FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 97 009 113 473
ACN 009 113 473

INTERIM FINANCIAL REPORT

for the financial period ended 31st December 2016

FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT
For the Six Months Ended 31 December 2016

CONTENTS **Page**

Directors' Report	3
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	5
Condensed Consolidated Interim Statement of Changes in Equity	6
Condensed Consolidated Interim Statement of Financial Position	7
Condensed Consolidated Interim Statement of Cash Flows	8
Notes to the Condensed Consolidated Interim Financial Statements	9
Directors' Declaration	14
Independent Auditor's Review Report of condensed consolidated interim financial report	15
Lead Auditors' Independence Declaration	17

FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT
For the Six Months Ended 31 December 2016

1 Directors

The Directors present their report together with the consolidated financial report of Finbar Group Limited ('the Company') for the six months ended 31 December 2016 and the auditor's review report thereon.

The Directors of the Company at any time during or since the end of the six months ended 31 December 2016:

Executive Director and Chairman	
John CHAN - BSc, MBA, MAICD	Director since 27 April 1995 Chairman since 15 July 2010
Managing Director	
Darren John PATEMAN - EMBA, GradDipACG, ACSA, AGIA, MAICD, AFAIM	Director since 6 November 2008 Managing Director since 15 July 2010
Non-executive Directors	
Kee Kong LOH - B Acc, CPA	Director since 28 April 1993
Yuun Yean TENG - B Comm, FCPA	Director since 17 December 2015
Non-executive (Independent) Director	
Lee VERIOS - LLB, MAICD	Director since 6 December 2011

2 Company Secretary

Anthony David HEWETT - MBusLaw (Curtin), GradDipACG, FCSA, FGIA, MSAA	Company Secretary from 5 February 2013 to 2 December 2016
Edward Guy BANK - B Bus, ASCPA	Company Secretary since 2 December 2016

3 Principal Activities

The principal activities of the consolidated group during the course of the six months ended 31 December 2016 continued to be property development and investment.

The consolidated group's focus is the development of medium to high-density residential buildings in Western Australia by way of direct ownership, ownership through fully owned Subsidiaries or by Equity Accounted Investees (through companies registered specifically to conduct the development).

There were no significant changes in the nature of the activities of the consolidated group during the financial half-year.

4 Results

Operating Results

Total comprehensive loss attributable to owners of the group amounted to $3,213,683 (2015 : Total comprehensive income $6,269,881).

5 Review of Operations

Completed Projects

Norwood - 280 Lord Street, Perth : 5 units have settled in the reporting period. 3 units remain for sale in the 63 unit development.

Arbor North - Lot 1001 - 1003 Rowe Avenue, Rivervale : 17 units have settled in the reporting period. 13 units remain for sale in the 154 unit development.

Unison on Tenth - 241 Railway Parade, Maylands : 33 units have settled in the reporting period. 31 units remain for sale in the 169 unit development.

Linq - 269 James Street, Northbridge : 9 units have settled in the reporting period. 29 units remain for sale in the 116 unit development.

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

Spring View Towers - 3 Homelea Court, Rivervale : 2 units settled in the reporting period. The final unit in the 188 unit development settled in January 2017. The company is pleased to report that the Spring View Towers development is now complete and the company holds no further stock for sale.

Subi Strand - Cnr Roydhouse Street & Hood Street, Subiaco : 1 unit settled in the reporting period. 3 units remain for sale in the 264 unit development.

Currently Under Construction

Motive - 172 Railway Parade, West Leederville : The Motive project reached practical completion in January 2017. Settlements will occur in the second half of the financial year. To date 68 sales have been achieved in the 143 unit development.

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

Aurelia - 96 Mill Point Road, South Perth : Construction works continue to progress well at the Aurelia development with completion expected during the financial year ending 30 June 2018. To date 99 sales have been achieved in the 138 unit development.

5 Review of Operations (continued)

Future Projects

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

Sunago - 36 Chester Avenue, Dianella : Marketing of the Sunago project continues to progress. To date 8 sales have been achieved in the 163 unit development.

Aire - 647-659 Murray Street, West Perth : Marketing of the Aire project continues to progress. To date 90 sales have been achieved in the 244 unit development.

Chase - 239 Great Eastern Highway, Belmont : Marketing of the Chase project continues to progress. To date 27 sales have been achieved in the 196 unit development.

Vue Tower - 63 Adelaide Terrace : Marketing of the Vue Tower project continues to progress. To date 34 sales have been achieved in the 252 unit development.

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

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

43 McGregor Road, Palmyra: Development Approval has been received for a two stage development comprising a mix of 258 one, two and three bedroom apartments. Marketing of the first stage is expected to commence in the financial year ending 30th June 2017, with construction expected to commence once sufficient pre-sales have been achieved to underpin project viability.

The Point - 31 Rowe Avenue, Rivervale : Development Approval has been received for the development of 183 apartments. Marketing of The Point project is expected to commence in the financial year ending 30th June 2018.

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

Anchorage - Lot 452 Sutherland Street, Port Hedland : Development Approval has been received for the first stage of a four stage development comprising 109 apartments plus six commercial tenancies.

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

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

3-5 Kintail Road, Applecross : A development application has been lodged for approval with the City of Melville, for the development of approximately 440 apartments over three stages.

Investment Property

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

Pelago West Commercial - 23 Sharpe Avenue, Karratha : The company continues to benefit from the investment income generated from the leased property. The property is currently 77% leased. The company continues to actively market the remaining tenancies for rental.

Pelago East Commercial - 26 Sharpe Avenue, Karratha : The company continues to benefit from the investment income generated from the leased property. The property is currently 91% leased. The company continues to actively market the remaining tenancies for rental.

Pelago West Residential - 23 Sharpe Avenue, Karratha : The company continues to benefit from the investment income generated from the leased property. The property is currently 85% leased. The company continues to actively market the remaining tenancies for rental.

Pelago East Residential - 26 Sharpe Avenue, Karratha : The company continues to benefit from the investment income generated from the leased property. The property is currently 60% leased. The company continues to actively market the remaining tenancies for rental.

6 Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on Page 17 and forms part of the Directors' Report for the six months ended 31 December 2016.

Dated at Perth this 22nd day of February 2017.

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



Darren Pateman
Managing Director

FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Six Months Ended 31 December 2016

	Note	31-Dec-16 $	31-Dec-15 $
Revenue		19,559,572	32,884,859
Cost of sales		(13,870,038)	(20,804,800)
Gross Profit		5,689,534	12,080,059
Other income	8	48,466	2,564,731
Recovery of costs in relation to disposal of shareholdings		-	271,938
Administrative expenses		(2,893,851)	(3,375,077)
Advertising expenses		(473,586)	(924,336)
Revaluation decrement of investment property		(2,963,137)	(5,323,111)
Rental expenses		(2,724,552)	(2,372,620)
Other expenses		-	(4,500)
Results from Operating Activities		(3,317,126)	2,917,084
Finance income		728,728	1,712,505
Finance costs		(444,097)	(1,046,258)
Net Finance Income		284,631	666,247
Share of (loss)/profit of Equity Accounted Investees (net of income tax)		(458,307)	4,343,451
(Loss)/Profit before Income Tax		(3,490,802)	7,926,782
Income tax benefit/(expense)	9	597,555	(1,000,073)
(Loss)/Profit for the period		(2,893,247)	6,926,709
Other comprehensive income			
Items which will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment		(457,213)	(847,239)
Income tax relating to components of other comprehensive income		137,164	254,172
Other comprehensive loss for the period, net of income tax		(320,049)	(593,067)
Total comprehensive (loss)/income for the period		(3,213,296)	6,333,642
(Loss)/Profit attributable to:			
Owners of the Group		(2,893,634)	6,862,948
Non-controlling interest		387	63,761
(Loss)/Profit for the period		(2,893,247)	6,926,709
Total comprehensive (loss)/income attributable to:			
Owners of the Group		(3,213,683)	6,269,881
Non-controlling interest		387	63,761
Total comprehensive (loss)/income for the period		(3,213,296)	6,333,642
Earnings per Share:			
Basic earnings per share (cents per share)		(1.25)	2.97
Diluted earnings per share (cents per share)		(1.25)	2.97
Dividends per share (cents per share)	12	4.00	6.00

The condensed notes on pages 9 to 13 are an integral part of these Condensed Consolidated Interim Financial Statements.

FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the Six Months Ended 31 December 2016

		Attributable to equity holders of the company					
		Share Capital	Retained Earnings	Asset Revaluation Reserve	Total	Non Controlling Interest	Total Equity
		$	$	$	$	$	$
Balance as at 1 July 2015		154,756,607	81,615,416	1,135,616	237,507,639	584,920	238,092,559
Total comprehensive income for the period							
Profit			6,862,948		6,862,948	63,761	6,926,709
Other comprehensive income				(593,067)	(593,067)		(593,067)
Transactions with owners, recognised directly in equity							
Issue of ordinary shares		3,721,911			3,721,911		3,721,911
Buyback of shares		(962,668)			(962,668)		(962,668)
Dividends to shareholders	Note 12		(13,738,329)		(13,738,329)	(337,500)	(14,075,829)
Balance as at 31 December 2015		157,515,850	74,740,035	542,549	232,798,434	311,181	233,109,615
Balance as at 1 July 2016		157,454,271	69,752,769	442,204	227,649,244	153,493	227,802,737
Total comprehensive income for the period							
Loss			(2,893,634)		(2,893,634)	387	(2,893,247)
Other comprehensive income				(320,049)	(320,049)		(320,049)
Transactions with owners, recognised directly in equity							
Issue of ordinary shares		207,500			207,500		207,500
Dividends to shareholders	Note 12		(9,263,791)		(9,263,791)	(45,909)	(9,309,700)
Balance as at 31 December 2016		157,661,771	57,595,344	122,155	215,379,270	107,971	215,487,241

Amounts are stated net of tax

FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Note	31-Dec-16 $	30-Jun-16 $
ASSETS			
Current Assets			
Cash and cash equivalents		33,967,599	28,063,370
Trade and other receivables		12,558,535	13,420,127
Inventories	10	151,060,252	100,537,596
Prepayments		664,422	492,687
Investments in Equity Accounted Investees		2,151,805	3,472,897
Other assets		188,599	230,419
Total Current Assets		200,591,212	146,217,096
Non Current Assets			
Trade and other receivables		27,673,788	28,936,041
Inventories	10	65,086,520	52,218,183
Investment property	11	89,199,135	92,180,077
Prepayments		140,150	319,500
Investments in Equity Accounted Investees		3,557,584	3,611,300
Property, plant and equipment		12,721,737	13,296,824
Deferred Tax Assets		1,389,143	82,404
Other assets		193,473	261,486
Total Non Current Assets		199,961,530	190,905,815
Total Assets		400,552,742	337,122,911
LIABILITIES			
Current Liabilities			
Trade and other payables		14,951,008	30,946,359
Loans and borrowings	13	114,085,746	22,673,824
Current tax payable		3,302,409	3,215,726
Employee benefits		319,148	334,871
Total Current Liabilities		132,658,311	57,170,780
Non Current Liabilities			
Loans and borrowings	13	52,370,771	52,115,997
Employee benefits		36,419	33,397
Total Non Current Liabilities		52,407,190	52,149,394
Total Liabilities		185,065,501	109,320,174
Net Assets		215,487,241	227,802,737
EQUITY			
Share capital		157,661,771	157,454,271
Retained earnings		57,595,344	69,752,769
Reserves		122,155	442,204
Total Equity Attributable to Holders of the Group		215,379,270	227,649,244
Non-controlling interest		107,971	153,493
Total Equity		215,487,241	227,802,737

The condensed notes on pages 9 to 13 are an integral part of these Condensed Consolidated Interim Financial Statements.

FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the Six Months Ended 31 December 2016

	31-Dec-16 $	31-Dec-15 $
Cash Flows from Operating Activities		
Cash receipts from customers	24,944,015	59,476,908
Cash paid to suppliers and employees	(99,566,740)	(103,069,327)
Cash used in Operating Activities	(74,622,725)	(43,592,419)
Interest paid	(597,066)	(1,444,817)
Income tax paid	(949,125)	(5,702,188)
Net Cash used in Operating Activities	(76,168,916)	(50,739,424)
Cash Flows from Investing Activities		
Interest received	303,847	1,832,145
Dividends received from equity accounted investees	916,500	6,161,350
Acquisition of property, plant and equipment	(6,743)	(745,242)
Proceeds from sale of investment property	-	(5,973)
Loans to/(repaid by) Equity Accounted Investees	593,450	8,655,860
Net Cash provided by Investing Activities	1,807,054	15,898,140
Cash Flows from Financing Activities		
Repurchase of own shares	-	(962,668)
Proceeds from borrowings	91,075,791	54,076,904
Repayment of borrowings	(1,500,000)	(32,315,643)
Dividends paid (net of DRP)	(9,263,791)	(10,306,418)
Dividends paid to non-controlling interest	(45,909)	(337,500)
Net Cash provided by Financing Activities	80,266,091	10,154,675
Net increase/(decrease) in cash and cash equivalents	5,904,229	(24,686,609)
Cash and cash equivalents at 1 July	28,063,370	68,998,846
Cash and Cash Equivalents at 31 December	33,967,599	44,312,237

FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Six Months Ended 31 December 2016

1 Reporting Entity

Finbar Group Limited (the 'Company') is a public company domiciled in Australia. These condensed consolidated interim financial statements of the Group as at and for the six months ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in equity accounted investees. The Group is primarily involved in property development and investment.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2016 are available on request from the Company's registered office at Level 6, 181 Adelaide Terrace, East Perth, WA, 6004 or can be downloaded from the Company's website at www.finbar.com.au.

2 Basis of Preparation

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001,* and with IAS 34 *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2016. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Group as at and for the year ended 30 June 2016.

The condensed consolidated interim financial statements were approved by the Board of Directors on 22nd day of February 2017.

3 Significant Accounting Policies

The accounting policies applied by the Group in these condensed interim financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 30 June 2016.

4 Judgements and Estimates

In preparing these condensed interim financial statements management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2016.

5 Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2016.

6 Changes in Accounting Policies

The Group's accounting policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2016.

7 Operating Segments

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

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

Information about Reportable Segments For the Six Months ended 31 December 2016	**Residential Apartment Development**	**Commercial Office/Retail Development**	**Rental of Property**	**Corporate**	**Total**
	$	**$**	**$**	**$**	**$**
External Revenues - Company and Subsidiaries	14,619,479	798,231	4,141,862	48,466	19,608,038
External Revenues - Equity Accounted Investees	3,761,682	295,000	3,939	-	4,060,621
External Revenues - Total	18,381,161	1,093,231	4,145,801	48,466	23,668,659
Reportable Segment Profit before Income Tax - Company and Subsidiaries	700,439	260,414	1,417,310	161,699	2,539,862
Reportable Segment Profit before Income Tax - Equity Accounted Investees	(582,140)	(66,583)	3,939	(4,554)	(649,338)
Reportable Segment Profit before Income Tax - Total	118,299	193,831	1,421,249	157,145	1,890,524
Information about Reportable Segments as at 31 December 2016					
Reportable Segment Assets - Company and Subsidiaries	224,568,887	8,895,391	90,187,436	22,649,140	346,300,854
Reportable Segment Assets - Equity Accounted Investees	20,114,931	3,587,783	-	-	23,702,714
Reportable Segment Liabilities - Company and Subsidiaries	130,639,329	3,475,515	46,946,207	702,041	181,763,092
Reportable Segment Liabilities - Equity Accounted Investees *	9,414,912	832,105	-	-	10,247,017
Capital Expenditure	-	-	-	6,743	6,743

Information about Reportable Segments For the Six Months ended 31 December 2015	**Residential Apartment Development**	**Commercial Office/Retail Development**	**Rental of Property**	**Corporate**	**Total**
	$	**$**	**$**	**$**	**$**
External Revenues - Company and Subsidiaries	24,658,179	1,775,099	5,336,039	3,680,273	35,449,590
External Revenues - Equity Accounted Investees	31,859,141	2,035,543	7,460	-	33,902,144
External Revenues - Total	56,517,320	3,810,642	5,343,499	3,680,273	69,351,734
Reportable Segment Profit before Income Tax - Company and Subsidiaries	4,569,753	146,389	2,963,419	3,935,711	11,615,272
Reportable Segment Profit before Income Tax - Equity Accounted Investees	5,967,518	187,483	7,460	42,647	6,205,108
Reportable Segment Profit before Income Tax - Total	10,537,271	333,872	2,970,879	3,978,358	17,820,380
Information about Reportable Segments as at 31 December 2015					
Reportable Segment Assets - Company and Subsidiaries	149,068,034	6,483,320	106,040,146	24,002,935	285,594,435
Reportable Segment Assets - Equity Accounted Investees	32,661,166	4,428,987	-	-	37,090,153
Reportable Segment Liabilities - Company and Subsidiaries	67,451,455	2,890,872	49,991,519	797,805	121,131,651
Reportable Segment Liabilities - Equity Accounted Investees *	16,673,328	821,053	-	-	17,494,381
Capital Expenditure	-	-	-	482,556	482,556

* Excludes Liabilities payable to Finbar Group

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

7 Operating Segments (continued)

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

	31-Dec-16 $	31-Dec-15 $
Revenues		
Total revenue for development reportable segments	19,559,572	31,769,317
Total revenue for other reportable segments	48,466	3,680,273
Consolidated Revenue	19,608,038	35,449,590
Total revenue for development reportable segments - Equity Accounted Investees	4,056,682	33,894,684
Total revenue for rental segments included in other income - Equity Accounted Investees	3,939	7,460
Total Reportable Segments Revenue	23,668,659	69,351,734
Profit or Loss		
Total profit or loss for reportable segments	1,890,524	17,820,380
Finance income - Company and Subsidiaries	728,728	1,712,505
Finance costs - Company and Subsidiaries	(444,097)	(1,046,258)
Unallocated amounts:		
Administrative expenses	(2,893,851)	(3,375,077)
Revaluation of investment property	(2,963,137)	(5,323,111)
Income tax applicable to share of profit of Equity Accounted Investees	191,031	(1,861,657)
Consolidated Profit before Income Tax	(3,490,802)	7,926,782

Assets	31-Dec-16	30-Jun-16
Total assets for reportable segments	346,300,854	288,322,533
Cash and cash equivalents	33,967,599	28,063,370
Investments in Equity Accounted Investees	5,709,389	7,084,197
Other assets *	14,574,900	13,652,811
Consolidated Total Assets	400,552,742	337,122,911
Liabilities		
Total liabilities for reportable segments	181,763,092	106,104,448
Other liabilities **	3,302,409	3,215,726
Consolidated Total Liabilities	185,065,501	109,320,174

Geographical Segments

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

* Includes receivables due to Finbar Group from Equity Accounted Investees

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

	Consolidated	
	31-Dec-16 $	31-Dec-15 $

8 Other Income

Administration Expenses	47,660	62,891
Commission income	806	801
Management Fees	-	2,501,039
Total Other Income	48,466	2,564,731

9 Income Tax Expense

The Group's consolidated effective tax rate in respect of continuing operations (excluding equity accounted investees) for the six months ended 31 December 2016 was 21.1% (2015 : 27.3%).

	31-Dec-16	30-Jun-16
10 Inventories		
Current		
Work in progress	123,406,158	65,689,696
Completed Stock	27,654,094	34,847,900
Total Current Inventories	151,060,252	100,537,596
Non Current		
Work in progress	65,086,520	47,096,303
Completed Stock	-	5,121,880
Total Non Current Inventories	65,086,520	52,218,183

11 Investment Property

All investment properties of the Group have been categorised on a Level 3 fair value basis under *AASB 13 Fair Value Measurement,* as some of the inputs required to value the properties are not based on "observable market data". The updated significant unobservable inputs for the discounted cash flow and capitalisation of income valuation techniques as at 31st December 2016 are detailed below. For all other significant assumptions/inputs used please refer to the 30 June 2016 annual financial statements.

Discounted cash flows:
- Expected market rental growth 1.5%-4.5%, weighted average 2.69%,
- Void periods (average 7.5 months after the end of each lease),
- Occupancy Rate 93.72%,
- Rent free periods (9-30 month period on certain new leases),
- Risk-adjusted discounted rates (weighted average 8.0%).

Capitalisation of income valuation :
- Capitalisation Rate 7.75%-11.0%
- Occupancy Rate 70.87%-93.72%

12 Capital and Reserves

Share Capital

	Company Ordinary shares	
	31-Dec-16	**31-Dec-15**
On issue at 1 July	231,594,772	229,169,977
Issued under Dividend Reinvestment Plan	-	3,091,810
Share buy back	-	(854,515)
Issued under Director Incentive Scheme	250,000	250,000
On Issue at 31 December - Fully Paid	231,844,772	231,657,272

Dividends

The following dividends were declared and paid by the Group:

	Cents per Share	**Total Amount $**	**Franked / Unfranked**	**Date of Payment**
Dividend Paid During the six months ended 31 December 2016				
Final 2016 ordinary	4.00	9,263,791	Franked	1 September 2016
Total Amount		9,263,791		
Dividend Paid During the six months ended 31 December 2015				
Final 2015 ordinary	6.00	13,738,329	Franked	24 September 2015
Total Amount		13,738,329		

13 Loans and Borrowings

.

The following loans and borrowings (non-current and current) were on hand at 31 December 2016:

Terms and debt repayment schedule			**31-Dec-16**	**30-Jun-16**
Terms and conditions of outstanding loans are as follows:				**$**
	Nominal Interest Rate	Financial Year of Maturity	Carrying Amount	Carrying Amount
Investor loans to subsidiaries (Unsecured)*	6.00%	2017	26,367,028	15,572,709
Investor loans to subsidiaries (Unsecured)*	6.00%	2017	1,804,795	1,750,425
Investor loans to subsidiaries (Unsecured)**		2017	2,350,690	2,350,690
Commercial bills (Secured)	BBSY+2.00%	2017	3,000,000	3,000,000
Commercial bills (Secured)	BBSY+1.50%	2018	11,690,200	-
Commercial bills (Secured)	BBSY+1.60%	2018	39,790,763	-
Commercial bills (Secured)	BBSY+1.60%	2018	29,082,270	-
Current			114,085,746	22,673,824
Commercial bills (Secured)	BBSY+2.00%	2018	17,892,550	19,392,550
Commercial bills (Secured)	BBSY+1.20%	2018	26,000,000	26,000,000
Investor loans to subsidiaries (Unsecured)**		2019	8,478,221	6,723,447
Non Current			52,370,771	52,115,997

* These are loans from land owners which are interest bearing

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

14 Capital and Other Commitments

Commitments and Contingent Liabilities		
Property Development		
Contracted but not provided for and payable:		
Within one year	68,252,177	126,869,734
Later than one year	-	6,451,087
Total Property Development Commitments	68,252,177	133,320,821

Group's Property Development Commitments including Equity Accounted Investees		
Contracted but not provided for and payable:		
Within one year	68,252,177	126,869,734
Later than one year	-	6,451,087
Total Property Development Commitments including Equity Accounted Investees	68,252,177	133,320,821

15 Related Parties

The following changes to related parties occurred in the reporting period:
On 31st August 2016, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of $207,500, which is repayable by 25th August 2021.

16 Subsequent Events

Other than the item below, there has not arisen in the interval between the end of the financial half-year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group, in future financial years.

On the 14th February 2017, Finbar Group Limited announced its decision to discontinue marketing the Civic Heart project in its current form and intends to redesign the project taking into account the recent new scheme amendment changes which are soon to be gazetted. A new project will be announced in the coming months and it is anticipated the project will be approved, launched and completed prior to the date in which Civic Heart would have been completed in its current form. This decision has not had an effect on the current financial position of the Group.

Directors' Declaration

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

1. The condensed consolidated interim financial statements and notes that are contained in Pages 5 to 13 are in accordance with the Corporations Act 2001, including:
   i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the six month period ended on that date; and
   ii) complying with Australian Accounting Standards AASB134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

2. there are reasonable grounds to believe that the Company will be able to pay their debts as and when they become due and payable.

Dated at Perth this 22nd day of February 2017.

Signed in accordance with a resolution of the Directors:



Darren Pateman
Managing Director

Independent Auditor's Review Report

To the shareholders of Finbar Group Limited

Report on the Interim Financial Report

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the ***Interim Financial Report*** of Finbar Group Limited is not in accordance with the *Corporations Act 2001*, including:

i) giving a true and fair view of the ***Group's*** financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

ii) complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

We have reviewed the accompanying Interim Financial Report of Finbar Group Limited.

The ***Interim Financial Report*** comprises:

- the condensed consolidated ***interim*** statement of financial position as at 31 December 2016
- condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date
- Notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises Finbar Group Limited (the Company) and the entities it controlled at the half-year end or from time to time during the half-year.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Profession Standards Legislation.

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Finbar Group Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

KPMG

Denise McComish
Partner

Perth

22 February 2017

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

To the Directors of Finbar Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2016 there have been:

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

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

KPMG

Denise McComish
Partner

Perth

22 February 2017

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.