



Appendix 4E

Preliminary Final Report

Results for Announcement to the Market

1. Company Details and Reporting Period

Name of Entity and ABN: FOREST PLACE GROUP LIMITED
ABN 75 061 421 565

Reporting Period: 30 June 2009

Previous Corresponding Period: 30 June 2008

2. Results for Announcement to the Market

| | % | \$'000 |
|--|---------|----------|
| Revenue from ordinary activities | Down 16 | To 9,132 |
| Net profit / (loss) for the period attributable to members | Down 82 | To 5,655 |

| | Amount per Security | Franked Amount per Security |
|--|---------------------------|--------------------------------------|
| Dividends (Distributions) | | |
| Interim dividend | 0.00c | 0.00c |
| Final dividend | 0.00c | 0.00c |
| Previous corresponding period | 0.00c | 0.00c |
| Record date for determining entitlements to the dividends (if any) | | N/A |

Brief explanation of any of the figures reported above necessary to enable the figures to be understood: The "Revenue from ordinary activities" figure above excludes (in \$'000): Change in fair value of investment properties of \$7,833 (2008: \$46,944) and Share of net profit/ (losses) of associates using the equity method of (\$1,156) (2008: \$2,541).

3. Income Statement with Notes to the Statement

Refer to page 8 of the 2009 Financial Report and accompanying Notes.

4. Balance Sheet with Notes to the Statement

Refer to page 9 of the 2009 Financial Report and accompanying Notes.

5. Statement of Cash Flows with Notes to the Statement

Refer to page 11 of the 2009 Financial Report and accompanying Notes.

6. Dividends

Nil.

7. Dividend / Distribution Reinvestment Plan ('DRP')

Nil

8. Retained Earnings

Refer to page 10 of the 2009 Financial Report and accompanying Notes.

9. Net Tangible Assets ('NTA') per Security

| | 2009 | 2008 |
|---------------|--------|--------|
| NTA per share | \$2.44 | \$2.37 |

10. Entities over which Control has been Gained or Lost during the Period

Nil.

11. Associates and Joint Venture Entities

Refer to page 20 of the 2009 Financial Report.

12. Other Significant Information

Not applicable.

13. Accounting Standards used for Foreign Entities

Not applicable.

14. Commentary on the Results for the Period

Refer to page 3 of the 2009 Financial Report.

15. Status of Audit / Review

The 2009 Financial Report has been audited. A copy of the independent audit report is included at page 34 of the Financial Report.

16. Dispute or Qualifications if not yet Audited

Not applicable.

17. Dispute or Qualifications if Audited

Not applicable.



D C Mackenzie

Director

27 August 2009



Forest Place Group Limited

(ABN 75 061 421 565)

and its Controlled Entities

2009 Financial Report

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Directors' Report

DIRECTORS' REPORT

The Directors present their Report together with the Financial Report of Forest Place Group Limited ('Company') and of the Consolidated Entity ('Consolidated Entity'), being the Company and its Controlled Entities, for the year ended 30 June 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 - 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 and a Bachelor of Laws, both from Queensland University of Technology.

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

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:

| | Board Meetings | | Audit Committee Meetings ² | | Contract Review Committee - Construction and Marketing Meetings ³ | |
|------------------|-------------------------|-----------------|--|-----------------|---|-----------------|
| | Held¹ | Attended | Held | Attended | Held | Attended |
| Directors | | | | | | |
| 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 | - | - | - | - |

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

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

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

PRINCIPAL ACTIVITIES

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

REVIEW AND RESULTS OF OPERATIONS**Consolidated Result**

The consolidated profit after income tax for the year attributable to the Members of the Company was \$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) | |
| Total revenue | 9,132 | 10,849 | (1,717) | (16%) |
| Increase in fair value of investment properties | 7,833 | 46,944 | (39,111) | (83%) |
| Total | 16,965 | 57,793 | (40,828) | (71%) |

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.

Directors' Report

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 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

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

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 ¹ | 2009 | - | - | - | - | - |
| | 2008 | - | - | - | - | - |
| P Parker ¹ | 2009 | - | - | - | - | - |
| | 2008 | - | - | - | - | - |
| G E Grady ^{1,2} | 2009 | - | - | - | - | - |
| | 2008 | - | - | - | - | - |
| M A Miller ^{1,3} | 2009 | - | - | - | - | - |
| | 2008 | - | - | - | - | - |
| Total | 2009 | 105,000 | - | - | 9,450 | 114,450 |
| | 2008 | 105,000 | - | - | 9,450 | 114,450 |

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

² G E Grady was appointed Director on 27 May 2009

³ 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 ¹ | 1,000 |
| J M Laboo | Nil |
| P Parker | Nil |
| G E Grady | Nil |

¹ 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.

Directors' Report

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

PKF

Ad. Colyer

Partner

Dated at Brisbane this 27th day of August 2009

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Income Statement for the Year Ended 30 June 2009

| | Note | Consolidated Entity | | Company | |
|---|-------|---------------------|----------------|----------------|----------------|
| | | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'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 |
| Other income | 2 | 424 | 322 | 354 | 262 |
| Change in fair value of resident loans | | (1,901) | (8,670) | (171) | (5,278) |
| 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 | - | - |
| Profit before Income Tax Expense | | 8,080 | 44,493 | 9,181 | 24,540 |
| Income tax (expense) / benefit relating to ordinary activities | 4 | (2,425) | (13,518) | (2,735) | (8,468) |
| Net Profit from Continuing Operations Attributable to Members of the Company | | 5,655 | 30,975 | 6,446 | 16,072 |
| Earnings per Share: | | | | | |
| 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 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Current Assets: | | | | | |
| 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 |
| Total Current Assets | | 18,231 | 18,379 | 37,924 | 41,088 |
| Non-Current Assets: | | | | | |
| 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 |
| Total Non-Current Assets | | 467,371 | 452,830 | 273,575 | 259,029 |
| Total Assets | | 485,602 | 471,209 | 311,499 | 300,117 |
| Current Liabilities: | | | | | |
| 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 |
| Total Current Liabilities | | 200,612 | 186,634 | 123,305 | 112,963 |
| Non-Current Liabilities: | | | | | |
| 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 | - |
| Total Non-Current Liabilities | | 83,392 | 88,632 | 48,920 | 54,326 |
| Total Liabilities | | 284,004 | 275,266 | 172,225 | 167,289 |
| Net Assets | | 201,598 | 195,943 | 139,274 | 132,828 |
| Equity: | | | | | |
| Contributed equity | 19 | 56,605 | 56,605 | 56,605 | 56,605 |
| Retained profits | | 144,993 | 139,338 | 82,669 | 76,223 |
| Total Equity | | 201,598 | 195,943 | 139,274 | 132,828 |

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements set out on Pages 12 to 32

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

| | Consolidated Entity | | Company | |
|--------------------------------------|---------------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Share Capital: | | | | |
| Balance at beginning and end of year | 56,605 | 56,605 | 56,605 | 56,605 |
| Retained Earnings: | | | | |
| Balance at beginning of year | 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 |
| Total Equity at End of Year | 201,598 | 195,943 | 139,274 | 132,828 |

Cash Flow Statement for the Year Ended 30 June 2009

| | Note | Consolidated Entity | | Company | |
|--|-------|---------------------|----------------|----------------|----------------|
| | | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Cash Flows from Operating Activities: | | | | | |
| 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) |
| Net Cash Provided By / (Used In) Operating Activities | 22(c) | 4,804 | 11,061 | 3,536 | 6,589 |
| Cash Flows from Investing Activities: | | | | | |
| Payments for property plant and equipment | | (5,133) | (3,418) | (4,309) | (2,481) |
| Payments for investment in syndicates | | (1,638) | (785) | (1,578) | - |
| Net Cash Provided By / (Used In) Investing Activities | | (6,771) | (4,203) | (5,887) | (2,481) |
| Cash Flows from Financing Activities: | | | | | |
| 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) |
| Net Cash Provided By / (Used In) Financing Activities | | (396) | (2,177) | (380) | 457 |
| 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 |
| Cash and Cash Equivalents at End of Financial Year | 22(a) | 2,982 | 5,345 | 2,498 | 5,229 |

The Cash Flow Statement is to be read in conjunction with the Notes to the Financial Statements set out on Pages 12 to 32.

Notes to the Financial Statements for the Year Ended 30 June 2009

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICES

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.

Notes to the Financial Statements for the Year Ended 30 June 2009

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.

Notes to the Financial Statements for the Year Ended 30 June 2009

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 measureable 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

| | Consolidated Entity | | Company | |
|--|---------------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| 2. OTHER INCOME | | | | |
| Interest - other parties | 193 | 8 | 193 | 8 |
| Other revenue | 231 | 314 | 161 | 254 |
| | 424 | 322 | 354 | 262 |
| 3. ITEMS INCLUDED IN PROFIT AND LOSS | | | | |
| Additional Information Relating to Revenue: | | | | |
| Governments grants ¹ | 2,353 | 2,266 | - | - |
| Additional Information on the Nature of Expenses: | | | | |
| 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 |
| ¹ Government grants were recognised by the Consolidated Entity during the financial year relating to age care services. There are no unfulfilled conditions or other contingencies attaching to these grants. The Consolidated Entity did not benefit directly from any other forms of Government assistance. | | | | |
| 4. INCOME TAX | | | | |
| (a) Income Tax Expense | | | | |
| Current tax: | | | | |
| Current tax year movement | - | 3,891 | - | 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 |
| Income Tax Expense | 2,425 | 13,518 | 2,735 | 8,468 |
| (b) Reconciliation of Income Tax Expense to Prima Facie | | | | |
| 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 |
| Income Tax Expense | 2,425 | 13,518 | 2,735 | 8,468 |
| (c) Deferred Tax Assets | | | | |
| The Balance Comprises Temporary Differences Attributable to: | | | | |
| <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 |
| Net Deferred Tax Assets | 10,374 | 1,706 | 9,599 | 1,169 |
| Less: set-off against deferred tax liabilities | (10,374) | (1,706) | (9,599) | (1,169) |
| | - | - | - | - |
| Movements: | | | | |
| 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 |
| | 10,374 | 1,706 | 9,599 | 1,169 |
| Less: set-off against deferred tax liabilities | (10,374) | (1,706) | (9,599) | (1,169) |
| Closing Balance at 30 June | - | - | - | - |

Notes to the Financial Statements for the Year Ended 30 June 2009

| | Consolidated Entity | | Company | |
|--|----------------------------|------------------------|-------------------------|------------------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| 4. INCOME TAX (continued) | | | | |
| (d) Deferred Tax Liabilities | | | | |
| The Balances Comprises Temporary Differences | | | | |
| Attributable to: | | | | |
| <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) |
| Net Deferred Tax Liabilities | 93,058 | 78,074 | 53,437 | 43,318 |
| Less: deferred tax assets set off from above | (10,374) | (1,706) | (5,156) | (1,169) |
| | 82,684 | 76,368 | 48,281 | 42,149 |
| Movements: | | | | |
| 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) |
| | 93,058 | 78,074 | 53,437 | 43,318 |
| Less: deferred tax assets set off from above | (10,374) | (1,706) | (5,156) | (1,169) |
| Closing Balance at 30 June | 82,684 | 76,368 | 48,281 | 42,149 |
| (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 | | | | |
| Dividend Franking Account | | | | |
| | 2009 \$'000 | 2008 \$'000 | | |
| 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 | | |
| (b) Weighted Average Number of Shares used as the Denominator | | | | |
| | | | Number of Shares | |
| | | | 2009 | 2008 |
| Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted earnings per share | | | 82,578,509 | 82,578,509 |
| 7. CASH AND CASH EQUIVALENTS | | | | |
| | Consolidated Entity | | Company | |
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Cash at Bank | 2,982 | 5,345 | 2,498 | 5,229 |

Notes to the Financial Statements for the Year Ended 30 June 2009

| | Consolidated Entity | | Company | |
|--|---------------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| 8. TRADE AND OTHER RECEIVABLES | | | | |
| Current: | | | | |
| 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 |
| Total Current Receivables | 13,717 | 12,371 | 33,924 | 35,225 |

(a) Fair Value and Credit Risk

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

(b) Ageing and Impairment Loss

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

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

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

Trade Receivables Ageing

| | | | | |
|------------------|------------|--------------|------------|--------------|
| 0-30 days | 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 * | - | - | - | - |
| Total | 538 | 2,025 | 189 | 1,898 |

* 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 |
| Balance at End of Year | 438,746 | 424,937 | 261,200 | 246,859 |

(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.

Notes to the Financial Statements for the Year Ended 30 June 2009

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

| Details of equity-accounted investments: | Consolidated Entity | | Company | |
|---|---------------------|---------------|---------------|---------------|
| | 2009 % | 2008 % | 2009 % | 2008 % |
| <i>Ownership interest:</i> | | | | |
| Forest Place Cleveland Syndicate ¹ | 70.00 | 70.00 | 50.00 | 50.00 |
| Forest Place Clayfield Syndicate ¹ | 52.40 | 46.40 | - | - |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| <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 | - | - |
| | 24,001 | 22,931 | 3,112 | 2,212 |

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

¹ The 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 | - | - |
| Carrying Amount of Investment in Syndicates at End of Year | 24,001 | 22,931 | 3,112 | 2,212 |

(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

11. PROPERTY, PLANT AND EQUIPMENT

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

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 |
| Total Current Other Financial Assets | | 1,347 | 521 | 1,353 | 527 |

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 | - |
| Total Non-Current Other Financial Assets | | 581 | - | 8,507 | 7,926 |

13. OTHER ASSETS**Current:**

| | | | | | |
|-----------------------------------|--|------------|------------|------------|------------|
| Prepayments and sundry assets | | 65 | 28 | 61 | 22 |
| Capital replacement funds | | 120 | 114 | 88 | 85 |
| Total Current Other Assets | | 185 | 142 | 149 | 107 |

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 Combined Group's CGU's identified according to business segment. A segment level summary of licences is presented below:

| | | | | | |
|-----------------------|--|------------|------------|----------|----------|
| Nursing Home Licenses | | 253 | 253 | - | - |
|-----------------------|--|------------|------------|----------|----------|

15. TRADE AND OTHER PAYABLES

| | Note | Consolidated Entity | | Company | |
|---|-----------|---------------------|----------------|----------------|----------------|
| | | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Current: | | | | | |
| 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 |
| Total Current Trade and Other Payables | | 4,020 | 4,053 | 1,385 | 2,521 |

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 |
| Total Current Interest Bearing Loans and Borrowings | | 11,774 | 33 | 11,755 | 16 |

Non-Current:

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

Facilities utilised at balance date:

| | | | | | |
|----------------------------------|-----------|---------------|---------------|---------------|---------------|
| Bank loans | | 11,741 | 12,104 | 11,741 | 12,104 |
| Performance guarantee facilities | 21(a) | 20 | 20 | 20 | 20 |
| Other loan - related parties | 24(a)(vi) | - | - | - | - |
| Finance lease facility | | 119 | 152 | 72 | 89 |
| | | 11,880 | 12,276 | 11,833 | 12,213 |

Facilities not utilised at balance date:

| | | | | | |
|----------------------------------|--|------------|------------|------------|------------|
| Bank loans | | - | - | - | - |
| Performance guarantee facilities | | 130 | 130 | 130 | 130 |
| Other loan - related parties | | - | - | - | - |
| Finance lease facility | | - | - | - | - |
| | | 130 | 130 | 130 | 130 |

(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

| | Consolidated Entity | | Company | |
|--|---------------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| 16. INTEREST BEARING LOANS AND BORROWINGS (continued) | | | | |
| (f) Assets Pledged as Security | | | | |
| Current: | | | | |
| <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 |
| Total Current Assets Pledged as Security | 7,570 | 9,004 | 6,379 | 8,261 |
| Non-Current: | | | | |
| <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 |
| Total Non-Current Assets Pledged as Security | 442,536 | 429,646 | 261,956 | 248,891 |
| Total Assets Pledged as Security | 450,106 | 438,650 | 268,335 | 257,152 |

(g) Defaults and Breaches

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

17. PROVISIONS**Current:**

| | | | | |
|--------------------------|------------|-----------|----------|----------|
| Employee Benefits | 148 | 62 | - | - |
|--------------------------|------------|-----------|----------|----------|

Non-Current:

| | | | | |
|--------------------------|-----------|-----------|----------|----------|
| Employee Benefits | 41 | 41 | - | - |
|--------------------------|-----------|-----------|----------|----------|

18. OTHER FINANCIAL LIABILITIES**Current:**

| | | | | |
|--|--------------|------------|--------------|------------|
| Put Option Liabilities for Syndicate Shares | 1,347 | 834 | 1,347 | 834 |
|--|--------------|------------|--------------|------------|

Non-Current:

| | | | | |
|--|------------|----------|------------|----------|
| Put Option Liabilities for Syndicate Shares | 581 | - | 581 | - |
|--|------------|----------|------------|----------|

19. CONTRIBUTED EQUITY

| | Company | |
|---|---------------------|---------------------|
| | 2009 | 2008 |
| Issued Capital (no par value) - Number of shares | 82,578,509 | 82,578,509 |
| Value of Issued Capital | \$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.

Notes to the Financial Statements for the Year Ended 30 June 2009

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

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

(b) Finance Lease Payment Commitments

| | Consolidated Entity | | Company | |
|---|---------------------|------------|-----------|-----------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 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 |
| | 128 | 166 | 80 | 96 |
| Less: Future lease finance charges not provided for in the Financial Statements | (9) | (14) | (8) | (7) |
| | 119 | 152 | 72 | 89 |
| Present value of minimum lease payments: | | | | |
| Current (Note 16) | 33 | 33 | 14 | 16 |
| Non-current (Note 16) | 86 | 119 | 58 | 73 |
| Total Lease Liability | 119 | 152 | 72 | 89 |

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

| | | | | |
|---------------------|--------|--------|--------|--------|
| Cleveland Syndicate | 4,830 | 4,214 | 4,830 | 4,214 |
| 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:

| | | | | |
|---------------------|-------|--------|-------|--------|
| Cleveland Syndicate | 3,032 | 2,747 | 3,032 | 3,658 |
| 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:

| | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|
| Cash on Hand and at Bank | 2,982 | 5,345 | 2,498 | 5,229 |
|---------------------------------|--------------|--------------|--------------|--------------|

(b) Financing Facilities Available

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

Notes to the Financial Statements for the Year Ended 30 June 2009

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

| | Consolidated Entity | | Company | |
|--|----------------------------|---------------|----------------|---------------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 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 |
| Net Cash Provided By / (Used In) Operating Activities | 4,804 | 11,061 | 3,536 | 6,589 |

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 ^{1,2} | 2009 | - | - | - | - | - |
| | 2008 | - | - | - | - | - |
| P Parker ¹ | 2009 | - | - | - | - | - |
| | 2008 | - | - | - | - | - |
| G E Grady ^{1,3} | 2009 | - | - | - | - | - |
| | 2008 | - | - | - | - | - |
| M A Miller ^{1,4} | 2009 | - | - | - | - | - |
| | 2008 | - | - | - | - | - |
| M P Pearson ^{1,5} | 2009 | - | - | - | - | - |
| | 2008 | - | - | - | - | - |
| Total | 2009 | 105,000 | - | - | 9,450 | 114,450 |
| | 2008 | 105,000 | - | - | 9,450 | 114,450 |

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

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

³ G E Grady was appointed Director on 27 May 2009.

⁴ M A Miller resigned as Director on 28 November 2008

⁵ M Pearson resigned as Company Secretary on 6 February 2009.

Notes to the Financial Statements for the Year Ended 30 June 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 ¹ | 1,000 |
| J M Laboo | Nil |
| P Parker | Nil |
| G E Grady ² | Nil |
| M P Pearson ³ | Nil |
| M A Miller ⁴ | Nil |

¹ Holds beneficial interest in shares acquired 18 September 2008.

² G E Grady was appointed Director on 27 May 2009.

³ M P Pearson resigned as Company Secretary on 6 February 2009.

⁴ 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 \$'000 | 2008 \$'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 |
| 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 |
| Total | 921 | 1,650 |

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 |
|---------------------------------|---|-----|

(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 |
|--|-----|-----|

Notes to the Financial Statements for the Year Ended 30 June 2009

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

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

Loans

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

| | Company | |
|--|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 |
| 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 |
| | 20,888 | 22,047 |

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:

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

(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.

Notes to the Financial Statements for the Year Ended 30 June 2009

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 Entity's 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 |
| Financial Assets: | | | | |
| Cash assets | 2,982 | 5,345 | 2,498 | 5,229 |
| | 2,982 | 5,345 | 2,498 | 5,229 |
| Financial Liabilities: | | | | |
| Bank loans | 11,741 | 12,104 | 11,741 | 12,104 |
| | 11,741 | 12,104 | 11,741 | 12,104 |

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.

Notes to the Financial Statements for the Year Ended 30 June 2009

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 |
| Consolidated Entity | | | | |
| +0.75% (75 basis points) | (46) | (35) | (46) | (35) |
| -0.75% (75 basis points) | 46 | 35 | 46 | 35 |
| Company | | | | |
| +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 |
| Associates | | | | |
| 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

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

The remaining contractual maturities of the financial liabilities are:

| | Consolidated Entity | | Company | |
|------------------|---------------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| 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 | - | - | - | - |
| | 193,641 | 189,096 | 118,851 | 173,646 |

Contractual maturity analysis of financial liabilities:

| | ≤ 6 months \$'000 | 6-12 months \$'000 | 1-2 years \$'000 | 2-5 years \$'000 | 5+ years \$'000 | 2009 Total \$'000 |
|-------------------------------|----------------------|--------------------------|---------------------|---------------------|--------------------|-------------------------|
| Consolidated Entity | | | | | | |
| Financial Liabilities: | | | | | | |
| Payables | 4,020 | - | - | - | - | 4,020 |
| Resident loans ¹ | 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 |
| | 24,426 | 168,544 | 626 | 45 | - | 193,641 |

Company**Financial Liabilities:**

| | | | | | | |
|-----------------------------|---------------|---------------|------------|-----------|----------|----------------|
| Payables | 1,385 | - | - | - | - | 1,385 |
| Resident loans ¹ | 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 |
| | 22,867 | 95,339 | 600 | 45 | - | 118,851 |

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

Company**Financial Liabilities:**

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

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

Notes to the Financial Statements for the Year Ended 30 June 2009

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.

| | Nursing Home 2009 \$'000 | Retirements 2009 \$'000 | Consolidated 2009 \$'000 |
|---|---|--|---|
| Revenue: | | | |
| Revenue from outside the Consolidated Entity | 1,547 | 15,225 | 16,772 |
| Total Segment Revenue | 1,547 | 15,225 | 16,772 |
| Other unallocated revenue | | | 193 |
| Revenue from Ordinary Activities | | | 16,965 |
| Result: | | | |
| 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) |
| Net Profit | | | 5,655 |
| Depreciation and amortisation | 35 | 42 | 77 |
| Assets: | | | |
| Segment assets | 1,367 | 460,234 | 461,601 |
| Equity-accounted investments | | | 24,001 |
| Consolidated Total Assets | | | 485,602 |
| Liabilities: | | | |
| Segment liabilities | 1,256 | 190,747 | 192,003 |
| Unallocated corporate liabilities | | | 92,001 |
| Consolidated Total Liabilities | 1,256 | 190,747 | 284,004 |
| Acquisition of property, plant and equipment | 35 | 1,068 | 1,103 |
| | Nursing Home 2008 \$'000 | Retirements 2008 \$'000 | Consolidated 2008 \$'000 |
| Revenue: | | | |
| Revenue from outside the Consolidated Entity | 1,621 | 9,220 | 10,841 |
| Total Segment Revenue | 1,621 | 9,220 | 10,841 |
| Other unallocated revenue | | | 8 |
| Revenue from Ordinary Activities | | | 10,849 |
| Result: | | | |
| Segment result including changes in fair value | (1) | 41,953 | 41,952 |
| Share of net profit of equity-accounted investments | | | 2,541 |
| Profit from ordinary activities before income tax expense | | | 44,493 |
| Income tax expense | | | (13,518) |
| Net Profit | | | 30,975 |
| Depreciation and amortisation | 70 | 36 | 106 |
| Assets: | | | |
| Segment assets | 1,383 | 446,895 | 448,278 |
| Equity-accounted investments | | | 22,931 |
| Consolidated Total Assets | | | 471,209 |
| Liabilities: | | | |
| Segment liabilities | 444 | 182,307 | 182,751 |
| Unallocated corporate liabilities | | | 92,515 |
| Consolidated Total Liabilities | | | 275,266 |
| Acquisition of 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.

For personal use only

Directors' Declaration

The Directors of Forest Place Group Limited declare that:

- (a) in the Directors' opinion the financial statements and notes on pages 12 to 32, and the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report, set out on page 5, 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 General Manager Finance 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*.

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Liability limited by a scheme approved under Professional Standards Legislation

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

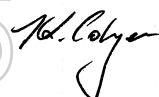
We have audited the Remuneration Report included on page 5 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility 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 27th day of August 2009