OAKS HOTELS & RESORTS LIMITED

AND CONTROLLED ENTITIES

APPENDIX 4 E
Preliminary Final Report
For the year ending 30 June 2009

Appendix 4 E
Preliminary Final Report

Oaks Hotels & Resorts Limited ABN 70 113 972 366

1. Details of the reporting period and previous corresponding period

Current period 1 July 2008 to 30 June 2009
Prior period 1 July 2007 to 30 June 2008

2. Results for announcement to the market

Key financial summary

	June 2009 $'000	June 2008 $'000	Amount of Change $'000	% Change
Revenues from ordinary activities	126,994	116,652	10,342	8.87%
Net Profit after tax before mark to market interest rate swap adjustment	11,128	14,650	(3,522)	-24.04%
Profit from ordinary activities after tax attributable to members	9,753	14,650	4,897	-33.43%
Net profit attributable to members	9,753	14,650	4,897	-33.43%
EPS basic cents [(a)]	6.34	9.62	(3.28)	(34.10%)
EPS diluted cents [(a)]	6.20	9.49	(3.29)	(34.67%)
Dividend (cents)	6.0	8.0	(2)	(25.00%)
Operational Revenue	121,954	111,568	10,386	9.31%
Total Expenses	(93,823)	(83,175)	(10,648)	12.80%
EBITDA from Core Operations	28,131	28,393	(262)	(0.92%)
Gain on Sale of MLR's	5,040	5,084	(44)	(0.87%)
EBITDA	33,171	33,477	(306)	(0.91%)
Depreciation and Amortisation	(8,820)	(5,373)	(3,447)	64.15%
EBIT	24,351	28,104	(3,753)	(13.35)%
Interest and Finance Costs	(10,317)	(6,783)	(3,534)	52.10%
Net Profit before tax	14,034	21,321	(7,287)	(34.18)%
Income Tax Expense	(4,281)	(6,671)	2,390	(35.83%)
Net Profit after tax	9,753	14,650	(4,897)	(33.43%)

* Excludes developing properties

Dividends

	Amount per security	Franked amount per security
Final dividend (30 June 2008) paid 19 September 2008 (153,782,097 shares on issue)	4.5 cents	100%
Interim dividend paid 3 April 2009 (153,901,242 shares on issue)	3.0 cents	100%
Final dividend determined (154,217,626) shares on issue)	3.0 cents	100%

Record and payment date for final dividend
10 September 2009 is the record date for determining entitlements to the final dividend. The payment date for the final dividend is 2 October 2009.

Dividend reinvestment plan
The company has a dividend reinvestment plan (DRP). The last date for the receipt of an election notice for participation in the dividend reinvestment plan in respect of the final dividend is 10 September 2009. The directors advise that no discount will apply to the market price in determining the DRP price for the 2009 final dividend. The DRP price will be the average of the daily volume weighted average price of shares sold on ASX during the ten business days immediately following the dividend record date.

Net Assets

	June 2009	June 2008
Net asset backing per ordinary security	48.57 cents	49.71 cents
Net tangible asset backing per ordinary security *	(12.79) cents	(14.56) cents

* The majority of the Group's investment is in management letting rights ($90,690,488) which are considered an intangible asset

Commentary

Commentary on the company's results is included in the Chief Executive Officer's Review in the attached abridged Accounts. The company's audited financial statements and Annual Report will be released on the ASX by 30 September 2009.

3. Income Statement

The statement of financial performance together with notes to the statement, is included in the attached accounts.

4. Balance Sheet

The balance sheet together with notes to the balance sheet is included in the attached accounts.

5. Statement of Cash Flows

The cash flow statement together with notes to the statement is included in the attached accounts.

6. Statement of Changes in Equity

The statement of changes in equity together with notes to the statement is included in the attached accounts.

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

None.

8. Audit

This report is based on accounts that are in the process of being audited. The audit report is not expected to be qualified.

9. Compliance Statement

This report should be read in conjunction with the attached Accounts.

Company Secretary
Graeme Johnson
Date: 26 August 2009

CHIEF EXECUTIVE OFFICER'S REVIEW

Financial Overview

Oaks performance in the year ended 30 June 2009, proved a case of two distinctly different half-years.

While the company traded strongly against prevailing economic conditions in the six months to 31 December 2008, the full brunt of the economic downturn impacted in the second six months of the financial year, with a corresponding weakening in room rates and occupancy levels across much of Oaks portfolio.

The downturn in trading conditions experienced in the second half mirrored those which affected the accommodation industry Australia-wide. Second half performance was also impacted by delays in the opening of new portfolio properties and a deliberate slow down in the rate of inventory growth.

Despite the adverse trading conditions encountered in the second half of the year, the company performed creditably in increasing operational revenue for the 12 months to 30 June 2009 by 9.3% from $111.6 million the prior year to $122.0 million. In addition, a gain of $5.0m was recorded on the sale of Management Letting Rights (MLR's) of four properties during the year.

This resilient trading performance resulted in a full year EBITDA of $33.2 million being posted, representing a decline of less than 1% compared to the previous financial year. This result fell broadly in line with the market guidance issued by Oaks in June 2009 that EBITDA would be lower than the $36 million to $39 million previously advised to the market.

Net Profit After Tax (NPAT) decreased from $14.6 million in the prior year to $9.7 million, primarily due to a mark to mark interest rate swap adjustment of $2.0 million, and a 65% increase in amortisation and depreciation costs relating mainly to MLR's and accommodation furniture.

After accounting for the company's future cash flow requirements and in recognition of the slower second half, Oaks directors have maintained the final dividend consistent with the interim dividend at 3 cents per share fully franked. Based on the full year dividend of 6 cents per share fully franked, the full year dividend payout was $9.3 million.

The final dividend will be paid to shareholders on 2 October 2009 with a record entitlement date of 10 September 2009.

Strengthened Funding Base

In May 2009, Oaks finalised a club financing facility with existing lenders ANZ and National Australia Bank. Under the successful syndication the National Australia Bank assumed responsibility for $40 million of the company's core debt facility with the balance remaining with ANZ. This new arrangement leaves Oaks well positioned to capitalise on the anticipated upswing in trading conditions in the year ahead as there was no change to the group's covenants, margins or funding limits.

Portfolio Performance

Despite revising forward inventory growth in line with the slowing market conditions encountered in the second half, during the year ended 30 June 2009 Oaks increased the total portfolio of properties managed under the higher yielding serviced letting pool.

Oaks inventory of serviced rooms increased 12.2% from 4,267 to 4,788 in the 12 months to 30 June 2009, while total inventory of serviced and permanent letting rooms increased marginally over the same period from 5,311 to 5,412.

After a strong first half, occupancy levels in the second half weakened in the face of Australia's turbulent market conditions. This downturn was particularly evident in Oaks key corporate markets of Brisbane, Sydney and Melbourne where the traditional softening of both occupancy levels and room rates in January and February failed to rebound as usual in March, remaining lower through until the end of June 2009.

Despite this disruption to normal trading patterns, the year-long average occupancy rate from Oaks CBD portfolio (excluding developing properties) was down only 2.11% from the prior year to 84.38%.

For Oaks regional properties the average occupancy rate for FY 2009 fell 3.96% from the prior year to 72.42%.

Nonetheless, the quality of Oaks occupancy performance in such a testing environment can be gauged when viewed against the average industry occupancy rate across Australia of 62.7% (3rd quarter ABS accommodation data released July 2009).

The lower occupancy levels across both markets resulted in increasingly competitive room rate pricing in the second half, particularly for CBD properties.

Despite these competitive pressures, Oaks average room rates in the year to June 2009, excluding developing properties, for its CBD portfolio increased 1.15% to $151.98 and for the regional portfolio was up 3.17% to $139.10.

Given the challenging conditions encountered during the financial year, and particularly the second half, Oaks management maintained a sustained focus on optimising returns across the company's portfolio.

Among the initiatives implemented during the year to minimise the full impact of the economic downturn were:

- Creating a centralised reservations team for Oaks core CBD properties in order to proactively manage bookings and room rates across this critical portion of the portfolio;

- Enhancing connectivity to global online markets which resulted in increased bookings from the company's website, expanded global distribution of Oaks room offers and a more direct interface of online reservations for online travel agents; and

- Internalising the house keeping function for several Brisbane CBD properties to optimise efficiencies and cost savings.

New Properties

While the company remains committed to the longer term growth of its core accommodation portfolio, trading conditions prevailing for much of the year necessitated a strategic slow down of the company's planned inventory build-up.

Three Oaks properties were opened during the financial year, including the company's first outside Australasia, Oaks Liwa Heights, in Dubai. A second, Oaks Gateway on Palmer in Townsville, was affected by construction delays, opening two months behind schedule in February 2009. The third, Oaks Gallery in Adelaide, was opened in May 2009.

Combined, the three new properties added around 329 rooms to Oaks serviced letting pool.

During the year the company also contracted to operate Hotel M in Townsville, which contains 104 rooms, under a licence to manage.

In July 2009, the company opened its first property in Western Australia, the Oaks Roebuck Bay in Broome, which with 131 rooms in Stage One is strongly positioned to service the still expanding accommodation needs of north west Australia's burgeoning energy and resource sectors.

Other properties in Oaks forward inventory pipeline are Alberta Street, Sydney (79 rooms) which is scheduled to open in December 2010, and Rhapsody (145 rooms), due to open in Melbourne in July 2011.

As announced to the market in May 2009, in line with Oaks strategy of supplementing core accommodation letting revenues with the trading of MLR's, Oaks sold the MLR's for Oaks Seaforth Resort, Sunshine Coast; Oaks Calypso Plaza Resort, Coolangatta and Oaks Lexicon and Oaks 212 on Margaret Street, Brisbane for a total of $18.5 million and recorded a gain on sale of $5.0m.

The new owners have engaged Oaks to manage the four properties and all continue to be marketed under the Oaks banner.

Outlook

Directors of Oaks remain cautiously confident of the company's prospects in the year ahead with more positive trading conditions emerging over the first two months of the year.

In July and August 2009, both occupancy and room rates appear to be improving across the Oaks portfolio, and particularly in the key Brisbane CBD market in which the company holds a higher proportion of inventory.

While remaining prudent, Oaks has resumed its inventory growth to meet the expected longer-term recovery of the market, and is currently reviewing opportunities for new properties in selected markets.

Oaks have entered the new financial year with a strong and stable platform in place to capitalise on any sustained upturn in trading conditions. The portfolio of 38 properties currently managed are well diversified, positioned within the resilient 4 star to 4.5 star segment of the market, and are predominantly located in proven growth localities.

Significantly, the company's current forward bookings point to an improvement in room yields, and combined with the strengthened penetration made over the past year into global online markets, the company is confident of bolstering its core corporate and business revenue streams in the year ahead.

Brett Pointon
CHIEF EXECUTIVE OFFICER
26 August 2009

Income Statement
For the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000
Revenue	2	120,870	108,441
Other income	2	6,124	8,211
Employee benefits expense	3	(30,301)	(27,430)
Depreciation amortisation and impairment	3	(8,820)	(5,373)
Finance costs	3	(10,317)	(6,783)
Other operating expenses	3	(63,522)	(55,745)
Total expenses		(112,960)	(95,331)
Profit before income tax		14,034	21,321
Income tax (expense) / benefit		(4,281)	(6,671)
Profit after income tax		9,753	14,650

	Notes	2009	2008
Earnings per share (cents per share)	4		
- basic, for profit for the year attributable to ordinary shareholders		6.34	9.62
- diluted, for profit for the year attributable to ordinary shareholders		6.20	9.49
Dividend per share (cents per share)	5		
- Interim dividend declared and paid during the year		3.0	3.5
- Final dividend proposed (not recognised as a liability in these accounts)		3.0	4.5

The accompanying notes form part of these financial statements

Oaks Hotels & Resorts Limited

Balance Sheet
As at 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000
Current Assets			
Cash and cash equivalents	6	3,938	9,762
Trade and other receivables	7	24,764	15,144
Inventories		1,217	1,017
Other current assets		2,898	7,218
Total Current Assets		32,817	33,141
Non-Current Assets			
Receivables	9	1,411	18
Property plant and equipment		62,380	54,029
Investment properties		1,802	2,402
Intangible assets		93,085	97,127
Deferred income tax assets		1,557	1,549
Total Non-Current Assets		160,235	155,125
Total Assets		193,052	188,266
Current Liabilities			
Trade and other payables		15,588	12,098
Income tax payable		1,390	4,471
Interest-bearing loans and borrowings	8	10,078	3,251
Provisions		1,953	1,575
Derivative Financial Instruments		1,965	1,135
Total Current Liabilities		30,974	22,530
Non-Current Liabilities			
Interest-bearing loans and borrowings	10	86,665	88,948
Provisions		506	336
Total Non-Current Liabilities		87,171	89,284
Total Liabilities		118,145	111,814
Net Assets		74,907	76,452
Equity			
Contributed equity	11	65,009	64,684
Reserves		(737)	(654)
Retained earnings		10,635	12,422
Total Equity		74,907	76,452

The accompanying notes form part of these financial statements

CASH FLOW STATEMENT
For the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	2008 $'000
Cash flow from Operating Activities			
Receipts from customers		120,385	112,744
Payments to suppliers and employees		(88,582)	(81,175)
Interest received		80	535
Finance/borrowing costs		(8,450)	(7,213)
Other income receipts		984	2,552
Income tax paid		(7,367)	(5,478)
Net Cash flows from Operating Activities	6	17,050	21,965
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment		283	4,434
Payments for deposits on management letting rights		(440)	(3,429)
Payments for property, plant and equipment		(10,950)	(19,426)
Payment for management letting rights		(10,946)	(25,005)
Payments for other intangible assets		(833)	(758)
Acquisition of subsidiaries		-	(14,511)
Refund of bonds		52	-
Proceeds from vendor – tax pre restructure		31	-
Costs incurred to sell management letting rights		(472)	(780)
Vendor finance – sale of MLR's		(510)	-
Payment for rescission of sale contract		(500)	-
(Payments for) refunds of security deposits		(530)	(1,256)
Proceeds from sale of management letting rights		8,531	17,323
Net Cash Flows from Investing Activities		(16,284)	(43,408)
Cash flows from Financing Activities			
Dividends paid		(11,296)	(11,488)
Proceeds from borrowings		19,002	60,381
Repayments of borrowings		(14,380)	(22,582)
Proceeds from issue of ordinary shares		87	28
Share issue transaction costs		(3)	(10)
Net Cash Flows from Financing Activities		(6,590)	26,329
Net increase/(decrease) in cash held		(5,824)	4,886
Cash and cash equivalents at the beginning of period		9,762	4,876
Cash and cash equivalents at end of period		3,938	9,762

The accompanying notes form part of these financial statements

Oaks Hotels & Resorts Limited

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2009

	Notes	Issued Capital $'000	Share based Payment Reserve $'000	Foreign Currency Translation Reserve $'000	Retained Earnings $,000	Total $,000
CONSOLIDATED						
Balance at 1 July 2008		64,684	864	(1,518)	12,422	76,452
Currency translation differences		-	-	(290)	(3)	(293)
Total income and expense for the period recognised directly in equity		-	-	(290)	(3)	(293)
Profit for the period		-	-	-	9,753	9,753
Total income/expense for the period		-	-	(290)	9,750	9,460
Issue of share capital under the dividend reinvestment plan		241	-	-	-	241
Repayment of Management Share Loans		87	-	-	-	87
Transaction costs on share issue, net of DTA		(3)	-	-	-	(3)
Cost of share based payments- management share loan plan		-	202	-	-	202
Cost of options issued to directors		-	5	-	-	5
Equity based dividends		-	-	-	(11,537)	(11,537)
Balance at 30 June 2009		65,009	1,071	(1,808)	10,635	74,907
CONSOLIDATED						
Balance at 1 July 2007		64,329	710	422	9,929	75,390
Currency translation differences		-	-	(1,940)	4	(1,936)
Total income and expense for the period recognised directly in equity		-	-	(1,940)	4	(1,936)
Profit for the period		-	-	-	14,650	14,650
Total income/expense for the period		-	-	(1,940)	14,654	12,714
Issue of share capital under the dividend reinvestment plan		672	-	-	-	672
Issue of share capital, other		28	-	-	-	28
Transaction costs on share issue, net of DTA		(6)	-	-	-	(6)
Deferred tax arising from tax consolidation on restructure		(339)	-	-	-	(339)
Cost of share based payments- management share loan plan		-	129	-	-	129
Cost of options issued to directors		-	25	-	-	25
Equity based dividends		-	-	-	(12,161)	(12,161)
Balance at 30 June 2008		64,684	864	(1,518)	12,422	76,452

The Group only has one class of issued capital (refer Note 11)

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Oaks Hotels & Resorts Limited (the 'Company') is a company limited by shares, incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Stock Exchange.

The abridged financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The abridged financial report should be read in conjunction with the annual Financial Report of Oaks Hotels & Resorts Limited as at 30 June 2009.

It is also recommended that the abridged financial report be considered together with any public announcements made by Oaks Hotels & Resorts Limited and its controlled entities during the year ended 30 June 2009 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of preparation

The abridged financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards and other mandatory professional reporting requirements. International Financial Reporting Standards ('IFRSs') form the basis of Australian Accounting Standards ('AASBs') and the purpose of the report are called Australian equivalents to IFRS ('AIFRS') to distinguish from previous Australian GAAP. The abridged financial reports of the consolidated entity also comply with IFRSs and interpretations adopted by the International Accounting Standards Board.

The financial report is presented in Australian dollars. All amounts are rounded to the nearest thousand dollars ($'000) under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

The financial report is prepared on a historical cost basis, except for investment properties which are stated at fair value.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of Oaks Hotels & Resorts Limited and its subsidiaries as at 30 June 2009 ('the Group').

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All inter company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Unrealised losses are eliminated unless costs cannot be recovered or the transaction provides evidence of the impairment of the transferred asset.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for that part of the reporting period during which the Company has control. Investments in subsidiaries are recorded at cost in the parent entity.

Business combinations involving entities under common control are accounted for by applying the carry-over method of accounting in the consolidated financial statements. Under the carry-over method, the acquirer accounts for the acquisition from the date of obtaining control. The assets and liabilities of the acquired entity are recognised at their pre-existing carrying amounts (adjusted where appropriate to ensure compliance with AIFRS). Any adjustments to deferred tax balances as a result of the business combination are recognised as part of the accounting for the business combination. Where net liabilities are acquired, based on the pre-existing carrying amounts of assets acquired (including adjustments to deferred tax balances), the amount of the net liabilities is charged to retained earnings as a distribution to vendors.

Business combinations that do not involve entities under common control are accounted for by applying the purchase method. The identifiable assets, liabilities and contingent liabilities acquired are recognised at their fair values at the acquisition date.

(c) Significant accounting policies

The abridged financial statements for the year ended 30 June 2009 have been prepared using the same accounting policies as used in the annual financial statements for the period ended 30 June 2008.

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2009

2. REVENUES

	Consolidated 2009 $'000	2008 $'000
Sales revenue		
Service charges	52,445	42,759
Letting fees	42,868	40,009
Ancillary guest services	10,603	8,519
Food and beverage sales	4,795	6,130
Caretaking fees	6,007	5,497
Refurbishment revenue	702	2,278
Other property income	3,450	3,249
Total Sales Revenue	120,870	108,441
Other Income		
Unrealised gain on investment properties	-	75
Consultancy and Operation Support Income	60	1,200
Interest income	80	535
Sale of other non-current assets	20	(35)
Profit on sale of MLR's and associated non-current assets	5,040	5,084
Sundry	924	1,352
Total Other Income	6,124	8,211

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2009

3. EXPENSES

	Consolidated	
	2009	**2008**
	$'000	**$'000**
Profit before income tax includes the following specific expenses:		
Depreciation of non-current assets		
Freehold land and buildings	(155)	(62)
Leasehold improvements	(55)	(35)
Plant and equipment	(4,409)	(2,296)
Total depreciation of non-current assets	(4,619)	(2,393)
Amortisation and impairment of non-current assets		
Management letting rights	(3,218)	(2,111)
Deferred software	(983)	(869)
Total amortisation and impairment of non-current assets	(4,201)	(2,980)
Total depreciation, amortisation and impairment	(8,820)	(5,373)
Finance Costs		
Interest and charges on bank loans	(6,747)	(5,580)
Interest and charges on other loans	-	(62)
Mark to Market Interest Rate Swap	(1,965)	-
Finance charges on hire purchase	(1,605)	(1,141)
Total finance costs (historical cost basis)	(10,317)	(6,783)
Less interest capitalised to qualifying assets	-	-
Total finance costs expensed	(10,317)	(6,783)
Employee benefits expense		
Wages, salaries and bonuses	(25,078)	(22,602)
Workers compensation costs	(312)	(499)
Leave provision increases	(2,206)	(1,977)
Employer superannuation contributions	(2,210)	(1,989)
Termination benefits	(288)	(208)
Share-based payments expense	(207)	(155)
Total employee benefits expensed	(30,301)	(27,430)

3. EXPENSES (Cont)

	Consolidated 2009 $'000	Consolidated 2008 $'000
Other Operating Expenses		
Cleaning expense	(18,369)	(16,320)
Operating lease rentals	(13,576)	(13,015)
Ancillary guest service expense	(6,395)	(5,521)
Linen expense	(4,918)	(4,284)
Refurbishment costs	(370)	(1,743)
Cost of inventories recognised as an expense	(3,088)	(3,236)
Marketing expenses	(3,237)	(2,564)
Repairs and maintenance	(951)	(1,031)
Payroll tax	(1,371)	(1,273)
Body Corporate fees	(400)	(394)
IT hardware and software maintenance	(385)	(176)
Bad debt expense	(670)	(386)
Net foreign currency loss/(gain)	(2)	(4)
Other expenses	(9,790)	(5,798)
Total Other Operating Expenses	(63,522)	(55,745)

4. EARNINGS PER SHARE

	Consolidated 2009	Consolidated 2008
(a) Earnings per share based on weighted average shares on issue		
Basic earnings per share		
Profit attributable to ordinary equity holders of the company (cents per share)	6.34	9.62
Diluted earnings per share		
Profit attributable to ordinary equity holders of the company (cents per share)	6.20	9.49
(b) Earnings used in calculating earnings per share		
Basic earnings per share $'000	9,753	14,650
Diluted earnings per share $'000	9,753	14,650
(c) Weighted average number of shares used as a denominator		
Weighted average shares on issue		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	153,951,545	152,276,114
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per shares	157,216,498	154,417,434

5. DIVIDENDS

	Consolidated	
	2009	2008
(a) Dividends Paid		
A final fully franked dividend for 2008 of 4.5 cents per share was paid on 19 September 2008. (2007 – 4.5 cents per share was paid in September 2007)	6,920	6,835
An interim fully franked dividend of 3.0 cents per share was paid on 3 April 2009 (2008 - 3.5 cents per share was paid on 3 April 2008)	4,617	5,326
(b) Dividends Proposed		
A final dividend of 3.0 cents per share has been proposed for payment in October 2009 out of retained profits at 30 June 2009. This dividend will be fully franked. It has not been recognised as a liability in these accounts. (2008 – 4.5 cents per share was paid in September 2008)	4,626	6,920

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2009

6. CASH AND CASH EQUIVALENTS (CURRENT ASSET)

	Consolidated 2009 $'000	Consolidated 2008 $'000
(a) Cash and cash equivalents		
Cash on hand	44	31
Cash at bank	3,894	9,731
	3,938	**9,762**
(b) Reconciliation to Cash Flow Statement		
For the purposes of the Cash Flow Statement, cash and cash equivalents at balance date comprise:		
Cash on hand	44	31
Cash at bank	3,894	9,731
	3,938	**9,762**
(c) Reconciliation of net profit after income tax to net cash inflow from operating activities		
Profit for the year	9,753	14,650
Adjustments for:		
Administration and marketing fees from controlled entities		
Depreciation, amortisation and impairment	8,820	5,373
Deferred borrowing costs	(97)	(430)
Employee share based payments	207	155
Profit on sale of MLR's and related assets	(6,112)	(5,084)
Profit on sale of non-current assets	1,053	35
Unrealised gain on investment properties		(75)
Dividends received		
Changes in assets and liabilities		
Increase in Mark to Market adjustment – interest rate swaps	1,965	-
Increase in trade and other receivables	(668)	4,662
Increase in inventories	(200)	(351)
Increase in prepayments	(502)	293
Decrease in Accrued Income	166	27
Increase (Decrease) in provisions	549	91
Increase in trade and other payables	5,202	1,427
Increase in current tax liability	(3,086)	1,192
Net Cash flow from operating activities	**17,050**	**21,965**

7. TRADE AND OTHER RECEIVABLES (CURRENT ASSET)

	Consolidated 2009 $'000	Consolidated 2008 $'000
Trade receivables	9,297	7,564
Receivables from hotel trust accounts	4,835	3,635
MLR sale proceeds receivable	7,656	970
Vendor receivable (i)	1,456	77
Other current receivables	1,615	2,913
Provision for doubtful debts	(95)	(15)
	24,764	**15,144**

(i) The vendor receivable amount comprises the current portion of the vendor finance amount as approved by the Board, in respect to the sale of four of the groups management rights, the total of the vendor finance amount is to be repaid over the next 2 years.

8. INTEREST-BEARING LOANS AND BORROWINGS (CURRENT)

	Consolidated 2009 $'000	Consolidated 2008 $'000
Bank loans (secured)	5,843	-
Hire purchase (secured)	4,235	3,251
	10,078	**3,251**

9. OTHER RECEIVABLES (NON-CURRENT ASSET)

	Consolidated 2009 $'000	Consolidated 2008 $'000
Other non-current receivables	-	18
Vendor receivable (i)	1,411	-
	1,411	**18**

(i) The vendor receivable amount comprises the non-current portion of the vendor finance amount as approved by the Board, in respect to the sale of four of the groups management rights, the total of the vendor finance amount is to be repaid over the next 2 years.

10. INTEREST-BEARING LOANS AND BORROWINGS (NON-CURRENT)

	Consolidated	
	2009 $'000	2008 $'000
Bank loans (secured)	73,842	75,971
Hire purchase (secured)	12,823	12,977
	86,665	**88,948**

During the year ended 30 June 2009 the Group repaid $14,380 (2008: $22,583) of interest bearing bank debt. During the year ended 30 June 2009 the Group drew $19,002 (2008: $60,381) of interest bearing bank debt to acquire management and letting rights.

The Group has given the following securities to the ANZ Banking Group and NAB:
(i) company charges over all companies in the Oaks Group;
(ii) mortgages over all real property owned by all companies in the Oaks group; and
(iii) cross guarantees and indemnity from all companies in the Oaks group.
The carrying amount of financial assets pledged as collateral for liabilities is $193 million.

The Group's bank loans are subject to annual review. The next review date is 1 December 2009. The directors are confident based on representations from ANZ Banking Group and NAB and compliance with debt covenants that the loan facilities will be renewed.

11. CONTRIBUTED EQUITY

	Consolidated 2009 $'000	Consolidated 2008 $'000
Ordinary shares issued and fully paid $	65,009	64,684
Ordinary shares issued and fully paid, number	154,217	153,782

	Consolidated Thousands	Consolidated $'000
Movement in ordinary shares on issue		
Balance at 1 July 2007	151,887	64,329
Issued 26 September 2007 under the Dividend Reinvestment Plan	248	338
Repayment of management share loans	-	28
Transaction costs on share issue net of DTA	-	(6)
Issued 11 March 2008 under the Management Share Loan Plan	30	-
Issued 4 April 2008 under the Dividend Reinvestment Plan	325	334
Issued 30 May 2008 under the Management Share Loan Plan	1,292	-
Deferred tax arising from tax consolidation on restructure	-	(339)
Balance at 30 June 2008	153,782	64,684
Issued 19 September 2008 under the Dividend Reinvestment Plan	119	124
Repayment of management share loans	-	87
Transaction costs on share issue net of DTA	-	(3)
Issued 3 April 2009 under the Dividend Reinvestment Plan	316	117
Deferred tax arising from tax consolidation on restructure	-	-
Balance at 30 June 2009	154,217	65,009

12. EVENTS AFTER THE BALANCE DATE

Financing Facilities

In July the Group finalised a new club financing arrangement between the ANZ and NAB banks. This new syndicate saw NAB takeover approximately $40 million of the group's core facility with the balance remaining with the ANZ. The arrangement was finalised with no change to the group's financial covenants, margins or funding limits.

Dividend Declared

On 26 August 2009 the directors of Oaks Hotels & Resorts Limited declared a final dividend on ordinary shares. The dividend of 3.0 cents per share is fully franked and the total amount to be paid is $4,626,529. The dividend has not been provided for in these financial statements.

Corporate Information
ABN 70 113 972 366

This abridged report covers the consolidated entity comprising Oaks Hotels & Resorts Limited and its subsidiaries (the Group). The Group's functional and presentation currency is AUD ($).

Directors

Peter Barrow	Independent Non-executive Chairman
Brett Pointon	Executive Director and Chief Executive Officer
Colin Archer	Non-executive Director
John Cowley	Independent Non-executive Director
Rob Greenslade	Independent Non-executive Director

Company Secretary
Graeme Johnson

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Auditors
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