

Appendix 4D

For The Six Months Ended 31 December 2017

1. Details of the reporting period

This report details the consolidated results of Finbar Group Limited and its controlled entities for the six months ended 31 December 2017. Comparatives are for the six months ended 31 December 2016.

2. Results for announcement to the market

	31-Dec-17	31-Dec-16	Change %
2.1 Revenue from ordinary activities	44,056,060	19,559,572	125.24%
2.2 Loss from ordinary activities after tax attributable to members	(291,943)	(2,893,634)	89.91%
2.3 Net Loss for the period attributable to members	(482,475)	(3,213,683)	84.99%
2.4 Final 2017 Dividend per share, fully franked	3.0 cents	4.0 cents	-25.00%
Declared Interim 2018 Dividend per share, fully franked	3.0 cents	3.0 cents	0.00%
Earnings per Share (Cents per Share)	(0.13)	(1.25)	89.91%
2.5 Record date for dividend	28 February 2018		
2.6 Explanation	Refer to Company Announcement		

3. Net tangible assets per share

	31-Dec-17	31-Dec-16
Net tangible assets per share (Cents per Share)	90.29	93.00

4. Details of entities over which control has been gained or lost during the period

4.1 Not Applicable.

5. Details of dividends

The Board has declared a dividend of 3.0 cents per share payable on 12 April 2018. The record date for the dividend is 28 February 2018.

6. 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 being paid in cash. Last date for the receipt of an election notice for participation in the DRP is 16 March 2018.

7. Details of subsidiaries

	Ownership
1 Mends Street Pty Ltd	100%
2 Homelea Court Springs Pty Ltd	100%
31 Rowe Avenue Pty Ltd	100%
32 Riversdale Road Pty Ltd	100%
43 McGregor Road Pty Ltd	100%
52 Mill Point Road Pty Ltd (De-registered)	100%
5-7 Harper Terrace Pty Ltd	100%
59 Albany Highway Pty Ltd (De-registered)	68.75%
63 Adelaide Terrace Pty Ltd	100%
88 Terrace Road Pty Ltd	100%
96 Mill Point Road Pty Ltd	100%
172 Railway Parade West Leederville Pty Ltd	100%
175 Adelaide Terrace Pty Ltd	100%
208 Adelaide Terrace Pty Ltd	60%
239 Great Eastern Highway Pty Ltd	100%
241 Railway Parade Pty Ltd	100%
262 Lord Street Perth Pty Ltd	100%
269 James Street Pty Ltd	100%
280 Lord Street Perth Pty Ltd	100%
Finbar Applecross Pty Ltd	100%
Finbar Finance Pty Ltd	100%
Finbar Fund Pty Ltd	100%

Appendix 4D continued

For The Six Months Ended 31 December 2017

7. Details of subsidiaries (continued)

Finbar Karratha Pty Ltd	100%
Finbar Port Hedland	100%
Finbar Project Management Pty Ltd	100%
Finbar Sub 104 Pty Ltd	100%
Lot 1 to 10 Whatley Crescent Pty Ltd	100%

8. Details of joint venture entities

	<u>Ownership</u>
36 Chester Avenue Pty Ltd	50%
406 & 407 Newcastle Street Pty Ltd (De-registered)	50%
647 Murray Street Pty Ltd	50%
Axis Linkit Pty Ltd	50%
Finbar Sub 5050 Pty Ltd	50%
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50%
Rowe Avenue Pty Ltd	50%
Roydhouse Street Subiaco Pty Ltd	50%

9. Foreign entities

Not Applicable.

10. Auditor's review report

No dispute or qualification exists in the auditor's review report.

FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 97 009 113 473

ACN 009 113 473

INTERIM FINANCIAL REPORT

for the financial period ended 31st December 2017



FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT
For the Six Months Ended 31 December 2017

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FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

For the Six Months Ended 31 December 2017

1 Directors

The Directors present their report together with the condensed consolidated financial report of Finbar Group Limited ('the Company') for the six months ended 31 December 2017 and the auditor's review report thereon.

The Directors of the Company at any time during or since the end of the six months ended 31 December 2017 were:

Executive Director and Chairman

John CHAN - BSc, MBA, MAICD

Director since 27 April 1995

Chairman since 15 July 2010

Managing Director

Darren John PATEMAN - EMBA, GradDipACG, ACSA, AGIA, MAICD, AFAIM

Director since 6 November 2008

Managing Director since 15 July 2010

Executive Director and Chief Operations Officer

Ronald CHAN

Director since 24 February 2017

Non-executive Directors

Kee Kong LOH - B Acc, CPA

Director since 28 April 1993

Yuun Yean TENG - B Comm, FCPA

Director since 17 December 2015

Non-executive (Independent) Director

Lee VERIOS - LLB, MAICD

Director since 6 December 2011

2 Company Secretary

Edward Guy BANK - B Bus, ASCPA

Company Secretary since 2 December 2016

3 Principal Activities

The principal activities of the consolidated group during the course of the six months ended 31 December 2017 continued to be property development and investment.

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

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

4 Results

Operating Results

Total comprehensive loss attributable to owners of the group amounted to \$482,475 (2016 : \$3,213,683).

5 Review of Operations

Completed Projects

Norwood - 280 Lord Street, Perth : 2 units settled in the reporting period. 1 unit remains for sale in the 63 unit development.

Arbor North - Lot 1001 - 1003 Rowe Avenue, Rivervale : 1 unit settled in the reporting period. No units remain for sale in the 154 unit development.

Unison on Tenth - 241 Railway Parade, Maylands : 10 units settled in the reporting period. 4 units remain for sale in the 169 unit development.

Linq - 269 James Street, Northbridge : 7 units settled in the reporting period. 11 units remain for sale in the 116 unit development.

Ecco - 262 Lord Street, Perth : There were no settlements in the reporting period. 2 units remain for sale in the 98 unit development.

Subi Strand - Cnr Roydhouse Street & Hood Street, Subiaco : 1 unit settled in the reporting period. 2 units remain for sale in the 264 unit development.

Motive - 172 Railway Parade, West Leederville : 13 units settled in the reporting period. 54 units remain for sale in the 143 unit development.

Concerto & Harmony - 193 Adelaide Terrace, East Perth : 48 units settled in the reporting period. 49 units remain for sale in the 227 unit development.

Currently Under Construction

Aurelia - 96 Mill Point Road, South Perth : Construction works continue to progress well at the Aurelia development with completion expected in the second half of the financial year ending 30 June 2018. To date 104 sales have been achieved in the 138 unit development.

Aire - 647-659 Murray Street, West Perth : Construction works continue to progress well at the Aire development with completion expected in the second half of the financial year ending 30 June 2018. To date 177 sales have been achieved in the 244 unit development.

Vue Tower - 63 Adelaide Terrace : Construction of the Vue Tower project commenced during the reporting period. Marketing of the project continues to progress. To date 116 sales have been achieved in the 252 unit development.

Reva - 5 Harper Terrace, South Perth : Construction of the Reva project commenced during the reporting period. Marketing of the project continues to progress. To date 28 sales have been achieved in the 60 unit development.

FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

For the Six Months Ended 31 December 2017

5 Review of Operations (continued)

Future Projects

Sabina - 3-5 Kintail Road, Applecross : Marketing of the Sabina project commenced during the reporting period. To date 8 sales have been achieved in the 183 unit development.

Circa - Lot 1001 - 1003 Rowe Avenue, Rivervale : Marketing of the Circa project commenced during the reporting period. To date 3 sales have been achieved in the 132 unit development.

Palmyra East - 43 McGregor Road, Palmyra : Marketing of the Palmyra East project commenced during the reporting period. To date 30 sales have been achieved in the 128 unit development.

Unison on Kennedy - 241 Railway Parade, Maylands : Development Approval has been received for the development of 180 one, two and three bedroom apartments plus two commercial lots on Kennedy Street, Maylands. Marketing of the Unison on Kennedy project is expected to commence in the second half of the financial year ending 30 June 2018.

Civic Heart - 1 Mends Street, South Perth : Marketing of the Civic Heart project in its current form has been discontinued, with the intention of redesigning the project taking into account the recent new scheme amendments changes.

Sunago - 36 Chester Avenue, Dianella : The Sunago project is currently being redesigned. It is expected that marketing will commence in the financial year ending 30 June 2019.

Chase - 239 Great Eastern Highway, Belmont : The Chase project is currently being redesigned. It is expected that marketing will commence in the financial year ending 30 June 2019.

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 Arbor development nears completion, the company will consider seeking approval from the statutory authorities for the redesign into a residential apartment project.

2 Homelea Court, Springs Rivervale : Acquired in 2016, the 3,770 square metres of land located on the corners of Rowe Avenue and Homelea Court opposite Finbar's Spring View Towers project is proposed to be developed into a project consisting of approximately 185 apartments within a 10 level building. Marketing will commence once development approval has been received.

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 95% leased. The company continues to actively market the remaining tenancies for rental.

Pelago Commercial - 23 & 26 Sharpe Avenue, Karratha : 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 company continues to benefit from the investment income generated from the leased property. The property is currently 90% leased. The company continues to actively market the remaining tenancies for rental.

6 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	01 Sep 2017
Total Dividends Paid		<u>6,933,877</u>		

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.

Interim 2018 ordinary	3.00	6,944,851	Franked	12 April 2018
Total Dividend Proposed		<u>6,944,851</u>		

The financial effect of this dividend has not been brought to account in the financial statements for the six months ended 31 December 2017 and will be recognised in subsequent financial reports.

	Note	\$
Dealt with in the financial report as - Dividends	12	6,933,877

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.

FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT
For the Six Months Ended 31 December 2017

7 Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on Page 18 and forms part of the Directors' Report for the six months ended 31 December 2017.

Dated at Perth this 20th day of February 2018.

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

A handwritten signature in black ink, appearing to read 'Darren Pateman', is written over a light yellow rectangular background.

Darren Pateman
Managing Director

FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

For the Six Months Ended 31 December 2017

	Note	31-Dec-17 \$	31-Dec-16 \$
Revenue		44,056,060	19,559,572
Cost of sales		(37,808,832)	(16,594,590)
Gross Profit		6,247,228	2,964,982
Other income	8	31,270	48,466
Administrative expenses		(3,179,965)	(2,893,851)
Advertising expenses		(1,064,184)	(473,586)
Revaluation decrease of investment property		(2,427,338)	(2,963,137)
Revaluation decrease of property, plant and equipment		(73,976)	-
Results from Operating Activities		(466,965)	(3,317,126)
Finance income		843,176	728,728
Finance costs		(399,281)	(444,097)
Net Finance Income		443,895	284,631
Share of loss of Equity Accounted Investees (net of income tax)		(64,856)	(458,307)
Loss before Income Tax		(87,926)	(3,490,802)
Income tax (expense)/benefit	9	(203,924)	597,555
Loss for the period		(291,850)	(2,893,247)
Other comprehensive income			
Items which will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment		(262,803)	(457,213)
Income tax relating to components of other comprehensive income		72,271	137,164
Other comprehensive loss for the period, net of income tax		(190,532)	(320,049)
Total comprehensive loss for the period		(482,382)	(3,213,296)
(Loss)/Profit attributable to:			
Owners of the Group		(291,943)	(2,893,634)
Non-controlling interest		93	387
Loss for the period		(291,850)	(2,893,247)
Total comprehensive (loss)/income attributable to:			
Owners of the Group		(482,475)	(3,213,683)
Non-controlling interest		93	387
Total comprehensive loss for the period		(482,382)	(3,213,296)
Earnings per Share:			
Basic earnings per share (cents per share)		(0.13)	(1.25)
Diluted earnings per share (cents per share)		(0.13)	(1.25)
Dividends per share (cents per share)	12	3.00	4.00

The condensed notes on pages 10 to 14 are an integral part of these Condensed Consolidated Interim Financial Statements.

FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the Six Months Ended 31 December 2017

Attributable to equity holders of the company						
	Share Capital	Retained Earnings	Asset Revaluation Reserve	Total	Non Controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2016	157,454,271	69,752,769	442,204	227,649,244	153,493	227,802,737
Total comprehensive income for the period						
(Loss)/Profit	-	(2,893,634)	-	(2,893,634)	387	(2,893,247)
Other comprehensive loss	-	-	(320,049)	(320,049)	-	(320,049)
Transactions with owners, recognised directly in equity						
Issue of ordinary shares	207,500	-	-	207,500	-	207,500
Dividends to shareholders	Note 12	(9,263,791)	-	(9,263,791)	(45,909)	(9,309,700)
Balance as at 31 December 2016	157,661,771	57,595,344	122,155	215,379,270	107,971	215,487,241
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 period						
(Loss)/Profit	-	(291,943)	-	(291,943)	93	(291,850)
Other comprehensive loss	-	-	(190,532)	(190,532)	-	(190,532)
Transactions with owners, recognised directly in equity						
Issue of ordinary shares	202,500	-	-	202,500	-	202,500
Buyback of shares	(285,949)	-	-	(285,949)	-	(285,949)
Dividends to shareholders	Note 12	(6,933,877)	-	(6,933,877)	(101,009)	(7,034,886)
Balance as at 31 December 2017	157,248,676	51,621,610	-	208,870,286	187	208,870,473

Amounts are stated net of tax

FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Note	31-Dec-17 \$	30-Jun-17 \$
ASSETS			
Current Assets			
Cash and cash equivalents		35,220,951	68,776,225
Trade and other receivables		5,613,830	16,395,830
Inventories	10	108,026,280	114,962,272
Prepayments		246,138	338,138
Investments in Equity Accounted Investees		817,076	442,476
Other assets		131,593	175,214
Total Current Assets		150,055,868	201,090,155
Non Current Assets			
Trade and other receivables		38,764,130	37,300,768
Inventories	10	82,388,394	73,125,915
Investment property	11	84,368,617	86,350,499
Prepayments		143,781	32,344
Investments in Equity Accounted Investees		1,086,192	1,881,003
Property, plant and equipment		11,083,524	12,421,242
Deferred Tax Assets		5,378,284	4,393,391
Other assets		61,877	101,089
Total Non Current Assets		223,274,799	215,606,251
Total Assets		373,330,667	416,696,406
LIABILITIES			
Current Liabilities			
Trade and other payables		41,117,391	41,434,058
Loans and borrowings	13	110,340,136	143,068,968
Current tax payable		1,912,698	3,156,885
Employee benefits		437,735	348,791
Total Current Liabilities		153,807,960	188,008,702
Non Current Liabilities			
Loans and borrowings	13	8,478,221	8,478,221
Deferred tax liabilities		2,174,013	3,738,293
Total Non Current Liabilities		10,652,234	12,216,514
Total Liabilities		164,460,194	200,225,216
Net Assets		208,870,473	216,471,190
EQUITY			
Share capital		157,248,676	157,332,125
Retained earnings		51,621,610	58,847,430
Reserves		-	190,532
Total Equity Attributable to Holders of the Group		208,870,286	216,370,087
Non-controlling interest		187	101,103
Total Equity		208,870,473	216,471,190

The condensed notes on pages 10 to 14 are an integral part of these Condensed Consolidated Interim Financial Statements.

FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the Six Months Ended 31 December 2017

	31-Dec-17	31-Dec-16
	\$	\$
Cash Flows from Operating Activities		
Cash receipts from customers	54,525,046	24,944,015
Cash paid to suppliers and employees	(43,622,802)	(99,566,740)
Cash generated from/(used in) Operating Activities	10,902,244	(74,622,725)
Interest paid	(339,681)	(597,066)
Income tax paid	(3,925,008)	(949,125)
Net Cash generated from/(used in) Operating Activities	6,637,555	(76,168,916)
Cash Flows from Investing Activities		
Interest received	383,631	303,847
Dividends received from equity accounted investees	355,404	916,500
Acquisition of property, plant and equipment	(5,229)	(6,743)
Acquisition of other investments	(54)	-
Loans repaid by Equity Accounted Investees	658,151	593,450
Net Cash provided by Investing Activities	1,391,903	1,807,054
Cash Flows from Financing Activities		
Repurchase of own shares	(285,944)	-
Proceeds from borrowings	28,995,904	91,075,791
Repayment of borrowings	(63,259,806)	(1,500,000)
Dividends paid (net of DRP)	(6,933,877)	(9,263,791)
Dividends paid to non-controlling interest	(101,009)	(45,909)
Net Cash (used in)/provided by Financing Activities	(41,584,732)	80,266,091
Net (decrease)/increase in cash and cash equivalents	(33,555,274)	5,904,229
Cash and cash equivalents at 1 July	68,776,225	28,063,370
Cash and Cash Equivalents at 31 December	35,220,951	33,967,599

The condensed notes on pages 10 to 14 are an integral part of these Condensed Consolidated Interim Financial Statements.

FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Six Months Ended 31 December 2017

1 Reporting Entity

Finbar Group Limited (the 'Company') is a public company domiciled in Australia. These condensed consolidated interim financial statements of the Group as at and for the six months ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in equity accounted investees. The Group is primarily involved in property development and investment.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2017 are available on request from the Company's registered office at Level 6, 181 Adelaide Terrace, East Perth, WA, 6004 or can be downloaded from the Company's website at www.finbar.com.au.

2 Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, and with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2017. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Group as at and for the year ended 30 June 2017.

The condensed consolidated interim financial statements were approved by the Board of Directors on the 20th day of February 2018.

3 Significant Accounting Policies

The accounting policies applied by the Group in these condensed interim financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 30 June 2017.

4 Judgements and Estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2017.

5 Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2017.

6 Changes in Accounting Policies

The Group's accounting policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2017.

FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Six Months Ended 31 December 2017

7 Operating Segments

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

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

Information about Reportable Segments For the Six Months ended 31 December 2017	Residential Apartment Development	Commercial Office/Retail Development	Rental of Property	Corporate	Total
	\$	\$	\$	\$	\$
External Revenues - Company and Subsidiaries	38,401,613	671,376	4,504,760	509,581	44,087,330
External Revenues - Equity Accounted Investees	212,091	207,500	300	-	419,891
External Revenues - Total	38,613,704	878,876	4,505,060	509,581	44,507,221
Reportable Segment Profit before Income Tax - Company and Subsidiaries	2,238,035	350,745	1,730,823	894,711	5,214,314
Reportable Segment Profit before Income Tax - Equity Accounted Investees	(94,922)	8,537	(686)	(7,681)	(94,752)
Reportable Segment Profit before Income Tax - Total	2,143,113	359,282	1,730,137	887,030	5,119,562

Information about Reportable Segments as at 31 December 2017

Reportable Segment Assets - Company and Subsidiaries	185,485,675	17,235,438	84,586,275	20,922,380	308,229,768
Reportable Segment Assets - Equity Accounted Investees	43,508,824	3,074,520	-	-	46,583,344
Reportable Segment Liabilities - Company and Subsidiaries	106,695,856	8,891,876	44,208,976	576,776	160,373,484
Reportable Segment Liabilities - Equity Accounted Investees *	31,806,520	533,971	-	-	32,340,491

Information about Reportable Segments For the Six Months ended 31 December 2016	Residential Apartment Development	Commercial Office/Retail Development	Rental of Property	Corporate	Total
	\$	\$	\$	\$	\$
External Revenues - Company and Subsidiaries	14,619,479	798,231	4,141,862	48,466	19,608,038
External Revenues - Equity Accounted Investees	3,761,682	295,000	3,939	-	4,060,621
External Revenues - Total	18,381,161	1,093,231	4,145,801	48,466	23,668,659
Reportable Segment Profit before Income Tax - Company and Subsidiaries	700,439	260,414	1,417,310	161,699	2,539,862
Reportable Segment Profit before Income Tax - Equity Accounted Investees	(582,140)	(66,583)	3,939	(4,554)	(649,338)
Reportable Segment Profit before Income Tax - Total	118,299	193,831	1,421,249	157,145	1,890,524

Information about Reportable Segments as at 31 December 2016

Reportable Segment Assets - Company and Subsidiaries	224,568,887	8,895,391	90,187,436	22,649,140	346,300,854
Reportable Segment Assets - Equity Accounted Investees	20,114,931	3,587,783	-	-	23,702,714
Reportable Segment Liabilities - Company and Subsidiaries	130,639,329	3,475,515	46,946,207	702,041	181,763,092
Reportable Segment Liabilities - Equity Accounted Investees *	9,414,912	832,105	-	-	10,247,017

* 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.

FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Six Months Ended 31 December 2017

7 Operating Segments (continued)

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

	31-Dec-17	31-Dec-16
	\$	\$
Revenues		
Total revenue for development reportable segments	39,072,989	15,417,710
Total revenue for rental segments	4,504,760	4,141,862
Total revenue for other reportable segments	509,581	48,466
Consolidated Revenue	44,087,330	19,608,038
Total revenue for development reportable segments - Equity Accounted Investees	419,591	4,056,682
Total revenue for rental segments included in other income - Equity Accounted Investees	300	3,939
Total Reportable Segments Revenue	44,507,221	23,668,659
Profit or Loss		
Total profit or loss for reportable segments	5,119,562	1,890,524
Finance income - Company and Subsidiaries	843,176	728,728
Finance costs - Company and Subsidiaries	(399,281)	(444,097)
Unallocated amounts:		
Administrative expenses	(3,179,965)	(2,893,851)
Revaluation of investment property	(2,427,338)	(2,963,137)
Revaluation of property, plant and equipment	(73,976)	-
Income tax applicable to share of profit of Equity Accounted Investees	29,896	191,031
Consolidated Profit before Income Tax	(87,926)	(3,490,802)
Assets	31-Dec-17	30-Jun-17
Total assets for reportable segments	308,229,768	318,882,515
Cash and cash equivalents	35,220,951	68,776,225
Investments in Equity Accounted Investees	1,903,269	2,323,479
Other assets *	27,976,679	26,714,187
Consolidated Total Assets	373,330,667	416,696,406
Liabilities		
Total liabilities for reportable segments	160,373,484	193,330,041
Other liabilities **	4,086,710	6,895,175
Consolidated Total Liabilities	164,460,194	200,225,216

Geographical Segments

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

* Includes receivables due to Finbar Group from Equity Accounted Investees

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

Consolidated	
31-Dec-17	31-Dec-16
\$	\$

8 Other Income

Administration services income	30,638	47,660
Commission income	632	806
Total Other Income	31,270	48,466

9 Income Tax Expense

The Group's consolidated effective tax rate in respect of continuing operations (excluding equity accounted investees) for the six months ended 31 December 2017 was 46.1% (2016 : 21.1%). After adjusting for the write off of previously recognised tax assets, non deductible expenses, non recoverable amounts and amounts over provided in prior years, the underlying tax rate is 31.1% (2016: 29.1%).

10 Inventories

Current

Work in progress	67,039,256	37,254,073
Completed Stock	40,987,024	77,708,199
Total Current Inventories	108,026,280	114,962,272

Non Current

Work in progress	50,345,169	45,579,688
Completed Stock	32,043,225	27,546,227
Total Non Current Inventories	82,388,394	73,125,915

FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Six Months Ended 31 December 2017

11 Investment Property

All investment properties of the Group have been categorised on a Level 3 fair value basis under AASB 13 Fair Value Measurement, as some of the inputs required to value the properties are not based on "observable market data". The updated significant unobservable inputs for the discounted cash flow and capitalisation of income valuation techniques as at 31st December 2017 are detailed below. For all other significant assumptions/inputs used please refer to the 30 June 2017 annual financial statements.

Discounted cash flows:

- 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),
- Risk-adjusted discounted rates (weighted average 7.75%).

Capitalisation of income valuation:

- Capitalisation Rate 7.50%-10.0%
- Occupancy Rate 64.0%-95.0%

12 Capital and Reserves

Share Capital

	Company	
	Ordinary shares	
	31-Dec-17	31-Dec-16
On issue at 1 July	231,594,772	231,594,772
Share buy back	(349,742)	-
Issued under Director Incentive Scheme	250,000	250,000
On Issue at 31 December - Fully Paid	<u>231,495,030</u>	<u>231,844,772</u>

Dividends

The following dividends were declared and paid by the Group:

	Cents per Share	Total Amount \$	Franked / Unfranked	Date of Payment
Dividend Paid During the six months ended 31 December 2017				
Final 2017 ordinary	3.00	6,933,877	Franked	1 September 2017
Total Amount		<u>6,933,877</u>		
Dividend Paid During the six months ended 31 December 2016				
Final 2016 ordinary	4.00	9,263,791	Franked	1 September 2016
Total Amount		<u>9,263,791</u>		

13 Loans and Borrowings

The following loans and borrowings (non-current and current) were on hand at 31 December 2017:

Terms and debt repayment schedule

Terms and conditions of outstanding loans are as follows:

			31-Dec-17	30-Jun-17
	Nominal Interest Rate	Financial Year of Maturity	Carrying Amount	Carrying Amount
Investor loans to subsidiaries (Unsecured)*	6.00%	2018	10,119,677	27,172,496
Investor loans to subsidiaries (Unsecured)*	BBSY+2.65%	2018	2,800,000	-
Investor loans to subsidiaries (Unsecured)**		2018	2,350,690	2,350,690
Commercial bills (Secured)***	BBSY+1.20%	2018	26,000,000	26,000,000
Commercial bills (Secured)***	BBSY+2.00%	2018	17,892,550	19,392,550
Commercial bills (Secured)	BBSY+1.50%	2018	51,177,219	24,013,936
Commercial bills (Secured)	BBSY+1.60%	2018	-	41,397,235
Commercial bills (Secured)	BBSY+1.60%	2018	-	2,742,061
Current			<u>110,340,136</u>	<u>143,068,968</u>
Investor loans to subsidiaries (Unsecured)**		2019	8,478,221	8,478,221
Non Current			<u>8,478,221</u>	<u>8,478,221</u>

* These are loans from land owners which are interest bearing

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

*** These commercial bills are secured on the Group's investment properties and are due to expire in March 2018. The classification of these loans as current has resulted in a working capital deficiency of \$3.75m. Subsequent to 31 December 2017, \$4.1m of the \$26m facility has been repaid. The balance of this facility (\$21.9m) and the \$17.9m are in the process of being refinanced with a term in excess of 12 months. When this occurs these loans will be re-classified from current liabilities to non-current liabilities.

FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Six Months Ended 31 December 2017

	31-Dec-17	30-Jun-17
	\$	\$
14 Capital and Other Commitments		
Commitments and Contingent Liabilities		
Property Development		
Contracted but not provided for and payable:		
Within one year	79,458,825	29,876,187
Later than one year	16,403,258	-
Total Property Development Commitments	<u>95,862,083</u>	<u>29,876,187</u>
Property Development - Equity Accounted Investees		
Contracted but not provided for and payable:		
Within one year	8,493,732	37,188,449
Total Property Development Commitments - Equity Accounted Investees	<u>8,493,732</u>	<u>37,188,449</u>
Group's Share of Property Development - Equity Accounted Investees		
Contracted but not provided for and payable:		
Within one year	4,246,866	18,594,225
Total Share of Property Development Commitments - Equity Accounted Investees	<u>4,246,866</u>	<u>18,594,225</u>
Group's Property Development Commitments including Equity Accounted Investees		
Contracted but not provided for and payable:		
Within one year	83,705,691	48,470,412
Later than one year	16,403,258	-
Total Property Development Commitments including Equity Accounted Investees	<u>100,108,949</u>	<u>48,470,412</u>
15 Contingencies		
The Directors are of the opinion that provisions are not required in respect of these guarantees, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.		
Guarantees	31-Dec-17	30-Jun-17
The Company has guaranteed the bank facilities of certain Controlled entities:	<u>5,000,000</u>	<u>20,000,000</u>
The Company has guaranteed the bank facilities of certain equity accounted investees:	<u>5,000,000</u>	<u>-</u>
16 Related Parties		
The following changes to related parties occurred in the reporting period: 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.		
17 Subsequent Events		
There has not arisen in the interval between the end of the financial half-year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group, in future financial years.		

Directors' Declaration

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

1. The condensed consolidated interim financial statements and notes that are contained in Pages 6 to 14 are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the six month period ended on that date; and
 - ii) complying with Australian Accounting Standards AASB134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company and the group entities will be able to pay its debts as and when they become due and payable.

Dated at Perth this 20th day of February 2018.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'Darren Pateman', is written over a light yellow rectangular background.

Darren Pateman
Managing Director



Independent Auditor's Review Report

To the shareholders of Finbar Group Limited

Report on the Interim Financial Report

Conclusion

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

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

- giving a true and fair view of the **Group's** financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2017
- Condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date
- Notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

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

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

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



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

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Finbar Group Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

KPMG

Denise McComish
Partner

Perth

20 February 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 review of Finbar Group Limited for the half-year ended 31 December 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A stylized, handwritten signature of the KPMG firm in blue ink.

KPMG

A handwritten signature of Denise McComish in blue ink.

Denise McComish
Partner

Perth

20 February 2018