Rule 4.3A

Appendix 4E

Preliminary final report
Period ending on or after 30 June 2019
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 2019 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 $154,690,070 (2018: $150,736,461)
Percentage change 2.62% (2018: 21.85%)

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* $11,371,914 (2018: $13,760,204)
Percentage change -17.36% (2018: 171.83%)
****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* $11,371,914 (2018: $13,760,204)
Percentage change -17.36% (2018: 171.83%)
****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 2018 Paid during period: $0.03 (14 September 2018) (2017 $0.03)
Interim Dividend 2019 Paid during period: $0.03 (12 March 2019) (2018 $0.03)
Final Dividend 2019 Proposed $0.03

2.5 The record date for determining entitlements to the dividends (if any).
5 September 2019

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.

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 2019 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 2019 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 2019 Financial Report attached

6. A statement of retained earnings, or a statement of changes in equity, showing movements.
Refer to 30th June 2019 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 2018 paid 14 September 2018: $8,123,099
Interim Dividend 2019 paid 12 March 2019: $8,179,165
Final Dividend 2019 Declared to be paid 12 September 2019: $8,163,694

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 not be active for the Final Dividend 2019.

9. Net tangible assets per security with the comparative figure for the previous corresponding period.
$248,477,089/272,123,142 (issued capital) = $0.91 per share (2018 $0.93)

10. Details of entities over which control has been gained or lost during the period, including the following.
Refer to 30th June 2019 Financial Report attached

    10.1 Name of the entity.
    Refer to 30th June 2019 Financial Report attached

    10.2 The date of the gain or loss of control.
    Refer to 30th June 2019 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 2019 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 2019 Financial Report attached

11.2 Details of the reporting entity's percentage holding in each of these entities.
Refer to 30th June 2019 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 2019 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 2019 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 2019 Financial Report attached

14.2 Returns to shareholders including distributions and buy backs.
Refer to 30th June 2019 Financial Report attached

14.3 Significant features of operating performance.
Refer to 30th June 2019 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 2019 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

+ See chapter 19 for defined terms.

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

CONTENTS

	Page
Directors' Report (including Corporate Governance Statement)	3
Consolidated Statement of Profit or Loss and Other Comprehensive Income	15
Consolidated Statement of Changes in Equity	16
Consolidated Statement of Financial Position	17
Consolidated Statement of Cash Flows	18
Notes to the Consolidated Financial Statements	19
Directors' Declaration	46
Independent Auditor's Report	47
Lead Auditor's Independence Declaration	52
ASX Additional Information	53

DIRECTORS' REPORT
For the Year Ended 30 June 2019

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 2019 and the independent auditor's report thereon.

	Contents of Directors' Report	**Page**
1	**Directors**	4
2	**Company Secretary**	5
3	**Directors' Meetings**	5
4	**Corporate Governance Statement**	5
4.1	Board of Directors	5
4.2	Remuneration Committee	5
4.3	Remuneration Report - Audited	6
4.3.1	Principles of Remuneration - Audited	6
4.3.2	Directors' and Executive Officers' Remuneration - Audited	7
4.3.3	Analysis of Bonuses included in Remuneration Report - Audited	8
4.3.4	Directors' and Executives Interests	8
4.3.5	Equity Instruments - Audited	9
4.4	Audit Committee	9
4.5	Risk Management	9
4.6	Ethical Standards	10
4.7	Communication with Shareholders	10
4.8	Diversity	10
5	**Principal Activities**	11
6	**Operating and Financial Review**	11
7	**Dividends**	13
8	**Events Subsequent to Reporting Date**	13
9	**Likely Developments**	13
10	**Directors' Interests**	13
11	**Indemnification and Insurance of Officers and Auditors**	14
12	**Non-audit Services**	14
13	**Lead Auditor's Independence Declaration**	14

DIRECTORS' REPORT (Continued)
For the Year Ended 30 June 2019

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

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 24 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 15 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

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 has over 20 years of experience in property development investment and project management in Asia Pacific, and management experience in finance in the marine and electronics manufacturing services industries.

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 2019

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 27 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	4	4	2	N/A	N/A	2	2
Darren John PATEMAN	4	4	2	N/A	N/A	N/A	N/A
Ronald CHAN	4	4	2	N/A	N/A	N/A	N/A
Kee Kong LOH	4	4	2	2	2	2	2
Lee VERIOS	4	4	2	2	2	2	2
Terence PEH	4	4	2	2	2	2	2

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.

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
- Terence PEH - Non-executive Director

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.

DIRECTORS' REPORT (Continued)
For the Year Ended 30 June 2019

4 Corporate Governance Statement (continued)

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.

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; and
  - 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 2019, 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 2019 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 2019 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:

	2019	2018	2017	2016	2015
Total comprehensive income	$11,371,914	$13,760,281	$5,058,710	$8,127,095	$25,828,642
Profit before tax	$15,946,970	$18,785,726	$10,369,453	$10,687,308	$31,699,466
Dividends paid	$16,302,264	$13,873,747	$16,219,134	$20,686,172	$22,770,213
Change in share price	-$0.10	$0.14	-$0.03	-$0.36	-$0.44
Return on capital employed	5.58%	6.24%	4.76%	4.26%	11.58%
Return on total equity	4.58%	5.46%	2.34%	3.57%	10.85%

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

DIRECTORS' REPORT (Continued)
For the Year Ended 30 June 2019

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 2019 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	175,153	-	707,283	23,183	8,869	739,335
Mr Darren John Pateman, Managing Director	-	669,549	175,153	104,000	948,702	20,531	11,075	980,308
Mr Ronald Chan, Chief Operating Officer *	-	308,172	87,577	-	395,749	20,531	5,020	421,300
Non-executive Directors								
Mr Kee Kong Loh	76,105	-	-	-	76,105	-	-	76,105
Mr Terence Siong Woon Peh	65,930	-	-	-	65,930	-	-	65,930
Mr Lee Verios	69,661	-	-	-	69,661	6,444	-	76,105
Executives								
Mr Edward Guy Bank, CFO *	-	291,544	87,577	-	379,121	20,531	4,752	404,404
	211,696	1,801,395	525,460	104,000	2,642,551	91,220	29,716	2,763,487

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

* Excludes accrued annual leave balance of $151,614 (2018: $136,614).

** Retired on 24 April 2018.

DIRECTORS' REPORT (Continued)
For the Year Ended 30 June 2019

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 6.

Details of the Group's policy in relation to the remuneration that is performance related is discussed on Page 6.

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 7.

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 7.

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 7.

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 7.

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	175,153	100%
Mr Darren John Pateman	175,153	100%
Mr Ronald Chan, COO	87,577	100%
Executives		
Mr Edward Guy Bank, CFO and Company Secretary	87,577	100%
	525,460	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 6). No discretionary bonus was paid to the Executives in the 2019 financial year (2018: $99,970). Any discretionary amounts of executive bonuses relating to 2019 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 2018	Purchases	Sales	Held at 30 June 2019
Directors				
Mr John Chan*	26,567,520	50,000	-	26,617,520
Mr Darren John Pateman	3,586,368	23,125	-	3,609,493
Mr Ronald Chan*	5,067,217	6,857	-	5,074,074
Mr Kee Kong Loh	2,000,904	-	-	2,000,904
Mr Terence Siong Woon Peh**	54,932,348	904,827	-	55,837,175
Mr Lee Verios	70,000	74,786	(72,393)	72,393
Executives				
Mr Edward Guy Bank	300,000	-	-	300,000

	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
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

* Both John Chan and Ronald Chan have interests in Forward International Pty Ltd which holds shares in Finbar Group.
** Terence Peh is a Director and shareholder of Chuan Hup Holdings Limited which holds shares in Finbar Group.

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 2019

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 2019, 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
- Terence Siong Woon PEH - Non-executive Director

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 24 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 2019

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 28 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; and
- 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; and
- 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

	2019		2018	
	Female	**Male**	**Female**	**Male**
Board	-	100%	-	100%
Key Management Personnel	-	100%	-	100%
Senior Management	60%	40%	50%	50%
Group	48%	52%	53%	47%

DIRECTORS' REPORT (Continued)
For the Year Ended 30 June 2019

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	**2019**	**2018**
Total comprehensive income attributable to Owners of the Group	$11,371,914	$13,760,204

Shareholder Returns	**2019**	**2018**	**2017**	**2016**	**2015**
Total comprehensive income attributable to Owners of the Group	$11,371,914	$13,760,204	$5,062,123	$8,130,113	$25,896,656
Basic EPS	$0.04	$0.06	$0.02	$0.04	$0.11
Diluted EPS	$0.04	$0.06	$0.02	$0.04	$0.11
Dividends paid	$16,302,264	$13,873,747	$16,219,134	$20,686,172	$22,770,213
Dividends paid per share	$0.06	$0.06	$0.07	$0.09	$0.10
Market price per share	$0.84	$0.94	$0.80	$0.83	$1.19
Change in share price	-$0.10	$0.14	-$0.03	-$0.36	-$0.44
Return on capital employed attributable to Owners of the Group	5.58%	6.24%	4.76%	4.26%	11.60%
Return on total equity attributable to Owners of the Group	4.58%	5.46%	2.34%	3.57%	10.90%

Dividends for 2019 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 2019 financial year were the completion of the VUE Apartments in East Perth and the REVA Apartments in South Perth, sales and settlements of completed stock held at 30 June 2018 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 21 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.

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 2019

6 Operating and Financial Review (continued)

Completed Projects

Ecco - 262 Lord Street, Perth : 2 units have settled in 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 : 9 units have settled in the reporting period. The 116 unit development is fully sold.

Motive - 172 Railway Parade, West Leederville : 23 units have settled in the reporting period. 29 units remain for sale in the 143 unit development.

Concerto - 193 Adelaide Terrace, East Perth : 24 units settled in the reporting period. 19 units remain for sale in the 227 unit development.

Aurelia - 96 Mill Point Road, South Perth : 26 units have settled in the reporting period. 16 units remain for sale in the 138 unit development.

Aire West Perth - 647-659 Murray Street, West Perth : 53 units have settled in the reporting period. 16 units remain for sale in the 244 unit development.

Reva - 5 Harper Terrace, South Perth : Construction of the Reva project completed in the second half of the financial year. 32 units have settled in the reporting period. 25 units remain for sale in the 59 unit development.

Vue Tower - 63 Adelaide Terrace, East Perth : Construction of the Vue project completed in the second half of the financial year. 158 units have settled in the reporting period. 71 units remain for sale in the 250 unit development.

Currently Under Construction

Palmyra East Apartments - 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 first half of financial year ending 30 June 2020. To date 69 sales have been achieved in the development of 128 residential apartments.

Sabina - 908 Canning Highway, 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 64 sales have been achieved in the developement of 164 residential apartments and 3 commercial units.

One Kennedy - 241 Railway Parade, Maylands : Construction works continue to progress well at One Kennedy, with completion expected during the financial year ending 30 June 2020. To date 45 sales have been achieved in the developement of 120 residential apartments and 3 commercial units.

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 27 sales have been achieved in the development of 125 residential apartments.

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 determination is expected in October 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.

912 Canning Highway, Applecross (Stage 2) : Development Approval has been received for 151 residential apartments and 3 commercial units.

3 Kintail Road, Applecross (Stage 3) : Development Approval has been received for 122 residential apartments and 3 commercial units.

Palmyra West Apartments - 43 McGregor Road, Palmyra (Stage 2) : Development Approval has been received for 130 residential apartments.

36 Chester Avenue, Dianella : Development Approval has been received for a development of 128 residential apartments.

239 Great Eastern Highway, Belmont : Development Approval has been received for a development of 194 residential apartments and 2 commercial units.

The Point - 31 Rowe Avenue, Rivervale : Development Approval has been received for a development of 167 apartments and 9 commercial units.

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 a redesign into a residential apartment project.

2 Homelea Court, Springs Rivervale : Finbar through a wholly owned subsidiary holds an additional four abutting 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 currrently 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 - 181 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 52% 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 $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 52% 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 96% 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 2019

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 2019				
Final 2018 ordinary	3.00	8,123,099	Franked	14 September 2018
Interim 2019 ordinary	3.00	8,179,165	Franked	12 March 2019
Total Dividends Paid		16,302,264		

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 2019 ordinary	3.00	8,163,694	Franked	12 September 2019
Total Dividend Proposed		8,163,694		

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2019 and will be recognised in subsequent financial reports.

	Note	$
Dealt with in the financial report as - Dividends	19	16,302,264

Dividend Reinvestment Plan

In accordance with Rule 13 of the Company's Dividend Reinvestment Plan (DRP), the Directors have elected to suspend the DRP in the 2019 financial year until further notice. As such the DRP will not 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	26,617,520
Mr Darren John Pateman	3,609,493
Mr Ronald Chan	5,074,074
Mr Kee Kong Loh	2,000,904
Mr Terence Siong Woon Peh	55,837,175
Mr Lee Verios	72,393

DIRECTORS' REPORT (Continued)
For the Year Ended 30 June 2019

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 $29,901 (2018: $22,832) 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	
	2019	**2018**
	$	**$**
Audit Services:		
Auditors of the Company		
Audit and review of the financial reports	141,083	174,425
Audit and review of the financial reports of equity accounted investees	169	6,750
	141,252	181,175
Services Other Than Statutory Audit:		
Taxation compliance services	34,929	18,543
	34,929	18,543

13 Lead Auditor's Independence Declaration

The Lead Auditor’s Independence Declaration is set out on Page 52 and forms part of the Directors’ Report for the financial year ended 30 June 2019.

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

Darren Pateman
Managing Director

Dated at Perth this Twentieth day of August 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Year Ended 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018* $
Revenue	7	154,690,070	150,736,461
Cost of sales		(126,263,342)	(120,828,162)
Gross Profit		28,426,728	29,908,299
Other income	8	59,897	1,356,785
Administrative expenses		(6,918,123)	(7,104,935)
Advertising expenses		(4,083,207)	(3,270,990)
Revaluation increase/(decrease) of investment property		963,812	(2,027,338)
Revaluation increase of property, plant and equipment		114,247	-
Rental expenses		(4,151,973)	(4,696,474)
Results from Operating Activities		14,411,381	14,165,347
Finance income	10	1,890,430	2,675,006
Finance costs	10	(780,725)	(802,024)
Net Finance Income		1,109,705	1,872,982
Share of profit of Equity Accounted Investees (net of income tax)	14	425,884	2,747,397
Profit before Income Tax		15,946,970	18,785,726
Income tax expense	11	(4,560,151)	(4,849,818)
Profit for the year		11,386,819	13,935,908
Other comprehensive income			
Items which will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment		(21,293)	(250,896)
Tax on items that will not be reclassified to profit or loss	11	6,388	75,269
Other comprehensive loss for the year, net of income tax		(14,905)	(175,627)
Total comprehensive income for the year		11,371,914	13,760,281
Profit attributable to:			
Owners of the Group		11,386,819	13,935,831
Non-controlling interest		-	77
Profit for the year		11,386,819	13,935,908
Total comprehensive income attributable to:			
Owners of the Group		11,371,914	13,760,204
Non-controlling interest		-	77
Total comprehensive income for the year		11,371,914	13,760,281
Earnings per Share:			
Basic earnings per share (cents per share)	20	4.18	5.84
Diluted earnings per share (cents per share)	20	4.18	5.84

* The Group has initially applied AASB 15 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 2(e)(iii).

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 19 to 45.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2019

		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
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 19		(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
Balance as at 1 July 2018*		193,241,795	58,909,514	14,905	252,166,214	-	252,166,214
Total comprehensive income for the year							
Profit			11,386,819		11,386,819	-	11,386,819
Other comprehensive income				(14,905)	(14,905)	-	(14,905)
Transactions with owners, recognised directly in equity							
Issue of ordinary shares		2,035,637			2,035,637		2,035,637
Buyback of shares		(794,412)			(794,412)		(794,412)
Dividends to shareholders	Note 19		(16,302,264)		(16,302,264)	-	(16,302,264)
Balance as at 30 June 2019		194,483,020	53,994,069	-	248,477,089	-	248,477,089

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 2(e)(iii).

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on Pages 19 to 45.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018* $
ASSETS			
Current Assets			
Cash and cash equivalents	18a	45,489,944	57,750,242
Trade and other receivables	17	18,353,772	39,494,544
Inventories	16	129,925,235	84,307,397
Prepayments		55,039	162,044
Investments in Equity Accounted Investees	14	3,043,383	2,556,405
Other assets		20,474	91,055
Total Current Assets		196,887,847	184,361,687
Non Current Assets			
Trade and other receivables	17	16,122,651	15,222,637
Inventories	16	62,807,546	60,604,201
Investment property	12	85,306,973	84,768,616
Investments in Equity Accounted Investees	14	1,496,376	1,509,117
Property, plant and equipment	13	9,628,620	10,611,799
Deferred Tax Assets	15	6,176,748	5,768,019
Other assets		80,980	66,202
Total Non Current Assets		181,619,894	178,550,591
Total Assets		378,507,741	362,912,278
LIABILITIES			
Current Liabilities			
Trade and other payables	23	40,838,247	42,017,421
Loans and borrowings	21	34,665,088	8,068,734
Current tax payable	15	3,060,121	2,591,294
Employee benefits	22	487,563	444,184
Total Current Liabilities		79,051,019	53,121,633
Non Current Liabilities			
Trade and other payables	23	3,319,993	6,742,156
Loans and borrowings	21	44,943,221	47,835,771
Deferred tax liabilities	15	2,686,992	3,046,504
Employee benefits	22	29,427	-
Total Non Current Liabilities		50,979,633	57,624,431
Total Liabilities		130,030,652	110,746,064
Net Assets		248,477,089	252,166,214
EQUITY			
Share capital	19	194,483,020	193,241,795
Retained earnings	19	53,994,069	58,909,514
Reserves	19	-	14,905
Total Equity		248,477,089	252,166,214

* The Group has initially applied AASB 15 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 2(e)(iii).

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements set out on Pages 19 to 45.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2019

	Note	Consolidated 2019 $	2018* $
Cash Flows from Operating Activities			
Cash receipts from customers		203,660,306	234,900,772
Cash paid to suppliers and employees		(225,951,621)	(167,562,828)
Cash generated (used in)/from Operating Activities		(22,291,315)	67,337,944
Interest paid		(1,734,679)	(4,943,925)
Income tax paid		(4,739,358)	(7,118,687)
Net Cash generated (used in)/from Operating Activities	18b	(28,765,352)	55,275,332
Cash Flows from Investing Activities			
Interest received		1,674,340	3,556,901
Dividends received from Equity Accounted Investees		217,225	1,005,404
Acquisition of property, plant and equipment	13	(37,887)	(6,892)
Proceeds from sale of property, plant and equipment	13	12,040	-
Acquisition of other investments		(1)	(58)
Loans to Equity Accounted Investees		(297,740)	(13,897,317)
Proceeds from loans to Equity Accounted Investees		10,457,475	14,262,994
Cash held by subsidiary at acquisition**		3,837	-
Net Cash provided by Investing Activities		12,029,289	4,921,032
Cash Flows from Financing Activities			
Proceeds from issue of share capital (net of DRP)	19	-	34,393,463
Repurchase of own shares	19	(794,412)	(285,953)
Proceeds from borrowings	21	99,992,618	41,617,031
Repayment of borrowings	21	(80,455,814)	(134,283,765)
Dividends paid (net of DRP)	19	(14,266,627)	(12,561,943)
Dividends paid to minority shareholders	19	-	(101,180)
Net Cash provided by/(used in) Financing Activities		4,475,765	(71,222,347)
Net decrease in cash and cash equivalents		(12,260,298)	(11,025,983)
Cash and cash equivalents at 1 July		57,750,242	68,776,225
Cash and Cash Equivalents at 30 June	18a	45,489,944	57,750,242

* The Group has initially applied AASB 15 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 2(e)(iii).

** During the financial year, the Group acquired 36 Chester Avenue Pty Ltd's remaining 50% interest from the joint venture partner. 36 Chester Avenue Pty Ltd is a wholly owned subsidiary of Finbar Group Limited as at 30 June 2019. Refer to Note 14 and 29 for more details.

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on Pages 19 to 45.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

Index to Notes to the Financial Statements

Note	Page	Note	Page
1. Reporting Entity	21	17. Trade and Other Receivables	36
2. Basis of Preparation	21	18. Cash and Cash Equivalents	36
3. Significant Accounting Policies	22	19. Capital and Reserves	37
4. Determination of Fair Values	27	20. Earnings per Share	37
5. Financial Risk Management	28	21. Loans and Borrowings	39
6. Operating Segments	29	22. Employee Benefits	40
7. Revenue	30	23. Trade and Other Payables	40
8. Other Income	30	24. Financial Instruments	40
9. Personnel Expenses	31	25. Operating Leases	42
10. Finance Income and Finance Costs	31	26. Capital and Other Commitments	42
11. Income Tax Expense	31	27. Contingencies	43
12. Investment Property	32	28. Related Parties	43
13. Property, Plant and Equipment	33	29. Group Entities	44
14. Investments in Equity Accounted Investees	34	30. Subsequent Events	44
15. Tax Assets and Liabilities	35	31. Auditor's Remuneration	44
16. Inventories	36	32. Parent Entity Disclosures	45

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

Index to Significant Accounting Policies (Note 3)

Note	Page
(a) Basis of Consolidation	22
(b) Financial Instruments	23
(c) Property, Plant and Equipment	23
(d) Investment Property	24
(e) Inventories	24
(f) Impairment	24
(g) Employee Benefits	25
(h) Provisions	25
(i) Revenue	25
(j) Finance Income and Finance Costs	26
(k) Income Tax	26
(l) Goods and Services Tax	26
(m) Earnings per Share	26
(n) Segment Reporting	27
(o) New Standards and Interpretations	27

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

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 2019 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 20th August 2019.

(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; and
- 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 2019 are included in the following notes:

- Note 12 - Valuation of investment property;
- Note 13 - Property, plant & equipment; and
- Note 24 - 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

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 9 *Financial Instrument* from 1 July 2018. Management has assessed the impact of applying the new standard and no material adjustment has been noted from the adoption. The Group has updated its accounting policy for financial instrument and associated impairment recognition as detailed in Note 3(b)(i) and 3(f)(i).

The Group has applied AASB 15 *Revenue from Contracts with Customers* 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(i) 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) Variable consideration on completed units cost base

The Group previously set the cost base of each completed unit based on sale price at project completion. Under AASB 15, at reporting period, the cost base of each unit is required to be reassessed based on the current sale prices (variable consideration). The adoption impacts the closing inventory balance and consequently, the cost of sales recorded in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

2 Basis of Preparation (continued)

(e) Changes in Accounting Policies (continued)

(iii) Impact of changes in accounting policies For the Year Ended 30 June 2019	As reported	Adjustments	Balances without adoption of AASB 15
	$	$	$
Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Revenue	154,690,070	(15,812,955)	138,877,115
Cost of sales	(126,263,342)	15,200,345	(111,062,997)
Other income	59,897	-	59,897
Other Expenses	(14,075,244)	24,251	(14,050,993)
Net Finance Income	1,109,705	-	1,109,705
Share of profit of Equity Accounted Investees (net of income tax)	425,884	(85,601)	340,283
Income Tax Expense	(4,560,151)	176,508	(4,383,643)
Profit for the year	11,386,819	(497,452)	10,889,367
Other comprehensive income	(14,905)	-	(14,905)
Total comprehensive income for the year	11,371,914	(497,452)	10,874,462
Consolidated Statement of Financial Position			
Assets			
Inventories	192,732,781	(395,939)	192,336,842
Investments in Equity Accounted Investees	4,539,759	(85,601)	4,454,158
Deferred Tax Assets	6,176,748	(7,275)	6,169,473
Others	175,058,453	-	175,058,453
Total Assets	378,507,741	(488,815)	378,018,926
Liabilities			
Trade and other payables	44,158,240	192,420	44,350,660
Deferred tax liabilities	2,686,992	(183,783)	2,503,209
Others	83,185,420	-	83,185,420
Total Liabilities	130,030,652	8,637	130,039,289
Net Assets	248,477,089	(497,452)	247,979,637
Equity			
Share capital	194,483,020	-	194,483,020
Retained earnings	53,994,069	(497,452)	53,496,617
Total Equity	248,477,089	(497,452)	247,979,637

The adjustments recognised for year ended 30 June 2019 have no material impact on Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

3 Significant Accounting Policies (continued)

(b) Financial Instruments

(i) Non-derivative Financial Instruments

Non-derivative financial assets

Trade and other receivables and debt securities issued are initially recognised when they are originated. All other financial assets (including assets designated at fair value through profit or loss – FVTPL) are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

Non-derivative financial liabilities

Trade and other payables, commercial bills and subordinated liabilities are initially recognised when they are originated at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method. All other financial liabilities (including liabilities designated at fair value through profit or loss) are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(ii) 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 3(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

3 Significant Accounting Policies (continued)

(c) Property, Plant and Equipment (continued)

(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.

(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

Under the expected credit losses (ECL) model in accordance with AASB 9 *Financial Instrument*, the Group calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability-weighted outcomes.

At each reporting period, the Group assess whether the credit risk on a financial instrument has increased significantly since initial recognition, by analysing reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

Except for purchased or originated credit-impaired financial assets, trade receivables, AASB 15 contract assets and lease receivables, at each reporting date:

- the Group measures the loss allowance for a financial instrument at an amount equal to the 'lifetime expected credit losses' if the credit risk on that financial instrument has increased significantly since initial recognition.
- if the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measure the loss allowance for that financial instrument at an amount equal to '12 month expected credit loss'.

The allowance and any changes in the expected credit loss are recognised as impairment gain and losses in 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

3 Significant Accounting Policies (continued)

(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.

(i) 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 seperately if they are different from those under AASB 15 and the impact of changes is disclosed in Note 2(e).

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) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

3 Significant Accounting Policies (continued)

(i) Revenue (continued)

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 Fee

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.

(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.

(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 2019

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 2018

The Group's financial statements have been prepared on the basis of accounting policies consistent with those in the prior year except for the adoption of AASB 15 and 9 issued by the AASB which have been applied for the first time in the 30 June 2019 reporting period. Refer to Note 2(e) for the impact of new standards.

(ii) New Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not effective for the 30 June 2019 reporting period. The Group is considering these new standards and is still assessing the impact on its financial statements. These new or amended accounting standards and interpretations that are most relevant to the Group, are set out below.

The Group has done a preliminary assessment of the impact of the new standard and does not expect it will have a significant impact on the Group’s financial statements. The Group will continue to review and monitor the effect of applying the new standard on the Group’s financial statements.

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.

IAS 28 Long-term interests in associates and joint ventures (effective from 1 July 2019) - IAS 28 requires an entity to apply AASB 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Annual Improvements 2015-2017 Cycle (Amendments to AASB 3, 11, 112 and 123) (effective from 1 July 2019) -

- AASB 3 Business Combinations requires an entity to remeasure its previously held interest in a joint operation when it obtains control of the business;
- AASB 11 Joint Arrangements requires an entity to not remeasure its previously held interest in a joint operation when it obtains joint control of the business;
- AASB 112 Income Taxes requires an entity to account for all income tax consequences of dividend payments according to where the entity originally recognised the past transactions or events that generated the distributable profits; and
- AASB 123 Borrowing Costs requires an entity to treat any borrowing originally made to develop a qualifying asset as part of general borrowings when the asset is ready for its intended use or sale.

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) 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.

(d) 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

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 10.92% (2018: 7.09%) 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

5 Financial Risk Management (continued)

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 2019 the return was 4.41% (2018: 5.33%). In comparison the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 2.84% (2018: 2.51%).

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

	Note	2019	2018
		$	$
Interest-bearing debt	24	49,828,544	39,357,550
Market Capitalisation as at 30 June		228,583,439	254,523,763
Total Capital		278,411,983	293,881,313
Debt-to-capital ratio at 30 June		18%	13%

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.

In accordance with Rule 13 of the Company's Dividend Reinvestment Plan (DRP), the Directors have elected to suspend the DRP in the 2019 financial year until further notice. As such the DRP will not be active for the above mentioned dividend.

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; and
- Corporate costs includes supervision fees, management fees and net assets attributable to the corporate office.

Information about Reportable Segments For the Year ended 30 June 2019	**Residential Apartment Development**	**Commercial Office/Retail Development**	**Rental of Property**	**Corporate**	**Total**
	$	$	$	$	$
External Revenues - Company and Subsidiaries	141,550,296	6,019,490	6,875,321	304,860	154,749,967
External Revenues - Equity Accounted Investees	11,545,713	-	29,780	-	11,575,493
External Revenues - Total	153,096,009	6,019,490	6,905,101	304,860	166,325,460
Reportable Segment Profit before Income Tax - Company and Subsidiaries	10,805,644	67,743	2,723,348	6,654,710	20,251,445
Reportable Segment Profit before Income Tax - Equity Accounted Investees	643,287	8,568	24,030	(10,567)	665,318
Reportable Segment Profit before Income Tax - Total	11,448,931	76,311	2,747,378	6,644,143	20,916,763
Reportable Segment Assets - Company and Subsidiaries	184,548,348	28,130,308	85,476,634	18,708,012	316,863,302
Reportable Segment Assets - Equity Accounted Investees	8,171,479	2,083,443	-	-	10,254,922
Reportable Segment Liabilities - Company and Subsidiaries	83,541,397	1,386,370	37,783,333	1,572,440	124,283,540
Reportable Segment Liabilities - Equity Accounted Investees**	3,055,383	34,407	-	-	3,089,790
Capital Expenditure	-	-	-	43,100	43,100
For the Year ended 30 June 2018					
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

** 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 2019

6 Operating Segments (continued)

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

	2019 $	2018 $
Revenues		
Total revenue for development reportable segments	147,569,786	140,451,326
Total revenue for rental segments	6,875,321	9,013,824
Total revenue for other reportable segments	304,860	2,628,096
Consolidated Revenue	154,749,967	152,093,246
Total revenue for development reportable segments - Equity Accounted Investees	11,545,713	32,377,768
Total revenue for rental segments - Equity Accounted Investees	29,780	600
Total Reportable Segments Revenue	166,325,460	184,471,614
Profit or Loss		
Total profit or loss for reportable segments	20,916,763	27,237,332
Finance income - Company and Subsidiaries	1,890,430	2,675,006
Finance costs - Company and Subsidiaries	(780,725)	(802,024)
Unallocated amounts:		
Administrative expenses	(6,918,123)	(7,104,935)
Revaluation of investment property	963,812	(2,027,338)
Revaluation of property, plant and equipment	114,247	-
Income tax applicable to share of profit of Equity Accounted Investees	(239,434)	(1,192,315)
Consolidated Profit before Income Tax	15,946,970	18,785,726
Assets		
Total assets for reportable segments	316,863,302	275,175,870
Cash and cash equivalents	45,489,944	57,750,242
Investments in Equity Accounted Investees	4,539,759	4,065,522
Other assets**	11,614,736	25,920,644
Consolidated Total Assets	378,507,741	362,912,278
Liabilities		
Total liabilities for reportable segments	124,283,540	105,108,270
Other liabilities	5,747,112	5,637,794
Consolidated Total Liabilities	130,030,652	110,746,064

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

	2019 $	2018 $
Property development sales	147,569,786	140,451,326
Rental Income	6,875,321	9,013,824
Supervision fees	244,963	1,271,311
Total Revenue	154,690,070	150,736,461

8 Other Income

	2019 $	2018 $
Administration fees	53,224	60,834
Management fees	4,802	1,294,604
Other	1,871	1,347
Total Other Income	59,897	1,356,785

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

9 Personnel Expenses

	2019	2018
	$	$
Wages and salaries	3,945,976	4,048,292
Superannuation contributions	235,592	224,490
Increase in liability for annual leave	4,913	6,937
Increase in liability for long service leave	67,893	88,456
Directors and committee fees	211,696	211,696
Non Executive Directors - superannuation contributions	6,444	6,444
Total Personnel Expenses	4,472,514	4,586,315

10 Finance Income and Finance Costs

Recognised in Profit or Loss

	2019	2018
Interest income on loans to Equity Accounted Investees	608,106	1,893,982
Interest income on loans	457,548	445,816
Interest income on bank deposits	615,565	316,573
Interest income on property settlements	209,211	18,635
Total Finance Income	1,890,430	2,675,006
Interest expense	774,394	794,023
Bank charges	6,331	8,001
Total Finance Costs	780,725	802,024
Net Finance Income	1,109,705	1,872,982

Analysis of Finance Costs

	2019	2018
Total finance costs	1,784,811	2,864,690
Less:		
Finance costs capitalised to inventory	(1,004,086)	(1,381,969)
Add:		
Finance costs relating to property developments sold	625,532	943,149
	1,406,257	2,425,870
Made up of:		
Finance costs relating to property developments sold	625,532	1,623,846
Finance costs relating to administration	8,685	8,595
Finance costs relating to rental properties	772,040	793,429
	1,406,257	2,425,870

11 Income Tax Expense

Recognised in Income Statement

	2019	2018
Current Tax Expense		
Current year	5,426,303	6,879,356
Income tax recognised directly to equity	57,573	57,573
Adjustments for prior periods	-	(154,644)
Write off and reversal of previously recognised tax assets	(138,000)	182,546
Non-recoverable amounts	40,089	8,976
	5,385,965	6,973,807
Deferred Tax Expense Movement		
Origination and reversal of temporary differences	(825,814)	(2,123,989)
	(825,814)	(2,123,989)
Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	4,560,151	4,849,818
Income tax relating to components of other comprehensive income	(6,388)	(75,269)
Total Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	4,553,763	4,774,549

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

11 Income Tax Expense (continued)

	2019 $	2018 $
Numerical Reconciliation between Tax Expense and Pre-tax Net Profit		
Profit for the year	11,386,819	13,935,908
Total income tax expense	4,560,151	4,849,818
Profit before Income Tax	15,946,970	18,785,726
Income tax using the domestic rate of 30% (2018: 30%)	4,784,091	5,635,718
Adjustment for effect of small proprietary* tax rate of 27.5%	-	(6)
Increase in income tax expense due to:		
Non-deductible expenses	1,737	1,447
Non-recoverable amounts	40,089	8,976
Write off and reversal of previously recognised tax assets	(138,000)	182,546
Decrease in income tax expense due to:		
Tax effect of share of equity accounted investees loss	(127,766)	(824,219)
Total Income Tax Expense	4,560,151	5,004,462
Over provided in prior years	-	(154,644)
Total Income Tax Expense	4,560,151	4,849,818
Made up of:		
Income Tax Expense excluding share of Income Tax on Equity Accounted Investees	4,560,151	4,849,818
Income tax relating to components of other comprehensive income	(6,388)	(75,269)
	4,553,763	4,774,549
Income Tax Recognised Directly in Equity		
Decrease in income tax expense due to:		
Tax incentives not recognised in income statement	(57,573)	(57,573)
Total Income Tax Recognised Directly in Equity	(57,573)	(57,573)

* Represent small proprietary subsidiaries which deregistered during 2018 financial year.

12 Investment Property

12a Reconciliation of Carrying Amount

	2019	2018
Balance at 1 July	84,768,616	86,350,499
Sale of Investment Property	(425,455)	-
Transferred to Property, Plant and Equipment	-	445,455
Change in fair value	963,812	(2,027,338)
Balance at 30 June	85,306,973	84,768,616

Investment property comprises commercial properties at three developments and residential properties at two developments which are leased to third parties (see Note 25).

12b 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 $85,306,973 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 12a 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 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 month period on certain new leases); and Risk-adjusted discounted rates (weighted average 8.0%).	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 7.5% - 10.0%; Gross rent per annum $450 - $600 per sqm; Occupancy rate 56.86% - 73.13%; and Lease term remaining (years) 0.03 - 8.5.	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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

13 Property, Plant and Equipment

	Property	Office Furniture and Equipment	Plant and Equipment	Fixtures and Fittings	Total
Cost or Valuation	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2017	7,096,777	765,739	10,101,980	91,226	18,055,722
Additions	-	6,892	-	-	6,892
Change in fair value	(445,455)	-	-	-	(445,455)
Reclassification	(422,662)	-	-	-	(422,662)
Balance at 30 June 2018	6,228,660	772,631	10,101,980	91,226	17,194,497
Balance at 1 July 2018	6,228,660	772,631	10,101,980	91,226	17,194,497
Additions	-	43,100	-	-	43,100
Change in fair value	(78,812)	-	-	-	(78,812)
Disposals	-	-	(12,040)	-	(12,040)
Balance at 30 June 2019	6,149,848	815,731	10,089,940	91,226	17,146,745
Depreciation					
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
Balance at 1 July 2018	-	556,297	5,959,612	66,789	6,582,698
Revaluation	(171,766)	-	-	-	(171,766)
Depreciation and amortisation charge for the year	171,766	41,562	888,978	4,887	1,107,193
Balance at 30 June 2019	-	597,859	6,848,590	71,676	7,518,125
Carrying Amounts					
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
At 1 July 2018	6,228,660	216,334	4,142,368	24,437	10,611,799
At 30 June 2019	6,149,848	217,872	3,241,350	19,550	9,628,620

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	(1,231,071)
Net book value at 30 June 2019	5,639,601

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 $6,149,848 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.

	2019	2018
	$	**$**
Balance at 1 July	6,228,660	7,096,777
Acquisitions and reclassifications from investment property and inventory	-	(445,455)
Revaluation increase of property	114,247	-
Revaluation loss included in 'other comprehensive income'	(21,293)	(250,896)
Depreciation	(171,766)	(171,766)
Balance at 30 June	6,149,848	6,228,660

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

13 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 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 month period on certain new leases); and Risk-adjusted discounted rates (weighted average 8.0%).	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 7.5% - 10.0%; Gross rent per annum $450 - $600 per sqm; Occupancy rate 56.86% - 73.13%; and Lease term remaining (years) 0.03 - 8.5.	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).

14 Investments in Equity Accounted Investees

The Group's share of profit in Equity Accounted Investees for the year was $425,884 (2018: $2,747,397).

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**
		$	**$**	**$**
2018	**Ownership**			
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		**Current Liabilities**	**Non-current Liabilities**	**Total Liabilities**
		$	**$**	**$**
2018	**Ownership**			
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

Equity Accounted Investees Assets		**Current Assets**	**Non-current Assets**	**Total Assets**
		$	**$**	**$**
2019	**Ownership**			
36 Chester Avenue Pty Ltd*	0.00%	-	-	-
Rowe Avenue Pty Ltd	50.00%	647	4,024,344	4,024,991
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50.00%	10,429	7,494,677	7,505,106
Roydhouse Street Subiaco Pty Ltd	50.00%	3,195	178	3,373
647 Murray Street Pty Ltd	50.00%	10,328,390	1,326,922	11,655,312
Finbar Sub 5050 Pty Ltd	50.00%	47	1,048	1,095
Axis Linkit Pty Ltd	50.00%	237	319	556
		10,342,945	12,847,488	23,190,433

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

14 Investments in Equity Accounted Investees (continued)

Equity Accounted Investees Liabilities

		Current Liabilities	Non-current Liabilities	Total Liabilities
		$	$	$
2019	**Ownership**			
36 Chester Avenue Pty Ltd*	0.00%	-	-	-
Rowe Avenue Pty Ltd	50.00%	12,595	450,135	462,730
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50.00%	51,412	8,019,490	8,070,902
Roydhouse Street Subiaco Pty Ltd	50.00%	3,405	-	3,405
647 Murray Street Pty Ltd	50.00%	5,247,493	321,022	5,568,515
Finbar Sub 5050 Pty Ltd	50.00%	262	3,900	4,162
Axis Linkit Pty Ltd	50.00%	-	1,200	1,200
		5,315,167	8,795,747	14,110,914

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

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

		Revenues	Expenses	Profit/(Loss) before income tax
		$	$	$
2019	**Ownership**			
36 Chester Avenue Pty Ltd*	0.00%	-	-	-
Rowe Avenue Pty Ltd	50.00%	5	4,984	(4,979)
Lot 1001 - 1003 Rowe Avenue Pty Ltd	50.00%	95	410,131	(410,036)
Roydhouse Street Subiaco Pty Ltd	50.00%	12,477	12,753	(276)
647 Murray Street Pty Ltd	50.00%	23,164,391	21,152,103	2,012,288
Finbar Sub 5050 Pty Ltd	50.00%	-	520	(520)
Axis Linkit Pty Ltd	50.00%	1	263	(262)
		23,176,969	21,580,754	1,596,215

* As at 30 June 2019, 36 Chester Avenue Pty Ltd is a wholly owned subsidiary of Finbar Group Limited (Note 29). During the financial year, the Group acquired the remaining 50% interest from the joint venture partner. Acquisition of the net liability has been included under Share of profit of Equity Accounted Investees in Consolidated Statement of Profit and Loss.

15 Tax Assets and Liabilities

The current tax liability for the Group of $3,060,121 (2018: $2,591,294) 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	
	2019	2018	2019	2018
	$	$	$	$
Inventories	(1,164,424)	(1,176,602)	(8,068,772)	(6,949,672)
Interest bearing loans and borrowings	111,551	509,946	-	-
Revaluation of investment property	2,383,462	2,770,969	-	-
Other items	511,098	280,976	3,414,441	2,482,487
Tax value of carry-forward losses recognised	6,302,400	4,803,411	-	-
Tax assets/(liabilities)	8,144,087	7,188,700	(4,654,331)	(4,467,185)
Set off of tax	(1,967,339)	(1,420,681)	1,967,339	1,420,681
Net Tax	6,176,748	5,768,019	(2,686,992)	(3,046,504)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

16 Inventories

	2019 $	2018 $
Current		
Work in progress	70,549,285	31,395,917
Completed stock	59,375,950	52,911,480
Total Current Inventories	129,925,235	84,307,397
Non Current		
Work in progress	40,237,825	40,093,105
Completed stock	22,569,721	20,511,096
Total Non Current Inventories	62,807,546	60,604,201

17 Trade and Other Receivables

	2019 $	2018 $
Current		
Trade receivables	15,712,573	19,338,973
Other receivables	782,324	8,380,000
Amounts receivable from equity accounted investees	1,858,875	11,775,571
Total Current Trade and Other Receivables	18,353,772	39,494,544
Non Current		
Trade receivables	4,301,538	5,785,583
Other receivables	8,242,000	1,060,000
Amounts receivable from equity accounted investees	3,579,113	8,377,054
Total Non Current Trade and Other Receivables	16,122,651	15,222,637

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 24.

18a Cash and Cash Equivalents

	Note	2019 $	2018 $
Bank balances		45,489,944	57,750,242
Cash and Cash Equivalents in the Statement of Cash Flows		45,489,944	57,750,242

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed at Note 24.

18b Reconciliation of Cash Flows from Operating Activities

	Note	2019 $	2018 $
Cash Flows from Operating Activities			
Profit for the year		11,386,819	13,935,908
Adjustments for:			
Other comprehensive income for the year, net of income tax			
Depreciation and amortisation	13	1,107,193	1,119,984
Revaluation of investment property		(963,812)	2,027,338
Net financing income		(1,116,036)	(1,880,983)
Share of net profit of equity accounted investees		(425,884)	(2,747,397)
Income tax expense	11	4,560,151	4,849,818
Operating Profit before Changes in Working Capital and Provisions		14,548,431	17,304,668
Change in trade and other receivables		15,408,177	(772,663)
Change in inventories	16	(47,821,183)	43,176,589
Change in prepayments		107,005	208,438
Change in provision for employee benefits	22	72,806	95,393
Change in trade and other payables		(4,606,551)	7,325,519
Cash generated (used in)/from Operating Activities		(22,291,315)	67,337,944
Interest paid		(1,734,679)	(4,943,925)
Income taxes paid		(4,739,358)	(7,118,687)
Net Cash generated (used in)/from Operating Activities		(28,765,352)	55,275,332

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

19 Capital and Reserves

Share Capital

	Company Ordinary Shares	
	2019	**2018**
On issue at 1 July	270,769,961	231,428,983
Issued under Dividend Reinvestment Plan	2,319,774	1,426,877
Issued for cash	-	38,013,843
Issued under Director Share Plan	-	250,000
Bought back for cash	(966,593)	(349,742)
On Issue at 30 June - Fully Paid	272,123,142	270,769,961

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.

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 2019				
Final 2018 ordinary	3.00	8,123,099	Franked	14 September 2018
Interim 2019 ordinary	3.00	8,179,165	Franked	12 March 2019
Total Amount		16,302,264		
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		

No dividend was paid to minority shareholders during the financial period (2018: $101,180).

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

After 30 June 2019 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 2019 ordinary	3.00	8,163,694	Franked	12 September 2019
Total Amount		8,163,694		

The financial effect of this dividend has not been brought to account in the financial statements for the financial year ended 30 June 2019 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 have elected to suspend the DRP in the 2019 financial year until further notice. As such the DRP will not be active for the above mentioned dividend.

Dividend Franking Account

	Company	
	2019	**2018**
	$	**$**
30% franking credits available to shareholders of Finbar Group Limited for subsequent financial years	10,531,340	15,844,531

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 $3,498,726 (2018: $3,481,328).

Nature and purpose of reserve

Asset revaluation reserve

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

20 Earnings per Share

Basic Earnings per Share

The calculation of basic earnings per share at 30 June 2019 was based on the profit attributable to ordinary shareholders of $11,386,819 (2018: $13,935,831) and a weighted average number of ordinary shares on issue during the year ended 30 June 2019 of 272,316,724 (30 June 2018: 238,445,591), calculated as follows:

Profit Attributable to Ordinary Shareholders	11,386,819	13,935,831

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

20 Earnings per Share (continued)

Weighted Average Number of Ordinary Shares

		Ordinary Shares	
		2019	**2018**
Issued ordinary shares at 1 July		270,769,961	231,428,983
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
Effect of share issue - Dividend Reinvestment Plan	14 September 2018	1,843,108	-
Effect of share buyback	24 January 2019	(42,088)	-
Effect of share buyback	25 January 2019	(16,635)	-
Effect of share buyback	29 January 2019	(12,946)	-
Effect of share buyback	30 January 2019	(16,289)	-
Effect of share buyback	31 January 2019	(24,822)	-
Effect of share buyback	1 February 2019	(10,274)	-
Effect of share buyback	7 February 2019	(15,781)	-
Effect of share buyback	8 February 2019	(15,671)	-
Effect of share buyback	11 February 2019	(15,342)	-
Effect of share buyback	12 February 2019	(15,233)	-
Effect of share buyback	5 March 2019	(10)	-
Effect of share buyback	6 March 2019	(909)	-
Effect of share buyback	13 March 2019	(12,055)	-
Effect of share buyback	14 March 2019	(2,252)	-
Effect of share buyback	18 March 2019	(11,507)	-
Effect of share buyback	21 March 2019	(10,244)	-
Effect of share buyback	25 March 2019	(16,110)	-
Effect of share buyback	28 March 2019	(1,442)	-
Effect of share buyback	2 April 2019	(8,620)	-
Effect of share buyback	4 April 2019	(1,199)	-
Effect of share buyback	8 April 2019	(16)	-
Effect of share buyback	9 April 2019	(9,096)	-
Effect of share buyback	10 April 2019	(8,986)	-
Effect of share buyback	11 April 2019	(130)	-
Effect of share buyback	12 April 2019	(133)	-
Effect of share buyback	15 April 2019	(7,073)	-
Effect of share buyback	16 April 2019	(113)	-
Effect of share buyback	24 April 2019	(883)	-
Effect of share buyback	7 May 2019	(753)	-
Effect of share buyback	14 May 2019	(4,603)	-
Effect of share buyback	15 May 2019	(5,151)	-
Effect of share buyback	16 May 2019	(1,023)	-
Effect of share buyback	17 May 2019	(4,932)	-
Effect of share buyback	20 May 2019	(4,024)	-
Weighted Average Number of Ordinary Shares at 30 June		272,316,724	238,445,591
Basic Earnings per Share (cents per share)		4.18	5.84

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

20 Earnings per Share (continued)

Diluted Earnings per Share

The calculation of diluted earnings per share at 30 June 2019 was based on the profit attributable to ordinary shareholders of $11,385,819 (2018: $13,935,831) and a weighted average number of ordinary shares on issue during the year ended 30 June 2019 of 272,316,724 (30 June 2018: 238,445,591), calculated as follows:

	2019 $	2018 $
Profit Attributable to Ordinary Shareholders (Diluted)	11,386,819	13,935,831
Weighted Average Number of Ordinary Shares (Diluted)		
Weighted Average Number of Ordinary Shares (Diluted) at 30 June	272,316,724	238,445,591
Diluted Earnings per Share (cents per share)	4.18	5.84

21 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 24.

	2019 $	2018 $
Current		
Commercial bills (Secured)	28,363,544	-
Investor loans to subsidiaries (Unsecured)	6,301,544	8,068,734
Total Current Interest Bearing Loans and Borrowings	34,665,088	8,068,734
Non Current		
Commercial bills (Secured)	21,465,000	39,357,550
Investor loans to subsidiaries (Unsecured)	23,478,221	8,478,221
Total Non Current Interest Bearing Loans and Borrowings	44,943,221	47,835,771

Terms and debt repayment schedule

Terms and conditions of outstanding loans are as follows:

	Nominal Interest Rate	Financial Year of Maturity	2019 Carrying Amount $	2018 Carrying Amount $
Commercial bills (Secured)	BBSY+1.70%	2020	12,470,994	-
Commercial bills (Secured)*	BBSY+2.00%	2021	15,892,550	-
Investor loans to subsidiaries (Unsecured)**		2020	4,218,044	5,718,044
Investor loans to subsidiaries (Unsecured)**		2020	2,083,500	-
Investor loans to subsidiaries (Unsecured)**		2019	-	2,350,690
Current			34,665,088	8,068,734
Commercial bills (Secured)	BBSY+2.00%	2021	21,465,000	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
Investor loans to subsidiaries (Unsecured)**		2022	15,000,000	-
Non Current			44,943,221	47,835,771

* Due to a breach of debt covenant, the commercial bill on the Pelago investment property is classified as a current liability as at 30 June 2019. Subsequent to year end the bank agreed to waive the breach for the 12 month reporting period ending 30 June 2019 and it is expected to be repaid at maturity in the financial year 2021.

** 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 24) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

22 Employee Benefits

	2019	2018
	$	$
Current		
Liability for annual leave	24,928	20,015
Liability for long-service leave	462,635	424,169
Total Current Employee Benefits	487,563	444,184
Non Current		
Liability for long-service leave	29,427	-
Total Non Current Employee Benefits	29,427	-

23 Trade and Other Payables

	2019	2018
Current	$	$
Trade and other payables	39,478,042	40,828,539
Other payables and accrued expenses	1,360,205	1,188,882
Total Current Trade and Other Payables	40,838,247	42,017,421
Non Current		
Trade and other payables	3,240,254	6,665,198
Other payables and accrued expenses	79,739	76,958
Total Non Current Trade and Other Payables	3,319,993	6,742,156

At 30 June 2019, Consolidated trade and other payables include retentions of $435,504 (2018: $149,533) relating to construction contracts in progress.

The Group's exposure to liquidity risk related to trade and other payables is disclosed at Note 24.

24 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	2019	2018
		$	$
Trade and other receivables - current	17	18,353,772	39,494,544
Trade and other receivables - non-current	17	16,122,651	15,222,637
Cash and cash equivalents	18a	45,489,944	57,750,242
		79,966,367	112,467,423

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

Equity Accounted Investees	5,437,988	20,152,625
GST refunds due and other trade debtors	10,063,235	15,063,217
Other receivables	18,244,870	18,627,124
Working capital advances and bonds	730,330	874,215
	34,476,423	54,717,181

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 2019

24 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:

	Note	30 June 2019			
		Carrying Amount	Contractual Cash Flows	1 Year or Less	1-3 Years
Non-derivative Financial Liabilities		$	$	$	$
Secured bank loans:					
Commercial bills*	21	49,828,544	52,505,070	15,183,658	37,321,412
Investor Loans	21	29,779,765	29,779,765	6,301,544	23,478,221
Trade and other payables	23	44,158,240	44,158,240	40,838,247	3,319,993
		123,766,549	126,443,075	62,323,449	64,119,626

	Note	30 June 2018			
		Carrying Amount	Contractual Cash Flows	1 Year or Less	1-3 Years
Non-derivative Financial Liabilities		$	$	$	$
Secured bank loans:					
Commercial bills*	21	39,357,550	43,985,676	3,231,519	40,754,157
Investor Loans	21	16,546,955	16,546,955	8,068,734	8,478,221
Trade and other payables	23	48,759,577	48,759,577	42,017,421	6,742,156
		104,664,082	109,292,208	53,317,674	55,974,534

* Refer to Note 21 Loan and Borrowings for details on commercial bill maturity.

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	
	2019	2018
Variable Rate Instruments	$	$
Financial Assets	50,927,932	77,902,867
Financial Liabilities	(49,828,544)	(39,357,550)
	1,099,388	38,545,317

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 2018.

	Profit or Loss		Equity	
	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
30 June 2019	$	$	$	$
Variable rate instruments	(626,770)	626,770	(626,770)	626,770

	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

24 Financial Instruments (continued)

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:

	Note	Fair Values 2019 $	Fair Values 2018 $
Trade and other receivables	17	34,476,423	54,717,181
Cash and cash equivalents	18a	45,489,944	57,750,242
Secured bank loans	21	(49,828,544)	(39,357,550)
Unsecured shareholder loans	21	(29,779,765)	(16,546,955)
Trade and other payables	23	(44,158,240)	(48,759,577)

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.

25 Operating Leases

	Note	2019 $	2018 $
Leases as Lessor			
The Group leases out its investment properties held under operating leases.			
Rental income received from investment property		6,870,570	9,010,867
Other rental property income received		4,751	2,957
	7	6,875,321	9,013,824
Future minimum lease payments			
At 30 June, the future minimum lease payments under non-cancellable leases are receivable as follows:			
Less than one year		3,833,013	3,952,562
Between one and five years		3,674,399	4,242,878
More than 5 years		468,727	701,180
		7,976,139	8,896,620

26 Capital and Other Commitments

	2019	2018
Commitments and Contingent Liabilities		
Property Development		
Contracted but not provided for and payable:		
Within one year	51,064,606	89,209,667
Later than one year	-	-
Total Property Development Commitments	51,064,606	89,209,667
Property Development - Equity Accounted Investees		
Contracted but not provided for and payable:		
Within one year	-	-
Later than one year	-	-
Total Property Development Commitments - Equity Accounted Investees	-	-
Group's Share of Property Development - Equity Accounted Investees		
Contracted but not provided for and payable:		
Within one year	-	-
Later than one year	-	-
Total Share of Property Development Commitments - Equity Accounted Investees	-	-
Group's Property Development Commitments including Equity Accounted Investees		
Contracted but not provided for and payable:		
Within one year	51,064,606	89,209,667
Total Property Development Commitments including Equity Accounted Investees	51,064,606	89,209,667

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

27 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.

	2019 $	2018 $
Guarantees		
The Company has guaranteed the bank facilities of certain controlled entities	18,076,550	25,076,550
The Company has guaranteed the bank facilities of certain equity accounted investees	-	-

28 Related Parties

	2019 $	2018 $
The key management personnel compensation included in 'personnel expenses' is as follows:		
Short term employee benefits	2,642,551	2,883,675
Other long term benefits	29,716	95,984
Post employment benefits	91,220	91,591
Employee benefits	2,763,487	3,071,250

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 9.

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 7.

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 7.

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 7.

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 7.

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.

	2019 $	2018 $
As at 30 June the balance of these loans were as follows:		
36 Chester Avenue Pty Ltd*	-	5,209,421
Rowe Avenue Pty Ltd	39,455	9,001
Lot 1001 - 1003 Rowe Avenue Pty Ltd	3,537,301	3,156,341
647 Murray Street Pty Ltd	1,858,875	11,775,571
Finbar Sub 5050 Pty Ltd	1,757	1,691
Axis Linkit Pty Ltd	600	600
	5,437,988	20,152,625

* Refer to Note 14 Investments in Equity Accounted Investees.

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 $5,667,156 (2018: $15,822,518) owing to Ventrade Australia Pty Ltd, who are related parties of Chuan Hup Holdings Limited who owns 20.53% of Finbar Group. The payables are in relation to development projects, are at arms length, non-interest bearing and at call.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

29 Group Entities

	Country of Incorporation	Shareholding/ Unit Holding $	Ownership Interest 2019	Ownership Interest 2018
Parent Company				
Finbar Group Limited				
Subsidiaries				
1 Mends Street Pty Ltd	Australia	1	100%	100%
2 Homelea Court Springs Pty Ltd	Australia	1	100%	100%
31 Rowe Avenue Pty Ltd	Australia	1	100%	100%
32 Riversdale Road Pty Ltd	Australia	1	100%	100%
36 Chester Avenue Pty Ltd**	Australia	2	100%	50%
43 McGregor Road Pty Ltd	Australia	1	100%	100%
5-7 Harper Terrace Pty Ltd	Australia	1	100%	100%
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%
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 Pty Ltd	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 To Rent Pty Ltd	Australia	1	100%	0%
Finbar Sub 104 Pty Ltd	Australia	1	100%	100%
Finbar Executive Rentals Pty Ltd	Australia	1	100%	0%
Finbar Sub 106 Pty Ltd	Australia	1	100%	0%
Lot 1 to 10 Whatley Crescent Pty Ltd	Australia	1	100%	100%
		30		

** Refer to Note 14 Investments in Equity Accounted Investees.

30 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.

31 Auditors' Remuneration

	2019 $	2018 $
Audit Services:		
Auditors of the Group		
Audit and review of the financial reports	141,083	174,425
Audit and review of the financial reports of equity accounted investees	169	6,750
	141,252	181,175
Services other than Statutory Audit:		
Taxation compliance services	34,929	18,543
	34,929	18,543

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

32 Parent Entity Disclosures

As at, and throughout the financial year ending 30 June 2019 the parent company of the Group was Finbar Group Limited.

Result of the Parent Entity	**2019**	**2018**
	$	**$**
Profit for the year	4,739,164	9,979,553
Total Comprehensive Income for the year	4,739,164	9,979,553
Financial Position of the Parent Entity		
Current Assets	33,397,499	56,516,157
Total Assets	218,801,743	228,926,205
Current Liabilities	1,600,249	1,432,263
Total Liabilities	1,629,676	1,432,263
Total Equity of the Parent Entity comprising of:		
Share capital	194,483,020	193,241,795
Retained earnings	22,689,047	34,252,147
Total Equity	217,172,067	227,493,942

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 19 to 45 and the Remuneration report in the Directors' report, set out on Pages 6 to 9, 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 2019 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 2019.

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 Twentieth day of August 2019.

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 2019 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 2019
- 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.

<table>
<tr><th colspan="2">Valuation of Investment Property ($85.3million)</th></tr>
<tr><td colspan="2">Refer to Note 12 to the Financial Report</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>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 evaluated the external and internal valuations.
Judgmental valuation inputs with respect to the Karratha investment properties ($54.9million), 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.</td><td>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 valuations and the director’s internal valuations, by comparing values to recent sales evidence and other published reports of industry commentators.
We 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.</td></tr>
</table>

KPMG

Carrying value of Inventory ($192.7million)	
Refer to Note 16 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 realisable 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 2019, 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 2019.

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

KPMG

KPMG

Derek Meates
Partner

Perth

20 August 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 audit of Finbar Group Limited for the financial year ended 30 June 2019 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

KPMG

Derek Meates
Partner
Perth
20 August 2019

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 2019)

Substantial Shareholders

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

Shareholder Name	Number	%
Chuan Hup Holdings Limited	55,871,363	20.53%
Thorney Holdings Proprietary Limited	28,362,797	10.42%
John Chan	26,617,520	9.78%
Westoz Funds Management Pty Ltd	16,599,777	6.10%

Voting rights

Ordinary shares

Refer to Note 19 in the Notes to the Financial Statements.

Distribution of Equity Security Holders

Range	Number of Holders	Ordinary Shares
1-1,000	377	114,209
1,001-5,000	556	1,636,880
5,001-10,000	384	3,014,118
10,001-100,000	905	27,712,949
100,001-over	138	239,644,986
	2,360	272,123,142

The number of shareholders holding less than a marketable parcel of ordinary shares is 280.

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	53,837,175	19.78
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	33,895,273	12.46
J P MORGAN NOMINEES AUSTRALIA LIMITED	19,491,939	7.16
ZERO NOMINEES PTY LTD	16,712,860	6.14
BLAIR PARK PTY LTD	10,138,477	3.73
RUBI HOLDINGS PTY LTD	7,912,358	2.91
3RD WAVE INVESTORS LTD	6,100,000	2.24
MR JAMES CHAN	6,097,591	2.24
APEX INVESTMENTS PTY LTD	5,798,876	2.13
MRS SIEW ENG MAH	5,091,662	1.87
HANSSEN PTY LTD	5,000,000	1.84
FORWARD INTERNATIONAL PTY LTD	4,831,490	1.78
CHAN FAMILY SUPER (WA) PTY LTD	3,954,479	1.45
CITICORP NOMINEES PTY LIMITED	3,933,499	1.45
MILTON CORPORATION LIMITED	3,642,464	1.34
MR AH-HWA LIM	3,155,770	1.16
MS YI XIAN CHAN	2,892,126	1.06
DENSHIR PTY LTD	2,668,715	0.98
MR WAN SOON CHAN	2,435,137	0.89
HPL PTY LTD	2,253,439	0.83
Top 20	199,843,330	73.44

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

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