



# **RAPTIS GROUP LIMITED**

ABN 43 010 472 858

## **ANNUAL REPORT 2008**

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## Raptis Group Limited - 2008 Annual Report

# Directors Report

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2008.

### Directors

The names of directors in office at any time during or since the end of the year are:

Mr James Raptis OBE  
Mr Kevin Gogolka  
Mr Ian Morrison  
Mrs Helen Raptis  
Mr Malcolm Cory

Helen Raptis was appointed as director on 19 June 2009 and Mr Ian Morrison resigned as director on this date. Mr Kevin Gogolka resigned as a director on 24 August 2010 and Mr Malcolm Cory was appointed as director on 17 March 2015.

The directors in office as at the date of this report are:

Mr James Raptis OBE  
Mrs Helen Raptis  
Mr Malcolm Cory

### Company Secretary

The following persons held the position of company secretary at the end of the financial year:

Mr James Raptis - Chairman and Chief Executive Officer. Mr Raptis is a registered builder in Queensland and has over 35 years experience in the construction and property development industries. He was appointed company secretary on 8 October 1990.

Mr Malcolm Cory - Bachelor of Business, Chartered Accountant. Mr Cory commenced work for Raptis Group Limited in December 1989. He performs roles in accounting and finance as the Chief Financial Officer. He was appointed company secretary on 16 December 1993.

### Principal Activities

The principal activities of the economic entity during the financial year encompassed the following:

- property development;
- property investment;
- residential property management; and
- resort hotel operations.

These principal activities ceased under the control of the directors due to the following situation arising after the end of the financial year.

Subsequent to the end of the financial year and prior to the signing of the Directors Report, on 9 September 2008 Receivers were appointed to four subsidiary companies associated with the Southport Central project which caused the company to no longer satisfy criteria to report as a going concern. The appointment of Receivers to certain controlled entities provided an effective event of default under all security documentation including a fixed and floating charge over Raptis Group Limited provided to Capital Finance Australia Limited in August 2008.

Accordingly the financial statements have not been prepared on a going concern basis; rather these accounts have been prepared on a liquidation basis. Under the liquidation basis of preparation, asset and liabilities are measured at their liquidation value.

An Administrator was appointed to a major Raptis Group Limited subsidiary company, Rapcivic Contractors Pty Limited, on 10 December 2008. On 31 January 2009 the Directors appointed Brian Sylvia and Andrew Cummins of BRI Ferrier (NSW) Pty Ltd as Joint Administrators.

On 31 March 2009, Creditors voted to accept a proposed Deed of Company Arrangement. The effect was that Creditors agreed to accept shares in consideration for their debts and no liabilities can be claimed from prior to that date.



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On 18 September 2009 the Raptis Creditors Trust Deed was approved by Creditors and the Administrators announced return of control to the Directors.

As part of the restructure in 2008 there was a provision of shares to creditors as a swap for debt.

### **Operating Results**

Due to the appointment of Receivers on 9 September 2008 and prior to the signing of the Directors Report and Annual Report, the company raised a liability being Interest Bearing Guarantee Creditors which resulted in a consolidated result of Raptis Group Limited after providing for income tax amounted to a loss of \$415.467 million (2007: profit of \$12.98 million).

### **Review of Operations**

The operations of the economic entity up to 9 September 2008 remained in the development and marketing of several high rise developments on the Gold Coast, investment on property, residential property management and resort hotel operations.

As at 9 September 2008, with the appointment of the Receivers to subsidiary companies of the Raptis Group Limited entity, the directors ceased to control these operational activities.

### **Financial Position**

As a result of the appointment of the Receivers and the reporting of assets and liabilities under a liquidation basis the net assets of the economic entity have decreased by \$422 million from net assets of \$30 million at 30 June 2007 to a net deficiency of \$392 million at 30 June 2008. The net loss of \$415 million (2007: profit - \$12.982 million) resulted from the effect of the appointment of Receivers to subsidiaries of Raptis Group Limited. This resulted in the company no longer being able to report as a going concern and assets being reported on a liquidation basis. The corporate guarantee of Raptis Group Limited was provided to secured creditors and a liability was raised to reflect the shortfall guaranteed by the Parent Entity.

Subsequent to balance date but prior to the signing of the Directors Report, Creditors voted to accept a proposed Deed of Company Arrangement. The effect was that the Raptis Group Creditors Trust Deed was set in place at a meeting on 18 September 2009. No debt from prior to the implementation of the Deed of Company Arrangement remains and the company has the capacity to resume trading without concern of liabilities from the past disturbing future trading.

### **Dividends Paid or Recommended**

Dividends paid or declared for payment are as follows:

- 2007 proposed final unfranked ordinary dividend of 5 cents was paid in 2008 - \$3,156,897.
- 2008 interim unfranked ordinary dividend of 5 cents per share was paid in 2008 - \$3,156,897.
- No final dividend has been declared.

### **Significant Changes in State of Affairs**

During the year, the following significant changes in the state of affairs of the economic entity occurred:

Subsequent to the end of the financial year and prior to the signing of the Directors Report, on 9 September 2008 Receivers were appointed to four subsidiary companies associated with the Southport Central project which caused the company to no longer satisfy criteria to report as a going concern. The appointment of Receivers to certain controlled entities provided an effective event of default under all security documentation including a fixed and floating charge over Raptis Group Limited provided to Capital Finance Australia Limited in August 2008.

Accordingly the financial statements have not been prepared on a going concern basis; rather these financial statements have been prepared on a liquidation basis. Under the liquidation basis of preparation, asset and liabilities are measured at their liquidation value.



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### After Balance Date Events

The Directors appointed an Administrator to a major Raptis Group Limited subsidiary company, Rapcivic Contractors Pty Limited, on 10 December 2008. On 31 January 2009 the Directors appointed Brian Sylvia and Andrew Cummins of BRI Ferrier (NSW) Pty Ltd as Joint Administrators of Raptis Group Limited.

Subsequent to balance date on 31 March 2009, Creditors voted to accept a proposed Deed of Company Arrangement. The effect was that all liabilities prior to that date were extinguished.

In June 2009 all of the previously controlled subsidiary companies of Raptis Group Limited were sold by the Receivers subject to the rights of secured creditors and no subsidiary companies remain under the control of Raptis Group Limited.

The restructure approved by Creditors on 31 March 2009 for both entities included a provision of shares to creditors as a swap for debt. The Administrator and Directors undertook to Creditors at this meeting to resolve a disputed proof of debt that arose just prior to the Creditors meeting. The resolution of the proof of debt relevant to a formerly controlled entity with the Australian Taxation Office had the potential to dilute the distribution payable to the unsecured creditors of another former controlled entity Rapcivic Contractors Pty Ltd. This matter has been strenuously prosecuted to provide the best outcome for the creditors of Rapcivic Contractors Pty Ltd.

The Full Bench of the Federal Court found substantially in favour of the company on 17 August 2012. The High Court of Australia reversed a significant proportion of this outcome leaving a net liability, and remitted the matter to the Administrative Appeals Tribunal to determine the effect of the orders. The amount of the proof has been resolved to the satisfaction of the company. The Raptis Group Limited Australian Tax Office proof of debt of \$29,375,574 that delayed the implementation of the restructure from 31 March 2009 was resolved on 6 August 2014 to an amount of six dollars and nil cents.

The company has completed arrangements with the former security holder. This allows Raptis Group Limited to recommence its core business of property development. These arrangements allowed that on 9 July 2014 a security registered over all collateral held by Raptis Group Limited was lifted. On 3 July 2014 the appointment to control one subsidiary associated with the Hilton Surfers Paradise development retired from this limited position.

### Future Developments, Prospects and Business Strategies

The effect of the restructure is that there is no debt from prior to 31 March 2009. The company has received the benefit of a legal clearing of the decks and the opportunity to resume trading without any liabilities from the past resurfacing. It has taken a long time to follow due legal process and the support of shareholders and creditors who become shareholders under the restructure and other stakeholders is appreciated.

The Directors plan is to recapitalise the company to have a minimum of one million dollars in cash. The Board of Directors will be reconstituted with Mr Raptis acting as Chair and no longer as Chief Executive Officer or Executive Managing Director. Research has provided attractive opportunities to resume the previous property development activities of the company and return value to the shareholders.

### Environmental Issues

Prior to the appointment of Receivers on 9 September 2008, the economic entity's operations were subject to significant environmental regulation under the law of the Commonwealth and State legislation in relation to its construction activities and property development. The directors are not aware of any significant breaches during the year.

### Information relating to Directors at the end of financial year and prior to change of circumstances of the company

Prior to the appointment of Receivers on 9 September 2008 the following Remuneration policy information; Compensation Practices; Employment contracts of directors and senior executives and Key Management Personnel Remuneration applied to the company:

### Information on Directors

#### **Mr James Raptis, OBE**

Chairman and Chief Executive Officer, Age 67

James is a registered builder in Queensland and has over 35 years experience in the construction and property development industries. He has been responsible for the completion of many distinctive buildings on the Gold Coast. His experience ranges from the design and development of residential buildings to the construction and property management of commercial and retail properties. James Raptis was appointed the Greek Consul for Queensland in 2005.

Interest in shares – 39,223,104 fully paid ordinary shares

The 7,500,000 partly paid ordinary shares paid to 1 cent previously held have been cancelled effective 30 June 2008.



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|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Mr Kevin Gogolka</b> | Executive Director, Age 44<br>Kevin holds a graduate diploma in construction, and a postgraduate diploma in Project Management. He has more than 18 years experience in an operational and management capacity with the company including civil, commercial, retail, residential, construction, together with project development. He was appointed to the Board in October 1996, and resigned on 24 August 2010.<br>Interest in shares - nil.                |
| <b>Mr Ian Morrison</b>  | Executive Director and Manager of Design, Age 62<br>Ian has worked with Raptis Group since 1985 and is well respected in the Gold Coast development industry. His experience includes planning matters, site acquisitions, legal dealings, all facets of design, and liaison with statutory and Government Authorities. He was appointed to the Board in August 1998, and resigned on 19 June 2009.<br>Interest in shares – 1,349 fully paid ordinary shares. |
| <b>Mrs Helen Raptis</b> | Executive Director, Age 57<br>Helen has worked with Raptis Group since 2002 she hold a degree in education and her experience includes property investment, marketing, and event management. She was appointed to the Board on 19 June 2009. Interest in shares – 39,223,104 fully paid ordinary shares                                                                                                                                                       |
| <b>Mr Malcolm Cory</b>  | Executive Director Age 55<br>Malcolm Cory is a Chartered Accountant. He commenced working with the company in 1989 as Chief Financial Officer, and was appointed as Company Secretary in 1993. He was appointed to the Board on 17 March 2015. Interest in Shares – 4,000,000 fully paid ordinary shares                                                                                                                                                      |

### Remuneration Report

This report details the nature and amount of remuneration provided for each key management person of Raptis Group Limited including directors and for the executives receiving the highest remuneration.

#### Remuneration Policy

The remuneration policy of Raptis Group Limited has been designed to align directors, secretaries, senior managers of the Company, and relevant group executives of the economic entity's objectives with shareholder and business objectives by providing a fixed base remuneration component and employer contributions to superannuation funds. The board of Raptis Group Limited believes the remuneration policy to be appropriate, effective and competitively set in its ability to attract and retain appropriately qualified and experienced directors and senior executives to run and manage the economic entity, as well as create goal congruence between directors, executives and shareholders. 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 board's policy for determining the nature and amount of remuneration for board members and senior executives of the economic entity is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board, with independent advice on the appropriateness of remuneration packages given trends in comparative companies and the objectives of the Company's remuneration strategy.
- All executives receive a fixed base salary (which is based on factors such as length of service and experience), and superannuation.
- The Board reviews the remuneration of the directors and senior executives of the economic entity, taking into account their capability and experience, their ability to control the relevant segment performance and the economic entity's performance including the economic entity's earnings and the growth in share price and returns on shareholder wealth.

Remuneration levels are reviewed annually by the directors through a process that considers individual, segment and overall performance of the economic entity. In addition, external consultants provide analysis and advise to ensure directors' and senior executives' remuneration is competitive in the market place.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.



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### Compensation Practices

The board's policy for determining the nature and amount of compensation of key management for the group is as follows:

The compensation structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement. Key management personnel are paid in accordance with State Legislation in the event of redundancy.

#### *Employment contracts of directors and senior executives*

The employment conditions of the managing director, Mr James Raptis, the executive directors and specified executives are formalised in contracts of employment and are permanent employees of Raptis Group Limited.

The employment contracts stipulate a range of one to three month resignation periods. The company may terminate an employment contract without cause by providing one months notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment in accordance with State Legislation. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time.

#### *Key Management Personnel Remuneration*

The remuneration for each key management personnel was as follows:

| 2007/08                          | Salary & Fees            | Superannuation Contribution        | Total            |
|----------------------------------|--------------------------|------------------------------------|------------------|
|                                  | \$                       | \$                                 | \$               |
| <b>Directors</b>                 |                          |                                    |                  |
| Mr James Raptis, OBE             | 300,000                  | 100,000                            | 400,000          |
| Mr Kevin Gogolka                 | 174,545                  | -                                  | 174,545          |
| Mr Ian Morrison                  | 130,000                  | 41,700                             | 171,700          |
|                                  | <u>604,545</u>           | <u>141,700</u>                     | <u>746,245</u>   |
| <b>Key Management Executives</b> |                          |                                    |                  |
| Mr Peter Malady                  | 387,170                  | 10,321                             | 397,491          |
| Mr Nelson Batchelor              | 202,800                  | 97,200                             | 300,000          |
| Mr Varouge Patapan               | 229,358                  | 20,642                             | 250,000          |
| Mr Malcolm Cory                  | 186,000                  | 18,000                             | 204,000          |
| Mr Don Black                     | 263,303                  | 23,697                             | 287,000          |
|                                  | <u>1,268,631</u>         | <u>169,860</u>                     | <u>1,438,491</u> |
|                                  | <u>1,873,176</u>         | <u>311,560</u>                     | <u>2,184,736</u> |
| <b>2006/07</b>                   | <b>Salary &amp; Fees</b> | <b>Superannuation Contribution</b> | <b>Total</b>     |
|                                  | \$                       | \$                                 | \$               |
| <b>Directors</b>                 |                          |                                    |                  |
| Mr James Raptis, OBE             | 417,097                  | 12,686                             | 429,783          |
| Mr Kevin Gogolka                 | 186,568                  | -                                  | 186,568          |
| Mr Ian Morrison                  | 106,137                  | 12,686                             | 118,823          |
|                                  | <u>709,802</u>           | <u>25,372</u>                      | <u>735,174</u>   |
| <b>Key Management Executives</b> |                          |                                    |                  |
| Mr Peter Malady                  | 393,000                  | -                                  | 393,000          |
| Mr Nelson Batchelor              | 289,264                  | 12,686                             | 301,950          |
| Mr Neal Moores                   | 215,326                  | 12,686                             | 228,012          |
| Mr Malcolm Cory                  | 186,390                  | 12,686                             | 199,076          |
| Mr Don Black                     | 152,434                  | 12,686                             | 165,120          |
|                                  | <u>1,236,414</u>         | <u>50,744</u>                      | <u>1,287,158</u> |
|                                  | <u>1,946,216</u>         | <u>76,116</u>                      | <u>2,022,332</u> |



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### Meetings of Directors

During the financial year, 12 meetings of directors were held. Attendances by each director during the year were as follows:-

| Director            | Directors' Meetings       |                 |
|---------------------|---------------------------|-----------------|
|                     | Number Eligible to Attend | Number Attended |
| Mr James Raptis OBE | 12                        | 12              |
| Mr Kevin Gogolka    | 12                        | 10              |
| Mr Ian Morrison     | 12                        | 12              |

### Audit Committee

Due to limitations imposed by size, the company has not constituted a separate audit committee of the Board of Directors.

### Indemnifying Officers or Auditor

During the previous financial year the Company has paid an insurance premium of \$49,486, in respect of directors' and officers' liability and legal expenses insurance contracts, for current directors and officers including executive officers of the Company and directors, officers and secretaries of its controlled entities. This policy does not allocate the premium to each individual officer. This policy renewal was still subject to negotiation on 9 September 2008.

No premium was paid nor has any indemnity been given in respect to the auditors of the Company.

### Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year. Refer to the post balance date events note for details of legal action subsequent to the close of the financial year.

### Non-audit Services

During the year, Russell Bedford New South Wales, the company's auditors have performed certain other services in addition to their duties.

The board has considered the non-audit services provided during the year by the auditor and is satisfied in accordance with a resolution of the directors of the Company 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*. The non-audit services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity of the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Russell Bedford New South Wales or a related entity provide share registry services, act as tax agents for income tax purposes, and provide auditing services under the Queensland Building Services Authority Act 1991.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2008:

|                              | \$            |
|------------------------------|---------------|
| Tax compliance services      | 3,000         |
| Share registry & secretarial | 7,000         |
| Other regulatory audit       | 10,000        |
|                              | <u>20,000</u> |



## Raptis Group Limited - 2008 Annual Report

### Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 12 of the directors' report.

### Rounding of Amounts

The company is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars.

Dated this 31st day of March, 2015.

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

**James Raptis, OBE**  
Director



## Corporate Governance Statement

Raptis Group Limited's corporate governance practices were in place throughout the year ended 30 June 2008. Where recommendations of the ASX Corporate Governance Council have not been fully complied with due to the size of the company these exceptions are included in the notes below.

### Board of Directors

The board of directors guides and monitors the business affairs of Raptis Group Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. The board of directors of Raptis Group Limited is responsible for the overall corporate governance of the consolidated entity including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems. It is also responsible for approving and monitoring financial and other reporting to the Australian Stock Exchange in terms of their requirements.

The board of Raptis Group takes independent professional advice at the expense of the company.

### Board Composition

The names of directors of the company in office at the date of this report, their term of office their skills, experience and relevant expertise are detailed in the director's report. Raptis Group Limited does not currently have a majority of independent directors on the board due to the size and industry specific nature of the company.

An independent director is a director who is not a member of management and who:

- ☐ Is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company
- ☐ Has not within the last three years been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment
- ☐ Within the last three years has not been a principal or employee of a material professional advisor or a material consultant to the company or another group member
- ☐ Is not a material supplier or customer of the company or another group member, or an officer of or otherwise associated with a material supplier or customer
- ☐ Has no material contractual relationship with the company or another group member other than as a director of the company
- ☐ Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company

The composition of the board is reviewed on an annual basis to ensure the board has the appropriate mix of expertise and experience. Where a vacancy exists through whatever cause or where it is considered the board would benefit from the services of a new director with particular skills, the board determines the selection criteria for the position based on the skills deemed necessary for the board to best carry out its responsibilities and then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

### Nomination Committee

The board of Raptis Group has not formed a separate formal nomination committee because of the size of the company and the active involvement of all directors in nomination decisions. All directors are involved in the overseeing of the appointment and induction process for new directors and senior executives. The board in conjunction with senior executives and external consultants as most appropriate review the performance of all board members and executives.



### **Remuneration Committee**

The board of Raptis Group has not formed a separate formal remuneration committee because of the size of the company and the active involvement of all directors in remuneration decisions. All directors in conjunction with senior executives and external consultants as most appropriate review the remuneration of all board members and executives. These reviews include incentive performance packages, compliance with superannuation requirements, termination entitlements, professional indemnity and liability insurance policies as applicable. There are no schemes for retirement benefits other than statutory superannuation.

### **Remuneration Policies**

Remuneration levels are set to attract and retain appropriately qualified and experienced directors, senior executives and staff to run the economic entity. The board consider that the remuneration structure will be able to attract and retain the best executives with the necessary incentives to work to grow long term shareholder value.

The board obtains independent advice as necessary on the appropriateness of remuneration packages, given trends in comparative companies both locally and Australia wide. Remuneration includes a mix of fixed remuneration and performance based remuneration.

All executives receive a base salary, superannuation and performance incentives. The board reviews executive packages on a project by project basis by reference to departmental project performance, executive performance, comparative industry information and relevant independent advice. The performance of executives is measured against project targets which are agreed on a project by project basis.

The amount of remuneration for all directors and the highest paid executives, are detailed in note 6 to the financial report. The board considers that the performance linked remuneration structure is generating the desired outcome. The evidence for this is record profits for the last two years and increase in shareholder value.

### **Remuneration Report**

The remuneration report is set out on [page 5] and forms part of the director's report for the financial year ended 30 June 2008.

### **Safeguard Integrity in Financial Reporting**

The board of Raptis Group has not formed a separate formal audit committee because of the size of the company and the active involvement of all directors in the final process of accepting the financial report and associated notes. The board is responsible for ensuring the financial report represents a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards. The board further ensures that particular issues relevant to verifying and safeguarding the integrity of the company's financial report are met.

External auditors are appointed by the shareholders at the Annual General Meeting. External auditors are invited to attend the Annual General Meeting of the company in order to answer shareholder questions.

### **Financial Reporting**

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

### **Business Risk Management**

The group takes a proactive approach to risk management. The board is responsible for ensuring that risks, and opportunities are identified on a timely basis and that the group's objectives and activities are aligned with the risks and opportunities identified by the board.

The board believes it is crucial for all board members to be part of this process, as such the board has not established a separate risk management committee. Instead sub-committees are convened as appropriate in response to specific opportunities and risks.



### **Trading Policy**

The company's policy regarding directors and employees trading in its securities is set by the board. The board restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

### **Ethical and Responsible Decision Making**

In accordance with the Constitution and the Corporations Act 2001, directors disclose to the board any material contract in which they may have an interest. In compliance with section 195 of the Corporations Act 2001, any Director with a material personal interest in a matter being considered by the Board will not be present when the matter is being considered and will not vote on the matter. All directors and employees of Raptis Group Limited adhere to a strict code of ethics and must act with the utmost integrity, honesty and objectivity, striving at all times to enhance the reputation and performance of the Company.

### **Shareholders**

The board aims to ensure that shareholders are informed of all major developments that may affect the financial performance of the Company. The Board encourages full participation by the Shareholders at the Annual General Meeting; this is to ensure a high level of accountability relating to strategy and financial performance by the Company. The shareholders are also responsible for voting on the appointment of directors.

### **Interest of Stakeholders**

The board of Raptis Group has not formed a separate code of conduct to guide compliance with obligations to stakeholders.

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## Auditor's Independence Declaration

31 March 2015

The Board of Directors  
Raptis Group Limited  
Level 1  
2681 Gold Coast Highway  
BROAD BEACH QLD 4218

Dear Members of the Board

### **AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

As lead auditor for the audit of Raptis Group Limited and its controlled entities for the year ended 30 June 2008 by Russell Bedford NSW (formerly known as Gould Ralph & Company), I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the Corporations Act 2001 in relation to this audit;
- (b) any applicable Code of Professional Conduct in relation to this audit.

This declaration is in respect of Raptis Group Limited and any entities it controlled during the year.

RUSSELL BEDFORD NSW  
Chartered Accountants



GREGORY RALPH, M.Com., F.C.A.  
Partner



RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES

Income Statement For the Year ended 30 June, 2008

|                                                                                                                                                                                                                            |       | Consolidated Group |               | Parent Entity    |               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|--------------------|---------------|------------------|---------------|
|                                                                                                                                                                                                                            | Note  | 2008<br>\$000      | 2007<br>\$000 | 2008<br>\$000    | 2007<br>\$000 |
| <b>Operations</b>                                                                                                                                                                                                          |       |                    |               |                  |               |
| Revenue                                                                                                                                                                                                                    | 2     | 264,994            | 318,985       | 3                | 6,502         |
| Changes in inventories of finished goods and work in progress                                                                                                                                                              | 3     | (103,701)          | (39,732)      | -                | -             |
| Raw materials and consumables used                                                                                                                                                                                         | 3     | (77,342)           | (222,915)     | -                | -             |
| <b>Gross profit</b>                                                                                                                                                                                                        |       | <b>83,951</b>      | <b>56,338</b> | <b>3</b>         | <b>6,502</b>  |
| Marketing expenses                                                                                                                                                                                                         |       | (27,325)           | (16,890)      | -                | -             |
| Investment property expenses                                                                                                                                                                                               |       | (7,945)            | (7,863)       | -                | -             |
| Administration expenses                                                                                                                                                                                                    |       | (13,110)           | (6,466)       | (57)             | (52)          |
| Finance costs                                                                                                                                                                                                              | 3 (a) | (27,903)           | (18,882)      | -                | -             |
| Depreciation and amortisation expense                                                                                                                                                                                      | 3 (a) | (1,193)            | (1,088)       | -                | -             |
| Net gain(loss) resulting from changes in fair value of investment properties                                                                                                                                               |       | (20,461)           | 7,657         | -                | -             |
| Share of net profit of joint venture entity accounted for using the equity method                                                                                                                                          | 17    | -                  | 176           | -                | -             |
| <b>Subtotal - Profit (Loss) as reported in Preliminary Final Report on 29 August 2008 prior to appointment of Receivers on 9 September 2008</b>                                                                            |       | <b>(13,986)</b>    | <b>12,982</b> | <b>(54)</b>      | <b>6,450</b>  |
| Carrying value adjustment of secured assets comprising Inventory of development property, property plant and equipment, investment property and intangible assets (management rights). Recognition on a liquidation basis. |       | (401,481)          | -             | -                | -             |
| Corporate guarantee expense on loans guaranteed by the parent entity on a liquidation basis                                                                                                                                |       | -                  | -             | (391,942)        | -             |
| <b>Profit (Loss) before income tax expense</b>                                                                                                                                                                             |       | <b>(415,467)</b>   | <b>12,982</b> | <b>(391,996)</b> | <b>6,450</b>  |
| Income tax (expense)                                                                                                                                                                                                       | 4     | -                  | -             | -                | -             |
| <b>Net profit (loss) attributable to members of parent entity</b>                                                                                                                                                          |       | <b>(415,467)</b>   | <b>12,982</b> | <b>(391,996)</b> | <b>6,450</b>  |
| <b>Overall &amp; Contribution Operations</b>                                                                                                                                                                               |       |                    |               |                  |               |
| Basic earnings per share (cents per share)                                                                                                                                                                                 | 8     | (658)              | 20.91         |                  |               |
| Diluted earnings per share                                                                                                                                                                                                 |       | (658)              | 19.11         |                  |               |
| Dividends per share (cents)                                                                                                                                                                                                | 7     | 5.00               | 10.00         |                  |               |

The Income Statement has been prepared on a liquidation basis and should be read in conjunction with the accompanying notes.



RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES

Balance Sheet as at 30 June, 2008

|                                                   |      | Consolidated Group |                | Parent Entity    |               |
|---------------------------------------------------|------|--------------------|----------------|------------------|---------------|
|                                                   | Note | 2008<br>\$000      | 2007<br>\$000  | 2008<br>\$000    | 2007<br>\$000 |
| <b>CURRENT ASSETS</b>                             |      |                    |                |                  |               |
| Cash and cash equivalents                         | 9    | 4,038              | 8,646          | 59               | 69            |
| Trade & other receivables                         | 10   | 13,353             | 11,980         | -                | 5,041         |
| Inventories                                       | 11   | 452,501            | 219,913        | -                | -             |
| Property Plant and equipment                      | 14   | 3,600              | -              | -                | -             |
| Investment Property                               | 15   | 29,500             | -              | -                | -             |
| Intangible Assets                                 | 16   | 8,000              | -              | -                | -             |
| Other current assets                              |      | -                  | 278            | -                | -             |
| <b>TOTAL CURRENT ASSETS</b>                       |      | <b>510,992</b>     | <b>240,817</b> | <b>59</b>        | <b>5,110</b>  |
| <b>NON CURRENT ASSETS</b>                         |      |                    |                |                  |               |
| Inventories                                       | 11   | -                  | 255,973        | -                | -             |
| Investments accounted for using the equity method | 17   | -                  | 176            | -                | -             |
| Financial assets                                  | 12   | -                  | -              | -                | 29,428        |
| Property, plant and equipment                     | 14   | -                  | 7,579          | -                | -             |
| Investment property                               | 15   | -                  | 195,475        | -                | -             |
| Intangible assets                                 | 16   | -                  | 11,856         | -                | -             |
| <b>TOTAL NON CURRENT ASSETS</b>                   |      | <b>-</b>           | <b>471,059</b> | <b>-</b>         | <b>29,428</b> |
| <b>TOTAL ASSETS</b>                               |      | <b>510,992</b>     | <b>711,876</b> | <b>59</b>        | <b>34,538</b> |
| <b>CURRENT LIABILITIES</b>                        |      |                    |                |                  |               |
| Trade and other payables                          | 18   | 129,419            | 107,046        | -                | 203           |
| Interest bearing liabilities                      | 19   | 768,702            | 334,105        | 391,748          | 4,010         |
| Short-term provisions                             | 20   | 4,560              | 4,276          | -                | -             |
| <b>TOTAL CURRENT LIABILITIES</b>                  |      | <b>902,681</b>     | <b>445,427</b> | <b>391,748</b>   | <b>4,213</b>  |
| <b>NON CURRENT LIABILITIES</b>                    |      |                    |                |                  |               |
| Trade and other payables                          | 18   | -                  | 41,124         | -                | -             |
| Interest bearing liabilities                      | 19   | -                  | 194,373        | -                | -             |
| Long-term provisions                              | 20   | -                  | 627            | -                | -             |
| <b>TOTAL NON CURRENT LIABILITIES</b>              |      | <b>-</b>           | <b>236,124</b> | <b>-</b>         | <b>-</b>      |
| <b>TOTAL LIABILITIES</b>                          |      | <b>902,681</b>     | <b>681,551</b> | <b>391,748</b>   | <b>4,213</b>  |
| <b>NET ASSETS (DEFICIENCY)</b>                    |      | <b>(391,689)</b>   | <b>30,325</b>  | <b>(391,689)</b> | <b>30,325</b> |
| <b>EQUITY</b>                                     |      |                    |                |                  |               |
| Issued capital                                    | 21   | 28,351             | 28,585         | 28,351           | 28,585        |
| Reserves                                          | 22   | -                  | -              | -                | 23,470        |
| Retained earnings (accumulated Losses)            |      | (420,040)          | 1,740          | (420,040)        | (21,730)      |
| <b>TOTAL EQUITY</b>                               |      | <b>(391,689)</b>   | <b>30,325</b>  | <b>(391,689)</b> | <b>30,325</b> |

The Balance Sheet has been prepared on a liquidation basis and should be read in conjunction with the accompanying notes.



RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES

Statement Of Changes in Equity as at 30 June, 2008

|                                                                                                         | Note | Ordinary<br>Share<br>Capital | Retained<br>Earnings<br>(Accumulated<br>Losses) | Asset<br>Revaluation | Total            |
|---------------------------------------------------------------------------------------------------------|------|------------------------------|-------------------------------------------------|----------------------|------------------|
|                                                                                                         |      | \$000                        | \$000                                           | \$000                | \$000            |
| <b>Economic Entity</b>                                                                                  |      |                              |                                                 |                      |                  |
| <b>Balance at 1st July 2006</b>                                                                         |      | 25,972                       | (4,922)                                         | -                    | 21,050           |
| Profit attributable to member of parent entity                                                          |      | -                            | 12,982                                          | -                    | 12,982           |
| Shares issued - 3,000,000                                                                               | 21   | 3,300                        | -                                               | -                    | 3,300            |
| On-market buy backs                                                                                     |      | (687)                        | -                                               | -                    | (687)            |
| <b>Sub Total</b>                                                                                        |      | <b>28,585</b>                | <b>8,060</b>                                    | <b>-</b>             | <b>36,645</b>    |
| Dividends paid or provided for                                                                          | 7    | -                            | (6,320)                                         | -                    | (6,320)          |
| <b>Balance at 30th June 2007</b>                                                                        |      | <b>28,585</b>                | <b>1,740</b>                                    | <b>-</b>             | <b>30,325</b>    |
| <b>Balance at 1st July 2007</b>                                                                         |      | <b>28,585</b>                | <b>1,740</b>                                    | <b>-</b>             | <b>30,325</b>    |
| (Loss) attributable to member of parent entity                                                          |      | -                            | (415,467)                                       | -                    | (415,467)        |
| On-market buy backs                                                                                     |      | (234)                        | -                                               | -                    | (234)            |
| <b>Sub Total</b>                                                                                        |      | <b>28,351</b>                | <b>(413,727)</b>                                | <b>-</b>             | <b>(385,375)</b> |
| Dividends paid or provided for                                                                          | 7    | -                            | (6,314)                                         | -                    | (6,314)          |
| <b>Balance at 30th June 2008</b>                                                                        |      | <b>28,351</b>                | <b>(420,040)</b>                                | <b>-</b>             | <b>(391,689)</b> |
| <b>Parent Entity</b>                                                                                    |      |                              |                                                 |                      |                  |
| <b>Balance at 1st July 2006</b>                                                                         |      | 25,972                       | (21,860)                                        | 16,938               | 21,050           |
| Profit attributable to member of parent entity                                                          |      | -                            | 6,450                                           | -                    | 6,450            |
| Investments in controlled entities at fair value                                                        |      | -                            | -                                               | 6,532                | 6,532            |
| Shares issued - 3,000,000                                                                               | 21   | 3,300                        | -                                               | -                    | 3,300            |
| On-market buy backs                                                                                     |      | (687)                        | -                                               | -                    | (687)            |
| <b>Sub-total</b>                                                                                        |      | <b>28,585</b>                | <b>(15,410)</b>                                 | <b>23,470</b>        | <b>36,645</b>    |
| Dividends paid or provided for                                                                          | 7    | -                            | (6,320)                                         | -                    | (6,320)          |
| <b>Balance at 30th June 2007</b>                                                                        |      | <b>28,585</b>                | <b>(21,730)</b>                                 | <b>23,470</b>        | <b>30,325</b>    |
| <b>Balance at 1st July 2007</b>                                                                         |      | <b>28,585</b>                | <b>(21,730)</b>                                 | <b>23,470</b>        | <b>30,325</b>    |
| Profit (loss) attributable to member of parent entity                                                   |      | -                            | (391,996)                                       | -                    | (391,996)        |
| Revaluation decrement in investment in controlled entities written down to nil value on loss of control |      | -                            | -                                               | (23,470)             | (23,470)         |
| On-market buy backs                                                                                     |      | (234)                        | -                                               | -                    | (234)            |
| <b>Sub-total</b>                                                                                        |      | <b>28,351</b>                | <b>(413,726)</b>                                | <b>-</b>             | <b>(385,375)</b> |
| Dividends paid or provided for                                                                          | 7    | -                            | (6,314)                                         | -                    | (6,314)          |
| <b>Balance at 30th June 2008</b>                                                                        |      | <b>28,351</b>                | <b>(420,040)</b>                                | <b>-</b>             | <b>(391,689)</b> |

The Consolidated Statement of Changes in Equity has been prepared on a liquidation basis and should be read in conjunction with the accompanying notes.



RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES

Cash Flow Statements for the Year ended 30 June, 2008

|                                                     |       | Consolidated Group |           | Parent Entity |          |
|-----------------------------------------------------|-------|--------------------|-----------|---------------|----------|
|                                                     |       | 2008               | 2007      | 2008          | 2007     |
|                                                     | Note  | \$000              | \$000     | \$000         | \$000    |
| Cash Flows From Operating Activities                |       |                    |           |               |          |
| Receipts from customers                             |       | 263,620            | 322,503   | 5,040         | -        |
| Interest received                                   |       | 614                | 787       | 2             | 2        |
| Payments to suppliers and employees                 |       | (377,529)          | (278,359) | (5,052)       | (279)    |
| Finance costs                                       |       | (27,629)           | (18,807)  | -             | -        |
| Net cash provided by (used in) operating activities | 26(a) | (140,924)          | 26,124    | (10)          | (277)    |
| Cash Flows From Investing Activities                |       |                    |           |               |          |
| Purchase of property plant and equipment            |       | (353)              | (427)     | -             | -        |
| Purchase of property investments                    |       | (117,727)          | (9,776)   | -             | -        |
| Payment for shares in subsidiary                    |       | -                  | -         | -             | (958)    |
| Net cash provided by (used in) investing activities |       | (118,080)          | (10,203)  | -             | (958)    |
| Cash Flow From Financing Activities                 |       |                    |           |               |          |
| Loans from/(to) controlled entities                 |       | -                  | -         | -             | 20,198   |
| Proceeds from borrowings                            |       | 372,115            | 366,076   | -             | 4,011    |
| Proceeds from issue of shares                       |       | -                  | 3,300     | -             | 3,300    |
| Share Buy-back payments                             |       | (233)              | (687)     | -             | (687)    |
| Repayment of borrowings                             |       | (109,152)          | (377,994) | -             | (19,285) |
| Dividends paid                                      |       | (6,314)            | (6,320)   | -             | (6,320)  |
| Net cash provided by (used in) financing activities |       | 256,416            | (15,625)  | -             | 1,217    |
| Net increase (decrease) in cash held                |       | (2,588)            | 296       | (10)          | (18)     |
| Cash at the beginning of the financial year         |       | 6,626              | 6,330     | 69            | 87       |
| Cash at the end of the financial year               | 26(b) | 4,038              | 6,626     | 59            | 69       |

The Statement of Cash Flows have been prepared on a liquidation basis and should be read in conjunction with the accompanying notes.



## RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES

### Notes To The Financial Statements for the Year ended 30 June, 2008

The financial report covers the consolidated group of Raptis Group Limited and controlled entities, and Raptis Group Limited as an individual parent entity. Raptis Group Limited is a listed public company, incorporated and domiciled in Australia.

#### Note 1: Statement Of Significant Accounting Policies

##### Basis Of Preparation

The financial report is a general purpose financial report, prepared in accordance with the Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the apply on a Corporations Act 2001 as they apply on a liquidation basis.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes thereto, complies with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Material accounting policies adopted in the preparation of the financial report are presented below. They have been consistently applied unless otherwise stated.

Financial statements are normally prepared on a going concern basis where there is neither the intention nor the need to materially curtail the scale of the entities' operations. If such an intention or need exists as is the case in this financial report, the financial statements cannot be prepared on a going concern basis.

The directors have applied the requirements of paragraph 25 of AASB 101 Presentation of Financial Statements which states that "When the financial report is not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial report is prepared and the reason why the entity is not regarded as a going concern."

In accordance with AASB 110 Events after Balance Date, the appointment of Receivers on 9 September 2008 to four subsidiary companies associated with the Southport Central project prior to signing of the annual report, caused the company no longer to satisfy criteria to report as a going concern. The appointment of Receivers to certain controlled entities provided an effective event of default under all security documentation including a fixed and floating charge over Raptis Group Limited provided to Capital Finance Australia Limited in August 2008. After this event of default the company worked with secured creditors to assist them taking effective control of all assets of the group.

Accordingly the financial statements have not been prepared on a going concern basis; rather these financial statements have been prepared on a liquidation basis. Comparative information remains on a going concern basis and has not been adjusted. Accounting policy notes relevant to the 2007 year have been reported to assist users' reading of the comparative information.

##### Impact of Adoption of Liquidation Basis

Under the liquidation basis of preparation, assets and liabilities are measured at their liquidation value. The liquidation value of assets is their net realisable value. Net realisable value is based on the proceeds receivable on disposal less selling costs as detailed in the accounting policies noted below. Any gains or losses resulting from measuring assets and liabilities at liquidation value are recognised in the Income Statement. Raptis Group Limited held its interest in real property via subsidiary entities. The subsidiary entities were controlled by Raptis on June 30 2008, however control was lost from 9 September 2008. The financial loss of reporting assets on a Liquidation basis as reported in the Income Statement is \$401 million. The corporate guarantee of Raptis Group Limited was provided to secured creditors for funding facilities of subsidiary entities. The consolidated shortfall guaranteed by the Parent Entity Raptis Group Limited reported in the Income Statement is \$392 million. Refer below for further details of the impact of adopting the liquidation basis of preparation and measuring assets and liabilities at liquidation value.

In adopting the liquidation basis, the Directors have continued to apply the disclosure requirements of Australian Accounting Standards to the extent they are relevant to the liquidation basis. In particular, the financial report does not include all the disclosures required by the following standards on the basis that the disclosures are not considered relevant to decision making by users as described below:

Australian Accounting Standard AASB 5 2007-7 Non-Current Assets Held for Sale and Discontinued Operations. The Secured Creditors have agreed to rely on their security and accept a prorata distribution of shares. Capital Finance Australia Limited held a fixed and floating charge over Raptis Group Limited and any remaining interest in the shares in subsidiary entities were sold by the administrator in June 2009. This has ensured there will be no cash emerging from assets held. Raptis Group Limited has lost control and has no prospect of recovery from any subsidiary entity. Separation between continuing and non continuing operations on the Income Statement are not considered relevant to the users.

Financial Instruments; Disclosures AASB 7. This information on exposures to financial risks are no longer considered relevant to users as the secured creditors have voted to accept a Deed of Company Arrangement and the Deed has been effected by the implementation of a Creditors Trust. There are no liabilities brought forward from before the Deed of Company Arrangement and the company has the opportunity to recommence business with no debt or liability from the past.

Presentation of Financial Statements AASB 101 Information on Capital Management is not considered relevant to users. It is not considered relevant to understand what is managed as capital given the disclosures on the Deed of Company Arrangement, and the basis of preparation change from "going concern" to liquidation. The accounting policies adopted are consistent with those of the previous financial year except for changes specified related to the adoption of the liquidation basis of preparation. Any new Australian Accounting Standards first applying during the financial year have not significantly impacted on the Company's financial statements.

#### Accounting Policies

##### (a) Principles of Consolidation

###### Controlled Entities

A controlled entity is an entity of which Raptis Group Limited has the power to control the financial and operating policies so as to obtain benefits from its activities. All controlled entities have a June financial year end. Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 13 to the financial statements. In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity. Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the Consolidated Balance Sheet and Consolidated Income Statement.



**RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES**

**Notes To The Financial Statements for the Year ended 30 June, 2008**

**(a) Principles of Consolidation (continued)**

*Joint Ventures*

The economic entity's interest in a joint venture entity is brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interest in the joint venture entity is brought to account using the cost method. Refer to note 17 Investments Accounted for Using the Equity Method.

**(b) Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited outside the profit and loss when the tax relates to items that are recognised outside the profit and loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Raptis Group Limited and its wholly-owned Australian Subsidiaries has formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax assets and liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits which are immediately assumed by the parent entity. The current tax asset or liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1 July 2002. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

**(c) Inventories**

Inventories are disclosed on a liquidation basis, being the net realisable value after interest, holding costs, legal fees, admin and disposal costs. Values were determined with reference to actual sale, proofs of debt by the creditors and adjudicated by the Administrator in accordance with a liquidation basis under the Corporations Act 2001. Adjudication values have been referred to where practical in reporting inventory values for the 2008 year. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

**(d) Land Held for Sale**

In the 2008 year land is reported on a liquidation basis. Actual sale value Creditors proof of debt, and the Administrator adjudicated amounts have been referred to where practical in reporting land held for sale at the end of this period.

In the 2007 year land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, foreign currency movements, borrowing costs and holding costs until completion of development. Borrowing costs, and holding charges incurred after development is completed, are expensed.

**(e) Construction Contracts and Work in Progress**

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised at the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated they are provided for in full.

Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract. All construction work in progress was in undertaken for other group entities and all profit on Construction was eliminated at the end of the period.

**RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES****Notes To The Financial Statements for the Year ended 30 June, 2008****(e) Construction Contracts and Work in Progress (continued)**

Work in Progress is disclosed on a liquidation basis, being the net realisable value after interest, holding costs, legal fees, admin and disposal costs. Control was lost on 9 September 2008. The total of actual, or projected where applicable, shortfall on disposal under the liquidation basis is reflected in the Income Statement and Balance Sheet Company Corporate Guarantee of all secured debt. Creditor proofs of debt and the administrators adjudication were referred to where practical to determine reported values.

**(f) Property, Plant and Equipment**

Property, Plant and Equipment is disclosed on a liquidation basis, being the net realisable value after interest, holding costs, legal fees, admin and disposal costs. Control of subsidiary entities was lost on 9 September 2008. The total of actual, or projected where applicable, shortfall on disposal under the liquidation basis is reflected in the Income Statement and Balance Sheet. Creditor proofs of debt and the adjudication of the administrator were referred to where practical in determining the amounts to be reported. Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

**Property**

At 30 June 2008 freehold land and buildings are disclosed on a liquidation basis, being the net realisable value after interest, holding costs, legal fees, admin and disposal costs. The value of Property was determined with reference to the proofs of debt and Administrators adjudication where appropriate. In the 2007 year property was reported at independent valuation. In the periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount of land and buildings is not materially different to the fair value. Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in other comprehensive income. Decreases that offset previous increases of the same asset are charged against revaluation surpluses directly in other comprehensive income, all other decreases are charged to the statement of comprehensive income. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

**Investment Property**

Investment Property is disclosed on a liquidation basis, being the net realisable value after interest, holding costs, legal fees, admin and disposal costs. Control of all subsidiary entities was lost on 9 September 2008. The total of actual, or projected where applicable, shortfall on disposal under the liquidation basis is reflected in the Income Statement and Balance Sheet. Creditors proofs of debt and the Administrators adjudication values were referred to where applicable. In the 2007 year Investment property, comprising long-term leasehold hotel buildings, and retail complexes, were held to generate revenue from hotel operations and long term rental yields. All tenant leases in the retail complexes are on an arm's length basis. Investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the income statement.

**Plant and equipment**

Plant and equipment are disclosed on a liquidation basis, being the net realisable value after interest, holding costs, legal fees, admin and disposal costs. Creditor proofs of debt actual disposal value and Administrators adjudication were referred to where applicable. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

**Depreciation**

Assets are disclosed on a liquidation basis at 30 June 2008. Control was lost on 9 September 2008. The total of actual, or projected where applicable, shortfall on disposal under the liquidation basis is reflected in the Income Statement. The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Depreciation is recognised in the statement of comprehensive income. The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|----------------------|-------------------|
| Buildings            | 2.50%             |
| Plant and equipment  | 10%-40%           |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**(g) Financial Instruments**

In adopting the liquidation basis, the Directors have continued to apply the disclosure requirements of Australian Accounting Standards to the extent they are relevant to the liquidation basis, and modified them where considered appropriate. In particular, the financial report does not include the disclosures required by Financial Instruments; Disclosures AASB 7.

This information on exposures to financial risks are no longer considered relevant to users as the secured creditors have voted to accept the restructure.



**RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES**

**Notes To The Financial Statements for the Year ended 30 June, 2008**

**(h) Impairment of Assets**

Impairment of Assets is disclosed on a liquidation basis, being the net realisable value after interest, holding costs, legal fees, admin and disposal costs. Control was lost on 9 September 2008. The total of actual, or projected where applicable, shortfall on disposal under the liquidation basis is reflected in the Income Statement and Balance Sheet.

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

**(i) Investments in Associates**

Investments in Associates is disclosed on a liquidation basis, being the net realisable value after interest, holding costs, legal fees, admin and disposal costs. Control was lost on 9 September 2008 resulting in no Investment in Associates being consolidated from this date. The total of actual, or projected where applicable, shortfall on disposal under the liquidation basis is reflected in the Income Statement and Balance Sheet due to the Holding Company Corporate Guarantee of all secured debt.

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised the group's share of post-acquisition reserves of its associates.

**(j) Intangibles**

**Residential Management Rights**

At 30 June 2008 residential management rights have been disclosed at net disposal value on a Liquidation basis.

In the prior year 2007 Residential property management rights were recognised at cost of acquisition. Property management rights have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Property management rights are amortised over the 25 year term of the management agreement.

**(k) Employee Benefits**

Employee benefits are disclosed on a liquidation basis. All liabilities were recorded as current at 30 June 2008. All employees were terminated by 31 October 2008. The Directors were pleased with the support of the ANZ Bank Limited the secured Creditor for the Surfers Paradise Hilton development. They co-operated with the Directors in ensuring that employees were provided for in an orderly transition.

In the comparative 2007 year provision was made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on costs.

**(l) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period. The Deed of Company Arrangements provides for the clearing of all prior debts.

**(m) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the Balance Sheet.

**(n) Revenue and Other Income**

Revenue from the sale of development properties is only recognised upon the completion of the project, when the unconditional contracts of sale are settled, and the substantial risks and reward is passed to the purchaser of the property. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from investment properties is recognised on an accruals basis in accordance with lease agreements in relation to retail complexes and when delivery of services have been made to customer in relation to hotel operations.

Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).



**RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES**

**Notes To The Financial Statements for the Year ended 30 June, 2008**

**(o) Trade and Other Payables**

Payables are disclosed on a liquidation basis. The payable amount owing at 30 June 2008 is recorded at full value and the shortfall on disposal of secured property is reported as a reduction in the carrying value of the relevant asset. Trade payables of \$129 million are reported at 30 June 2009. The efforts of the Directors in working in co-operation of financiers resulted in only \$13 million of trade payables remaining unpaid in the Rapcivic Contractors Pty Ltd Deed of Company Arrangement.

Trade and other payables represent the liability outstanding at reporting date for goods and services received by the Group during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 45 days (2007) of recognition of the liability.

**(p) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

**(q) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are included in the statement of cash flows on a gross basis, except for the GST component of cash flows from investing and financing activities which are disclosed as operating cash flows.

**(r) Comparative Figures**

The comparative figures are disclosed unchanged from the prior year on the going concern basis. They have not been adjusted to conform with the current year disclosures on a liquidation basis.

**(s) Rounding of Amounts**

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest \$1,000.

**(t) Critical Accounting Estimates and Judgments**

The preparation of the financial report requires the making of estimations and assumptions that affect the recognised amounts of assets, liabilities revenues and expenses and the disclosure of contingent liabilities. The directors evaluate estimates and judgments incorporated in to the financial report based on historical experience and knowledge and best available current information reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both internally and externally within the group. Actual results may differ from these estimates.

**(u) Change in Accounting Policy**

The change in basis of accounting from going concern to liquidation basis is explained at the start of note 1. Comparative disclosures are on a going concern basis and current year disclosures for 30 June 2008 are made on a liquidation basis.

The financial report was authorised for issue on 31 March 2015 by the board of directors.

**RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES****Notes To The Financial Statements for the Year ended 30 June, 2008**

|                                         | Consolidated Group |                | Parent Entity |              |
|-----------------------------------------|--------------------|----------------|---------------|--------------|
|                                         | 2008               | 2007           | 2008          | 2007         |
|                                         | \$000              | \$000          | \$000         | \$000        |
| <b>Note 2: Revenue</b>                  |                    |                |               |              |
| Revenue from operating activities:      |                    |                |               |              |
| Sale of Goods                           | 252,226            | 311,435        | -             | -            |
| Interest received                       | 614                | 787            | 3             | 2            |
| Other revenue                           | 287                | 61             | -             | 6,500        |
| Property Rental and Management revenue  | 11,867             | 6,702          | -             | -            |
| <b>Total Revenue</b>                    | <b>264,994</b>     | <b>318,985</b> | <b>3</b>      | <b>6,502</b> |
| (a) Interest Revenue from other persons | 614                | 787            | 3             | 2            |
| <b>Total Interest Revenue</b>           | <b>614</b>         | <b>787</b>     | <b>3</b>      | <b>2</b>     |

**Note 3: Profit for the Year**

Profit from ordinary activities before income tax has been determined after charging/(crediting) the following items:

|                                                               |                  |                  |          |          |
|---------------------------------------------------------------|------------------|------------------|----------|----------|
| Cost of Sales                                                 |                  |                  |          |          |
| Changes in inventories of finished goods and work in progress | (103,701)        | (39,732)         | -        | -        |
| Raw Materials and consumables used                            | (77,342)         | (222,915)        | -        | -        |
| <b>Total Cost of Sales</b>                                    | <b>(181,043)</b> | <b>(262,647)</b> | <b>-</b> | <b>-</b> |

**(a) Expenses**

|                                                                                                                                              |               |               |              |          |
|----------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|--------------|----------|
| Finance Costs - other persons                                                                                                                | 53,658        | 27,587        | -            | -        |
| Less: Capitalised borrowing costs - other persons                                                                                            | (25,755)      | (8,705)       | -            | -        |
| <b>Total Borrowing Costs</b>                                                                                                                 | <b>27,903</b> | <b>18,882</b> | <b>-</b>     | <b>-</b> |
| Borrowing costs were capitalised into residential units under development at a weighted average interest rate of 2008 (10.77%) (2007 11.46%) |               |               |              |          |
| Provision for employee entitlements                                                                                                          | (343)         | 1,442         | -            | -        |
| Amortisation of investment in residential management rights                                                                                  | 637           | 649           | -            | -        |
| Depreciation property plant and equipment                                                                                                    |               |               |              |          |
| - plant and equipment                                                                                                                        | 556           | 439           | -            | -        |
| <b>Total depreciation and amortisation</b>                                                                                                   | <b>1,193</b>  | <b>1,088</b>  | <b>#REF!</b> | <b>-</b> |
| Rental expense on operating leases                                                                                                           |               |               |              |          |
| - minimum lease payments                                                                                                                     | -             | 2,424         | -            | -        |

**Note 4: Income Tax**

|                                                                                                |           |         |           |         |
|------------------------------------------------------------------------------------------------|-----------|---------|-----------|---------|
| (a) Prima facie income tax expense calculated at 30%(2007: 30%) on the operating profit/(loss) | (124,640) | 3,895   | (117,599) | 1,935   |
| Add/(less) tax effect of:                                                                      |           |         |           |         |
| Borrowing costs and other development costs capitalised for accounting purposes                | (6,730)   | (2,612) | -         | -       |
| Non deductible depreciation and amortisation                                                   | 358       | 326     | -         | -       |
| Increase (decrease) in employee provisions                                                     | (103)     | 433     | -         | -       |
| Net gain on fair value adjustment of Investment properties                                     | 6,138     | (2,297) | -         | -       |
| Share of joint venture entity's net profit                                                     | -         | (53)    | -         | -       |
| Recoupment of prior year tax losses not previously brought to account                          | (1,770)   | -       | -         | (1,935) |
| Deferred tax asset not brought to account                                                      | -         | 308     | -         | -       |
| Investment in subsidiaries recognised at liquidation values for accounting purposes            | -         | -       | 117,599   | -       |
| Inventories recognised at liquidation values for accounting purposes                           | 126,748   | -       | -         | -       |
| Income tax attributable to the entity                                                          | -         | -       | -         | -       |

(b) The amount of deductible temporary differences and unused losses for which no deferred tax assets have been brought to account:

- temporary differences \$ 421,370,000<sup>1</sup> (2007: \$ 12,983,333)
- tax losses: operating losses \$ 32,759,210<sup>1</sup> (2007: \$ 38,659,185)
- tax losses: capital losses \$ 9,910,835<sup>1</sup> (2007: \$ 9,910,835)

<sup>1</sup>Refer to note below "Unrecognised Tax Losses"

The benefits of the above temporary differences and unused tax losses would only have been realised if the conditions for deductibility set out in Note 1(b) occurred. The implementation of the Raptis Group Limited Creditors Trust Deed on 18 September 2009 extinguished all liabilities incurred prior to the date of approval of the Deed of Company Arrangement 31 March 2009. Consequently, under the commercial debt forgiveness rules the tax losses and temporary differences in existence at 1 July 2009 were reduced by the forgiven amount to nil. Transactions in previously controlled entities occurring after the implementation of the restructure have no effect for accounting purposes due to loss of control of those entities. These transactions still give rise to a potential tax loss due to the entities' continued membership of the tax consolidated group.

**Unrecognised Tax Losses**

At the time of signing this Annual Report the company is not able to accurately determine the quantum of its carry forward losses. This results from the restructuring of former debt where certain assets are still being held in previously controlled entities with security documentation still in effect in respect of the secured creditors or their assignors. Whilst the disposal of these assets will have no impact on the current or future accounting results due to the effect of the restructuring, the treatment of the associated debt is anticipated to have tax loss implications, which may materially affect the calculation of carry forward losses from prior years. The interim tax loss calculation indicates a potential future income tax benefit from carry forward losses of \$46,803,026 (at the current tax rate of 30%). However, the security positions that have not yet been resolved are material and may substantially reduce this interim calculation.



**RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES**

**Notes To The Financial Statements for the Year ended 30 June, 2008**

**Note 5: Key Management Personnel Compensation**

**(a) Names and positions of economic and parent entity key management personnel in office at any time during the financial year are:**

| Key Management Person | Position                                      |
|-----------------------|-----------------------------------------------|
| Mr James Raptis, OBE  | Managing Director                             |
| Mr Kevin Gogolka      | Executive Director                            |
| Mr Ian Morrison       | Executive Director                            |
| Mr Peter Malady       | Marketing Manager                             |
| Mr Nelson Batchelor   | Construction and Development Manager          |
| Mr Neal Moores        | Manager of Cost Planning and Contracts        |
| Mr Malcolm Cory       | Company Secretary and Chief Financial Officer |
| Mr Don Black          | Finance Manager                               |

**(b) Compensation Practices**

The board's policy for determining the nature and amount of compensation of key management for the group is as follows:

The compensation structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts of service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement. Key management personnel are paid in accordance with State Legislation in the event of redundancy.

**(c) Key Management Personnel Compensation**

|                              | Short Term<br>Benefits | Post<br>Employment<br>Benefits<br>Super-<br>annuation | Total        |
|------------------------------|------------------------|-------------------------------------------------------|--------------|
|                              | Salary & Fees<br>\$000 | \$000                                                 | \$000        |
| <b>2008</b>                  |                        |                                                       |              |
| <b>Key Management Person</b> |                        |                                                       |              |
| Mr James Raptis, OBE         | 300                    | 100                                                   | 400          |
| Mr Kevin Gogolka             | 174                    | -                                                     | 174          |
| Mr Ian Morrison              | 130                    | 42                                                    | 172          |
| Mr Peter Malady              | 387                    | 10                                                    | 397          |
| Mr Nelson Batchelor          | 203                    | 97                                                    | 300          |
| Mr Varouge Patapan           | 229                    | 21                                                    | 250          |
| Mr Malcolm Cory              | 183                    | 18                                                    | 201          |
| Mr Don Black                 | 263                    | 24                                                    | 287          |
|                              | <u>1,870</u>           | <u>312</u>                                            | <u>2,181</u> |
|                              | Short Term<br>Benefits | Post<br>Employment<br>Benefits<br>Super-<br>annuation | Total        |
|                              | Salary & Fees<br>\$000 | \$000                                                 | \$000        |
| <b>2007</b>                  |                        |                                                       |              |
| <b>Key Management Person</b> |                        |                                                       |              |
| Mr James Raptis, OBE         | 417                    | 13                                                    | 430          |
| Mr Kevin Gogolka             | 186                    | -                                                     | 186          |
| Mr Ian Morrison              | 106                    | 13                                                    | 119          |
| Mr Peter Malady              | 393                    | -                                                     | 393          |
| Mr Nelson Batchelor          | 289                    | 13                                                    | 302          |
| Mr Neal Moores               | 215                    | 13                                                    | 228          |
| Mr Malcolm Cory              | 186                    | 13                                                    | 199          |
| Mr Don Black                 | 152                    | 13                                                    | 165          |
|                              | <u>1,944</u>           | <u>78</u>                                             | <u>2,022</u> |

**(d) Partly Paid Ordinary Shares**

Number of Partly Paid Shares in Raptis Group Limited held by Key Management Personnel

|                 | Balance<br>1/07/2007* | Shares Issued | Balance<br>30/06/2008 |
|-----------------|-----------------------|---------------|-----------------------|
| Mr James Raptis | 7,500,000             | 0             | 0                     |
|                 | <u>7,500,000</u>      | <u>0</u>      | <u>0</u>              |

\* 5,500,000 ordinary shares issued at 85 cents, paid to 1 cent; and 2,000,000 ordinary shares issued at 60 cents, paid to 1 cent pursuant to the Employee Incentive Plan.

Shares issued under the Employee Incentive Plan were cancelled effective 30 June 2008.

**(e) Shareholdings**

Number of shares held by Key Management Personnel

|                                 | Balance<br>1/07/2007 | Received as<br>Remuneration | Net Change<br>Other* | Balance<br>30/06/2008 |
|---------------------------------|----------------------|-----------------------------|----------------------|-----------------------|
| <b>Key Management Personnel</b> |                      |                             |                      |                       |
| Mr James Raptis                 | 39,223,104           | -                           | -                    | 39,223,104            |
| Mr Ian Morrison                 | 1,349                | -                           | -                    | 1,349                 |
|                                 | <u>39,224,453</u>    | <u>-</u>                    | <u>-</u>             | <u>39,224,453</u>     |

\* Net Change Other refers to shares purchased or sold during the financial year



**RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES**

**Notes To The Financial Statements for the Year ended 30 June, 2008**

|                                                        | Consolidated Group |            | Parent Entity |          |
|--------------------------------------------------------|--------------------|------------|---------------|----------|
|                                                        | 2008               | 2007       | 2008          | 2007     |
|                                                        | \$000              | \$000      | \$000         | \$000    |
| <b>Note 6: Auditors Remuneration</b>                   |                    |            |               |          |
| Remuneration of the auditor for the parent entity for: |                    |            |               |          |
| - auditing or reviewing the financial report           | 58                 | 112        | -             | -        |
| - taxation services                                    | 3                  | 6          | -             | -        |
| - Share registry                                       | 7                  | 14         | -             | -        |
| - Other regulatory audit services                      | 10                 | 32         | -             | -        |
|                                                        | <u>78</u>          | <u>164</u> | <u>-</u>      | <u>-</u> |

Russell Bedford New South Wales or a related entity provide share registry services, act as tax agent for income tax purposes, and provide auditing services under both the Queensland Property Agents and Motor Dealers Act 2000, and Queensland Building Services Authority Act 1991.

**Note 7: Dividends**

**(a) Dividends Paid**

|                                                                              |              |              |              |              |
|------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| 2008 Interim unfranked ordinary dividend of 5 cents (2007 5 cents) per share | 3,157        | 3,156        | 3,157        | 3,156        |
| 2007 Proposed final unfranked ordinary dividend of 5 cents paid in 2008      | 3,157        | 3,164        | 3,157        | 3,164        |
|                                                                              | <u>6,314</u> | <u>6,320</u> | <u>6,314</u> | <u>6,320</u> |

Since the end of the financial year the directors have not declared a final dividend.

**(b) Franking Account**

The company does not have a balance available in its dividend franking account. It is not expected that franking credits will arise from the payment of income tax for the financial year due to the effect of carried forward tax losses. It is not expected that franking debits will arise from the payment of dividends as at the end of the financial year.

**Note 8: Earnings Per Share**

**(a) Reconciliation of earnings to profit or loss**

|                                                   |           |        |
|---------------------------------------------------|-----------|--------|
| Profit                                            | (415,467) | 12,982 |
| Earnings used to calculate basic EPS              | (415,467) | 12,982 |
| Earnings on balance of partly paid ordinary share |           | 320    |
| Earnings used to calculate of dilutive EPS        | (415,467) | 13,302 |

|                                                                                                         | No. of shares | No. of shares |
|---------------------------------------------------------------------------------------------------------|---------------|---------------|
| Weighted Average number of ordinary shares used in the calculation of earnings per share                | 63,098,226    | 62,092,528    |
| Weighted Average number of partly paid ordinary shares                                                  | -             | 7,500,000     |
| Weighted Average number of ordinary shares outstanding during the year used in calculating dilutive EPS | 63,098,226    | 69,592,528    |

|                          | Cents | Cents |
|--------------------------|-------|-------|
| Basic earnings per share | (658) | 20.91 |

|                                                                                 | \$'000    | \$'000 |
|---------------------------------------------------------------------------------|-----------|--------|
| Operating profit after income tax used in the calculation of earnings per share | (415,467) | 12,982 |

Shares issued under the Employee Incentive Plan were cancelled effective 30 June 2008.

**Note 9: Cash and Cash Equivalents**

|                          |       |       |    |    |
|--------------------------|-------|-------|----|----|
| Cash at bank and at hand | 4,038 | 8,646 | 59 | 69 |
|--------------------------|-------|-------|----|----|



**RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES**

**Notes To The Financial Statements for the Year ended 30 June, 2008**

|                                             | Consolidated Group |               | Parent Entity |              |
|---------------------------------------------|--------------------|---------------|---------------|--------------|
|                                             | 2008               | 2007          | 2008          | 2007         |
|                                             | \$000              | \$000         | \$000         | \$000        |
| <b>Note 10: Trade and Other Receivables</b> |                    |               |               |              |
| <b>Current:</b>                             |                    |               |               |              |
| Trade receivables                           | 13,353             | 10,627        | -             | -            |
| Less Provisions for doubtful debt           | -                  | (208)         | -             | -            |
|                                             | <u>13,353</u>      | <u>10,419</u> | <u>-</u>      | <u>-</u>     |
| Term Receivables                            | -                  | 1,200         | -             | -            |
| Trade Bond and guarantees                   | -                  | 172           | -             | 42           |
| Other                                       | -                  | 189           | -             | -            |
| Loans to controlled entities                | -                  | -             | -             | 4,999        |
|                                             | <u>13,353</u>      | <u>11,980</u> | <u>-</u>      | <u>5,041</u> |

**Note 11: Inventories**

**Current:**

**At Liquidation value for the 2008 year and Cost for the 2007 year**

|                                        |                |                |          |          |
|----------------------------------------|----------------|----------------|----------|----------|
| Residential property under development | 66,781         | 6,564          | -        | -        |
| Mixed use property under development   | 261,637        | 89,307         | -        | -        |
| Completed residential property         | 116,083        | 123,493        | -        | -        |
| Finished goods                         | 8,000          | 549            | -        | -        |
|                                        | <u>452,501</u> | <u>219,913</u> | <u>-</u> | <u>-</u> |

**Non-Current:**

**At Cost**

|                                        |          |                |          |          |
|----------------------------------------|----------|----------------|----------|----------|
| Residential property under development | -        | 79,949         | -        | -        |
| Mixed use property under development   | -        | 151,353        | -        | -        |
| Completed residential property         | -        | 24,671         | -        | -        |
|                                        | <u>-</u> | <u>255,973</u> | <u>-</u> | <u>-</u> |

**Inventory of Development Properties comprises:**

|                                         |                |                |          |          |
|-----------------------------------------|----------------|----------------|----------|----------|
| Cost of acquisition                     | 299,087        | 299,087        | -        | -        |
| Development costs capitalised           | 127,659        | 136,134        | -        | -        |
| Borrowing and holding costs capitalised | 25,755         | 40,665         | -        | -        |
|                                         | <u>452,501</u> | <u>475,886</u> | <u>-</u> | <u>-</u> |

Average weighted rate of interest at which borrowing costs were capitalised into inventory

|        |        |   |   |
|--------|--------|---|---|
| 10.77% | 12.10% | - | - |
|--------|--------|---|---|

Refer to note 19 for details of security given over inventories

**Note 12: Financial Assets**

**Non-Current:**

|                                     |       |          |          |          |               |
|-------------------------------------|-------|----------|----------|----------|---------------|
| Available-for-sale financial assets | 12(a) | -        | -        | -        | 29,428        |
|                                     |       | <u>-</u> | <u>-</u> | <u>-</u> | <u>29,428</u> |

**(a) Available-for-sale financial assets comprise**

|                                                       |  |          |          |          |               |
|-------------------------------------------------------|--|----------|----------|----------|---------------|
| Unlisted investments, at fair value                   |  |          |          |          |               |
| - shares in controlled entities                       |  | -        | -        | -        | 29,428        |
| Total non-current available-for-sale financial assets |  | <u>-</u> | <u>-</u> | <u>-</u> | <u>29,428</u> |

At 30 June 2008 investments in controlled entities are disclosed on a liquidation basis. All subsidiaries were subject to the charge over Raptis Group Limited assets. There was a net guarantee liability that arose in recognising assets on a liquidation basis. The liability was later extinguished. Refer to the subsequent events note 27.

Investments in controlled entities were revalued to an amount equivalent to the value of net assets of the controlled entities at balance date by all directors in office at the date of valuation (2007). This is in accordance with the company policy to revalue investments in controlled entities at six monthly intervals to fair value. Capital gains tax has not been recognised as the effect of tax losses carried forward will offset any capital gains tax payable.



**RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES**

**Notes To The Financial Statements for the Year ended 30 June, 2008**

**Note 13: Controlled Entities**

**(a) Controlled entities of Raptis Group Limited**

On 9 September 2008 Raptis Group Limited lost control over all economic resources, the appointment of Receivers to four subsidiary companies provided an effective event of default in all finance facility documentation. Security documentation included a fixed and floating charge over all assets held by Raptis Group Limited.

| Name                                                                              | Class of Share | Percentage owned (%)<br>30 June 2009 | Percentage Owned<br>30 June 2008 | 2007 |
|-----------------------------------------------------------------------------------|----------------|--------------------------------------|----------------------------------|------|
| Alexia Investments Pty Limited                                                    | Ord            | 0                                    | 100                              | 100  |
| Artique Management Pty Limited                                                    | Ord            | 0                                    | 100                              | 100  |
| Astute Tenancies Pty Limited                                                      | Ord            | 0                                    | 100                              | 100  |
| Azurblue Pty Limited                                                              | Ord            | 0                                    | 100                              | 100  |
| Baronvale Pty Limited                                                             | Ord            | 0                                    | 100                              | 100  |
| Blesford Pty Ltd                                                                  | Ord            | 0                                    | 100                              | 100  |
| Blue Ocean Constructions Pty Ltd (formerly known as Rapcivic Contractors Pty Ltd) | Ord            | 0                                    | 100                              | 0    |
| Bournsea Pty Limited                                                              | Ord            | 0                                    | 100                              | 100  |
| Boulevard Commercial Pty Limited                                                  | Ord            | 0                                    | 100                              | 0    |
| Boulevard Retail Pty Limited                                                      | Ord            | 0                                    | 100                              | 0    |
| Brambleton Pty Limited                                                            | Ord            | 0                                    | 100                              | 100  |
| Breezes Broadwater Pty Limited                                                    | Ord            | 0                                    | 100                              | 100  |
| Brehm Pty Limited                                                                 | Ord            | 0                                    | 100                              | 100  |
| Brimmingdale Pty Ltd                                                              | Ord            | 0                                    | 100                              | 100  |
| Bringelly Pty Ltd                                                                 | Ord            | 0                                    | 100                              | 100  |
| Building Services (QLD) Pty Ltd                                                   | Ord            | 0                                    | 100                              | 100  |
| Callandor Pty Ltd                                                                 | Ord            | 0                                    | 100                              | 100  |
| Chevron Renaissance Surfers Paradise Pty Ltd                                      | Ord            | 0                                    | 100                              | 100  |
| Chevron Towers Management Pty Ltd                                                 | Ord            | 0                                    | 100                              | 100  |
| Cherrycove Pty Limited                                                            | Ord            | 0                                    | 100                              | 100  |
| Christorina Pty Limited                                                           | Ord            | 0                                    | 100                              | 100  |
| Civic Glass & Aluminium Pty Limited                                               | Ord            | 0                                    | 100                              | 100  |
| Civic Manufacturing Pty Ltd                                                       | Ord            | 0                                    | 100                              | 100  |
| Civic Shower Screens & Wardrobes Pty Limited                                      | Ord            | 0                                    | 100                              | 100  |
| Colryan Pty Limited                                                               | Ord            | 0                                    | 100                              | 100  |
| Crystal Point Pty Ltd                                                             | Ord            | 0                                    | 100                              | 0    |
| Demarest Pty Limited                                                              | Ord            | 0                                    | 100                              | 100  |
| Diamondsdale Pty Ltd                                                              | Ord            | 0                                    | 100                              | 100  |
| Dolphin Management & Marketing Pty Limited                                        | Ord            | 0                                    | 100                              | 100  |
| Elkhorn Management Pty Limited                                                    | Ord            | 0                                    | 100                              | 100  |
| Elston Finance Pty Limited                                                        | Ord            | 0                                    | 100                              | 100  |
| Enderley Avenue Pty Limited                                                       | Ord            | 0                                    | 100                              | 100  |
| Esdaille Investments Pty Limited                                                  | Ord            | 0                                    | 100                              | 100  |
| Evermore Investment Pty Limited                                                   | Ord            | 0                                    | 100                              | 100  |
| GCRG Investments Pty Limited (Formally known as ACN120313724 P/L)                 | Ord            | 0                                    | 100                              | 100  |
| Ginafinance Pty Limited                                                           | Ord            | 0                                    | 100                              | 100  |
| Glennington Pty Limited                                                           | Ord            | 0                                    | 100                              | 100  |
| Glenorra Pty Limited                                                              | Ord            | 0                                    | 100                              | 100  |
| Hachmal Pty Limited                                                               | Ord            | 0                                    | 100                              | 0    |
| Honeyview Investments Pty Limited                                                 | Ord            | 0                                    | 100                              | 100  |
| Jayst Pty Limited                                                                 | Ord            | 0                                    | 100                              | 100  |
| Jeryan Pty Limited                                                                | Ord            | 0                                    | 100                              | 100  |
| Keande Pty Limited                                                                | Ord            | 0                                    | 100                              | 100  |
| Klamatha Pty Limited                                                              | Ord            | 0                                    | 100                              | 100  |
| Kojiera Pty Limited                                                               | Ord            | 0                                    | 100                              | 100  |
| Kuringa Pty Limited                                                               | Ord            | 0                                    | 100                              | 100  |
| Leajene Pty Limited                                                               | Ord            | 0                                    | 100                              | 100  |
| Lindaning Pty Limited                                                             | Ord            | 0                                    | 100                              | 100  |
| Marlington Pty Limited                                                            | Ord            | 0                                    | 100                              | 100  |
| Milania Pty Limited                                                               | Ord            | 0                                    | 100                              | 100  |
| Mistonia Pty Limited                                                              | Ord            | 0                                    | 100                              | 100  |
| Moluccan Pty Limited                                                              | Ord            | 0                                    | 100                              | 100  |
| Mooreville Investments Pty Ltd                                                    | Ord            | 0                                    | 100                              | 100  |
| One Twenty One Pty Limited (formally known as SPC Residential T1 Pty Ltd)         | Ord            | 0                                    | 100                              | 100  |
| Orchid Avenue Pty Limited                                                         | Ord            | 0                                    | 100                              | 100  |
| Pebbles Management Pty Limited                                                    | Ord            | 0                                    | 100                              | 100  |
| Pebblesea Pty Limited                                                             | Ord            | 0                                    | 100                              | 100  |
| Piazza Retail Pty Limited                                                         | Ord            | 0                                    | 100                              | 100  |
| Platinum On The Beach Pty Ltd                                                     | Ord            | 0                                    | 100                              | 100  |
| Presquets Pty Limited                                                             | Ord            | 0                                    | 100                              | 100  |
| Rapcivic Building Contractors Pty Limited                                         | Ord            | 0                                    | 100                              | 100  |
| Rapcivic Contractors Pty Ltd                                                      | Ord            | 0                                    | 100                              | 100  |
| Rapcivic Investments Pty Limited                                                  | Ord            | 0                                    | 100                              | 100  |
| Ravil Projects Pty Limited                                                        | Ord            | 0                                    | 50                               | 50   |
| Red Diamond Pty Limited                                                           | Ord            | 0                                    | 100                              | 0    |
| Renaldo Pty Limited                                                               | Ord            | 0                                    | 100                              | 100  |
| Resort Hotel Investment Pty Limited                                               | Ord            | 0                                    | 100                              | 100  |



**RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES**

**Notes To The Financial Statements for the Year ended 30 June, 2008**

|                                                                 |     |   |     |     |
|-----------------------------------------------------------------|-----|---|-----|-----|
| Rozendale Pty Limited                                           | Ord | 0 | 100 | 100 |
| Rufous Pty Limited                                              | Ord | 0 | 100 | 100 |
| Seasilver Café Pty                                              | Ord | 0 | 100 | 100 |
| Seasilver Hotels Pty Limited                                    | Ord | 0 | 100 | 100 |
| Seasilver Sirocco Pty Limited                                   | Ord | 0 | 100 | 100 |
| Seasilver Pty Ltd                                               | Ord | 0 | 100 | 100 |
| Sea Silver Management Pty Ltd                                   | Ord | 0 | 100 | 100 |
| Sebastian Trading Pty Ltd                                       | Ord | 0 | 100 | 100 |
| Sefurrs GC Pty Limited                                          | Ord | 0 | 100 | 100 |
| Simnat Pty Ltd                                                  | Ord | 0 | 100 | 100 |
| Skylevel Investments Pty Limited                                | Ord | 0 | 100 | 100 |
| Southport Central T4 Pty Limited                                | Ord | 0 | 100 | 100 |
| SP Hotels Investment Pty Limited                                | Ord | 0 | 100 | 100 |
| SP Marina Pty Ltd                                               | Ord | 0 | 50  | 0   |
| SPC Commercial T1 Pty Limited                                   | Ord | 0 | 100 | 100 |
| SPC Retail T1 Pty Limited                                       | Ord | 0 | 100 | 100 |
| SPC Residential T2 Pty Limited (previously Stanleyvale Pty Ltd) | Ord | 0 | 100 | 100 |
| SPC Commercial T2 Pty Limited                                   | Ord | 0 | 100 | 100 |
| SPC Retail T2 Pty Limited                                       | Ord | 0 | 100 | 100 |
| SPC Residential T3 Pty Limited                                  | Ord | 0 | 100 | 100 |
| SPC Commercial T3 Pty Limited                                   | Ord | 0 | 100 | 100 |
| SPC Retail T3 Pty Limited                                       | Ord | 0 | 100 | 100 |
| SPC Residential Management Pty Limited                          | Ord | 0 | 100 | 100 |
| Trinkett Pty Ltd                                                | Ord | 0 | 100 | 100 |
| Unit Trend Services Pty Ltd                                     | Ord | 0 | 100 | 100 |
| View Financial Services Pty Limited                             | Ord | 0 | 100 | 100 |
| Vista Investments Pty Ltd                                       | Ord | 0 | 100 | 0   |
| Wallace Finance Pty Limited                                     | Ord | 0 | 100 | 100 |
| Waragal Pty Limited                                             | Ord | 0 | 100 | 100 |
| Winderry Pty Limited                                            | Ord | 0 | 100 | 100 |
| Winnslea Pty Ltd                                                | Ord | 0 | 100 | 100 |

(b) All subsidiary companies were incorporated in Australia.

**(c) Acquisition of Controlled Entities**

100% interest in Blue Ocean Constructions Pty Ltd (formerly known as Raptic Building Contractors Pty Ltd), Vista Investments Pty Ltd, Boulevard Commercial Pty Limited, Boulevard Retail Pty Limited, Crystal Point Pty Ltd, Hachmal Pty Limited, Red Diamond Pty Limited and a 50% interest in SP Marina Pty Ltd.

|                                                | Consolidated Group |               | Parent Entity |               |
|------------------------------------------------|--------------------|---------------|---------------|---------------|
|                                                | 2008<br>\$000      | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>Note 14: Property Plant &amp; Equipment</b> |                    |               |               |               |
| <b>Current:</b>                                |                    |               |               |               |
| <b>LAND AND BUILDINGS</b>                      |                    |               |               |               |
| Land and buildings at Liquidation value        | 3,600              | -             | -             | -             |
| Total Current Land and Buildings               | 3,600              | -             | -             | -             |
| <b>Non-Current:</b>                            |                    |               |               |               |
| <b>LAND AND BUILDINGS</b>                      |                    |               |               |               |
| Buildings                                      |                    |               |               |               |
| - at cost                                      | -                  | 5,597         | -             | -             |
| Less accumulated depreciation                  | -                  | (176)         | -             | -             |
| Total Non-Current Land and Buildings           | -                  | 5,421         | -             | -             |
| <b>PLANT AND EQUIPMENT</b>                     |                    |               |               |               |
| Plant and equipment                            |                    |               |               |               |
| - at cost                                      | -                  | 2,672         | -             | -             |
| Less accumulated depreciation                  | -                  | (514)         | -             | -             |
| Total Plant & Equipment                        | -                  | 2,158         | -             | -             |
| Total Property Plant & Equipment               | 3,600              | 7,579         | -             | -             |

At 30 June 2008 Property Plant and Equipment are disclosed on a liquidation basis. Property Plant and equipment are disclosed with reference to the adjudication values where applicable.

**(a) Movements in Carrying Amounts**

Movements in carrying amounts for each class of Property, Plant & Equipment between the beginning and the end of the current financial year.

|                                      | Buildings<br>\$000 | Plant and<br>Equipment<br>\$000 | Total<br>\$000 |
|--------------------------------------|--------------------|---------------------------------|----------------|
| Property Plant and Equipment         |                    |                                 |                |
| Carrying amount at beginning of year | 5,421              | 2,158                           | 7,579          |
| Additions                            | -                  | 285                             | 285            |
| Written down to Liquidation value    | (1,584)            | (2,124)                         | (3,708)        |
| Depreciation                         | (237)              | (319)                           | (556)          |
| Carrying amount at end of year       | 3,600              | -                               | 3,600          |



RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES

Notes To The Financial Statements for the Year ended 30 June, 2008

|                                     | Consolidated Group |               | Parent Entity |               |
|-------------------------------------|--------------------|---------------|---------------|---------------|
|                                     | 2008<br>\$000      | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>Note 15: Investment Property</b> |                    |               |               |               |
| <b>Current:</b>                     |                    |               |               |               |
| Balance at the beginning of year    | 195,475            | -             | -             | -             |
| Transfers from Inventory            | -                  | -             | -             | -             |
| Transfers to Inventory              | (95,000)           | -             | -             | -             |
| Additions - capitalised payments    | -                  | -             | -             | -             |
| Fair Value adjustments              | -                  | -             | -             | -             |
| Write down to liquidation value     | (52,475)           | -             | -             | -             |
| Balance at end of year              | 29,500             | -             | -             | -             |
| <b>Non-Current:</b>                 |                    |               |               |               |
| Balance at the beginning of year    | -                  | 126,157       | -             | -             |
| Transfers from Inventory            | -                  | 48,465        | -             | -             |
| Transfers to Inventory              | -                  | -             | -             | -             |
| Additions - capitalised payments    | -                  | 13,196        | -             | -             |
| Fair Value adjustments              | -                  | 7,657         | -             | -             |
| Write down to liquidation value     | -                  | -             | -             | -             |
| Balance at end of year              | -                  | 195,475       | -             | -             |

At 30 June 2008 Investment Property is disclosed on a liquidation basis. Investment assets written down to liquidation value includes \$39,582,785 recognised at 30 June 2007, in respect of a head lease structured finance arrangement. This asset together with the corresponding liability of \$38,842,000 are no longer consolidated at 30 June 2008.

The 2007 valuation was not made in accordance with a regular policy of revaluation.

**Note 16: Intangible Assets**

|                                                             |       |         |   |   |
|-------------------------------------------------------------|-------|---------|---|---|
| <b>Current:</b>                                             |       |         |   |   |
| Residential Property Management Rights at Liquidation value | 8,000 | -       | - | - |
| Net Carrying value                                          | 8,000 | -       | - | - |
| <b>Non-Current:</b>                                         |       |         |   |   |
| Residential Property Management Rights                      |       |         |   |   |
| Real Property - at cost                                     | -     | 13,900  | - | - |
| Less accumulated amortisation                               | -     | (2,044) | - | - |
| Net Carrying value                                          | -     | 11,856  | - | - |

**Note 17: Investments Accounted for Using the Equity Method**

Share of net profit (loss) accounted for using the Equity Method included in the income statement for 2007 but not recognised for 2008 due to loss of control prior to 30 June 2008:

- Joint venture entity

| Consolidated Group |               | Parent Entity |               |
|--------------------|---------------|---------------|---------------|
| 2008<br>\$000      | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |

(344) 176

| Name                          | Joint Venture<br>Reporting Date | Principal<br>Activities                  | Ownership of<br>Ordinary Shares |           | Investment Amount | Company |   |
|-------------------------------|---------------------------------|------------------------------------------|---------------------------------|-----------|-------------------|---------|---|
|                               |                                 |                                          | 2008<br>%                       | 2007<br>% | Consolidated      |         |   |
| Cira International<br>Pty Ltd | 30 June                         | Property Development<br>Hotel Operations | 50                              | 50        | (420)             | 176     | - |



## RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES

## Notes To The Financial Statements for the Year ended 30 June, 2008

## Note 17: Investments Accounted for Using the Equity Method (continued)

## Results of Joint Venture - (Note 2008 year not included in the Statement of Income or Balance Sheet)

|                                                                              | Consolidated Group |               |
|------------------------------------------------------------------------------|--------------------|---------------|
|                                                                              | 2008<br>\$000      | 2007<br>\$000 |
| Revenue from ordinary activities                                             | 11,700             | 2,027         |
| Expenses from ordinary activities                                            | (12,120)           | (1,775)       |
| Write down carrying value of development land and hotel to liquidation value | (41,954)           |               |
| Profit from ordinary activities before income tax                            | (42,374)           | 252           |
| Income tax expense relating to ordinary activities                           | 76                 | (76)          |
|                                                                              | (42,298)           | 176           |

## Balance Sheet

The consolidated entity's share of the joint venture entities assets and liabilities is nil in 2008 and as disclosed for 2007 consisting of :-

|                                                                         |          |        |
|-------------------------------------------------------------------------|----------|--------|
| Current assets                                                          | 43,000   | 1,555  |
| Non-current assets                                                      | -        | 46,769 |
| Total assets                                                            | 43,000   | 48,324 |
| Current liabilities                                                     | 85,122   | 26,649 |
| Non-current liabilities                                                 | -        | 21,499 |
| Total liabilities                                                       | 85,122   | 48,148 |
| Net assets (accumulated losses) - accounted for using the equity method | (42,122) | 176    |

Commitments and contingencies. The joint venture arrangements provide for the provision of finance by the consolidated entity's joint venture partner and development services by the consolidated entity's related entities. The joint venture partner was unable to provide funding. Effective from 9 September 2008 Raptis Group Limited was reliant on the support of its financiers.

|                                                                                           |          |     |
|-------------------------------------------------------------------------------------------|----------|-----|
| Share of post-acquisition profit (loss) attributable to joint venture entity              |          |     |
| Share of joint venture entity's retained profit at the beginning of the year              | 176      | -   |
| Share of joint venture entity's net profit (loss)                                         | (42,298) | 176 |
| Share of joint venture entity's retained profit (accumulated loss) at the end of the year | (42,122) | 176 |

## Movements in carrying amounts of joint venture entities

|                                                   |          |     |
|---------------------------------------------------|----------|-----|
| Carrying amount at beginning of the year          | 176      | -   |
| Share of joint venture entity's net profit (loss) | (42,298) | 176 |
| Carrying amount at the end of year                | (42,122) | 176 |

The consolidated entity's joint venture partner was responsible to arrange financing of these developments. The development phase had not commenced construction. The joint venture partner had assumed effective control of these properties to preserve their equity in the arrangements. In accordance with AASB 131 Interests In Joint Ventures the assets were by 30 June 2008 no longer jointly controlled and as a result are recorded at nil value in the consolidated entity's balance sheet at 30 June 2008.

|                                             | Consolidated Group |               | Parent Entity |               |
|---------------------------------------------|--------------------|---------------|---------------|---------------|
|                                             | 2008<br>\$000      | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>Note 18: Trade and Other Payables</b>    |                    |               |               |               |
| <b>Current:</b>                             |                    |               |               |               |
| <b>Unsecured Liabilities</b>                |                    |               |               |               |
| Trade Payables                              | 129,419            | 28,580        | -             | -             |
| Sundry payables and accrued expenses        | -                  | 3,567         | -             | 203           |
| Property purchase payables                  | -                  | 74,899        | -             | -             |
|                                             | 129,419            | 107,046       | -             | 203           |
| <b>Non Current:</b>                         |                    |               |               |               |
| <b>Unsecured Liabilities</b>                |                    |               |               |               |
| Property purchase payables                  | -                  | 38,842        | -             | -             |
| Sundry payables                             | -                  | 130           | -             | -             |
| Amounts payable to                          |                    |               |               |               |
| - other entities                            | -                  | 2,152         | -             | -             |
| - key management personnel related entities | -                  | -             | -             | -             |
|                                             | -                  | 41,124        | -             | -             |

## Note 19: Interest Bearing Liabilities

|                                              |               |         |         |       |
|----------------------------------------------|---------------|---------|---------|-------|
| <b>Current:</b>                              |               |         |         |       |
| <b>Secured Liabilities</b>                   |               |         |         |       |
| Parent Entity guarantee shortfall amount (i) | -             | -       | 391,748 | -     |
| Mortgage loans - Short-term borrowings       | 20(a) 768,702 | 332,085 | -       | 4,010 |
| Bank Overdraft                               | -             | 2,020   | -       | -     |
|                                              | 768,702       | 334,105 | 391,748 | 4,010 |



## RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES

## Notes To The Financial Statements for the Year ended 30 June, 2008

|  | Consolidated Group |       | Parent Entity |       |
|--|--------------------|-------|---------------|-------|
|  | 2008               | 2007  | 2008          | 2007  |
|  | \$000              | \$000 | \$000         | \$000 |

**Note 19: Interest Bearing Liabilities (continued)**

(i) Guarantee Creditors arise from the Parent Entity guarantee of entities controlled at 30 June 2008 Refer note 1. Basis of Preparation, Impact of adopting Liquidation Basis, (a) Principles of Consolidation, (h) Impairment of Assets.

**Non-Current:****Secured Liabilities**

|                                       |       |   |         |   |   |
|---------------------------------------|-------|---|---------|---|---|
| Mortgage loans - Long-term borrowings | 20(a) | - | 194,373 | - | - |
|                                       |       | - | 194,373 | - | - |

**(a) Financing Arrangements (2007)**

All Mortgage Loans are denominated in Australian Dollars. The mortgage loans in current liabilities comprise the portion of the consolidated entity's mortgage loans payable within one year. The mortgage loans, non-current balance represents the portion of the consolidated entity's mortgage loans not due within one year.

The appointment of Receivers to four subsidiaries on 9 September 2008 constituted an event of default under all security documentation. The result of this default was that all loans become due and payable and Secured Creditors took control of secured assets.

The loans are secured by registered mortgages over the properties of the controlled entities. The loans are payable from proceeds of projects on completion.

The carrying amount of pledged properties are as follows:

|                                |         |         |   |       |
|--------------------------------|---------|---------|---|-------|
| Inventory residential property | 452,501 | 408,943 | - | 5,905 |
| Investment property            | 29,500  | 147,450 | - | -     |
| Management Rights              | 8,000   | 11,856  | - | -     |
| Property plant and equipment   | 3,600   | 6,558   | - | -     |
|                                | 493,601 | 574,807 | - | 5,905 |

Interest on loan facilities in respect of development assets are based on bank bill rates plus a margin. The weighted average cost effective interest rate at 30 June 2008 is N/A (2007:11.46%).

**Note 20: Provisions****Employee entitlements**

|                                              |       |       |   |   |
|----------------------------------------------|-------|-------|---|---|
| Current - Short-term provisions              | 4,560 | 4,276 | - | - |
| Non Current - Long-term provisions           | -     | 627   | - | - |
|                                              | 4,560 | 4,903 | - | - |
| Opening Balance at beginning of year         | 4,903 | 3,461 | - | - |
| Net movement of entitlements provided/(used) | (343) | 1,442 | - | - |
| Balance at end of the year                   | 4,560 | 4,903 | - | - |
| Number of employees at year-end              | 721   | 746   |   |   |

At 30 June 2008 Employee entitlements are disclosed on a liquidation basis.

Employee entitlements were paid out on 31 October 2008 in arrangements negotiated by the Directors with secured creditors.

**Note 21: Issued Equity****Issued and Paid Up Capital**

|                                                                                           |        |        |        |        |
|-------------------------------------------------------------------------------------------|--------|--------|--------|--------|
| 62,886,427(2007:63,137,946) ordinary shares, fully paid ordinary shares                   | 28,585 | 25,972 | 28,585 | 25,972 |
| 3,000,000 shares issued                                                                   | -      | 3,300  | -      | 3,300  |
| Less buy backs during the year                                                            | (234)  | (687)  | (234)  | (687)  |
| 62,886,427(2007:63,137,946) ordinary shares, fully paid carrying value at end of the year | 28,351 | 28,585 | 28,351 | 28,585 |



## RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES

## Notes To The Financial Statements for the Year ended 30 June, 2008

|                                                                  | Consolidated Group |               | Parent Entity |               |
|------------------------------------------------------------------|--------------------|---------------|---------------|---------------|
|                                                                  | 2008<br>\$000      | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>Note 21: Issued Equity (continued)</b>                        |                    |               |               |               |
|                                                                  | Number             | Number        | Number        | Number        |
| Balance of shares at the beginning of the reporting period       | 63,137,946         | 60,771,877    | 63,137,946    | 60,771,877    |
| Shares issued during the year                                    | -                  | 3,000,000     | -             | 3,000,000     |
| Shares bought back during the year                               |                    |               |               |               |
| - On-market buy back pursuant to ASX Listing Rules 3.8A and 7.29 | (251,519)          | (633,931)     | (251,519)     | (633,931)     |
| Balance of shares at the end of the reporting period             | 62,886,427         | 63,137,946    | 62,886,427    | 63,137,946    |

**On Market Buy Back**

The Company has approval for an on market buy back above the 10% in 12 months limit. The first shares were purchased on 18 December, 2002 and in the period from then until 30 June, 2008 a total number of 9,551,626 were purchased at a cost of \$5,516,204. The purchase price ranged from 22 cents to 114 cents. The shares purchased by the company are cancelled as soon as acquired.

**Terms and Conditions**

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

**Share Incentive Scheme**

Partly paid shares issued under the employee incentive scheme were cancelled during the year.

**Note 22: Reserves**

|                                                 |   |   |          |        |
|-------------------------------------------------|---|---|----------|--------|
| Asset revaluation reserve                       | - | - | -        | 23,470 |
|                                                 | - | - | -        | 23,470 |
| <b>Movements during the year:</b>               |   |   |          |        |
| Asset revaluation                               |   |   |          |        |
| Balance at the beginning of the year            | - | - | 23,470   | 16,938 |
| Revaluation increment/(decrement) on:           |   |   |          |        |
| Investment in controlled entities at fair value | - | - | (23,470) | 6,532  |
| Balance at end of year                          | - | - | -        | 23,470 |

**Note 23: Capital and Leasing Commitments****(a) Development Lease Commitments**

Non-cancellable development lease contracted but not capitalised in the financial statements

|                                  |        |        |   |   |
|----------------------------------|--------|--------|---|---|
| Payable - minimum lease payments |        |        |   |   |
| - not later than 12 months       | 11,850 | 3,359  | - | - |
| - between 12 months and 5 years  | -      | 11,850 | - | - |
|                                  | 11,850 | 15,209 | - | - |

The development lease is a non-cancellable lease with a five-year term forming part of the arrangement with Cromwell Corporation Limited ("Cromwell") in relation to the purchase of The Forum, a retail shopping complex in Surfers Paradise. Rental is payable monthly. The rental provisions of the lease agreement require the minimum lease payments to be increased by 4% per annum. This development lease is concurrent with a Put & Call Option for the purchase of the property between Cromwell and Raptis Group. The Put & Call Option is exercisable over the 5 year term of the development lease. Upon the exercise of the property purchase option, the development lease will cease. Accounting on a liquidation basis has resulted in the adjudicated amount being disclosed in the guarantee creditors of Raptis Group Limited.

**(b) Capital Expenditure Commitments**

Construction commenced in July 2006 on Tower 2 of "Southport Central". This is a 40 level tower comprising a mix of ground floor retail, commercial office space to Level 9 and a 262 residential unit tower. The retail and commercial components were completed in August 2007 and the 262 residential units in March 2008. The third 40 level mixed use tower commenced construction in February 2007. This tower was completed in April 2009 but not under the control of Raptis Group Limited (refer note 1).

This economic entity has entered into construction subcontracts and supply agreements in respect of the project referred to above by way of capital commitments.

Capital expenditure commitments contracted for

|                                 |   |         |   |   |
|---------------------------------|---|---------|---|---|
| Payable:                        |   |         |   |   |
| - not later than 12 months      | - | 66,161  | - | - |
| - between 12 months and 5 years | - | 60,785  | - | - |
|                                 | - | 126,946 | - | - |

Capital expenditure commitments are disclosed at a liquidation basis. Construction contracts were assigned under novation agreements as provided for in loan facility documentation.

**Note 24: Contingent Liabilities and Contingent Assets**

The amount of Guarantee shortfall as adjudicated is disclosed in current liabilities - refer note 19. The consolidated entity had no material contingent assets as at 30 June 2008. The successful completion of debt restructuring has resolved the contingent liabilities.

**Note 25 - Segment Reporting**

**Primary Reporting - Business Segments**

|                                                                            | <b>Property Sales &amp; Management</b> |               | <b>Resort Hotel Operations</b> |               | <b>Investment Property Rental</b> |               | <b>Economic Entity</b> |               |
|----------------------------------------------------------------------------|----------------------------------------|---------------|--------------------------------|---------------|-----------------------------------|---------------|------------------------|---------------|
|                                                                            | <b>2008</b>                            | <b>2007</b>   | <b>2008</b>                    | <b>2007</b>   | <b>2008</b>                       | <b>2007</b>   | <b>2008</b>            | <b>2007</b>   |
|                                                                            | <b>\$'000</b>                          | <b>\$'000</b> | <b>\$'000</b>                  | <b>\$'000</b> | <b>\$'000</b>                     | <b>\$'000</b> | <b>\$'000</b>          | <b>\$'000</b> |
| REVENUE                                                                    |                                        |               |                                |               |                                   |               |                        |               |
| External Segment Revenue                                                   | 194,496                                | 257,398       | 40,528                         | 54,885        | 29,969                            | 6,702         | 264,993                | 318,985       |
| Total revenue                                                              | 194,496                                | 257,398       | 40,528                         | 54,885        | 29,969                            | 6,702         | 264,993                | 318,985       |
| RESULT                                                                     |                                        |               |                                |               |                                   |               |                        |               |
| Segment Result - Gain/(Loss)                                               | 5,823                                  | 2,510         | 2,173                          | 6,523         | (1,521)                           | (3,708)       | 6,475                  | 5,325         |
| Net Gain/(Loss) from change in fair values of investment properties        |                                        |               |                                |               |                                   |               | (20,461)               | 7,657         |
| Net Gain/(Loss) from change to Liquidation values of investment properties |                                        |               |                                |               |                                   |               | (401,481)              | -             |
| Income tax expense                                                         |                                        |               |                                |               |                                   |               | -                      | -             |
| Profit/(Loss) after tax                                                    |                                        |               |                                |               |                                   |               | (415,467)              | 12,982        |
| ASSETS                                                                     |                                        |               |                                |               |                                   |               |                        |               |
| Segment assets                                                             | 344,968                                | 503,242       | 129,970                        | 101,737       | 32,055                            | 100,971       | 506,993                | 705,950       |
| Unallocated assets                                                         |                                        |               |                                |               |                                   |               | 3,999                  | 5,926         |
| Total Assets                                                               |                                        |               |                                |               |                                   |               | 510,992                | 711,876       |
| LIABILITIES                                                                |                                        |               |                                |               |                                   |               |                        |               |
| Segment liabilities                                                        | 850,975                                | 496,392       | 43,543                         | 97,569        | 8,162                             | 81,812        | 902,681                | 675,773       |
| Unallocated liabilities                                                    |                                        |               |                                |               |                                   |               | -                      | 5,778         |
| Total Liabilities                                                          |                                        |               |                                |               |                                   |               | 902,681                | 681,551       |
| OTHER                                                                      |                                        |               |                                |               |                                   |               |                        |               |
| Aquisitions of non-current segment assets                                  | -                                      | 92,755        | -                              | -             | -                                 | -             | -                      | 92,755        |
| Depreciation and amortisation of segment assets                            | 1,183                                  | 1,072         | (146)                          | 4             | 156                               | 12            | 1,193                  | 1,088         |

**Secondary Reporting - Geographical Segments**

**Geographical location:**

The economic entity operates predominantly in the South-east geographic region of Queensland, Australia.

**Accounting Policies**

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists.

Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

**Intersegment Transfers**

Intersegment pricing is determined on an arm's length basis and have been eliminated on consolidation.

**Business Segments**

The economic entity operates as developers of mixed use property projects, residential property managers, managers of resort hotels and retail complex rental operations.

Accordingly, the business segments comprise the following:

- Development and sale of residential, commercial and retail properties and management of residential strata properties.
- Resort hotels operations in Surfers Paradise, Queensland.
- Rental of investment properties in Surfers Paradise, Queensland.



## RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES

## Notes To The Financial Statements for the Year ended 30 June, 2008

|                                                                                                       | Consolidated Group |           | Parent Entity |         |
|-------------------------------------------------------------------------------------------------------|--------------------|-----------|---------------|---------|
|                                                                                                       | 2008               | 2007      | 2008          | 2007    |
|                                                                                                       | \$000              | \$000     | \$000         | \$000   |
| <b>Note 26: Cash Flow Information</b>                                                                 |                    |           |               |         |
| <b>(a) Reconciliation of Cash Flow from Operations with Profit (Loss) After Income Tax</b>            |                    |           |               |         |
| Operating profit after income tax                                                                     | (415,467)          | 12,982    | (391,996)     | 6,450   |
| <b>Cash flows excluded from profit attributable to operating activities</b>                           |                    |           |               |         |
| Inventory reclassified to property, plant & equipment                                                 | -                  | (2,054)   | -             | -       |
| Investment property reclassified to inventories                                                       | 95,000             | -         | -             | -       |
| Inventory reclassified to investment property                                                         | 6,916              | (42,950)  | -             | -       |
| Interest expense capitalised to loans                                                                 | (25,755)           | (6,447)   | -             | -       |
| <b>Non-cash flows in profit</b>                                                                       |                    |           |               |         |
| Amortisation & Depreciation                                                                           | 1,193              | 1,088     | -             | -       |
| Write down of Intangible assets to liquidation basis                                                  | 3,856              | -         | -             | -       |
| Write down of Investment property to a liquidation basis                                              | 165,975            | -         | -             | -       |
| Write down of property plant and equipment to a liquidation basis                                     | 3,979              | 56        | -             | -       |
| Amount set aside to employee provisions                                                               | (343)              | 1,442     | -             | -       |
| Net gain (loss) on fair value adjustments to investment properties                                    | 20,461             | (7,657)   | -             | -       |
| (Increase)/decrease in asset values under the liquidation basis of valuation                          | -                  | -         | 391,986       | -       |
| (Increase)/decrease in asset values under the liquidation basis of valuation                          | -                  | -         | -             | -       |
| Equity accounted share of joint venture entity's results                                              | -                  | (176)     | -             | -       |
| Net gain on intercompany transactions                                                                 | -                  | -         | -             | (6,500) |
| <b>Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries</b> |                    |           |               |         |
| (Increase)/decrease in trade and term receivables                                                     | (1,373)            | 4,304     | -             | (42)    |
| (Increase)/decrease in prepayments                                                                    | -                  | (148)     | -             | -       |
| (Increase)/decrease in inventories                                                                    | 23,385             | 38,384    | -             | -       |
| Increase/(decrease) in trade payables and accruals                                                    | (18,751)           | 27,300    | -             | (185)   |
| Cash flow from Operations                                                                             | (140,924)          | 26,124    | (10)          | (277)   |
| <b>(b) Reconciliation Of Cash</b>                                                                     |                    |           |               |         |
| For the purposes of the Statements of Cash Flows, cash includes cash on hand and at bank.             |                    |           |               |         |
| Cash at the end of the year is shown in the statement of financial position as:                       |                    |           |               |         |
| Cash                                                                                                  | 4,038              | 8,646     | 59            | 69      |
| Bank Overdraft included in interest bearing liabilities                                               | -                  | (2,020)   | -             | -       |
| Cash for the purposes of the Statements of Cash Flows                                                 | 4,038              | 6,626     | 59            | 69      |
| <b>(c) Loan Facilities</b>                                                                            |                    |           |               |         |
| Loan facilities available                                                                             | -                  | 678,664   | -             | 4,010   |
| Amount utilised                                                                                       | -                  | (526,458) | -             | (4,010) |
|                                                                                                       | -                  | 152,206   | -             | -       |

The major facilities are summarised as follows:

**Mortgage Loans**

The mortgage loans were secured by registered mortgages over certain real properties of the controlled entities.

Loan Facilities are disclosed on a Liquidation basis.

**Note 27: Events Subsequent To Balance Date**

In accordance with AASB 110 Events after Balance Date, the appointment of Receivers on 9 September 2008 prior to the signing of the annual report caused the company no longer to satisfy criteria to report as a going concern. Capital Finance Australia Limited appointed Receivers to four subsidiary companies associated with the Southport Central project. The appointment of Receivers to certain controlled entities provided an effective event of default under all security documentation including a fixed and floating charge over Raptis Group Limited provided to Capital Finance Australia Limited in August 2008.

A co-operative approach was adopted to enable a smooth a transition as possible to control by secured creditors. The infrastructure for construction and marketing were made available to the Receivers for the Southport Central project. Brookfield Multiplex Pty Ltd were introduced to the Hilton Surfers Paradise secured creditor ANZ Bank Limited and they completed this development. It was pleasing that many staff could transition to continue employment during the transfer of control to Secured Creditors and employee entitlements be paid to a significant extent.

On 10 December, 2008 Brian Sylvia and Andrew Cummins were appointed as Administrator of Raptis Contractors Pty Ltd. On 31 January 2009 it was resolved to appoint Brian Sylvia and Andrew Cummins as Administrators of Raptis Group Limited pursuant to Section 436A of the Corporations Act 2001.

**RAPTIS GROUP LIMITED ABN 43 010 472 858 AND CONTROLLED ENTITIES****Notes To The Financial Statements for the Year ended 30 June, 2008****Note 27: Events Subsequent To Balance Date (continued)**

On 31 March 2009, Creditors voted to accept a proposed Deed of Company Arrangement. The Administrator accepted \$200,000 for the purchase of the shares in all subsidiary companies. The transfer of these shares to be subject to the rights of secured creditors and completion of all formalities. Creditors Trust Deed was approved and the Administrators announced return of control to the Directors on 18 September 2009. Implementing of the arrangements has involved recourse to the legal proceedings to adjudicate a proof of debt lodged by the Australian Taxation Office (ATO), prior to giving effect to the restructure.

The Raptis Group Limited Creditors Trust Deed includes provision to issue 35 million shares to Creditors of Raptis Group Limited. The Deed of Company Arrangement for Rappivic Contractors Pty Ltd includes the issue of five million shares to the subcontractors and suppliers of the formerly controlled building company. Just prior to the 31 March 2009 meeting of Creditors to vote on the Deed of Company Arrangement for both companies the ATO lodged proofs of debt. The directors and major shareholder arranged funding to contest these proofs of debt. Removing the proofs of debt would have enabled a larger distribution to subcontractors and creditors of the formerly controlled construction company. The ATO claim against Building Services (QLD) Pty Ltd amount owing of \$11.6 million was reduced to a refund of \$452,975. This was achieved in October 2012 and April 2014.

The Unit Trend Services Pty Ltd dispute was in respect of primary tax of \$21 million. Fifty percent of this amount was paid prior to any ATO assessment being issued. The ATO proof of debt amount was subject to objection promptly in 2009. In April 2010 the objection was the subject of a four day hearing before the Administrative Appeals Tribunal (AAT). The partially successful AAT hearing went on appeal to the Full Federal Court where Unit Trend Services Pty Ltd achieved a resoundingly positive result on 5 October 2012. The High Court of Australia reversed a significant portion of the Full Federal Court decision on 1 May 2013 referring matters back to the AAT for determination. The matter has now been resolved to the satisfaction of the company.

The Raptis Group Limited Australian Tax Office proof of debt of \$29,375,574 that delayed the implementation of the restructure from 31 March 2009 was resolved on 6 August 2014 to an amount of six dollars and nil cents. The Directors appreciate the support of Shareholders in funding this process and the patience of stakeholders in awaiting an outcome.

The company completed arrangements with the former security holder. This allows Raptis Group Limited to recommence its core business of property development. These arrangements allowed that on 9 July 2014 a security registered over all collateral held by Raptis Group Limited was lifted. On 3 July 2014 the appointment to control one subsidiary associated with the Hilton Hotel development in Surfers Paradise retired from this limited position.

Refer to Note 1. Statement of Significant Accounting Policies; Basis of Preparation and Impact of Adoption of Liquidation Basis.

**Note 28: Pro-Forma Statement of Financial Position at date Administrators Appointed**

For the purpose of illustration, the Directors present the following pro-forma Statement of Financial Position of the consolidated entity as at 31 January 2009, taking into account the material events subsequent to 30 June 2008 set out in Note 27. The pro-forma Statement of Financial Position at 31 January 2009 is the same as that prepared at 31 December 2008, as there has been no change in the consolidated entity's state of affairs during the intervening month.

| Statement of Financial Position      | Consolidated Group<br>31 January 2009<br>\$000 |  |
|--------------------------------------|------------------------------------------------|--|
| <b>CURRENT ASSETS</b>                |                                                |  |
| Cash and cash equivalents            | -                                              |  |
| Trade and other receivables          | -                                              |  |
| Inventories                          | -                                              |  |
| Property plant and equipment         | -                                              |  |
| Investment property                  | -                                              |  |
| Intangible assets                    | -                                              |  |
| <b>TOTAL CURRENT ASSETS</b>          | -                                              |  |
| <b>TOTAL ASSETS</b>                  | -                                              |  |
| <b>CURRENT LIABILITIES</b>           |                                                |  |
| Trade and other payables             | -                                              |  |
| Interest bearing guarantee creditors | 391,942                                        |  |
| Provisions                           | -                                              |  |
| <b>TOTAL CURRENT LIABILITIES</b>     | 391,942                                        |  |
| <b>TOTAL LIABILITIES</b>             | 391,942                                        |  |
| <b>NET DEFICIENCY</b>                | (391,942)                                      |  |

**Note 29: Related Parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

**Transactions with related parties:**

|                                                                                                                                           | Consolidated Group |               | Parent Entity |               |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------|---------------|---------------|
|                                                                                                                                           | 2008<br>\$000      | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>(a) Ultimate Parent Company</b>                                                                                                        |                    |               |               |               |
| Management Fees received from subsidiary entities                                                                                         | -                  | -             | -             | 6,500         |
| Advances made to subsidiary entities                                                                                                      | -                  | -             | -             | 4,999         |
| <b>(b) Key Management Personnel</b>                                                                                                       |                    |               |               |               |
| Cost and Project Management Pty Ltd a company associated with Kevin Gogolka was paid a fee for construction services during the 2007 year | 175                | 187           | -             | -             |
| Sealand Corporation Pty Ltd, a company associated with Peter Malady was paid a fee for marketing services during the 2007 year            | 387                | 393           | -             | -             |

## Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 13 to 34, are in accordance with the Corporations Act 2001 and;
  - (a) comply with Accounting Standards and the Corporation Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the company and economic entity on a liquidation basis;
2. The Chief Executive Officer and Chief Finance Officer have each declared that:
  - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - (c) the financial statements and notes for the financial year give a true and fair view on a liquidation basis.
3. In the directors' opinion due to the appointment of Receivers to four subsidiary entities on 9 September 2008 there are not reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable. Advice was sought to ensure there was no insolvent trading. Subsequent formal investigations by insolvency practitioners have provided a satisfactory report as to the conduct of the company at the relevant periods.  
(Refer note 27)

Dated this 31st day of March 2015

This declaration is made in accordance with a resolution of the Board of Directors.



James Raptis, OBE  
Director

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Sydney NSW 2000  
Australia

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## Independent Auditor's Report

### INDEPENDENT AUDIT REPORT TO THE MEMBERS OF RAPTIS GROUP LIMITED AND ITS CONTROLLED ENTITIES

#### Report on the financial statements

Russell Bedford NSW (formerly known as Gould Ralph & Company) has audited the accompanying financial statements of Raptis Group Limited and its controlled entities which comprises the consolidated balance sheet as at 30 June 2008, the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial statements and the directors' declaration of the company comprising the Company and the entities it controlled at the year-end or from time to time during the financial year.

#### *Directors' responsibility for the financial statements*

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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on the financial statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 controls. 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 statements. Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

#### *Matters Relating to Electronic Publication of the Audited Financial Report*

This audit report relates to the financial report of Raptis Group Limited and its controlled entities for the year ended 30 June 2008 included on the website of Raptis Group Limited and its controlled entities. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on this integrity. This audit report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF RAPTIS GROUP LIMITED AND ITS CONTROLLED ENTITIES (Cont'd)**

**Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial statements we were engaged to undertake services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

**Auditors' opinion**

In our opinion:

1. the financial statements of Raptis Group Limited and its controlled entities are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

**Emphasis of Matter**

Without qualifying our opinion, we draw attention to the following matter disclosed in the financial report:

*Benefit of Income Tax Losses*

Note 4 to the financial report indicates that at the time of signing this Annual Report the company is not able to accurately determine the quantum of its unrecognised carry forward losses due to the matters set out therein. Our conclusion is not modified in respect of this matter.

**Report on The Remuneration Report**

We have audited the Remuneration Report included on pages 5 to 6 of the directors' report for the year ended 30 June 2008. 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 Australian Auditing Standards.

**Auditor's Opinion on The Remuneration Report**

In our opinion the Remuneration Report of Raptis Group Limited and its controlled entities for the year ended 30 June 2008, complies with section 300A of the Corporations Act 2001.

RUSSELL BEDFORD NSW  
Chartered Accountants



GREGORY RALPH, M.COM., FCA  
Partner

Sydney, 31 March, 2015

**RAPTIS GROUP LIMITED**

ABN 43 010 472 858

*The registered office of the company is:*

Raptis Group Limited  
Level 29  
Suncorp Place  
259 George Street  
Sydney NSW 2000

*The principal place of business of Raptis Group Limited is:*

Level 1  
2681 Gold Coast Highway  
Broadbeach QLD 4218

*Auditors*

Russell Bedford New South Wales  
Chartered Accountants  
Level 29 Suncorp Place  
259 George Street  
SYDNEY NSW 2000

*Solicitors*

Short Punch and Greatorix  
Cnr Bundall Road and Crombie Avenue  
Bundall QLD

**Company Particulars***Share Registry*

CI- Gould Ralph Pty Ltd  
(Share Registry Division)  
Level 29  
Suncorp Place  
259 George Street  
Sydney NSW 2000

*Directors*

James Raptis OBE  
Helen Raptis  
Malcolm Cory

*Secretaries*

James Raptis OBE  
Malcolm Cory

**Shareholder Information**

(a) Distribution of Shareholders at 18 March  
2015 Category (size of holdings)

|                                    | Number of<br>Ordinary<br>Shareholders |
|------------------------------------|---------------------------------------|
| 1 - 1,000                          | 86                                    |
| 1,001 - 5,000                      | 162                                   |
| 5,001 - 10,000                     | 61                                    |
| 10,001 - 100,000                   | 75                                    |
| 100,001 - and over                 | 26                                    |
| Total holders for classes selected | 410                                   |

(b) There are 223 holders with less than a marketable parcel of 5,264 units.

(c) The number of shares held by substantial shareholders as at 18 March 2015 are:

BRIAN SILVIA & ANDREW CUMMINS  
RAPTIS GROUP CREDITORS TRUST A/C  
HANSLOW HOLDINGS PTY LIMITED  
BICENT PTY LIMITED

| Number of Ordinary<br>Fully Paid Shares Held | % Held to Issued Fully<br>Paid Ordinary Capital |
|----------------------------------------------|-------------------------------------------------|
| 35,000,000                                   | 34.03                                           |
| 32,274,599                                   | 31.38                                           |
| 6,900,000                                    | 6.71                                            |

(d) 20 Largest Shareholders

BRIAN SILVIA & ANDREW CUMMINS  
RAPTIS GROUP CREDITORS TRUST A/C  
HANSLOW HOLDINGS PTY LIMITED  
BICENT PTY LIMITED  
BRIAN SILVIA & ANDREW CUMMINS  
RAPCIVIC CONTRACTORS DOCA A/C  
SEVINHAND COMPANY LIMITED  
NORMANDY FINANCE INVEST LTD  
DR JOE ROSS  
LIPPO SECURITIES NOMINEES (BVI) LTD  
PHILLIPS RIVER PTY LIMITED  
HACHMA INTERNATIONAL SA  
J C CRITCOS PTY LTD  
BELLRYDE PTY LIMITED,  
NORMANDY FINANCE & INVESTMENT LIMITED  
LJK NOMINEES PTY LIMITED  
MR JAMES PANTOS & MRS HELEN PANTOS  
COPULOS SUPERANNUATION PTY LTD  
SPACETIME PTY LTD  
MR JOHN POLETT  
COUNTRYWIDE DEVELOPMENTS  
(AUST) PTY LTD  
NORMANDY FINANCE AND INVESTMENT

|            |       |
|------------|-------|
| 35,000,000 | 34.0% |
| 32,274,599 | 31.4% |
| 6,900,000  | 6.7%  |
| 5,000,000  | 4.9%  |
| 4,000,000  | 3.9%  |
| 3,400,000  | 3.3%  |
| 3,020,000  | 2.9%  |
| 2,320,000  | 2.3%  |
| 2,054,799  | 2.0%  |
| 1,065,400  | 1.0%  |
| 683,998    | 0.7%  |
| 654,615    | 0.6%  |
| 650,000    | 0.6%  |
| 534,300    | 0.5%  |
| 529,000    | 0.5%  |
| 275,244    | 0.3%  |
| 267,599    | 0.3%  |
| 208,956    | 0.2%  |
| 200,000    | 0.2%  |
| 160,000    | 0.2%  |
| 99,198,510 | 96.5% |

(e) Shares held by Brian Silvia and Andrew Cummins are held in Trust for creditors.  
Allocation of these shares have not been advised to the share registry and not all  
are adjudicated at 18 March 2015.

(f) There is no current on market buy back.