

## Appendix 4D

### For The Six Months Ended 31 December 2018

#### 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 2018. Comparatives are for the six months ended 31 December 2017.

#### 2. Results for announcement to the market

	31-Dec-18	31-Dec-17	Change %
2.1 Revenue from ordinary activities	34,193,149	44,056,060	-22.39%
2.2 Profit/(Loss) from ordinary activities after tax attributable to members	1,905,305	(291,943)	752.63%
2.3 Net Profit/(Loss) for the period attributable to members	1,890,400	(482,475)	491.81%
2.4 Final 2017 Dividend per share, fully franked	3.0 cents	3.0 cents	0.00%
Declared Interim 2018 Dividend per share, fully franked	3.0 cents	3.0 cents	0.00%
Earnings per Share (Cents per Share)	0.70	(0.13)	637.62%
2.5 Record date for dividend	5 March 2019		
2.6 Explanation	Refer to Company Announcement		

#### 3. Net tangible assets per share

	31-Dec-18	31-Dec-17
Net tangible assets per share (Cents per Share)	90.95	90.29

#### 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 March 2019. The record date for the dividend is 5 March 2019.

#### 6. 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%
5-7 Harper Terrace Pty Ltd	100%
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%
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%
Finbar Karratha Pty Ltd	100%
Finbar Port Hedland Pty Ltd	100%
Finbar Project Management Pty Ltd	100%
Finbar Sub 104 Pty Ltd	100%
Lot 1 to 10 Whatley Crescent Pty Ltd	100%
Finbar To Rent Pty Ltd	100%

**Appendix 4D continued**

**For The Six Months Ended 31 December 2018**

**7. Details of joint venture entities**

	<u>Ownership</u>
36 Chester Avenue Pty Ltd	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%

**8. Foreign entities**

Not Applicable.

**9. 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 2018**



# **FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES**

## **INTERIM FINANCIAL REPORT**

**For the Six Months Ended 31 December 2018**

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# FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT

For the Six Months Ended 31 December 2018

### 1 Directors

The Directors present their report together with the consolidated financial report of Finbar Group Limited ('the Company') for the six months ended 31 December 2018 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 2018:

#### 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

Terence Siong Woon PEH - B.Comm, M.Comm

Director since 24 April 2018

#### 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 2018 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 profit/(loss) attributable to owners of the group amounted to \$1,890,400 (2017 : (\$482,475)).

### 5 Review of Operations

#### Completed Projects

**Ecco - 262 Lord Street, Perth** : No settlements occurred during the reporting period. The 98 unit development is fully sold.

**Norwood - 280 Lord Street, Perth** : 1 unit has settled in the reporting period. The 63 unit development is fully sold.

**Unison on Tenth - 241 Railway Avenue, Maylands** : 2 units have settled in the reporting period. The 169 unit development is fully sold.

**Linq - 269 James Street, Northbridge** : 4 units have settled in the reporting period. 3 units remain for sale in the 116 unit development.

**Motive - 172 Railway Parade, West Leederville** : 15 units have settled in the reporting period. 34 units remain for sale in the 143 unit development.

**Concerto - 193 Adelaide Terrace, East Perth** : 13 units have settled in the reporting period. 25 units remain for sale in the 227 unit development.

**Aurelia - 96 Mill Point Road, South Perth** : 15 units have settled in the reporting period. 28 units remain for sale in the 138 unit development.

**Aire West Perth - 647-659 Murray Street, West Perth** : 32 units have settled in the reporting period. 34 units remain for sale in the 244 unit development.

#### Currently Under Construction

**Reva - 5 Harper Terrace, South Perth**: Reva development reached practical completion in January 2019 with property settlements expected to commence in February 2019. To date 37 sales have been achieved in the 59 unit development.

**Palmyra - 43 McGregor Road, Palmyra**: Construction works continue to progress well at the first stage of the two stage Palmyra development, with completion expected during the financial year ending 30 June 2019. To date 68 sales have been achieved in the 128 unit development.

**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 167 sales have been achieved in the 250 unit development.

**Sabina - 3-5 Kintail Road, Applecross** : Construction works continue to progress well at the first stage of the three stage Applecross development, with completion expected during the financial year ending 30 June 2020. To date 56 sales have been achieved in the 168 unit development.

**Riverena - Lot 1001-1003 Rowe Avenue Rivervale** : Marketing of the Riverena project continues to progress, with construction expected to commence in the financial year ending 30 June 2020. To date 13 sales have been achieved in the 125 unit development.

**One Kennedy - 241 Railway Parade, Maylands** : Marketing of the One Kennedy project continues to progress, with construction expected to commence in the financial year ending 30 June 2020. To date 32 sales have been achieved in the 123 unit development.

# FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT

For the Six Months Ended 31 December 2018

### 5 Review of Operations (continued)

#### Future Projects

**Civic Heart - 1 Mends Street, South Perth** : A scheme amendment that addresses site specific characteristics was gazetted on January 2019. Development Approval has been lodged and result is expected in March 2019. It comprises of 309 residential apartments and 26 commercial tenancies in a four level shared podium with two towers of 39 and 22 levels.

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

**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. Construction has commenced on stage one of the project (Palmyra East).

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

**2 Homelea Court, 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.

**Lot 1000 - 32 Riversdale Road, Rivervale** : Development options are currently being explored.

**187 Adelaide Terrace, East Perth** : The last of the Symphony City development site comprising 2,984sqm and the existing heritage listed former ABC Radio building was acquired through a wholly owned Finbar subsidiary in September 2018. Development options are currently being explored within the heritage parameters of the building for a mixed use project.

#### Investment Property

**Fairlanes - 175 Adelaide Terrace, East Perth** : The Fairlanes property has been revalued during the reporting period. The valuation resulted in a \$596,188 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 73% 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 revalued during the reporting period. The valuation resulted in a \$460,000 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 64% 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 \$1.1million 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 72% 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
<b>Dividends Paid During the Year 2019</b>				
Final 2018 ordinary	3.00	8,123,099	Franked	14 Sep 2018
Total Dividends Paid		<u>8,123,099</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 2019 ordinary	3.00	8,179,165 *	Franked	12 March 2019
Total Dividend Proposed		<u>8,179,165</u>		

\* The Interim 2019 dividend is an estimate based on the number of shares on issue at 19 February 2019. The dividend may decrease as a consequence of a subsequent share buyback before dividend payment record date.

The financial effect of this dividend has not been brought to account in the financial statements for the six months ended 31 December 2018 and will be recognised in subsequent financial reports.

	Note	\$
Dealt with in the financial report as - Dividends	12	8,123,099

#### Dividend Reinvestment Plan

In accordance with Rule 13 of the Company's Dividend Reinvestment Plan (DRP), the Directors have elected to suspend the DRP for this interim dividend and until further notice. As such the DRP will not be active for the above mentioned interim dividend.

## FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES

### DIRECTORS' REPORT

For the Six Months Ended 31 December 2018

#### 7 Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on Page 19 and forms part of the Directors' Report for the six months ended 31 December 2018.

Dated at Perth this 19th day of February 2019.

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 2018

	Note	31-Dec-18 \$	31/12/2017* \$
Revenue		34,193,149	44,056,060
Cost of sales		(27,282,623)	(35,034,894)
<b>Gross Profit</b>		<b>6,910,526</b>	<b>9,021,166</b>
Other income	8	26,043	31,270
Administrative expenses		(3,219,693)	(3,179,965)
Advertising expenses		(838,367)	(1,064,184)
Revaluation increase/(decrease) of investment property		963,812	(2,427,338)
Revaluation increase/(decrease) of property, plant and equipment		28,365	(73,976)
Rental Expenses		(2,441,319)	(2,773,938)
<b>Results from Operating Activities</b>		<b>1,429,367</b>	<b>(466,965)</b>
Finance income		971,300	843,176
Finance costs		(409,505)	(399,281)
<b>Net Finance Income</b>		<b>561,795</b>	<b>443,895</b>
Share of profit/(loss) of Equity Accounted Investees (net of income tax)		398,322	(64,856)
<b>Profit/(Loss) before Income Tax</b>		<b>2,389,484</b>	<b>(87,926)</b>
Income tax expense	9	(484,179)	(203,924)
<b>Profit/(Loss) for the period</b>		<b>1,905,305</b>	<b>(291,850)</b>
Other comprehensive income			
Items which will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment		(21,293)	(262,803)
Income tax relating to components of other comprehensive income		6,388	72,271
Other comprehensive loss for the period, net of income tax		(14,905)	(190,532)
<b>Total comprehensive income/(loss) for the period</b>		<b>1,890,400</b>	<b>(482,382)</b>
<b>Profit/(Loss) attributable to:</b>			
Owners of the Group		1,905,305	(291,943)
Non-controlling interest		-	93
<b>Profit/(Loss) for the period</b>		<b>1,905,305</b>	<b>(291,850)</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the Group		1,890,400	(482,475)
Non-controlling interest		-	93
<b>Total comprehensive income/(loss) for the period</b>		<b>1,890,400</b>	<b>(482,382)</b>
<b>Earnings per Share:</b>			
Basic earnings per share (cents per share)		0.70	(0.13)
Diluted earnings per share (cents per share)		0.70	(0.13)
Dividends per share (cents per share)	12	3.00	3.00

\* The Group has initially applied AASB 15 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 6.



# FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 31 December 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 2017*	157,332,125	58,847,430	190,532	216,370,087	101,103	216,471,190
<b>Total comprehensive income for the period</b>						
Loss		(291,943)		(291,943)	93	(291,850)
Other comprehensive loss			(190,532)	(190,532)		(190,532)
<b>Transactions with owners, recognised directly in equity</b>						
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
Balance as at 1 July 2018*	193,241,795	58,909,514	14,905	252,166,214	-	252,166,214
<b>Total comprehensive income for the period</b>						
Profit		1,905,305		1,905,305		1,905,305
Other comprehensive loss			(14,905)	(14,905)		(14,905)
<b>Transactions with owners, recognised directly in equity</b>						
Issue of ordinary shares	2,035,637			2,035,637		2,035,637
Dividends to shareholders Note 12		(8,123,099)		(8,123,099)		(8,123,099)
Balance as at 31 December 2018	195,277,432	52,691,720	-	247,969,152	-	247,969,152

Amounts are stated net of tax

\* The Group has initially applied AASB 15 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 6.

# FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	31-Dec-18 \$	30/06/2018* \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		33,913,571	57,750,242
Trade and other receivables		15,208,608	39,494,544
Inventories	10	116,276,823	84,307,397
Prepayments		208,405	162,044
Investments in Equity Accounted Investees		2,765,407	2,556,405
Other assets		38,704	91,055
<b>Total Current Assets</b>		<b>168,411,518</b>	<b>184,361,687</b>
<b>Non Current Assets</b>			
Trade and other receivables		22,021,640	15,222,637
Inventories	10	82,988,623	60,604,201
Investment property	11	85,306,972	84,768,616
Investments in Equity Accounted Investees		1,481,212	1,509,117
Property, plant and equipment		10,063,374	10,611,799
Deferred Tax Assets		6,539,392	5,768,019
Other assets		93,691	66,202
<b>Total Non Current Assets</b>		<b>208,494,904</b>	<b>178,550,591</b>
<b>Total Assets</b>		<b>376,906,422</b>	<b>362,912,278</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		23,137,757	42,017,421
Loans and borrowings	13	49,890,517	8,068,734
Current tax payable		794,585	2,591,294
Employee benefits		451,873	444,184
<b>Total Current Liabilities</b>		<b>74,274,732</b>	<b>53,121,633</b>
<b>Non Current Liabilities</b>			
Trade and other payables		505,448	6,742,156
Loans and borrowings	13	51,585,771	47,835,771
Deferred tax liabilities		2,571,319	3,046,504
<b>Total Non Current Liabilities</b>		<b>54,662,538</b>	<b>57,624,431</b>
<b>Total Liabilities</b>		<b>128,937,270</b>	<b>110,746,064</b>
<b>Net Assets</b>		<b>247,969,152</b>	<b>252,166,214</b>
<b>EQUITY</b>			
Share capital		195,277,432	193,241,795
Retained earnings		52,691,720	58,909,514
Reserves		-	14,905
<b>Total Equity</b>		<b>247,969,152</b>	<b>252,166,214</b>

\* The Group has initially applied AASB 15 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 6.

The condensed notes on pages 10 to 15 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 2018

	31-Dec-18 \$	31/12/2017* \$
<b>Cash Flows from Operating Activities</b>		
Cash receipts from customers	46,112,073	54,525,046
Cash paid to suppliers and employees	(114,723,405)	(43,622,802)
<b>Cash generated (used in)/from Operating Activities</b>	<b>(68,611,332)</b>	<b>10,902,244</b>
Interest paid	(581,262)	(339,681)
Income tax paid	(3,013,398)	(3,925,008)
<b>Net Cash generated (used in)/from Operating Activities</b>	<b>(72,205,992)</b>	<b>6,637,555</b>
<b>Cash Flows from Investing Activities</b>		
Interest received	710,887	383,631
Dividends received from equity accounted investees	217,225	355,404
Acquisition of property, plant and equipment	(3,779)	(5,229)
Proceeds from sale of investment property	12,040	-
Acquisition of other investments	-	(54)
Proceeds from loans to Equity Accounted Investees	7,948,628	658,151
<b>Net Cash provided by Investing Activities</b>	<b>8,885,001</b>	<b>1,391,903</b>
<b>Cash Flows from Financing Activities</b>		
Repurchase of own shares	-	(285,944)
Proceeds from borrowings	49,172,473	28,995,904
Repayment of borrowings	(3,600,690)	(63,259,806)
Dividends paid (net of DRP)	(6,087,463)	(6,933,877)
Dividends paid to non-controlling interest	-	(101,009)
<b>Net Cash provided/(used in) by Financing Activities</b>	<b>39,484,320</b>	<b>(41,584,732)</b>
Net decrease in cash and cash equivalents	(23,836,671)	(33,555,274)
Cash and cash equivalents at 1 July	57,750,242	68,776,225
<b>Cash and Cash Equivalents at 31 December</b>	<b>33,913,571</b>	<b>35,220,951</b>

\* The Group has initially applied AASB 15 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 6.

# FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 31 December 2018

### 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 2018 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 2018 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](http://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 2018. 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 2018.

The condensed consolidated interim financial statements were approved by the Board of Directors on 19th day of February 2019.

### 3 Significant Accounting Policies

Except for the changes below, 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 2018.

#### Revenue

The Group has applied AASB 15 *Revenue from Contracts with Customers* using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under AASB 118 *Revenue*. The details of accounting policies under AASB 118 are disclosed separately if they are different from those under AASB 15 and the impact of changes is disclosed in Note 6.

In the comparative period, 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 and commercial 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) 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.

#### Current Revenue Policy

Under AASB 15, Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

#### (i) Property Sales

Revenue from property sales include:

- Sale of residential and commercial property;
- Development costs fees which represent the fees charged to recoup project development costs from the Land Owners; and
- Profit Share fees which represent percentage profit sharing revenue based on net project profit.

Revenue is recognised when control of the assets is transferred and the amount of revenue is measured based on the contracted amount. The timing of transfers of control vary depending on the individual terms of the contract of sale.

For projects with an external landowner when the Group is engaged as a property developer of the land, the Group is deemed to be acting as the principal in the transaction and as such, property sales revenue and cost of sale are grossed up by the land cost base.

The cost of sales allocated to individual units is based on the estimated overall selling price for the project and is updated at each reporting date.

#### (ii) Supervision Fees

Supervision fees represents the management fees charged to the Equity Accounted Investees. Revenue is recognised in profit or loss in proportion to the stage of project completion which is by reference to an assessment of the costs incurred and the costs to be incurred. Revenue is measured based on the contracted amount and constrained to the amount that is highly probable.

#### (iii) Management Fees

Management fees represents the management fee charged to the Equity Accounted Investees shareholders. Revenue is recognised in profit or loss at project completion and is measured based on the contracted amount and constrained to the amount that is highly probable.

# FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the Six Months Ended 31 December 2018

### 3 Significant Accounting Policies (continued)

#### Current Revenue Policy (continued)

#### (iv) Rental Income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease in accordance with AASB 117. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

### 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 2018.

### 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 2018.

### 6 Changes in Accounting Policies

Except for the changes below, the Group's accounting policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2018.

The Group has applied AASB 15 using the cumulative effect method – i.e. by recognising the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance of equity at 1 July 2018. The Group has applied the practical expedient in paragraph C5 (b) of AASB 15 under which, for completed contracts that have variable consideration, the Group has used the transaction price at the date when the contract was completed rather than estimating variable consideration amounts in the comparative reporting period. Therefore, the comparative information has not been restated and continues to be reported under AASB 118. The Group has changed its accounting policy for revenue recognition as detailed in Note 3 in accordance with AASB 15. The details of the significant changes and quantitative impact of the changes are set out below.

#### (i) Land cost base on property sale

For projects with an external land owner when the Group is engaged as a property developer of the land, the Group previously did not recognise the cost base of land when recognising revenue on property sale. Under AASB 15, Finbar is deemed to be acting as the principal in the transaction and as such property sales revenue and cost of sales are grossed up by the land cost base. The net profit or loss impact is nil. This adjustment is only applicable to projects with an external land owner when the Group is engaged as a property developer of the land.

#### (ii) Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

Impact of changes in accounting policies For the Six Months ended 31 December 2018	As reported \$	Adjustments \$	Balances without adoption of AASB 15 \$
Revenue	34,193,149	(2,703,697)	31,489,452
Cost of sales	(27,282,623)	2,703,697	(24,578,926)
Other income	26,043	-	26,043
Other Expenses	(5,507,202)	-	(5,507,202)
Net Finance Income	561,795	-	561,795
Share of profit of Equity Accounted Investees (net of income tax)	398,322	-	398,322
Income Tax Expense	(484,179)	-	(484,179)
<b>Profit for the period</b>	<b>1,905,305</b>	<b>-</b>	<b>1,905,305</b>
Other comprehensive income	(14,905)	-	(14,905)
<b>Total comprehensive income for the period</b>	<b>1,890,400</b>	<b>-</b>	<b>1,890,400</b>

The adjustments recognised for the six months ended 31 December 2018 have no material impact on Condensed Consolidated Interim Statement of Changes in Equity, Condensed Consolidated Interim Statement of Financial Position and Condensed Consolidated Interim Statement of Cash Flows.

# FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the Six Months Ended 31 December 2018

### 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 includes supervision fees, management fees and net assets attributable to the corporate office.

<b>Information about Reportable Segments For the Six Months ended 31 December 2018</b>	<b>Residential Apartment Development</b>	<b>Commercial Office/Retail Development</b>	<b>Rental of Property</b>	<b>Corporate</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
External Revenues - Company and Subsidiaries	28,090,020	1,861,862	4,086,717	180,593	34,219,192
External Revenues - Equity Accounted Investees	7,388,763	-	16,584	-	7,405,347
External Revenues - Total	35,478,783	1,861,862	4,103,301	180,593	41,624,539
Reportable Segment Profit before Income Tax - Company and Subsidiaries	1,446,641	(719,038)	1,645,398	1,283,885	3,656,886
Reportable Segment Profit before Income Tax - Equity Accounted Investees	537,380	(125)	13,342	18,435	569,032
Reportable Segment Profit before Income Tax - Total	1,984,021	(719,163)	1,658,740	1,302,320	4,225,918

#### Information about Reportable Segments as at 31 December 2018\*

Reportable Segment Assets - Company and Subsidiaries	184,956,801	28,866,901	86,001,437	19,770,178	319,595,317
Reportable Segment Assets - Equity Accounted Investees	18,209,868	1,987,777	-	-	20,197,645
Reportable Segment Liabilities - Company and Subsidiaries	78,575,396	7,620,528	38,536,793	838,649	125,571,366
Reportable Segment Liabilities - Equity Accounted Investees**	8,054,333	39,675	-	3,375	8,097,383
Capital Expenditure	-	-	-	6,335	6,335

<b>Information about Reportable Segments For the Six Months ended 31 December 2017*</b>	<b>Residential Apartment Development</b>	<b>Commercial Office/Retail Development</b>	<b>Rental of Property</b>	<b>Corporate</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
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	308,229,769
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

\* The Group has initially applied AASB 15 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 6.

\*\* 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 2018

### 7 Operating Segments (continued)

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

	31-Dec-18	31/12/2017*
	\$	\$
<b>Revenues</b>		
Total revenue for development reportable segments	29,951,882	39,072,989
Total revenue for rental segments	4,086,717	4,504,760
Total revenue for other reportable segments	180,593	509,581
Consolidated Revenue	34,219,192	44,087,330
Total revenue for development reportable segments - Equity Accounted Investees	7,388,763	419,591
Total revenue for rental segments included in other income - Equity Accounted Investees	16,584	300
Total Reportable Segments Revenue	41,624,539	44,507,221
<b>Profit or Loss</b>		
Total profit or loss for reportable segments	4,225,918	5,119,562
Finance income - Company and Subsidiaries	971,300	843,176
Finance costs - Company and Subsidiaries	(409,505)	(399,281)
Unallocated amounts:		
Administrative expenses	(3,219,696)	(3,179,965)
Revaluation of investment property	963,812	(2,427,338)
Revaluation of property, plant and equipment	28,365	(73,976)
Income tax applicable to share of profit of Equity Accounted Investees	(170,710)	29,896
Consolidated Profit/(Loss) before Income Tax	2,389,484	(87,926)
<b>Assets</b>	<b>31-Dec-18</b>	<b>30/06/2018*</b>
Total assets for reportable segments	319,595,317	275,175,870
Cash and cash equivalents	33,913,571	57,750,242
Investments in Equity Accounted Investees	4,246,619	4,065,522
Other assets**	19,150,915	25,920,644
Consolidated Total Assets	376,906,422	362,912,278
<b>Liabilities</b>		
Total liabilities for reportable segments	125,571,366	105,108,270
Other liabilities	3,365,904	5,637,794
Consolidated Total Liabilities	128,937,270	110,746,064

#### Geographical Segments

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

\* The Group has initially applied AASB 15 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 6.

\*\* Includes receivables due to Finbar Group from Equity Accounted Investees

### 8 Other Income

	31-Dec-18	31-Dec-17
	\$	\$
Administration fees	25,370	30,638
Other	673	632
Total Other Income	26,043	31,270

### 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 2018 was 24.3% (2017 : 46.1%). 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 30.00% (2017 : 31.1%).

### 10 Inventories

	31-Dec-18	30-Jun-18
	\$	\$
<b>Current</b>		
Work in progress	76,093,468	31,395,917
Completed Stock	40,183,355	52,911,480
Total Current Inventories	116,276,823	84,307,397
<b>Non Current</b>		
Work in progress	71,062,668	40,093,105
Completed Stock	11,925,955	20,511,096
Total Non Current Inventories	82,988,623	60,604,201

# FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 31 December 2018

### 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 2018 are detailed below. For all other significant assumptions/inputs used please refer to the 30 June 2018 annual financial statements.

Discounted cash flows:

- Expected market rental growth 2.0%-4.0%, weighted average 2.74%,
- Void periods (average 8.1 months after the end of each lease),
- Occupancy Rate 73.13%,
- Rent free periods (21-60 months period on certain new leases),
- Risk-adjusted discounted rates (weighted average 8.00%).

Capitalisation of income valuation:

- Capitalisation Rate 7.50%-10.0%,
- Occupancy Rate 56.86%-73.13%.

### 12 Capital and Reserves

#### Share Capital

	Company	
	Ordinary shares	
	31-Dec-18	31-Dec-17
On issue at 1 July	270,769,961	231,594,772
Issued under Dividend Reinvestment Plan	2,319,774	-
Share buy back	(450,902)	(349,742)
Issued under Director Incentive Scheme	-	250,000
On Issue at 31 December - Fully Paid	<u>272,638,833</u>	<u>231,495,030</u>

#### Dividends

The following dividends were declared and paid by the Group:

	Cents per Share	Total Amount \$	Franked / Unfranked	Date of Payment
<b>Dividend Paid During the six months ended 31 December 2018</b>				
Final 2018 ordinary	3.00	8,123,099	Franked	14 September 2018
Total Amount		<u>8,123,099</u>		
<b>Dividend Paid During the six months ended 31 December 2017</b>				
Final 2017 ordinary	3.00	6,933,877	Franked	1 September 2017
Total Amount		<u>6,933,877</u>		

### 13 Loans and Borrowings

The following loans and borrowings (non-current and current) were on hand at 31 December 2018:

#### Terms and debt repayment schedule

Terms and conditions of outstanding loans are as follows:

	Nominal Interest Rate	Financial Year of Maturity	31-Dec-18	30-Jun-18
			\$ Carrying Amount	\$ Carrying Amount
Investor loans to subsidiaries (Unsecured)*		2020	14,218,044	5,718,044
Investor loans to subsidiaries (Unsecured)*		2019	-	2,350,690
Commercial bills (Secured)	BBSY+1.70%	2019	17,708,685	-
Commercial bills (Secured)	BBSY+1.70%	2019	17,963,788	-
<b>Current</b>			<u>49,890,517</u>	<u>8,068,734</u>
Commercial bills (Secured)	BBSY+2.00%	2021	21,465,000	21,465,000
Commercial bills (Secured)	BBSY+2.00%	2021	16,642,550	17,892,550
Investor loans to subsidiaries (Unsecured)*		2022	8,478,221	8,478,221
Investor loans to subsidiaries (Unsecured)*		2022	5,000,000	-
<b>Non Current</b>			<u>51,585,771</u>	<u>47,835,771</u>

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



# FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 31 December 2018

### 14 Capital and Other Commitments

	31-Dec-18	30-Jun-18
	\$	\$
<b>Commitments and Contingent Liabilities</b>		
<b>Property Development</b>		
<b>Contracted but not provided for and payable:</b>		
Within one year	84,571,624	89,209,667
Later than one year	12,598,286	-
Total Property Development Commitments	<u>97,169,910</u>	<u>89,209,667</u>
<b>Property Development - Equity Accounted Investees</b>		
<b>Contracted but not provided for and payable:</b>		
Within one year	-	-
Later than one year	-	-
Total Property Development Commitments - Equity Accounted Investees	<u>-</u>	<u>-</u>
<b>Group's Share of Property Development - Equity Accounted Investees</b>		
<b>Contracted but not provided for and payable:</b>		
Within one year	-	-
Total Share of Property Development Commitments - Equity Accounted Investees	<u>-</u>	<u>-</u>
<b>Group's Property Development Commitments including Equity Accounted Investees</b>		
<b>Contracted but not provided for and payable:</b>		
Within one year	84,571,624	89,209,667
Later than one year	12,598,286	-
Total Property Development Commitments including Equity Accounted Investees	<u>97,169,910</u>	<u>89,209,667</u>

### 15 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.

	31-Dec-18	30-Jun-18
	\$	\$
<b>Guarantees</b>		
The Company has guaranteed the bank facilities of certain Controlled entities:	<u>25,076,550</u>	<u>25,076,550</u>

### 16 Related Parties

Arrangements with related parties continue to be in place on the same basis as at 30 June 2018. For full disclosure of transactions refer to 30 June 2018 annual financial report.

### 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.

## FINBAR GROUP LIMITED AND ITS CONTROLLED ENTITIES

### 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 15 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 2018 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 19th day of February 2019.

Signed in accordance with a resolution of the Directors:



Darren Pateman  
Managing Director



# Independent Auditor's Review Report

To the shareholders of Finbar Group Limited

## Report on the Interim Financial Report

### Conclusion

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 2018 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 2018
- 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*
- 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 2018 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Finbar Group Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

KPMG

Derek Meates  
Partner

19 February 2019



# 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 2018 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 handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink that appears to read 'Derek Meates'.

Derek Meates  
*Partner*  
19 February 2019