Rule 4.3A

Appendix 4E

Preliminary final report
Period ending on or after 30 June 2018
For FINBAR GROUP LIMITED (ACN 009 113 473)

Results for Announcement to the Market

Introduced 01/01/03 Origin: Appendix 4B Amended 17/12/10, 01/01/12

The following information must be given to ASX under listing rule 4.3A.

1. Details of the reporting period and the previous corresponding period.
Refer to 30th June 2018 Financial Report attached

2. Key information in relation to the following. This information must be identified as ***"Results for announcement to the market".***

2.1 The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities.
Revenue $150,736,461 (2017: $123,709,314)
Percentage change 21.85% (2017: 20.51%)

2.2 The amount and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members.
Comprehensive Profit* $13,760,204 (2017: $5,062,123)
Percentage change 171.83% (2017: -37.74%)
***Profit for year less revaluation of property, plant and equipment recognised through reserves**.*

2.3 The amount and percentage change up or down from the previous corresponding period of net profit (loss) for the period attributable to members.
Comprehensive Profit* $13,760,204 (2017: 5,062,123)
Percentage change 171.83% (2017: -37.74%)
***Profit for year less revaluation of property, plant and equipment recognised through reserves**.*

2.4 The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends.
Final Dividend 2017 Paid during period: $0.03 (1 September 2017) (2016 $0.04)
Interim Dividend 2018 Paid during period: $0.03 (12 April 2018) (2017 $0.03)
Final Dividend 2018 Proposed $0.03

2.5 The record date for determining entitlements to the dividends (if any).
9 August 2018

2.6 A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.
Refer to attached information release

Note: The information required by item 2 must be placed at the beginning of the report. The other information may be presented in whatever way is most convenient, eg combined with the body of the report, combined with notes to the accounts, or set out separately.

+ See chapter 19 for defined terms.

3. A statement of comprehensive income together with notes to the statement, prepared in compliance with AASB 101 Presentation of Financial Statements or the equivalent foreign accounting standard.
Refer to 30th June 2018 Financial Report attached

Note: statement of comprehensive income may be referred to as profit and loss statement in certain jurisdictions.

4. A statement of financial position together with notes to the statement. The statement of financial position may be condensed but must report as line items each significant class of asset, liability, and equity element with appropriate sub-totals.
Refer to 30th June 2018 Financial Report attached

Note: statement of financial position may be referred to as balance sheet in certain jurisdictions.

5. A statement of cash flows together with notes to the statement. The statement of cash flows may be condensed but must report as line items each significant form of cash flow and comply with the disclosure requirements of AASB 107 Statement of Cash Flows, or for foreign entities, the equivalent foreign accounting standard.
Refer to 30th June 2018 Financial Report attached

6. A statement of retained earnings, or a statement of changes in equity, showing movements.
Refer to 30th June 2018 Financial Report attached

7. Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable and (if known) the amount per security of foreign sourced dividend or distribution.
Final Dividend 2017 paid 1 September 2017: $6,933,877
Interim Dividend 2018 paid 12 April 2018: $6,939,870
Final Dividend 2018 Declared to be paid 14 September 2018: $8,123,099

8. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.
The company has a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than being paid in cash. The DRP will be active for the Final Dividend 2018. Last date for the receipt of an election notice for participation in the DRP is 31 August 2018.

9. Net tangible assets per security with the comparative figure for the previous corresponding period.
$252,166,214/270,769,961 (issued capital) = $0.93 per share (2017 $0.93)

10. Details of entities over which control has been gained or lost during the period, including the following.
Refer to 30th June 2018 Financial Report attached

    10.1 Name of the entity.
    Refer to 30th June 2018 Financial Report attached

    10.2 The date of the gain or loss of control.
    Refer to 30th June 2018 Financial Report attached

+ See chapter 19 for defined terms.

10.3 Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.
Refer to 30th June 2018 Financial Report attached

11. Details of associates and joint venture entities including the following.

11.1 Name of the associate or joint venture entity.
Refer to 30th June 2018 Financial Report attached

11.2 Details of the reporting entity's percentage holding in each of these entities.
Refer to 30th June 2018 Financial Report attached

11.3 Where material to an understanding of the report - aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.
Refer to 30th June 2018 Financial Report attached

12. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.
Refer to 30th June 2018 Financial Report attached

13. For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Financial Reporting Standards).
Not applicable

14. A commentary on the results for the period. The commentary must be sufficient for the user to be able to compare the information presented with equivalent information for previous periods. The commentary must include any significant information needed by an investor to make an informed assessment of the entity's activities and results, which would include but not be limited to discussion of the following.
Refer to attached information release

14.1 The earnings per security and the nature of any dilution aspects.
Refer to 30th June 2018 Financial Report attached

14.2 Returns to shareholders including distributions and buy backs.
Refer to 30th June 2018 Financial Report attached

14.3 Significant features of operating performance.
Refer to 30th June 2018 Financial Report attached

14.4 The results of segments that are significant to an understanding of the business as a whole.
Refer to 30th June 2018 Financial Report attached

14.5 A discussion of trends in performance.
Refer to attached information release

14.6 Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified.
Refer to attached information release

15. A statement as to whether the report is based on [+]accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed.
Based on accounts that have been audited

Note: If the [+]accounts have been audited or subject to review, the audit report or review should be provided with the report.

16. If the [+]accounts have not yet been audited and are likely to contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph.
Not applicable

17. If the [+]accounts have been audited and contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph.
Not applicable

[+] See chapter 19 for defined terms.

ABN 97 009 113 473
ACN 009 113 473

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DIRECTORS' REPORT
For the Year Ended 30 June 2018

The Directors present their report together with the consolidated financial report of the Group, comprising Finbar Group Limited ('the Company'), its subsidiaries and the Group's interest in equity accounted investees for the financial year ended 30 June 2018 and the independent auditor's report thereon.

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DIRECTORS' REPORT (Continued)
For the Year Ended 30 June 2018

1 Directors

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

Executive Director and Chairman

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

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

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

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

Managing Director

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

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

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

Darren has held several positions in his 23 years with the company which has given Darren an intimate knowledge of the key aspects of Finbar's business. Darren was formerly Company Secretary from 1996 to 2010, Chief Executive Officer from 2008 to 2010, and was appointed Managing Director on 15 July 2010.

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

Executive Director and Chief Operations Officer

Ronald CHAN — Director since 24 February 2017

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

Ronald joined the Board as an Executive Director on 24 February 2017. Ronald brings 14 years of experience in Finbar's Company operations where he has worked in several roles in the organisation including marketing, contract administration, and in 2013 was appointed Chief Operations Officer. In this role Ronald has gained an intimate understanding of the Company's relationships and systems and managed the Company's transition to digital and online marketing strategies.

Non-executive Director

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

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

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

Non-executive Director

Yuun Yean TENG - B Comm, FCPA — Director since 17 December 2015 to 24 April 2018

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

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

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

Non-executive Director

Terence Siong Woon PEH - B.Comm, M.Comm — Director since 24 April 2018

Terence Peh joined the Board on 24 April 2018. Terence is Chief Executive Officer and Executive Director of Chuan Hup Holdings Limited, an investment company listed on the Singapore Stock Exchange, and Finbar's largest corporate shareholder. Terence is also the Executive Vice Chairman of PCI Limited, an electronics manufacturing services company listed on the Singapore Stock Exchange and a Director of Pacific Star Development Limited, and Asian-focussed property developer listed on the Singapore Stock Exchange.

Terence has over 18 years' experience in property development investment and project management in the Asia Pacific region, and has extensive financial management experience in the marine and electronics manufacturing and services industry.

Terence obtained his Bachelor of Commerce in Marketing from Curtin University and a Master of Commerce in Finance from the University of New South Wales.

Non-executive (Independent) Director

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

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

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

In addition to his legal practice, Lee is an experienced company director, having held positions in a variety of public and private enterprises. He has been a director of privately owned investment company Wyllie Group Pty Ltd since July 2004.

Lee is a member of the Australian Institute of Company Directors, the Law Society of WA and was previously Chairman of the Australian Indonesian Business Council (WA Branch).

DIRECTORS' REPORT (Continued)
For the Year Ended 30 June 2018

2 Company Secretary

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

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

Edward Bank is the Company Secretary of Finbar, and of Finbar's Subsidiaries and equity accounted investees. Ed is a Certified Practicing Accountant with 26 years experience in private practice including 8 years as the Company's external accountant. Ed joined the Company in 2005 in the capacity of Chief Financial Officer.

Ed continues to hold the position of Chief Financial Officer.

3 Directors' Meetings

The number of Directors' meetings attended by each of the Directors of the Company, whilst being a Director, during the financial year are:

Director	Board Meetings Held	Board Meetings Attended	Resolutions Without Meetings	Audit Committee Meetings Held	Audit Committee Meetings Attended	Remuneration Committee Meetings Held	Remuneration Committee Meetings Attended
John CHAN	5	5	3	N/A	N/A	2	2
Darren John PATEMAN	5	5	3	N/A	N/A	N/A	N/A
Ronald CHAN	5	5	3	N/A	N/A	N/A	N/A
Kee Kong LOH	5	4	3	1	1	2	2
Lee VERIOS	5	4	3	1	1	2	1
Yuun Yean TENG	4	3	3	1	1	2	2
Terence PEH	1	1	0	0	0	0	0

4 Corporate Governance Statement

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

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

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

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

4.1 Board of Directors

Role of the Board

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

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

DIRECTORS' REPORT (Continued)
For the Year Ended 30 June 2018

4 Corporate Governance Statement (continued)

4.1 Board of Directors (continued)

Composition of Board

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

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

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

Details of each of the non-executive Directors (Independent) are set out in the Directors Report (page 4).

4.2 Remuneration Committee

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

The following directors serve on the Remuneration Committee:

- Kee Kong LOH (Chairman) - Non-executive Director
- John CHAN - Executive Director and Chairman
- Lee VERIOS - Non-executive Independent Director
- Yuun Yean TENG - Non-executive Director (Up to 24 April 2018)
- Terence PEH - Non-executive Director (From 24 April 2018)

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

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

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

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

4.3 Remuneration Report - Audited

4.3.1 Principles of Remuneration

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

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group, including Directors of the Company and other Executives. Key management personnel comprise the Directors of the Company and Executives for the Company and the Group including the Section 300A Executives.

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

DIRECTORS' REPORT (Continued)
For the Year Ended 30 June 2018

4 Corporate Governance Statement (continued)

4.3 Remuneration Report - Audited (continued)

4.3.1 Principles of Remuneration - (continued)

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

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

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

Fixed Remuneration

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

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

Performance Linked Remuneration

Performance linked remuneration includes short-term incentives and can include long-term incentives, which are designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The short-term incentive (STI) is an 'at risk' bonus provided in the form of cash, whilst the long-term incentive (LTI) is provided as shares or options over ordinary shares of the Company under the rules of the Employee Incentive Plan 2013 and Director Share Plan 2014. As at 30 June 2018, there were no options on issue.

Short-term Incentive

The Remuneration Committee has elected to set the primary financial performance objective of 'profit before tax' as the key measure for the calculation of the short term incentives of key management personnel. The non-financial objectives vary with position and responsibility and include measures such as those outlined above. The STI for the current period was wholly based on a percentage of 'profit before tax'. Contractual amounts are accrued in the current year and discretionary amounts are accounted for in the year of payment. The contractual amount is set at 3.3% of 'profit before tax' for 2018 financial year.

At the end of the financial year the Remuneration Committee assess the actual performance of the Group, the relevant segment and the individual key management personnel contribution to the Group. The performance evaluation in respect of the year ended 30 June 2018 has taken place in accordance with this process.

Long-term Incentive

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

Short-term and Long-term Incentive Structure

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

Consequences of Performance on Shareholders Wealth

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

	2018	2017	2016	2015	2014
Total comprehensive income	$13,760,281	$5,058,710	$8,127,095	$25,828,642	$40,877,925
Profit before tax	$18,785,726	$10,369,453	$10,687,308	$31,699,466	$58,671,895
Dividends paid	$13,873,747	$16,219,134	$20,686,172	$22,770,213	$21,914,255
Change in share price	$0.14	-$0.03	-$0.36	-$0.44	$0.37
Return on capital employed	6.24%	4.76%	4.26%	11.58%	18.94%
Return on total equity	5.46%	2.34%	3.57%	10.85%	17.13%

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

DIRECTORS' REPORT (Continued)
For the Year Ended 30 June 2018

4 Corporate Governance Statement (continued)

4.3 Remuneration Report - Audited (continued)

4.3.1 Principles of Remuneration (continued)

Consequences of Performance on Shareholders Wealth (continued)

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

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

Directors

Total base remuneration for all Directors, last voted upon by shareholders at the November 2013 AGM, is not to exceed $360,000 per annum. Directors' base fees are presently $197,790 per annum. In line with industry practice, as from 1 July 2017 executive salaries were varied to be inclusive of all directors duties and responsibilities.

4.3.2 Directors' and Executive Officers' Remuneration

Details of the nature and amount of each major element of remuneration of each Director of the Company and of the named Group Executives who received the highest remuneration during the financial year ended 30 June 2018 are:

	Short-Term					Post - Employment		
	Directors Fees and Committee Fees	Salary	STI Cash Bonus (A)	Non Monetary Benefits	Total	Superannuation	Other Long Term	Total
	$	$	$	$	$	$	$	$
Executive Directors								
Mr John Chan, Executive Chairman	-	532,130	234,400	-	766,530	25,000	24,020	815,550
Mr Darren John Pateman, Managing Director	-	670,031	254,394	95,932	1,020,357	20,049	33,328	1,073,734
Mr Ronald Chan, Chief Operating Officer *	-	308,681	167,185	-	475,866	20,049	25,126	521,041
Non-executive Directors								
Mr Kee Kong Loh	76,105	-	-	-	76,105	-	-	76,105
Ms Yuun Yean Teng	53,660	-	-	-	53,660	-	-	53,660
Mr Terence Siong Woon Peh	12,270	-	-	-	12,270	-	-	12,270
Mr Lee Verios	69,661	-	-	-	69,661	6,444	-	76,105
Executives								
Mr Edward Guy Bank, CFO *	-	292,026	117,200	-	409,226	20,049	13,510	442,785
	211,696	1,802,868	773,179	95,932	2,883,675	91,591	95,984	3,071,250

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

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

* Excludes accrued annual leave balance of $136,614 (2017: $105,208)

** to 2nd December 2016

DIRECTORS' REPORT (Continued)
For the Year Ended 30 June 2018

4 Corporate Governance Statement (continued)

4.3 Remuneration Report - Audited (continued)

4.3.2 Directors' and Executive Officers' Remuneration (continued)

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

(A) Short-term Incentive Cash Bonus:
The short-term incentive bonus is for performance during the respective financial years using the criteria set out on Page 7.

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

On 29th October 2014, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of $360,000 which is repayable by 27th October 2019. The related benefit is disclosed in table 4.3.2 on page 8.

On 31st August 2015, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of $290,000 which is repayable by 31st August 2020. The related benefit is disclosed in table 4.3.2 on page 8.

On 25th August 2016, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of $207,500 which is repayable by 25th August 2021. The related benefit is disclosed in table 4.3.2 on page 8.

On 13th September 2017, 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 $202,500 which is repayable by 13th September 2022. The related benefit is disclosed in table 4.3.2 on page 8.

4.3.3 Analysis of Bonuses included in Remuneration

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

	Short Term Incentive Bonus	
	Included in Remuneration	% vested in year
	$	%
Executive Directors		
Mr John Chan	234,400	100%
Mr Darren John Pateman	254,394	100%
Mr Ronald Chan, COO	167,185	100%
Executives		
Mr Edward Guy Bank, CFO and Company Secretary	117,200	100%
	773,179	100%

Amounts included in remuneration for the financial year represent the amount of entitlements in the financial year based on achievement of personal goals and satisfaction of performance criteria, as per Short Term Incentives (page 7). Discretionary bonus payments of $99,970 relating to 2017 financial year was paid in the 2018 financial year. Any discretionary amounts of executive bonuses relating to 2018 financial year are yet to be determined, and therefore may impact future financial years.

4.3.4 Directors' and Executives Interests

Movement in Shares

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

	Held at 1 July 2017	Purchases	Sales	Held at 30 June 2018
Directors				
Mr John Chan*	25,815,932	751,588	-	26,567,520
Mr Darren John Pateman	3,287,981	298,387	-	3,586,368
Mr Ronald Chan*	4,876,444	190,773	-	5,067,217
Mr Kee Kong Loh	2,000,904	-	-	2,000,904
Ms Yuun Yean Teng (as at 24 April 2018)	-	-	-	-
Mr Terence Siong Woon Peh**	-	54,932,348	-	54,932,348
Mr Lee Verios	30,000	40,000	-	70,000
Executives				
Mr Edward Guy Bank	300,000	-	-	300,000

	Held at 1 July 2016	Purchases	Sales	Held at 30 June 2017
Directors				
Mr John Chan*	25,465,932	350,000	-	25,815,932
Mr Darren John Pateman	3,037,981	250,000	-	3,287,981
Mr Ronald Chan*	4,876,444	-	-	4,876,444
Mr Kee Kong Loh	2,000,904	-	-	2,000,904
Ms Yuun Yean Teng	-	-	-	-
Mr Lee Verios	30,000	-	-	30,000
Executives				
Mr Edward Guy Bank	300,000	-	-	300,000

* Both John Chan and Ronald Chan have interests in Forward International Pty Ltd which holds shares in Finbar Group.
** From date of appointment. Note: Shares are held by significant shareholder Chuan Hup Holdings Limited. Mr. Peh is a Director and shareholder of Chuan Hup Holdings Limited.

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

DIRECTORS' REPORT (Continued)
For the Year Ended 30 June 2018

4 Corporate Governance Statement (continued)

4.3 Remuneration Report - Audited (continued)

4.3.5 Equity Instruments

All options refer to options over ordinary shares of Finbar Group Limited issued under the Employee Incentive Plan 2013 or Director Share Plan 2014. As at 30 June 2018, there were no options on issue.

4.4 Audit Committee

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

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

The following directors serve on the Audit Committee:

- Lee VERIOS (Chairman) - Non-executive Independent Director
- Kee Kong LOH - Non-executive Director
- Yuun Yean TENG - Non-executive Director (Up to 28 April 2018)
- Terence Siong Woon PEH - Non-executive Director (From 28 April 2018)

4.5 Risk Management

Oversight of the Risk Management Procedures

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

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

Risk Management and Compliance Control

Comprehensive practices have been established to ensure:

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

Quality and Integrity of Personnel

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

Financial Reporting

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

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

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

Environmental Regulation

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

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

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

DIRECTORS' REPORT (Continued)
For the Year Ended 30 June 2018

4 Corporate Governance Statement (continued)

4.6 Ethical Standards

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

Conflict of Interest

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

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

Code of Conduct

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

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

Trading in General Company Securities by Directors and Employees

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

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

4.7 Communication with Shareholders

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

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

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

4.8 Diversity

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

Gender representation

	2018		2017	
	Female	**Male**	**Female**	**Male**
Board	-	100%	17%	83%
Key Management Personnel	-	100%	-	100%
Senior Management	50%	50%	50%	50%
Group	53%	47%	53%	47%

DIRECTORS' REPORT (Continued)
For the Year Ended 30 June 2018

5 Principal Activities

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

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

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

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

6 Operating and Financial Review

Operating Results	**2018**	**2017**
Total comprehensive income attributable to Owners of the Group	$13,760,204	$5,062,123

Shareholder Returns	**2018**	**2017**	**2016**	**2015**	**2014**
Total comprehensive income attributable to Owners of the Group	$13,760,204	$5,062,123	$8,130,113	$25,896,656	$36,526,868
Basic EPS	$0.06	$0.02	$0.04	$0.11	$0.16
Diluted EPS	$0.06	$0.02	$0.04	$0.11	$0.16
Dividends paid	$13,873,747	$16,219,134	$20,686,172	$22,770,213	$21,914,255
Dividends paid per share	$0.06	$0.07	$0.09	$0.10	$0.10
Market price per share	$0.94	$0.80	$0.83	$1.19	$1.63
Change in share price	$0.14	-$0.03	-$0.36	-$0.44	$0.37
Return on capital employed attributable to Owners of the Group	6.24%	4.76%	4.26%	11.60%	17.62%
Return on total equity attributable to Owners of the Group	5.46%	2.34%	3.57%	10.90%	15.79%

Dividends for 2018 were fully franked and it is expected that dividends in future years will continue to be fully franked.

Key transactions that contributed to the consolidated net profit of the Company for the 2018 financial year were the completion of the Aire Apartments in West Perth and the Aurelia Apartments in South Perth, sales and settlements of completed stock held at 30 June 2017 as well as the ongoing rental of the Company's commercial properties. See below for further information on the Company's project completions.

Review of Operations

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

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

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

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

The administration of the companies along with the operating, investment, and acquisitions decisions are made by Finbar's Board and Management. The Company employs 17 staff in its corporate offices in East Perth, Western Australia and 1 member of staff in its office in the Pilbara.

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

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

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

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

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

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

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

During the reporting period, Finbar Group issued an additional 38,013,843 shares for cash raising $34,681,318 of equity (Note 22). The Directors have also elected to reactivate the DRP in the 2018 financial year until further notice. Other than the capital raising, there were no significant changes in the composition of overall assets and liabilities, with movements in assets from non-current to current and movements in liabilities from non-current to current as projects reach completion. The Company continued to focus on the generation of sales and rental revenue through property development and investment.

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

DIRECTORS' REPORT (Continued)
For the Year Ended 30 June 2018

6 Operating and Financial Review (continued)

Completed Projects

Ecco - 262 Lord Street, Perth : 1 unit settled in the reporting period. 2 units remain for sale in the 98 unit development.

Subi Strand - Cnr Roydhouse Street & Hood Street, Subiaco : 4 units settled in the reporting period. The 264 unit development is fully sold.

Norwood - 280 Lord Street, Perth : 2 units have settled in the reporting period. The 63 unit development is fully sold.

Arbor North - Lot 1001-1003 Rowe Avenue, Rivervale : 2 units have settled in the reporting period. The 154 unit development is fully sold.

Unison on Tenth - 241 Railway Avenue, Maylands : 19 units have settled in the reporting period. The 169 unit development is fully sold.

Linq - 269 James Street, Northbridge : 17 units have settled in the reporting period. 9 units remain for sale in the 116 unit development.

Motive - 172 Railway Parade, West Leederville : 26 units have settled in the reporting period. 46 units remain for sale in the 143 unit development.

Concerto - 193 Adelaide Terrace, East Perth : 77 units settled in the reporting period. 38 units remain for sale in the 227 unit development.

Aurelia - 96 Mill Point Road, South Perth : Construction of the Aurelia project completed in the second half of the financial year. 90 units have settled in the reporting period. 36 units remain for sale in the 138 unit development.

Aire West Perth - 647-659 Murray Street, West Perth : Construction of the Aire project completed in the second half of the financial year. 168 units have settled in the reporting period. 52 units remain for sale in the 244 unit development.

Currently Under Construction

Vue Tower - 63 Adelaide Terrace, East Perth: Construction works continue to progress well at the Vue development, with completion expected during the financial year ending 30 June 2019. To date 131 sales have been achieved in the 249 unit development.

Reva - 5 Harper Terrace, South Perth: Construction works continue to progress well at the Reva development, with completion expected during the financial year ending 30 June 2019. To date 37 sales have been achieved in the 60 unit development.

Palmyra - 43 McGregor Road, Palmyra: Marketing and construction for the first stage of the two stage development has commenced in the reporting period. To date 54 sales have been achieved in the 128 unit development.

Sabina - 3-5 Kintail Road, Applecross : Marketing and construction for the first stage of the three stage development has commenced in the reporting period. To date 43 sales have been achieved in the 171 unit development.

Circa - Lot 1001-1003 Rowe Avenue Rivervale : Marketing of the Circa project continues to progress, with construction expected to commence in the financial year ending 30th June 2019. To date 13 sales have been achieved in the 132 unit development.

Future Projects

One Kennedy - 241 Railway Parade, Maylands : Development Approval has been received for the development of 180 one, two and three bedroom apartments plus two commercial lots on Kennedy Street, Maylands. Marketing of the Unison on Kennedy project is expected to commence in the financial year ending 30th June 2019.

Civic Heart - 1 Mends Street, South Perth : A scheme amendment that addresses site specific characteristics has been lodged with approval expected in 2019. Draft plans under the proposed amendment are being progressed that reflect a development outcome of approximately 320 apartments and 2750sqm of commercial space within a two tower structure over a podium.

3-5 Kintail Road, Applecross : Development Approval has been received for a three stage project comprising of 452 apartments and 9 commercial units. Marketing and construction has commenced on stage one of the project.

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 and construction has commenced on stage one of the project.

36 Chester Avenue, Dianella : The project is currently being redesigned.

239 Great Eastern Highway, Belmont : The project is currently being redesigned.

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

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 Circa 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 holds 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.

Investment Property

Fairlanes - 175 Adelaide Terrace, East Perth : The Fairlanes property has been revalued during the reporting period. The valuation resulted in a $2.85m 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 Commercial - 23 & 26 Sharpe Avenue, Karratha : The Pelago commercial property has been revaluded during the reporting period. The valuation resulted in a $155,000 increase to the value of the property.The company continues to benefit from the investment income generated from the leased property. The property is currently 69% leased. The company continues to actively market the remaining tenancies for rental.

Pelago Residential - 23 & 26 Sharpe Avenue, Karratha : The Pelago residential property has been revalued during the reporting period. The valuation resulted in a $245,000 increase to the value of the property. The company continues to benefit from the investment income generated from the leased property. The property is currently 91% leased. The company continues to actively market the remaining tenancies for rental.

Significant Changes in State of Affairs

Other than set out in this report, in the opinion of the Directors there were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

DIRECTORS' REPORT (Continued)
For the Year Ended 30 June 2018

7 Dividends

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

	Cents per Share	Total Amount $	Franked / Unfranked	Date of Payment
Dividends Paid During the Year 2018				
Final 2017 ordinary	3.00	6,933,877	Franked	1 September 2017
Interim 2018 ordinary	3.00	6,939,870	Franked	12 April 2018
Total Dividends Paid		13,873,747		

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

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

Final 2018 ordinary	3.00	8,123,099	Franked	14 September 2018
Total Dividend Proposed		8,123,099		

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2018 and will be recognised in subsequent financial reports.

	Note	$
Dealt with in the financial report as - Dividends	22	13,873,747

Dividend Reinvestment Plan
In accordance with Rule 13 of the Company's Dividend Reinvestment Plan (DRP), the Directors elected to reactivate the DRP in the 2018 financial year until further notice and as such the DRP will be active for the above mentioned dividend.

8 Events Subsequent to Reporting Date

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

9 Likely Developments

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

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

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

10 Directors' Interests

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

Director	Ordinary Shares
Mr John Chan	26,567,520
Mr Darren John Pateman	3,586,368
Mr Ronald Chan	5,067,217
Mr Kee Kong Loh	2,000,904
Ms Yuun Yean Teng (as at 24 April 2018)	-
Mr Terence Siong Woon Peh	54,932,348
Mr Lee Verios	70,000

DIRECTORS' REPORT (Continued)
For the Year Ended 30 June 2018

11 Indemnification and Insurance of Officers and Auditors

Indemnification

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

Insurance Premiums

During the financial year the Company has paid insurance premiums of $22,382 (2017: $20,639) in respect of Directors and Officers liability and legal expenses insurance contracts for Directors and Officers, including Executive Officers of the Company. The insurance premiums relate to:

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

12 Non-audit Services

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

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

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

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

	Consolidated	
	2018	**2017**
	$	**$**
Audit Services:		
Auditors of the Company		
Audit and review of the financial reports	174,425	151,750
Audit and review of the financial reports of equity accounted investees	6,750	-
	181,175	151,750
Services Other Than Statutory Audit:		
Taxation compliance services	18,543	21,730
	18,543	21,730

13 Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on Page 54 and forms part of the Directors' Report for the financial year ended 30 June 2018.

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



Darren Pateman
Managing Director

Dated at Perth this Twenty Second day of August 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Year Ended 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Revenue	7	150,736,461	123,709,314
Cost of sales		(120,828,162)	(92,742,881)
Gross Profit		29,908,299	30,966,433
Other income	8	1,356,785	629,754
Administrative expenses		(7,104,935)	(5,875,962)
Advertising expenses		(3,270,990)	(5,298,552)
Revaluation decrease of investment property	9	(2,027,338)	(5,829,578)
Rental Expenses	9	(4,696,474)	(4,288,551)
Results from Operating Activities		14,165,347	10,303,544
Finance income	11	2,675,006	1,459,942
Finance costs	11	(802,024)	(865,316)
Net Finance Income		1,872,982	594,626
Share of profit/(loss) of Equity Accounted Investees (net of income tax)	15	2,747,397	(528,717)
Profit before Income Tax		18,785,726	10,369,453
Income tax expense	12	(4,849,818)	(5,059,071)
Profit for the year		13,935,908	5,310,382
Other comprehensive income			
Items which will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment	9	(250,896)	(347,133)
Tax on items that will not be reclassified to profit or loss	12	75,269	95,461
Other comprehensive loss for the year, net of income tax		(175,627)	(251,672)
Total comprehensive income for the year		13,760,281	5,058,710
Profit attributable to:			
Owners of the Group		13,935,831	5,313,795
Non-controlling interest		77	(3,413)
Profit for the year		13,935,908	5,310,382
Total comprehensive income attributable to:			
Owners of the Group		13,760,204	5,062,123
Non-controlling interest		77	(3,413)
Total comprehensive income for the year		13,760,281	5,058,710
Earnings per Share:			
Basic earnings per share (cents per share)	23	5.84	2.29
Diluted earnings per share (cents per share)	23	5.84	2.29

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements set out on Pages 20 to 47.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2018

		Attributable to equity holders of the company				Non Controlling Interest	Total Equity
		Share Capital	Retained Earnings	Asset Revaluation Reserve	Total		
		$	$	$	$	$	$
Balance as at 1 July 2016		157,454,271	69,752,769	442,204	227,649,244	153,493	227,802,737
Total comprehensive income for the year							
Profit			5,313,795		5,313,795	(3,413)	5,310,382
Other comprehensive income			-	(251,672)	(251,672)	-	(251,672)
Transactions with owners, recognised directly in equity							
Issue of ordinary shares		207,500			207,500		207,500
Buyback of shares		(329,646)			(329,646)		(329,646)
Dividends to shareholders	Note 22		(16,219,134)		(16,219,134)	(48,977)	(16,268,111)
Balance as at 30 June 2017		157,332,125	58,847,430	190,532	216,370,087	101,103	216,471,190
Balance as at 1 July 2017		157,332,125	58,847,430	190,532	216,370,087	101,103	216,471,190
Total comprehensive income for the year							
Profit			13,935,831		13,935,831	77	13,935,908
Other comprehensive income			-	(175,627)	(175,627)	-	(175,627)
Transactions with owners, recognised directly in equity							
Issue of ordinary shares		36,195,623			36,195,623		36,195,623
Buyback of shares		(285,953)			(285,953)		(285,953)
Dividends to shareholders	Note 22		(13,873,747)		(13,873,747)	(101,180)	(13,974,927)
Balance as at 30 June 2018		193,241,795	58,909,514	14,905	252,166,214	-	252,166,214

Amounts are stated net of tax

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on Pages 20 to 47.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	21a	57,750,242	68,776,225
Trade and other receivables	19	39,494,544	16,395,830
Inventories	18	84,307,397	114,962,272
Prepayments	20	162,044	338,138
Investments in Equity Accounted Investees	15	2,556,405	442,476
Other assets	16	91,055	175,214
Total Current Assets		184,361,687	201,090,155
Non Current Assets			
Trade and other receivables	19	15,222,637	37,300,768
Inventories	18	60,604,201	73,125,915
Investment property	13	84,768,616	86,350,499
Prepayments	20	-	32,344
Investments in Equity Accounted Investees	15	1,509,117	1,881,003
Property, plant and equipment	14	10,611,799	12,421,242
Deferred Tax Assets	17	5,768,019	4,393,391
Other assets	16	66,202	101,089
Total Non Current Assets		178,550,591	215,606,251
Total Assets		362,912,278	416,696,406
LIABILITIES			
Current Liabilities			
Trade and other payables	26	42,017,421	41,434,058
Loans and borrowings	24	8,068,734	143,068,968
Current tax payable	17	2,591,294	3,156,885
Employee benefits	25	444,184	348,791
Total Current Liabilities		53,121,633	188,008,702
Non Current Liabilities			
Trade and other payables	26	6,742,156	-
Loans and borrowings	24	47,835,771	8,478,221
Deferred tax liabilities	17	3,046,504	3,738,293
Total Non Current Liabilities		57,624,431	12,216,514
Total Liabilities		110,746,064	200,225,216
Net Assets		252,166,214	216,471,190
EQUITY			
Share capital	22	193,241,795	157,332,125
Retained earnings	22	58,909,514	58,847,430
Reserves	22	14,905	190,532
Total Equity Attributable to Holders of the Group		252,166,214	216,370,087
Non-controlling interest		-	101,103
Total Equity		252,166,214	216,471,190

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements set out on Pages 20 to 47.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Cash Flows from Operating Activities			
Cash receipts from customers		234,900,772	155,234,430
Cash paid to suppliers and employees		(167,562,828)	(161,223,538)
Cash generated from/(used in) Operating Activities		67,337,944	(5,989,108)
Interest paid		(4,943,925)	(2,708,605)
Income tax paid		(7,118,687)	(5,596,258)
Net Cash generated from/(used in) Operating Activities	21b	55,275,332	(14,293,971)
Cash Flows from Investing Activities			
Interest received		3,556,901	975,813
Dividends received from Equity Accounted Investees		1,005,404	1,632,000
Acquisition of property, plant and equipment	14	(6,892)	(46,133)
Acquisition of other investments		(58)	-
Proceeds from loans to Equity Accounted Investees		365,677	(5,311,650)
Net Cash provided by/(used in) Investing Activities		4,921,032	(2,749,970)
Cash Flows from Financing Activities			
Proceeds from issue of share capital (net of DRP)	22	34,393,463	-
Repurchase of own shares	22	(285,953)	(329,646)
Proceeds from borrowings	24	41,617,031	136,829,373
Repayment of borrowings	24	(134,283,765)	(62,474,820)
Dividends paid (net of DRP)	22	(12,561,943)	(16,219,134)
Dividends paid to minority shareholders	22	(101,180)	(48,977)
Net Cash (used in)/provided by Financing Activities		(71,222,347)	57,756,796
Net (decrease)/increase in cash and cash equivalents		(11,025,983)	40,712,855
Cash and cash equivalents at 1 July		68,776,225	28,063,370
Cash and Cash Equivalents at 30 June	21a	57,750,242	68,776,225

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on Pages 20 to 47.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

1 Reporting Entity

Finbar Group Limited ('the Company') is a public company domiciled in Australia. The address of the Company's registered office is Level 6, 181 Adelaide Terrace, East Perth, WA 6004. The consolidated financial statements of the Group as at and for the year ended 30 June 2018 comprise the Company, its Subsidiaries (together referred to as 'the Group' and individually as 'Group entities') and the Group's interest in equity accounted investees. The Group is a for-profit entity and is primarily involved in residential property development and property investment (see Note 6).

2 Basis of Preparation

(a) Statement of Compliance

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

The consolidated financial statements were approved by the Board of Directors on 22nd August 2018.

(b) Basis of Measurement

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

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

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

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

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

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

(i) Assumptions and estimation uncertainties

Information about assumptions made in measuring fair values and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending 30 June 2018 are included in the following notes:

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

(ii) Measurement of fair values

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

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

Significant valuation issues are reported to the Audit Committee.

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

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

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

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

(e) Changes in Accounting Policies

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

3 Significant Accounting Policies

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

(a) Basis of Consolidation

(i) Subsidiaries

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

(ii) Equity Accounted Investees

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

(iii) Joint Operations

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

(iv) Transactions Eliminated on Consolidation

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

(b) Financial Instruments

(i) Non-derivative Financial Instruments

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

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

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

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

Other

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

(ii) Derivative Financial Instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

3 Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

(iii) Share Capital

Ordinary shares

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

Repurchase of share capital

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

Dividends

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

(c) Property, Plant and Equipment

(i) Recognition and Measurement

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

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

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

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

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

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

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

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

(ii) Reclassification to Investment Property

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

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

(iii) Subsequent Costs

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

(iv) Revaluation Model for Property

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

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

(v) Depreciation and Amortisation

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

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

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

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

(d) Investment Property

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

3 Significant Accounting Policies (continued)

(e) Inventories

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

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

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

Current and Non-current Inventory Assets

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

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

All other inventory is treated as non-current.

(f) Impairment

(i) Financial Assets (Including Receivables)

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

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

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

(ii) Non-financial Assets

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

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

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

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

(g) Employee Benefits

(i) Superannuation Contributions

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

(ii) Long-term Employee Benefits

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

(iii) Termination Benefits

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

(iv) Short-term Employee Benefits

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

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

(v) Share-based Payment Transactions

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

(h) Provisions

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

3 Significant Accounting Policies (continued)

(i) Revenue

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

(i) Property Development Sales

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

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

(ii) Property Development Supervision Fees

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

(iii) Management Fee Revenue

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

(iv) Commissions

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

(v) Rental Income

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

(j) Finance Income and Finance Costs

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

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

(k) Income Tax

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

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

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

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

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

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

(l) Goods and Services Tax

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

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

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

(m) Earnings per Share

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

3 Significant Accounting Policies (continued)

(n) Segment Reporting

Determination and Presentation of Operating Segments

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

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

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

(o) New Standards and Interpretations

(i) New accounting standards and interpretations effective from 1 July 2017

The Group's financial statements have been prepared on the basis of accounting policies consistent with those in the prior year except for a number of minor amendments issued by the AASB which have been applied for the first time in the 30 June 2018 reporting period. These new pronouncements do not have a material impact on the Group's financial statements.

(ii) New Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not effective for the 30 June 2018 reporting period. The Group's preliminary assessment of the impact of those new standards and interpretations considered relevant to the Group are set out below. The Group does not intend to early adopt any of the new standards or interpretations.

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

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

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

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

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

4 Determination of Fair Values

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

(a) Investment Property and Property carried at fair value

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

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

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

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

(b) Trade and Other Receivables

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

(c) Derivatives

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

4 Determination of Fair Values (continued)

(d) Share-based Payment Transactions

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

(e) Financial Guarantees

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

5 Financial Risk Management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk Management Framework

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

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

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

Credit Risk

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

Trade and Other Receivables

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

The demographics of the Group's customer base has little or no influence on credit risk. Approximately 7.09% (2017: 7.48%) of the Group's revenue is attributable to multiple sales transactions with single customers.

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

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

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

Liquidity Risk

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

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

Market Risk

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

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

Interest Rate Risk

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

Capital Management

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

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a return on assets of between 6.00% and 8.00%; for the year ended 30 June 2018 the return was 2.62% (2017: 2.61%). In comparison the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 2.51% (2017: 2.51%).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

5 Financial Risk Management (continued)

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

	2018	2017
	$	$
Total liabilities	110,746,064	200,225,216
Less: Cash and cash equivalents	57,750,242	68,776,225
Net Debt	52,995,822	131,448,991
Total equity	252,166,214	216,471,190
Less:		
Capital	252,166,214	216,471,190
Debt-to capital ratio at 30 June	0.21	0.61

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

Dividend Reinvestment Plan (DRP) was in place for interim distribution for the year ending 30 June 2018 and the preceding year. A discount of 5% was applied to shares issued under the DRP in accordance with the DRP rules stating the discount may not exceed 10%.

6 Operating Segments

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

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

Information about Reportable Segments For the Year ended 30 June 2018	**Residential Apartment Development**	**Commercial Office/Retail Development**	**Rental of Property**	**Corporate**	**Total**
	$	$	$	$	$
External Revenues - Company and Subsidiaries	136,432,960	4,018,366	9,013,824	2,628,096	152,093,246
External Revenues - Equity Accounted Investees	24,074,722	8,303,046	600	-	32,378,368
External Revenues - Total	160,507,682	12,321,412	9,014,424	2,628,096	184,471,614
Reportable Segment Profit before Income Tax - Company and Subsidiaries	7,314,472	365,274	3,478,727	12,139,146	23,297,619
Reportable Segment Profit before Income Tax - Equity Accounted Investees	2,974,746	980,572	(955)	(14,650)	3,939,713
Reportable Segment Profit before Income Tax - Total	10,289,218	1,345,846	3,477,772	12,124,496	27,237,332
Reportable Segment Assets - Company and Subsidiaries	149,994,264	19,855,123	85,008,511	20,317,972	275,175,870
Reportable Segment Assets - Equity Accounted Investees	25,240,109	3,197,855	-	-	28,437,964
Reportable Segment Liabilities - Company and Subsidiaries	61,922,475	1,755,258	39,731,772	1,698,765	105,108,270
Reportable Segment Liabilities - Equity Accounted Investees*	11,272,908	1,148,931	-	4,559	12,426,398
Capital Expenditure	-	-	-	6,892	6,892

Information about Reportable Segments For the Year ended 30 June 2017	**Residential Apartment Development**	**Commercial Office/Retail Development**	**Rental of Property**	**Corporate**	**Total**
	$	$	$	$	$
External Revenues - Company and Subsidiaries	112,649,522	2,458,246	8,250,472	980,828	124,339,068
External Revenues - Equity Accounted Investees	6,995,010	1,017,273	71,807	-	8,084,090
External Revenues - Total	119,644,532	3,475,519	8,322,279	980,828	132,423,158
Reportable Segment Profit before Income Tax - Company and Subsidiaries	13,706,787	(145,733)	3,961,921	4,486,108	22,009,083
Reportable Segment Profit before Income Tax - Equity Accounted Investees	(831,459)	(11,559)	71,807	(19,352)	(790,563)
Reportable Segment Profit before Income Tax - Total	12,875,328	(157,292)	4,033,728	4,466,756	21,218,520
Reportable Segment Assets - Company and Subsidiaries	197,375,777	12,505,328	87,013,438	21,987,972	318,882,515
Reportable Segment Assets - Equity Accounted Investees	27,425,182	2,370,813	-	-	29,795,995
Reportable Segment Liabilities - Company and Subsidiaries	141,431,012	5,357,907	45,520,719	1,020,403	193,330,041
Reportable Segment Liabilities - Equity Accounted Investees*	17,430,376	207,368	-	-	17,637,744
Capital Expenditure	-	-	-	46,133	46,133

* 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

6 Operating Segments (continued)

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

	2018 $	2017 $
Revenues		
Total revenue for development reportable segments	140,451,326	115,107,768
Total revenue for rental segments	9,013,824	8,250,472
Total revenue for other reportable segments	2,628,096	980,828
Consolidated Revenue	152,093,246	124,339,068
Total revenue for development reportable segments - Equity Accounted Investees	32,377,768	8,012,283
Total revenue for rental segments - Equity Accounted Investees	600	71,807
Total Reportable Segments Revenue	184,471,614	132,423,158
Profit or Loss		
Total profit or loss for reportable segments	27,237,332	21,218,520
Finance income - Company and Subsidiaries	2,675,006	1,459,942
Finance costs - Company and Subsidiaries	(802,024)	(865,316)
Unallocated amounts:		
Administrative expenses	(7,104,935)	(5,875,962)
Revaluation of investment property	(2,027,338)	(5,829,578)
Income tax applicable to share of profit of Equity Accounted Investees	(1,192,315)	261,847
Consolidated Profit before Income Tax	18,785,726	10,369,453
Assets		
Total assets for reportable segments	275,175,870	318,882,515
Cash and cash equivalents	57,750,242	68,776,225
Investments in Equity Accounted Investees	4,065,522	2,323,479
Other assets*	25,920,644	26,714,187
Consolidated Total Assets	362,912,278	416,696,406
Liabilities		
Total liabilities for reportable segments	105,108,270	193,330,041
Other liabilities	5,637,794	6,895,175
Consolidated Total Liabilities	110,746,064	200,225,216

Geographical information

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

* Includes receivables due to Finbar Group from Equity Accounted Investees

7 Revenue

Property development sales	140,451,326	115,107,768
Rental Income	9,013,824	8,250,472
Supervision and management fees	1,271,311	351,074
Total Revenue	150,736,461	123,709,314

8 Other Income

Administration fees	60,834	98,497
Commission income	1,334	1,531
Management fees	1,294,604	529,282
Other	13	444
Total Other Income	1,356,785	629,754

9 Other Expenses

Revaluation decrease of investment property	2,027,338	5,829,578
Rental property expenses	4,696,474	4,288,551
Total Other Expenses	6,723,812	10,118,129
Revaluation decrease of property, plant and equipment (reported as other comprehensive income)	250,896	347,133

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10 Personnel Expenses

	2018	2017
	$	$
Wages and salaries	4,048,292	3,320,402
Superannuation contributions	224,490	237,374
Increase/(Decrease) in liability for annual leave	6,937	(54,687)
Increase in liability for long service leave	88,456	35,209
Directors and committee fees	211,696	386,786
Non Executive Directors - superannuation contributions	6,444	6,444
Total Personnel Expenses	4,586,315	3,931,528

11 Finance Income and Finance Costs

Recognised in Profit or Loss

Interest income on loans to Equity Accounted Investees	1,893,982	557,967
Interest income on loans	445,816	439,112
Interest income on bank deposits	316,573	423,003
Interest income on property settlements	18,635	39,860
Total Finance Income	2,675,006	1,459,942
Interest expense	794,023	855,017
Bank charges	8,001	10,299
Total Finance Costs	802,024	865,316
Net Finance Income	1,872,982	594,626

Analysis of Finance Costs

Total finance costs	2,864,690	4,518,011
Less:		
Finance costs capitalised to inventory	(1,381,969)	(3,549,977)
Add:		
Finance costs relating to property developments sold	943,149	2,091,073
	2,425,870	3,059,107
Made up of:		
Finance costs relating to property developments sold	1,623,846	2,193,791
Finance costs relating to administration	8,595	10,299
Finance costs relating to rental properties	793,429	855,017
	2,425,870	3,059,107

12 Income Tax Expense

Recognised in Income Statement		
Current Tax Expense		
Current year	6,879,356	4,136,262
Income tax recognised directly to equity	57,573	4,841
Adjustments for prior periods	(154,644)	(71,170)
Write off of previously recognised tax assets	182,546	1,506,315
Non-recoverable amounts	8,976	60,358
	6,973,807	5,636,606
Deferred Tax Expense Movement		
Origination and reversal of temporary differences	(2,123,989)	(577,535)
	(2,123,989)	(577,535)
Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	4,849,818	5,059,071
Income tax relating to components of other comprehensive income	(75,269)	(95,461)
Total Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	4,774,549	4,963,610

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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12 Income Tax Expense (continued)

	2018 $	2017 $
Numerical Reconciliation between Tax Expense and Pre-tax Net Profit		
Profit for the year	13,935,908	5,310,382
Total income tax expense	4,849,818	5,059,071
Profit before Income Tax	18,785,726	10,369,453
Income tax using the domestic rate of 30% (2017: 30%)	5,635,718	3,110,836
Adjustment for effect of small proprietary* tax rate of 27.5% (2017:27.5%)	(6)	276,338
Increase in income tax expense due to:		
Non-deductible expenses	1,447	17,779
Non-recoverable amounts	8,976	60,358
Write off of previously recognised tax assets	182,546	1,506,315
Decrease in income tax expense due to:		
Tax effect of share of equity accounted investees (profit)/loss	(824,219)	158,615
Total Income Tax Expense	5,004,462	5,130,241
Over provided in prior years	(154,644)	(71,170)
Total Income Tax Expense	4,849,818	5,059,071
Made up of:		
Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	4,849,818	5,059,071
Income tax relating to components of other comprehensive income	(75,269)	(95,461)
	4,774,549	4,963,610
Income Tax Recognised Directly in Equity		
Decrease in income tax expense due to:		
Tax incentives not recognised in income statement	(57,573)	(4,841)
Total Income Tax Recognised Directly in Equity	(57,573)	(4,841)

* Represent small proprietary subsidiaries which deregistered during the financial period

13 Investment Property

13a Reconciliation of Carrying Amount

Balance at 1 July	86,350,499	92,180,077
Transferred to Property, Plant and Equipment	445,455	-
Change in fair value	(2,027,338)	(5,829,578)
Balance at 30 June	84,768,616	86,350,499

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

13b Measurement of fair values

(i) Fair Value Hierarchy

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

The fair value measurement for investment property of $84,768,616 has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2(d)).

(ii) Level 3 Fair Value

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

(iii) Valuation technique and significant unobservable inputs

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

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cash flows able to be generated from the property taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs, such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.	Expected market rental growth 1.5% - 4.0%; Weighted average 2.39%; Void periods (average 8.7 months after the end of each lease); Occupancy rate 95.43%; Rent-free periods (9 - 60 month period on certain new leases); and Risk-adjusted discounted rates (weighted average 7.75%).	The estimated fair value would increase (decrease) if: Expected market rental growth were higher (lower); Void periods were shorter (longer); Occupancy rate were higher (lower); Rent-free periods were shorter (longer); or Risk-adjusted discount rate were lower (higher).
Capitalisation of income valuation: The capitalisation of income valuation method capitalises the current rent received, at a rate analysed from the most recent transactions of comparable property investments. The capitalisation rate used varies across properties. Valuations reflect, where appropriate, lease term remaining, the relationship of current rent to the market rent, location and prevailing investment market conditions.	Adopted capitalisation rate 8.0% - 10.0%; Gross rent per annum $269 - $600 per sqm; Occupancy rate 69.08% - 87.29%; and Lease term remaining (years) 0.05 - 9.5.	The estimated fair value would increase (decrease) if: Adopted capitalisation rate were higher (lower); Gross rent per annum were higher (lower); Occupancy rate were higher (lower); or Lease term remaining were longer (shorter).

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14 Property, Plant and Equipment

	Property	Office Furniture and Equipment	Plant and Equipment	Fixtures and Fittings	Total
Cost or Valuation	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2016	7,630,835	753,750	10,067,836	91,226	18,543,647
Additions	-	11,989	34,144	-	46,133
Change in fair value	(534,058)	-	-	-	(534,058)
Balance at 30 June 2017	7,096,777	765,739	10,101,980	91,226	18,055,722
Balance at 1 July 2017	7,096,777	765,739	10,101,980	91,226	18,055,722
Additions	-	6,892	-	-	6,892
Transferred to investment property	(445,455)	-	-	-	(445,455)
Change in fair value	(422,662)	-	-	-	(422,662)
Balance at 30 June 2018	6,228,660	772,631	10,101,980	91,226	17,194,497
Depreciation	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2016	-	449,750	4,744,029	53,044	5,246,823
Revaluation	(186,925)	-	-	-	(186,925)
Depreciation and amortisation charge for the year	186,925	60,122	319,899	7,636	574,582
Balance at 30 June 2017	-	509,872	5,063,928	60,680	5,634,480
Balance at 1 July 2017	-	509,872	5,063,928	60,680	5,634,480
Revaluation	(171,766)	-	-	-	(171,766)
Depreciation and amortisation charge for the year	171,766	46,425	895,684	6,109	1,119,984
Balance at 30 June 2018	-	556,297	5,959,612	66,789	6,582,698
Carrying Amounts	**$**	**$**	**$**	**$**	**$**
At 1 July 2016	7,630,835	304,000	5,323,807	38,182	13,296,824
At 30 June 2017	7,096,777	255,867	5,038,052	30,546	12,421,242
At 1 July 2017	7,096,777	255,867	5,038,052	30,546	12,421,242
At 30 June 2018	6,228,660	216,334	4,142,368	24,437	10,611,799

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

	Property
Revalued assets at deemed cost	
Cost	6,870,672
Less accumulated depreciation	(1,059,304)
Net book value at 30 June 2018	5,811,368

Measurement of fair values

(i) Fair Value Hierarchy

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

The fair value measurement for property of $6,228,660 has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2(d)).

(ii) Level 3 Fair Value

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

	2018	2017
	$	$
Balance at 1 July	7,096,777	7,630,835
Acquisitions and reclassifications from investment property and inventory	(445,455)	-
Revaluation loss included in 'other comprehensive income'	(250,896)	(347,133)
Depreciation	(171,766)	(186,925)
Balance at 30 June	6,228,660	7,096,777

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14 Property, Plant and Equipment (continued)

Measurement of fair values (continued)

(iii) Valuation technique and significant unobservable inputs

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

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cash flows able to be generated from the property taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs, such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.	Expected market rental growth 1.5% - 4.0%; Weighted average 2.39%; Void periods (average 8.7 months after the end of each lease); Occupancy rate 95.43%; Rent-free periods (9 - 60 month period on certain new leases); and Risk-adjusted discounted rates (weighted average 7.75%).	The estimated fair value would increase (decrease) if: Expected market rental growth were higher (lower); Void periods were shorter (longer); Occupancy rate were higher (lower); Rent-free periods were shorter (longer); or Risk-adjusted discount rate were lower (higher).
Capitalisation of income valuation: The capitalisation of income valuation method capitalises the current rent received, at a rate analysed from the most recent transactions of comparable property investments. The capitalisation rate used varies across properties. Valuations reflect, where appropriate, lease term remaining, the relationship of current rent to the market rent, location and prevailing investment market conditions.	Adopted capitalisation rate 8.0% - 10.0%; Gross rent per annum $269 - $600 per sqm; Occupancy rate 69.08% - 87.29%; and Lease term remaining (years) 0.05 - 9.5.	The estimated fair value would increase (decrease) if: Adopted capitalisation rate were higher (lower); Gross rent per annum were higher (lower); Occupancy rate were higher (lower); or Lease term remaining were longer (shorter).

15 Investments in Equity Accounted Investees

The Group's share of profit/(loss) in Equity Accounted Investees for the year was $2,747,397 (2017: ($528,717)).

Equity Accounted Investees

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

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

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

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

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15 Investments in Equity Accounted Investees (continued)

Equity Accounted Investees Assets

2018	Ownership	Current Assets	Non-current Assets	Total Assets
		$	$	$
36 Chester Avenue Pty Ltd	50.00%	4,177	14,585,214	14,589,391
Rowe Avenue Pty Ltd	50.00%	817	3,954,056	3,954,873
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50.00%	222,459	6,378,877	6,601,336
Roydhouse Street Subiaco Pty Ltd	50.00%	490,788	-	490,788
647 Murray Street Pty Ltd	50.00%	32,514,391	1,432,761	33,947,152
Finbar Sub 5050 Pty Ltd	50.00%	48	892	940
Axis Linkit Pty Ltd	50.00%	499	240	739
		33,233,179	26,352,040	59,585,219

Equity Accounted Investees Liabilities

2018	Ownership	Current Liabilities	Non-current Liabilities	Total Liabilities
		$	$	$
36 Chester Avenue Pty Ltd	50.00%	69,051	14,785,917	14,854,968
Rowe Avenue Pty Ltd	50.00%	40,125	349,002	389,127
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50.00%	6,629,823	250,284	6,880,107
Roydhouse Street Subiaco Pty Ltd	50.00%	56,175	-	56,175
647 Murray Street Pty Ltd	50.00%	28,406,620	862,336	29,268,956
Finbar Sub 5050 Pty Ltd	50.00%	-	3,643	3,643
Axis Linkit Pty Ltd	50.00%	-	1,200	1,200
		35,201,794	16,252,382	51,454,176

Profit/(Loss) Before Income Tax Recognised from Equity Accounted Investees

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

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15 Investments in Equity Accounted Investees (continued)

Profit/(Loss) Before Income Tax Recognised from Equity Accounted Investees

		Revenues	Expenses	Profit/(Loss) before income tax
		$	$	$
2018	**Ownership**			
406 & 407 Newcastle Street Pty Ltd (De-registered 15 November 2017)	50.00%	5	59	(54)
36 Chester Avenue Pty Ltd	50.00%	122	10,235	(10,113)
Rowe Avenue Pty Ltd	50.00%	2,423	5,996	(3,573)
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50.00%	832,773	1,483,840	(651,067)
Roydhouse Street Subiaco Pty Ltd	50.00%	2,206,466	2,143,688	62,778
647 Murray Street Pty Ltd	50.00%	61,754,883	53,272,126	8,482,757
Finbar Sub 5050 Pty Ltd	50.00%	-	502	(502)
Axis Linkit Pty Ltd	50.00%	19	820	(801)
		64,796,691	56,917,266	7,879,425

16 Other Assets

	2018 $	2017 $
Current		
Capitalised lease incentives	91,055	175,214
Total Current Other Assets	91,055	175,214
Non Current		
Capitalised lease incentives	66,202	101,089
Total Non Current Other Assets	66,202	101,089

17 Tax Assets and Liabilities

The current tax liability for the Group of $2,591,294 (2017: $3,156,885) represents the amount of income taxes payable in respect of current and prior periods.

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

	Assets		Liabilities	
	2018	2017	2018	2017
	$	$	$	$
Inventories	(1,176,602)	(1,078,552)	(6,949,672)	(7,170,607)
Interest bearing loans and borrowings	509,946	922,021	-	-
Revaluation of investment property	2,770,969	2,709,612	-	(529,999)
Other items	280,976	291,375	2,482,487	1,451,281
Tax value of carry-forward losses recognised	4,803,411	4,059,968	-	-
Tax assets/(liabilities)	7,188,700	6,904,423	(4,467,185)	(6,249,325)
Set off of tax	(1,420,681)	(2,511,032)	1,420,681	2,511,032
Net Tax	5,768,019	4,393,391	(3,046,504)	(3,738,293)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18 Inventories

	2018 $	2017 $
Current		
Work in progress	31,395,917	37,254,073
Completed stock	52,911,480	77,708,199
Total Current Inventories	84,307,397	114,962,272
Non Current		
Work in progress	40,093,105	45,579,688
Completed stock	20,511,096	27,546,227
Total Non Current Inventories	60,604,201	73,125,915

19 Trade and Other Receivables

Current		
Trade receivables	19,338,973	16,395,830
Other receivables	8,380,000	-
Amounts receivable from equity accounted investees	11,775,571	-
Total Current Trade and Other Receivables	39,494,544	16,395,830
Non Current		
Other receivables	6,845,583	14,979,970
Amounts receivable from equity accounted investees	8,377,054	22,320,798
Total Non Current Trade and Other Receivables	15,222,637	37,300,768

Amounts receivable from equity accounted investees bear interest at BBSY plus agreed margin.

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

20 Prepayments

Prepayment of operating expenses	162,044	370,482
Total Prepayments	162,044	370,482
Current	162,044	338,138
Non Current	-	32,344
	162,044	370,482

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

21a Cash and Cash Equivalents

	2018	2017
	$	$
Bank balances	57,750,242	68,776,225
Cash and Cash Equivalents in the Statement of Cash Flows	57,750,242	68,776,225

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

21b Reconciliation of Cash Flows from Operating Activities

Cash Flows from Operating Activities			
Profit for the year		13,935,908	5,310,382
Adjustments for:			
Other comprehensive income for the year, net of income tax			
Depreciation and amortisation	14	1,119,984	574,582
Revaluation of investment property	9	2,027,338	5,829,578
Net financing income	11	(1,880,983)	(594,626)
Share of net profit of equity accounted investees		(2,747,397)	528,717
Income tax expense	12	4,849,818	5,059,071
Operating Profit before Changes in Working Capital and Provisions		17,304,668	16,707,704
Change in trade and other receivables		(772,663)	1,725,669
Change in current inventories	18	30,654,875	(14,424,676)
Change in non-current inventories	18	12,521,714	(20,907,732)
Change in prepayments	20	208,438	441,705
Change in provision for employee benefits	25	95,393	(19,477)
Change in current trade and other payables	26	583,363	10,487,699
Change in non-current trade and other payables	26	6,742,156	-
Cash generated from/(used in) Operating Activities		67,337,944	(5,989,108)
Interest paid		(4,943,925)	(2,708,605)
Income taxes paid		(7,118,687)	(5,596,258)
Net Cash generated from/(used in) Operating Activities		55,275,332	(14,293,971)

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

22 Capital and Reserves

Share Capital

	Company Ordinary Shares	
	2018	2017
On issue at 1 July	231,428,983	231,594,772
Issued under Dividend Reinvestment Plan	1,426,877	-
Issued for cash	38,013,843	-
Issued under Director Share Plan	250,000	250,000
Bought back for cash	(349,742)	(415,789)
On Issue at 30 June - Fully Paid	270,769,961	231,428,983

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

22 Capital and Reserves (continued)

Dividends

Dividends recognised in the current year by the Group are:

	Cents per Share	Total Amount $	Franked / Unfranked	Date of Payment
Dividends Paid During the Year 2018				
Final 2017 ordinary	3.00	6,933,877	Franked	1 September 2017
Interim 2018 ordinary	3.00	6,939,870	Franked	12 April 2018
Total Amount		13,873,747		
Dividends Paid During the Year 2017				
Final 2016 ordinary	4.00	9,263,791	Franked	1 September 2016
Interim 2017 ordinary	3.00	6,955,343	Franked	10 March 2017
Total Amount		16,219,134		

During the period, dividends of $101,180 (2017: $48,977) were paid to minority shareholders.

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

After 30 June 2018 the following dividend has been proposed by the Directors. The dividend has not been provided. The declaration and subsequent payment of dividends has no income tax consequences.

Proposed Dividend

Dividend proposed by the Group are:

	Cents per Share	Total Amount $	Franked / Unfranked	Date of Payment
Final 2018 ordinary	3.00	8,123,099	Franked	14 September 2018
Total Amount		8,123,099		

The financial effect of this dividend has not been brought to account in the financial statements for the financial year ended 30 June 2018 and will be recognised in subsequent financial reports.

Dividend Reinvestment Plan

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

In accordance with Rule 13 of the Company's Dividend Reinvestment Plan (DRP), the Directors elected to reactivate the DRP in the 2018 financial year until further notice and as such the DRP will be active for the above mentioned dividend.

Dividend Franking Account	Company	
	2018 $	2017 $
30% franking credits available to shareholders of Finbar Group Limited for subsequent financial years	15,844,531	17,431,869

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

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

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

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

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

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by $3,481,328 (2017: $2,971,662).

Nature and purpose of reserve

Asset revaluation reserve

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

23 Earnings per Share

Basic Earnings per Share

The calculation of basic earnings per share at 30 June 2018 was based on the profit attributable to ordinary shareholders of $13,935,831 (2017: $5,313,795) and a weighted average number of ordinary shares on issue during the year ended 30 June 2018 of 238,445,591 (30 June 2017: 231,785,200), calculated as follows:

	2018 $	2017 $
Profit Attributable to Ordinary Shareholders	13,935,831	5,313,795

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23 Earnings per Share (continued)

Weighted Average Number of Ordinary Shares

		2018	2017
Issued ordinary shares at 1 July		231,428,983	231,594,772
Effect of share issue - Director Share Plan	25 August 2016	-	211,066
Effect of share buyback	1 June 2017	-	(7,449)
Effect of share buyback	6 June 2017	-	(3,279)
Effect of share buyback	7 June 2017	-	(735)
Effect of share buyback	8 June 2017	-	(6,011)
Effect of share buyback	9 June 2017	-	(758)
Effect of share buyback	16 June 2017	-	(301)
Effect of share buyback	19 June 2017	-	(1,503)
Effect of share buyback	26 June 2017	-	(328)
Effect of share buyback	27 June 2017	-	(182)
Effect of share buyback	28 June 2017	-	(37)
Effect of share buyback	29 June 2017	-	(55)
Effect of share buyback	4 July 2017	(12,918)	-
Effect of share buyback	6 July 2017	(10,484)	-
Effect of share buyback	7 July 2017	(19,671)	-
Effect of share buyback	12 July 2017	(48,493)	-
Effect of share buyback	13 July 2017	(9,671)	-
Effect of share buyback	14 July 2017	(2,119)	-
Effect of share buyback	19 July 2017	(14,243)	-
Effect of share buyback	20 July 2017	(9,479)	-
Effect of share buyback	24 July 2017	(8,838)	-
Effect of share buyback	25 July 2017	(9,342)	-
Effect of share buyback	26 July 2017	(9,315)	-
Effect of share buyback	27 July 2017	(9,166)	-
Effect of share buyback	28 July 2017	(9,260)	-
Effect of share buyback	31 July 2017	(9,178)	-
Effect of share buyback	1 August 2017	(9,151)	-
Effect of share buyback	2 August 2017	(9,123)	-
Effect of share buyback	3 August 2017	(4,548)	-
Effect of share buyback	4 August 2017	(9,068)	-
Effect of share buyback	7 August 2017	(4,493)	-
Effect of share buyback	8 August 2017	(6,533)	-
Effect of share buyback	9 August 2017	(8,932)	-
Effect of share buyback	10 August 2017	(17,522)	-
Effect of share buyback	11 August 2017	(4,438)	-
Effect of share buyback	14 August 2017	(8,795)	-
Effect of share buyback	15 August 2017	(10,971)	-
Effect of share buyback	16 August 2017	(4,476)	-
Effect of share buyback	17 August 2017	(4,356)	-
Effect of share buyback	18 August 2017	(4,342)	-
Effect of share buyback	23 August 2017	(4,274)	-
Effect of share buyback	24 August 2017	(4,260)	-
Effect of share buyback	28 August 2017	(5,952)	-
Effect of share buyback	29 August 2017	(6,642)	-
Effect of share buyback	30 August 2017	(8,356)	-
Effect of share buyback	31 August 2017	(4,164)	-
Effect of share issue - Director Share Plan	13 September 2017	199,315	-
Effect of share issue - Dividend Reinvestment Plan	12 April 2018	312,740	-
Effect of share issue - Share Placement	23 April 2018	6,301,370	-
Effect of share issue - Share Purchase Plan	21 May 2018	525,756	-
Weighted Average Number of Ordinary Shares at 30 June		238,445,591	231,785,200
Basic Earnings per Share (cents per share)		5.84	2.29

Diluted Earnings per Share

The calculation of diluted earnings per share at 30 June 2018 was based on the profit attributable to ordinary shareholders of $13,935,831 (2017: $5,313,795) and a weighted average number of ordinary shares on issue during the year ended 30 June 2018 of 238,445,591 (30 June 2017: 231,785,200), calculated as follows:

Profit Attributable to Ordinary Shareholders (Diluted)	13,935,831	5,313,795
Weighted Average Number of Ordinary Shares (Diluted)		
Weighted Average Number of Ordinary Shares (Diluted) at 30 June	238,445,591	231,785,200
Diluted Earnings per Share (cents per share)	5.84	2.29

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For the Year Ended 30 June 2018

24 Loans and Borrowings

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

	2018	2017
	$	$
Current		
Commercial bills (Secured)	-	113,545,782
Investor loans to subsidiaries (Unsecured)	8,068,734	29,523,186
Total Current Interest Bearing Loans and Borrowings	8,068,734	143,068,968
Non Current		
Commercial bills (Secured)	39,357,550	-
Investor loans to subsidiaries (Unsecured)	8,478,221	8,478,221
Total Non Current Interest Bearing Loans and Borrowings	47,835,771	8,478,221

Terms and debt repayment schedule			2018	2017
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%	2018	-	27,172,496
Investor loans to subsidiaries (Unsecured)**		2019	5,718,044	-
Investor loans to subsidiaries (Unsecured)**		2019	2,350,690	2,350,690
Commercial bills (Secured)	BBSY+1.20%	2018	-	26,000,000
Commercial bills (Secured)	BBSY+2.00%	2018	-	19,392,550
Commercial bills (Secured)	BBSY+1.50%	2018	-	24,013,936
Commercial bills (Secured)	BBSY+1.60%	2018	-	41,397,235
Commercial bills (Secured)	BBSY+1.60%	2018	-	2,742,061
Current			8,068,734	143,068,968
Commercial bills (Secured)	BBSY+2.00%	2021	21,465,000	-
Commercial bills (Secured)	BBSY+2.00%	2021	17,892,550	-
Investor loans to subsidiaries (Unsecured)**		2022	8,478,221	8,478,221
Non Current			47,835,771	8,478,221

* These are loans from land owners which are interest bearing

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

Financing Arrangements

Bank overdrafts

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

Commercial bills

Commercial bills (refer Note 27) are denominated in Australian dollars.

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

Investor Loans

Investor Loans are repayable upon the completion of the project.

25 Employee Benefits

	2018	2017
	$	$
Current		
Liability for annual leave	20,015	13,078
Liability for long-service leave	424,169	335,713
	444,184	348,791

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For the Year Ended 30 June 2018

26 Trade and Other Payables

	2018	2017
Current	$	$
Trade and other payables	40,828,539	39,845,791
Other payables and accrued expenses	1,188,882	1,588,267
Total Current Trade and Other Payables	42,017,421	41,434,058
Non Current		
Trade and other payables	6,665,198	-
Other payables and accrued expenses	76,958	-
Total Non Current Trade and Other Payables	6,742,156	-

At 30 June 2018, Consolidated trade and other payables include retentions of $149,533 (2017: $476,308) relating to construction contracts in progress.

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

27 Financial Instruments

Credit Risk

Exposure to Credit Risk

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

		Carrying Amount	
	Note	2018	2017
		$	$
Trade and other receivables - current	19	39,494,544	16,395,830
Trade and other receivables - non-current	19	15,222,637	37,300,768
Cash and cash equivalents	21a	57,750,242	68,776,225
		112,467,423	122,472,823

The Group's maximum exposure to credit risk for trade and other receivables at the reporting date by receivable category was:

Equity Accounted Investees	20,152,625	22,320,798
Working capital advances and bonds	874,215	1,990,050
Trade and Other receivables	18,627,124	14,943,940
GST refunds due and other trade debtors	15,063,217	14,441,810
	54,717,181	53,696,598

Impairment Losses

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

27 Financial Instruments (continued)

Liquidity Risk

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

		30 June 2018			
	Note	Carrying Amount	Contractual Cash Flows	1 Year or Less	1-3 Years
Non-derivative Financial Liabilities		$	$	$	$
Secured bank loans:					
Commercial bills	24	39,357,550	43,985,676	3,231,519	40,754,157
Investor Loans	24	16,546,955	16,546,955	8,068,734	8,478,221
Trade and other payables	26	48,759,577	48,759,577	42,017,421	6,742,156
		104,664,082	109,292,208	53,317,674	55,974,534

		30 June 2017			
	Note	Carrying Amount	Contractual Cash Flows	1 Year or Less	1-3 Years
Non-derivative Financial Liabilities		$	$	$	$
Secured bank loans:					
Commercial bills	24	113,545,782	114,591,873	114,591,873	-
Investor Loans	24	38,001,407	38,816,582	30,338,361	8,478,221
Trade and other payables	26	41,434,058	41,434,058	41,434,058	-
		192,981,247	194,842,513	186,364,292	8,478,221

Interest Rate Risk

Profile

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

	Carrying Amount	
	2018	2017
Variable Rate Instruments	$	$
Financial Assets	77,902,867	91,097,023
Financial Liabilities	(39,357,550)	(140,718,278)
	38,545,317	(49,621,255)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

27 Financial Instruments (continued)

Interest Rate Risk (continued)

Cash Flow Sensitivity Analysis for Variable Rate Instruments

A change of 100 basis points in interest rates would have (decreased)/increased the Group's equity and profit or loss by the amounts shown below. This analysis assumes that all variables remain constant. The analysis is on the same basis for 2017.

	Profit or Loss		Equity	
	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
30 June 2018	$	$	$	$
Variable rate instruments	(1,089,113)	1,089,113	(1,089,113)	1,089,113

	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
30 June 2017	$	$	$	$
Variable rate instruments	(1,798,916)	1,798,916	(1,798,916)	1,798,916

Fair Values

Fair Values Versus Carrying Amounts

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

	Fair Values	
	2018	2017
	$	$
Trade and other receivables	54,717,181	53,696,598
Cash and cash equivalents	57,750,242	68,776,225
Secured bank loans	(39,357,550)	(113,545,782)
Unsecured shareholder loans	(16,546,955)	(38,001,407)
Trade and other payables	(48,759,577)	(41,434,058)

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

Unsecured shareholder loans

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

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

Cash and short term deposits

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

Bank loans

The carrying amount is a reasonable approximation of fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

28 Operating Leases

	Note	2018 $	2017 $
Leases as Lessor			
The Group leases out its investment properties held under operating leases.			
Rental income received from investment property		9,010,867	8,036,654
Other rental property income received		2,957	213,818
	7	9,013,824	8,250,472
Future minimum lease payments			
At 30 June, the future minimum lease payments under non-cancellable leases are receivable as follows:			
Less than one year		3,952,562	6,431,683
Between one and five years		4,242,878	4,129,551
More than 5 years		701,180	-
		8,896,620	10,561,234

29 Capital and Other Commitments

	2018 $	2017 $
Commitments and Contingent Liabilities		
Property Development		
Contracted but not provided for and payable:		
Within one year	89,209,667	29,876,187
Total Property Development Commitments	89,209,667	29,876,187
Property Development - Equity Accounted Investees		
Contracted but not provided for and payable:		
Within one year	-	37,188,449
Total Property Development Commitments - Equity Accounted Investees	-	37,188,449
Group's Share of Property Development - Equity Accounted Investees		
Contracted but not provided for and payable:		
Within one year	-	18,594,225
Total Share of Property Development Commitments - Equity Accounted Investees	-	18,594,225
Group's Property Development Commitments including Equity Accounted Investees		
Contracted but not provided for and payable:		
Within one year	89,209,667	48,470,412
Total Property Development Commitments including Equity Accounted Investees	89,209,667	48,470,412

30 Contingencies

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

	2018 $	2017 $
Guarantees		
The Company has guaranteed the bank facilities of certain controlled entities	25,076,550	-
The Company has guaranteed the bank facilities of certain equity accounted investees	-	15,000,000

31 Related Parties

	2018 $	2017 $
The key management personnel compensation included in 'personnel expenses' is as follows:		
Short term employee benefits	2,883,675	2,386,447
Other long term benefits	95,984	23,917
Post employment benefits	91,591	111,706
Employee benefits	3,071,250	2,522,070

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

31 Related Parties (Continued)

Individual Directors and Executives Compensation Disclosures

Information regarding individual directors and executives compensation are provided in the Remuneration Report section of the Directors' report on pages 6 to 10.

On 29th October 2014, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of $360,000 which is repayable by 27th October 2019. The related benefit is disclosed on table 4.3.2 on page 8.

On 31st August 2015, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of $290,000 which is repayable by 31st August 2020. The related benefit is disclosed on table 4.3.2 on page 8.

On 25th August 2016, Finbar Group Limited issued 250,000 fully paid ordinary shares to Darren Pateman as Director Incentive Shares under the rules of the Director Share Plan 2014. Payment was by way of an interest free loan of $207,500 which is repayable by 25th August 2021. The related benefit is disclosed on table 4.3.2 on page 8.

On 13th September 2017, 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 $202,500 which is repayable by 13th September 2022. The related benefit is disclosed on table 4.3.2 on page 8.

Other Related Party Transactions

Equity Accounted Investees

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

	2018 $	2017 $
As at 30 June the balance of these loans were as follows:		
36 Chester Avenue Pty Ltd	5,209,421	4,752,568
Rowe Avenue Pty Ltd	9,001	22,773
Lot 1001 - 1003 Rowe Avenue Pty Ltd	3,156,341	2,600,000
647 Murray Street Pty Ltd	11,775,571	14,944,092
Finbar Sub 5050 Pty Ltd	1,691	1,365
Axis Linkit Pty Ltd	600	-
	20,152,625	22,320,798

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

Included within the trade and other payables balance is $117,798 (2017: $5,512,888) owing to Ventrade Maylands Pty Ltd and $15,822,518 (2017: $16,803,106) owing to Ventrade Australia Pty Ltd, who are related parties of Chuan Hup Holdings Limited who owns 20.29% of Finbar Group. The payables are in relation to development projects, are at arms length, non-interest bearing and at call.

During the financial year, $27,725,083 (2017: Nil) was repaid to Ventrade (Asia) Pte Ltd. No loan from Ventrade (Asia) Pte Ltd remains outstanding as at 30 June 2018 (2017: $27,172,496). Ventrade (Asia) Pte Ltd is a related party of Chuan Hup Holdings Limited who owns 20.29% of Finbar Group. Refer to note 24 for further details.

32 Group Entities

	Country of Incorporation	Shareholding /Unit Holding $	Ownership Interest 2018	 2017
Parent Company				
Finbar Group Limited				
Subsidiaries				
1 Mends Street Pty Ltd	Australia	1	100%	100%
2 Homelea Court Springs Rivervale Pty Ltd	Australia	1	100%	100%
31 Rowe Avenue Pty Ltd	Australia	1	100%	100%
32 Riversdale Road Pty Ltd	Australia	1	100%	100%
43 McGregor Road Pty Ltd	Australia	1	100%	100%
5-7 Harper Terrace Pty Ltd	Australia	1	100%	100%
52 Mill Point Road Pty Ltd (De-registered 23 August 2017)	Australia	1	100%	100%
59 Albany Highway Pty Ltd (De-registered 15 November 2017)	Australia	11	68.75%	68.75%
63 Adelaide Terrace Pty Ltd	Australia	1	100%	100%
88 Terrace Road Pty Ltd	Australia	1	100%	100%
96 Mill Point Road Pty Ltd	Australia	1	100%	100%
172 Railway Parade West Leederville Pty Ltd	Australia	1	100%	100%
175 Adelaide Terrace Pty Ltd	Australia	1	100%	100%
208 Adelaide Terrace Pty Ltd (De-registered 12 March 2018)	Australia	6	60%	60%
239 Great Eastern Highway Pty Ltd	Australia	1	100%	100%
241 Railway Parade Pty Ltd	Australia	1	100%	100%
262 Lord Street Perth Pty Ltd	Australia	1	100%	100%
269 James Street Pty Ltd	Australia	1	100%	100%
280 Lord Street Perth Pty Ltd	Australia	1	100%	100%
Finbar Applecross Pty Ltd	Australia	1	100%	100%
Finbar Finance Pty Ltd	Australia	1	100%	100%
Finbar Fund Limited	Australia	1	100%	100%
Finbar Karratha Pty Ltd	Australia	1	100%	100%
Finbar Port Hedland Pty Ltd	Australia	1	100%	100%
Finbar Project Management Pty Ltd	Australia	2	100%	100%
Finbar Sub 104 Pty Ltd	Australia	1	100%	100%
Lot 1 to 10 Whatley Crescent Pty Ltd	Australia	1	100%	100%
		43		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2018

32 Group Entities (Continued)

	Country of Incorporation	Shareholding /Unit Holding $	Ownership Interest 2018	Ownership Interest 2017
Subsidiaries of Subsidiaries				
59 Albany Highway Joint Venture Pty Ltd (De-registered 15 November 2017)	Australia	130	100%	100%

33 Subsequent Events

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

34 Auditors' Remuneration

	2018 $	2017 $
Audit Services:		
Auditors of the Group		
Audit and review of the financial reports	174,425	151,750
Audit and review of the financial reports of equity accounted investees	6,750	-
	181,175	151,750
Services other than Statutory Audit:		
Taxation compliance services	18,543	21,730
	18,543	21,730

35 Parent Entity Disclosures

As at, and throughout the financial year ending 30 June 2018 the parent company of the Group was Finbar Group Limited.

Result of the Parent Entity	2018 $	2017 $
Profit for the year	9,979,553	22,796,983
Total Comprehensive Income for the Year	9,979,553	22,796,983
Financial Position of the Parent Entity		
Current Assets	56,516,157	4,037,698
Total Assets	228,926,205	197,325,838
Current Liabilities	1,432,263	1,511,379
Total Liabilities	1,432,263	1,847,374
Total Equity of the Parent Entity comprising of:		
Share capital	193,241,795	157,332,116
Retained earnings	34,252,147	38,146,352
Total Equity	227,493,942	195,478,468

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

Directors' Declaration

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

a) The consolidated financial statements and notes that are contained in Pages 21 to 47 and the Remuneration report in the Directors' report, set out on Pages 6 to 10, are in accordance with the *Corporations Act 2001* , including:

i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

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

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

2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director and the Chief Financial Officer for the financial year ended 30 June 2018.

3. The Directors draw attention to Note 2(a) to the consolidated financial statements, which contains a statement of compliance with International Financial Reporting Standards.

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



Darren Pateman
Managing Director

Dated at Perth this Twenty Second day of August 2018.

Independent Auditor's Report

To the shareholders of Finbar Group Limited

Report on the audit of the Financial Report

Opinion

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

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

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2018
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

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

Basis for opinion

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

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

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

Key Audit Matters

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

- Valuation of Investment Property
- Carrying value of Inventory

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

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

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Valuation of Investment Property ($84.8million)	
Refer to Note 13 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**

Valuation of investment properties is a key audit matter due to the:
• Significance of the balance to the financial statements.
• Judgement required in assessing the capitalisation rates applied to the projected income of individual properties in the income valuation model. A small percentage movement in the capitalisation rate would result in a significant financial impact to the investment property balance and the income statement.
• Timing of the valuations performed by the Group's external valuer. It is the Group's policy when the valuation was not performed at year end for the directors to assess and confirm the valuation to be adopted in the financial report. We involved KPMG Real Estate Specialists to inform our evaluation of the external and internal valuations.
• Judgmental valuation inputs with respect to the Karratha investment properties ($53.8 million), as there is limited availability of comparable sales and leasing evidence due to the low transaction levels in the Karratha region. This results in a higher level of judgment being applied by the Group to the valuation of both commercial and residential properties in that development, increasing our audit effort applied in this area.
	Our procedures included:
	• We assessed the scope, objectivity, competence and capabilities of the Group's external valuer.
	• We compared the valuations prepared using the income valuation model to the alternate discounted cashflow method valuation where prepared, as a comparator, by the external valuers.
	• We involved KPMG Real Estate Specialists to inform our evaluation of the external values and the director's internal valuations, including comparing values to recent sales evidence and other published reports of industry commentators.
	• We, in conjunction with our KPMG Real Estate Specialists, challenged the capitalisation rates applied, particularly for the Karratha investment property, based on our knowledge of the property portfolio and other published reports of industry commentators.
	• We also compared, on a sample basis, the following key inputs to the valuations to existing lease contracts and published CPI statistics by the Australian Bureau of Statistics:
	  ◦ gross rent;
	  ◦ occupancy rate;
	  ◦ lease term remaining; and
	  ◦ CPI.

Carrying value of Inventory ($144.9million)	
Refer to Note 18 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Valuation of inventory, being both completed units and work in progress, is a key audit matter due to the: • Significance of the balance to the financial statements. • Significant judgement and our effort applied to assessing forecast selling prices and costs to complete for work in progress. These factors impact the assessment of net realisable value, as in accordance with accounting standards, inventory must be carried at the lower of cost and net realisable value. Work in progress comprises developments currently under construction and future projects, which are long term in nature where forecast costs could be negatively impacted by issues encountered during planning or construction. In addition, forecast selling prices can fluctuate significantly based on property market conditions. These factors increase the level of forecasting judgement and audit complexity when assessing forecast selling prices and costs to complete for inventory.	Our procedures included: • We selected a sample of significant developments under construction and future projects to understand project design complexity, sub-contractor reliance, other project risks and project funding which could negatively impact costs to complete. This was done through enquiry of senior management, and inspection of documentation such as budgets, funding agreements, supplier contracts and internal reports. • We compared a sample of actual to forecast selling prices and actual to forecast construction costs to inform our evaluation of forecast selling prices and costs to complete respectively. • We undertook sample testing of sales made during the year and subsequent to year end to sales contracts to assess sales margins achieved during the year and post year end. This informs our evaluation of the carrying value of inventory at balance date against the Group's policy for recording at the lower of cost and net realisable value. • We compared forecast selling prices to forecast total costs for significant projects. We did this to assess the carrying value of inventory against the Group's policy for recording at the lower of cost and forecast net realizable value.

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Finbar Group Limited for the year ended 30 June 2018, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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

Our responsibilities

We have audited the Remuneration Report included in paragraph 4.3 of the Directors' report for the year ended 30 June 2018.

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

KPMG

Denise McComish
Partner

Perth

22 August 2018

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

To the Directors of Finbar Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Finbar Group Limited for the financial year ended 30 June 2018 there have been:

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

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

KPMG

Denise McComish
Partner

Perth

22 August 2018

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Liability limited by a scheme approved under Professional Standards Legislation.

ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings (as at 30 June 2018)

Substantial Shareholders

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

Shareholder Name	Number	%
Chuan Hup Holdings Limited	54,932,348	20.29
Thorney Holdings Proprietary Limited	29,233,011	10.80
John Chan	26,567,520	9.81
Westoz Funds Management Pty Ltd	15,003,064	5.54

Voting rights

Ordinary shares

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

Distribution of Equity Security Holders

Range	Number of Holders	Ordinary Shares
1-1,000	382	123,488
1,001-5,000	570	1,688,480
5,001-10,000	396	3,101,646
10,001-100,000	900	27,881,896
100,001-over	132	237,974,451
	2,380	270,769,961

The number of shareholders holding less than a marketable parcel of ordinary shares is 270.

Stock Exchange

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

Other information

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

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

	Number of Ordinary Shares Held	%
Chuan Hup Holdings Limited	52,932,348	19.55
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	36,719,668	13.56
J P MORGAN NOMINEES AUSTRALIA LIMITED	19,176,702	7.08
ZERO NOMINEES PTY LTD	15,123,957	5.59
BLAIR PARK PTY LTD	10,138,477	3.74
RUBI HOLDINGS PTY LTD	7,912,358	2.92
3RD WAVE INVESTORS LTD	6,100,000	2.25
MR JAMES CHAN	6,043,917	2.23
APEX INVESTMENTS PTY LTD	5,798,876	2.14
MRS SIEW ENG MAH	5,091,662	1.88
HANSSEN PTY LTD	5,000,000	1.85
FORWARD INTERNATIONAL PTY LTD	4,831,490	1.78
CHAN FAMILY SUPER (WA) PTY LTD	3,904,479	1.44
CITICORP NOMINEES PTY LIMITED	3,874,236	1.43
MILTON CORPORATION LIMITED	3,642,464	1.35
MR AH-HWA LIM	3,155,770	1.17
MR GUAN SENG CHAN	2,892,126	1.07
MR WAN SOON CHAN	2,435,137	0.90
HPL PTY LTD	2,178,945	0.80
CROFTWELL PTY LTD	1,712,714	0.63
Top 20	198,665,326	73.36

ASX Additional Information (continued)

Offices and Officers

Directors

Mr John Chan (Executive Chairman)
Mr Darren John Pateman (Managing Director)
Mr Ronald Chan (Chief Operations Officer)
Mr Kee Kong Loh
Mr Lee Verios
Mr Terence Siong Woon Peh
Ms Yuun Yean Teng (Retired on 24 April 2018)

Company Secretary

Mr Edward Guy Bank

Principal Registered Office

Finbar Group Limited
Level 6
181 Adelaide Terrace
EAST PERTH WA 6004

PO Box 3380
EAST PERTH WA 6892

Telephone: +61 8 6211 3300
Facsimile: +61 8 9221 8833
Email: info@finbar.com.au
Website: www.finbar.com.au

Share Registry

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

Auditors

KPMG
235 St Georges Terrace
PERTH WA 6000