cash Bonus:

The short-term incentive bonus is for performance during the respective financial years using the criteria set out on Page 7.

Details of the Group's policy in relation to the remuneration that is performance related is discussed on Page 7.

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

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

4.3.3 Analysis of Bonuses included in Remuneration

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

	Short Term Incentive Bonus	
	Included in Remuneration $	% vested in year %
Executive Directors		
Mr John Chan	177,818	100%
Mr Darren John Pateman	184,461	100%
Executives		
Mr Edward Guy Bank, CFO	70,068	100%
Mr Ronald Chan, COO	166,704	100%
Mr Anthony David Hewett, Company Secretary	36,953	100%
	636,004	100%

Amounts included in remuneration for the financial year represent the amount of entitlements in the financial year based on achievement of personal goals and satisfaction of performance criteria, as per Short-term Incentive (page 38). Any discretionary amounts of executive bonuses are yet to be determined, and therefore may impact future financial years.

4.3.4 Directors' and Executives Interests

Movement in Shares

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

	Held at 1 July 2015	Purchases	Sales	Held at 30 June 2016
Directors				
Mr John Chan	24,839,516	626,416	-	25,465,932
Mr Darren John Pateman	2,711,689	326,292	-	3,037,981
Mr John Boon Heng Cheak (as at 17th December 2015)	523,443	-	-	523,443
Mr Kee Kong Loh	2,000,904	-	-	2,000,904
Ms Yuun Yean Teng	-	-	-	-
Mr Lee Verios	30,000	-	-	30,000
Executives				
Mr Edward Guy Bank	300,000	-	-	300,000
Mr Ronald Chan	213,260	-	-	213,260
Mr Anthony David Hewett	85,000	15,000	-	100,000
	30,703,812	967,708	-	31,671,520

	Held at 1 July 2014	Purchases	Sales	Held at 30 June 2015
Directors				
Mr John Chan	24,439,516	400,000	-	24,839,516
Mr Darren John Pateman	2,330,153	381,536	-	2,711,689
Mr John Boon Heng Cheak	506,956	16,487	-	523,443
Mr Kee Kong Loh	2,000,904	-	-	2,000,904
Mr Lee Verios	30,000	-	-	30,000
Executives				
Mr Edward Guy Bank	300,000	-	-	300,000
Mr Ronald Chan	213,260	-	-	213,260
Mr Anthony David Hewett	60,000	25,000	-	85,000
	29,880,789	823,023	-	30,703,812

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

Directors' Report (continued)

4 Corporate Governance Statement (continued)

4.3 Remuneration Report - Audited (continued)

4.3.5 Equity Instruments

All options refer to options over ordinary shares of Finbar Group Limited issued under the Employee Incentive Plan 2013 or Director Share Plan 2014. At 30th June 2016 there were no options on issue.

4.4 Audit Committee

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

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

The following directors serve on the Audit Committee:

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

4.5 Risk Management

Oversight of the Risk Management Procedures

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

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

Risk Management and Compliance Control

Comprehensive practices have been established to ensure:

- capital expenditure with respect to land acquisitions or development agreements obtain prior Board approval;
- financial exposures are controlled, including use of derivatives. Further details of the Group's policies relating to interest rates management and credit risk are included in Notes 5 and 27 in the Notes to the Financial Statements;
- management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- business transactions are properly authorised and executed;
- the quality and integrity of personnel (see page 43);
- financial reporting accuracy and compliance with the financial reporting regulatory framework (see page 43);
- environmental regulation compliance (see page 43).

Quality and Integrity of Personnel

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

Financial Reporting

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

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

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

Environmental Regulation

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

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

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

4.6 Ethical Standards

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

Conflict of Interest

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

Where the Board believes that a significant conflict exists for a Director on a Board matter, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered. Details of Director related entity transactions with the Company and the Group are set out in Note 31 in the Notes to the Financial Statements.

Code of Conduct

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

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

4 Corporate Governance Statement (continued)

4.6 Ethical Standards (continued)

Trading in General Company Securities by Directors and Employees

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

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

4.7 Communication with Shareholders

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

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

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

4.8 Diversity

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

Gender representation

	2016		2015	
	Female	Male	Female	Male
Board	20%	80%	-	100%
Key Management Personnel	-	100%	-	100%
Senior Management	50%	50%	50%	50%
Group	50%	50%	50%	50%

5 Principal Activities

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

The Group's focus is the development of medium to high-density residential buildings and commercial developments in Western Australia by way of direct ownership, ownership through fully owned Subsidiaries or by equity accounted investees (through companies registered specifically to conduct the development).

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

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

6 Operating and Financial Review

Operating Results	2016	2015
Total comprehensive income attributable to Owners of the Group	$8,130,113	$25,896,656

Shareholder Returns	2016	2015	2014	2013	2012
Total comprehensive income attributable to Owners of the Group	$8,130,113	$25,896,656	$36,526,868	$31,210,908	$28,300,279
Basic EPS	$0.04	$0.11	$0.16	$0.14	$0.13
Diluted EPS	$0.04	$0.11	$0.16	$0.14	$0.13
Dividends paid	$20,686,172	$22,770,213	$21,914,255	$19,298,374	$18,896,550
Dividends paid per share	$0.09	$0.10	$0.10	$0.09	$0.09
Market price per share	$0.83	$1.19	$1.63	$1.26	$1.08
Change in share price	-$0.36	-$0.44	$0.37	$0.18	$0.10
Return on capital employed attributable to Owners of the Group	4.26%	11.60%	17.62%	15.32%	17.80%
Return on total equity attributable to Owners of the Group	3.57%	10.90%	15.79%	15.39%	15.27%

Returns to shareholders increase through net equity. Dividends for 2016 were fully franked and it is expected that dividends in future years will continue to be fully franked.

Key transactions that contributed to the consolidated net profit of the Company for the 2016 financial year were the completion of the Arbor North Apartments in Rivervale, Norwood Apartments in Perth, Unison on Tenth Apartments in Maylands and Linq Apartments in Northbridge as well as the ongoing rental of the Company's commercial properties. See below for further information on the Company's project completions.

Review of Operations

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

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

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

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

The administration of the companies along with the operating, investment, and acquisitions decisions are made by Finbar's Board and Management. The Company employs 19 staff in its corporate offices in East Perth, Western Australia and 1 member of staff in its office in the Pilbara.

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

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

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

6 Operating and Financial Review (continued)

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

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

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

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

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

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

Completed Projects

Norwood - 280 Lord Street, Perth : Completion of the Norwood project occurred during the reporting period. 53 units have settled in the reporting period. 5 units remain for sale in the 63 unit development.

Arbor North - Lot 1001-1003 Rowe Avenue, Rivervale : Completion of the Arbor North project occurred during the reporting period. 116 units have settled in the reporting period. 23 units remain for sale in the 154 unit development.

Unison on Tenth - 241 Railway Avenue, Maylands : Completion of the Unison on Tenth project occurred during the reporting period. 94 units have settled in the reporting period. 56 units remain for sale in the 169 unit development.

Linq - 269 James Street, Northbridge : Completion of the Linq project occurred during the reporting period. 68 units have settled in the reporting period. 35 units remain for sale in the 116 unit development.

Ecco - 262 Lord Street, Perth : 1 settlement occurred during the reporting period. 3 units remain for sale in the 98 unit development.

Spring View Towers - 3 Homelea Court, Rivervale : 9 units settled in the reporting period. 2 units remain for sale in the 188 unit development.

Subi Strand - Cnr Roydhouse Street & Hood Street, Subiaco : 68 units settled in the reporting period. 6 units remain for sale in the 264 unit development.

Toccata - 88 Terrace Road, East Perth : 19 units settled in the reporting period. The company is pleased to report that the Toccata development is now complete and the company holds no further stock for sale.

Currently Under Construction

Concerto & Harmony - 193 Adelaide Terrace, East Perth : Construction works continue to progress well at the Concerto development, with completion expected during the financial year ending 30 June 2017. To date 150 sales have been achieved in the 227 unit development.

Motive - 172 Railway Parade, West Leederville : Construction works continue to progress well at the Motive development, with completion expected during the financial year ending 30 June 2017. To date 65 sales have been achieved in the 143 unit development.

Aurelia - 96 Mill Point Road, South Perth : Construction works continue to progress well at the Aurelia development, with completion expected during the financial year ending 30 June 2018. To date 100 sales have been achieved in the 138 unit development.

Future Projects

Civic Heart - 1 Mends Street, South Perth : Marketing of the Civic Heart project commenced during the reporting period. To date 125 sales have been achieved in the 313 unit development.

Sunago - 36 Chester Avenue, Dianella : Marketing of the Sunago project commenced during the reporting period. To date 9 sales have been achieved the 163 unit development.

Aire West Perth - 647-659 Murray Street, West Perth : Marketing of the Aire West Perth project commenced during the reporting period. To date 85 sales have been achieved in the 244 unit development.

Chase - 239 Great Eastern Highway, Belmont : Marketing of the Chase project commenced during the reporting period. To date 20 sales have been achieved in the 196 unit development.

Vue Tower - 63 Adelaide Terrace, East Perth: Marketing of the Vue Tower project commenced during the reporting period. To date 18 sales have been achieved in the 252 unit development.

Reva - 5 Harper Terrace, South Perth: Development Approval has been received for the development of 42 apartments with 1800m^2 of commercial space. It is anticipated that marketing of the Reva project is expected to commence in the financial year ending 30th June 2017.

The Point - 31 Rowe Avenue, Rivervale : Development Approval has been received for the development of 183 apartments. It is anticipated that marketing of The Point project is expected to commence in the financial year ending 30th June 2017.

Arbor South - Lot 1001-1003 Rowe Avenue Rivervale : Development Approval has been received for the development of 132 apartments. It is anticipated that marketing of the Arbor South project will commence in the financial year ending 30th June 2017.

Unison on Kennedy - 241 Railway Parade, Maylands : Development Approval has been received for the development of 180 one, two and three bedroom apartments plus two commercial lots on Kennedy Street, Maylands.

Anchorage - Lot 452 Sutherland Street, Port Hedland : Development Approval has been received for the first stage of a four stage development comprising 109 apartments plus six commercial tenancies. A wholly owned subsidiary of Finbar has contracted to purchase the development land subject to development approval and marketing success of the first stage. Now that approval has been received, Finbar will prepare to launch the first stage of the four stage project to the market in an effort to secure sufficient pre-sales to underpin the financial viability of the project.

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

43 McGregor Road, Palmyra: Finbar has negotiated a development agreement with the land owner whereby the land owner will provide the land unencumbered for the development, while Finbar, through a wholly owned subsidiary, will contribute to the working capital and obtain finance to carry out the redevelopment of the site. Finbar and the land owner will share equally in the development profit with the company also earning a management fee. Finbar's initial design concept has the site being redeveloped into approximately 254 apartments over two equal size stages. Detailed design works are underway, with a view to achieving development approval followed by a marketing launch in the financial year ending 30th June 2017.

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

Investment Property

Fairlanes - 175 Adelaide Terrace, East Perth : The Fairlanes property has been revalued during the reporting period. The valuation resulted in a $6.3m reduction to the profit before tax of 175 Adelaide Terrace Pty Ltd. The company continues to benefit from the investment income generated from the leased property. The property is currently 93% leased. The company continues to actively market the remaining tenancies for rental.

Pelago West Commercial - 23 Sharpe Avenue, Karratha : The Pelago West commercial property has been revalued during the reporting period. The valuation resulted in a $0.1m increase to the profit before tax of Finbar Karratha Pty Ltd. The company continues to benefit from the investment income generated from the leased property. The property is currently 77% leased. The company continues to actively market the remaining tenancies for rental.

Pelago East Commercial - 26 Sharpe Avenue, Karratha : The Pelago East commercial property has been revalued during the reporting period. The valuation resulted in a $0.1m decrease to the profit before tax of Finbar Karratha Pty Ltd. The company continues to benefit from the investment income generated from the leased property. The property is currently 91% leased. The company continues to actively market the remaining tenancies for rental.

Pelago West Residential - 23 Sharpe Avenue, Karratha : The Pelago West residential property has been revalued during the reporting period. The valuation resulted in a $1.5m reduction to the profit before tax of Finbar Karratha Pty Ltd. The company continues to benefit from the investment income generated from the leased property. The property is currently 73% leased. The company continues to actively market the remaining tenancies for rental.

Pelago East Residential - 26 Sharpe Avenue, Karratha : The Pelago East residential property has been revalued during the reporting period. The valuation resulted in a $10.9m reduction to the profit before tax of Finbar Karratha Pty Ltd. The company continues to benefit from the investment income generated from the leased property. The property is currently 61% leased. The company continues to actively market the remaining tenancies for rental.

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 2016				
Interim 2016 ordinary	3.00	6,947,843	Franked	10 March 2016
Final 2015 ordinary	6.00	13,738,329	Franked	24 September 2015
Total Dividends Paid		20,686,172		

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

Proposed Dividend

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

Final 2016 ordinary	4.00	9,263,791	Franked	1 September 2016
Total Dividend Proposed		9,263,791		

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2016 and will be recognised in subsequent financial reports.

	Note	$
Dealt with in the financial report as - Dividends	22	20,686,172

Dividend Reinvestment Plan

In accordance with Rule 13 of the Company's Dividend Reinvestment Plan (DRP), the Directors elected to suspend the DRP in the 2016 financial year until further notice and as such the DRP will not be active for the above mentioned dividend.

8 Events Subsequent to Reporting Date

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

9 Likely Developments

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

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

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

10 Directors' Interests

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

Director	Ordinary Shares
Mr John Chan	25,465,932
Mr Darren John Pateman	3,037,981
Mr John Boon Heng Cheak	523,443
Mr Kee Kong Loh	2,000,904
Ms Yuun Yean Teng	-
Mr Lee Verios	30,000

11 Indemnification and Insurance of Officers and Auditors

Indemnification

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

Insurance Premiums

During the financial year the Company has paid insurance premiums of $20,135 (2015: $20,135) in respect of Directors and Officers liability and legal expenses insurance contracts for Directors and Officers, including Executive Officers of the Company. The insurance premiums relate to:

- Costs and expenses incurred by the relevant Officers in defending proceedings, whether civil or criminal and whatever their outcome;
- Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

12 Non-audit Services

During the year KPMG, the Group's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed to ensure they do not impact the integrity and objectivity of the auditor;
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

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

	Consolidated 2016 $	Consolidated 2015 $
Audit Services:		
Auditors of the Company		
Audit and review of the financial reports	204,100	185,500
Audit and review of the financial reports of equity accounted investees	11,200	21,600
	215,300	207,100
Services Other Than Statutory Audit:		
Taxation compliance services	24,500	14,000
Accounting advice	-	9,000
	24,500	23,000

13 Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on Page 95 and forms part of the Directors' Report for the financial year ended 30 June 2016.

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

Darren Pateman
Managing Director

Dated at Perth this Twenty Third day of August 2016.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2016

	Note	Consolidated 2016 $	2015 $
Revenue	7	102,657,451	89,360,407
Cost of sales		(68,118,595)	(59,638,825)
Gross Profit		34,538,856	29,721,582
Other income	8	2,708,462	4,511,357
Loss on disposal of investment property		-	(828,628)
Recovery of costs in relation to disposal of shareholdings		271,938	(614,390)
Administrative expenses		(6,608,272)	(7,588,853)
Advertising expenses		(2,813,646)	(1,680,183)
Revaluation decrement of investment property	9	(17,721,291)	(2,004,508)
Rental expenses	9	(4,885,793)	(4,887,127)
Other expenses	9	(4,500)	-
Results from Operating Activities		5,485,754	16,629,250
Finance income	11	2,732,897	4,912,617
Finance costs	11	(2,242,043)	(3,236,964)
Net Finance Income		490,854	1,675,653
Share of profit of Equity Accounted Investees (net of income tax)	15	4,710,700	13,394,563
Profit before Income Tax		10,687,308	31,699,466
Income tax expense	12	(1,866,801)	(5,580,669)
Profit for the year		8,820,507	26,118,797
Other comprehensive income			
Items which will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment	9	(990,589)	(414,508)
Tax on items that will not be reclassified to profit or loss	12	297,177	124,353
Other comprehensive income for the year, net of income tax		(693,412)	(290,155)
Total comprehensive income for the year		8,127,095	25,828,642
Profit/(Loss) attributable to:			
Owners of the Group		8,823,525	26,186,811
Non-controlling interest		(3,018)	(68,014)
Profit/(Loss) for the year		8,820,507	26,118,797
Total comprehensive income/(loss) attributable to:			
Owners of the Group		8,130,113	25,896,656
Non-controlling interest		(3,018)	(68,014)
Total comprehensive income/(loss) for the year		8,127,095	25,828,642
Earnings per Share:			
Basic earnings per share (cents per share)	23	3.82	11.46
Diluted earnings per share (cents per share)	23	3.82	11.46

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements set out on Pages 54 to 91.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2016

		Attributable to equity holders of the company					
		Share Capital $	Retained Earnings $	Asset Revaluation Reserve $	Total $	Non Controlling Interest $	Total Equity $
Balance as at 1 July 2014		151,687,878	78,198,818	1,425,771	231,312,467	7,362,934	238,675,401
Total comprehensive income for the year							
Profit			26,186,811		26,186,811	(68,014)	26,118,797
Other comprehensive income			-	(290,155)	(290,155)	-	(290,155)
Transactions with owners, recognised directly in equity							
Issue of ordinary shares		3,972,979			3,972,979		3,972,979
Buyback of shares		(904,250)			(904,250)		(904,250)
Dividends to shareholders	Note 22		(22,770,213)		(22,770,213)	(6,710,000)	(29,480,213)
Balance as at 30 June 2015		154,756,607	81,615,416	1,135,616	237,507,639	584,920	238,092,559
Balance as at 1 July 2015		154,756,607	81,615,416	1,135,616	237,507,639	584,920	238,092,559
Total comprehensive income for the year							
Profit			8,823,525		8,823,525	(3,018)	8,820,507
Other comprehensive income			-	(693,412)	(693,412)	-	(693,412)
Transactions with owners, recognised directly in equity							
Issue of ordinary shares		3,721,911			3,721,911		3,721,911
Buyback of shares		(1,024,247)			(1,024,247)		(1,024,247)
Dividends to shareholders	Note 22		(20,686,172)		(20,686,172)	(428,409)	(21,114,581)
Balance as at 30 June 2016		157,454,271	69,752,769	442,204	227,649,244	153,493	227,802,737

Amounts are stated net of tax

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on Pages 54 to 91.

Consolidated Statement of Financial Position

As at 30 June 2016

	Note	Consolidated 2016 $	2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	21a	28,063,370	68,998,846
Trade and other receivables	19	13,420,127	24,776,485
Inventories	18	100,537,596	47,474,982
Prepayments	20	492,687	41,792
Investments in Equity Accounted Investees	15	3,472,897	8,220,088
Other assets	16	230,419	232,290
Total Current Assets		146,217,096	149,744,483
Non Current Assets			
Trade and other receivables	19	28,936,041	42,813,870
Inventories	18	52,218,183	26,097,480
Investment property	13	92,180,077	110,672,670
Prepayments	20	319,500	465,053
Investments in Equity Accounted Investees	15	3,611,300	4,129,886
Property, plant and equipment	14	13,296,824	13,490,430
Deferred Tax Assets	17	82,404	-
Other assets	16	261,486	491,906
Total Non Current Assets		190,905,815	198,161,295
Total Assets		337,122,911	347,905,778
LIABILITIES			
Current Liabilities			
Trade and other payables	26	30,946,359	15,280,625
Loans and borrowings	24	22,673,824	31,850,251
Current tax payable	17	3,215,726	4,245,964
Employee benefits	25	334,871	137,261
Total Current Liabilities		57,170,780	51,514,101
Non Current Liabilities			
Loans and borrowings	24	52,115,997	53,047,730
Deferred tax liabilities	17	-	5,102,343
Employee benefits	25	33,397	149,045
Total Non Current Liabilities		52,149,394	58,299,118
Total Liabilities		109,320,174	109,813,219
Net Assets		227,802,737	238,092,559
EQUITY			
Share capital	22	157,454,271	154,756,607
Retained earnings	22	69,752,769	81,615,416
Reserves	22	442,204	1,135,616
Total Equity Attributable to Holders of the Group		227,649,244	237,507,639
Non-controlling interest		153,493	584,920
Total Equity		227,802,737	238,092,559

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements set out on Pages 54 to 91.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2016

	Note	Consolidated 2016 $	2015 $
Cash Flows from Operating Activities			
Cash receipts from customers		152,350,772	98,057,354
Cash paid to suppliers and employees		(178,948,605)	(129,063,488)
Cash used in Operating Activities		(26,597,833)	(31,006,134)
Interest paid		(3,287,781)	(4,141,441)
Income tax paid		(7,784,611)	(21,439,529)
Net Cash used in Operating Activities	21b	(37,670,225)	(56,587,104)
Cash Flows from Investing Activities			
Interest received		2,669,951	5,002,313
Dividends received from Equity Accounted Investees		9,976,478	345,000
Acquisition of property, plant and equipment	14	(770,223)	(45,940)
Proceeds from sale of investment property	13	(5,973)	72,172,844
Proceeds from loans to Equity Accounted Investees		14,219,087	7,454,740
Net Cash provided by Investing Activities		26,089,320	84,928,957
Cash Flows from Financing Activities			
Repurchase of own shares	22	(1,024,247)	(904,250)
Proceeds from borrowings	24	87,894,615	80,014,341
Repayment of borrowings	24	(98,542,269)	(73,500,347)
Dividends paid (net of DRP)	22	(17,254,261)	(19,157,235)
Dividends paid to minority shareholders	22	(428,409)	(6,710,000)
Net Cash used in Financing Activities		(29,354,571)	(20,257,491)
Net (decrease)/increase in cash and cash equivalents		(40,935,476)	8,084,362
Cash and cash equivalents at 1 July		68,998,846	60,914,484
Cash and Cash Equivalents at 30 June	21a	28,063,370	68,998,846

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on Pages 54 to 91.

Index to Notes to the Financial Statements

Index to Significant Accounting Policies (Note 3)

1 Reporting Entity

Finbar Group Limited ('the Company') is a public company domiciled in Australia. The address of the Company's registered office is Level 6, 181 Adelaide Terrace, East Perth, WA 6004. The consolidated financial statements of the Group as at and for the year ended 30 June 2016 comprise the Company, its Subsidiaries (together referred to as 'the Group' and individually as 'Group entities') and the Group's interest in equity accounted investees. The Group is a for-profit entity and is primarily involved in residential property development and property investment (see Note 6).

2 Basis of Preparation

(a) Statement of Compliance

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

The consolidated financial statements were approved by the Board of Directors on 23rd August 2016.

(b) Basis of Measurement

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

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

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

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Australian dollars, which is the functional currency for the Group.

(d) Use of Estimates and Judgements

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

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

(i) Assumptions and estimation uncertainties

Information about assumptions made in measuring fair values and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending 30 June 2016 are included in the following notes:

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

(ii) Measurement of fair values

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

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

Significant valuation issues are reported to the Audit Committee.

2 Basis of Preparation (continued)

(d) Use of Estimates and Judgements (continued)

(ii) Measurement of fair values (continued)

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

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

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

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

(e) Changes in Accounting Policies

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

3 Significant Accounting Policies

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

(a) Basis of Consolidation

(i) Subsidiaries

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

(ii) Equity Accounted Investees

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

(iii) Joint Operations

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

(iv) Transactions Eliminated on Consolidation

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

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

(b) Financial Instruments

(i) Non-derivative Financial Instruments

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

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

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

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

Other

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

(ii) Derivative Financial Instruments

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

(iii) Share Capital

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

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

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

(c) Property, Plant and Equipment

(i) Recognition and Measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets include the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working order for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs (see page 58).

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

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant & equipment and are recognised net within "Other income" in profit or loss.

Losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant & equipment and are recognised net within "Administrative expenses" in profit or loss.

When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

In respect to borrowing costs relating to qualifying assets, the Group capitalises costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset.

3 Significant Accounting Policies (continued)

(c) Property, Plant and Equipment (continued)

(ii) Reclassification to Investment Property

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

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

(iii) Subsequent Costs

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

(iv) Revaluation Model to Property

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

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

(v) Depreciation and Amortisation

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

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

– Office property	40 years
– Office furniture and equipment, fixtures and fittings	5 - 25 years
– Plant and equipment	1 - 10 years

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

(d) Investment Property

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

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

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

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

(e) Inventories

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

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

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

Current and Non-current Inventory Assets

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

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

All other inventory is treated as non-current.

(f) Impairment

(i) Financial Assets (Including Receivables)

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

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

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

(ii) Non-financial Assets

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

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

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

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

3 Significant Accounting Policies (continued)

(g) Employee Benefits

(i) Superannuation Contributions

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

(ii) Long-term Employee Benefits

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

(iii) Termination Benefits

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

(iv) Short-term Employee Benefits

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

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

(v) Share-based Payment Transactions

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

(h) Provisions

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

(i) Revenue

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

(i) Property Development Sales

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

The timing of transfers of risks and rewards vary depending on the individual terms of the contract of sale.

(ii) Property Development Supervision Fees

Revenue from services rendered, including fees arising from the provision of development project supervision services, is recognised in profit or loss in proportion to the stage of completion of the transaction at reporting date. The stage of completion is assessed by reference to an assessment of the costs incurred and the costs to be incurred. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the revenue cannot be reliably measured, the costs incurred or to be incurred cannot be reliably measured, or the stage of completion cannot be reliably measured.

(iii) Management Fee Revenue

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

(iv) Commissions

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

(v) Rental Income

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

(j) Finance Income and Finance Costs

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

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

(k) Income Tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and equity accounted investees to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

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

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

3 Significant Accounting Policies (continued)

(l) Goods and Services Tax

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

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

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

(m) Earnings per Share

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

(n) Segment Reporting

Determination and Presentation of Operating Segments

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

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

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

(o) New Standards and Interpretations not yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2016, however, the Group has not applied the following new or amended standards in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

IFRS 9 *Financial Instruments* - published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

IFRS 15 *Revenue from Contracts with Customers* - IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts and IFRIC 13 Customer Loyalty Programmes*. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

IFRS 16 *Leases* - IFRS 16 removes the classification of leases as either operating leases or finance leases, for the lessee, effectively treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease. In particular, companies will now recognise a front-loaded pattern of expense for most leases, even when they pay constant annual rentals. Lessor accounting remains similar to current practice, ie lessors continue to classify leases as finance and operating leases. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16.

4 Determination of Fair Values

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

(a) Investment Property and Property carried at fair value

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

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

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

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

(b) Trade and Other Receivables

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

(c) Derivatives

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

(d) Share-based Payment Transactions

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

(e) Financial Guarantees

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

5 Financial Risk Management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk Management Framework

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

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

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

Credit Risk

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

Trade and Other Receivables

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

The demographics of the Group's customer base has little or no influence on credit risk. Approximately 1.97% (2015: 5.73%) of the Group's revenue is attributable to multiple sales transactions with single customers.

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

The Group's trade and other receivables relate mainly to the Group's loans to Equity Accounted Investees (within which the Group holds no more than a 50% interest) and Goods and Services Tax refunds due from the Australian Taxation Office. The loans to Equity Accounted Investees are repaid from proceeds on settlement and bear interest at BBSY+5.00%.

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

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

Liquidity Risk

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

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

Market Risk

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

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

Interest Rate Risk

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

Capital Management

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

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a return on assets of between 6.00% and 8.00%. For the year ended 30 June 2016 the return was 3.54% (2015: 9.86%). In comparison the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 4.03% (2015: 4.21%).

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

	2016 $	2015 $
Total liabilities	109,320,174	109,813,219
Less: Cash and cash equivalents	28,063,370	68,998,846
Net Debt	81,256,804	40,814,373
Total equity	227,802,737	238,092,559
Capital	227,802,737	238,092,559
Debt-to capital ratio at 30 June	0.36	0.17

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

The DRP was in place for the final distribution for the year ending 30 June 2015. A discount of 3% was applied to shares issued under the DRP in accordance with the DRP rules stating the discount may not exceed 10%. In accordance with Rule 13 of the Company's Dividend Reinvestment Plan (DRP), the Directors elected to suspend the DRP in the 2016 financial year until further notice.

6 Operating Segments

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

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

Information about Reportable Segments For the Year ended 30 June 2016	Residential Apartment Development $	Commercial Office/Retail Development $	Rental of Property $	Corporate $	Total $
External Revenues - Company and Subsidiaries	88,297,420	3,395,445	9,849,043	3,824,005	105,365,913
External Revenues - Equity Accounted Investees	44,606,816	2,635,543	15,597	-	47,257,956
External Revenues - Total	132,904,236	6,030,988	9,864,640	3,824,005	152,623,869
Interest Income	13,351	-	-	2,719,546	2,732,897
Interest Expense	-	-	-	2,230,756	2,230,756
Depreciation and Amortisation	-	-	-	481,856	481,856
Reportable Segment Profit before Income Tax - Company and Subsidiaries	18,936,554	606,443	4,963,250	5,309,068	29,815,315
Reportable Segment Profit before Income Tax - Equity Accounted Investees	6,265,590	401,502	15,597	65,609	6,748,298
Reportable Segment Profit before Income Tax - Total	25,202,144	1,007,945	4,978,847	5,374,677	36,563,613
Reportable Segment Assets - Company and Subsidiaries	165,934,956	6,702,694	93,345,748	22,339,135	288,322,534
Reportable Segment Assets - Equity Accounted Investees	22,661,583	3,906,336	-	-	26,567,920
Reportable Segment Liabilities - Company and Subsidiaries	55,094,675	1,634,707	48,474,870	900,196	106,104,448
Reportable Segment Liabilities - Equity Accounted Investees*	11,499,679	31,111	-	-	11,530,790
Capital Expenditure	-	-	-	507,537	507,537

* Excludes Liabilities payable to Finbar Group

Information about Reportable Segments For the Year ended 30 June 2015	Residential Apartment Development $	Commercial Office/Retail Development $	Rental of Property $	Corporate $	Total $
External Revenues - Company and Subsidiaries	66,661,037	957,449	15,290,902	10,962,376	93,871,764
External Revenues - Equity Accounted Investees	93,032,180	1,098,500	11,078	-	94,141,758
External Revenues - Total	159,693,217	2,055,949	15,301,980	10,962,376	188,013,522
Interest Income	39,264	-	-	4,873,353	4,912,617
Interest Expense	-	-	-	3,028,170	3,028,170
Depreciation and Amortisation	-	-	-	546,185	546,185
Reportable Segment Profit before Income Tax - Company and Subsidiaries	6,660,812	(62,180)	10,403,775	9,220,201	26,222,608
Reportable Segment Profit before Income Tax - Equity Accounted Investees	18,920,097	177,652	11,078	30,739	19,139,566
Reportable Segment Profit before Income Tax - Total	25,580,909	115,472	10,414,853	9,250,940	45,362,174
Reportable Segment Assets - Company and Subsidiaries	99,755,074	4,107,175	112,080,116	22,271,118	238,213,483
Reportable Segment Assets - Equity Accounted Investees	52,287,311	6,042,726	-	-	58,330,037
Reportable Segment Liabilities - Company and Subsidiaries	44,958,871	2,383,915	51,725,000	1,397,126	100,464,912
Reportable Segment Liabilities - Equity Accounted Investees*	31,778,625	736,471	-	-	32,515,096
Capital Expenditure	-	-	-	308,150	308,150

* Excludes Liabilities payable to Finbar Group

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

6 Operating Segments (continued)

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

	2016 $	2015 $
Revenues		
Total revenue for development reportable segments	101,541,909	82,909,388
Total revenue for other reportable segments	3,824,004	10,962,376
Consolidated Revenue	105,365,913	93,871,764
Total revenue for development reportable segments - Equity Accounted Investees	47,242,359	94,130,681
Total revenue for rental segments - Equity Accounted Investees	15,597	11,078
Total Reportable Segments Revenue	152,623,869	188,013,522
Profit or Loss		
Total profit or loss for reportable segments	36,563,613	45,362,174
Finance income - Company and Subsidiaries	2,732,897	4,912,617
Finance costs - Company and Subsidiaries	(2,242,043)	(3,236,964)
Unallocated amounts:		
Administrative expenses	(6,608,272)	(7,588,853)
Revaluation of investment property	(17,721,291)	(2,004,508)
Income tax applicable to share of profit of Equity Accounted Investees	(2,037,596)	(5,745,001)
Consolidated Profit before Income Tax	10,687,308	31,699,466
Assets		
Total assets for reportable segments	288,322,533	238,213,482
Cash and cash equivalents	28,063,370	68,998,846
Investments in Equity Accounted Investees	7,084,197	12,349,974
Other assets*	13,652,811	28,343,476
Consolidated Total Assets	337,122,911	347,905,778
Liabilities		
Total liabilities for reportable segments	106,104,448	100,464,912
Other liabilities**	3,215,726	9,348,307
Consolidated Total Liabilities	109,320,174	109,813,219

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

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

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

7 Revenue

	2016 $	2015 $
Property development sales	91,692,866	67,618,486
Rental Income	9,849,043	15,290,902
Supervision and management fees	1,115,542	6,451,019
Total Revenue	102,657,451	89,360,407

8 Other Income

Administration fees	114,709	152,075
Commission income	1,614	1,874
Management fees	2,592,139	4,342,188
Other	-	15,220
Total Other Income before revaluation	2,708,462	4,511,357

9 Other Expenses

Revaluation decrease of investment property	17,721,291	2,004,508
Rental property expenses	4,885,793	4,887,127
Other expenses	4,500	-
Total Other Expenses	22,611,584	6,891,635
Revaluation decrease of property (reported as other comprehensive income)	990,589	414,508

10 Personnel Expenses

Wages and salaries	3,751,917	4,370,021
Superannuation contributions	250,925	236,328
Increase in liability for annual leave	15,650	18,615
Increase in liability for long service leave	66,312	36,479
Directors fees	363,906	363,906
Non Executive Directors - superannuation contributions	6,444	6,444
Total Personnel Expenses	4,455,154	5,031,793

11 Finance Income and Finance Costs

	2016 $	2015 $
Recognised in Profit or Loss		
Interest income on loans to Equity Accounted Investees	1,503,190	3,215,936
Interest income on loans	460,481	483,945
Interest income on bank deposits	755,875	1,173,472
Interest income on property settlements	13,351	39,264
Total Finance Income	2,732,897	4,912,617
Interest expense	2,230,756	3,028,170
Bank charges	11,287	208,794
Total Finance Costs	2,242,043	3,236,964
Net Finance Income	490,854	1,675,653
Analysis of Finance Costs		
Total finance costs	3,786,653	4,404,674
Less:		
Finance costs capitalised to inventory	(1,517,979)	(1,167,710)
Add:		
Finance costs relating to property developments sold	613,173	2,356,690
	2,881,847	5,593,654
Made up of:		
Finance costs relating to property developments sold	639,802	2,356,690
Finance costs relating to administration	16,345	208,814
Finance costs relating to rental properties	2,225,700	3,028,150
	2,881,847	5,593,654

Finance costs have been capitalised to work in progress at a weighted average rate of 4.03% (2015: 4.21%)

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

12 Income Tax Expense

	2016 $	2015 $
Recognised in Income Statement		
Current Tax Expense		
Current year	6,960,482	12,619,913
Income tax recognised directly to equity	4,841	103,769
Adjustments for prior periods	-	(334,691)
Non-recoverable amounts	91,066	25,032
	7,056,389	12,414,023
Deferred Tax Expense Movement		
Origination and reversal of temporary differences	(5,189,588)	(6,833,354)
	(5,189,588)	(6,833,354)
Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	1,866,801	5,580,669
Income tax relating to components of other comprehensive income	(297,177)	(124,353)
Total Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	1,569,624	5,456,316
Numerical Reconciliation between Tax Expense and Pre-tax Net Profit		
Profit for the year	8,820,507	26,118,797
Total income tax expense	1,866,801	5,580,669
Profit excluding Income Tax	10,687,308	31,699,466
Income tax using the domestic rate of 30% (2015: 30%)	3,206,192	9,509,840
Adjustment for effect of small proprietary tax rate of 28.5%	41,605	-
Increase in income tax expense due to:		
Non-deductible expenses	(58,851)	398,857
Non-recoverable amounts	91,066	25,032
Decrease in income tax expense due to:		
Tax effect of share of equity accounted investees profit	(1,413,210)	(4,018,369)
Total Income Tax Expense	1,866,802	5,915,360
Over provided in prior years	-	(334,691)
Total Income Tax Expense	1,866,802	5,580,669
Made up of:		
Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	1,866,801	5,580,669
Income tax relating to components of other comprehensive income	(297,177)	(124,353)
	1,569,624	5,456,316
Income Tax Recognised Directly in Equity		
Decrease in income tax expense due to:		
Tax incentives not recognised in income statement	(4,841)	(103,769)
Total Income Tax Recognised Directly in Equity	(4,841)	(103,769)

13 Investment Property

13a Reconciliation of Carrying Amount

	2016 $	2015 $
Balance at 1 July	110,672,670	134,981,804
Sale of Investment Property	-	(73,000,000)
Transferred from Inventory	-	50,695,374
Transferred from Property, Plant and Equipment	(771,302)	-
Change in fair value	(17,721,291)	(2,004,508)
Balance at 30 June	92,180,077	110,672,670

Investment property comprises commercial properties at three developments and residential properties at two developments which are leased to third parties (see Note 28).

13b Measurement of fair values

(i) Fair Value Heirarchy

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

The fair value measurement for investment property of $92,180,077 has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2(d)).

(ii) Level 3 Fair Value

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

(iii) Valuation technique and significant unobservable inputs

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

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cash flows able to be generated from the property taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs, such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.	Expected market rental growth 1.5%-5.0%, weighted average 2.78%, Void periods (average 7.1 months after the end of each lease), Occupancy rate 91.54%, Rent-free periods (8-27 month period on certain new leases), Risk-adjusted discounted rates (weighted average 9.0%).	The estimated fair value would increase (decrease) if: expected market rental growth were higher (lower); void periods were shorter (longer); the occupancy rate were higher (lower); rent-free periods were shorter (longer); or the risk-adjusted discount rate were lower (higher).
Capitalisation of income valuation: The capitalisation of income valuation method capitalises the current rent received, at a rate analysed from the most recent transactions of comparable property investments. The capitalisation rate used varies across properties. Valuations reflect, where appropriate, lease term remaining, the relationship of current rent to the market rent, location and prevailing investment market conditions.	Adopted capitalisation rate 8.25% - 11.0%, Gross rent per annum $450 - $861 per sqm, Occupancy rate 70.87% - 91.54%, Lease term remaining (years) 0.6 - 4.2.	The estimated fair value would increase (decrease) if: the adopted capitalisation rate were higher (lower); the gross rent per annum were higher (lower); the occupancy rate were higher (lower) or; the lease term remaining were longer (shorter).

14 Property, Plant and Equipment

Cost or Valuation	Property $	Office Furniture and Equipment $	Plant and Equipment $	Fixtures and Fittings $	Total $
Balance at 1 July 2014	8,249,545	688,936	7,833,604	229,191	17,001,276
Additions	-	12,644	295,506	-	308,150
Disposals	-	-	-	(137,965)	(137,965)
Transferred from inventory	333,687	-	1,483,359	-	1,817,046
Change in fair value	(573,809)	-	-	-	(573,809)
Balance at 30 June 2015	8,009,423	701,580	9,612,469	91,226	18,414,698
Balance at 1 July 2015	8,009,423	701,580	9,612,469	91,226	18,414,698
Additions	-	52,170	455,367	-	507,537
Transferred from inventory	771,302	-	-	-	771,302
Change in fair value	(1,149,890)	-	-	-	(1,149,890)
Balance at 30 June 2016	7,630,835	753,750	10,067,836	91,226	18,543,647
Depreciation					
Balance at 1 July 2014	-	315,117	4,190,696	169,536	4,675,349
Disposals	-	-	-	(137,965)	(137,965)
Revaluation	(159,301)	-	-	-	(159,301)
Depreciation and amortisation charge for the year	159,301	73,584	301,370	11,930	546,185
Balance at 30 June 2015	-	388,701	4,492,066	43,501	4,924,268
Depreciation					
Balance at 1 July 2015	-	388,701	4,492,066	43,501	4,924,268
Revaluation	(159,301)	-	-	-	(159,301)
Depreciation and amortisation charge for the year	159,301	61,049	251,963	9,543	481,856
Balance at 30 June 2016	-	449,750	4,744,029	53,044	5,246,823
Carrying Amounts					
At 1 July 2014	8,249,545	373,819	3,642,908	59,655	12,325,927
At 30 June 2015	8,009,423	312,879	5,120,403	47,725	13,490,430
At 1 July 2015	8,009,423	312,879	5,120,403	47,725	13,490,430
At 30 June 2016	7,630,835	304,000	5,323,807	38,182	13,296,824

14 Property, Plant and Equipment (continued)

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

	Property
Revalued assets at deemed cost (Property)	
Cost	6,372,030
Less accumulated depreciation	(609,171)
Net book value at 30 June 2016	5,762,859

Measurement of fair values

(i) Fair Value Hierarchy

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

The fair value measurement for property of $7,630,835 has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2(d)).

(ii) Level 3 Fair Value

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

	2016 $	2015 $
Balance at 1 July 2015	8,009,423	8,249,545
Acquisitions and reclassifications from investment property and inventory	771,302	333,687
Revaluation loss included in 'other comprehensive income'	(990,589)	(414,508)
Depreciation	(159,301)	(159,301)
Balance at 30 June 2016	7,630,835	8,009,423

(iii) Valuation technique and significant unobservable inputs

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

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cash flows able to be generated from the property taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs, such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.	Expected market rental growth 1.5%-5.0%, weighted average 2.78%, Void periods (average 7.1 months after the end of each lease), Occupancy rate 91.54%, Rent-free periods (8-27 month period on certain new leases), Risk-adjusted discounted rates (weighted average 9.0%).	The estimated fair value would increase (decrease) if: expected market rental growth were higher (lower); void periods were shorter (longer); the occupancy rate were higher (lower); rent-free periods were shorter (longer); or the risk-adjusted discount rate were lower (higher).
Capitalisation of income valuation: The capitalisation of income valuation method capitalises the current rent received, at a rate analysed from the most recent transactions of comparable property investments. The capitalisation rate used varies across properties. Valuations reflect, where appropriate, lease term remaining, the relationship of current rent to the market rent, location and prevailing investment market conditions.	Adopted capitalisation rate 8.25% - 11.0%, Gross rent per annum $450 - $861 per sqm, Occupancy rate 70.87% - 91.54%, Lease term remaining (years) 0.6 - 4.2.	The estimated fair value would increase (decrease) if: the adopted capitalisation rate were higher (lower); the gross rent per annum were higher (lower); the occupancy rate were higher (lower) or; the lease term remaining were longer (shorter).

15 Investments in Equity Accounted Investees

The Group's share of profit in Equity Accounted Investees for the year was $4,710,700 (2015: $13,394,563).

Equity Accounted Investees

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

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

2015	Ownership	Current Assets $	Non-current Assets $	Total Assets $
Equity Accounted Investees Assets				
185 Swansea Street Pty Ltd*	50.00%	23,508	-	23,508
375 Hay Street Pty Ltd*	50.00%	12,130	-	12,130
406 & 407 Newcastle Street Pty Ltd*	50.00%	164,157	194	164,351
36 Chester Avenue Pty Ltd	50.00%	1,448	10,207,088	10,208,536
Rowe Avenue Pty Ltd	50.00%	12,031,871	3,758,999	15,790,870
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50.00%	41,772,976	5,633,987	47,406,963
Roydhouse Street Subiaco Pty Ltd	50.00%	45,991,263	-	45,991,263
647 Murray Street Pty Ltd	50.00%	13,970	13,513,762	13,527,732
Finbar Sub 5050 Pty Ltd	50.00%	57	332	389
		100,011,380	33,114,362	133,125,742

2015	Ownership	Current Liabilities $	Non-current Liabilities $	Total Liabilities $
Equity Accounted Investees Liabilities				
185 Swansea Street Pty Ltd*	50.00%	7,478	-	7,478
375 Hay Street Pty Ltd*	50.00%	1	-	1
406 & 407 Newcastle Street Pty Ltd*	50.00%	1	-	1
36 Chester Avenue Pty Ltd	50.00%	2,981	10,243,028	10,246,009
Rowe Avenue Pty Ltd	50.00%	4,504,374	384,091	4,888,465
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50.00%	47,465,037	840,799	48,305,836
Roydhouse Street Subiaco Pty Ltd	50.00%	30,779,598	709,487	31,489,085
647 Murray Street Pty Ltd	50.00%	847	13,486,911	13,487,758
Finbar Sub 5050 Pty Ltd	50.00%	-	1,162	1,162
		82,760,317	25,665,478	108,425,795

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

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

15 Investments in Equity Accounted Investees (continued)

2015	Ownership	Revenues $	Expenses $	Profit/(Loss) before income tax $
Profit/(Loss) Before Income Tax Recognised from Equity Accounted Investees				
185 Swansea Street Pty Ltd*	50.00%	630,000	574,519	55,481
375 Hay Street Pty Ltd*	50.00%	(17,806)	3,070	(20,876)
406 & 407 Newcastle Street Pty Ltd*	50.00%	-	(3,037)	3,037
36 Chester Avenue Pty Ltd	50.00%	-	15,837	(15,837)
Rowe Avenue Pty Ltd	50.00%	85,218,030	68,456,466	16,761,564
Lot 1001-1003 Rowe Avenue Pty Ltd	50.00%	-	392,733	(392,733)
Roydhouse Street Subiaco Pty Ltd	50.00%	102,431,137	80,526,094	21,905,043
647 Murray Street Pty Ltd	50.00%	-	16,145	(16,145)
Finbar Sub 5050 Pty Ltd	50.00%	-	404	(404)
		188,261,361	149,982,231	38,279,130

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

* Equity Accounted Investees entered into with Wembley Lakes Estates Pty Ltd. John Chan and Darren John Pateman have interests in but not control of Wembley Lakes Estates Pty Ltd.

16 Other Assets

	2016 $	2015 $
Current		
Capitalised lease incentives	230,419	232,290
Total Current Other Assets	230,419	232,290
Non Current		
Capitalised lease incentives	261,486	491,906
Total Non Current Other Assets	261,486	491,906

17 Tax Assets and Liabilities

The current tax liability for the Group of $3,215,726 (2015: $4,245,964) represents the amount of income taxes payable in respect of current and prior periods.

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
Inventories	-	-	(6,717,066)	(4,959,239)	(6,717,066)	(4,959,239)
Interest bearing loans and borrowings	353,104	929,769	-	-	353,104	929,769
Revaluation of investment property	-	-	2,599,106	(3,062,248)	2,599,106	(3,062,248)
Other items	178,083	448,178	(1,317,565)	(46,524)	(1,139,482)	401,654
Tax value of carry-forward losses recognised	4,986,742	1,587,721	-	-	4,986,742	1,587,721
Tax assets/(liabilities)	5,517,929	2,965,668	(5,435,525)	(8,068,011)	82,404	(5,102,343)
Set off of tax	(5,517,929)	(2,965,668)	5,517,929	2,965,668	-	-
Net Tax Liabilities	-	-	82,404	(5,102,343)	82,404	(5,102,343)

	Balance 1 July 2014 $	Recognised in Profit or Loss $	Recognised in Equity $	Balance 30 June 2015 $
Movement in Temporary Differences During the Year				
Inventories	7,913,668	(2,954,429)	-	4,959,239
Interest bearing loans and borrowings	(643,437)	(286,332)	-	(929,769)
Revaluation of investment property	7,180,402	(4,118,154)	-	3,062,248
Other items	(135,278)	(370,145)	103,769	(401,654)
Tax value of carry-forward losses recognised	(2,483,427)	895,706	-	(1,587,721)
	11,831,928	(6,833,354)	103,769	5,102,343

	Balance 1 July 2015 $	Recognised in Profit or Loss $	Recognised in Equity $	Balance 30 June 2016 $
Inventories	4,959,239	1,757,827	-	6,717,066
Interest bearing loans and borrowings	(929,769)	576,665	-	(353,104)
Revaluation of investment property	3,062,248	(5,661,354)	-	(2,599,106)
Other items	(401,654)	1,536,295	4,841	1,139,482
Tax value of carry-forward losses recognised	(1,587,721)	(3,399,021)	-	(4,986,742)
	5,102,343	(5,189,588)	4,841	(82,404)

18 Inventories

	2016 $	2015 $
Current		
Work in progress	65,689,696	47,263,173
Completed stock	34,847,900	211,809
Total Current Inventories	100,537,596	47,474,982
Non Current		
Work in progress	47,096,303	26,097,480
Completed stock	5,121,880	-
Total Non Current Inventories	52,218,183	26,097,480

During the year ended 30 June 2016 work in progress recognised as cost of sales by the Group amounted to $67,527,757 (2015: $59,457,823).

19 Trade and Other Receivables

	2016 $	2015 $
Current		
Other trade receivables	13,420,127	24,776,485
Total Current Trade and Other Receivables	13,420,127	24,776,485
Non Current		
Other receivables	15,365,634	14,470,394
Amounts receivable from equity accounted investees	13,570,407	28,343,476
Total Non Current Trade and Other Receivables	28,936,041	42,813,870

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

20 Prepayments

	2016 $	2015 $
Prepayment of operating expenses	725,928	465,053
Prepayment of sundry development expenses	86,259	41,792
Total Prepayments	812,187	506,845
Current	492,687	41,792
Non Current	319,500	465,053
	812,187	506,845

21a Cash and Cash Equivalents

	2016 $	2015 $
Bank balances	28,063,370	68,998,846
Cash and Cash Equivalents in the Statement of Cash Flows	28,063,370	68,998,846

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

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

21b Reconciliation of Cash Flows from Operating Activities

	Note	2016 $	2015 $
Cash Flows from Operating Activities			
Profit for the year		8,820,507	26,118,797
Adjustments for:			
Depreciation and amortisation	14	481,856	546,186
Revaluation of investment property	9	17,721,291	2,004,508
Net financing income	11	(490,854)	(1,675,653)
Share of net profit of equity accounted investees		(4,710,700)	(13,394,563)
Income tax expense	12	1,866,801	5,580,669
Operating Profit before Changes in Working Capital and Provisions		23,688,901	19,179,944
Change in trade and other receivables		13,454,229	(14,506,737)
Change in current inventories	18	(53,062,614)	28,293,527
Change in non-current inventories	18	(26,120,703)	(14,326,356)
Change in prepayments	20	(305,342)	(414,801)
Transferred from inventories to investment property	13	-	(50,695,374)
Transferred from inventories to property, plant & equipment	14	-	(1,817,046)
Change in provision for employee benefits	25	81,962	55,093
Change in trade and other payables	26	15,665,734	3,225,616
Cash used in Operating Activities		(26,597,833)	(31,006,134)
Interest paid		(3,287,781)	(4,141,441)
Income taxes paid		(7,784,611)	(21,439,529)
Net Cash used in Operating Activities		(37,670,225)	(56,587,104)

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

22 Capital and Reserves

	Company Ordinary Shares	
	2016	2015
Share Capital		
On issue at 1 July	229,169,977	227,018,204
Issued under Dividend Reinvestment Plan	3,091,810	2,633,397
Issued under Director Share Plan	250,000	250,000
Bought back for cash	(917,015)	(731,624)
On Issue at 30 June - Fully Paid	231,594,772	229,169,977

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

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

22 Capital and Reserves (continued)

	Cents per Share	Total Amount $	Franked / Unfranked	Date of Payment
Dividends				
Dividends recognised in the current year by the Group are:				
Dividends Paid During the Year 2016				
Interim 2016 ordinary	3.00	6,947,843	Franked	10 March 2016
Final 2015 ordinary	6.00	13,738,329	Franked	24 September 2015
Total Amount		20,686,172		
Dividends Paid During the Year 2015				
Interim 2015 ordinary	4.00	9,149,121	Franked	10 April 2015
Final 2014 ordinary	6.00	13,621,092	Franked	19 September 2014
Total Amount		22,770,213		

During the period a subsidiary paid dividends of $428,409 to minority shareholders.

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

After 30 June 2016 the following dividend has been proposed by the Directors. The dividend has not been provided. The declaration and subsequent payment of dividends has no income tax consequences.

Proposed Dividend

	Cents per Share	Total Amount $	Franked / Unfranked	Date of Payment
Dividend proposed by the Group are:				
Final 2016 ordinary	4.00	9,263,791	Franked	1 September 2016
Total Amount		9,263,791		

The financial effect of this dividend has not been brought to account in the financial statements for the financial year ended 30 June 2016 and will be recognised in subsequent financial reports.

Dividend Reinvestment Plan

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

In accordance with Rule 13 of the Company's Dividend Reinvestment Plan (DRP), the Directors elected to suspend the DRP in the 2016 financial year until further notice and as such the DRP will not be active for the above mentioned dividend.

	Company	
	2016 $	2015 $
Dividend Franking Account		
30% franking credits available to shareholders of Finbar Group Limited for subsequent financial years	14,010,350	13,765,341

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

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

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by $3,970,196 (2015: $5,892,942).

Nature and purpose of reserve

Asset revaluation reserve

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

23 Earnings per Share

Basic Earnings per Share

The calculation of basic earnings per share at 30 June 2016 was based on the profit attributable to ordinary shareholders of $8,823,525 (2015: $26,186,811) and a weighted average number of ordinary shares on issue during the year ended 30 June 2016 of 231,063,482 (30 June 2015: 228,439,088), calculated as follows:

		2016 $	2015 $
Profit Attributable to Ordinary Shareholders		8,823,525	26,186,811
Weighted Average Number of Ordinary Shares			
Issued ordinary shares at 1 July		229,169,977	227,018,204
Effect of share issue - Dividend Reinvestment Plan	19 September 2014	-	1,130,251
Effect of share issue - Director Share Plan	28 October 2014	-	167,808
Effect of share buyback	2 March 2015	-	(49,681)
Effect of share buyback	3 March 2015	-	(29,817)
Effect of share buyback	4 March 2015	-	(9,659)
Effect of share buyback	5 March 2015	-	(15,041)
Effect of share buyback	6 March 2015	-	(2,066)
Effect of share issue - Dividend Reinvestment Plan	10 April 2015	-	262,037
Effect of share buyback	30 April 2015	-	(1,504)
Effect of share buyback	18 May 2015	-	(12,138)
Effect of share buyback	19 May 2015	-	(2,497)
Effect of share buyback	20 May 2015	-	(6,740)
Effect of share buyback	27 May 2015	-	(5,575)
Effect of share buyback	18 June 2015	-	(3,477)
Effect of share buyback	22 June 2015	-	(1,017)
Effect of share buyback	1 July 2015	(87,812)	-
Effect of share buyback	3 July 2015	(108,876)	-
Effect of share issue - Director Share Plan	31 August 2015	207,650	-
Effect of share buyback	9 September 2015	(54,565)	-
Effect of share buyback	10 September 2015	(16,730)	-
Effect of share buyback	23 September 2015	(51,109)	-
Effect of share issue - Dividend Reinvestment Plan	24 September 2015	2,365,319	-
Effect of share buyback	24 September 2015	(76,495)	-
Effect of share buyback	25 September 2015	(18,972)	-
Effect of share buyback	28 September 2015	(18,003)	-
Effect of share buyback	29 September 2015	(4,604)	-
Effect of share buyback	30 September 2015	(44,918)	-
Effect of share buyback	1 October 2015	(14,918)	-
Effect of share buyback	20 November 2015	(33,511)	-
Effect of share buyback	23 November 2015	(24,044)	-
Effect of share buyback	25 November 2015	(21,159)	-
Effect of share buyback	26 November 2015	(7,115)	-
Effect of share buyback	27 November 2015	(29,508)	-
Effect of share buyback	30 November 2015	(16,978)	-
Effect of share buyback	2 December 2015	(2,883)	-
Effect of share buyback	7 December 2015	(5,509)	-
Effect of share buyback	8 December 2015	(1,586)	-
Effect of share buyback	11 December 2015	(4,074)	-
Effect of share buyback	14 December 2015	(10,885)	-
Effect of share buyback	5 January 2106	(4,836)	-
Effect of share buyback	12 January 2016	(279)	-
Effect of share buyback	18 January 2016	(4,212)	-
Effect of share buyback	8 February 2016	(3,907)	-
Effect of share buyback	10 February 2016	(1,926)	-
Effect of share buyback	16 February 2016	(3,689)	-
Effect of share buyback	17 February 2016	(2,563)	-
Effect of share buyback	18 February 2016	(1,999)	-
Effect of share buyback	19 February 2016	(1,803)	-
Weighted Average Number of Ordinary Shares at 30 June		231,063,482	228,439,088
Basic Earnings per Share (cents per share)		3.82	11.46
Diluted Earnings per Share			
The calculation of diluted earnings per share at 30 June 2016 was based on the profit attributable to ordinary shareholders of $8,823,525 (2015: $26,186,811) and a weighted average number of ordinary shares on issue during the year ended 30 June 2016 of 231,063,482 (30 June 2015: 228,439,088), calculated as follows:			
Profit Attributable to Ordinary Shareholders (Diluted)		8,823,525	26,186,811
Weighted Average Number of Ordinary Shares (Diluted)			
Weighted Average Number of Ordinary Shares (Diluted) at 30 June		231,063,482	228,439,088
Diluted Earnings per Share (cents per share)		3.82	11.46

24 Loans and Borrowings

	2016 $	2015 $
This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate risk see Note 27.		
Current liabilities		
Commercial bills (Secured)	3,000,000	31,850,251
Investor loans to subsidiaries (Unsecured)	19,673,824	-
Total Current Interest Bearing Loans and Borrowings	22,673,824	31,850,251
Non-current liabilities		
Commercial bills (Secured)	45,392,550	48,690,000
Shareholders loans to subsidiaries (Unsecured)	6,723,447	4,357,730
Total Non-current Interest Bearing Loans and Borrowings	52,115,997	53,047,730

	Nominal Interest Rate	Financial Year of Maturity	2016 Carrying Amount $	2015 Carrying Amount $
Terms and debt repayment schedule				
Terms and conditions of outstanding loans are as follows:				
Investor loans to subsidiaries (Unsecured)*	6.00%	2017	15,572,709	-
Investor loans to subsidiaries (Unsecured)*	6.00%	2017	1,750,425	-
Investor loans to subsidiaries (Unsecured)**		2017	2,350,690	-
Commercial bills (Secured)	BBSY+2.00%	2016	-	15,364,607
Commercial bills (Secured)	BBSY+2.00%	2016	-	13,485,644
Commercial bills (Secured)	BBSY+2.00%	2016	3,000,000	3,000,000
Current			22,673,824	31,850,251
Commercial bills (Secured)	BBSY+2.00%	2017	19,392,550	22,690,000
Commercial bills (Secured)	BBSY+1.20%	2018	26,000,000	26,000,000
Investor loans to subsidiaries (Unsecured)*	6.00%	2017	-	2,783,640
Investor loans to subsidiaries (Unsecured)**		2017	-	350,690
Investor loans to subsidiaries (Unsecured)**		2018	6,723,447	1,223,400
Non Current			52,115,997	53,047,730

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

Financing Arrangements

Bank overdrafts
Bank overdrafts of the Subsidiaries are secured by a registered mortgage debenture over the Controlled entity's assets and undertakings. Bank overdrafts are payable on demand and are subject to annual review.

Commercial bills
Commercial bills (refer Note 27) are denominated in Australian dollars.
The commercial bill loans of the Subsidiaries are secured by registered first mortgages over the development property land and buildings of the Controlled entity as well as a registered mortgage debenture over the Controlled entity's assets and undertakings.

Investor Loans
Investor Loans are repayable upon the completion of the project.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

25 Employee Benefits

	2016 $	2015 $
Current		
Liability for annual leave	67,764	52,114
Liability for long-service leave	267,107	85,147
	334,871	137,261
Non Current		
Liability for long-service leave	33,397	149,045

26 Trade and Other Payables

	2016 $	2015 $
Current liabilities		
Trade and other payables	30,157,545	14,401,165
Other payables and accrued expenses	788,814	879,460
Total Trade and Other Payables	30,946,359	15,280,625

At 30 June 2016, Consolidated trade and other payables include retentions of $348,056 (2015: $184,041) relating to construction contracts in progress.

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

27 Financial Instruments

Credit Risk

Exposure to Credit Risk

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

	Note	Carrying Amount 2016 $	Carrying Amount 2015 $
Trade and other receivables - current	19	13,420,127	24,776,485
Trade and other receivables - non-current	19	28,936,041	42,813,870
Cash and cash equivalents	21a	28,063,370	68,998,846
		70,419,538	136,589,201
The Group's maximum exposure to credit risk for trade receivables at the reporting date by receivable category was:			
Equity Accounted Investees		13,570,407	28,343,476
Working capital advances and bonds		1,995,890	1,975,503
Other receivables		14,744,034	14,470,394
GST refunds due and other trade debtors		12,045,837	22,800,982
		42,356,168	67,590,355

Impairment Losses

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

27 Financial Instruments (continued)

Liquidity Risk

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

Liquidity Risk	Note	Carrying Amount $	Contractual Cash Flows $	1 Year or Less $	1-3 Years $
30 June 2016					
Non-derivative Financial Liabilities					
Secured bank loans:					
Commercial bills	24	48,392,550	50,637,288	4,322,452	46,314,836
Investor Loans	24	26,397,271	27,384,146	20,660,699	6,723,447
Trade and other payables	26	30,946,359	30,946,359	30,946,359	-
		105,736,180	108,967,793	55,929,510	53,038,283
30 June 2015					
Non-derivative Financial Liabilities					
Secured bank loans:					
Commercial bills	24	80,540,251	87,838,545	34,733,481	53,105,064
Investor Loans	24	4,357,730	4,858,785	167,018	4,691,767
Trade and other payables	26	15,280,625	15,280,625	15,280,625	-
		100,178,606	107,977,955	50,181,124	57,796,831

Interest Rate Risk	Carrying Amount 2016 $	Carrying Amount 2015 $
Profile		
At the reporting date the interest rate profile of the Group's interest-bearing financial assets and liabilities was:		
Variable Rate Instruments		
Financial Assets	41,633,777	97,342,322
Financial Liabilities	(65,715,684)	(83,674,581)
	(24,081,907)	13,667,741

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 2015.

	Profit or Loss		Equity	
	100bp Increase $	100bp Decrease $	100bp Increase $	100bp Decrease $
30 June 2016				
Variable rate instruments	(937,053)	937,053	(937,053)	937,053
30 June 2015				
Variable rate instruments	(938,027)	938,027	(938,027)	938,027

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

Fair Values

Fair Values Versus Carrying Amounts

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

	Fair Values 2016 $	Fair Values 2015 $
Trade and other receivables	42,356,168	67,590,355
Cash and cash equivalents	28,063,370	68,998,846
Secured bank loans	(48,392,550)	(80,540,251)
Unsecured investor loans	(26,397,271)	(4,357,730)
Trade and other payables	(30,946,359)	(15,280,625)

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

Loans and receivables, payables and deferred income

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

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

Cash and short term deposits

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

Bank loans

The carrying amount is a reasonable approximation of fair value.

28 Operating Leases

	Note	2016 $	2015 $
Leases as Lessor			
The Group leases out its investment properties held under operating leases.			
Rental income received from investment property		9,599,837	15,023,526
Other rental property income received		249,206	267,376
	7	9,849,043	15,290,902
Future minimum lease payments			
At 30 June, the future minimum lease payments under non-cancellable leases are receivable as follows:			
Less than one year		5,375,457	6,576,362
Between one and five years		7,285,619	14,740,325
		12,661,076	21,316,687

29 Capital and Other Commitments

	2016 $	2015 $
Commitments and Contingent Liabilities		
Property Development		
Contracted but not provided for and payable:		
Within one year	126,869,734	103,220,462
Later than one year	6,451,087	39,536,669
Total Property Development Commitments	133,320,821	142,757,131
Property Development - Equity Accounted Investees		
Contracted but not provided for and payable:		
Within one year	-	9,848,004
Total Property Development Commitments - Equity Accounted Investees	-	9,848,004
Group's Share of Property Development - Equity Accounted Investees		
Contracted but not provided for and payable:		
Within one year	-	4,924,002
Total Share of Property Development Commitments - Equity Accounted Investees	-	4,924,002
Group's Property Development Commitments including Equity Accounted Investees		
Contracted but not provided for and payable:		
Within one year	126,869,734	108,144,464
Later than one year	6,451,087	39,536,669
Total Property Development Commitments including Equity Accounted Investees	133,320,821	147,681,133

30 Contingencies

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.		
Guarantees		
The Company has guaranteed the bank facilities of certain equity accounted investees	-	5,000,000

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

31 Related Parties

	2016 $	2015 $
The key management personnel compensation included in 'personnel expenses' is as follows:		
Short term employee benefits	2,725,071	3,424,790
Other long term benefits	24,378	41,133
Post employment benefits	120,062	117,918
Employee benefits	2,869,511	3,583,841

Individual Directors and Executives Compensation Disclosures

Information regarding individual directors and executives compensation are provided in the Remuneration Report section of the Directors' report on pages 38 to 41.

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

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

No director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Other Related Party Transactions

Equity Accounted Investees

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

	2016 $	2015 $
As at 30 June the balance of these loans were as follows:		
36 Chester Avenue Pty Ltd	4,567,286	4,197,639
Rowe Avenue Pty Ltd	170,987	-
Roydhouse Street Subiaco Pty Ltd	-	7,232,115
Lot 1001 - 1003 Rowe Avenue Pty Ltd	1,176,640	10,782,642
647 Murray Street Pty Ltd	7,654,365	6,130,368
Finbar Sub 5050 Pty Ltd	1,129	712
	13,570,407	28,343,476

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

Included within the trade and other payables balance is $9,137,116 owing to Ventrade Maylands Pty Ltd and $10,067,507 owing to Ventrade Australia Pty Ltd, who are related parties of Chuan Hup Holdings Limited who owns 19.6% of Finbar Group. The payables are in relation to development projects, are at arms length, non-interest bearing and at call.

Included within the loans and borrowings balance is $17,323,134 owing to Ventrade (Asia) Pte Ltd, a related party of Chuan Hup Holdings Limited who owns 19.6% of Finbar Group. Refer to note 24 on page 84 for further details.

32 Group Entities

	Country of Incorporation	Shareholding / Unit Holding $	Ownership Interest 2016	Ownership Interest 2015
Parent Company				
Finbar Group Limited				
Subsidiaries				
1 Mends Street Pty Ltd	Australia	1	100%	100%
2 Homelea Court Springs Rivervale (formerly Finbar Sub 100 Pty Ltd)	Australia	1	100%	100%
17 Sunlander Drive Pty Ltd	Australia	1	100%	100%
31 Rowe Avenue Pty Ltd	Australia	1	100%	100%
43 McGregor Road Pty Ltd	Australia	1	100%	100%
5-7 Harper Terrace Pty Ltd (formerly Finbar Sub 103 Pty Ltd)	Australia	1	100%	100%
52 Mill Point Road Pty Ltd	Australia	1	100%	100%
59 Albany Highway Pty Ltd	Australia	11	68.75%	68.75%
63 Adelaide Terrace Pty Ltd	Australia	1	100%	100%
88 Terrace Road Pty Ltd	Australia	1	100%	100%
96 Mill Point Road Pty Ltd	Australia	1	100%	100%
172 Railway Parade West Leederville Pty Ltd	Australia	1	100%	100%
175 Adelaide Terrace Pty Ltd	Australia	1	100%	100%
208 Adelaide Terrace Pty Ltd	Australia	6	60%	60%
239 Great Eastern Highway Pty Ltd	Australia	1	100%	100%
241 Railway Parade Pty Ltd	Australia	1	100%	100%
262 Lord Street Perth Pty Ltd	Australia	1	100%	100%
269 James Street Pty Ltd	Australia	1	100%	100%
280 Lord Street Perth Pty Ltd	Australia	1	100%	100%
Finbar Elizabeth Quay Pty Ltd	Australia	1	100%	0%
Finbar Finance Pty Ltd	Australia	1	100%	100%
Finbar Fund Limited	Australia	1	100%	100%
Finbar Funds Management Pty Ltd (De-registered)	Australia	1	100%	100%
Finbar Karratha Pty Ltd	Australia	1	100%	100%
Finbar Port Hedland Pty Ltd	Australia	1	100%	100%
Finbar Project Management Pty Ltd	Australia	2	100%	100%
Finbar Sub 104 Pty Ltd	Australia	1	100%	0%
Lot 1 to 10 Whatley Crescent Pty Ltd	Australia	1	100%	100%
		44		
Subsidiaries of Subsidiaries				
59 Albany Highway Joint Venture Pty Ltd	Australia	130	100%	100%

33 Subsequent Events

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

34 Auditors' Remuneration

	2016 $	2015 $
Audit Services:		
Auditors of the Group		
Audit and review of the financial reports	204,100	185,500
Audit and review of the financial reports of equity accounted investees	11,200	21,600
	215,300	207,100
Services other than Statutory Audit:		
Taxation compliance services	24,500	14,000
Accounting advice	-	9,000
	24,500	23,000

35 Parent Entity Disclosures

As at, and throughout the financial year ending 30 June 2016 the parent company of the Group was Finbar Group Limited.

	2016 $	2015 $
Result of the Parent Entity		
Profit for the year	17,995,668	46,664,020
Total Comprehensive Income for the Year	17,995,668	46,664,020
Financial Position of the Parent Entity		
Current Assets	10,021,237	41,765,592
Total Assets	189,922,961	190,973,410
Current Liabilities	866,802	1,248,075
Total Liabilities	900,199	1,957,807
Total Equity of the Parent Entity comprising of:		
Share capital	157,454,262	154,756,598
Retained earnings	31,568,503	34,259,007
Total Equity	189,022,765	189,015,605

Parent Entity Contingencies

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

Directors' Declaration

1. In the opinion of the Directors of Finbar Group Limited ('the Company'):
   (a) The consolidated financial statements and notes that are contained in pages 16 to 47 and the Remuneration report in the Directors' report, set out on Pages 38 to 41, are in accordance with the *Corporations Act 2001*, including:
      i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
      ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
   (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director and The Chief Financial Officer for the financial year ended 30 June 2016.
3. The Directors draw attention to Note 2(a) to the consolidated financial statements, which contains a statement of compliance with International Financial Reporting standards.

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

Darren Pateman
Managing Director

Dated at Perth this Twenty Third day of August 2016.

Independent Auditors' Report

to Members of Finbar Group Limited

Independent auditor's report to the members of Finbar Group Limited

Report on the financial report

We have audited the accompanying financial report of Finbar Group Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2016, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, Notes 1 to 35 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

Independence

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

In our opinion:

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

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

Report on the remuneration report

We have audited the Remuneration Report included in Section 4.3 of the directors' report for the year ended 30 June 2016. 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 2016, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Denise McComish
Partner

Perth

23 August 2016

Lead Auditor's Independence Declaration

under Section 307C of the *Corporations Act 2001*

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

To: the directors of Finbar Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 there have been:

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

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

KPMG

Denise McComish
Partner

Perth

23 August 2016

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 2016)

Substantial Shareholders

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

Shareholder Name	Number	%
Chuan Hup Holdings Limited	45,487,947	19.64
Thorney Holdings Proprietary Limited	26,300,000	11.65

Voting rights

Ordinary shares

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

Distribution of Equity Security Holders

Range	Number of Holders	Ordinary Shares
1-1,000	417	143,112
1,001-5,000	712	2,180,672
5,001-10,000	473	3,817,938
10,001-100,000	813	23,205,220
100,001-over	121	202,247,830
	2,536	231,594,772

The number of shareholders holding less than a marketable parcel of ordinary shares is 603.

Stock Exchange

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

Other information

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

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

	Number of Ordinary Shares Held	%
Chuan Hup Holdings Limited	43,487,947	18.78
HSBC Custody Nominees (Australia) Limited	32,143,028	13.88
Zero Nominees Pty Ltd	9,943,222	4.29
Blair Park Pty Ltd	9,802,458	4.23
JP Morgan Nominees Australia Limited	9,321,947	4.03
Rubi Holdings Pty Ltd	7,950,000	3.43
Apex Investments Pty Ltd	5,600,000	2.42
Mrs Siew Eng Mah	5,091,662	2.20
3rd Wave Investors	5,000,000	2.16
Hanssen Pty Ltd	5,000,000	2.16
Forward International Pty Ltd	4,563,184	1.97
Mr James Chan	4,412,351	1.91
Citicorp Nominees Pty Limited	4,346,848	1.88
Chan Family Super (WA) Pty Ltd	3,638,350	1.57
Mr Ah-Hwa Lim	3,155,770	1.36
Milton Corporation Limited	2,782,249	1.20
Croftwell Pty Ltd	2,680,994	1.16
Baguio International Limited	2,628,353	1.13
Mr Guan Seng Chan	2,534,191	1.09
Mr Wan Soon Chan	2,402,951	1.04
Top 20	166,485,505	71.89

CORPORATE **DIRECTORY**

Offices and Officers

Directors

Mr John Chan
(Executive Chairman)
Mr Darren Pateman
(Managing Director)
Mr Kee Kong Loh
Mr Lee Verios
Ms Yuun Yean Teng
Mr John Boon Heng Cheak
(Retired Dec 2015)

Company Secretary

Mr Anthony David Hewett

Principal Registered Office

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

Share Registry

Computershare Investor Services Pty Ltd
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172 St Georges Terrace
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Telephone: +61 8 9323 2000

Auditors

KPMG
235 St Georges Terrace
PERTH WA 6000

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