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

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2009

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DIRECTORS' REPORT

Your directors present their report on the consolidated company for the financial year ended 30 June, 2009.

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 $12,495,258 (2008 : $8,768,616 loss).

REVIEW OF OPERATIONS
A review of the operations of the company during the financial year and the results of those operations are as follows:

DIRECTORS' REPORT

The operating environment in the year ended 30 June 2009 was challenging. The early months of the year represented a subdued property environment, impacted by high interest rates, high inflation and escalating construction costs. The high interest rates contributed to declining rates of sales and property values.

This was swiftly overshadowed by the onset of the Global Financial Crisis, which saw rates of sales and property values of both retirement villages and land come under further pressure. Retirees represent a large customer segment for the Crighton Properties Group and this segment experienced significant erosion in their superannuation balances and the perceived value of their equity in their homes. This resulted in a number of Crighton Properties' potential purchasers deferring or reassessing their retirement plans.

However, by the end of the financial year, the situation in the global financial markets began to stabilise and the risk of an even deeper crisis in the financial markets receded. This resulted in a strong rebound in equity markets and also provided support to property markets, as availability of credit to this sector improved and interest rates fell.

This improvement translated into significantly improved rates of sales in Crighton Properties' retirement village and land sales divisions in the last quarter of the year ended 30 June 2009 and the first quarter of the following year. Although rates of sales and capital growth remain below long term averages, the Directors are expecting a gradual but sustained improvement in this area in the coming year.

In respect of the planning activities of the Crighton Properties Group, the year ended 30 June 2009 was also eventful. Crighton Properties was successful in achieving a development application in Bathurst for a 215 home retirement village. In addition, Crighton Properties was successful in obtaining Compatibility Certificates for two other retirement village projects in Mudgee and Laurieton. The receipt of Compatibility Certificates significantly enhances the likelihood that Crighton Properties will be successful in subsequently obtaining development application approvals for these projects.

However, in December 2008, Crighton Properties' development application for a retirement village in Jamberoo was rejected. Upon considerations of the relevant facts, Crighton Properties made the decision not to pursue this project further.

In addition, subsequent to the year ended 30 June 2009, Crighton Properties withdrew its Riverside Part 3A application. This was withdrawn in order to avoid a rejection of this application, which the Department of Planning had foreshadowed. By avoiding a formal rejection, Crighton Properties is confident that an amended application to accommodate the primary concerns of the Department of Planning would result in a shorter approval process than would have been the case had the Part 3A application been rejected.

From 1 July 2008 the management of the Hermitage Retirement Village was transferred to a special purpose vehicle, The Hermitage Management Pty Ltd. The operation of the village is unaffected by this transfer and The Hermitage Lifestyle Resort Pty Limited remains the owner of The Hermitage Retirement Village.

Also from 1 July 2008 the management of Tea Gardens Retirement Village was transferred to a special purpose vehicle, Tea Gardens Grange Management Pty Limited. The operation of the village is unaffected by this transfer and Tea Gardens Grange Pty Limited remains the owner of Tea Gardens Grange Retirement Village.

SIGNIFICANT CHANGES IN THE YEAR

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

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DIRECTORS' REPORT

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

A Part 3A application in relation to a property known as Riverside at Tea Gardens has been withdrawn after the balance sheet date. A revised application is intended to be submitted based upon advice from the company's consulting ecologists.

FUTURE DEVELOPMENTS

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

DIVIDENDS

A fully franked dividend of $91,609 was paid during the year.

SHARES IN COMPANIES

There was a 10,000 for 1 share split of Class A shares during the year ended 30 June 2009. The par value of shares was reduced by the same proportion which meant that paid up capital was unaffected.

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 4.

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

Director: ______________________

Mr Geoffrey John Cox

Director: ______________________

Mr Andrew Douglas Cox

Dated this 30TH **day of** OCTOBER 2009

Unit 1, 1 Pioneer Avenue, Tuggerah

ALL CORRESPONDENCE TO:
PO Box 3399,
Tuggerah NSW 2259
E-mail: mail@bishopcollins.com.au
Internet: http://www.bishopcollins.com.au

BISHOP COLLINS

CHARTERED ACCOUNTANTS
ABN 13 188 486 905

David A McClelland FCA
Ian M Rodrigues FCA
Bradley I Wilson CPA

Telephone: (02) 4353 2333
Facsimile: (02) 4351 2477

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, 2009 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

David McClelland

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

Dated this 30th **day of** October 2009

CRIGHTON PROPERTIES PTY LTD
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INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Revenue	2	7,509,862	13,510,390	4,739,773	8,959,030
Movement in fair value of investment property and villas	2	(7,561,492)	(3,614,341)	(8,639,991)	(2,787,107)
Other income	2	1,467	113,700	3,818	-
		(50,163)	10,009,749	(3,896,400)	6,171,923
Cost of goods sold		(3,219,969)	(6,353,749)	(3,177,002)	(6,353,749)
Advertising expenses		(546,826)	(629,120)	(197,906)	(480,589)
Auditors' remuneration	3	(76,002)	(65,806)	(34,072)	(26,785)
Bank charges		(430,922)	(293,726)	(111,513)	(88,776)
Commissions paid		(201,835)	(200,188)	(122,119)	(199,358)
Computer expenses		(88,593)	(98,384)	(88,151)	(97,902)
Consultancy fees		(246,695)	(563,180)	(216,702)	(494,824)
Depreciation and amortisation expenses		(1,194,997)	(1,046,397)	(208,913)	(278,030)
Employee benefits expenses		(2,499,412)	(3,183,802)	(1,734,783)	(2,243,623)
Finance charges	4	(58,459)	(54,210)	(39,437)	(43,577)
Finance costs	4	(8,062)	(15,941)	-	(7,450)
Fringe benefits tax		(96,101)	(202,296)	(91,186)	(202,296)
Hire of plant and equipment		(147,397)	(78,266)	(66,666)	(46,172)
Insurance		(209,819)	(199,526)	(61,018)	(62,023)
Interest expense	4	(3,197,122)	(2,961,461)	(976,346)	(903,735)
Lease expenses		(2,132)	(9,324)	(2,132)	(9,324)
Legal costs		(100,117)	(70,010)	(24,876)	(30,721)
Loss on sale of non-current assets		(210,243)	(4,202)	(191,497)	(3,046)
Motor vehicle expenses		(211,355)	(200,416)	(179,286)	(182,594)
Office expenses		(111,898)	(98,589)	(50,041)	(73,697)
Payroll tax		(145,383)	(177,220)	(92,208)	(119,039)
Provision for loan deficiency		(10,162)	(10,214)	(334,651)	(2,216,629)
Rates and taxes		(442,221)	(681,622)	(421,205)	(422,236)
Repairs and maintenance		(366,527)	(527,994)	(195,327)	(292,180)
Settlement discounts		(372,436)	(239,235)	(372,436)	(239,235)
WIP written off		(2,912,610)	(242,436)	(2,912,610)	(242,436)
Other expenses		(684,369)	(949,826)	(340,819)	(444,174)
Loss before income tax		(17,841,827)	(9,147,391)	(16,139,302)	(9,632,277)
Tax (expense)/ income	5	5,346,569	378,775	4,835,904	1,106,082
Loss attributable to members		(12,495,258)	(8,768,616)	(11,303,398)	(8,526,195)

The accompanying notes form part of these financial statements.

CRIGHTON PROPERTIES PTY LTD
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BALANCE SHEET
AS AT 30 JUNE 2009

	Note	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	**7**	1,657,749	909,545	750,551	349,187
Trade and other receivables	**8**	324,416	103,731	69,997	51,435
Investment property	**13**	28,379,697	7,838,938	6,178,952	7,838,938
Inventories	**9**	50,858	-	-	-
Other current assets	**10**	378,899	481,238	148,725	358,459
TOTAL CURRENT ASSETS		30,791,619	9,333,452	7,148,225	8,598,019
NON-CURRENT ASSETS					
Trade and other receivables	**8**	649,994	14,412,985	20,277,468	19,574,336
Financial assets	**11**	500	500	19,014,147	270,488
Property, plant and equipment	**12**	14,891,282	9,667,203	762,345	977,255
Investment property	**13**	160,106,901	154,936,103	41,420,445	51,464,562
Intangible assets	**14**	8,984	8,577	-	-
Tax assets	**15**	10,581,239	732,294	3,321,163	575,889
Other non-current assets	**10**	15,530,172	14,611,232	74,837	95,767
TOTAL NON-CURRENT ASSETS		201,769,072	194,368,894	84,870,405	72,958,297
TOTAL ASSETS		232,560,691	203,702,346	92,018,630	81,556,316
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	**16**	1,882,212	779,683	367,567	547,137
Financial liabilities	**17**	43,314,121	38,952,837	15,520,666	5,591,286
Provisions	**18**	393,695	358,712	272,515	294,770
TOTAL CURRENT LIABILITIES		45,590,028	40,091,232	16,160,748	6,433,193
NON-CURRENT LIABILITIES					
Trade and other payables	**16**	132,184	8,483,083	18,026,078	17,510,620
Financial liabilities	**17**	78,920,905	69,338,295	59,324	6,426,995
Provisions	**18**	70,245	61,371	42,488	26,083
Tax liabilities	**15**	21,758,943	15,742,945	9,316,129	11,412,782
Other non-current liabilities	**19**	4,968,144	3,804,261	3,105,376	3,804,261
TOTAL NON-CURRENT LIABILITIES		105,850,421	97,429,955	30,549,395	39,180,741
TOTAL LIABILITIES		151,440,449	137,521,187	46,710,143	45,613,934
NET ASSETS		81,120,242	66,181,159	45,308,487	35,942,382

The accompanying notes form part of these financial statements.

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BALANCE SHEET
AS AT 30 JUNE 2009

	Note	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
EQUITY					
Share capital	**20**	20,798,652	37,540	20,798,642	37,530
Reserves	**21**	53,626	53,626	-	-
Retained earnings	**22**	60,267,964	66,089,993	24,509,845	35,904,852
TOTAL EQUITY		81,120,242	66,181,159	45,308,487	35,942,382

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Note	Retained earnings $	Capital Redemption Reserve $	Capital Profits Reserve $	Total $
Consolidated Group					
Balance at 1 July 2007		75,598,322	(317,358)	370,984	75,651,948
Profit attributable to equity shareholders		(8,768,616)			(8,768,616)
Sub-total		66,829,706	(317,358)	370,984	66,883,332
Dividends paid or provided for	6	(739,713)			(739,713)
Balance at 30 June 2008		66,089,993	(317,358)	370,984	66,143,619
Profit attributable to equity shareholders		(12,495,258)			(12,495,258)
Adjustment to retained earnings due to recognition of prior year tax losses		6,764,838			6,764,838
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
Share Capital	20				20,798,652
Parent Entity					
Balance at 1 July 2007		45,170,760			45,170,760
Profit attributable to equity shareholders		(8,526,195)			(8,526,195)
Sub-total		36,644,565	-	-	36,644,565
Dividends paid or provided for	6	(739,713)			(739,713)
Balance at 30 June 2008		35,904,852	-	-	35,904,852
Profit attributable to equity shareholders		(11,303,398)			(11,303,398)
Dividends paid or provided for	6	(91,609)			(91,609)
Balance at 30 June 2009		24,509,845	-	-	24,509,845
Share Capital	20				20,798,642

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CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	5,695,983	10,842,898	4,671,189	8,906,946
Payments to suppliers and employees	(6,778,472)	(16,645,149)	(4,463,809)	(12,643,600)
Interest received	94,916	91,679	76,730	48,534
Income tax (paid)/received	29,436	-	-	-
Interest paid	(2,839,361)	(781,563)	(976,346)	(903,735)
Net cash used in operating activities	(3,797,498)	(6,492,135)	(692,236)	(4,591,855)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment	13,072	2,242,487	5,072	3,918,498
Proceeds from sale of investments	6,879,348	-	550,909	-
Payments for property, plant and equipment	(60,985)	(11,203,873)	(4,298)	(1,633,078)
Payments for investments	(5,080,371)	-	(2,405,930)	-
Net cash provided by (used in) investing activities	1,751,064	(8,961,386)	(1,854,247)	2,285,420

The accompanying notes form part of these financial statements.

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CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings - banks	8,692,546	17,450,800	5,922,943	4,457,630
Repayment of borrowings - banks	(9,784,809)	(5,582,205)	(2,161,160)	(3,268,916)
Dividends paid	(91,609)	(739,713)	(91,609)	(739,713)
Proceeds from borrowings - shareholders	-	467,816	-	467,816
Repayment of borrowings - shareholders	-	(237,650)	-	(237,650)
Proceeds from borrowings - related parties	1,769,325	295,816	-	1,909,868
Repayment of borrowings - related parties	(1,169,337)	-	(522,325)	-
Proceeds from borrowings - resident loans	5,590,939	5,704,998	-	-
Repayment of borrowings - resident loans	(2,058,299)	(2,342,299)	-	-
Dividends received	72	164	72	164
Payments of finance leases	(335,281)	(170,068)	(200,074)	(210,694)
Net cash provided by financing activities	2,613,547	14,847,659	2,947,847	2,378,505
Net increase (decrease) in cash held	567,113	(605,862)	401,364	72,070
Cash at beginning of financial year	909,545	1,515,407	349,187	277,117
Cash at beginning of the year - from Myall River Downs Pty Ltd group	181,091	0	0	0
Cash at end of financial year	1,657,749	909,545	750,551	349,187

The accompanying notes form part of these financial statements.

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.

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 with 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.

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.

This method was not applied in the prior year.

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%

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.

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.

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.

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.

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.

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.

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, the potential exists for the companies within the group to no longer be in accordance with their loan to valuation covenants and therefore be 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 avoid any breach of financial covenants with the group's financiers.

Key judgements - Uncertainty Regarding Valuation of Investment Property

The investment property held by Crighton Byron Pty Ltd is valued at $21,257,400 with an associated deferred tax liability of $2,329,436. This is based on the sales contract dated 5 September 2008 for $6,257,400 and the directors valuation of $15,000,000. The contract of sale is conditional upon a Section 54 of the Environmental Planning Assessment Act 1979 being issued by the relevant planning authority or an approval under Part 3A of the same act being issued by the Department of Planning, within two years from the date of exchange. These conditional requirements indicate the existence of a material uncertainty regarding the valuation of the property.

The investment property held by Crighton Properties Pty Ltd known as Riverside, Myall Road, Tea Gardens is independently valued as $25,500,000. Since the year-end, the company has withdrawn its Part 3A Application in relation to this property. A revised application will be submitted based on advice from the company's consulting ecologists which, subject to soil analysis, may indicate that the area mapped as Endangered Ecological Communities (EECs) may not be EEC. These conditions indicate the existence of a material uncertainty regarding the valuation of the property.

The investment property held by Myall River Downs Pty Ltd at Tea Gardens is valued at $19,262,900 with an associated deferred GST payable of $1,535,465 and a deferred tax liability of $3,687,951. The directors' valuation is based on 3 December 2005 independent valuation of this property and a percentage reduction in valuation based on a similarly located property held by Crighton Properties Pty Ltd at Riverside, Myall Road, Tea Gardens. This independent valuation on the similarly located property was performed on 12 April 2009.

Given the value of this property in relation to Myall River Downs Pty Ltd, a controlled entity of Crighton Properties Pty Ltd, the reassessment to fair value by the directors on the basis of a reduction in a similarly located property is a critical judgement that may have a material affect on the interpretation of the financial statements.

Change in Comparatives

Reclassification of Property, Plant and Equipment and Inventory to Investment Property

The properties held by Crighton Properties Pty Ltd and Controlled Entities are for capital appreciation, therefore meeting the definition of investment property according to AASB 140. These properties were previously disclosed as inventory or property, plant and equipment in the 2008 financial statements. In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors a retrospective restatement is required.

The aggregate effect of the change on the annual financial statements for the year ended 30 June, 2008 is as follows (no taxation effect results from these changes):

	2009			2008		
	Previously stated	Adjustments	Restated	Previously stated	Adjustments	Restated
	$	$	$	$	$	$
Balance Sheet						
Current Inventories	-	-	-	6,754,938	(6,754,938)	-
Non-Current Inventories	-	-	-	74,755,123	(74,755,123)	-
Property, Plant & Equipment	-	-	-	90,932,183	(81,264,980)	9,667,203
Investments	-	-	-	-	162,775,041	162,775,041

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $

2 Revenue

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Operating activities				
Sales	4,599,374	8,870,832	4,599,374	8,870,832
Increase/(decrease) residents departure fee due on redemption	142,712	2,226,566	-	-
Dividends received	72	164	72	164
Interest received	94,916	90,776	76,730	48,534
Maintenance levies received	(3,689)	916,268	-	-
Rent received	279,384	684,784	9,412	13,963
Home Marketing Fees	39,569	58,134	-	-
Recoveries	8,892	12,074	7,891	12,074
Other Revenue	88,033	42,371	46,294	13,463
Service Income	44,797	-	-	-
Outgoings Received	51,117	70,405	-	-
Increase/(Decrease) in Residents Capital Gain Payable	2,164,685	538,016	-	-
Total revenue	7,509,862	13,510,390	4,739,773	8,959,030
Movement in fair value of investment property and villas				
Movement in Fair Value of Villas	(5,347,810)	1,555,008	-	-
Movement in Fair Value of Investments	(2,213,682)	(5,169,349)	(6,622,538)	(2,787,107)
Movement in Fair Value of Investments in Subsidiaries	-	-	(2,017,453)	-
Total	(7,561,492)	(3,614,341)	(8,639,991)	(2,787,107)
Non-operating activities				
Profit on Sale of Cattle	35,755	-	-	-
Capital Gain / (Loss)	(38,106)	113,700	-	-
Profit on Sale of Non-current Assets	3,818	-	3,818	-
Other income	1,467	113,700	3,818	-

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Dividend revenue from:				
Dividends Received				
Divdends Received - NRMA	72	164	72	164
Total dividend revenue	72	164	72	164
Interest revenue from:				
Interest Received	94,916	90,776	76,730	48,534
Total interest revenue	94,916	90,776	76,730	48,534

3 Auditors' Remuneration

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Auditor's Remuneration				
Audit Services	20,827	20,750	9,677	13,750
Accounting Services	55,175	45,056	24,395	13,035
	76,002	65,806	34,072	26,785

4 Loss

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Expenses				
Cost of sales	3,219,969	6,353,749	3,177,002	6,353,749
Borrowing Costs	8,062	15,941	-	7,450
Finance Charges	58,459	54,210	39,437	43,577
Interest Expense	3,197,122	2,961,461	976,346	903,735
Total finance costs	3,263,643	3,031,612	1,015,783	954,762
Depreciation of property, plant and equipment	395,512	322,258	167,887	208,369
Leasing Charges				
Leasing Charges	2,132	9,324	2,132	9,324
	2,132	9,324	2,132	9,324
Research and development costs	24,000	34,000	24,000	34,000
Revenues and Net Gains				
Loss on Sale of Non-current Assets	(210,243)	(4,202)	(191,497)	(3,046)

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $

5 Income Tax Expense

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
The components of tax expense comprise:				
Deferred Tax (Income)	(5,346,569)	(378,775)	(4,835,904)	(1,106,082)
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% (2008: 30%):	(5,352,488)	2,744,218	(4,841,791)	2,889,683
Add:				
Tax effect of:				
Amortisation	-	(217,242)	-	(20,898)
Depreciation not allowable	-	296,762	-	(37,489)
Insurance not allowable	4,801	(4,289)	4,801	(4,289)
Entertainment	1,074	(3,276)	1,042	(3,247)
Tax Losses not brought to account	-	(3,856,965)	-	(3,929,842)
Residents capital gain not allowable	-	161,405	-	-
Revaluation of villas	-	466,502	-	-
Capital gain on redemption	-	34,110	-	-
Fines & Penalties	44	-	44	-
	(5,346,569)	(378,775)	(4,835,904)	(1,106,082)
Income tax expense attributable to company	(5,346,569)	(378,775)	(4,835,904)	(1,106,082)

6 Dividends

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Dividend Paid	91,609	739,713	91,609	739,713

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

		Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
7	**Cash and Cash Equivalents**				
	Current				
	Cash on Hand	5,922	4,818	3,500	3,900
	Cash at Bank	1,651,827	904,727	747,051	345,287
		1,657,749	909,545	750,551	349,187
	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 balance sheet as follows:				
	Cash and cash equivalents	1,657,749	909,545	750,551	349,187
		1,657,749	909,545	750,551	349,187
8	**Trade and Other Receivables**				
	Current				
	Sundry Debtors	261,443	3,381	58,341	3,381
	Trade Debtors	44,265	51,794	360	4,760
	Input Tax Credits	93,038	182,504	71,586	153,879
	GST Payable	(74,330)	(133,948)	(60,290)	(110,585)
		324,416	103,731	69,997	51,435

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Non-Current				
Loans to Shareholders	388,349	412,361	388,349	412,361
Loans to Other Persons	4,479	-	4,479	-
Loans - Related Parties				
Cox Settlement Trust	139,526	133,915	139,526	133,915
Crighton Real Estate	717,555	715,736	717,555	715,736
Concept Care	-	-	811,061	478,381
Myall Quays Shopping	-	-	1,064	1,064
Myall Quays Unit Trust	-	-	1,818,647	3,264,841
GSN Cox	3,580	3,580	3,580	3,580
Matista	2,530	195,481	2,530	195,481
The Hermitage	-	13,196,116	13,858,923	13,196,116
Crighton Lifestyle Resorts Real Estate	-	-	1,010,527	680,049
Crighton Health	3,009	3,009	3,009	3,009
Medicent	2,310	2,110	2,310	2,110
Myall Medical M Trust	67,786	66,214	67,786	66,214
Myall Medical P Trust	-	428,886	-	428,886
Red Gum Resorts	-	-	2,752,475	2,401,881
East Coast Senior Care	-	-	49,500	37,083
Crighton Lifestle Resort	-	-	2,764	2,352
Tallowood Lifestyle Resort	-	-	1,524,890	369,126
Woodstock at Jamberoo	-	-	2,764	2,352
Crighton Bowral Pty Ltd	-	-	203,343	202,028
Myall Developments Trust	13,712	12,000	13,712	12,000
Crighton Bathurst	-	-	284,619	86,455
The Hermitage Management Pty Ltd	76,249	1,203	76,249	1,203
Crighton Mudgee Pty Ltd	-	-	133,880	138,744
Myall Downs Angus Stud Pty Ltd	-	-	1,540	1,128
Tea Gardens Grange Management Pty Ltd	-	1,303	-	1,203
	1,026,257	14,759,553	23,482,254	22,424,937
Less Provision for Non Recovery	(769,091)	(758,929)	(3,597,614)	(3,262,962)
	649,994	14,412,985	20,277,468	19,574,336

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $

9 Inventories

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Current				
Stock on Hand - Cattle	50,858	-	-	-
Display Home/Office	385,000	1,084,000	385,000	1,084,000
	435,858	1,084,000	385,000	1,084,000

10 Other Assets

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Current				
Security Bonds	205,802	206,602	117,422	205,822
Prepayments	60,189	197,449	2,731	124,065
Prepaid Borrowing Expenses	112,908	77,187	28,572	28,572
	378,899	481,238	148,725	358,459
Non-Current				
Departure Fee Due on Redemption	15,352,959	14,433,877	-	-
Prepaid Borrowing Costs	451,632	308,747	127,288	114,288
Less Amortisation	(274,419)	(131,392)	(52,451)	(18,521)
	15,530,172	14,611,232	74,837	95,767

11 Financial Assets

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Non-Current				
Shares in Listed Companies	500	500	500	500
Shares in Subsidiaries	-	-	19,013,537	215,214
Units in Subsidiary Unit Trusts	-	-	110	54,774
	500	500	19,014,147	270,488

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

12 Property, Plant and Equipment

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
LAND AND BUILDINGS				
Land at:				
Cost	9,432,191	21,243	-	-
	9,432,191	21,243	-	-
Buildings at:				
Cost	4,300,775	8,489,953	-	-
Less accumulated depreciation	(345,959)	(286,988)	-	-
	3,954,816	8,202,965	-	-
Total Land and Buildings	13,387,007	8,224,208	-	-
PLANT AND EQUIPMENT				
Plant and Equipment:				
At cost	3,587,037	2,843,715	1,934,183	2,028,011
Accumulated depreciation	(2,110,905)	(1,435,544)	(1,176,905)	(1,062,919)
	1,476,132	1,408,171	757,278	965,092
Leased Plant and Equipment				
Capitalised leased assets	521,968	510,698	438,743	465,093
Accumulated depreciation	(493,825)	(475,874)	(433,676)	(452,930)
	28,143	34,824	5,067	12,163
Total Plant and Equipment	1,504,275	1,442,995	762,345	977,255
Total Property, Plant and Equipment	14,891,282	9,667,203	762,345	977,255

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $

13 Investment Property

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Current				
Display Home/Office	385,000	1,084,000	385,000	1,084,000
Land Held for Resale				
Sub Divided Land	3,059,995	3,935,643	2,116,650	3,935,643
Englobo Land	24,934,702	2,819,295	3,677,302	2,819,295
Balance at end of year	28,379,697	7,838,938	6,178,952	7,838,938
Non-Current				
Retirement Village Homes				
Retirement Village Homes at Directors Valuation	80,284,100	78,019,400	-	-
Unoccupied Homes				
Unoccupied Homes at Directors Valuation	2,681,000	2,161,503	-	-
Development Costs - Retirement Village at Cost	-	-	-	-
Development Costs - Retirement Village at Cost	2,868,059	342,342	-	-
Less Amortisation	(148,296)	(34,749)	-	-
Work in Progress - RV Homes Stage 4A	442,033	-	-	-
	3,161,796	307,593	-	-
Investment Property				
Sub Divided Land	3,250,000	3,725,000	3,250,000	3,725,000
Englobo Land	70,083,755	68,933,707	38,128,355	47,739,562
Work in Progress	646,250	1,788,900	42,090	-
	73,980,005	74,447,607	41,420,445	51,464,562
Balance at end of year	160,106,901	154,936,103	41,420,445	51,464,562

Investment Property Valuation

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Directors Valuation	119,774,255	82,908,791	1,135,000	3,036,114
Independent	61,980,554	48,730,000	43,558,154	48,730,000
Cost	6,731,789	31,136,250	2,906,243	7,537,386
Total	188,486,598	162,775,041	47,599,397	59,303,500

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $

14 Intangible Assets

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Formation Expenses	14,322	12,197	-	-
Less Accumulated Amortisation	(5,338)	(3,620)	-	-
Total	8,984	8,577	-	-

15 Tax

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Liabilities				
Non-current				
Deferred Tax Liability	21,758,943	15,742,945	9,316,129	11,412,782
Assets				
Deferred Tax Asset	10,581,239	732,294	3,321,163	575,889

16 Trade and Other Payables

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Current				
Trade Creditors	402,212	453,080	183,403	340,229
Other Creditors	1,303,909	246,273	151,404	126,578
Deposits Held	176,091	80,330	32,760	80,330
	1,882,212	779,683	367,567	547,137
Non-Current				
Loans - Related Parties				
Crighton Investments	87,894	88,154	87,894	88,154
Myall Property Management	-	555	-	555
Myall River Downs	-	7,617,449	7,984,517	7,617,449
Tea Gardens Grange	-	-	9,674,649	9,027,537
Crighton Building Co	-	776,925	234,728	776,925
Myall Medical P Trust	473	-	473	-
Tea Gardens Grange Management Pty Ltd	43,817	-	43,817	-
	132,184	8,483,083	18,026,078	17,510,620

17 Financial Liabilities

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Current				
Hire Purchase Liability	259,568	290,064	210,238	257,907
Less: Unexpired Charges	(24,735)	(40,905)	(15,221)	(35,429)
Lease Liability	11,456	14,837	11,456	5,863
Loans - Secured	43,067,832	38,688,841	15,314,193	5,362,945
	43,314,121	38,952,837	15,520,666	5,591,286
Non-Current				
Hire Purchase Liability	165,469	302,919	65,777	247,988
Less Unexpired Charges	(19,130)	(31,116)	(6,453)	(21,914)
Lease Liability	-	31,242	-	11,456
Loans - Secured	4,577,764	-	-	-
Resident Loans	69,923,793	62,597,556	-	6,189,465
Residents Capital Gain Payable on Sale	4,273,009	6,437,694	-	-
	78,920,905	69,338,295	59,324	6,426,995

18 Provisions

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Provision for Holiday Pay	169,143	147,987	89,944	100,249
Provision for Long Service Leave - Current	224,552	210,725	182,571	194,521
Provision for Long Service Leave - Non-current	70,245	61,371	42,488	26,083
	463,940	420,083	315,003	320,853

Movements in carrying amounts of employee provisions:

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Balance at 1/07/2008	500,831	402,489	320,853	284,754
Charge for the year	85,614	168,066	70,968	109,316
Entitlements paid during the year	(122,505)	(150,472)	(76,818)	(73,217)
Balance at 30/06/2009	463,940	420,083	315,003	320,853
Total provisions	463,940	420,083	315,003	320,853

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Analysis of Total Provisions				
Current	393,695	358,712	272,515	294,770
Non-current	70,245	61,371	42,488	26,083
	463,940	420,083	315,003	320,853

19 Other Liabilities

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Non Current				
Deferred GST Payable	4,968,144	3,804,261	3,105,376	3,804,261

20 Share Capital

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
100,000 (2008: 10) A Class Share of $0.0001 (2008: $1)	10	10	10	10
37,520 Ordinary Shares of $1	37,520	37,520	37,520	37,520
Initial Sum	10	10	-	-
Allocated but unissued shares	20,761,112	-	20,761,112	-
	20,798,652	37,540	20,798,642	37,530

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

The payment method for the acquisiton of Myall River Downs Pty Ltd group is yet to be determined.

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 will be elected by the vendor shareholders before 31st January, 2010. Until that time, the consideration is shown as "Allocated but unissued shares" above.

21 Reserves

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

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $

22 Retained Earnings

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Retained earnings at the beginning of the financial year	72,854,831	75,598,322	35,904,852	45,170,760
Net loss attributable to members of the company	(12,495,258)	(8,768,616)	(11,303,398)	(8,526,195)
Dividends provided for or paid	(91,609)	(739,713)	(91,609)	(739,713)
Retained earnings at the end of the financial year	60,267,964	66,089,993	24,509,845	35,904,852

Opening Retained Earnings 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	66,089,993
Adjustment for prior year tax losses	6,764,938
Opening Retained Earnings	72,854,831

23 Capital and Leasing Commitments

Finance Lease Commitments

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Payable - minimum lease payments				
Not later than 12 months	271,778	265,141	222,448	265,141
Between 12 months and five years	165,469	194,421	29,592	-
Greater than five years	-	65,777	-	-
Minimum lease payments	437,247	525,339	252,040	265,141
Less future finance charges	(44,620)	(59,469)	(22,429)	(59,469)
Present value of minimum lease payments	392,627	465,870	229,611	205,672

24 Cash Flow Information

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Reconciliation of Cash Flow from Operations with Profit after Income Tax				
Loss after income tax	(12,495,258)	(8,768,616)	(11,303,398)	(8,526,195)
Non-cash flows in profit:				
Profit on sale of non-current assets	(3,818)	(109,498)	(3,818)	-
Loss on sale of non-current assets	210,243	-	191,497	3,046
Amortisation	799,486	724,139	41,026	69,661
Depreciation	395,512	322,258	167,887	208,369
Financing flows in operating profits	-	-	-	(164)
Movement in fair value of villas	5,347,810	(1,555,008)	-	-
Movement in fair value of investments	2,213,682	5,169,349	8,639,991	2,787,108
Movement in residents capital gain payable	(2,164,685)	(538,016)	-	-
Movement in resident departure fees due on redemption	55,834	(2,001,422)	-	-
Provision for loan deficiency	10,162	10,214	334,651	2,216,629
Non-cash amounts in Cost of Sales	3,177,002	-	3,177,002	-
WIP written off	2,912,610	-	2,912,610	-
Interest paid (prior year methodology)	-	2,179,733	-	-
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 2009

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries				
(Increase) Decrease in current inventories	11,367	-	-	-
(Increase) Decrease in current receivables	(122,551)	(342,265)	(50,560)	(252,826)
Increase (Decrease) in accrued income	-	902	-	-
(Increase) Decrease in prepayments	205,377	-	196,734	-
Increase (Decrease) in trade creditors	950,065	(52,025)	(180,079)	(32,497)
Increase (Decrease) in other creditors	25,864	(1,266,115)	31,998	(1,272,505)
Increase (Decrease) in provisions	(36,891)	19,592	(5,850)	36,100
(Increase)/decrease in land for resale	-	(456,776)	-	-
(Increase)/Decrease in deferred tax asset	(3,078,121)	-	(2,745,274)	-
Increase/(Decrease) in deferred tax liability	(2,268,448)	-	(2,096,653)	-
Increase/(Decrease) in income tax payable	29,399	171,419	-	171,419
Less (Increase) Decrease in investments creditors	(351,293)	-	-	-
Less Increase (Decrease) in interest creditors	21,393	-	-	-
Net cash provided by (used in) operating activities	(3,797,498)	(6,492,135)	(692,236)	(4,591,855)

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 33 present fairly the company's financial position as at 30 June, 2009 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 30TH **day of** OCTOBER 2009

Unit 1, 1 Pioneer Avenue, Tuggerah

ALL CORRESPONDENCE TO:
PO Box 3399,
Tuggerah NSW 2259
E-mail: mail@bishopcollins.com.au
Internet: http://www.bishopcollins.com.au

BISHOP COLLINS

CHARTERED ACCOUNTANTS
ABN 13 188 486 905

David A McClelland FCA
Ian M Rodrigues FCA
Bradley I Wilson CPA

Telephone: (02) 4353 2333
Facsimile: (02) 4351 2477

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 balance sheet as at 30 June, 2009, and the income statement, statement of changes in equity and cash flow statement 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

Basis for Qualified Opinion

We were not the appointed auditor for the year ended 30 June 2008 and we have therefore not audited the income statement, statement of changes in equity, notes to the financial statements or cash flow statement for the year ended 30 June 2008 or the balance sheet as at 30 June 2008.

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 2009 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 2009, 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

Significant Uncertainty Regarding Continuity as a Going Concern

Without qualifying our opinion, we draw attention to note 1 and 17 in the financial report which indicates the company's and the majority of the group's external funding is due for renewal within 12 months. Discussions with financiers are ongoing however, the potential exists for the companies within the group to no longer be in accordance with their loan to valuation covenants and therefore be 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 retirement village projects. These actions, if achieved, could reasonably be expected to avoid any breach of financial covenants with the group's financiers however, should these actions not be achieved there exists a material uncertainty which may cast doubt about the company and the group's ability to continue as a going concern and realise their assets in the normal course of business.

Significant Uncertainty Regarding Valuation of Investment Property

Without qualifying our opinion we draw attention to note 1 (Critical Judgements & Estimates) and note 13 in regards to the valuation of the investment property held by Crighton Byron Pty Ltd at Byron Bay, Crighton Properties Pty Ltd at Riverside, Myall Road, Tea Gardens and Myall River Downs Pty Ltd at Tea Gardens. Given the significance of these properties there is uncertainty that may have a material affect in the interpretation of the financial statements.

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 #320260
Address:	Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259

Dated this 30th **day of** October 2024

Unit 1, 1 Pioneer Avenue, Tuggerah

ALL CORRESPONDENCE TO:
PO Box 3399,
Tuggerah NSW 2259
E-mail: mail@bishopcollins.com.au
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BISHOP COLLINS

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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, 2009. 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
David McClelland

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

Dated this 30th **day of** October 2009

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

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
SALES				
Sales	4,599,374	8,870,832	4,599,374	8,870,832
LESS: COST OF GOODS SOLD				
Cost of Property Sales	3,219,969	6,353,749	3,177,002	6,353,749
WIP Written Off	2,912,610	242,436	2,912,610	242,436
	6,132,579	6,596,185	6,089,612	6,596,185
GROSS (LOSS) PROFIT FROM TRADING	(1,533,205)	2,274,647	(1,490,238)	2,274,647
OTHER INCOME				
Contract Extras	8	7	-	-
Maintenance Levies	(3,697)	878,399	-	-
Maintenance Levies - Unsold Homes	-	37,862	-	-
Exit Fees	198,546	225,144	-	-
Home Marketing Fees	39,569	58,134	-	-
Dividends Received	72	164	72	164
Interest Received	94,916	90,776	76,730	48,534
Movement in Fair Value of Villas	(5,347,810)	1,555,008	-	-
Increase/(Decrease) Resident Departure Fee due on Redemption	(55,834)	2,001,422	-	-
Recoveries	8,892	12,074	7,891	12,074
Rents Received	279,384	684,784	9,412	13,963
Other Revenue	88,033	42,371	46,294	13,463
Profit on Sale of Cattle	35,755	-	-	-
Service Income	44,797	-	-	-
Outgoings Received	51,117	70,405	-	-
Increase/(Decrease) in Residents Capital Gain Payable	2,164,685	538,016	-	-
Capital Gain / (Loss)	(38,106)	113,700	-	-
Profit on Sale of Non-current Assets	3,818	-	3,818	-
Loss on Sale of Non-current Assets	(210,243)	(4,202)	(191,497)	(3,046)
Movement in Fair Value of Investments	(2,213,682)	(5,169,349)	(6,622,538)	(2,787,107)
Movement in Fair Value of Investments in Subsidiaries	-	-	(2,017,453)	-
	(4,859,780)	1,134,715	(8,687,271)	(2,701,955)
	(6,392,985)	3,409,362	(10,177,509)	(427,308)

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 2009

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
EXPENSES				
Advertising	546,826	629,120	197,906	480,589
Amortisation	799,485	724,139	41,026	69,661
Auditor's Remuneration	76,002	65,806	34,072	26,785
Bank Charges	430,922	293,726	111,513	88,776
Borrowing Costs	8,062	15,941	-	7,450
Capital Expenditure Written Off	21,717	1,633	3,545	1,484
Cleaning	70,589	152,940	13,483	10,620
Commission Paid	201,835	200,188	122,119	199,358
Computer Expenses	88,593	98,384	88,151	97,902
Consultancy Fees	246,695	563,180	216,702	494,824
Contract Work	10,115	60,266	943	38,849
Consumables & Replacements	2,852	4,354	-	659
Cattle expenses	22,307	898	77	789
Depreciation	395,512	322,258	167,887	208,369
Entertainment Expenses	7,161	21,865	6,944	21,655
Filing Fees	4,428	2,332	212	212
Finance Charges	58,459	54,210	39,437	43,577
Fines & Penalties	81	-	146	-
Fringe Benefits Tax	96,101	202,296	91,186	202,296
General Expenses	7,412	3,482	5,571	1,155
Grounds Maintenance	1,068	9,599	-	-
Hire of Plant & Equipment	147,397	78,266	66,666	46,172
Insurance	225,823	213,822	77,022	76,319
Interest Expense	3,197,122	2,961,461	976,346	903,735
Lease Incentive	-	88,251	-	-
Leasing Charges	2,132	9,324	2,132	9,324
Legal Costs	100,117	70,010	24,876	30,721
Licensing Fees	3,628	10,656	594	928
Light & Power	47,172	71,668	-	23,444
Long Service & Annual Leave	(6,236)	19,592	(5,850)	36,100
Medical Supplies	1,708	377	-	316
Maintenance Levy Subsidy	70,741	37,862	-	-
Motor Vehicle Expenses	211,355	200,416	179,286	182,594
Newspapers	2,686	6,825	2,463	6,418
Office Expenses	22,577	31,091	14,154	24,988
Pasture Improvement	2,719	31,067	2,954	5,830
Payroll Tax	145,383	177,220	92,208	119,039
Pest Control	3,361	26,054	606	611
Printing & Stationery	111,898	98,589	50,041	73,697
Property Expenses	82,965	65,327	66,808	57,030
Provision for Loan Deficiency	10,162	10,214	334,651	2,216,629
Rates & Taxes	442,221	681,622	421,205	422,236
Recruitment Expenses	8,144	12,936	8,144	6,920
Rent	85,264	67,615	85,264	72,962

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 2009

	Group 2009 $	Group 2008 $	Parent 2009 $	Parent 2008 $
Repairs & Maintenance	366,527	527,994	195,327	292,180
Research & Development Costs	24,000	34,000	24,000	34,000
Safety Equipment	20,025	21,331	420	479
Security Costs	3,825	3,284	2,026	2,708
Seminar Expenses	16,583	10,831	4,925	4,517
Settlement Discounts	372,436	239,235	372,436	239,235
Staff Training & Welfare	4,354	7,466	3,045	5,176
Storage Fees	3,429	3,542	3,429	3,542
Subscriptions	23,532	22,360	15,621	19,257
Superannuation Contributions	236,784	504,457	157,026	431,198
Telephone	74,866	66,492	42,101	46,850
Transport	468	481	53	312
Travelling Expenses	16,668	48,595	20,178	41,221
Uniforms	1,649	5,805	154	1,688
Wages	2,264,510	2,652,287	1,580,562	1,771,149
Waste Disposal	4,625	11,711	-	434
	11,448,842	12,556,753	5,961,793	9,204,969
Loss before income tax	(17,841,827)	(9,147,391)	(16,139,302)	(9,632,277)