

**CRIGHTON PROPERTIES PTY LTD
AND CONTROLLED ENTITIES
ABN 16 000 830 875**

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2010**

**CRIGHTON PROPERTIES PTY LTD
AND CONTROLLED ENTITIES
ABN 16 000 830 875**

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CRIGHTON PROPERTIES PTY LTD
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DIRECTORS' REPORT

Your directors present their report on the consolidated company for the financial year ended 30 June, 2010.

DIRECTORS

The names of the directors in office at any time during, or since the end of the year are:

Mr Geoffrey John Cox
Mr Andrew Douglas Cox
Mrs Gail Marie Mullins

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The company secretaries are Geoffrey Cox and Andrew Cox.

DIRECTORS INFORMATION

Mr Geoffrey John Cox

Position: Managing Director

Responsibilities: Geoffrey Cox has been in the business of property development in NSW for over 30 years. He was appointed as a Director of Crighton Properties Pty Limited on 29th June 1978. Mr Cox is employed by Crighton Properties Pty Limited and holds the position of Managing Director.

Mr Andrew Douglas Cox

Position: Marketing Director

Responsibilities: Andrew Cox was appointed as a Director of Crighton Properties Pty Limited on 15th June 1987. Mr Cox is employed by Crighton Properties Pty Limited and holds the position of Marketing Director and is also involved in the general management of the group.

Mrs Gail Marie Mullins

Position: Chief Executive Officer of Tea Gardens Grange and the Hermitage Retirement Villages

Responsibilities: Gail Mullins was appointed as a Director of Crighton Properties Pty Limited on 8th July 2003. Mrs Mullins is employed by Crighton Lifestyle Resorts Real Estate Pty Limited and holds the position of Chief Executive Officer of Tea Gardens Grange and the Hermitage Retirement Villages.

OPERATING RESULTS

The loss of the company for the financial year after providing for income tax amounted to \$4,498,975 (2009 : \$12,495,259 loss).

Crighton Properties Pty Ltd is the parent company of a number of subsidiaries which are collectively know as the 'Crighton Group' or 'Crighton'.

VISION

Crighton's vision is to:

1. Become the market leader in Australia in the provision of spacious low density Lifestyle Resorts, featuring quality built, single storey free standing homes located in a garden setting.
2. Continue to develop exceptional 'community titled' residential estates, featuring a range of community owned facilities designed to appeal to a wide range of buyers - the majority of whom would prefer to be engaged in full or part time work in close proximity to their preferred leisure, sporting and recreational pursuits.

CRIGHTON PROPERTIES PTY LTD
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DIRECTORS' REPORT

MISSION

Crighton's mission is to:

1. Build a chain of its sought after Lifestyle Resorts, in selected 'sea' and 'tree' change locations in NSW, pitched to attract 'Lifestyle Seekers' - the 60 to 75 year olds, who are too busy enjoying life to 'retire'.
2. Seek out opportunities to co-locate exceptional community titled residential estates and/or boutique residential precincts, in close proximity to selected Crighton Lifestyle Resorts, to take advantage of the synergies available in combining the building and marketing of its housing products.

OBJECTIVES

Crighton's objectives this financial year are to:

1. Dispose of two of its larger residential estates, West Byron Bay (420 lots) and Riverside (840 lots) to reduce its corporate debt, and to free-up capital to enable the Group to more easily fund two new Lifestyle Resorts, one in Bathurst, the other in Mudgee.
2. Attract an investor to acquire either a 50% share in Crighton's two operating retirement villages - Tea Gardens Grange and The Hermitage, or to acquire a 100% interest on one village, with Crighton continuing to operate that village, and;
3. Continue to market new and pre-loved homes in the company's established Lifestyle Resorts, under the Crighton Lifestyle Resort Banner, and to expand the company's residential development business, as opportunities arise.

STRATEGIES

Crighton's strategies are:

1. To build up a team of highly qualified staff to work together in a vertically integrated company structure. The team would have expertise in acquisition, planning, building, sales, marketing, legal services, finance and management enabling Crighton to build a 'Great Company', a company well positioned to take advantage of the huge backlog in housing supply here in NSW.
2. To ensure the Crighton team works together to identify new market opportunities in selected sea and tree change locations here in NSW.
3. Become a leader in innovative marketing strategies using online platforms, such as social media, web video and interactive websites.

KEY PERFORMANCE INDICATORS (KPIs)

Crighton's KPIs are embodied in the philosophy the group has always placed ahead of all other indicators - the delivery of exceptional customer service, a philosophy which goes way beyond simply creating satisfied customers. Crighton's benchmark is to create 'raving fans' - advocates who in turn direct a never ending stream of referrals to the Company's acquisition and sales teams.

PERFORMANCE

The measurement of the company's performance will be judged on the achievement of the Group in meeting its acquisition, planning, building, sales and marketing targets - goals not able to be achieved unless the whole of the team acts to support one another in meeting their collective objectives.

CRIGHTON PROPERTIES PTY LTD
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DIRECTORS' REPORT

FUTURE DEVELOPMENTS

This year the company is determined to explore and excel in a number of innovative fields, including:

1. The importation of manufactured home components to lower building costs in its home building division, Crighton Building Company.
2. The design and development approval, of an innovative manufactured home estate in the Group's, Myall River Downs Estate in Tea Gardens.
3. The commencement of Australia's first Home Based Business Park, in Kings Avenue, Terrigal.
4. The design and development approval of a Home Based Industrial Estate in the company's Myall River Downs Estate in Tea Gardens.
5. The design of the next generation of homes for the Group's Lifestyle Resort occupants, who have already flagged their desire to retain the option of working from home (full or part time). The company plans to incorporate semi-detached dual purpose, self contained offices into many of its home models, to facilitate alternative uses e.g. hobbies, studies, visiting guests as well as a dedicated self contained small business office.

SUMMARY

With four of the Group's major land holdings, all now very close to being granted approval for higher and better urban uses, the company is resolved to carefully plan its future, utilising the benefit of funds generated from the sale of two of these major projects, ('Breakers' at West Byron Bay and 'Riverside' at Tea Gardens).

To this end, the company's goal is to reduce the company's exposure to debt to less than 20% of the company's assets by the end of the financial 2010-2011 year.

SIGNIFICANT CHANGES IN THE YEAR

Other than described above, no significant changes in the company's state of affairs occurred during the financial year.

PRINCIPAL ACTIVITIES

The principal activities of the company during the financial year were Property Development and the operation of a retirement village.

Other than described above, no significant change in the nature of these activities occurred during the year.

AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

DIVIDENDS

No dividends were paid during the year and no recommendation is made as to the dividends.

**CRIGHTON PROPERTIES PTY LTD
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DIRECTORS' REPORT

INDEMNIFYING OFFICER OR AUDITOR

During the year, the company effected a directors and officer's liability policy. The insurance policy provides cover for the directors named in this report, the company secretary, officers and former directors and officers of the company.

This policy prohibits the disclosure of the nature of the indemnification and the insurance cover, and the amount of the premium.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the company.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

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

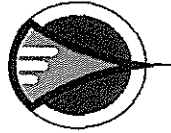
Director:


Mr Geoffrey John Cox

Director:


Mr Andrew Douglas Cox

Dated this 1st day of November 2010



Unit 1,
1 Pioneer Avenue
PO Box 3399
Tuggerah NSW 2259

BISHOP COLLINS
CHARTERED ACCOUNTANTS
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**AUDITORS' INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
CRIGHTON PROPERTIES PTY LTD**

We hereby declare, that to the best of our knowledge and belief, during the year ended 30 June, 2010 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm: Bishop Collins
Chartered Accountants

Name of Partner:


David McClelland

**Auditor's Registration
No.**

320260

Address:

Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259

Dated this 1st day of November 2010



**CRIGHTON PROPERTIES PTY LTD
AND CONTROLLED ENTITIES
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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
Revenue	2	11,544,778	7,509,862	2,516,819	4,739,773
Movement in fair value of investment property and villas	2	(1,002,204)	(7,561,492)	(3,434,726)	(8,639,991)
Other income	2	330,048	1,467	25,715	3,818
		<u>10,872,622</u>	<u>(50,163)</u>	<u>(892,192)</u>	<u>(3,896,400)</u>
Cost of goods sold		(4,931,243)	(3,219,969)	(2,348,911)	(3,177,002)
Advertising expenses		(181,123)	(546,826)	(112,512)	(197,906)
Auditors' remuneration	3	(77,702)	(76,002)	(36,304)	(34,072)
Bank charges		(553,973)	(430,922)	(191,557)	(111,513)
Commissions paid		(157,121)	(201,835)	(132,148)	(122,119)
Computer expenses		(89,103)	(88,593)	(85,564)	(88,151)
Consultancy fees		(628,592)	(246,695)	(595,752)	(216,702)
Depreciation and amortisation expenses		(1,152,980)	(1,194,997)	(139,609)	(208,913)
Employee benefits expenses		(2,294,272)	(2,499,412)	(1,398,514)	(1,734,783)
Finance charges	4	(34,306)	(58,459)	(22,692)	(39,437)
Finance costs	4	(18,368)	(8,062)	(1,411)	-
Fringe benefits tax		(51,915)	(91,186)	(51,915)	(91,186)
Hire of plant and equipment		(88,344)	(147,397)	(27,030)	(66,666)
Insurance		(84,847)	(209,819)	(29,492)	(61,018)
Interest expense	4	(4,957,343)	(3,197,122)	(3,269,540)	(976,346)
Lease expenses		-	(2,132)	-	(2,132)
Legal costs		(62,995)	(100,117)	(13,290)	(24,876)
Loss on sale of non-current assets		(116,965)	(210,243)	(87,483)	(191,497)
Motor vehicle expenses		(179,665)	(211,355)	(142,073)	(179,286)
Office expenses		(37,145)	(111,898)	(18,836)	(50,041)
Payroll tax		(120,454)	(145,383)	(55,485)	(92,208)
Provision for loan deficiency		97,964	(10,162)	(152,372)	(334,651)
Rates and taxes		(497,622)	(442,221)	(395,394)	(398,628)
Repairs and maintenance		(412,860)	(366,527)	(85,106)	(195,327)
Settlement discounts		(31,603)	(372,436)	(10,100)	(372,436)
WIP written off		(39,439)	(2,912,610)	(4,188)	(2,912,610)
Other expenses		(588,877)	(689,284)	(412,976)	(363,396)
Loss before income tax		<u>(6,418,271)</u>	<u>(17,841,827)</u>	<u>(10,712,446)</u>	<u>(16,139,302)</u>
Tax (expense)/ income	5	1,919,296	5,346,569	3,207,513	4,835,904
Loss attributable to members		<u>(4,498,975)</u>	<u>(12,495,258)</u>	<u>(7,504,933)</u>	<u>(11,303,398)</u>

The accompanying notes form part of these financial statements.

**CRIGHTON PROPERTIES PTY LTD
AND CONTROLLED ENTITIES
ABN 16 000 830 875**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	Group 2010	Group 2009	Parent 2010	Parent 2009	
Note	\$	\$	\$	\$	
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	1,331,788	1,657,749	337,763	750,551
Trade and other receivables	8	2,912,982	324,416	64,940	69,997
Investment property	13	48,022,698	28,379,697	30,187,752	6,178,952
Inventories	9	22,007	50,858	-	-
Other current assets	10	389,989	378,899	192,507	148,725
TOTAL CURRENT ASSETS		<u>52,679,464</u>	<u>30,791,619</u>	<u>30,782,962</u>	<u>7,148,225</u>
NON-CURRENT ASSETS					
Trade and other receivables	8	381,133	649,994	20,267,605	20,277,468
Financial assets	11	500	500	19,014,145	19,014,147
Property, plant and equipment	12	14,777,939	14,891,282	556,545	762,345
Investment property	13	136,037,718	160,106,901	11,441,051	41,420,445
Intangible assets	14	7,914	8,984	-	-
Tax assets	15	9,357,867	10,581,239	5,186,930	3,321,163
Other non-current assets	10	21,293,771	15,530,172	43,369	74,837
TOTAL NON-CURRENT ASSETS		<u>181,856,842</u>	<u>201,769,072</u>	<u>56,509,645</u>	<u>84,870,405</u>
TOTAL ASSETS		<u>234,536,306</u>	<u>232,560,691</u>	<u>87,292,607</u>	<u>92,018,630</u>
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	16	2,977,016	1,882,212	2,330,975	367,567
Financial liabilities	17	44,860,293	43,314,121	15,847,508	15,520,666
Provisions	18	378,259	393,695	273,103	272,515
TOTAL CURRENT LIABILITIES		<u>48,215,568</u>	<u>45,590,028</u>	<u>18,451,586</u>	<u>16,160,748</u>
NON-CURRENT LIABILITIES					
Trade and other payables	16	226,823	132,184	20,247,459	18,026,078
Financial liabilities	17	86,390,907	78,920,905	111,561	59,324
Provisions	18	100,229	70,245	45,936	42,488
Tax liabilities	15	18,616,275	21,758,943	7,974,383	9,316,129
Other non-current liabilities	19	4,365,237	4,968,144	2,658,128	3,105,376
TOTAL NON-CURRENT LIABILITIES		<u>109,699,471</u>	<u>105,850,421</u>	<u>31,037,467</u>	<u>30,549,395</u>
TOTAL LIABILITIES		<u>157,915,039</u>	<u>151,440,449</u>	<u>49,489,053</u>	<u>46,710,143</u>
NET ASSETS		<u>76,621,267</u>	<u>81,120,242</u>	<u>37,803,554</u>	<u>45,308,487</u>

The accompanying notes form part of these financial statements.

**CRIGHTON PROPERTIES PTY LTD
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**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	Group 2010	Group 2009	Parent 2010	Parent 2009	
Note	\$	\$	\$	\$	
EQUITY					
Share capital	20	76,014	20,798,652	76,004	20,798,642
Reserves	21	20,776,264	53,626	20,722,638	-
Retained earnings	22	55,768,989	60,267,964	17,004,912	24,509,845
TOTAL EQUITY		<u>76,621,267</u>	<u>81,120,242</u>	<u>37,803,554</u>	<u>45,308,487</u>

The accompanying notes form part of these financial statements.

**CRIGHTON PROPERTIES PTY LTD
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Retained earnings \$	Capital Redemption Reserve \$	Capital Profits Reserve \$	Share Premium Reserve \$	Total \$
<u>Consolidated Group</u>						
Balance at 1 July 2008		72,854,831	(317,358)	370,984	-	72,908,457
Loss attributable to equity shareholders		(12,495,258)				(12,495,258)
Sub-total		60,359,573	(317,358)	370,984	-	60,413,199
Dividends paid or provided for	6	(91,609)				(91,609)
Balance at 30 June 2009		60,267,964	(317,358)	370,984	-	60,321,590
Loss attributable to equity shareholders		(4,498,975)				(4,498,975)
Premium on issue of shares	21				20,722,638	20,722,638
Balance at 30 June 2010		<u>55,768,989</u>	<u>(317,358)</u>	<u>370,984</u>	<u>20,722,638</u>	<u>76,545,253</u>
Share Capital	20					<u>76,014</u>
<u>Parent Entity</u>						
Balance at 1 July 2008		35,904,852				35,904,852
Loss attributable to equity shareholders		(11,303,398)				(11,303,398)
Sub-total		24,601,454	-	-	-	24,601,454
Dividends paid or provided for	6	(91,609)				(91,609)
Balance at 30 June 2009		24,509,845	-	-	-	24,509,845
Loss attributable to equity shareholders		(7,504,933)				(7,504,933)
Premium on issue of shares	21				20,722,638	20,722,638
Balance at 30 June 2010		<u>17,004,912</u>	<u>-</u>	<u>-</u>	<u>20,722,638</u>	<u>37,727,550</u>
Share Capital	20					<u>76,004</u>

The accompanying notes form part of these financial statements.

**CRIGHTON PROPERTIES PTY LTD
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010**

	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	12,186,054	5,695,983	2,488,738	4,671,189
Payments to suppliers and employees	(12,989,293)	(6,778,472)	(3,571,879)	(4,463,809)
Interest received	70,884	94,916	30,188	76,730
Income tax (paid)/received	-	29,436	-	-
Interest paid	(4,957,343)	(2,839,361)	(1,659,764)	(976,346)
Net cash used in operating activities	(5,689,698)	(3,797,498)	(2,712,717)	(692,236)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment	-	13,072	205,079	5,072
Proceeds from sale of investments	-	6,879,348	318,396	550,909
Payments for property, plant and equipment	-	(60,985)	(104,032)	(4,298)
Payments for investments	(5,318,847)	(5,080,371)	(655,678)	(2,405,930)
Net cash provided by (used in) investing activities	(5,318,847)	1,751,064	(236,235)	(1,854,247)

The accompanying notes form part of these financial statements.

**CRIGHTON PROPERTIES PTY LTD
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010**

	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings - banks	1,335,594	8,692,546	478,714	5,922,943
Repayment of borrowings - banks	-	(9,784,809)	-	(2,161,160)
Dividends paid	-	(91,609)	-	(91,609)
Proceeds from borrowings - related parties	113,180	1,769,325	2,157,004	-
Repayment of borrowings - related parties	-	(1,169,337)	-	(522,325)
Proceeds from borrowings - resident loans	9,363,869	5,591,239	-	-
Repayment of borrowings - resident loans	-	(2,058,599)	-	-
Dividends received	-	72	80	72
Payments of finance leases	(130,056)	(335,281)	(99,635)	(200,074)
Net cash provided by financing activities	10,682,587	2,613,547	2,536,163	2,947,847
Net increase (decrease) in cash held	(325,959)	567,113	(412,789)	401,364
Cash at beginning of financial year	1,657,749	909,545	750,551	349,187
Cash at beginning of the year - from Myall River Downs Pty Ltd group	-	181,091	-	-
Cash at end of financial year	<u>1,331,790</u>	<u>1,657,749</u>	<u>337,762</u>	<u>750,551</u>

The accompanying notes form part of these financial statements.

**CRIGHTON PROPERTIES PTY LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

1 Statement of Significant Accounting Policies

This financial report includes the consolidated financial statements and notes of Crighton Properties Pty Limited and Controlled Entities (consolidated entity or group) and the separate financial statements and notes of Crighton Properties Pty Limited as an individual parent entity (parent entity). Crighton Properties Pty Limited and Controlled Entities are companies limited by shares, incorporated and domiciled in Australia. Crighton Properties Pty Limited is listed on the Bermuda Stock Exchange.

Reporting basis and conventions

The directors have prepared the financial statements on the basis that the company is a non reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the needs of members.

The financial report has been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The material accounting policies that have been adopted in the preparation of this report are as follows:

Principles of Consolidation

A controlled entity is any entity over which Crighton Properties Pty Ltd has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect the holdings of actual and potential voting rights are considered.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Control of Myall River Downs Pty Ltd was obtained on 1 July 2008, being acquisition date.

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Accounting Policies

Going Concern

The financial report has been prepared on the going concern basis which defines the entity as:

- (a) being able to pay its debts as and when they fall due; and
- (b) being able to continue in operation without any intention or necessity to liquidate or otherwise wind up its operations.

Income Tax

The tax expense/(income) for the year comprises current tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax assets and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Inventories

In respect to livestock, cost is calculated on the average cost basis used for income tax purposes.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	10 - 40%
Motor Vehicles	18.5 - 22.5%
Office Equipment	10 - 40%
Furniture & Fittings	10 - 40%
Leased Vehicles & Equipment	25%

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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Investment Property

The retirement village and villas include land and/or buildings that earn income. All tenant leases were made on an arm's length basis. These investment properties are carried at fair value based on independent or director's valuation.

All other investment properties are held for capital appreciation. They are valued annually by independent valuers or directors and carried at fair value. Changes in fair value are recorded in the income statement.

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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Employee Benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at its current value.

Superannuation

Contributions are made by the group to an employee superannuation fund and are charged as expenses when incurred. The group has no legal obligation to provide benefits to employees on retirement.

Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

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Revenue and Other Income

Revenue from the sale of properties is recognised at completion of the sales contract as this corresponds to the transfer of significant risks and rewards of ownership of the properties and cessation of all involvement in those properties.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is recognised on an accruals basis.

All revenue is stated net of the amount of goods and services tax (GST).

Self Care Villas, Redemption and Rollover

Self care residents who enter the villages during the financial year as a result of the redemption of a previous resident, enter on the basis of a 99 year lease, with an interest free loan granted by the incoming resident. When the resident leaves the village, there is a deferred management fee (the departure fee) and a shared capital gain calculated.

Resident Loans and Capital Gain Payable to Resident

Resident loans are measured at face value, representing the principal amount. Resident loans are non-interest bearing and repayable upon departure.

Resident capital gains represent the residents' share of capital gains (as set out in the lease agreements) on the leased villas that have accrued at balance sheet date and are payable to residents on their departure. The capital gain on the villas is calculated on the difference between the current value of the villas, as determined by the directors and the original lease value of the villas.

Departure Fees

Departure fees become payable by residents when they depart the village. The amount payable by the departing resident is calculated based upon a long term lease agreement with respect to the relevant villas. The departure fee is calculated with reference to the re-lease value of the relevant villas and the length of residency of each departing resident.

Departure fees that have accrued but are not payable as at the balance sheet date are recognised as non-current assets in the balance sheet. The accrual amount is calculated by forecasting when each resident is expected to depart the village, by reference to the anticipated average length of occupancy of each resident, and the amount of departure fees that would be payable at that time, based on directors assessment of current and historical evidence of values and transactions in an open market. These forecast amounts are then discounted to determine a net present value of future departure fees as at the balance sheet date.

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Borrowing Costs

Borrowing costs in the form of bank and legal fees associated with an application for finance are capitalised and amortised over five years.

All other fees and interest charges are charged to the income statement as incurred.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Comparative Figures

Unless noted otherwise, when required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

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Key estimates - Independent Property Valuation

The group periodically revalues property held based on independent external valuations and directors' reliance on them, or directors' valuations. These valuations assume a market for the property which will remain consistent with recent sales and does not take account of any future trends within the property market. When a retirement village villa is constructed a pro rata allocation of the revalued amount applicable to the retirement village operations is allocated to the villa and included in villas at valuation.

The directors confirm that the fair value of Crighton Byron Pty Limited's land, on the eastern side of Melaleuca Drive - Lot 1 in DP542178, Lot 9 in DP111821 and Lots 227 & 229 in DP755695 to be \$12,000,000. The fair value is underpinned by:

The finalisation of the NSW Government's Coastal Planning Guideline: Adapting to Sea Level Rise, which now allows engineering solutions and the filling of land that may, by the year 2010, otherwise be subject to an increased threat from rising sea level; and

The identification of all of the constraints likely to inhibit development on the site, which has enabled a draft Structure Plan (zoning plan) to be developed (by independent planning group, Deicke Richards on the Gold Coast). This plan indicated a development footprint of 28.8 ha of land is likely to be available for development over Crighton Byron Pty Limited's entire landholding.

The directors believe the land will be capable of supporting (as a minimum) 423 residential equivalent homesites (28.28 ha x 15 dwellings per ha).

As at balance date investment property, GST payable and deferred tax liability disclosed in the financial statements rely on, or are calculated from, the amounts disclosed on the independent/directors valuations of the properties held by the group.

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**NOTES TO THE FINANCIAL STATEMENTS
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Key judgements - Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The fair value of the investments is considered to be represented by the net assets of the entity. Value-in-use calculations have not been performed since future cash flows are uncertain.

Key judgements - Classification of Properties

The directors are of the opinion that properties held by the group are held for the purpose of obtaining deferred management fee and/or other income or capital appreciation and are therefore classified as investment properties in accordance with AASB 140 Investment Property.

Key judgements - Uncertainty Regarding Continuity of Bank Finance

The company and the majority of the group's external loan funding is due for renewal within 12 months. Discussions with financiers is ongoing and the continuance of funding has been indicated to the company and the group. However, since the year end Myall River Downs Pty Limited and Crighton Byron Pty Limited are no longer in accordance with their loan to valuation covenants and therefore are in breach of their funding agreements with respect to their financiers. Acknowledging this, the company and group have alternative plans in place to rationalise operations on the assumption that ongoing funding may not be available. These plans include the active marketing of non-core assets and the appointment of an agency to actively seek a joint venture partner for the group's current and future retirement village projects. These actions, if achieved, could reasonably be expected to rectify the breach of financial covenants with the group's financiers.

Key judgements - GST Adjustments

Subsequent to the year end, the Australian Taxation Office (ATO) has notified Crighton Properties Pty Ltd of an audit of the input tax credits claimed for the tax period ending 30 June 2009 and 30 June 2010 and Myall River Downs Pty Limited of an audit of the real property transactions for the tax period 1 October 2006 to 31 December 2006. GST input tax credits have been claimed by the group based on advice received from consultants.

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	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
2 Revenue				
Operating activities				
Sales	4,139,682	4,599,374	2,473,409	4,599,374
Increase/(decrease) residents departure fee due on redemption	6,738,291	142,712	-	-
Dividends received	80	72	80	72
Interest received	80,367	94,916	30,188	76,730
Maintenance levies received	1,335	(3,689)	-	-
Rent received	20,072	279,384	7,020	9,412
Home Marketing Fees	116,970	39,569	-	-
Recoveries	5,728	8,892	5,106	7,891
Other Revenue	61,886	88,033	1,018	46,294
Service Income	297,386	44,797	-	-
Outgoings Received	-	51,117	(2)	-
Increase/(Decrease) in Residents Capital Gain Payable	82,981	2,164,685	-	-
Total revenue	<u>11,544,778</u>	<u>7,509,862</u>	<u>2,516,819</u>	<u>4,739,773</u>
Movement in fair value of investment property and villas				
Movement in Fair Value of Villas	7,979,659	(5,347,810)	-	-
Movement in Fair Value of Investment Properties	(8,981,863)	(2,213,682)	(3,434,726)	(6,622,538)
Movement in Fair Value of Investments in Subsidiaries	-	-	-	(2,017,453)
Total	<u>(1,002,204)</u>	<u>(7,561,492)</u>	<u>(3,434,726)</u>	<u>(8,639,991)</u>
Non-operating activities				
Profit on Sale of Cattle	37,067	35,755	-	-
Capital Gain / (Loss)	267,266	(38,106)	-	-
Profit on Sale of Non-current Assets	25,715	3,818	25,715	3,818
Other income	<u>330,048</u>	<u>1,467</u>	<u>25,715</u>	<u>3,818</u>

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	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
Dividend revenue from:				
Dividends Received				
Divdends Received - NRMA	80	72	80	72
Total dividend revenue	<u>80</u>	<u>72</u>	<u>80</u>	<u>72</u>
Interest revenue from:				
Interest Received	80,367	94,916	30,188	76,730
Total interest revenue	<u>80,367</u>	<u>94,916</u>	<u>30,188</u>	<u>76,730</u>
3	Auditors' Remuneration			
Auditor's Remuneration				
Audit Services	21,630	20,827	10,000	9,677
Accounting Services	56,072	55,175	26,304	24,395
	<u>77,702</u>	<u>76,002</u>	<u>36,304</u>	<u>34,072</u>
4	Loss			
Expenses				
Cost of sales	4,931,243	3,219,969	2,348,911	3,177,002
Borrowing Costs	18,368	8,062	1,411	-
Finance Charges	34,306	58,459	22,692	39,437
Interest Expense	4,957,343	3,197,122	3,269,540	976,346
Total finance costs	<u>5,010,017</u>	<u>3,263,643</u>	<u>3,293,643</u>	<u>1,015,783</u>
Depreciation of property, plant and equipment	294,322	395,512	104,522	167,887
Leasing Charges				
Leasing Charges	-	2,132	-	2,132
	<u>-</u>	<u>2,132</u>	<u>-</u>	<u>2,132</u>
Research and development costs	20,700	24,000	24,000	24,000
Revenues and Net Gains				
Loss on Sale of Non-current Assets	(116,965)	(210,243)	(87,483)	(191,497)

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	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
5 Income Tax Expense				
The components of tax expense comprise:				
Deferred Tax (Income)	(1,919,296)	(5,346,569)	(3,207,513)	(4,835,904)
The prima facie tax payable on loss before income tax is reconciled to the income tax expense as follows:				
Prima facie tax payable on loss before income tax at 30% (2009: 30%):	(1,925,481)	(5,352,488)	(3,213,734)	(4,841,791)
Add:				
Tax effect of:				
Insurance not allowable	5,057	4,801	5,057	4,801
Entertainment	1,109	1,074	1,145	1,042
Fines & Penalties	20	44	20	44
	(1,919,296)	(5,346,569)	(3,207,513)	(4,835,904)
Income tax expense attributable to company	(1,919,296)	(5,346,569)	(3,207,513)	(4,835,904)
6 Dividends				
Dividend Paid	-	91,609	-	91,609
7 Cash and Cash Equivalents				
Current				
Cash on Hand	5,920	5,922	3,500	3,500
Cash at Bank	1,325,868	1,651,827	334,263	747,051
	1,331,788	1,657,749	337,763	750,551

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	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
Reconciliation of cash				
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:				
Cash and cash equivalents	1,331,788	1,657,749	337,762	750,551
	1,331,788	1,657,749	337,762	750,551

**8 Trade and Other
Receivables**

Current				
Sundry Debtors	68,688	261,443	64,299	58,341
Trade Debtors	18,516	44,265	641	360
Input Tax Credits	3,111,482	93,038	-	71,586
GST Payable	(295,187)	(74,330)	-	(60,290)
Interest Receivable	9,483	-	-	-
	2,912,982	324,416	64,940	69,997

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	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
Non-Current				
Loans to Shareholders	38,339	388,349	38,339	388,349
Loans to Other Persons	6,203	4,479	6,203	4,479
Loans - Related Parties				
Cox Settlement Trust	88,155	139,526	88,155	139,526
Crighton Real Estate	606,779	717,555	606,779	717,555
Concept Care	-	-	1,053,626	811,061
Myall Quays Shopping	-	-	1,064	1,064
Myall Quays Unit Trust	-	-	1,824,543	1,818,647
GSN Cox	3,580	3,580	3,580	3,580
Matista	-	2,530	-	2,530
The Hermitage	-	-	12,254,227	13,858,923
Crighton Lifestyle Resorts Real Estate	-	-	1,255,348	1,010,527
Crighton Health	3,009	3,009	3,009	3,009
Medicent	2,110	2,310	2,110	2,310
Myall Medical M Trust	67,986	67,786	67,986	67,786
Red Gum Resorts	-	-	2,941,016	2,752,475
East Coast Senior Care	-	-	-	49,500
Crighton Lifestle Resort	-	-	3,676	2,764
Tallowood Lifestyle Resort	-	-	2,589,358	1,524,890
Woodstock at Jamberoo	-	-	3,676	2,764
Crighton Bowral Pty Ltd	-	-	414,088	203,343
Myall Developments Trust	32,685	13,712	32,685	13,712
Crighton Bathurst	-	-	152,289	284,619
The Hermitage Management Pty Ltd	201,768	76,249	201,768	76,249
Crighton Mudgee Pty Ltd	-	-	303,658	133,880
Myall Downs Angus Stud Pty Ltd	-	-	168,762	1,540
Myall Property Management	432	-	432	-
The Hermitage Bathurst Management	1,214	-	1,214	-
	<u>1,007,718</u>	<u>1,026,257</u>	<u>23,973,049</u>	<u>23,482,254</u>
Less Provision for Non Recovery	(671,127)	(769,091)	(3,749,986)	(3,597,614)
	<u>381,133</u>	<u>649,994</u>	<u>20,267,605</u>	<u>20,277,468</u>

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	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
9 Inventories				
Current				
Stock on Hand - Cattle	22,007	50,858	-	-
10 Other Assets				
Current				
Security Bonds	93,652	205,802	31,722	117,422
Prepayments	183,429	60,189	130,764	2,731
Prepaid Borrowing Expenses	112,908	112,908	30,021	28,572
	<u>389,989</u>	<u>378,899</u>	<u>192,507</u>	<u>148,725</u>
Non-Current				
Departure Fee Due on Redemption	21,217,517	15,352,959	-	-
Prepaid Borrowing Costs	440,882	451,632	120,083	127,288
Less Amortisation	(364,628)	(274,419)	(76,714)	(52,451)
	<u>21,293,771</u>	<u>15,530,172</u>	<u>43,369</u>	<u>74,837</u>
11 Financial Assets				
Non-Current				
Shares in Listed Companies	500	500	500	500
Shares in Subsidiaries	-	-	19,013,535	19,013,537
Units in Subsidiary Unit Trusts	-	-	110	110
	<u>500</u>	<u>500</u>	<u>19,014,145</u>	<u>19,014,147</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
12 Property, Plant and Equipment				
LAND AND BUILDINGS				
Land at:				
Cost	9,942,351	9,432,191	-	-
	<u>9,942,351</u>	<u>9,432,191</u>	<u>-</u>	<u>-</u>
Buildings at:				
Cost	3,983,353	4,300,775	-	-
Less accumulated depreciation	(404,930)	(345,959)	-	-
	<u>3,578,423</u>	<u>3,954,816</u>	<u>-</u>	<u>-</u>
Total Land and Buildings	<u>13,520,774</u>	<u>13,387,007</u>	<u>-</u>	<u>-</u>
PLANT AND EQUIPMENT				
Plant and Equipment:				
At cost	3,376,871	3,587,037	1,628,000	1,934,183
Accumulated depreciation	(2,131,757)	(2,110,905)	(1,071,455)	(1,176,905)
	<u>1,245,114</u>	<u>1,476,132</u>	<u>556,545</u>	<u>757,278</u>
Leased Plant and Equipment				
Capitalised leased assets	446,863	521,968	363,638	438,743
Accumulated depreciation	(434,812)	(493,825)	(363,638)	(433,676)
	<u>12,051</u>	<u>28,143</u>	<u>-</u>	<u>5,067</u>
Total Plant and Equipment	<u>1,257,165</u>	<u>1,504,275</u>	<u>556,545</u>	<u>762,345</u>
Total Property, Plant and Equipment	<u>14,777,939</u>	<u>14,891,282</u>	<u>556,545</u>	<u>762,345</u>

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	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
13 Investment Property				
Current				
Display Home/Office	-	385,000	-	385,000
Land Held for Resale				
Sub Divided Land	4,257,173	3,059,995	3,532,173	2,116,650
Englobo Land	43,765,525	24,934,702	26,655,579	3,677,302
Balance at end of year	<u>48,022,698</u>	<u>28,379,697</u>	<u>30,187,752</u>	<u>6,178,952</u>
Non-Current				
Retirement Village Homes				
Retirement Village Homes at Directors Valuation	89,145,133	80,284,100	-	-
Unoccupied Homes				
Unoccupied Homes at Directors Valuation	1,594,500	2,681,000	-	-
Development Costs - Retirement Village at Cost	-	-	-	-
Development Costs - Retirement Village at Cost	2,506,880	2,868,059	-	-
Less Amortisation	(213,633)	(148,296)	-	-
Work in Progress - RV Homes Stage 4A	217,248	442,033	-	-
	<u>2,510,495</u>	<u>3,161,796</u>	-	-
Investment Property				
Sub Divided Land	-	3,250,000	-	3,250,000
Englobo Land	41,175,000	70,083,755	11,000,000	38,128,355
Work in Progress	1,612,590	646,250	441,051	42,090
	<u>42,787,590</u>	<u>73,980,005</u>	<u>11,441,051</u>	<u>41,420,445</u>
Balance at end of year	<u>136,037,718</u>	<u>160,106,901</u>	<u>11,441,051</u>	<u>41,420,445</u>
Investment Property Valuation				
Directors Valuation	127,479,633	119,774,255	24,740,000	1,135,000
Independent	50,286,944	61,980,554	14,536,944	43,558,154
Cost	6,293,839	6,731,789	2,351,859	2,906,243
Total	<u>184,060,416</u>	<u>188,486,598</u>	<u>41,628,803</u>	<u>47,599,397</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
14 Intangible Assets				
Formation Expenses	13,342	14,322	-	-
Less Accumulated Amortisation	(5,428)	(5,338)	-	-
Total	<u>7,914</u>	<u>8,984</u>	<u>-</u>	<u>-</u>
15 Tax				
Liabilities				
Non-current				
Deferred Tax Liability	<u>18,616,275</u>	<u>21,758,943</u>	<u>7,974,383</u>	<u>9,316,129</u>
Assets				
Deferred Tax Asset	<u>9,357,867</u>	<u>10,581,239</u>	<u>5,186,930</u>	<u>3,321,163</u>
16 Trade and Other Payables				
Current				
Interest Payable to related parties	1,687,545	-	1,687,545	-
Trade Creditors	522,730	402,212	120,219	183,403
Other Creditors	650,129	1,303,909	394,717	151,404
Deposits Held	116,612	176,091	116,612	32,760
Input Tax Credits	-	-	(78,724)	-
GST Payable	-	-	90,606	-
	<u>2,977,016</u>	<u>1,882,212</u>	<u>2,330,975</u>	<u>367,567</u>
Non-Current				
Loans - Related Parties				
Crighton Investments	87,634	87,894	87,634	87,894
Matista	76,723	-	76,723	-
Myall River Downs	-	-	8,487,474	7,984,517
Tea Gardens Grange	-	-	10,931,222	9,674,649
Crighton Building Co	-	-	601,940	234,728
Myall Medical P Trust	1,817	473	1,817	473
Tea Gardens Grange Management Pty Ltd	<u>60,649</u>	<u>43,817</u>	<u>60,649</u>	<u>43,817</u>
	<u>226,823</u>	<u>132,184</u>	<u>20,247,459</u>	<u>18,026,078</u>

**CRIGHTON PROPERTIES PTY LTD
AND CONTROLLED ENTITIES
ABN 16 000 830 875**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
17 Financial Liabilities				
Current				
Hire Purchase Liability	108,295	259,568	67,989	210,238
Less: Unexpired Charges	(20,817)	(24,735)	(13,388)	(15,221)
Lease Liability	-	11,456	-	11,456
Loans - Secured	44,772,815	43,067,832	15,792,907	15,314,193
	<u>44,860,293</u>	<u>43,314,121</u>	<u>15,847,508</u>	<u>15,520,666</u>
Non-Current				
Hire Purchase Liability	194,338	165,469	125,051	65,777
Less Unexpired Charges	(19,244)	(19,130)	(13,490)	(6,453)
Loans - Secured	3,024,531	4,577,764	-	-
Resident Loans	79,287,661	69,923,793	-	-
Residents Capital Gain Payable on Sale	3,903,621	4,273,009	-	-
	<u>86,390,907</u>	<u>78,920,905</u>	<u>111,561</u>	<u>59,324</u>
18 Provisions				
Provision for Holiday Pay	153,707	169,143	70,782	89,944
Provision for Long Service Leave - Current	224,552	224,552	202,321	182,571
Provision for Long Service Leave - Non-current	100,229	70,245	45,936	42,488
	<u>478,488</u>	<u>463,940</u>	<u>319,039</u>	<u>315,003</u>
Movements in carrying amounts of employee provisions:				
Balance at 1/07/2009	463,939	500,830	315,003	320,853
Charge for the year	137,125	85,614	87,115	70,968
Entitlements paid during the year	(122,576)	(122,505)	(83,079)	(76,818)
Balance at 30/06/2010	<u>478,488</u>	<u>463,939</u>	<u>319,039</u>	<u>315,003</u>
Total provisions	<u>478,488</u>	<u>463,940</u>	<u>319,039</u>	<u>315,003</u>
Analysis of Total Provisions				
Current	378,259	393,695	273,103	272,515
Non-current	100,229	70,245	45,936	42,488
	<u>478,488</u>	<u>463,940</u>	<u>319,039</u>	<u>315,003</u>

**CRIGHTON PROPERTIES PTY LTD
AND CONTROLLED ENTITIES
ABN 16 000 830 875**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
19 Other Liabilities				
Non Current				
Deferred GST Payable	4,365,237	4,968,144	2,658,128	3,105,376
20 Share Capital				
112,297 (2009: 100,000) A Class Shares of \$0.0001	11	10	11	10
75,993 (2009: 37,520) Ordinary Shares of \$1	75,993	37,520	75,993	37,520
Initial Sum	10	10	-	-
Allocated but unissued shares	-	20,761,112	-	20,761,112
	<u>76,014</u>	<u>20,798,652</u>	<u>76,004</u>	<u>20,798,642</u>

Control of Myall River Downs Pty Ltd was obtained on 1 July 2008, being acquisition date.

The agreement for the sale of shares allows for:

1. Payment in cash to a Vendor Shareholder; or
2. Issue of Class A shares, ordinary shares, or a combination of both shares in Crighton Properties Pty Ltd to a Vendor Shareholder; or
3. A combination of the abovementioned options.

The form of the consideration was elected by the vendor shareholders on 31st January, 2010 as Method 2. Until that time, the consideration was shown as "Allocated but unissued shares" above.

21 Reserves

Capital Profits Reserve

The capital profits reserve records non-taxable profits on sale of investments.

**CRIGHTON PROPERTIES PTY LTD
AND CONTROLLED ENTITIES
ABN 16 000 830 875**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
22 Retained Earnings				
Retained earnings at the beginning of the financial year	60,267,964	72,854,831	24,509,845	35,904,852
Net loss attributable to members of the company	(4,498,975)	(12,495,258)	(7,504,933)	(11,303,398)
Dividends provided for or paid	-	(91,609)	-	(91,609)
Retained earnings at the end of the financial year	<u>55,768,989</u>	<u>60,267,964</u>	<u>17,004,912</u>	<u>24,509,845</u>

Retained Earnings as at 1 July 2008 for the Consolidated Group has been adjusted to recognise the impact of prior year tax losses brought to account as deferred tax assets.

Closing Retained Earnings as at 30 June 2008	66,089,993
Adjustment for prior year tax losses	<u>6,764,938</u>
Opening Retained Earnings as at 1 July 2008	<u>72,854,831</u>

23 Capital and Leasing Commitments

Finance Lease Commitments

Payable - minimum lease payments				
Not later than 12 months	108,295	271,778	67,989	222,448
Between 12 months and five years	<u>194,338</u>	<u>165,469</u>	<u>125,051</u>	<u>29,592</u>
Minimum lease payments	302,633	437,247	193,040	252,040
Less future finance charges	<u>(40,061)</u>	<u>(44,620)</u>	<u>(26,878)</u>	<u>(22,429)</u>
Present value of minimum lease payments	<u>262,573</u>	<u>392,627</u>	<u>166,162</u>	<u>229,611</u>

**CRIGHTON PROPERTIES PTY LTD
AND CONTROLLED ENTITIES
ABN 16 000 830 875**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
24 Cash Flow Information				
Reconciliation of Cash Flow from Operations with Profit after Income Tax				
Loss after income tax	(4,498,975)	(12,495,258)	(7,504,933)	(11,303,398)
Non-cash flows in profit:				
Profit on sale of non-current assets	(25,715)	(3,818)	(25,715)	(3,818)
Loss on sale of non-current assets	116,965	210,243	87,483	191,497
Amortisation	858,658	799,486	35,087	41,026
Depreciation	294,322	395,512	104,522	167,887
Movement in fair value of villas	(6,570,631)	5,347,810	-	-
Movement in fair value of investments	8,981,863	2,213,682	3,434,726	8,639,991
Movement in residents capital gain payable	(369,388)	(2,164,685)	-	-
Movement in resident departure fees due on redemption	(5,864,558)	55,834	-	-
Provision for loan deficiency	(97,964)	10,162	152,372	334,651
Non-cash amounts in Cost of Sales	4,931,243	3,177,002	2,348,911	3,177,002
WIP written off	39,439	2,912,610	4,188	2,912,610
Capitalised Interest	-	357,761	-	-

**CRIGHTON PROPERTIES PTY LTD
AND CONTROLLED ENTITIES
ABN 16 000 830 875**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries				
(Increase) Decrease in current inventories	28,851	11,367	-	-
(Increase) Decrease in current receivables	(2,588,566)	(122,551)	16,939	(50,560)
(Increase) Decrease in prepayments	89,869	205,377	(36,576)	196,734
Increase (Decrease) in trade creditors	889,636	950,065	1,873,757	(180,079)
Increase (Decrease) in other creditors	-	25,864	-	31,998
Increase (Decrease) in provisions	14,548	(36,891)	4,036	(5,850)
(Increase)/Decrease in deferred tax asset	1,223,373	(3,078,121)	(1,865,767)	(2,745,274)
Increase/(Decrease) in deferred tax liability	(3,142,668)	(2,268,448)	(1,341,746)	(2,096,653)
Increase/(Decrease) in income tax payable	-	29,399	-	-
Less (Increase) Decrease in investments creditors	-	(351,293)	-	-
Less Increase (Decrease) in interest creditors	-	21,393	-	-
Net cash provided by (used in) operating activities	(5,689,698)	(3,797,498)	(2,712,717)	(692,236)

**CRIGHTON PROPERTIES PTY LTD
AND CONTROLLED ENTITIES
ABN 16 000 830 875**

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 34 present fairly the company's financial position as at 30 June, 2010 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

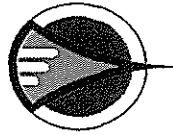
Director:

Mr Geoffrey John Cox

Director:

Mr Andrew Douglas Cox

Dated this 1st day of November 2010



Unit 1,
1 Pioneer Avenue
PO Box 3399
Tuggerah NSW 2259

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CRIGHTON PROPERTIES PTY LTD
AND CONTROLLED ENTITIES
ABN 16 000 830 875**

Report on the Financial Report

We have audited the accompanying financial report of Crighton Properties Pty Ltd and Controlled Entities which comprises the statement of financial position as at 30 June, 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. The directors' responsibility includes establishing and maintaining internal control 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.

Auditors' 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.

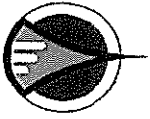
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditors consider 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. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Crighton Properties Pty Ltd and Controlled Entities on the date shown, would be in the same terms if provided to the directors as at the date of this auditors' report.





**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CRIGHTON PROPERTIES PTY LTD
AND CONTROLLED ENTITIES
ABN 16 000 830 875**

Qualified Auditors' Opinion

Part of the investment property held by Crighton Byron Pty Ltd is included in the group's financial statements at directors' valuation of \$12,000,000 with an associated deferred tax liability of \$42,884. However, Crighton Properties Pty Limited received an independent valuation dated 18 December 2009 for this property giving a market value for mortgage purposes of \$9,000,000. In our opinion, this investment property held by Crighton Byron Pty Ltd should be included at the independent valuation of \$9,000,000. This would reduce the group investment property by \$3,000,000, reduce the deferred tax liability by \$42,884 and create a deferred tax asset of \$857,116.

In our opinion, except for the information included in the preceding paragraph, the financial report for Crighton Properties Pty Ltd and Controlled Entities are in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- (b) the financial report presents fairly, in all material respects, the financial position of Crighton Properties Pty Ltd and Controlled Entities as of 30 June 2010, and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

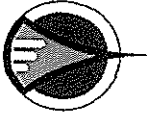
Emphasis of Matter

The financial report of Crighton Properties Pty Limited and controlled entities is a special purpose financial report prepared that has been prepared in accordance with the accounting policies described in Note 1 to the financial report.

Significant Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to note 17 in the financial report which indicates the company and the majority of the group's external loan funding is due for renewal within 12 months. Discussions with all financiers are ongoing and the continuance of funding has been indicated. The company and the group has alternative plans in place to rationalise operations should ongoing funding not be available. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's and the group's ability to continue as a going concern.





**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CRIGHTON PROPERTIES PTY LTD
AND CONTROLLED ENTITIES
ABN 16 000 830 875**

Name of Firm: Bishop Collins
Chartered Accountants

Name of Partner:

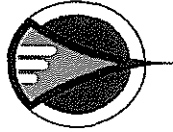


David McClelland

**Auditor's
Registration No.** 320260

Address: Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259

Dated this 1st day of November 2010



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**INDEPENDENT AUDITORS' DISCLAIMER
TO THE MEMBERS OF CRIGHTON PROPERTIES PTY LTD
AND CONTROLLED ENTITIES
ABN 16 000 830 875**

The additional financial data presented on the following pages is in accordance with the books and records of Crighton Properties Pty Ltd and Controlled Entities which have been subjected to auditing procedures applied in our statutory audit of the company and the group for the year ended 30 June, 2010. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly we do not express an opinion on such financial data and no warrant of accuracy or reliability is given.

In accordance with our firm policy, we advise that neither the firm, nor any employee of the firm undertakes responsibility arising in any way whatsoever to any person (other than the company) in respect of such data, including any errors or omissions therein, arising through negligence or otherwise however caused.

Name of Firm: Bishop Collins
Chartered Accountants

Name of Partner: 
David McClelland

**Auditor's Registration
No.** 320260

Address: Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259

Dated this 1st day of November 2010



**CRIGHTON PROPERTIES PTY LTD
AND CONTROLLED ENTITIES
ABN 16 000 830 875**

**PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
SALES				
Sales	4,139,682	4,599,374	2,473,409	4,599,374
LESS: COST OF GOODS SOLD				
Cost of Property Sales	4,931,243	3,219,969	2,348,911	3,177,002
WIP Written Off	39,439	2,912,610	4,188	2,912,610
	4,970,682	6,132,579	2,353,099	6,089,612
GROSS (LOSS) PROFIT FROM TRADING	(831,000)	(1,533,205)	120,310	(1,490,238)
OTHER INCOME				
Contract Extras	1,335	8	-	-
Maintenance Levies	-	(3,697)	-	-
Exit Fees	873,733	198,546	-	-
Home Marketing Fees	116,970	39,569	-	-
Dividends Received	80	72	80	72
Interest Received	80,367	94,916	30,188	76,730
Movement in Fair Value of Villas	7,979,659	(5,347,810)	-	-
Increase/(Decrease) Resident				
Departure Fee due on Redemption	5,864,558	(55,834)	-	-
Recoveries	5,728	8,892	5,106	7,891
Rents Received	20,072	279,384	7,020	9,412
Other Revenue	61,886	88,033	1,018	46,294
Profit on Sale of Cattle	37,067	35,755	-	-
Service Income	297,386	44,797	-	-
Outgoings Received	-	51,117	(2)	-
Increase/(Decrease) in Residents				
Capital Gain Payable	82,981	2,164,685	-	-
Capital Gain / (Loss)	267,266	(38,106)	-	-
Profit on Sale of Non-current Assets	25,715	3,818	25,715	3,818
Loss on Sale of Non-current Assets	(116,965)	(210,243)	(87,483)	(191,497)
Movement in Fair Value of Investment Properties	(8,981,863)	(2,213,682)	(3,434,726)	(6,622,538)
Movement in Fair Value of Investments in Subsidiaries	-	-	-	(2,017,453)
	6,615,975	(4,859,780)	(3,453,084)	(8,687,271)
	5,784,975	(6,392,985)	(3,332,774)	(10,177,509)

The accompanying notes form part of these financial statements.

**CRIGHTON PROPERTIES PTY LTD
AND CONTROLLED ENTITIES
ABN 16 000 830 875**

**PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
EXPENSES				
Advertising	181,123	546,826	112,512	197,906
Amortisation	858,658	799,485	35,087	41,026
Auditor's Remuneration	77,702	76,002	36,304	34,072
Bank Charges	553,973	430,922	191,557	111,513
Borrowing Costs	18,368	8,062	1,411	-
Capital Expenditure Written Off	3,141	21,717	-	3,545
Cleaning	25,987	70,589	5,039	13,483
Commission Paid	157,121	201,835	132,148	122,119
Computer Expenses	89,103	88,593	85,564	88,151
Consultancy Fees	628,592	246,695	595,752	216,702
Contract Work	11,320	10,115	7,278	943
Consumables & Replacements	7,106	2,852	-	-
Cattle expenses	24,440	22,307	-	77
Debt Forgiveness	-	-	53,042	-
Depreciation	294,322	395,512	104,522	167,887
Electricity	-	-	22,909	22,577
Entertainment Expenses	7,393	7,161	7,630	6,944
Filing Fees	9,543	4,428	212	212
Finance Charges	34,306	58,459	22,692	39,437
Fines & Penalties	-	81	65	146
Fringe Benefits Tax	51,915	91,186	51,915	91,186
General Expenses	823	7,412	90	5,571
Grounds Maintenance	(1,288)	1,068	-	-
Hire of Plant & Equipment	88,344	147,397	27,030	66,666
Insurance	102,704	225,823	47,349	77,022
Interest Expense	4,957,343	3,197,122	3,269,540	976,346
Leasing Charges	-	2,132	-	2,132
Legal Costs	62,995	100,117	13,290	24,876
Licensing Fees	409	3,628	151	594
Light & Power	31,191	47,172	-	-
Logging	7,809	-	-	-
Long Service & Annual Leave	14,549	(6,236)	4,035	(5,850)
Medical Supplies	1,403	1,708	-	-
Maintenance Levy Subsidy	70,447	70,741	-	-
Motor Vehicle Expenses	179,665	211,355	142,073	179,286
Newspapers	4,096	2,686	2,099	2,463
Office Expenses	17,929	22,577	15,169	14,154
Pasture Improvement	2,144	2,719	286	2,954
Payroll Tax	120,454	145,383	55,485	92,208
Pest Control	1,089	3,361	476	606
Printing & Stationery	37,145	111,898	18,836	50,041
Property Expenses	85,024	82,965	68,351	66,808
Provision for Loan Deficiency	(97,964)	10,162	152,372	334,651
Rates & Taxes	497,622	442,221	395,394	398,628

The accompanying notes form part of these financial statements.

**CRIGHTON PROPERTIES PTY LTD
AND CONTROLLED ENTITIES
ABN 16 000 830 875**

**PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
Recruitment Expenses	274	8,144	-	8,144
Rent	95,794	85,264	90,656	85,264
Repairs & Maintenance	412,860	366,527	85,106	195,327
Research & Development Costs	20,700	24,000	24,000	24,000
Resident Activities	11,311	14,850	42	420
Safety Equipment	735	5,175	-	-
Residents Selling Costs	2,915	-	-	-
Security Costs	3,400	3,825	926	2,026
Seminar Expenses	5,618	16,583	5,504	4,925
Settlement Discounts	31,603	372,436	10,100	372,436
Sponsorships	224	-	227	-
Staff Training & Welfare	2,583	4,354	3,766	3,045
Storage Fees	4,268	3,429	4,150	3,429
Subscriptions	17,460	23,532	13,281	15,621
Superannuation Contributions	225,488	236,784	132,364	157,026
Telephone	51,655	74,866	34,125	42,101
Transport	1,913	468	1,338	53
Travelling Expenses	44,777	21,583	38,073	20,178
Uniforms	(16)	1,649	-	154
Wages	2,051,652	2,264,510	1,258,349	1,580,562
Waste Disposal	(14)	4,625	-	-
	<u>12,203,246</u>	<u>11,448,842</u>	<u>7,379,672</u>	<u>5,961,793</u>
Loss before income tax	<u>(6,418,271)</u>	<u>(17,841,827)</u>	<u>(10,712,446)</u>	<u>(16,139,302)</u>

The accompanying notes form part of these financial statements.