



# **Forest Place Group Limited**

(ABN 75 061 421 565)

and its Controlled Entities

## **2009 Annual Report**

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## Company Profile

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Forest Place Group Limited (**Company**) and its Controlled Entities (together called the **Consolidated Entity** or **Forest Place Group**) continues to build an outstanding reputation for providing quality retirement communities in South-East Queensland.

Forest Place Group's portfolio comprises five retirement villages, located in Albany Creek, Clayfield, Cleveland, Durack and Taringa.

Forest Place Group 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 staff, but through the emphasis that is placed 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 Live Well is the trademark of FKP Limited, a public listed property and investment group ranked in the ASX 200. FKP Limited currently operates 80 villages Australia wide and currently holds an 85.28% interest in Forest Place Group.

Forest Place Group has substantial investments in:

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

## Directory

**REGISTERED OFFICE**

Level 5, WHK Horwath Centre  
120 Edward Street,  
BRISBANE QLD 4000

**PRINCIPAL PLACE OF BUSINESS**

Level 5, WHK Horwath Centre  
120 Edward Street,  
BRISBANE QLD 4000

Ph: +61 7 3319 3630 Fax: +61 7 3319 3640  
Email: [info@forestplace.com.au](mailto:info@forestplace.com.au)  
Website: [www.forestplace.com.au](http://www.forestplace.com.au)

**BOARD OF DIRECTORS**

Ian Leslie Fraser (Chairman)  
Donald Charles Mackenzie  
Philip Parker  
Justin Michael Laboo  
Geoffrey Earl Grady

**COMPANY SECRETARY**

Donald Charles Mackenzie

**EXECUTIVE DIRECTOR**

Justin Michael Laboo  
Geoffrey Earl Grady

**AUDIT COMMITTEE**

Donald Charles Mackenzie (Chairman)  
Ian Leslie Fraser

**VILLAGES:****ALBANY CREEK**

61 Explorer Drive  
ALBANY CREEK QLD 4035  
Ph: + 61 7 3264 5444 Fax: + 61 7 3264 4922  
Manager: Leanne Todkill RN

**CLAYFIELD**

469 Sandgate Road  
ALBION QLD 4010  
Ph: + 61 7 3262 6133 Fax: + 61 7 3256 2397  
Manager: Scott Noble

**CLEVELAND**

148 Smith Street  
CLEVELAND QLD 4163  
Ph: + 61 7 3286 7600 Fax: + 61 7 3286 5906  
Manager: David Sims

**DURACK**

356 Blunder Road  
DURACK QLD 4077  
Ph: + 61 7 3372 7777 Fax: + 61 7 3372 7537  
Manager: Muriel Biner

**TARINGA**

1 Moore Street  
TARINGA QLD 4068  
Ph: + 61 7 3870 3077 Fax: + 61 7 3870 7190  
Manager: John Limpus

**NURSING HOME:****DURACK**

276 Blunder Road  
DURACK QLD 4077  
Ph: + 61 7 3372 8800 Fax: + 61 7 3372 8417  
Care Manager: Susan Crouch RN

**AUDITORS**

PKF  
Level 6, 10 Eagle Street  
BRISBANE QLD 4000

**SOLICITORS**

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: + 61 2 8270 7454 Fax: + 61 2 9287 0309

**STOCK EXCHANGE LISTING**

The ordinary shares of Forest Place Group Limited are listed on the Australian Securities Exchange under ASX code: FPG.

**OTHER INFORMATION**

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

## Chairman and Executive Director's Report

The past year was an extremely difficult period not just for Australia but for the world in general. The global financial crisis affected all parts of our economy, but financial and property related businesses were adversely impacted more than most. The property market saw lower prices, increased time to sell properties and a severe tightening in available finance, particularly for development. Despite these conditions, Forest Place Group was able to achieve property price growth of 6%. This result is a testament to the quality and location of Forest Place Group's villages and the dedication and professionalism of its employees.

However, the changed financial landscape meant that the discount rate applied to village valuations was increased from 11.5% to 12.5% and this resulted in a substantially lower fair value adjustment of the villages (\$7.833 million) when compared to the prior year (\$46.944 million). This lower fair value adjustment was the major factor in the net profit after tax of \$5.655 million being well down on the \$30.975 million reported in the prior year.

Overall sales volumes were down across Forest Place Group due to market conditions, but the performance of Forest Place Group started to improve in the last quarter of the financial year and there are signs that the results should improve in the next financial year. Cash flow for the year in review was negative by \$2.363 million due to continued payments for syndicate put options (\$1.638 million) and financial assistance to the syndicates in the form of unpaid receivables (up \$1.830 million).

The year has basically been one of internal consolidation and with many external distractions. Despite this, the staff at all levels have continued to perform strongly, always striving to improve the way Forest Place Group operates as well as looking for ways to increase the high standards of customer satisfaction that the business has historically achieved.

Forest Place Group's bank facilities are due for renewal in December 2009. Forest Place Group's present bankers, Suncorp, have advised the market that they are withdrawing from commercial banking and, consequently, Forest Place Group is in discussions with other banks regarding its financial requirements and expect arrangements to be finalised over the coming months.

In relation to the payment of a dividend, and having regard to Company's operating cash flow position and that the Company has no franking credits, the directors have not recommended a dividend.

Forest Place Group's development activities are essentially on hold until the banking facilities are refinanced and market conditions provide a clear signal that the environment is right for further development. Development of Forest Place Group's retirement villages remains a key part of the group's strategic growth into the future.

Whilst your directors believe that market conditions will improve in the next 12 months, the future performance of Forest Place Group is dependent on many factors that remain subject to the whims of financial markets, for example, interest rates, availability of finance for development projects etc. Consequently, the focus of Forest Place Group will continue to be improved sales, tight management of costs and maintenance of the high service standards that our residents have come to expect.



Ian Fraser  
Chairman



Justin Laboo  
Executive Director

## Corporate Governance Statement

Forest Place Group Limited's board of directors (**Board**) is responsible for the corporate governance of the Consolidated Entity, and is accountable to the shareholders for the overall business performance of the Consolidated Entity.

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

This statement outlines the main corporate governance practices in place throughout the financial year which complies with the revised 'Corporate Governance Principles and Recommendations' published in August 2007 by the Australian Stock Exchange (ASX) Corporate Governance Council, 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 Consolidated Entity complies with the recommendations, principles and spirit set out in the guidelines.

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 Forest Place Group website. The most significant responsibilities of the Board remain the provision of strategic guidance for the Consolidated Entity, including contributing to the effective development of the corporate strategy, and authorising and monitoring major investment and strategic commitments.

The Board has delegated to the Executive Director, Justin Laboo, responsibility for the overall operational, business management and financial performance of the Consolidated Entity, implementation of agreed corporate strategies, risk management and keeping the Board and market fully informed of material developments.

The Consolidated Entity does not directly employ staff (including senior executive staff) but has entered into an Operating Agreement with FKP Limited for the supply of administrative services for commercial consideration. The Executive Director is responsible for the effective operation of services under the agreement and is assisted by senior managers of FKP Limited who report to the Executive Director.

### 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 who held office during the financial year and as at the date of this Statement, and the period of office of each director, are included in the Directors' Report.

In assessing the independence of Non-Executive Directors, the Board considered each director's previous and current relationships with Forest Place Group customers, suppliers, consultants, professional advisors and substantial shareholders. The Board considers that of the four non-executive directors, Ian Fraser (Chairman) and Don Mackenzie are independent. Phil Parker, Geoff Grady and Executive Director, Justin Laboo, are nominees of the Company's major shareholder, FKP Limited.

It is acknowledged that a majority of the Board are not independent directors. However, given the small size of the Consolidated Entity, 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, nor is it believed 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 Consolidated Entity 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 the Company 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

## Corporate Governance Statement (Continued)

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 Consolidated Entity, the Consolidated Entity does not intend to establish a separate nomination committee. This function will continue to be performed by the full Board.

**Principle 3: Promote Ethical and Responsible Decision-Making**

The Consolidated Entity has well-established policies and procedures which seek to promote throughout the Consolidated Entity a culture of compliance with legal requirements and ethical standards. The Board has established a Code of Conduct with the objective of enhancing the Consolidated Entity's reputation for fair and reasonable dealing and to help maintain high standards of corporate and individual behaviour throughout the Consolidated Entity. The Code of Conduct promotes ethical and responsible decision making by directors and employees of FKP Limited.

The Code of Conduct is published on Forest Place Group's website. Company policy during the financial year prohibited directors and employees of FKP Limited 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 Forest Place Group website.

**Principle 4: Safeguard Integrity in Financial Reporting**

The Executive Director, assisted by the Retirements Finance Manager, state in writing to the Board each reporting period that the Consolidated Entity's financial reports present a true and fair view, in all material respects, of the Consolidated Entity'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 Forest Place Group's website.

The Committee comprises two independent non-executive members. The Chairman of the Committee is an independent non-executive director who is not chair of the Board. Whilst the Committee does not consist of 3 members in accordance with ASX recommendations, the Board is satisfied that given the financial and public company experience of the Audit Committee members and the size of the Consolidated Entity, 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 the Audit Committee members are set out in the Directors' Report. Meetings of the Committee are attended, by invitation, by the Executive Director, assisted by the Retirements Finance Manager, Company Secretary, the engagement partner from the Consolidated Entity'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 Forest Place Group'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 Securities 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 Forest Place Group'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 Forest Place Group'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.



## Corporate Governance Statement (Continued)

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

The engagement partner of the Consolidated Entity'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 business risks facing the Consolidated Entity are adequately identified, assessed, monitored and managed throughout the whole organisation.

These include:

- > preparation of annual budgets and the Consolidated Entity's strategic plan for approval by directors.
- > presentation of actual trading results for the Consolidated Entity to the Board at each Board Meeting, compared against budget and forecast, with revised forecasts if required.
- > preparation of comprehensive Board papers containing relevant operational, strategic, financial and legal information by each senior manager and circulated to directors before each meeting.
- > the establishment and implementation of financial authority limits 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.
- > maintenance of insurance cover appropriate to the size and nature of the Consolidated Entity's operations to reduce the financial impact of any significant insurable losses.
- > establishment of a risk register which identifies the material risks facing the Consolidated Entity and which is regularly reviewed and updated.

The Board is responsible for oversight of the Consolidated Entity's risk management and control framework. The active identification of risks and implementation of mitigation measures is the responsibility of the Executive Director and delegated executive management who provide services to the Company under the Operating Agreement with FKP Limited.

In view of its size and operational structure, the Consolidated Entity relies on the FKP Limited financial management team, led by the Retirements Finance Manager to perform internal audit functions. The Retirements Finance Manager reports in writing to all Board meetings and attends when requested. The Retirements Finance Manager also attends all meetings of the Audit Committee and provides written reports to that Committee.

In conjunction with the certification of financial reports provided under Principle 4, the Executive Director, assisted by the Retirements Finance Manager, state in writing to the Board each reporting period that:

- > the statements made with regard to the integrity of the Consolidated Entity's financial reports are founded on a sound system of risk management and internal controls which, in all material respects, implements the policies adopted by the Board; and
- > the Consolidated Entity's risk management and internal compliance and control systems to the extent they relate to financial reporting are operating efficiently and effectively in all material respects and nothing has occurred since the end of the reporting period that would materially change the position.

**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 Consolidated Entity.

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 on commercial terms.

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

## 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 2009 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 64).

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 38 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), Legend Corporation Limited (since January 2008) and Wattyl Limited (since June 2009). Previous Directorships held during the last three years include Non-Executive Director of Nylex Limited (December 2006 to November 2008), Promentum Limited (January 2005 to May 2007), B Digital Limited (May to December 2006), Occupational & 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 64).

Mr Mackenzie was appointed a Director in March 2004 and Chairman of the Audit and Risk Management Committee in June 2004. He is a Chartered Accountant and has had experience in Chartered Accounting, held senior positions with public companies involved in the rural and manufacturing industries and since 1993 he 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 MBA - Executive Director (Age 36).

Mr Laboo was appointed a Director on 27 August 2007. He 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 Retirement in November 2006. As Executive General Manager Retirement, 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, Bachelor of Laws, both from Queensland University of Technology and an executive MBA from the Australian Graduate School of Management.

**P Parker:** Non-Executive Director (Age 63).

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.

**G E Grady:** BCom LLB ACA - Executive Director (Age 50) (Appointed 27 May 2009).

Mr Grady was appointed a Director on 27 May 2009. He is a Chartered Accountant and a solicitor of the Supreme Court of Queensland. Mr Grady is currently the Chief Operating Officer of FKP Property Group and was previously the Chief Executive Officer of Mulpha Sanctuary Cove. Prior to this Mr Grady was a partner at KPMG and previously worked as a solicitor in conveyancing and general practice.

**M A Miller:** Non-Executive Director (Age 39) (Resigned 28 November 2008).

Mr Miller was appointed a Director on 20 September 2007 and resigned on 28 November 2008. He joined FKP Property Group in May 2004 and was responsible for managing and delivering all residential and commercial projects in Queensland up until his resignation from FKP in November 2008.

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 (Resigned 6 February 2009).

Mr Pearson was appointed Company Secretary in September 2004 and resigned on 6 February 2009. Mr Pearson held the position of Legal Counsel and Assistant Company Secretary with FKP Property Group up until his resignation from FKP in February 2009.

**D C Mackenzie:** FCA (Appointed 19 October 2008)

Mr Mackenzie was appointed to the position of Company Secretary on 19 October 2008.

## Directors' Report (Continued)

**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 <sup>2</sup>		Contract Review Committee - Construction and Marketing Meetings <sup>3</sup>	
	Held <sup>1</sup>	Attended	Held	Attended	Held	Attended
I L Fraser	5	5	3	3	-	-
D C Mackenzie	5	5	3	3	-	-
J M Laboo	5	5	-	-	-	-
P Parker	5	2	-	-	-	-
M A Miller	2	2	-	-	-	-
G E Grady	1	1	-	-	-	-

<sup>1</sup> Reflects the number of meetings held during the time the Director held office during the year.

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

<sup>3</sup> 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 \$5.655m (2008: \$30.975m).

**Income**

Income for the period was \$16.965m. comprising:

	2009 \$'000	2008 \$'000	Change \$'000	Change %
Deferred management fee	4,655	5,883	(1,228)	
Syndicate fees	1,274	1,811	(537)	
Services provided	1,232	1,212	20	
Nursing home funding	1,547	1,621	(74)	
Interest	193	8	185	
Other	231	314	(83)	
<b>Total revenue</b>	<b>9,132</b>	<b>10,849</b>	<b>(1,717)</b>	<b>(16%)</b>
Increase in fair value of investment properties	7,833	46,944	(39,111)	(83%)
<b>Total</b>	<b>16,965</b>	<b>57,793</b>	<b>(40,828)</b>	<b>(71%)</b>

**Retirement Villages**

Total revenue for the retirement villages (excluding fair value changes) was \$9.132m for the year (2008: \$10.849m). In addition, the fair value of the retirement villages increased by \$7.833m, compared to \$46.944m in the prior year principally due to the discount rate of 12.5% being applied compared to 11.5% in the previous year 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 71 accommodation units in its owned retirement villages. There were 4 leases of new units and 67 re-leases of existing units. This compares with leases and re-leases in the corresponding prior period of 14 and 104 respectively.

**Syndicate Revenue**

Syndicate fees represent work performed by the Consolidated Entity in managing the overall construction and development activities, marketing and administration of the syndicated villages. The decrease in revenue was primarily due to the decrease 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. Revenue from such services remained materially consistent with that earned in the prior year.

**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.

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**REVIEW AND RESULTS OF OPERATIONS (continued)****Operations**

The Consolidated Entity has 1,011 units under lease at its three owned villages. Sixteen newly constructed units at Albany Creek were transferred to investment property throughout the year.

The Consolidated Entity also has investments in two syndicates which own 224 units. The syndicates have ongoing development plans involving a further 257 units. Currently, there are no units under construction.

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 Sheets of the Consolidated Entity and Company disclose total current assets of \$18.231m and \$37.924m; and current liabilities of \$200.612m and \$123.305m respectively. This partially arises because of the requirement under Australian Accounting Standards to classify Resident Loans, as a current liability, whereas the asset, to which this relates, Investment Properties, is 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 which is not reflected by classifying all Resident Loans as current liabilities.

The Consolidated Entity's best estimate is that of the total Resident Loans of \$175.824m, only \$15.963m is expected to be paid within the next twelve months. The Company's best estimate is that of the total Resident Loans of \$103.717m, only \$9.068m is expected to be paid within the next twelve months. Further, if these amounts were repayable, it is estimated that incoming contributions of more than \$28.921m would be received by the Consolidated Entity, and \$15.822m would be received by the Company from new residents.

After excluding resident loans, current liabilities exceed current assets in the Consolidated Entity by \$6.557m. After excluding resident loans, current assets exceed current liabilities in the Company. Included in the Consolidated Entity's current liabilities is \$11.774m of interest bearing debt maturing in the 2009 calendar year. Management are currently in negotiations with funders and based on known funding commitments and the Consolidated Entity's current capital management options, it is expected that finance facilities will be successfully renegotiated during this period.

After considering all available current information, the Directors have concluded there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they fall due and payable; and the basis of preparation of the financial report on a going concern basis is appropriate.

The Directors have formed this view based on a number of factors including:

- The impact of current financial market conditions on liquidity, potential asset sales and asset values, and the ability to refinance debt;
- The Consolidated Entity had net assets of \$201.598m at 30 June 2009;
- The assumptions underlying the Consolidated Entity's forecast results and cash flows

**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 (2008: 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.

## Directors' Report (Continued)

**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 on an arms length basis.

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 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 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	2009	65,000	-	-	5,850	70,850
	2008	65,000	-	-	5,850	70,850
D C Mackenzie	2009	40,000	-	-	3,600	43,600
	2008	40,000	-	-	3,600	43,600
J M Laboo <sup>1</sup>	2009	-	-	-	-	-
	2008	-	-	-	-	-
P Parker <sup>1</sup>	2009	-	-	-	-	-
	2008	-	-	-	-	-
G E Grady <sup>1,2</sup>	2009	-	-	-	-	-
	2008	-	-	-	-	-
M A Miller <sup>1,3</sup>	2009	-	-	-	-	-
	2008	-	-	-	-	-
<b>Total</b>	<b>2009</b>	<b>105,000</b>	<b>-</b>	<b>-</b>	<b>9,450</b>	<b>114,450</b>
	<b>2008</b>	<b>105,000</b>	<b>-</b>	<b>-</b>	<b>9,450</b>	<b>114,450</b>

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

<sup>2</sup> G E Grady was appointed Director on 27 May 2009

<sup>3</sup> M A Miller resigned as Director on 28 November 2008.

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 <sup>1</sup>	1,000
J M Laboo	Nil
P Parker	Nil
G E Grady	Nil

<sup>1</sup> Holds beneficial interest in shares acquired 18 September 2008

**AUDITOR'S INDEPENDENCE DECLARATION**

We confirm that we have obtained the Auditor's Independence Declaration which is set out on Page 7.

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**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, 27 August 2009



Chartered Accountants  
& Business Advisers

#### Auditor's Independence Declaration

As lead auditor for the audit of Forest Place Group Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Forest Place Group Limited and the entities it controlled during the year.

PKF

Partner

Dated at Brisbane this 27<sup>th</sup> day of August 2009

Tel: 61 7 3226 3555 | Fax: 61 7 3226 3500 | [www.pkf.com.au](http://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 2009

	Note	Consolidated Entity		Company	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Rendering of services		2,779	2,833	356	459
Deferred management fee		4,655	5,883	1,336	3,275
Syndicate fees		1,274	1,811	1,274	1,811
Change in fair value of investment properties	9	7,833	46,944	8,777	28,083
Change in fair value of resident loans		(1,901)	(8,670)	(171)	(5,278)
Other income	2	424	322	354	262
Corporate and unallocated overheads		(1,382)	(1,615)	(1,261)	(1,455)
Sales and marketing expenses		(889)	(1,520)	(534)	(1,191)
Nursing home operating costs		(1,660)	(1,552)	-	-
Other expenses		(1,097)	(1,119)	(154)	(95)
Finance costs	3	(800)	(1,365)	(796)	(1,331)
Share of net profits / (losses) of associates accounted for using the equity method	10(b)	(1,156)	2,541	-	-
<b>Profit before Income Tax Expense</b>		<b>8,080</b>	<b>44,493</b>	<b>9,181</b>	<b>24,540</b>
Income tax (expense) / benefit relating to ordinary activities	4	(2,425)	(13,518)	(2,735)	(8,468)
<b>Net Profit from Continuing Operations Attributable to Members of the Company</b>		<b>5,655</b>	<b>30,975</b>	<b>6,446</b>	<b>16,072</b>
<b>Earnings per Share:</b>					
Basic earnings per share	6(a)	6.8 c	37.5 c		
Diluted earnings per share	6(a)	6.8 c	37.5 c		



## Balance Sheet as at 30 June 2009

	Note	Consolidated Entity		Company	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
<b>Current Assets:</b>					
Cash and cash equivalents	7	2,982	5,345	2,498	5,229
Trade and other receivables	8	13,717	12,371	33,924	35,225
Other financial assets	12	1,347	521	1,353	527
Other	13	185	142	149	107
<b>Total Current Assets</b>		<b>18,231</b>	<b>18,379</b>	<b>37,924</b>	<b>41,088</b>
<b>Non-Current Assets:</b>					
Investment properties	9	438,746	424,937	261,200	246,859
Equity-accounted investments	10	24,001	22,931	3,112	2,212
Property, plant and equipment	11	3,790	4,709	756	2,032
Intangible assets	14	253	253	-	-
Other financial assets	12	581	-	8,507	7,926
<b>Total Non-Current Assets</b>		<b>467,371</b>	<b>452,830</b>	<b>273,575</b>	<b>259,029</b>
<b>Total Assets</b>		<b>485,602</b>	<b>471,209</b>	<b>311,499</b>	<b>300,117</b>
<b>Current Liabilities:</b>					
Trade and other payables	15	4,020	4,053	1,385	2,521
Interest bearing loans and borrowings	16	11,774	33	11,755	16
Resident loans	1(t)	175,824	172,252	103,717	101,875
Unearned income	1(c)	7,499	5,509	5,101	3,826
Current tax liabilities		-	3,891	-	3,891
Provisions	17	148	62	-	-
Other financial liabilities	18	1,347	834	1,347	834
<b>Total Current Liabilities</b>		<b>200,612</b>	<b>186,634</b>	<b>123,305</b>	<b>112,963</b>
<b>Non-Current Liabilities:</b>					
Interest bearing loans and borrowings	16	86	12,223	58	12,177
Deferred tax liabilities	4(d)	82,684	76,368	48,281	42,149
Provisions	17	41	41	-	-
Other financial liabilities	18	581	-	581	-
<b>Total Non-Current Liabilities</b>		<b>83,392</b>	<b>88,632</b>	<b>48,920</b>	<b>54,326</b>
<b>Total Liabilities</b>		<b>284,004</b>	<b>275,266</b>	<b>172,225</b>	<b>167,289</b>
<b>Net Assets</b>		<b>201,598</b>	<b>195,943</b>	<b>139,274</b>	<b>132,828</b>
<b>Equity:</b>					
Contributed equity	19	56,605	56,605	56,605	56,605
Retained profits		144,993	139,338	82,669	76,223
<b>Total Equity</b>		<b>201,598</b>	<b>195,943</b>	<b>139,274</b>	<b>132,828</b>

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements set out on Pages 19 to 39

## Statement of Changes in Equity for the Year Ended 30 June 2009

	Consolidated Entity		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Share Capital:</b>				
Balance at beginning and end of year	56,605	56,605	56,605	56,605
<b>Retained Earnings:</b>				
Balance at beginning of year	139,338	108,363	76,223	60,151
Profit for the year	5,655	30,975	6,446	16,072
Balance at end of year	144,993	139,338	82,669	76,223
<b>Total Equity at End of Year</b>	<b>201,598</b>	<b>195,943</b>	<b>139,274</b>	<b>132,828</b>

## Cash Flow Statement for the Year Ended 30 June 2009

	Note	Consolidated Entity		Company	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
<b>Cash Flows from Operating Activities:</b>					
Cash receipts in the course of operations		10,102	16,284	7,868	12,346
Cash payments in the course of operations		(4,970)	(2,516)	(3,734)	(3,174)
Income tax paid		-	(1,350)	-	(1,350)
Interest received		193	8	193	8
GST recovered / (paid)		279	(32)	5	57
Borrowing costs paid		(800)	(1,333)	(796)	(1,298)
<b>Net Cash Provided By / (Used In) Operating Activities</b>	22(c)	<b>4,804</b>	<b>11,061</b>	<b>3,536</b>	<b>6,589</b>
<b>Cash Flows from Investing Activities:</b>					
Payments for property plant and equipment		(5,133)	(3,418)	(4,309)	(2,481)
Payments for investment in syndicates		(1,638)	(785)	(1,578)	-
<b>Net Cash Provided By / (Used In) Investing Activities</b>		<b>(6,771)</b>	<b>(4,203)</b>	<b>(5,887)</b>	<b>(2,481)</b>
<b>Cash Flows from Financing Activities:</b>					
Finance lease payments		(33)	(26)	(17)	(10)
Proceeds from interest bearing loans and borrowings		-	3,882	-	5,900
Repayment of interest bearing loans and borrowings		(363)	(6,033)	(363)	(5,433)
<b>Net Cash Provided By / (Used In) Financing Activities</b>		<b>(396)</b>	<b>(2,177)</b>	<b>(380)</b>	<b>457</b>
Net increase / (decrease) in cash and cash equivalents		(2,363)	4,681	(2,731)	4,565
Cash and cash equivalents at beginning of financial year		5,345	664	5,229	664
<b>Cash and Cash Equivalents at End of Financial Year</b>	22(a)	<b>2,982</b>	<b>5,345</b>	<b>2,498</b>	<b>5,229</b>

The Cash Flow Statement is to be read in conjunction with the Notes to the Financial Statements set out on Pages 19 to 39

## 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 27 August 2009.

### Current Assets and Current Liabilities

The Balance Sheets of the Consolidated Entity and Company disclose total current assets of \$18.231m and \$37.924m; and current liabilities of \$200.612m and \$123.305m respectively. This partially arises because of the requirement under Australian Accounting Standards to classify Resident Loans, as a current liability, whereas the asset, to which this relates, Investment Properties, is required to be classified as a non-current asset. In practice, the rate at which the Consolidated Entity's Retirees' 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 which is not reflected by classifying all Resident Loans as current liabilities.

The Consolidated Entity's best estimate is that of the total Resident Loans of \$175.824m, only \$15.963m is expected to be paid within the next twelve months. The Company's best estimate is that of the total Resident Loans of \$103.717m, only \$9.068m is expected to be paid within the next twelve months. Further, if these amounts were repayable, it is estimated that incoming contributions of more than \$28.921m would be received by the Consolidated Entity, and \$15.822m would be received by the Company from new residents.

After excluding resident loans, current liabilities exceed current assets in the Consolidated Entity by \$6.557m. After excluding resident loans, current assets exceed current liabilities in the Company. Included in the Consolidated Entity's current liabilities is \$11.774m of interest bearing debt maturing in the 2009 calendar year. Management are currently in negotiations with funders and based on known funding commitments and the Consolidated Entity's current capital management options, it is expected that finance facilities will be successfully renegotiated during this period.

After considering all available current information, the Directors have concluded there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they fall due and payable; and the basis of preparation of the financial report on a going concern basis is appropriate.

The Directors have formed this view based on a number of factors including:

- The impact of current financial market conditions on liquidity, potential asset sales and asset values, and the ability to refinance debt;
- The Consolidated Entity had net assets of \$201.598m at 30 June 2009;
- The assumptions underlying the Consolidated Entity's forecast results and cash flows

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**

No new accounting standards have been adopted during the year.

#### **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.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****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.

**(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.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(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.

**(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 Licenses**

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 by comparing this value to the recoverable value of the licenses within the current active market. Any reduction of recoverable amount below cost is written off as an expense.

**(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.

**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 2009, 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 only eligible borrowing costs will be 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.
- AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038]' results from the International Accounting Standards Board's annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRSs. The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The likely effect of these changes is in relation to the IAS40 amendment which includes investment property under construction within the scope of the standard, and will also allow investment property under construction to be measured at cost if fair value cannot be measured reliably until such time as the fair value becomes reliably measurable or construction is completed (whichever comes earlier). The Consolidated Entity has yet to determine the potential effect of this standard.
- AASB 2008-7 'Amendments to accounting for the cost of an investment in subsidiary, jointly controlled entity or associate' [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] no longer requires entities to deduct dividends out of pre-acquisition profits from the cost of an investment in a subsidiary, jointly controlled entity, or associate. The investor entity must recognise these dividends as income. AASB 136 'Impairment of Assets' now includes recognising a dividend from a subsidiary, jointly controlled entity or associate as an impairment indicator in some circumstances. These standards are applicable to annual reporting periods beginning on or after 1 July 2009. Adoption of the revised AASB 2008-7 is not expected to impact the Consolidated Entity.
- AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments' [AASB 4, AASB 7, AASB 1023 & AASB 1038]. The amendments to AASB 7 require enhanced disclosures about fair value measurements and liquidity risk. This standard is applicable to annual reporting periods beginning on or after 1 January 2009.

The Consolidated Entity has no plans to adopt accounting policy options with effect from 1 July 2008. 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 2009 (Continued)

	<b>Consolidated Entity</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2. OTHER INCOME</b>				
Interest - other parties	193	8	193	8
Other revenue	231	314	161	254
	<b>424</b>	<b>322</b>	<b>354</b>	<b>262</b>
<b>3. ITEMS INCLUDED IN PROFIT AND LOSS</b>				
<b>Additional Information Relating to Revenue:</b>				
Governments grants <sup>1</sup>	2,353	2,266	-	-
<b>Additional Information on the Nature of Expenses:</b>				
Depreciation - buildings	35	70	-	-
Amortisation - plant and equipment under finance lease	42	36	20	13
Net expense from movement in provision for employee benefits	-	-	-	-
Finance costs - related parties	-	247	-	686
Finance costs - other parties:				
Bank loans and overdraft	794	1,111	794	644
Finance charges on capitalised leases	6	7	2	1
<sup>1</sup> 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.				
<b>4. INCOME TAX</b>				
<b>(a) Income Tax Expense</b>				
Current tax:				
Current tax year movement	-	3,891	-	2,038
(Over) / under provisions	(3,876)	(48)	(3,397)	864
Deferred tax expense from temporary difference:				
Current tax year movement	2,424	9,627	2,754	5,494
(Over) / under provisions	3,877	48	3,378	72
<b>Income Tax Expense</b>	<b>2,425</b>	<b>13,518</b>	<b>2,735</b>	<b>8,468</b>
<b>(b) Reconciliation of Income Tax Expense to Prima Facie</b>				
Profit before income tax expense	8,080	44,493	9,181	24,540
Tax at the Australian tax rate of 30%	2,424	13,348	2,754	7,362
Tax effect on non-deductible amounts:				
Non-deductible expenses	-	144	-	144
Assessable amounts	-	26	-	26
(Over) / under provisions	1	-	(19)	936
<b>Income Tax Expense</b>	<b>2,425</b>	<b>13,518</b>	<b>2,735</b>	<b>8,468</b>
<b>(c) Deferred Tax Assets</b>				
<b>The Balance Comprises Temporary Differences</b>				
<b>Attributable to:</b>				
<i>Amounts recognised in Income Statement:</i>				
Accrued expenses	14	22	14	21
Provisions for employee benefits	57	31	-	-
Tax losses	8,055	-	8,055	-
Unearned revenue	2,248	1,653	1,530	1,148
<b>Net Deferred Tax Assets</b>	<b>10,374</b>	<b>1,706</b>	<b>9,599</b>	<b>1,169</b>
Less: set-off against deferred tax liabilities	(10,374)	(1,706)	(9,599)	(1,169)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Movements:</b>				
Opening balance at 1 July	1,706	1,096	1,169	761
(Over) / under provisions	3,281	(17)	3,281	(13)
Accrued expenses	(7)	4	(7)	3
Provisions for employee benefits	25	-	-	-
Tax losses	4,774	-	4,774	-
Unearned revenue	595	623	382	418
	<b>10,374</b>	<b>1,706</b>	<b>9,599</b>	<b>1,169</b>
Less: set-off against deferred tax liabilities	(10,374)	(1,706)	(9,599)	(1,169)
<b>Closing Balance at 30 June</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements for the Year Ended 30 June 2009 (Continued)

	<b>Consolidated Entity</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>4. INCOME TAX (continued)</b>				
<b>(d) Deferred Tax Liabilities</b>				
<b>The Balances Comprises Temporary Differences</b>				
<b>Attributable to:</b>				
<i>Amounts recognised in Income Statement:</i>				
Fair Value of investment properties	130,336	127,574	77,186	74,089
Resident loans	(40,279)	(51,675)	(24,339)	(30,562)
Equity-accounted profits	2,256	2,447	-	-
Other expenditure currently deductible for tax but deferred and amortised for accounting	745	(272)	590	(209)
<b>Net Deferred Tax Liabilities</b>	<b>93,058</b>	<b>78,074</b>	<b>53,437</b>	<b>43,318</b>
Less: deferred tax assets set off from above	(10,374)	(1,706)	(5,156)	(1,169)
	<b>82,684</b>	<b>76,368</b>	<b>48,281</b>	<b>42,149</b>
<b>Movements:</b>				
Opening balances at 1 July	78,074	67,887	43,318	37,345
(Under) / over provision	7,173	(66)	4,335	59
Fair Value of investment properties	2,762	15,496	3,098	9,744
Resident loans	4,232	(4,153)	1,889	(3,218)
Syndicate results	(199)	(604)	2,442	-
Other expenditure currently deductible for tax but deferred and amortised for accounting	1,016	(486)	(1,645)	(612)
	<b>93,058</b>	<b>78,074</b>	<b>53,437</b>	<b>43,318</b>
Less: deferred tax assets set off from above	(10,374)	(1,706)	(5,156)	(1,169)
<b>Closing Balance at 30 June</b>	<b>82,684</b>	<b>76,368</b>	<b>48,281</b>	<b>42,149</b>

**(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**

	<b>Consolidated Entity</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Dividend Franking Account</b>		
Balance of the 30% franking credits at the end of the year	1,350	5,241

The movement in the franking account was solely due to the application of TR 2002/14, which reduced the current tax liability from \$3.89m to nil. 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	6.8 cents	37.5 cents
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**(b) Weighted Average Number of Shares used as the Denominator**

	<b>Number of Shares</b>	
	<b>2009</b>	<b>2008</b>
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**

	<b>Consolidated Entity</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash at Bank</b>	<b>2,982</b>	<b>5,345</b>	<b>2,498</b>	<b>5,229</b>

	<b>Consolidated Entity</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>8. TRADE AND OTHER RECEIVABLES</b>				
<b>Current:</b>				
Trade receivables	538	2,025	189	1,898
Other receivables	2,002	999	1,670	522
Due from syndicates	11,177	9,347	11,177	9,347
Due from Controlled Entities (refer Note 24(a)(v))	-	-	20,888	23,458
<b>Total Current Receivables</b>	<b>13,717</b>	<b>12,371</b>	<b>33,924</b>	<b>35,225</b>

**(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:

<b>Trade Receivables Ageing</b>				
0-30 days	538	1,591	189	1,477
31-60 PDNI*	-	4	-	-
31-60 CI*	-	-	-	-
61-90 PDNI*	-	-	-	-
61-90 CI*	-	-	-	-
+ 91 days PDNI *	-	430	-	421
+ 91 days CI *	-	-	-	-
<b>Total</b>	<b>538</b>	<b>2,025</b>	<b>189</b>	<b>1,898</b>

\* Past Due Not Impaired ('PDNI')

\* Considered Impaired ('CI')

Trade receivables past due but not considered to be impaired at 30 June 2009 are \$nil for the Consolidated Entity (2008: \$434,000) and \$nil in the Company (2008: \$421,000).

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	424,937	378,545	246,859	218,240
Transfers to property, plant and equipment	1,945	(1,232)	1,945	-
Capitalised subsequent expenditure	4,031	680	3,619	536
Net gain / (loss) from fair value adjustment	7,833	46,944	8,777	28,083
<b>Balance at End of Year</b>	<b>438,746</b>	<b>424,937</b>	<b>261,200</b>	<b>246,859</b>

**(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 12.5% (2008: 11.5%), long-term property growth rate and average tenure period.

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

	Consolidated Entity		Company	
	2009 %	2008 %	2009 %	2008 %
<b>Details of equity-accounted investments:</b>				
<i>Ownership interest:</i>				
Forest Place Cleveland Syndicate <sup>1</sup>	70.00	70.00	50.00	50.00
Forest Place Clayfield Syndicate <sup>1</sup>	52.40	46.40	-	-
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Investment carrying amounts:</i>				
Forest Place Cleveland Syndicate	12,340	12,042	3,112	2,212
Forest Place Clayfield Syndicate	11,661	10,889	-	-
	<b>24,001</b>	<b>22,931</b>	<b>3,112</b>	<b>2,212</b>

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

<sup>1</sup> The investments in Forest Place Cleveland and Clayfield Syndicates have been treated as investments 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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Carrying amount of investment in syndicate at beginning of year	22,931	19,604	2,212	2,212
Purchase of investment in syndicate	2,226	786	900	-
Share of syndicates' net profit	(1,156)	2,541	-	-
<b>Carrying Amount of Investment in Syndicates at End of Year</b>	<b>24,001</b>	<b>22,931</b>	<b>3,112</b>	<b>2,212</b>

**(c) Summary Financial Information of equity-accounted investments**

	Consolidated Entity	
	2009 \$'000	2008 \$'000
Assets	76,875	72,999
Liabilities	52,874	50,068
Revenue	105	4,506
Profit	(1,156)	2,541

**(d) Contingent Liabilities of equity-accounted investments**

There are no known contingent liabilities.

**(e) Commitments of equity-accounted investments**

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 2009 (Continued)

**11. PROPERTY, PLANT AND EQUIPMENT**

	Note	Consolidated Entity		Company	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Investment Property Under Construction – at cost</b>		<b>3,064</b>	<b>3,941</b>	<b>690</b>	<b>1,946</b>
Land and buildings - nursing homes:					
At cost		1,456	1,421	-	-
Accumulated depreciation		(814)	(779)	-	-
<b>Total Land and Buildings</b>		<b>642</b>	<b>642</b>	<b>-</b>	<b>-</b>
Plant and equipment - under finance lease:					
At cost		211	211	99	99
Accumulated depreciation		(127)	(85)	(33)	(13)
<b>Total Plant and Equipment</b>		<b>84</b>	<b>126</b>	<b>66</b>	<b>86</b>
<b>Total Property, Plant and Equipment</b>		<b>3,790</b>	<b>4,709</b>	<b>756</b>	<b>2,032</b>
<b>Movements During the Year</b>					
<b>Investment Properties Under Construction at cost:</b>					
Balance at beginning of year		3,941	-	1,946	-
Additions		1,068	2,709	689	1,946
Transfer (to) / from investment property		(1,945)	1,232	(1,945)	-
<b>Balance at End of Year</b>		<b>3,064</b>	<b>3,941</b>	<b>690</b>	<b>1,946</b>
<b>Land and Buildings – Nursing Homes:</b>					
Balance at beginning of year		642	683	-	-
Additions		35	29	-	-
Depreciation		(35)	(70)	-	-
<b>Balance at End of Year</b>		<b>642</b>	<b>642</b>	<b>-</b>	<b>-</b>
<b>Plant and Equipment - Under Finance Lease:</b>					
Balance at beginning of year		126	63	86	-
Additions		-	99	-	99
Depreciation		(42)	(36)	(20)	(13)
<b>Balance at End of Year</b>		<b>84</b>	<b>126</b>	<b>66</b>	<b>86</b>

**12. OTHER FINANCIAL ASSETS****Current:**

Shares - Controlled Entities (unquoted) at cost	26	-	-	6	6
Right to acquire share in syndicate at recoverable amount		1,347	521	1,347	521
<b>Total Current Other Financial Assets</b>		<b>1,347</b>	<b>521</b>	<b>1,353</b>	<b>527</b>

**Non-Current:**

Units - controlled unit trust at recoverable amount	26	-	-	7,926	7,926
Right to acquire share in syndicate at recoverable amount		581	-	581	-
<b>Total Non-Current Other Financial Assets</b>		<b>581</b>	<b>-</b>	<b>8,507</b>	<b>7,926</b>

**13. OTHER ASSETS****Current:**

Prepayments and sundry assets		65	28	61	22
Capital replacement funds		120	114	88	85
<b>Total Current Other Assets</b>		<b>185</b>	<b>142</b>	<b>149</b>	<b>107</b>

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**

Licences are allocated to the Consolidated Entity's CGU's identified according to business segment. A segment level summary of licences is presented below:

Nursing Home Licenses		<b>253</b>	<b>253</b>	<b>-</b>	<b>-</b>
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**15. TRADE AND OTHER PAYABLES**

	Note	Consolidated Entity		Company	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
<b>Current:</b>					
Other creditors and accruals		2,446	1,698	1,306	291
Payables to related parties	24(a)(vi)	1,574	2,355	79	2,230
<b>Total Current Trade and Other Payables</b>		<b>4,020</b>	<b>4,053</b>	<b>1,385</b>	<b>2,521</b>

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		11,741	-	11,741	-
Finance lease liabilities - secured		33	33	14	16
<b>Total Current Interest Bearing Loans and Borrowings</b>		<b>11,774</b>	<b>33</b>	<b>11,755</b>	<b>16</b>

**Non-Current:**

Bank loans - secured		-	12,104	-	12,104
Finance lease liabilities - secured		86	119	58	73
<b>Total Non-Current Interest Bearing Loans and Borrowings</b>		<b>86</b>	<b>12,223</b>	<b>58</b>	<b>12,177</b>

*Facilities utilised at balance date:*

Bank loans		11,741	12,104	11,741	12,104
Performance guarantee facilities	21(a)	20	20	20	20
Finance lease facility		119	152	72	89
		<b>11,880</b>	<b>12,276</b>	<b>11,833</b>	<b>12,213</b>

*Facilities not utilised at balance date:*

Bank loans		-	-	-	-
Performance guarantee facilities		130	130	130	130
Finance lease facility		-	-	-	-
		<b>130</b>	<b>130</b>	<b>130</b>	<b>130</b>

**(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)**

The interest rate on all loans at 30 June 2009 was 5.8% (2008: 9.0%). 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 2009 is nil (2008: nil).

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

There were no loans extended from FKP Limited to the Consolidated Entity 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 2009 are 7.9% and 8.7%. (2008: 7.9% and 8.7%).

## Notes to the Financial Statements for the Year Ended 30 June 2009 (Continued)

	Consolidated Entity		Company	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>16. INTEREST BEARING LOANS AND BORROWINGS (continued)</b>				
<b>(f) Assets Pledged as Security</b>				
<b>Current:</b>				
<i>Floating charge</i>				
Cash and cash equivalents	2,982	5,345	2,498	5,229
Trade and other receivables	2,540	3,024	1,859	2,420
Capital replacement funds	120	114	88	85
Shares – controlled entities (unquoted) at cost	-	-	6	6
Right to acquire share in syndicate at recoverable amount	1,928	521	1,928	521
<b>Total Current Assets Pledged as Security</b>	<b>7,570</b>	<b>9,004</b>	<b>6,379</b>	<b>8,261</b>
<b>Non-Current:</b>				
<i>First mortgage</i>				
Freehold land and buildings	642	642	-	-
Investment properties	251,134	247,484	148,470	141,262
Investment properties under construction	3,064	3,941	690	1,946
<i>Floating charge</i>				
Investment properties	187,612	177,453	112,730	105,597
<i>Finance lease</i>				
Leased plant and equipment	84	126	66	86
<b>Total Non-Current Assets Pledged as Security</b>	<b>442,536</b>	<b>429,646</b>	<b>261,956</b>	<b>248,891</b>
<b>Total Assets Pledged as Security</b>	<b>450,106</b>	<b>438,650</b>	<b>268,335</b>	<b>257,152</b>
<b>(g) Defaults and Breaches</b>				
During the current and prior period, there were no defaults or breaches on any of the loans.				
<b>17. PROVISIONS</b>				
<b>Current:</b>				
<b>Employee Benefits</b>	<b>148</b>	<b>62</b>	<b>-</b>	<b>-</b>
<b>Non-Current:</b>				
<b>Employee Benefits</b>	<b>41</b>	<b>41</b>	<b>-</b>	<b>-</b>
<b>18. OTHER FINANCIAL LIABILITIES</b>				
<b>Current:</b>				
<b>Put Option Liabilities for Syndicate Shares</b>	<b>1,347</b>	<b>834</b>	<b>1,347</b>	<b>834</b>
<b>Non-Current:</b>				
<b>Put Option Liabilities for Syndicate Shares</b>	<b>581</b>	<b>-</b>	<b>581</b>	<b>-</b>
<b>19. CONTRIBUTED EQUITY</b>				
			Company	
			2009	2008
<b>Issued Capital (no par value) - Number of shares</b>			82,578,509	82,578,509
<b>Value of Issued Capital</b>			\$56,605,000	\$56,605,000

There was no movement in contributed equity during the year (2008: 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.

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

There are no capital expenditure commitments outstanding as at 30 June 2009.

**(b) Finance Lease Payment Commitments**

	<b>Consolidated Entity</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Future minimum lease payments:				
Within one year	37	37	16	16
Later than one year and no later than five years	91	129	64	80
	<b>128</b>	<b>166</b>	<b>80</b>	<b>96</b>
Less: Future lease finance charges not provided for in the Financial Statements	(9)	(14)	(8)	(7)
	<b>119</b>	<b>152</b>	<b>72</b>	<b>89</b>
Present value of minimum lease payments:				
Current (Note 16)	33	33	14	16
Non-current (Note 16)	86	119	58	73
<b>Total Lease Liability</b>	<b>119</b>	<b>152</b>	<b>72</b>	<b>89</b>

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

Suncorp-Metway Limited, on behalf of the Consolidated Entity, has provided guarantees of \$20,000 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 Forest Place Cleveland and Forest Place 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:

	<b>Consolidated Entity</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Forest Place Cleveland Syndicate	4,830	4,214	4,830	4,214
Forest Place Clayfield Syndicate	12,397	10,478	12,397	10,478

**(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:

	<b>Consolidated Entity</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Forest Place Cleveland Syndicate	3,032	2,747	3,032	3,658
Forest Place Clayfield Syndicate	6,588	13,474	6,588	13,474

**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:

	<b>Consolidated Entity</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash on Hand and at Bank</b>	<b>2,982</b>	<b>5,345</b>	<b>2,498</b>	<b>5,229</b>

**(b) Financing Facilities Available**

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



**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**

	<b>Consolidated Entity</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Operating profit after income tax	5,655	30,975	6,446	16,072
<i>Add / (less) non-cash items:</i>				
Depreciation / amortisation	77	106	20	13
Change in fair value of investment properties	(7,833)	(46,944)	(8,777)	(28,083)
Change in fair value of resident loans	1,901	8,670	171	5,278
Share of joint venture syndicates net (profit) / loss	1,156	(2,541)	-	-
Bad debts	12	-	12	-
<i>Change in assets and liabilities</i>				
(Increase) / decrease in trade receivables	1,352	(250)	1,640	1,514
(Increase) / decrease in other assets	(43)	61	(42)	61
(Increase) / decrease in GST clearing accounts	62	(177)	5	(88)
Increase / (decrease) in accounts payable	1	1,664	69	(3,174)
Increase / (decrease) in unearned income	3,658	7,329	2,947	6,842
Increase / (decrease) in other payables and accruals	(3,338)	-	(1,196)	-
Increase / (decrease) in current tax liabilities	(3,891)	2,589	(3,378)	2,589
Increase / (decrease) in provisions	(281)	2	(513)	-
Increase / (decrease) in deferred tax liabilities	6,316	9,577	6,132	5,565
<b>Net Cash Provided By / (Used In) Operating Activities</b>	<b>4,804</b>	<b>11,061</b>	<b>3,536</b>	<b>6,589</b>

**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);
- P Parker (Non-Executive);
- G E Grady (Executive Director), appointed 27 May 2009; and
- M A Miller (Non-Executive Director), resigned 28 November 2008.

**(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 2009:

Specified Key Management Personnel	Years	Short-Term Benefits			Post-Employment	Total
		Salary & Fees	Bonus	Non-Monetary Benefits	Superannuation Benefits	
		\$	\$	\$	\$	\$
I L Fraser	2009	65,000	-	-	5,850	70,850
	2008	65,000	-	-	5,850	70,850
D C Mackenzie	2009	40,000	-	-	3,600	43,600
	2008	40,000	-	-	3,600	43,600
J M Laboo <sup>1,2</sup>	2009	-	-	-	-	-
	2008	-	-	-	-	-
P Parker <sup>1</sup>	2009	-	-	-	-	-
	2008	-	-	-	-	-
G E Grady <sup>1,3</sup>	2009	-	-	-	-	-
	2008	-	-	-	-	-
M A Miller <sup>1,4</sup>	2009	-	-	-	-	-
	2008	-	-	-	-	-
M P Pearson <sup>1,5</sup>	2009	-	-	-	-	-
	2008	-	-	-	-	-
<b>Total</b>	<b>2009</b>	<b>105,000</b>	<b>-</b>	<b>-</b>	<b>9,450</b>	<b>114,450</b>
	<b>2008</b>	<b>105,000</b>	<b>-</b>	<b>-</b>	<b>9,450</b>	<b>114,450</b>

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

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

<sup>3</sup> G E Grady was appointed Director on 27 May 2009.

<sup>4</sup> M A Miller resigned as Director on 28 November 2008

<sup>5</sup> M Pearson resigned as Company Secretary on 6 February 2009.

**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 other than the acquisition of 1,000 shares by Don Mackenzie on 18 September 2008.

Ordinary Shares	
I L Fraser	1,000
D C Mackenzie <sup>1</sup>	1,000
J M Laboo	Nil
P Parker	Nil
G E Grady <sup>2</sup>	Nil
M P Pearson <sup>3</sup>	Nil
M A Miller <sup>4</sup>	Nil

<sup>1</sup> Holds beneficial interest in shares acquired 18 September 2008.

<sup>2</sup> G E Grady was appointed Director on 27 May 2009.

<sup>3</sup> M P Pearson resigned as Company Secretary on 6 February 2009.

<sup>4</sup> M A Miller resigned as Director on 28 November 2008.

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

On 2 March 2007 the Company extended an existing arm's length contract dated 15 July 2004 (which contract is based on the Australian Standard - General Conditions of Contract for Construction Management - AS 4300 1995 and is on an arm's length basis) with FKP Constructions Pty Ltd (a subsidiary of FKP Limited, the ultimate parent entity) to provide design and construction services for development work at all of the Consolidated Entity's villages (Design and Construction Management Agreement). This extension also included Evo-Con Pty Ltd (a subsidiary of FKP Limited, the ultimate parent entity) as a party to the Design and Construction Management Agreement. The Design and Construction Management Agreement subsists until otherwise notified, or until it is terminated pursuant to its terms.

Amounts paid by the Consolidated Entity to FKP Constructions Pty Ltd and/or Evo-Con Pty Ltd during the period in accordance with the current Design and Constructions Management Agreement:

	Consolidated Entity	
	2009	2008
	\$'000	\$'000
Claims made, either paid or provided for, regarding reimbursement of construction expenditure incurred by Evo-Con Pty Ltd:	3,355	1,903

**(ii) Marketing Agreement - FKP Real Estate Pty Ltd**

On 2 March 2007 the company extended an existing arm's length contract dated 5 March 2004 with FKP Real Estate Pty Ltd (a subsidiary of FKP Limited, the ultimate parent entity) under which FKP Real Estate Pty Ltd provides marketing services for the Consolidated Entity (Marketing Agreement). The Marketing Agreement subsists until otherwise notified, or until it is terminated pursuant to its terms.

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)	542	750
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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)	263	356
On behalf of the syndicates (0.05% - 4.85% plus GST based on development stage)	116	544

<b>Total</b>	<b>921</b>	<b>1,650</b>
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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. There were no loans between parties throughout the 2009 year.

Interest charges by FKP Limited	-	247
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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 have been provided directly by FKP Limited and reimbursed on an arm's length basis pursuant to the Operating Agreement between the Company and FKP Limited.

Operational support recharges by FKP Limited	429	438
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**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:

	<b>Company</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Forest Place Unit Trust	9,289	11,773
Forest Place Clayfield Pty Ltd	10,421	9,098
FP Assets Holdings (No. 2) Pty Limited	1,022	1,020
Forest Place Management Limited	156	156
	<b>20,888</b>	<b>22,047</b>

**Other Transactions**

During the year the Company charged Forest Place Unit Trust \$160,470 for administration, audit and equipment usage fees (2008: \$152,192).

**(vi) Balances with Related Parties**

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

		<b>Consolidated Entity</b>	
	<b>Note</b>	<b>2009</b>	<b>2008</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Trade and Other Payables:</b>			
FKP Real Estate Pty Ltd	24(a)(ii)	118	452
FKP Constructions Pty Ltd		-	1,903
FKP Limited		1,456	-
		<b>1,574</b>	<b>2,355</b>
<b>Interest Bearing Loans and Borrowings:</b>			
FKP Constructions Pty Ltd	24(a)(i)	-	-
FKP Limited	24(a)(iii)	-	-
		<b>1,574</b>	<b>2,355</b>

**(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 \$558,032 (2008: \$857,186) was received from the Cleveland Syndicate and \$715,597 (2008: \$954,157) 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	
	2009 \$	2008 \$	2009 \$	2008 \$
Audit and review of Financial Reports	74,000	74,000	74,000	74,000

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

Significant investment in subsidiaries:

Name	Formation / Incorporation	Class of Share	Interest Held %	
			2009	2008
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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Financial Assets:</b>				
Cash assets	2,982	5,345	2,498	5,229
	<b>2,982</b>	<b>5,345</b>	<b>2,498</b>	<b>5,229</b>
<b>Financial Liabilities:</b>				
Bank loans	11,741	12,104	11,741	12,104
	<b>11,741</b>	<b>12,104</b>	<b>11,741</b>	<b>12,104</b>

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 2009, 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)	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Consolidated Entity</b>				
+0.75% (75 basis points)	(46)	(35)	(46)	(35)
-0.75% (75 basis points)	46	35	46	35
<b>Company</b>				
+0.75% (75 basis points)	(49)	(36)	(49)	(36)
-0.75% (75 basis points)	49	36	49	36

**(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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<i>Associates</i>				
Forest Place Cleveland Syndicate	4,075	3,512	4,075	3,512
Forest Place Clayfield Syndicate	7,102	5,835	7,102	5,835

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.

The table below reflects the contractual maturity of 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 2009. The amounts disclosed represent undiscounted cash flows.

## Notes to the Financial Statements for the Year Ended 30 June 2009 (Continued)

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

The remaining contractual maturities of the financial liabilities are:

	<b>Consolidated Entity</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
6 months or less	24,426	11,923	22,867	7,328
6-12 months	168,544	164,940	95,339	154,137
1-2 years	626	12,141	600	12,120
2-5 years	45	92	45	61
Over 5 years	-	-	-	-
	<b>193,641</b>	<b>189,096</b>	<b>118,851</b>	<b>173,646</b>

Contractual maturity analysis of financial liabilities:

	<b>≤ 6 months</b>	<b>6-12 months</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>5+ years</b>	<b>2009 Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Consolidated Entity</b>						
<b>Financial Liabilities:</b>						
Payables	4,020	-	-	-	-	4,020
Resident loans <sup>1</sup>	7,981	167,843	-	-	-	175,824
Bank loans	11,741	-	-	-	-	11,741
Finance leases	19	19	45	45	-	128
Syndicate put options	665	682	581	-	-	1,928
	<b>24,426</b>	<b>168,544</b>	<b>626</b>	<b>45</b>	<b>-</b>	<b>193,641</b>

**Company****Financial Liabilities:**

Payables	1,385	-	-	-	-	1,385
Resident loans <sup>1</sup>	9,068	94,649	-	-	-	103,717
Bank loans	11,741	-	-	-	-	11,741
Finance leases	8	8	19	45	-	80
Syndicate put options	665	682	581	-	-	1,928
	<b>22,867</b>	<b>95,339</b>	<b>600</b>	<b>45</b>	<b>-</b>	<b>118,851</b>

	<b>≤ 6 months</b>	<b>6-12 months</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>5+ years</b>	<b>2008 Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Consolidated Entity</b>						
<b>Financial Liabilities:</b>						
Payables	4,053	-	-	-	-	4,053
Resident loans <sup>1</sup>	7,331	164,921	-	-	-	172,252
Bank loans	-	-	12,104	-	-	12,104
Finance leases	18	19	37	92	-	166
Syndicate put options	521	-	-	-	-	521
	<b>11,923</b>	<b>164,940</b>	<b>12,141</b>	<b>92</b>	<b>-</b>	<b>189,096</b>

**Company****Financial Liabilities:**

Payables	2,521	-	-	-	-	2,521
Resident loans <sup>1</sup>	4,278	154,129	-	-	-	158,407
Bank loans	-	-	12,104	-	-	12,104
Finance leases	8	8	16	61	-	93
Syndicate put options	521	-	-	-	-	521
	<b>7,328</b>	<b>154,137</b>	<b>12,120</b>	<b>61</b>	<b>-</b>	<b>173,646</b>

<sup>1</sup> 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 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 \$175.824m, only \$15.963m 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.

**27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****(d) Fair Value (continued)**

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.

**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.

	<b>Nursing Home 2009 \$'000</b>	<b>Retirements 2009 \$'000</b>	<b>Consolidated 2009 \$'000</b>
<b>Revenue:</b>			
Revenue from outside the Consolidated Entity	1,547	15,225	16,772
<b>Total Segment Revenue</b>	<b>1,547</b>	<b>15,225</b>	<b>16,772</b>
Other unallocated revenue			193
<b>Revenue from Ordinary Activities</b>			<b>16,965</b>
<b>Result:</b>			
Segment result including changes in fair value	113	9,123	9,236
Share of net profit of equity-accounted investments			(1,156)
Profit from ordinary activities before income tax expense			8,080
Income tax expense			(2,425)
<b>Net Profit</b>			<b>5,655</b>
Depreciation and amortisation	35	42	77
<b>Assets:</b>			
Segment assets	1,367	460,234	461,601
Equity-accounted investments			24,001
<b>Consolidated Total Assets</b>			<b>485,602</b>
<b>Liabilities:</b>			
Segment liabilities	1,256	190,747	192,003
Unallocated corporate liabilities			92,001
<b>Consolidated Total Liabilities</b>	<b>1,256</b>	<b>190,747</b>	<b>284,004</b>
Acquisition of property, plant and equipment	35	1,068	1,103
	<b>Nursing Home 2008 \$'000</b>	<b>Retirements 2008 \$'000</b>	<b>Consolidated 2008 \$'000</b>
<b>Revenue:</b>			
Revenue from outside the Consolidated Entity	1,621	9,220	10,841
<b>Total Segment Revenue</b>	<b>1,621</b>	<b>9,220</b>	<b>10,841</b>
Other unallocated revenue			8
<b>Revenue from Ordinary Activities</b>			<b>10,849</b>
<b>Result:</b>			
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)
<b>Net Profit</b>			<b>30,975</b>
Depreciation and amortisation	70	36	106
<b>Assets:</b>			
Segment assets	1,383	446,895	448,278
Equity-accounted investments			22,931
<b>Consolidated Total Assets</b>			<b>471,209</b>
<b>Liabilities:</b>			
Segment liabilities	444	182,307	182,751
Unallocated corporate liabilities			92,515
<b>Consolidated Total Liabilities</b>			<b>275,266</b>
Acquisition of non-current assets	29	2,808	2,837

**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

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The Directors of Forest Place Group Limited declare that:

- (a) in the Directors' opinion the financial statements and notes on pages 15 to 39, and the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report, set out on page 12, 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 2009 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 Executive General Manager and Retirements Finance Manager for the financial year ended 30 June 2009, required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors.



**D C Mackenzie**  
Director

Dated at Brisbane, 27 August 2009

## 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 2009, and the income statements, statements 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 for both Forest Place Group Limited ('Company') and the Consolidated Entity. The Consolidated Entity comprises Company and the entities it controlled at the year's end or from time to time during the financial year.

#### *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](http://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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Chartered Accountants  
& Business Advisers

*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 the Consolidated Entity's financial position as at 30 June 2009 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 12 of the directors' report for the year ended 30 June 2009. 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.

*Auditor's Opinion*

In our opinion the Remuneration Report of Forest Place Group Limited for the period ended 30 June 2009, complies with section 300A of the *Corporations Acts 2001*.

PKF

**K L Colyer**  
Partner

Dated at Brisbane this 27<sup>th</sup> day of August 2009

## Shareholder Information

The information set out below was prepared as 10 September 2009.

**(a) Class of Shares and Voting Rights**

There are currently 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:

- (i) 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
- (ii) on a poll, each natural person present at a General Meeting has the number of votes calculated as the aggregate of the following:
  - (A) the number of fully paid shares held by the person;
  - (B) the number of fully paid shares in respect of which voting members holding those shares have appointed the person as proxy, representative or attorney.

There are no partly paid shares on issue in the Company.

**(b) Distribution of Shareholders**

Category	Number of Shareholders	Number of Shares	Percentage of Total Shares
1 - 1,000	35	11,983	0.02
1,001 - 5,000	56	158,644	0.19
5,001 - 10,000	30	209,479	0.25
10,001 - 100,000	26	602,099	0.73
100,001 and over	11	81,596,304	98.81
	158	82,578,509	100.0

There were 23 shareholders holding less than a marketable as at 10 September 2009. They hold a total of 2,868 ordinary shares.

**(c) Substantial Shareholders**

The name and number of shares held by substantial shareholders with a relevant interest in the Company, as disclosed in substantial holder notices received by the Company and advised to the Australian Securities Exchange, are:

Shareholder	Ordinary Shares
FKP Limited	70,420,676
Stockland Retirement Pty Ltd <sup>1</sup>	16,433,123
Mr John Patrick O'Shea and Mr Peter Joseph O'Shea	9,712,053

<sup>1</sup> Stockland Retirement Pty Limited does not hold a direct interest in any shares of the Company. In accordance with a Subscription Agreement dated 15 October 2008 between FKP Limited and Stockland Retirement Pty Limited, Stockland Retirement Pty Ltd has a first right of refusal over 19.9% of the shares held by FKP Limited in the Company, resulting in a relevant interest in 16,433,123 ordinary shares in the Company pursuant to section 608 of the *Corporations Act 2001* (Cth).

## Shareholder Information (Continued)

**(d) Largest Twenty Shareholders**

NAME	Number of Shares Held	Percentage of Total Shares
1. FKP Limited	70,420,676	85.28
2. Mr John Patrick O'Shea & Mr Peter Joseph O'Shea	4,449,460	5.39
3. Mr Peter Joseph O'Shea	2,406,213	2.91
4. Margonna Pty Ltd	704,109	0.85
5. Mr John Patrick O'Shea & Mr Peter Joseph O'Shea	652,271	0.79
6. Amaka Pty Limited	620,000	0.75
7. Wenola Pty Limited	578,675	0.70
8. Movius Pty Ltd	500,000	0.61
9. Ribbet Pty Ltd	500,000	0.61
10. White Booyong Pty Ltd	500,000	0.61
11. Mr Brian Maurice Kearney & Mrs Mirella Ughetta Kearney	264,900	0.32
12. Grant & Lindner Pty Limited	50,000	0.06
13. Honan Business Services Pty Limited	50,000	0.06
14. Mr Kenneth Edward White & Mrs Mary Patricia White	48,894	0.06
15. Mrs Margaret Mary Kearney	43,778	0.05
16. Mr Phillip Dickinson	40,000	0.05
17. Mrs Susan May Ashton	34,903	0.04
18. Investment and Money Management Pty Ltd	33,068	0.04
19. Thirty Fifth Valdera Pty Ltd	28,132	0.03
20. Mr Kerry John Prickett	27,000	0.03
	81,952,079	99.24

The total number of shares on issue as at 10 September 2009 was 82,578,509.

**(e) On-market Buy Back**

There is no current on-market buy back.

**(f) Securities Exchange**

The ordinary shares of Forest Place Group Limited are listed on the Australian Securities Exchange under ASX code: FPG.