

Forest Place Group Limited

ABN 75 061 421 565

2008 ANNUAL REPORT

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Contents

Company Profile	3
Directory	4
Chairman's Report	6
Executive Director's Report	7
Corporate Governance	8
Directors' Report	9
Financial Report	17
Shareholder Information	45

Company Profile

Forest Place continues to build an outstanding reputation for providing quality retirement communities in South-East Queensland.

The Forest Place portfolio comprises five villages, located in Albany Creek, Clayfield, Cleveland, Durack and Taringa.

Forest Place is committed to providing a safe and secure base from which retirees can live well. In line with this philosophy, the Forest Place Group has adopted the corporate brand – **Aveo – Live Well.**

Aveo prides itself on the presentation and aesthetics of its retirement communities and its ability to offer residents an extensive range of living options.

Aveo offers retirement living with a strong sense of community spirit that forms the cornerstone of village life. This spirit is evident not only through informal interaction between residents and indeed staff, but the emphasis is on providing an array of extensive community recreational and social facilities that enrich the lives of residents.

Each village boasts a combination of Independent Living Units, Serviced Apartments and community facilities and is managed by teams of fully qualified and experienced staff. Aveo Durack also boasts an aged care facility (nursing home) for residents requiring additional care and support.

Aveo is the trademark of FKP Property Group, a publicly listed company and ASX top 150 performer. FKP Property Group currently owns and operates 80 villages Australia wide and currently holds an 85.28% share in Forest Place Group.

Forest Place has substantial investments in:

- Accrued exit fees;
- Retirement village land, communal facilities and infrastructure; and
- Syndicated retirement villages

Directory

REGISTERED OFFICE

Level 5, 120 Edward Street,
BRISBANE QLD 4000

PRINCIPAL PLACE OF BUSINESS

Level 5, 120 Edward Street,
BRISBANE QLD 4000
Ph: 07 3319 3630 Fax: 07 3319 3640
Email: info@forestplace.com.au

DIRECTORS

Ian Leslie Fraser (Chairman)
Donald Charles Mackenzie
Philip Parker
Justin Michael Laboo
Matthew Alan Miller

COMPANY SECRETARY

Michael Paul Pearson

EXECUTIVE DIRECTOR

Justin Michael Laboo

VILLAGES:**ALBANY CREEK**

61 Explorer Drive
ALBANY CREEK QLD 4035
Ph: 07 3264 5444 Fax: 07 3264 4922
Manager: Leanne Todkill RN

CLAYFIELD

469 Sandgate Road
ALBION QLD 4010
Ph: 07 3262 6133 Fax: 07 3256 2397
Acting Manager: Jenny Sweeney

CLEVELAND

148 Smith Street
CLEVELAND QLD 4163
Ph: 07 3262 6133 Fax: 07 3286 5906
Acting Manager: David Sim

DURACK

356 Blunder Road
DURACK QLD 4077
Ph: 07 3372 7777 Fax: 07 3372 7537
Manager: Muriel Biner

TARINGA

1 Moore Street
TARINGA QLD 4068
Ph: 07 3870 3077 Fax: 07 3870 7190
Manager: Gillian Roe RN

NURSING HOME:**DURACK**

276 Blunder Road
DURACK QLD 4077
Ph: 07 3372 8800 Fax: 07 3372 8417
Care Manager Susan Crouch RN

AUDITORS

PKF
Level 6, 10 Creek Street
BRISBANE QLD 4000

SOLICITORS

Clayton Utz
Riparian Plaza
71 Eagle Street
BRISBANE QLD 4000

Minter Ellison
Waterfront Place
1 Eagle Street
BRISBANE QLD 4000

SHARE REGISTRY

Link Market Services Limited
Level 12, 680 George Street
SYDNEY NSW 2000
Ph: 02 8270 7454 Fax: 02 9287 0309

STOCK EXCHANGE LISTING

The shares are listed on the Australian Stock Exchange.

OTHER INFORMATION

Forest Place Group Limited, incorporated and domiciled in Australia, is a publicly listed company.

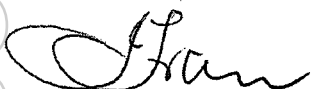
Chairman's Report

Following the intense interest of major institutions and other investors in the retirement industry over recent years, 2008 provided a year of consolidation for the sector in the face of tightening economic market conditions.

Despite this environment, your company continued to perform well which reflected in the underlying results detailed in this Annual Report. This year's headline profit of \$30.975m provided a solid and stable outcome for the company taking into account the levelling out of fair value adjustments through the income statement.

During the year bank debt was refinanced until December 2009 and the majority of related-party loans to FKP repaid. This was a good result for the company and shows the strength of the underlying assets.

The company continued to utilize tax losses and consequently has no franking credits available. This together with low positive cash flow and the need for further capital to develop development sites within the portfolio are the primary reasons why directors did not recommend the payment of a dividend.



Ian Fraser
Chairman

Executive Director's Report

The 2007/2008 year was a strong result for the Group, with earnings up on budget and not subject to the large volatility of underlying valuation methodology changes, as was in the previous year's results. The strength of this year's result was underpinned by good results across the Group's sales numbers and property price growth achieved. Coming into the 2008/2009 year, the company's underlying operating business has never been stronger.

The company's sales performance resulted in 160 actual sales against a budget of 158. This out-performance was delivered in parallel with underlying growth in the property prices of 14.9% in the course of the year. This is a pleasing result driven by the excellent locations that the company's communities occupy. The challenge for the company will be to continue the trend in both those areas, which will drive positive results for shareholders and the company's customers.

Operationally, the business remains in a strong position concentrating on delivering services and products to customers that meet and exceed their expectations. Maintaining the right balance for all customers' needs across the different locations is underpinned by the strength and quality of our staff and their dedication and commitment to continually improving the way we do things. Opportunities to enhance the way things have traditionally been done, through investigating the synergies with the broader "Aveo Group" means that further initiatives for improvement are underway.

The Group's development activities remain subject to tight guidelines to ensure the rollout delivers the best commercial outcome. The next stage at Albany Creek (Stage 7) has commenced with strong pre-sale interest on the stock already providing a good indication of this stage's success. The next stage for Durack is continuing planning with construction works set to commence this year. The Clayfield development continues to have a strong focus on achieving the clearance of the remaining stock in the Eagle building, with results being the stronger in 2007/2008 than in previous years.

The broader environment in 2008/2009 is expected to bring about more volatile market conditions, however we are confident that the underlying demand for the company's products and services remains as strong as ever. Resident satisfaction as a means to support strong demand is a critical factor in the company's strategic execution.

The company continues to focus on implementing and maintaining best practice industry systems and processes that will provide a strong platform for continued growth, underpinned by a strong balance sheet.

I look forward to continuing to work with the Board and ensuring that 2008/2009 meets expectations.



Justin Laboo
Executive General Manager and
Executive Director

Corporate Governance

The Forest Place Group Board is responsible for the corporate governance of the consolidated entity, and is accountable to the shareholders for the overall business performance of the Company.

Forest Place Group is committed to implementing and maintaining sound governance practices.

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with ASX Corporate Governance Council recommendations, unless otherwise stated.

Principle 1: Lay Solid Foundations for Management and Oversight

The Board has developed and implemented policies and practices which ensure that the company complies with the recommendations, principles and spirit set out in the guidelines, while recognising that in a dynamic company with a small board the relationships among directors, and particularly the relationship between the Chairman and the Executive Director, cannot be fully regulated and documented.

The role and responsibilities of the Board, Board Committees, management and operating subsidiaries have been established through Board approved charters and policies all of which are available on the Company website. The most significant responsibilities of the Board remain the provision of strategic guidance for the company, including contributing to the effective development of the corporate strategy, and authorizing and monitoring major investment and strategic commitments.

Principle 2: Structure the Board to Add value

During the financial year the Chairman was at all times an independent, non-executive director. The Board comprised four non-executive directors, two of whom are independent (including the Chairman) and one Executive Director.

The names, skills and experience of the directors in office at the date of this Statement, and the period of office of each director, are included in the Directors' Report.

The Board considers that of the four non-executive directors, Ian Fraser (Chairman) and Don Mackenzie are independent. Matthew Miller, Phil Parker, and Executive Director, Justin Laboo are nominees of FKP Limited.

It is acknowledged that a majority of the Board are not independent directors. However given the small size of the Company, and the safeguards established internally, primarily through the operation of the Contract Review Committee, the appointment of additional independent directors so as to reach a majority of independent directors is not considered necessary or cost effective or that such action would derive any benefit to the shareholders.

The Contract Review Committee exists to review agreements and any significant contractual commitments between the company and related parties. The committee comprises the independent non-executive members of the Board and, when required, external parties. The committee considers, for new agreements, whether the terms and conditions are appropriate and on an arms-length basis, and once agreements are in place, reviews compliance with and the continuing suitability of those arrangements for the needs of the consolidated entity.

The committee applies a high standard of scrutiny and rigor to all of the matters it considers and decides and is acutely aware that it has a significant role in protecting the rights of all shareholders particularly those which are not associated with the majority shareholder FKP Limited.

In doing so, the independence of the committee effectively operates as an internal mechanism of control to ensure the decision making process of the Forest Place Group Board remains robust and consistent with the governance demands of all shareholders.

The Board distinguishes between the concept of independence and the issues of conflict of interest or material personal interests which may arise from time to time. Wherever there is an actual or potential conflict of interest or a material personal interest, the Board's policies and procedures ensure:

- > that the interest is fully disclosed and the disclosure is recorded in the register of directors' interests and in the Board minutes;
- > the relevant director is excluded from all considerations of the matter by the Board; and
- > where appropriate, the matter is delegated to an appropriate committee of the Board which comprises only the independent directors of the Company.

Directors of Forest Place Group are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could be perceived to materially interfere with the exercise of their unfettered and independent judgment.

As the determination of independence remains a matter for the Board's judgment, the Board confirms that all directors considered to be independent meet the stated requirements for independence as recommended in the guidelines.

Each director has the right, at the company's expense, to seek independent professional advice in relation to the execution of Board responsibilities. Prior approval of the Chairman, which will not be unreasonably withheld, is required. Where appropriate, directors share such advice with the other directors.

Given the current ownership structure of the company, Forest Place does not intend to establish a separate Nomination committee.

Principle 3: Promote Ethical and Responsible Decision-Making

The Board has established a Code of Conduct with the objective of enhancing the company's reputation for fair and reasonable dealing and to help maintain high standards of corporate and individual behaviour throughout the company. The Code of Conduct is published on the company's website. Company policy during the financial year prohibited directors and senior managers from dealing in company shares when in possession of price sensitive information that is not known to the market.

The Insider Trading and Dealing in the company's Security Policy is available on the company's website.

Principle 4: Safeguard Integrity in Financial Reporting

The Executive Director and Group Financial Controller state in writing to the Board each reporting period that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.

The Board has established an Audit Committee which operates under a charter approved by the Board and which is available on the company's website.

The Committee comprises two independent non-executive members. The Chairman of the Committee is an independent non-executive director. Whilst the committee does not consist of 3 members, the Board is satisfied that given the vast financial and public company experience of the Audit Committee members and the size of the company, it is not necessary for an additional member to be appointed to the Audit Committee or that such action would derive any benefit to the shareholders.

The names and qualifications of members of the Committee are set out in the Directors' Report. Meetings of the Committee are attended, by invitation, by the Executive Director, the Group Financial Controller, Company Secretary, the engagement partner from the company's external auditor and such other senior staff or professional people as may be appropriate from time to time.

The number of meetings of the Committee held during the year is set out in the Directors' Report.

The company has an Audit Committee charter which determines its function and responsibilities and is available on the company's website.

Minutes of all Committee meetings are available to the Board and the Chairman of the Committee reports to the Board after each Committee meeting.

The auditor, PKF has declared its independence to the Board. The Committee has examined detailed material provided by the external auditor and by management and has satisfied itself that the standards for auditor independence and associated issues are fully complied with.

Principle 5: Make Timely and Balanced Disclosure

A continuous disclosure regime operates through out the company. Policies and procedures are in place to ensure timely, open and accurate information to all stakeholders, including shareholders, regulators and investors.

The Company Secretary has primary responsibility for communications with the Australian Stock Exchange including responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing information going to the ASX, shareholders and other interested parties. The Company Secretary reports to the Board at each meeting on matters notified to the ASX.

All announcements made to the ASX by the company will be published on the company's website.

Principle 6: Respect the Right of Shareholders

The company aims to keep shareholders informed of the company's performance and all major developments in an ongoing manner. Information is communicated to shareholders through:

- > the annual report which is distributed to all shareholders (unless specifically requested otherwise);

-
- > other correspondence regarding matters impacting on shareholders as required.

All documents that are released publicly are made available on the company's website.

Shareholders are also encouraged to participate in the Annual General Meeting to ensure a high level of accountability and identification with the company's strategies and goals. Important issues are presented to shareholders as single resolutions. In this regard, Annual General Meetings are held on site at villages.

Shareholders can also register on the company's website to receive email notification of when the above details including Company Announcements are posted onto the company's website.

The engagement partner of the company's external auditor, PKF, attends the company's Annual General Meeting and is available to answer questions from shareholders about the audit. The Chairman advises the shareholders of this at the commencement of each Annual General Meeting.

Principle 7: Recognise and Manage Risk

The Board has developed and implemented policies and practices which ensure that the material risks facing the company are adequately identified, assessed, monitored and managed throughout the whole organisation.

These include:

- > Annual budgets and the company's strategic plan are prepared for approval by directors.
- > Actual trading results for the group and each division are presented to the Board at each Board Meeting, compared against budget and forecast, with revised forecasts if required.
- > Comprehensive Board papers containing relevant operational, strategic, financial and legal information are prepared by each senior manager and circulated to directors before each meeting.
- > Financial authority limits have been set by the Board to delegate the Board's approval process of such matters. Where the cost is above those delegated authorities approval of the full Board is required.
- > Insurance cover appropriate to the size and nature of Forest Place's operations is carried to reduce the financial impact of any significant insurable losses.

In view of its size, the company relies on its financial management team, led by the Group Financial Controller to perform internal audit functions. The Group Commercial Financial Controller reports in writing to all Board meetings and attends when requested. The Group Financial Controller also attends all meetings of the Audit Committee and provides written reports to that Committee.

In conjunction with the certification of financial reports under Principle 4, the Executive Director and Group Financial Controller state in writing to the Board each reporting period that:

- > the statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- > the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Principle 8: Encourage Enhanced Performance

The Board has established an approval process for monitoring the performance of the Board, its committees, individual directors and key executives appropriate for the size and structure of the company.

The Board complies with all of the recommendations in relation to independent professional advice, access to the Company Secretary, the appointment and removal of the Company Secretary, and the provision of information, including requests for additional information. The Company Secretary attends all Board meetings.

Principle 9: Remuneration Fairly and Responsibly

The Independent Non-Executive Directors have determined that as the company does not directly employ any staff (including senior executive staff) it is not necessary to establish a separate Remuneration Committee. In this regard, the company has entered into an Operating Agreement with FKP Limited for the supply of services for proper financial consideration.

Only Independent Non-Executive Directors receive remuneration, the levels of which are set to attract and retain appropriately qualified and experienced Directors and which reflect current remunerative trends in the corporate sphere both locally and internationally.

Independent Non-Executive Directors remuneration consists of a fixed salary including superannuation with no performance related components. The Chairman of the Board is responsible for reviewing and recommending the remuneration arrangements for Directors and assessing the appropriateness of the nature and amount of remuneration for each Independent Non-Executive Director on a periodic basis by reference to the overall objective of ensuring maximum shareholder benefit.

No alteration to the level of remuneration payable to Directors has been made during the year.

Details of the nature and amount of each element of the remuneration of each Director of the company and each of the executive officers of the company for the financial year are disclosed in the relevant section of the Directors' Report. There are no Directors' retirement benefits and no share and option plans for directors and officers.

Directors, executive and non-executive, appointed as nominees of FKP Limited currently receive no remuneration from Forest Place Group Limited.

Principle 10: Recognise the Legitimate Interests of Stakeholders

The company has well-established policies, procedures and codes of conduct which seek to promote throughout the company a culture of compliance with legal requirements and ethical standards.

As indicated under Principle 3, a Code of Conduct which draws together all of the company's policies and codes is available on the company website.

Directors' Report

DIRECTORS' REPORT

The Directors present their Report together with the Financial Report of Forest Place Group Limited ('Company') and of the Consolidated Entity ('Consolidated Entity'), being the Company and its Controlled Entities, for the year ended 30 June 2008 and the Auditor's Report thereon.

DIRECTORS

The Directors of the Company during the year and until the date of this Report are:

I L Fraser: FCPA FAICD - Independent Non-Executive Chairman (Age 63).

Mr Fraser was appointed a Director and Chairman in 2001. Mr Fraser was appointed the Chairman of the Contract Review Committee and a member of the Audit Committee on 19 December 2001. Mr Fraser's business experience spans some 37 years during which he held a number of senior corporate positions including Managing Director Pioneer Sugar Mills Limited, Managing Director Clyde Industries Limited, Managing Director Australian Chemical Holding Limited and Managing Director TNT Australia Pty Ltd. Mr Fraser also has substantial international experience having lived and worked in South East Asia and the United States.

Mr Fraser is currently a Non-Executive Director of PMP Limited (since April 2003), Structural Systems Limited (since May 2004), Nylex Limited (since December 2006) and Legend Corporation Limited (since January 2008). Previous Directorships held during the last three years include Non-Executive Director of Promentum Limited (January 2005 to May 2007), B Digital Limited (May 2006 to December 2006), Occupational and Medical Innovations Limited (November 2004 to January 2007) and Lighting Corporation Limited (June 2006 to January 2008).

D C Mackenzie: FCA - Independent Non-Executive Director (Age 63).

Mr Mackenzie was appointed a Director in March 2004 and Chairman of the Audit and Risk Management Committee in June 2004. He is a Fellow of the Institute of Chartered Accountants. Mr Mackenzie has had experience in Chartered Accounting firms, held senior positions with public companies involved in the rural and manufacturing industries and since 1993 has provided corporate services predominantly to public companies involved in manufacturing, mining, information technology and rural operations.

Mr Mackenzie is a Director of Occupational & Medical Innovations Limited (appointed November 2004), and an alternate Director of Silver Chef Limited (appointed March 2005).

J M Laboo: LLB BSc - Executive Director (Age 35) (Appointed 27 August 2007).

Mr Laboo joined FKP Property Group ('FKP') in August 2005, as head of Corporate Finance, leading FKP's treasury, mergers and acquisitions activities and was appointed as FKP's Executive General Manager Retirements in November 2006. As Executive General Manager Retirements, Mr Laboo leads all aspects of FKP's retirement division. Mr Laboo has more than 10 years experience in finance and strategy areas, across the banking, construction and energy industries and holds a Bachelor of Science Mathematics and a Bachelor of Laws, both from Queensland University of Technology.

P Parker: Non-Executive Director (Age 62).

Mr Parker was appointed a Director on 21 April 2004. Mr Parker is a founding Director of the ultimate holding Company, FKP Limited, with over 35 years experience as a real estate agent and property developer. Mr Parker is a registered real estate agent having operated real estate businesses in Darwin, Northern Territory, and on the Sunshine Coast, and spending 7 years in Brisbane and the Northern Territory in a marketing capacity for one of Queensland's largest land developers. In 1975, Mr Parker moved to the Sunshine Coast and subsequently established his own real estate business expanding into property management, body corporate administration and the sale and leasing of commercial buildings.

M A Miller: Non-Executive Director (Age 38) (Appointed 20 September 2007).

Mr Miller joined the Residential Developments division of FKP Property Group in May 2004. He spent the previous five years with Ariadne Australia Limited as Development Manager, and prior to that Mr Miller was Development Manager with JB & Partners for two years. Earlier property experience was gained working predominately with Colliers Jardine for a total of eight years in all aspects of commercial real estate agency. Mr Miller's qualifications include a degree in Property Valuation from The University of Queensland and he is presently completing a Masters degree in Urban & Regional Planning at The University of Queensland. He is currently Vice President of the Brisbane Development Association and sits on the State Government's Transit Orientated Development Taskforce.

P R Brown: LLB (Hons) BCom - Non-Executive Director (Age 42) (Resigned 20 September 2007).

Mr Brown was appointed a Director on 24 December 2003 and resigned on 20 September 2007.

All Directors shown were in office from the beginning of the year until the date of this Report, unless otherwise stated.

COMPANY SECRETARY

M P Pearson: BA, LLB, ACIS was appointed to the position of Company Secretary in September 2004. Mr Pearson also holds the position of Legal Counsel and Assistant Company Secretary with the ultimate holding company, FKP Limited. Mr Pearson commenced with FKP Limited as Compliance and Legal Manager in August 2003 and has practised law in the corporate and commercial field since his admission as a Solicitor in 1994. Mr Pearson also holds a Graduate Diploma in Corporate Governance with Chartered Secretaries Australia and is an Associate Member of that organisation.

MEETINGS OF DIRECTORS AND COMMITTEES OF BOARD

The number of meetings held (including Meetings of Directors) and the number of meetings attended during the financial year are:

Directors	Board Meetings		Audit Committee Meetings ²		Contract Review Committee - Construction and Marketing Meetings ³	
	Held ¹	Attended	Held	Attended	Held	Attended
I L Fraser	4	4	3	3	1	1
D C Mackenzie	4	4	3	3	1	1
J M Laboo	4	4	-	-	-	-
P Parker	4	2	-	-	-	-
M A Miller	3	3	-	-	-	-
P R Brown	1	0	-	-	-	-

¹ Reflects the number of meetings held during the time the Director held office during the year.

² Members of the Audit Committee are D C Mackenzie (Chairman) and I L Fraser.

³ Members of the Contract Review Committee are I L Fraser (Chairman) and D C Mackenzie.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the course of the financial year were the development, ownership and operation of retirement villages and an aged care facility (nursing home). There was no significant change in the nature of the activities of the Consolidated Entity during the year.

REVIEW AND RESULTS OF OPERATIONS

Consolidated Result

The consolidated profit after income tax for the year attributable to the Members of the Company was \$30.975m (2007: \$43.896m).

Income

Income for the period was \$57.793m, a decrease of 25% on last year. Sources of revenue were as follows:

	2008 \$'000	2007 \$'000	Change \$'000	Change %
Increase in fair value of investment properties	46,944	61,417	(14,473)	(24%)
Deferred management fee	5,883	10,673	(4,790)	(45%)
Syndicate fees	1,811	1,686	125	7%
Services provided	1,212	1,300	(88)	(7%)
Nursing home funding	1,621	1,514	107	7%
Interest	8	4	4	100%
Other	314	252	62	25%
Total	57,793	76,846	(19,053)	(25%)

Retirement Villages

Operating revenue for the retirement villages (excluding fair value changes) was \$10.849m for the year (2007: \$15.429m). In addition, the fair value of the retirement villages has increased by \$46.944m, compared to \$61.417m in the prior year. A discount rate of 11.5% (2007: 11.5%) has been used in determining the fair value of the investment properties. In assessing the appropriate rate, the Board has taken into account pricing of transactions within the sector in the last twelve months, the published views of valuers and professional firms and the size, location and quality of the Consolidated Entity's villages.

During the year, the Consolidated Entity leased or re-leased 118 accommodation units in its owned retirement villages. There were 14 leases of new units and 104 re-leases of existing units. This compares with leases and re-leases in the corresponding prior period of 28 and 110 respectively.

Syndicate Revenue

Syndicate fees for the period increased from \$1.686m to \$1.811m. The fees represent work performed by the Consolidated Entity in managing the overall construction and development activities, marketing and administration of the syndicated villages. The increase in revenue was primarily due to the increase in new leases and re-leases achieved comparative to the prior year. (The marketing and administration fee is linked to the number of new leases and re-leases and the value of those contracts).

Services Provided

Revenue from services provided mainly comprises fees from respite accommodation and the hostel care option. The decrease in revenue is a function of decreased occupancy / use of services.

Nursing Home

The nursing home receives revenue from two sources: government funding and resident contributions. The amount of government funding paid is dependent on the assessed care needs of the residents.

REVIEW AND RESULTS OF OPERATIONS (continued)

Operations

The Consolidated Entity has 994 units under lease at its three owned villages. No newly constructed units were transferred to investment property throughout the year; however the construction and completion of 16 units is planned within the 2009 financial year.

The Consolidated Entity also has investments in two syndicates which own 221 units. The syndicates have ongoing construction and development plans involving a further 232 units.

The villages have been built on a philosophy of 'Quality of Life'. Improvements continue to be made to the standard of service and facilities.

Current Assets and Current Liabilities

The Balance Sheet of the Consolidated Entity discloses total current assets of \$18.379m and current liabilities of \$186.634m. At face value, this would appear to indicate short-term pressures on the cash flow of the Consolidated Entity. However, this arises because of the requirement under Australian accounting standards to classify Resident Loans, in full, as a current liability, whereas the assets, to which this relates, Investment Properties, are required to be classified as a non-current asset. In practice, the rate at which the Consolidated Entity's retirements' residents vacate their units, and hence the rate at which the Resident Loans will fall due for repayment, can be estimated on the basis of statistical tables.

The Consolidated Entity's best estimate is that of the total resident loans of \$172.252m, only \$14.933m is expected to be paid within the next twelve months. Further, if this amount was repayable, it is estimated that incoming contributions of more than \$24.733m would be received from new residents. The Consolidated Entity has no legal liability to pay outgoing residents prior to receiving funds from incoming residents other than within the specific operation of the guaranteed transfer provisions.

Outlook

The Consolidated Entity has an excellent base of leased accommodation units and significant development activities are still to be undertaken at Durack, Albany Creek, and the syndicated villages, at Cleveland and Clayfield.

DIVIDENDS

There were no dividends paid or declared by the Company (2007: nil).

STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year under review other than disclosed elsewhere in the Directors' Report.

ENVIRONMENTAL REGULATION

The Consolidated Entity's operations are subject to environmental regulations under relevant local laws, council policies and state and federal government legislation in relation to construction and operating activities.

FKP Constructions Pty Ltd and Evo-Con Pty Ltd provide design and management services for development work at the Consolidated Entity's villages in accordance with Design and Construction Management Agreements. As part of this process, development approvals are obtained from the respective local authorities in relation to the development of new villages and stages of villages. The development approvals include specific environmental regulations pertaining to earthworks, soil and sediment control, erosion and sediment management, damage and / or removal of trees, clearance of vegetation and excavation of materials.

Operations of the residential areas of the villages are closely monitored in accordance with operating procedures to ensure that the potential for environmental contamination is minimised.

The Directors are not aware of any significant breaches in environmental regulations during the period covered by this Report.

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 Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

LIKELY DEVELOPMENTS

Likely developments have been reported in the Directors' Report to the extent considered appropriate. Further information as to likely developments in the operations of the Consolidated Entity and the expected results of those operations in future financial years has not been included in this Report because disclosure of the information would be likely to result in unreasonable prejudice to the Consolidated Entity.

REMUNERATION REPORT

The Independent Non-Executive Directors have determined that as the Consolidated Entity does not directly employ any staff (including senior executive staff) it is not necessary to establish a separate Remuneration Committee. In this regard, the Consolidated Entity has entered into an Operating Agreement with FKP Limited for the supply of services for proper financial consideration.

Only Independent Non-Executive Directors receive remuneration, the levels of which are set to attract and retain appropriately qualified and experienced Directors and which reflect current remunerative trends in the corporate sphere both locally and internationally.

Independent Non-Executive Directors' remuneration consists of a fixed salary package including superannuation with no performance related components. The Chairman of the Board is responsible for reviewing and recommending to the Board the remuneration arrangements and assessing the appropriateness of the nature and amount of remuneration for each Independent Non-Executive Director on a periodic basis by reference to the overall objective of ensuring maximum share holder benefit.

No alteration to the level of remuneration payable to Directors has been made during the year.

Details of the nature and amount of each element of the remuneration of Key Management Personnel of the Company during the financial year are:

Key Management Personnel	Year	Short-Term Employee Benefits			Post-Employment	Total
		Salary & Fees	Bonus	Non-Monetary Benefits	Superannuation Benefits	
		\$	\$	\$	\$	\$
I L Fraser	2008	65,000	-	-	5,850	70,850
	2007	65,000	-	-	5,850	70,850
D C Mackenzie	2008	40,000	-	-	3,600	43,600
	2007	40,000	-	-	3,600	43,600
J M Laboo ^{1,2}	2008	-	-	-	-	-
	2007	-	-	-	-	-
P Parker ¹	2008	-	-	-	-	-
	2007	-	-	-	-	-
M A Miller ^{1,3}	2008	-	-	-	-	-
	2007	-	-	-	-	-
M P Pearson ¹	2008	-	-	-	-	-
	2007	-	-	-	-	-
P R Brown ^{1,4}	2008	-	-	-	-	-
	2007	-	-	-	-	-
Total	2008	105,000	-	-	9,450	114,450
	2007	105,000	-	-	9,450	114,450

¹ Director / employee of the ultimate holding company, FKP Limited.

² J M Laboo was appointed Executive General Manager on 27 November 2006 and Director on 27 August 2007.

³ M A Miller was appointed Director on 20 September 2007.

⁴ P R Brown resigned on 20 September 2007.

Transactions with Director Related Entities are described in Note 24 to the Financial Report. The amounts disclosed are the same for the Company and the Consolidated Entity.

DIRECTORS' INTERESTS

The relevant interest of each Director in the shares of the Company, as notified by the Directors to the Australian Securities Exchange ('ASX') in accordance with Section 205G (1) of the Corporations Act 2001, at the date of this Report is as follows:

Ordinary Shares

I L Fraser	1,000
D C Mackenzie	Nil
J M Laboo	Nil
M A Miller	Nil
P Parker	Nil

AUDITOR'S INDEPENDENCE DECLARATION

We confirm that we have obtained the Auditor's Independence Declaration which is set out on Page 17.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND AUDITORS

Indemnification

Under the Company's Constitution, the Company indemnifies each Director, Officer and Agent of the Company ('Officer') against:

- any liability incurred by that Officer as such in defending any proceedings, whether civil or criminal, in which judgement is given in favour of the Officer or which are discontinued, withdrawn, dismissed or struck out, or in which the Officer is acquitted, or in connection with any application in relation to those proceedings in which relief is granted to the Officer by the Court; and
- any liability incurred by an Officer in carrying out the business or exercising the powers of the Company which does not involve any negligence, default, breach of duty or breach of trust by the Officer in relation to the Company.

Insurance Premiums

Since the end of the previous financial year the Company has paid insurance premiums in respect of Directors' and Officers' Liability and Legal Expense insurance contracts. The premiums were paid in respect of current and former Directors and Officers of the Company.

The Directors have not included details of the nature of the liabilities covered in respect of Directors' and Officers' Liability and Legal Expenses insurance contracts, as such disclosure is prohibited under the terms of the Contract.

ROUNDING

The Company is a company of a kind referred to in ASIC Class Order 98/100, and in accordance with that Class Order, amounts in the Financial Report and Directors' Report are rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors:



D C Mackenzie
Director

Dated at Brisbane, 28 August 2008.



Chartered Accountants
& Business Advisers

Auditor's Independence Declaration

To: The Directors of Forest Place Group Limited:

As lead engagement partner for the audit of Forest Place Group Limited and its Controlled Entities for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the Corporations Act in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF
CHARTERED ACCOUNTANTS

K L Colyer
Partner

Dated at Brisbane, 28 August 2008.

Tel: 61 7 3226 3555 | Fax: 61 7 3226 3500 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 6, 10 Eagle Street | Brisbane | Queensland 4000 | Australia
GPO Box 1078 | Brisbane | Queensland 4001

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Income Statement for the Year Ended 30 June 2008

	Note	Consolidated Entity		Company	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Rendering of services		2,833	2,814	459	512
Deferred management fee		5,883	10,673	3,275	5,763
Syndicate fees		1,811	1,686	1,811	1,686
Change in fair value of investment properties	9	46,944	61,417	28,083	40,040
Other income	2	322	256	262	249
Change in fair value of resident loans		(8,670)	(13,284)	(5,278)	(6,574)
Corporate and unallocated overheads		(1,615)	(1,981)	(1,455)	(1,692)
Sales and marketing expenses		(1,520)	(1,076)	(1,191)	(724)
Nursing home operating costs		(1,552)	(1,483)	-	-
Other expenses		(1,118)	(706)	(95)	(35)
Finance costs		(1,366)	(1,634)	(1,331)	(1,373)
Share of net profits / (losses) of associates accounted for using the equity method	10(b)	2,541	6,053	-	-
Profit before Income Tax Expense		44,493	62,735	24,540	37,852
Income tax (expense) / benefit relating to ordinary activities	4	(13,518)	(18,839)	(8,468)	(11,417)
Net Profit from Continuing Operations Attributable to Members of the Company		30,975	43,896	16,072	26,435
Earnings per Share:					
Basic earnings per share	6(a)	37.5 c	53.2 c		
Diluted earnings per share	6(a)	37.5 c	53.2 c		

Balance Sheet as at 30 June 2008

	Note	Consolidated Entity		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Current Assets:					
Cash and cash equivalents	7	5,345	664	5,229	664
Trade and other receivables	8	12,371	10,418	35,225	31,604
Other financial assets	12	521	612	527	618
Other	13	142	170	107	135
Total Current Assets		18,379	11,864	41,088	33,021
Non-Current Assets:					
Investment properties	9	424,937	378,545	246,859	218,240
Equity-accounted investments	10	22,931	19,604	2,212	2,212
Property, plant and equipment	11	4,709	746	2,032	-
Intangible assets	14	253	253	-	-
Other financial assets	12	-	-	7,926	7,926
Total Non-Current Assets		452,830	399,148	259,029	228,378
Total Assets		471,209	411,012	300,117	261,399
Current Liabilities:					
Trade and other payables	15	4,053	784	2,521	648
Interest bearing loans and borrowings	16	33	14,270	16	11,636
Resident loans		172,252	158,407	101,875	91,146
Unearned income		5,509	3,434	3,826	2,435
Current tax liabilities		3,891	1,302	3,891	1,302
Provisions	17	62	60	-	-
Other financial liabilities	18	834	892	834	892
Total Current Liabilities		186,634	179,149	112,963	108,059
Non-Current Liabilities:					
Interest bearing loans and borrowings	16	12,223	63	12,177	-
Deferred tax liabilities	4(d)	76,368	66,791	42,149	36,584
Provisions	17	41	41	-	-
Total Non-Current Liabilities		88,632	66,895	54,326	36,584
Total Liabilities		275,266	246,044	167,289	144,643
Net Assets		195,943	164,968	132,828	116,756
Equity:					
Contributed equity		56,605	56,605	56,605	56,605
Retained profits		139,338	108,363	76,223	60,151
Total Equity		195,943	164,968	132,828	116,756

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements set out on Pages 18 to 41

Statement of Changes in Equity for the Year Ended 30 June 2008

	Consolidated Entity		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Share Capital:				
Balance at beginning and end of year	56,605	56,605	56,605	56,605
Retained Earnings:				
Balance at beginning of year	108,363	64,467	60,151	33,716
Profit for the year	30,975	43,896	16,072	26,435
Balance at end of year	139,338	108,363	76,223	60,151
Total Equity at End of Year	195,943	164,968	132,828	116,756

The Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on Pages 18 to 41.

Cash Flow Statement for the Year Ended 30 June 2008

	Note	Consolidated Entity		Company	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities:					
Cash receipts in the course of operations		16,284	19,029	12,346	13,319
Cash payments in the course of operations		(2,516)	(7,235)	(3,174)	(4,036)
Income tax paid		(1,350)	-	(1,350)	-
Interest received		8	4	8	4
GST recovered / (paid)		(32)	42	57	14
Borrowing costs paid		(1,333)	(1,879)	(1,298)	(1,618)
Net Cash Provided By / (Used In) Operating Activities	22(c)	11,061	9,961	6,589	7,683
Cash Flows from Investing Activities:					
Payments for property plant and equipment		(3,418)	(1,163)	(2,481)	(1,035)
Payments for investment in syndicates		(785)	(1,253)	-	-
Net Cash Provided By / (Used In) Investing Activities		(4,203)	(2,416)	(2,481)	(1,035)
Cash Flows from Financing Activities:					
Finance lease payments		(26)	(14)	(10)	-
Proceeds from interest bearing loans and borrowings		3,882	1,458	5,900	1,055
Repayment of interest bearing loans and borrowings		(6,033)	(8,855)	(5,433)	(7,544)
Net Cash Provided By / (Used In) Financing Activities		(2,177)	(7,411)	457	(6,489)
Net increase / (decrease) in cash and cash equivalents		4,681	134	4,565	159
Cash and cash equivalents at beginning of financial year		664	530	664	505
Cash and Cash Equivalents at End of Financial Year	22(a)	5,345	664	5,229	664

The Cash Flow Statement is to be read in conjunction with the Notes to the Financial Statements set out on Pages 18 to 41.

Notes to the Financial Statements for the Year Ended 30 June 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Forest Place Group Limited is a company domiciled and incorporated in Australia. Forest Place Group Limited's registered office and its principal place of business is Level 5, 120 Edward Street, Brisbane, Queensland, 4000. The Financial Report of Forest Place Group Limited consists of the aggregated Financial Statements of the Forest Place Group Limited ('Company') and its Controlled Entities ('Consolidated Entity'). The Financial Report is presented in Australian dollars.

The Financial Report of the Consolidated Entity was authorised for issue by the Directors on 28 August 2008.

The significant accounting policies which have been adopted in the preparation of this Financial Report are:

(a) Basis of Preparation of Financial Report

The Financial Report is a general purpose Financial Report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including Accounting Interpretations. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the Financial Statements comply with International Financial Reporting Standards ('IFRS').

New Accounting Standards and Interpretations

The Consolidated Entity has adopted AASB 7 'Financial Instruments: Disclosures' and AASB 2005-10 'Amendments to Australian Accounting Standards arising from AASB 7 [1, 4, 101, 114, 117, 132, 133, 139, 1023 & 1038]', applicable beginning on or after 1 January 2007. The adoption of this standard has only affected disclosure in the financial statements. There has been no effect on profit and loss or the financial position of the Consolidated Entity.

AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038]' has been adopted by the Consolidated Entity. In principal, all options that currently exist under IFRS should be included and additional Australian disclosures should be eliminated, other than those now considered particularly relevant to the Australian reporting environment. The adoption of this standard has had no impact on the reported results or financial position of the Consolidated Entity.

Also adopted is AASB 2008-4 'Amendments to Australian Accounting Standards – Key Management Personnel Disclosures by Disclosing Entities [AASB 124]'. This amendment means that the key management personnel disclosures do not need to be duplicated in the Directors' Report and the Financial Statements. This adoption has no impact on the reported results or financial position of the Consolidated Entity as it only relates to disclosure.

Historical Cost Convention

The Financial Report has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through the profit or loss, certain classes of property, plant and equipment and investment property.

(b) Principle of Consolidation

The Consolidated Financial Statements of the economic entity include the Financial Statements of the Company, being the parent entity and its Controlled Entities ('Consolidated Entity'). The balances and effects of transactions between Controlled Entities included in the Consolidated Financial Statements have been eliminated.

(c) Revenue Recognition

Revenues are recognised at the fair value of the consideration received or receivable, net of the amount of Goods and Services Tax ('GST').

Deferred Management Fees ('DMF') Revenue

DMF on retirement village assets are earned whilst the resident occupies the independent living unit or serviced apartment and are recognised as income on a straight-line basis over the resident's expected tenure. The expected tenure is calculated with reference to Australian Bureau of Statistics current data relating to life expectancy and historical trends of roll-overs within the Consolidated Entity. DMF income is not discounted to present value, as the income is earned by reducing the existing resident loan.

DMF is calculated as follows:

- 'entry' based contracts - calculated as the anticipated final DMF receivable based on the entry market value amortised over the expected average period of tenure of the resident; and
- 'exit' based contracts - calculated as the expected DMF receivable based on the current market value amortised over the expected average period of tenure of the resident.

Unearned Income

Resident loans are reduced by the amount due to the village operator in accordance with the resident contract terms. This amount is included in liabilities as unearned income. Unearned income is taken to the Income Statement over the average tenure of residents as DMF revenue.

Rendering of Services

Residents are invoiced monthly and revenue is recognised as it accrues. Within the villages, residents are invoiced to cover the costs of the day to day operation of their village. For the nursing home, the level of fees is set by the Federal Government.

Interest Revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Syndicate Fees

Syndicate fees, representing work performed by the Company in managing the overall construction and development activities, marketing and administration of the syndicate owned retirement villages, are recognised as revenue as they accrue.

Other Revenue

All other classes of revenue are recognised as they accrue.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(d) Government Grants**

Grants from the government are recognised at their fair value when there is a reasonable assurance that the grant will be received and the Consolidated Entity will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the Income Statement over the period necessary to match them with the costs that they are intended to compensate.

(e) GST

Revenues, expenses and assets (other than receivables) are recognised net of the amount of 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 an item of 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 Cash Flow Statement 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 from Operating Activities.

(f) Taxation

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the Australian company income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rate expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary timing differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and the tax bases of investments in Controlled Entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the Entity has a legally enforceable right to offset and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax Consolidation Legislation

Forest Place Group Limited and its wholly-owned Australian Controlled Entities have implemented the Tax Consolidation Legislation as of 1 March 2004. The Head Entity and the Controlled Entities in the Tax Consolidated Group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each Entity in the Tax Consolidated Group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the Parent Entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from Controlled Entities in the Tax Consolidated Group.

The entities in the Tax Consolidated Group have entered into tax sharing / funding agreements to limit the joint and several liabilities of the wholly-owned entities in the case of a default by the Head Entity. A tax funding agreement where the wholly-owned entities fully compensate the Head Entity for any current tax receivable and deferred tax assets related to unused tax losses or unused tax credits that are transferred to the Head Entity under the tax consolidation legislation has also been entered into. The transfer of such amounts to the Head Entity is recognised as inter-company receivables or payables.

(g) Receivables

Trade debtors are usually settled within 30 days and are carried at amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(h) Investment Property Under Construction

Investment Property Under Construction represent works in progress which are carried at the lower of cost and net realisable value. Cost includes the cost of acquisition and / or development. Net realisable value is determined on the basis of indicative market values of lease rollovers. Expenses of marketing are estimated and are deducted to establish net realisable value.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(i) Investment Properties****Retirement Villages**

Retirement villages are investment properties held to earn revenues and capital appreciation, comprising land and buildings intended to be held for the long-term relating to independent living units, serviced apartments, common facilities and integral plant and equipment.

Investment properties are initially recorded at cost whilst being constructed or developed and are included in property, plant and equipment. On completion of a construction or development project, individual units and serviced apartments are transferred to investment properties at fair value.

Investment properties are carried at fair value with any changes recorded in the Income Statement. The fair value is determined using discounted cash flow valuation methodology. A rolling program of external valuations is undertaken so that each asset is independently valued every three years. During the intervening period, management separately assesses the value of individual assets on a six monthly basis to reaffirm valuations and reflect the most current pricing and market conditions.

When a property is being constructed or is undergoing redevelopment and not classified as an investment property, it is treated as property, plant and equipment and carried at cost until completion. Once the unit is completed it is then transferred to investment property at fair value.

(j) Investments**Controlled Entities**

Investments in Controlled Entities are carried in the Company's Balance Sheet at the lower of cost and recoverable amount. Dividends and distributions are brought to account in the Income Statement when they are declared by the Controlled Entities.

Syndicates

A syndicate is an associated entity over which the Consolidated Entity exercises significant influence and where the investment in that entity has not been acquired with a view to disposal in the near future. In the Company's Financial Statements investments in syndicates are carried at the lower of cost and recoverable amount. In the Consolidated Financial Statements investments in syndicates are accounted for using equity accounting principles. Investments in syndicates are carried at the lower of the equity-accounted amount and recoverable amount. The Consolidated Entity's share of the syndicates' net profit or loss is recognised in the Consolidated Income Statement after adjustments for dissimilar accounting policies and the elimination of unrealised profits and losses for both upstream and downstream transactions between the syndicates and any entities in the Consolidated Entity. The syndicates are treated as partnerships for income tax purposes.

(k) Property, Plant and Equipment**Plant and Equipment Depreciation**

Items of plant and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives. Assets are depreciated from the date of acquisition.

The depreciation rates used in the current and prior year are:

Nursing home buildings	2.5%
Nursing home plant and equipment	13% to 20%

(l) Non-Current Assets

All assets acquired, including property, plant and equipment and intangibles other than goodwill, are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

The carrying amounts of non-current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts, the relevant cash flows have been discounted to their present value. A write-down is expensed in the financial period in which it occurs.

(m) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised on the Balance Sheet when the Consolidated Entity becomes party to the contractual provisions of the financial instrument. A financial asset is recognised when the contractual rights to the cash flows from the financial asset expire or are transferred and no longer controlled by the Entity. A financial liability is removed from the Balance Sheet when the obligation specified in the contract is discharged or expires.

Financial assets or liabilities classified as held for trading are measured at fair value through the Income Statement.

Upon initial recognition a financial asset or financial liability is designated as at fair value through profit or loss except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(n) Intangibles - Nursing Home Licences**

Licenses exist for the 25 beds at Forest Place Nursing Home at Durack. No new licenses were purchased during the year. These licenses entitle the nursing home to Government funding. Licenses to operate nursing homes and hostels acquired are carried at cost as they have an indefinite useful life. The licenses are issued for an unlimited period and there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Directors review the carrying value of licenses for impairment and write-off as an expense any reduction of recoverable amount below cost.

(o) Impairment of Assets

Goodwill and intangible assets that have an identifiable useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(p) Employee Benefits***Wages, Salaries, Annual Leave and Non-Monetary Benefits***

Liabilities for employee benefits for wages, salaries and annual leave expected to be settled within 12 months of the year end represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at the reporting date including related on-costs.

Long Service Leave

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attached to national Government bonds at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

(q) Accounts Payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company or the Consolidated Entity. Trade accounts payable are normally settled within 30 days, unless otherwise arranged.

(r) Interest Bearing Loans and Borrowings

Interest bearing loans and borrowings are initially recognised on the Balance Sheet at their fair value, net of transaction costs incurred and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest rate method.

(s) Finance Costs

Finance costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings including trade creditors and lease finance charges.

Finance costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amounts of borrowing costs capitalised are those incurred in relation to that borrowing, net of any interest earned on those borrowings. For non-specific borrowings, borrowing costs are capitalised using a weighted average capitalisation rate.

(t) Resident Loans

Resident loans are measured at the principal amount less unearned income, plus the resident's share of capital gains based on the market value of the underlying property at balance date. Resident loans are valued at fair value through the income statement.

Resident loans are non-interest bearing and are payable at the end of the resident contract. Average tenure periods for residents are for an extended period of time greater than one year, however, they are classified as current liabilities because the Consolidated Entity does not have an unconditional right to defer settlement greater than 12 months. Although resident loans are classified as current, it is estimated that \$14.933m will rollover in the next 12 months.

(u) Syndicate Put Options

The Consolidated Entity has entered into put and call options as part of the syndicate arrangements for the Cleveland and Clayfield Villages. The estimated value of put options exercised, but for which payment is not yet due, is recognised in the Financial Statements as both an asset (rights to acquire syndicate shares) and a corresponding liability (put option liabilities). The classification between current and non-current is based on the commitment to make payment for these put options at the rate of one share per syndicate per calendar month.

Notes to the Financial Statements for the Year Ended 30 June 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(v) New Standards and Interpretations Not Yet Adopted**

The following standards, amendments to standards and interpretations have been identified as those which may impact the Consolidated Entity in the period of initial application. They are available for early adoption at 30 June 2008, but have not been applied in preparing these Financial Statements:

- AASB 123 'Borrowing Costs' (Revised) and amending standard AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, 101, 107, 111, 116, 138, Interpretations 1 & 12]'. These standards are applicable to annual reporting periods beginning on or after 1 January 2009. These standards eliminate the option of expensing borrowing costs relating to qualifying assets, instead requiring capitalisation. This will not affect the Consolidated Entity as all borrowing costs are capitalised with regard to qualifying assets.
- AASB 101 'Presentation of Financial Statements' and amending standard AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101'. These standards are applicable to annual reporting periods beginning on or after 1 January 2009. AASB 101 introduces the notion of the 'complete set of financial statements' and prescribes several changes to the presentation of the financial statements, including the requirement to disclose owner changes in equity separately from non-owner changes in equity. Presentation requirements for restatements or reclassifications of items in the financial statements have been introduced, along with changes to the presentation requirements for dividends and changes to the titles of the financial statements. Also introduced is a statement of comprehensive income.
- AASB 3 'Business Combinations' (Revised) and amending standard AASB 2008-3: 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASB 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107]'. These standards are applicable to annual reporting periods beginning on or after 1 July 2009. The revised standard introduces a number of changes in accounting for business combinations that will impact the amount of goodwill recognised, the results in the period that the acquisition occurs, and the future revenues reported.
- AASB 127 'Consolidated and Separate Financial Statements' (Revised) and AASB 2008-3: 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASB 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107]'. These standards are applicable to annual reporting periods beginning on or after 1 July 2009. This standard allows a change in the ownership interest of a subsidiary (that does not result in a loss of control) to be accounting for as an equity transaction and will give no impact on goodwill nor will it give rise to a gain or loss.
- AASB 8: 'Operating Segments' and AASB 2007-3: 'Amendments to Australian Accounting Standards arising from AASB 8' [AASB 5, 6, 102, 107, 119, 127, 134, 136, 1023, & 1038] are applicable to annual reporting periods beginning in or after 1 January 2009. Application of these standards will not affect any of the amounts recognised in the Financial Statements, but may impact the type of information disclosed in relation to the Consolidated Entity's segment reporting.

The Consolidated Entity has no plans to adopt accounting policy options with effect from 1 July 2007. Application of the amending standards will not affect any of the amounts recognised in the Financial Statements and is expected to only impact disclosures contained within the Financial Report.

(w) Rounding of Amounts

The Consolidated Entity is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with the Class Order to the nearest thousand dollars, or in certain circumstances, the nearest dollar.

(x) Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

Notes to the Financial Statements for the Year Ended 30 June 2008

	Consolidated Entity		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
2. OTHER INCOME				
Interest - other parties	8	4	8	4
Other revenue	314	252	254	245
	322	256	262	249
3. ITEMS INCLUDED IN PROFIT AND LOSS				
Additional Information Relating to Revenue:				
Governments grants ¹	2,266	2,231	-	-
Additional Information on the Nature of Expenses:				
Depreciation - buildings	70	-	-	-
Amortisation - plant and equipment under finance lease	36	36	13	-
Net expense from movement in provision for employee benefits	-	(341)	-	(223)
Finance costs - related parties	247	575	219	485
Finance costs - other parties:				
Bank loans and overdraft	1,111	1,052	644	888
Finance charges on capitalised leases	7	7	1	-
¹ Government grants were recognised by the Consolidated Entity during the financial year relating to age care services. There are no unfulfilled conditions or other contingencies attaching to these grants. The Consolidated Entity did not benefit directly from any other forms of Government assistance.				
4. INCOME TAX				
(a) Income Tax Expense				
Current tax:				
Current tax year movement	3,891	1,302	2,038	729
Over / (under) provisions	(48)	-	864	-
Deferred tax expense from temporary difference:				
Current tax year movement	9,627	17,605	5,494	10,694
Over / (under) provisions	48	(68)	72	(6)
Income Tax Expense	13,518	18,839	8,468	11,417
(b) Reconciliation of Income Tax Expense to Prima Facie				
Profit before income tax expense	44,494	62,735	24,540	37,852
Tax at the Australian tax rate of 30%	13,348	18,820	7,362	11,356
Tax effect on non-deductible amounts:				
Non-deductible expenses	144	87	144	67
Assessable amounts	26	-	26	-
Over / (under) provisions	-	(68)	936	(6)
Income Tax Expense	13,518	18,839	8,468	11,417
(c) Deferred Tax Assets				
The Balance Comprises Temporary Differences Attributable to:				
<i>Amounts recognised in income statement:</i>				
Accrued expenses	22	36	21	31
Provisions for employee benefits	31	30	-	-
Tax losses	-	-	-	-
Unearned revenue	1,653	1,030	1,148	730
Net Deferred Tax Assets	1,706	1,096	1,169	761
Less: set-off against deferred tax liabilities	(1,706)	(1,096)	(1,169)	(761)
	-	-	-	-
Movements:				
Opening balance at 1 July	1,096	6,018	761	4,963
Over / (under) provisions	(17)	(902)	(13)	(902)
Accrued expenses	4	6	3	7
Provisions for employee benefits	-	(102)	-	(67)
Tax losses	-	(2,722)	-	(2,722)
Unearned revenue	623	(1,202)	418	(518)
Closing Balance at 30 June	1,706	1,096	1,169	761
Less: set-off against deferred tax liabilities	(1,706)	(1,096)	(1,169)	(761)
	-	-	-	-

Notes to the Financial Statements for the Year Ended 30 June 2008

	Consolidated Entity		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
4. INCOME TAX (continued)				
(d) Deferred Tax Liabilities				
The Balances Comprises Temporary Differences Attributable to:				
<i>Amounts recognised in income statement:</i>				
Investment in retirement villages	127,574	111,836	74,089	64,263
Resident loans on retirement villages	(51,675)	(47,522)	(30,562)	(27,344)
Equity-accounted profits	2,447	3,056	-	-
Other	(272)	517	(209)	426
Net Deferred Tax Liabilities	78,074	67,887	43,318	37,345
Less: deferred tax assets set off from above	(1,706)	(1,096)	(1,169)	(761)
	76,368	66,791	42,149	36,584
Movements:				
Opening balances at 1 July	67,887	55,271	37,345	29,948
Under / (over) provision	(66)	(969)	59	3
Investment in retirement villages	15,496	20,756	9,744	14,289
Resident loans on retirement villages	(4,153)	(6,744)	(3,218)	(4,822)
Syndicate results	(604)	1,700	-	-
Other	(486)	(2,127)	(612)	(2,073)
	78,074	67,887	43,318	37,345
Less: deferred tax assets set off from above	(1,706)	(1,096)	(1,169)	(761)
Closing Balance at 30 June	76,368	66,791	42,149	36,584

(e) Tax Consolidation Legislation

The Consolidated Entity has implemented the Tax Consolidation Legislation as of 1 July 2003. The accounting policy in relation to this Legislation is set out in Note 1(f).

5. DIVIDENDS AND DISTRIBUTIONS

	Consolidated Entity	
	2008 \$'000	2007 \$'000
Dividend Franking Account		
Balance of the 30% franking credits at the end of the year	5,241	-

No dividends were proposed or paid during the financial year.

6. EARNINGS PER SHARE**(a) Basic and Diluted Earnings per Share**

Basic and diluted earnings per share	37.5 cents	53.2 cents
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(b) Weighted Average Number of Shares used as the Denominator

	Number of Shares	
	2008	2007
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted earnings per share	82,578,509	82,578,509

7. CASH AND CASH EQUIVALENTS

	Consolidated Entity		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash at Bank	5,345	664	5,229	664

Notes to the Financial Statements for the Year Ended 30 June 2008

	Consolidated Entity		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
8. TRADE AND OTHER RECEIVABLES				
Current:				
Trade receivables	2,025	3,056	1,898	3,127
Other receivables	999	928	522	1,585
Due from syndicates	9,347	6,434	9,347	6,434
Due from Controlled Entities (refer Note 24(a)(v))	-	-	23,458	20,458
Total Current Receivables	12,371	10,418	35,225	31,604

(a) Fair Value and Credit Risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. For the fair values of trade and other receivables refer to Note 27(d).

(b) Ageing and Impairment Loss

Other receivables, which represent amounts owed by wholly-owned villages, and amounts due from syndicates as disclosed above are not bound by any contractual terms in relation to the timing of repayment. The Consolidated Entity and Company expect to recover these amounts in full. Neither are other receivables nor amounts due from syndicates past due or considered impaired.

Trade receivables as disclosed below are generally aged on 30 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. Indicators of impairment include where there is objective evidence of significant financial difficulties, debtor bankruptcy, financial reorganisation or default in payment. All impairment losses have been provided for.

The ageing of trade receivables for the Consolidated Entity at the reporting date was:

Trade Receivables Ageing				
0-30 days	1,591	3,056	1,477	3,127
31-60 PDNI*	4	-	-	-
31-60 CI*	-	-	-	-
61-90 PDNI*	-	-	-	-
61-90 CI*	-	-	-	-
+ 91 days PDNI *	430	-	421	-
+ 91 days CI *	-	-	-	-
Total	2,025	3,056	1,898	3,127

* Past Due Not Impaired ('PDNI')

* Considered Impaired ('CI')

Trade receivables past due but not considered to be impaired at 30 June 2008 are \$434,000 for the Consolidated Entity (2007: \$nil) and \$421,000 in the Company (2007: \$nil). These trade receivables comprise customers who have good debt history and are considered recoverable. Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

There was no impairment or movement in the provision for doubtful debts of trade receivables for the Consolidated Entity or the Company for the current or prior period.

All trade receivables are subject to normal terms of trade which provide for settlement within 30 days or are subject to a contractual settlement date within 12 months of year end.

9. INVESTMENT PROPERTIES**Retirement Villages at Fair Value:**

Balance at beginning of year	378,545	309,190	218,240	170,414
Transfers to property, plant and equipment	(1,232)	7,938	-	7,786
Capitalised subsequent expenditure	680	-	536	-
Net gain / (loss) from fair value adjustment	46,944	61,417	28,083	40,040
Balance at End of Year	424,937	378,545	246,859	218,240

(a) Valuation Basis

The fair value method to account for investment property requires any movements in the fair value of the investment property to be taken directly to the Income Statement. The fair value has been determined by Directors' valuation using discounted cash flow valuation methodology. These valuations are based on cash flows derived from the current market value of individual retirement units. In determining these market values, a rolling program of external valuations is undertaken so that each asset is independently valued every three years. During the intervening period, management separately assesses the value of individual assets on a six monthly basis to reaffirm valuations and reflect the most current pricing and market conditions. Key assumptions used in the Directors' valuation are the discount rate of 11.5% (2007: 11.5%), long-term property growth rate and average tenure period.

Notes to the Financial Statements for the Year Ended 30 June 2008

10. EQUITY-ACCOUNTED INVESTMENTS**(a) Carrying Amounts**

	Consolidated Entity		Company	
	2008	2007	2008	2007
	%	%	%	%
Details of Investment in Syndicates are as follows:				
<i>Ownership interest:</i>				
Forest Place Cleveland Syndicate ¹	70.00	70.00	50.00	50.00
Forest Place Clayfield Syndicate	46.40	41.60	-	-
	\$'000	\$'000	\$'000	\$'000
<i>Investment carrying amounts:</i>				
Forest Place Cleveland Syndicate	12,042	10,395	2,212	2,212
Forest Place Clayfield Syndicate	10,889	9,209	-	-
	22,931	19,604	2,212	2,212

The principal activities include the development and operations of two retirement villages in Brisbane. The balance date for each syndicate is 30 June.

¹ The investment in Forest Place Cleveland Syndicate has been treated as an investment in an associate as the Consolidated Entity does not have the ability to make key financial and operating decisions as this requires unanimous agreement by all syndicate members and precludes the Consolidated Entity from voting on matters benefiting the Consolidated Entity.

(b) Movement in Carrying Amounts of Investments

	Consolidated Entity		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Carrying amount of investment in syndicate at beginning of year	19,604	12,297	2,212	2,212
Purchase of investment in syndicate	786	1,254	-	-
Share of syndicates' net profit	2,541	6,053	-	-
Carrying Amount of Investment in Syndicates at End of Year	22,931	19,604	2,212	2,212

(c) Summary Financial Information of Syndicates

	Consolidated Entity	
	2008	2007
	\$'000	\$'000
Assets	72,999	60,283
Liabilities	50,068	40,679
Revenue	4,506	8,332
Profit	2,541	6,053

(d) Contingent Liabilities of Syndicates

There are no known contingent liabilities.

(e) Commitments

There are no expenditure commitments contracted for at the balance date payable but not provided for and payable by either syndicate.

Notes to the Financial Statements for the Year Ended 30 June 2008

11. PROPERTY, PLANT AND EQUIPMENT

	Consolidated Entity		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Investment Property Under Construction – At Cost	3,941	-	1,946	-
Land and buildings - nursing homes:				
At cost	1,421	1,392	-	-
Accumulated depreciation	(779)	(709)	-	-
Total Land and Buildings	642	683	-	-
Plant and equipment - under finance lease:				
At cost	211	112	99	-
Accumulated depreciation	(85)	(49)	(13)	-
Total Plant and Equipment	126	63	86	-
Total Property, Plant and Equipment	4,709	746	2,032	-
Movements During the Year				
Investment Properties Under Construction:				
Balance at beginning of year	-	6,775	-	6,751
Additions	2,709	1,163	1,946	1,035
Transfer (to) / from investment property	1,232	(7,938)	-	(7,786)
Balance at End of Year	3,941	-	1,946	-
Land and Buildings – Nursing Homes:				
Balance at beginning of year	683	683	-	-
Additions	29	-	-	-
Depreciation	(70)	-	-	-
Balance at End of Year	642	683	-	-
Plant and Equipment - Under Finance Lease:				
Balance at beginning of year	63	99	-	-
Additions	99	-	99	-
Depreciation	(36)	(36)	(13)	-
Balance at End of Year	126	63	86	-

12. OTHER FINANCIAL ASSETS**Current:**

Shares - Controlled Entities (unquoted) at cost	26	-	-	6	6
Right to acquire share in syndicate at recoverable amount		521	612	521	612
Total Current Other Financial Assets		521	612	527	618

Non-Current:

Units - controlled unit trust at recoverable amount	26	-	-	7,926	7,926
Total Non-Current Other Financial Assets		-	-	7,926	7,926

13. OTHER ASSETS**Current:**

Prepayments and sundry assets	28	53	22	35
Capital replacement funds	114	117	85	100
Total Current Other Assets	142	170	107	135

A statutory charge, imposed under the Retirement Villages Act 1999, exists over all amounts held in Capital Replacement Funds which restricts the use for which these funds can be applied.

14. INTANGIBLE ASSETS

Nursing Home Licenses	253	253	-	-
(a) Useful Life				

Nursing home bed licences have been assessed as having indefinite useful lives. The licenses are issued for an unlimited period and there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Consolidated Entity.

Notes to the Financial Statements for the Year Ended 30 June 2008

15. TRADE AND OTHER PAYABLES

	Consolidated Entity		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Current:				
Other creditors and accruals	1,698	616	291	517
Payables to related parties	24(a)(vi) 2,355	168	2,230	131
Total Current Trade and Other Payables	4,053	784	2,521	648

Trade payables are usually due within 30 days. No interest is charged on the balances paid outside normal terms.

(a) Fair Value

The carrying amounts of payables approximate fair values.

(b) Secured Amounts Payable

None of the payables are secured.

16. INTEREST BEARING LOANS AND BORROWINGS**Current:**

Bank loans - secured	-	8,221	-	6,203
Other loans - related parties	-	6,033	-	5,433
Finance lease liabilities - secured	33	16	16	-
Total Current Interest Bearing Loans and Borrowings	33	14,270	16	11,636

Non-Current:

Bank loans - secured	12,104	-	12,104	-
Other loans - related parties	-	-	-	-
Finance lease liabilities - secured	119	63	73	-
Total Non-Current Interest Bearing Loans and Borrowings	12,223	63	12,177	-

Facilities utilised at balance date:

Bank loans	12,104	8,221	12,104	6,203
Other loan - related parties	24(a)(vi) -	6,033	-	5,433
Finance lease facility	152	79	89	-
	12,256	14,333	12,193	11,636

Facilities not utilised at balance date:

Bank loans	-	-	-	-
Other loan - related parties	-	2,967	-	3,567
Finance lease facility	-	-	-	-
	-	2,967	-	3,567

(a) Restrictions as to Use or Withdrawal

There are no restrictions on use or withdrawal of any facilities however, the facilities are subject to the Consolidated Entity complying with covenants concerning such matters as minimum interest times cover, maximum loan to value ratio, current ratios and net tangible assets.

(b) Bank Loans (Wholly-Secured)

Bank loans expire on 15 December 2009 at which time these Bank loans will be refinanced. The interest rate on all loans at 30 June 2008 was 9.0% (2007: 6.5 to 7.4%). Collateral pledged comprises first mortgages over certain properties and a floating charge over assets of the Consolidated Entity. The Company guarantees bank loans of Controlled Entities within the Consolidated Entity.

(c) Other Loans (Wholly-Secured)

The effective interest rate at 30 June 2008 is nil (2007: nil).

(d) Other Loans - Related Parties (Wholly-Secured)

Related party loan from FKP Limited with mortgage secured over land. Repayment was due on 15 July 2007, however the due date was extended to 31 October 2007. All existing loans with FKP Limited were repaid during the year.

(e) Finance Lease Liability (Wholly-Secured)

The finance lease liabilities are secured over the respective leased assets being motor vehicles. The leases expire in October 2010 and October 2012. The respective effective interest rates at 30 June 2008 are 7.9% and 8.0%. (2007: 7.9%).

Notes to the Financial Statements for the Year Ended 30 June 2008

	Consolidated Entity		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
16. INTEREST BEARING LOANS AND BORROWINGS (continued)				
(f) Assets Pledged as Security				
Current:				
<i>Floating charge</i>				
Cash and cash equivalents	5,345	664	5,229	664
Trade and other receivables	3,024	3,984	2,420	4,712
Capital replacement funds	114	117	85	100
Shares – controlled entities (unquoted) at cost	-	-	6	6
Right to acquire share in syndicate at recoverable amount	521	612	521	612
Total Current Assets Pledged as Security	9,004	5,377	8,261	6,094
Non-Current:				
<i>First mortgage</i>				
Freehold land and buildings	642	683	-	-
Investment properties	247,484	211,751	141,262	120,902
Investment properties under construction	3,941	-	1,946	-
<i>Floating charge</i>				
Investment properties	177,453	166,794	105,597	97,338
<i>Finance lease</i>				
Leased plant and equipment	126	63	86	-
Total Non-Current Assets Pledged as Security	429,646	379,291	248,891	218,240
Total Assets Pledged as Security	438,650	384,668	257,152	224,334

(g) Defaults and Breaches

During the current and prior period, there were no defaults or breaches on any of the loans.

17. PROVISIONS**Current:****Employee Benefits**

62	60	-	-
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Non-Current:**Employee Benefits**

41	41	-	-
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18. OTHER FINANCIAL LIABILITIES**Current:****Put Option Liabilities for Syndicate Shares**

834	892	834	892
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19. CONTRIBUTED EQUITY

	Company Number of Shares	
	2008	2007
Issued Capital (No Par Value)	82,578,509	82,578,509

There was no movement in contributed equity during the year (2007: nil).

(a) Terms and Conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Share Holders' Meetings. In the event of winding up of the Company, ordinary share holders rank after all creditors and are fully entitled to any proceeds of liquidation.

(b) Capital Management

When managing capital, being fully paid ordinary shares, Management's objective is to ensure that the Consolidated Entity continues as a going concern as well as to maintain optimal returns to its shareholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available.

Management has no current plans to issue further shares to the market.

The Consolidated Entity is not subject to any externally imposed capital requirements.

Notes to the Financial Statements for the Year Ended 30 June 2008

20. COMMITMENTS**(a) Capital Expenditure Commitments**

There are no capital expenditure commitments outstanding as at 30 June 2008.

(b) Finance Lease Payment Commitments

	Consolidated Entity		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Future minimum lease payments:				
Within one year	37	21	16	-
Later than one year and no later than five years	129	72	80	-
	166	93	96	-
Less: Future lease finance charges not provided for in the Financial Statements	(14)	(14)	(7)	-
	152	79	89	-
Present value of minimum lease payments:				
Current (Note 16)	33	16	16	-
Non-current (Note 16)	119	63	73	-
Total Lease Liability	152	79	89	-

21. CONTINGENT LIABILITIES**(a) Guarantees**

Suncorp-Metway Limited, on behalf of the Consolidated Entity, has provided guarantees of \$0.02m to local authorities to secure obligations pursuant to development approvals for villages still being developed. The guarantees are secured by a registered mortgage over the retirement villages.

(b) Put Options - Syndicates

As part of the syndicate arrangements for the Cleveland and Clayfield retirement villages, members of the syndicates have the right to put their shares in the syndicate to the Consolidated Entity based upon a formula set out in the Syndicate Deed. A number of these options have been exercised by syndicate investors and have been recognised in the Balance Sheet. The net present value of the amounts which would be payable under the put options for the remaining shares if they were exercised by the investors of the Cleveland and Clayfield Syndicates at reporting date is as follows:

Cleveland Syndicate	4,214	4,119	4,214	4,119
Clayfield Syndicate	10,478	11,320	10,478	11,320

(c) Call Options - Syndicates

As part of the syndicate arrangements for the Cleveland and Clayfield retirement villages, the Consolidated Entity has a call option over the other shares in the syndicates, exercisable on completion of the villages. The net present value of the payments for the remaining shares under each call option if exercised by the Consolidated Entity at reporting date using a new Master Plan Development, are estimated as follows:

Cleveland Syndicate	2,747	4,166	3,658	4,166
Clayfield Syndicate	13,474	14,574	13,474	14,574

22. NOTES TO THE CASH FLOW STATEMENT**(a) Reconciliation of Cash and Cash Equivalents**

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash on Hand and at Bank	5,345	664	5,229	664
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(b) Financing Facilities Available

Financing facilities are detailed in Note 16 'Interest Bearing Loans and Borrowings'.

Notes to the Financial Statements for the Year Ended 30 June 2008

22. NOTES TO THE CASH FLOW STATEMENT (continued)**(c) Reconciliation of Net Cash Provided By / (Used In) Operating Activities to Operating Profit after Income Tax**

	Consolidated Entity		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Operating profit after income tax	30,975	43,896	16,072	26,435
Add / (less) non-cash items:				
Depreciation / amortisation	106	36	13	-
Change in fair value of investment properties	(46,944)	(61,417)	(28,083)	(40,040)
Change in fair value of resident loans	8,670	13,284	5,278	6,574
Share of joint venture syndicates net (profit) / loss	(2,541)	(6,053)	-	-
Change in assets and liabilities				
(Increase) / decrease in trade receivables	(250)	(1,997)	1,514	(2,735)
(Increase) / decrease in other assets	61	45	61	24
(Increase) / decrease in GST clearing accounts	(177)	47	(88)	19
Increase / (decrease) in accounts payable	1,664	(283)	(3,174)	(283)
Increase / (decrease) in unearned income	7,329	5,422	6,842	7,669
Increase / (decrease) in other payables and accruals	-	(1,517)	-	(2,658)
Increase / (decrease) in current tax liabilities	2,589	1,302	2,589	1,302
Increase / (decrease) in provisions	2	(342)	-	(223)
Increase / (decrease) in deferred tax liabilities	9,577	17,538	5,565	11,599
Net Cash Provided By / (Used In) Operating Activities	11,061	9,961	6,589	7,683

23. KEY MANAGEMENT PERSONNEL DISCLOSURES**(a) Directors**

The following persons were Directors and key management personnel of the Company during the year:

- I L Fraser (Chairman, Non-Executive);
- D C Mackenzie (Non-Executive);
- J M Laboo (Executive Director), appointed 27 August 2007;
- P Parker (Non-Executive);
- M A Miller (Non-Executive Director), appointed 20 September 2007; and
- P R Brown (Non-Executive), resigned 20 September 2007.

(b) Key Management Personnel Compensation

The following table provides the details of all the key management personnel (including Directors) and the nature and amount of the elements of their remuneration for the year ended 30 June 2008:

Specified Key Management Personnel	Years	Short-Term Benefits			Post-Employment Superannuation Benefits \$	Total \$
		Salary & Fees \$	Bonus \$	Non-Monetary Benefits		
I L Fraser	2008	65,000	-	-	5,850	70,850
	2007	65,000	-	-	5,850	70,850
D C Mackenzie	2008	40,000	-	-	3,600	43,600
	2007	40,000	-	-	3,600	43,600
J M Laboo ^{1,2}	2008	-	-	-	-	-
	2007	-	-	-	-	-
P Parker ¹	2008	-	-	-	-	-
	2007	-	-	-	-	-
M P Pearson ¹	2008	-	-	-	-	-
	2007	-	-	-	-	-
M A Miller ^{1,3}	2008	-	-	-	-	-
	2007	-	-	-	-	-
P R Brown ^{1,4}	2008	-	-	-	-	-
	2007	-	-	-	-	-
Total	2008	105,000	-	-	9,450	114,450
	2007	105,000	-	-	9,450	114,450

¹ Director / employee of the ultimate holding company, FKP Limited.

² J M Laboo appointed as Executive General Manager on 27 November 2006 and Director on 27 August 2007.

³ M A Miller appointed as Director on 20 September 2007.

⁴ P R Brown resigned on 20 September 2007.

Notes to the Financial Statements for the Year Ended 30 June 2008

23. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)**(c) Loans to Key Management Personnel**

There were no loans to key management personnel during the year.

(d) Share Holdings of Key Management Personnel

There were no movements in share holdings by key management personnel during the year.

Ordinary Shares	
I L Fraser	1,000
D C Mackenzie	Nil
J M Laboo	Nil
P Parker	Nil
M P Pearson	Nil
M A Miller ¹	Nil
P R Brown ²	Nil

¹ M A Miller was appointed as a Director on 20 September 2007.

² P R Brown resigned as a Director on 20 September 2007.

24. RELATED PARTIES**(a) Transactions with Related Entities****(i) Design and Construction Management Agreement – FKP Constructions Pty Ltd**

On 15 July 2004, the Company entered into a new contract (based on the Australian Standard - General Conditions of Contract for Construction Management - AS4300-1995) on an arm's length basis with FKP Constructions Pty Ltd and Australian Retirement Homes Limited (both subsidiaries of FKP Limited, the ultimate parent entity) to provide design and construction services for development work at all of the Consolidated Entity's villages.

Amounts paid by the Consolidated Entity to FKP Constructions Pty Ltd and Australian Retirement Homes Limited during the period, in accordance with the current Design and Construction Management Agreement:

	Consolidated Entity 2008 \$'000	2007 \$'000
Claims made, either paid or provided for, regarding reimbursement of construction expenditure incurred by FKP Constructions Pty Ltd and Australian Retirement Homes Ltd:	1,903	258

(ii) Marketing Agreement - FKP Real Estate Pty Ltd

On 5 March 2004, FKP Real Estate Pty Ltd (a subsidiary company of FKP Limited, the ultimate parent entity) entered into an arm's length contract with the Company to provide marketing services for the Consolidated Entity.

Amounts paid or payable by the Consolidated Entity and the Cleveland and Clayfield Syndicates to FKP Real Estate Pty Ltd during the year, in accordance with the current Marketing Agreement:

Commission on leases for new and re-lease accommodation units:		
On behalf of the Consolidated Entity (2.5% plus GST of the gross transfer price and \$1,500 plus GST for unit transfers under the guaranteed transfer option)	750	825
Marketing charges per unit on leases for new and re-lease accommodation units:		
On behalf of the Consolidated Entity (1% - 2.05% plus GST based on development stage)	356	363
On behalf of the syndicates (0.05% - 4.85% plus GST based on development stage)	544	293
Total	1,650	1,481

FKP Real Estate Pty Ltd employs all marketing staff used in the Consolidated Entity's owned villages and syndicated villages.

(iii) Interest - FKP Limited

Throughout the 2008 year, the Consolidated Entity had a number of loans with FKP Limited. The interest rate on these loans varied according to the 30 day bank bill rate. All loans were fully repaid by 30 June 2008.

Interest charges by FKP Limited	247	90
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(iv) Support Services Recharges - FKP Limited

Following FKP Limited's acquisition of its interest in the Consolidated Entity, a number of operational support functions (Human Resources, Finance and IT support) were rationalised within the Consolidated Entity with the aim of achieving greater efficiencies. From 1 April 2004, these support services are now provided directly by FKP Limited.

Operational support recharges by FKP Limited	438	249
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Notes to the Financial Statements for the Year Ended 30 June 2008

24. RELATED PARTIES (continued)**(a) Transactions with Related Entities (continued)****(v) Wholly-Owned Group**

Details of interests in wholly-owned controlled entities are set out in Note 26. Details of dealings with these entities are set out below.

Loans

Except as disclosed in Note 24(a)(iii) above, interest is not charged on loans between entities within the Consolidated Entity and there are no fixed terms for repayment. As at reporting date the following amounts were owed to the Company by controlled entities:

	Company	
	2008 \$'000	2007 \$'000
Forest Place Unit Trust	11,773	13,002
Forest Place Clayfield Pty Ltd	9,098	6,280
FP Assets Holdings (No. 2) Pty Limited	1,020	1,020
Forest Place Management Limited	156	156
	22,047	20,458

Other Transactions

During the year the Company charged Forest Place Unit Trust \$152,192 for administration, audit and equipment usage fees (2007: \$69,853).

(vi) Balances with Related Parties

The aggregate amounts payable or provided for, to related parties at balance date are as follows:

		Consolidated Entity	
	Note	2008 \$'000	2007 \$'000
Trade and Other Payables:			
FKP Real Estate Pty Ltd	24(a)(ii)	452	168
FKP Constructions Pty Ltd		1,903	-
		2,355	168
Interest Bearing Loans and Borrowings:			
FKP Constructions Pty Ltd	24(a)(i)	-	5,433
FKP Limited	24(a)(iii)	-	600
		-	6,033
		2,355	6,201

(b) Transactions with Syndicates**(i) Fees**

In accordance with the Syndicate Deeds, the Consolidated Entity is entitled to receive fees for services in respect of approval and feasibility, development management, promotions and administration. During the year \$857,186 (2007: \$1,070,457) was received from the Cleveland Syndicate and \$954,157 (2007: \$615,155) was received from the Clayfield Syndicate. The fee represents work performed by the Consolidated Entity in managing the overall construction and development activities, marketing, and administration of the retirement villages.

(ii) Put and Call Options

The Syndicate Deeds for each syndicate contains put and call options over shares in the syndicates under which each investor has the right to require the Company to buy, and the Company has the right to require each investor to sell, any share or shares upon specified terms.

The put option in favour of each investor is exercisable by the investor at any time or times in respect of any share or shares held by it. The price payable by the Consolidated Entity is a sum equal to the amount paid by the investor for the share or shares in question less any distributions previously made thereon plus interest calculated at 5% per year (calculated on a daily basis and compounded at the end of June and December in each year) on the amount from time to time paid by the investor thereon less any distributions previously made thereon. The Consolidated Entity is not obliged to complete and make payment for more than one share (taking all investors together) in any single calendar month for each syndicate.

The call options in favour of the Consolidated Entity are only exercisable after the sale of all new leases following completion of the development at a syndicate village. The option can only be exercised simultaneously in respect of all remaining shares and all remaining investors (but not the Consolidated Entity itself) in each syndicate and the price payable by the Consolidated Entity is calculated as 27.5% of the aggregate standard lease entry price paid by residents at the date of the option exercise less the aggregate price paid by residents (to secure capital growth in the value of their leases and / or pre-pay the deferred payments) in respect of leases current at the date of option exercise. The option price payable by the Consolidated Entity will be adjusted for GST if applicable.

(iii) Transactions

All transactions between the Consolidated Entity and each syndicate are on normal terms and conditions.

25. AUDITOR'S REMUNERATION

	Consolidated Entity		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
Audit and review of Financial Reports	74,000	62,750	74,000	62,750

26. CONTROLLED ENTITIES**(a) Company**

Significant investment in subsidiaries:

Name	Formation / Incorporation	Class of Share	Interest Held %	
			2008	2007
Forest Place Clayfield Pty Ltd	Australia	Ordinary	100	100
Forest Place Pty Ltd	Australia	Ordinary	100	100
Forest Place Management Limited	Australia	Ordinary / Preference	100	100
Forest Place Unit Trust	Australia	Ordinary	100	100
FP Asset Holdings Pty Ltd	Australia	Ordinary	100	100
FP Assets Holdings (No. 2) Pty Ltd	Australia	Ordinary	100	100

(b) Consolidated Entity

The parent entity within the Consolidated Entity is Forest Place Group Limited. The ultimate parent entity in Australia is FKP Limited.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Consolidated Entity's policy is to manage its finance costs using a mix of fixed and variable rate debt.

The Consolidated Entity's policy is to comply with covenants concerning such matters as minimum interest times cover, maximum loan to value ratio, current ratios and net tangible assets. Borrowings are carried at amortised cost and it is acknowledged that fair value exposure is a by-product of the Consolidated Entity's attempt to manage its cash flow volatility arising from interest rate changes.

The main risks arising from the Consolidated Entity's financial instruments are interest rate risk, credit risk and liquidity risk. The Consolidated Entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rate prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, and liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Directors of Forest Place Group Limited, the Company. They review and agree to policies for managing each of the risks identified below, including limits for approved instruments, transaction values, tenor and counterparties with whom the Consolidated Entity transacts. The Consolidated Entity does not enter into financial transactions for the purpose of short-term trading.

(a) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the Consolidated Entity's income or the value of its obligations, and arises on floating debt rate. The Consolidated Entities' exposure to market interest rates relates primarily to long-term debt obligations. The level of debt is disclosed in Note 16.

At balance date, the Consolidated Entity had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	Consolidated Entity		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Financial Assets:				
Cash assets	5,345	664	5,229	664
	5,345	664	5,229	664
Financial Liabilities:				
Bank loans	12,104	8,221	12,104	6,202
Other loans	-	6,033	-	5,433
	12,104	14,254	12,104	11,635

Interest rates over the 12 month period were analysed and a sensitivity determined to show the effect on profit and equity after tax if the interest rates at reporting date had been 75 basis points higher or lower, with all other variables held constant. This level of sensitivity was considered reasonable given the current level of both short-term and long-term Australian interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**(a) Interest Rate Risk (continued)**

At 30 June 2008, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Consolidated Entity				
+0.75% (75 basis points)	(35)	(71)	(35)	(71)
-0.75% (75 basis points)	35	71	35	71
Company				
+0.75% (75 basis points)	(36)	(58)	(36)	(58)
-0.75% (75 basis points)	36	58	36	58

(b) Credit Risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet contractual obligations.

Credit risk arises from the financial assets of the Consolidated Entity, which comprise cash and cash equivalents, trade and other receivables and syndicate rights. The Consolidated Entity's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Consolidated Entity's external customers are subject to contract upon settlement of independent living units; if contracts are breached then legal proceedings may follow. This is a rare occurrence, as procedures are carried out to mitigate risk including an assessment of customer's independent credit rating and financial position.

In addition, receivable balances are monitored on an ongoing basis with the result that the Consolidated Entity's exposure to bad debts is not significant.

The Consolidated Entity had no other concentrations of credit risk with any single counterparty or group of counterparties, with the exception of amounts receivable from the following:

	Consolidated Entity		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Associates				
Forest Place Cleveland Syndicate	3,512	2,505	3,512	2,505
Forest Place Clayfield Syndicate	5,835	3,929	5,835	3,929

These receivables are syndicate fees, representing work performed by the Company in managing the overall construction and development activities, marketing and administration of the syndicate owned retirement villages, are recognised as revenue as they accrue.

The granting of financial guarantees also exposes the Consolidated Entity to credit risk, being the maximum amount that would have to be paid if the guarantee is called on. As the amounts written into the guarantees are not significantly greater than the original liability, such risk is deemed to be immaterial.

(c) Liquidity Risk

The Consolidated Entity's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, related party loans, put options, finance leases and committed available credit lines.

Notes to the Financial Statements for the Year Ended 30 June 2008

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**(c) Liquidity Risk (continued)**

The table below reflects the contractual maturity of our fixed and floating rate financial liabilities. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2008. The amounts disclosed represent undiscounted cash flows.

The remaining contractual maturities of the financial liabilities are:

	Consolidated Entity		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
6 months or less	12,036	23,068	7,441	17,013
6-12 months	165,589	153,062	154,786	88,945
1-2 years	13,489	1,304	13,468	1,283
2-5 years	7,296	4,303	7,265	4,252
Over 5 years	7,248	8,812	7,248	8,812
	205,658	190,549	190,208	120,305

Maturity analysis of financial liabilities based on Management's expectations:

	≤6 months \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	5+ years \$'000	Total \$'000
Consolidated Entity						
Financial Liabilities:						
Payables	4,053	-	-	-	-	4,053
Resident loans ¹	7,331	164,921	-	-	-	172,252
Bank loans	-	-	12,104	-	-	12,104
Finance leases	18	19	37	92	-	166
Syndicate put options	634	649	1,348	7,204	7,248	17,083
	12,036	165,589	13,489	7,296	7,248	205,658
Company						
Financial Liabilities:						
Payables	2,521	-	-	-	-	2,521
Resident loans ¹	4,278	154,129	-	-	-	158,407
Bank loans	-	-	12,104	-	-	12,104
Finance leases	8	8	16	61	-	93
Syndicate put options	634	649	1,348	7,204	7,248	17,083
	7,441	154,786	13,468	7,265	7,248	190,208

¹ Resident Loans have been disclosed as current due to a requirement under Australian accounting standards to classify Resident Loans, in full, as a Current Liability. In practice, the rate at which the Combined Group's retirements' residents vacate their units, and hence the rate at which the Resident Loans will fall due for repayment, can be estimated on the basis of statistical tables. The Combined Group's best estimate is that of the total Resident Loans of \$172.252m, only \$14.933m is expected to be paid within the next twelve months.

(d) Fair Value

The carrying amount of the Consolidated Entity's and Company's Financial Assets and Financial Liabilities approximate their fair value.

Fair value of the Financial Liabilities is calculated based on present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For interest bearing loans and borrowings, the market rate of interest is determined by reference to similar liabilities in the same industry and with a similar risk rating, and for finance leases, by reference to similar finance leases at reporting date.

Notes to the Financial Statements for the Year Ended 30 June 2008

28. SEGMENT INFORMATION

The Consolidated Entity comprises the following main business segments, based on its management reporting systems:

Retirements	Management of retirement villages.
Nursing Homes	Management of nursing homes.

The Consolidated Entity operates solely in Australia.

	Nursing Home 2008 \$'000	Retirements 2008 \$'000	Consolidated 2008 \$'000
Revenue:			
Revenue from outside the Consolidated Entity	1,621	9,220	10,841
Total Segment Revenue	1,621	9,220	10,841
Other unallocated revenue			8
Revenue from Ordinary Activities			10,849
Result:			
Segment result including changes in fair value	(1)	41,953	41,952
Share of net profit of equity-accounted investments			2,541
Profit from ordinary activities before income tax expense			44,493
Income tax expense			(13,518)
Net Profit			30,975
Depreciation and amortisation	70	36	106
Assets:			
Segment assets	1,383	446,895	448,278
Equity-accounted investments			22,931
Consolidated Total Assets			471,209
Liabilities:			
Segment liabilities	444	182,307	182,751
Unallocated corporate liabilities			92,515
Consolidated Total Liabilities			275,266
Acquisition of property, plant and equipment	29	2,808	2,837
	Nursing Home 2007 \$'000	Retirements 2007 \$'000	Consolidated 2007 \$'000
Revenue:			
Revenue from outside the Consolidated Entity	1,519	13,906	15,425
Total Segment Revenue	1,519	13,906	15,425
Other unallocated revenue			4
Revenue from Ordinary Activities			15,429
Result:			
Segment result including changes in fair value	30	56,652	56,682
Share of net profit of equity-accounted investments			6,053
Profit from ordinary activities before income tax expense			62,735
Income tax expense			(18,839)
Net Profit			43,896
Depreciation and amortisation	-	36	36
Assets:			
Segment assets	953	390,455	391,408
Equity-accounted investments			19,604
Consolidated Total Assets			411,012
Liabilities:			
Segment liabilities	126	169,525	169,651
Unallocated corporate liabilities			76,393
Consolidated Total Liabilities			246,044
Acquisition of non-current assets	-	1,163	1,163

29. SUBSEQUENT EVENTS

There has not arisen 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 Consolidated Entity, the results of these operations, or the state of affairs of the Consolidated Entity, in future financial years.

Directors' Declaration

The Directors of Forest Place Group Limited declare that:

- (a) in the Directors' opinion the financial statements and notes on pages 18 to 41, and the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report, set out on page 15, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company and Consolidated Entity's financial position as at 30 June 2008 and of their performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (b) the Financial Report also complies with International Financial Reporting Standards as disclosed in Note 1; and
- (c) the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*, the Corporations Act 2001 and the Corporations Regulations 2001; and
- (d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2008, required by Section 295A of the Corporations Act 200.

Signed in accordance with a resolution of the Directors.



D C Mackenzie
Director

Dated at Brisbane, 28 August 2008.

INDEPENDENT AUDITOR'S REPORT

To the members of Forest Place Group Limited

Report on the Financial Report

We have audited the accompanying financial report of Forest Place Group Limited, which comprises the balance sheets as at 30 June 2008, and the income statements, statement of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of Forest Place Group Limited.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Tel: 61 7 3226 3555 | Fax: 61 7 3226 3500 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 6, 10 Eagle Street | Brisbane | Queensland 4000 | Australia
GPO Box 1078 | Brisbane | Queensland 4001

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Auditor's Opinion

In our opinion:

- (a) the financial report of Forest Place Group Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their 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) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included on page 15 of the directors' report for the year ended 30 June 2008. 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 responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

In our opinion the Remuneration Report of Forest Place Group Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Acts 2001*.



PKF
CHARTERED ACCOUNTANTS



K L Colyer
Partner

Dated at Brisbane, 28 August 2008.

Shareholder Information

(A) Substantial Shareholders

The number of shares held by the substantial shareholders listed in the company's register of substantial shareholders advised to the Australian Stock Exchange as at 17 September 2008 were:

Shareholder	Ordinary Shares
FKP Limited	70,420,676
Mr John Patrick O'Shea and Mr Peter Joseph O'Shea	9,712,053

(B) Class of Shares and Voting Rights

At 17 September 2008 there were 158 holders of Ordinary shares of the company. The voting rights attaching to the Ordinary shares set out in article 13.2 of the company's Constitution are:

- (a) on a show of hands, each natural person present at a General Meeting who is a voting member or a proxy (other than a person who is present only as one of two proxies appointed by the same member), representative or attorney appointed by a voting member has one vote; and
- (b) on a poll, each natural person present at a General Meeting has the number of votes calculated as the aggregate of the following:
 - (i) the number of fully paid shares held by the person;
 - (ii) the number of fully paid shares in respect of which voting members holding those shares have appointed the person as proxy, representative or attorney.

(C) Distribution of Shareholders (as at 17 September 2008)

Category	Number of Shareholders	Percentage of Shareholders
1 - 1000	34	.01
1,001 - 5,000	55	.19
5,001 - 10,000	33	.28
10,001 - 100,000	27	.74
100,001 and over	9	98.78
	158	100.0

The number of shareholders holding less than a marketable parcel at 17 September 2008 was 23.

(D) Largest Twenty Shareholders (as at 17 September 2008)

NAME	Number of Shares Held	Percentage of Total Shares
1. FKP Limited	70,420,676	85.28
2. Mr Peter Joseph O'Shea	4,610,322	5.58
3. Mr John Patrick O'Shea	4,449,460	5.39
4. Mr John Patrick O'Shea & Mr Peter Joseph O'Shea	652,271	.79
5. Amaka Pty Limited	620,000	.75
6. Wenola Pty Limited	578,675	.70
7. Mr Brian Maurice Kearney	240,900	.29
8. Grant & Lindner Pty Limited	50,000	.06
9. Honan Business Services Pty Limited	50,000	.06
10. Mr Kenneth Edward White	48,894	.06
11. Mrs Margaret Mary Kearney	43,778	.05
12. Mr Phillip Dickinson	40,000	.05
13. Investment and Money Management Pty Ltd	33,068	.04
14. Thirty Fifth Valdera Pty Ltd	28,132	.03

15. Mr Kerry John Prickett	27,000	.03
16. M W P Bell Developments Pty Ltd	25,980	.03
17. Mrs Susan May Ashton	24,652	.03
18. Mrs Faith Wilkinson	22,050	.03
19. John Aubrey Herbert Kinch	21,511	.03
20. Thirty Fifth Valdera Pty Ltd	20,676	.03

The 20 largest shareholders hold 99.31% of the shares of the company.

(E) On-market Buy Back

There is no current on-market buy back.