FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Sunland Group Limited
ABN 65 063 429 532

Sunland Group
ESTABLISHED
1983

Corporate Information | FOR THE YEAR ENDED 30 JUNE 2008

DIRECTORS
Terry Jackman (Chairman)
Sahba Abedian
Soheil Abedian
John Leaver
Ron Eames
James Packer

COMPANY SECRETARY
Grant Harrison

Registered Office
Level 2, 3184 Surfers Paradise Boulevard
Surfers Paradise Qld 4217
Telephone 07 5564 3700
Facsimile 07 5564 3777
www.sunlandgroup.com.au

Brisbane
Level 3, 189 Grey Street
South Brisbane Qld 4064
Telephone 07 3255 0995
Facsimile 07 3255 0905

Melbourne
Level 2, 480 St Kilda Road
Melbourne Vic 3004
Telephone 03 9825 4700
Facsimile 03 9825 4777

Sydney
Level 12, Fairfax House
19-31 Pitt Street,
Sydney NSW 2000
Telephone 02 9251 5477
Facsimile 02 9251 3577

Dubai
Showroom 6-003,
Building 6,
Gold and Diamond Park
Sheikh Zayed Road, Dubai, U.A.E.
Telephone +971 4 341 8663
Facsimile +971 4 341 8664

Securities Exchange
The Company is listed on
The Australian Securities Exchange
The Home Exchange is Brisbane

Share Registry
Link Market Services Limited
Locked Bag A14, Sydney South,
NSW 1235 Australia
Telephone 1300 655 149 (Australia)
(+612) 8280 7917 (Overseas)

Auditors
Ernst & Young
Level 5 Waterfront Place
1 Eagle Street
Brisbane Qld 4000

Solicitors
Gadens Lawyers
Level 25, 240 Queen Street
Brisbane Qld 4000

DLA Phillips Fox
Waterfront Place
1 Eagle Street
Brisbane Qld 4000

Bankers
ANZ Banking Group Ltd
324 Queen Street
Brisbane Qld 4000

BOS International
Level 32 Waterfront Place
1 Eagle Street
Brisbane Qld 4000

National Australia Bank Ltd
255 Adelaide Street
Brisbane Qld 4000

St George Bank Ltd
345 Queen Street
Brisbane Qld 4000

Suncorp-Metway Ltd
388 Queen Street
Brisbane Qld 4000

Westpac Banking Corporation
260 Queen Street
Brisbane Qld 4000

This statement outlines the extent to which the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council (ASX CGC) have been followed.

Corporate Governance Statement | FOR THE YEAR ENDED 30 JUNE 2008

Sunland recognises that good corporate governance is about doing the right things for the shareholders and other stakeholders in the business. It extends far beyond compliance with regulations and penetrates deep within the organisation. At the core is a sound culture that allows the principles of good corporate governance to thrive.

Throughout the year, the Board, through the Corporate Governance and Audit Committee, has again focused closely on existing and emerging corporate governance issues. Sunland Group Limited's corporate governance practices were in place throughout the year ended 30 June 2008 and were compliant with the Council's updated principles and recommendations, except where disclosed below.

1 ROLE AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

ASX CGC Principle No. 1

Lay solid foundations for management and oversight

Role of the Board

The Board Charter of the Company deals with the composition and responsibilities of the Board. The Board of Directors is pivotal in the relationship between shareholders and management and the roles and responsibilities of the Board underpin corporate governance. Sunland's Board provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed. The Board's responsibilities include:

- Strategic guidance and effective oversight of management;
- Contribution to, and approval of, the corporate and business strategy of the Group, including setting performance objectives, monitoring implementation of the strategy and overseeing major capital expenditure and acquisitions;
- Monitoring financial performance, including preparation of financial reports and liaison with auditors;
- Monitoring the respective roles and responsibilities of Board members, the Company Secretary and senior executives, reviewing key executive and Board remuneration and ensuring a formal and transparent Board nomination process;
- Appointment, and assessment of the performance of, the Executive Directors; and
- Ensuring that material business risks have been identified and appropriate controls and procedures implemented.

Delegation of Board Authority

The entrepreneurial and day-to-day activities of the Group are formally delegated by the Board to the Managing Director and Executive Committee. The Board's role is to monitor and measure the activities carried out by the management team.

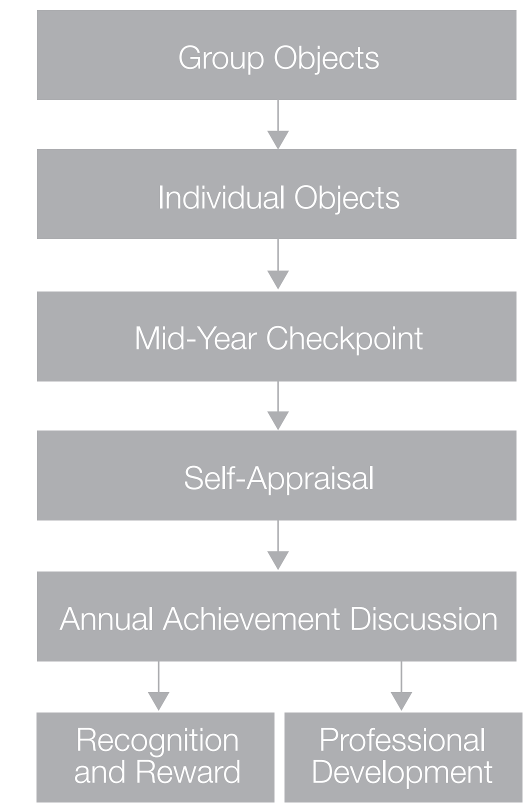
Appointment and Induction

Each Director is provided with a formal appointment letter setting out the key terms and conditions of their appointment. In addition all senior executives are also provided with formal appointment letters, which include expectations of their role, term of appointment, termination entitlements and rights and responsibilities. On appointment, all senior executives are provided with an induction program to allow them to participate fully in the decision-making and management of the company as soon as possible.

Performance and Evaluation of Executives

The Chart below summarises the Group's revised people development system. Application of the revised people development system will commence in 2008/09.

Sunland Group People Development System



Oversight of Executive and Board performance is provided by the Remuneration and Nomination Committee. The development of individual talent and outstanding personal performance requires leadership and effective supporting frameworks. Our revised people development system is based on clear goal setting, honest career development discussions and ongoing feedback about performance. We support a balanced approach which rewards Group accomplishments and recognises individual initiative and exceptional effort. The annual achievement discussion not only sets the forthcoming year's objectives, but is also an appraisal of the achievement of objectives for the previous year. Performance evaluation of the Managing Director and other senior executives is undertaken annually and has been undertaken for the year ended 30 June 2008.

Governance Document:

The Board Charter is available at:

http://www.sunlandgroup.com.au/menu02.html

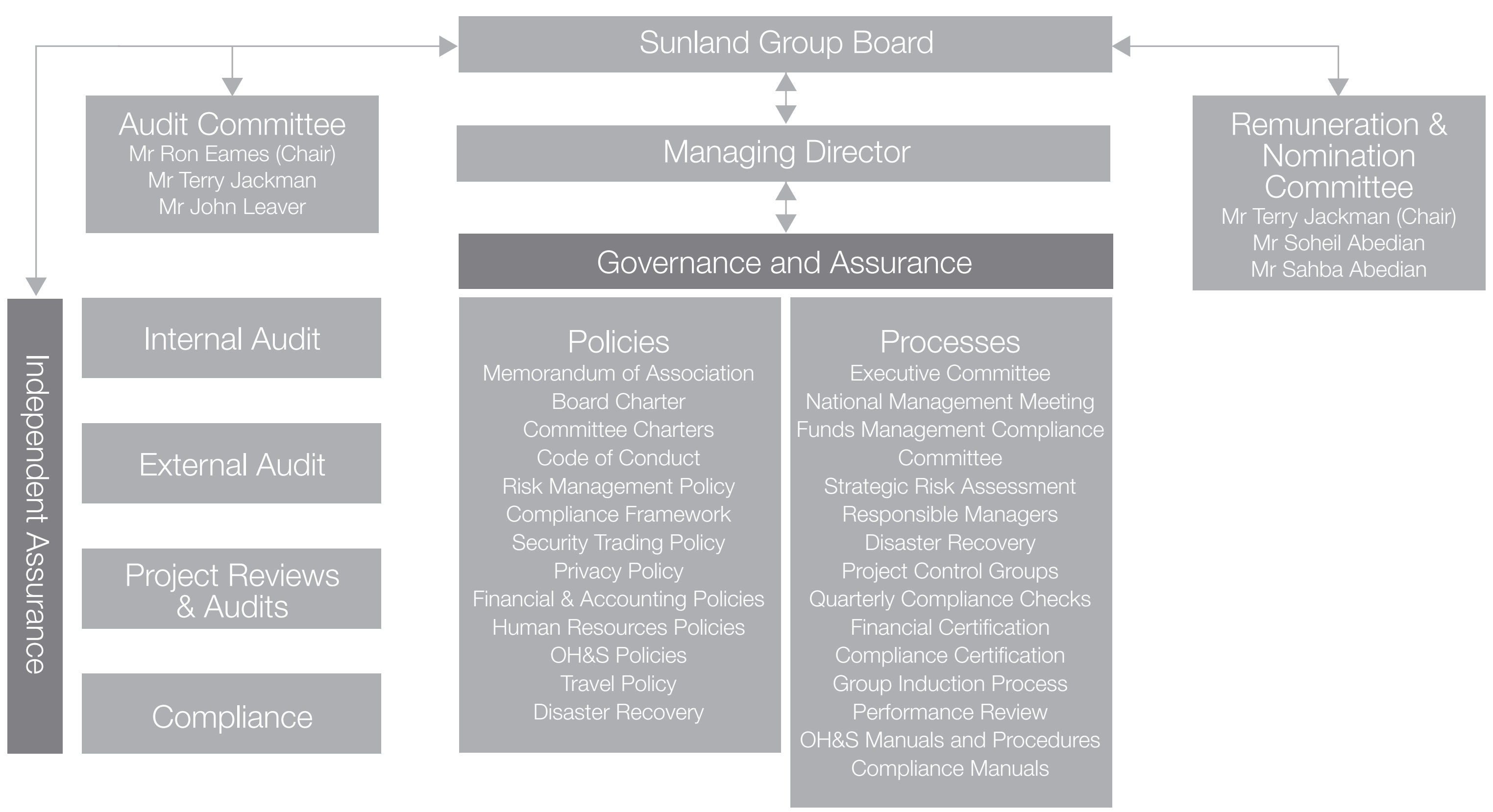
2 COMPOSITION OF THE BOARD

ASX CGC Principle No. 2

Structure the Board to add value

The Group governance arrangements are summarised in the chart below:

SUNLAND GROUP GOVERNANCE



Board Composition

The Board composition ensures a balance of diversification – by skills and experience as well as geographically. Sunland's existing Board structure comprises four non-Executive Directors (three of whom are independent) and two Executive Directors. The names, skills and experiences of the Directors who held office during the financial year and as at the date of this Statement, and the period of office of each Director, are set out in the Directors' Report.

The Board considers that, given the Chairman is independent, and that the Board comprises a majority of non-Executive Directors and has an appropriate mix of skills and expertise, a Board comprising three independent directors out of six is appropriate for the effective direction of the Group.

Board Members

The Directors of the Company in office at the date of this statement are set out below:

Director	Independent	Appointed
Executive Directors		
Mr Sahba Abedian	No	January 2001
Mr Soheil Abedian	No	March 1994
Non-Executive Directors		
Mr Terry Jackman	Yes	May 2004
Mr Ron Eames	Yes	March 2006
Mr John Leaver	Yes	March 1994
Mr James Packer	No	July 2006

Directors' independence

The independence of Directors is reviewed by the Remuneration and Nomination Committee and the Board, either annually, or when changes to interests are disclosed. A determination of the independence of non-Executive Directors is based on the Board's ongoing assessment of whether that Director is free of any material business or other relationship that could reasonably be considered to interfere with the exercise of their independent judgement.

In assessing the independence of a Director, the Board will have regard to the guidelines contained in the publication issued by the Australian Investment Managers' Association (AIMA) and the ASX CGC's principles and recommendations. Failure to meet one of these guidelines does not automatically mean that the Director is not independent. The Board will consider all relevant facts and circumstances when making its decision.

Factors considered in the assessment of independence include whether the Director:

- Is not a substantial shareholder, officer of or otherwise associated directly with a substantial shareholder of Sunland Group;
- Has not been employed in an executive capacity by Sunland Group within the last three years;
- Is not a principal of a material professional adviser or a material consultant to Sunland Group or another Group member (which has a material impact on the results of the Group). Where the Director is a principal or employee of a professional adviser, the Director does not participate in the consideration of any possible appointment and does not participate in the provision of any service to Sunland by that adviser, unless the Board otherwise resolves;
- Is not a material supplier or customer of Sunland Group, or associated with a supplier or customer;
- Does not have any significant contractual relationships with Sunland Group or another Group member other than as a Director of Sunland Group;
- Is free from any interest and any business or other relationship which could, or reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of Sunland Group;
- Has not served on the Board for a period which could materially interfere with the Director's ability to act in the best interests of the Company.

The Board considers that three of the four non-Executive Directors, including the Chairman, are independent. Mr James Packer is not considered independent due to his substantial shareholding in the Company.

Mr John Leaver is a Director of substantial shareholder CVC Ltd (9.7% of issued capital as at 30 June 2008), however, he is one of five Directors of CVC and is a non-Executive Director. The Board has assessed Mr Leaver as an independent Director of Sunland Group. Mr Ron Eames is a partner of DLA Phillips Fox law firm, which is one of a number of law firms that provide legal advisory services to Sunland Group. DLA Phillips Fox are not the exclusive provider of legal services to Sunland Group and provide legal services to Sunland on normal commercial terms and conditions. The Board considers that, having regard to Mr Eames' role, the amount of fees paid to DLA Phillips Fox and the nature of the services provided, DLA Phillips Fox is not a material professional adviser for the purposes of independence, and Mr Eames is therefore an independent Director.

The Chairman

The Chairman, Mr Terry Jackman, is considered by the Board to be an independent non-Executive Director. Mr Jackman has been Chairman since November 2005. The Chairman plays a crucial role in ensuring the Board works effectively and responsibly.

Separation of duties

The roles of the Chairman and Managing Director are not exercised by the same individual, with Mr Terry Jackman being Chairman and Mr Sahba Abedian Managing Director. The Chairman is responsible for guiding the Board in its duties. The Managing Director, along with the Executive Management team, is responsible for the day-to-day management of the Group's business activities.

Independent professional advice

Directors may seek independent advice on business acquisitions or for strategic direction at the Company's expense, following the Chairman's consent.

Conflicts of Interest

The Board has set guidelines for its members for declaring and dealing with potential conflicts of interest which include:

- Board members declaring any interests as prescribed under the Corporations Act 2001 (Cth), ASX listing rules and the general law; and
- Board members with a material personal interest in a matter not being present or voting at a meeting of the Board during any consideration of or voting on the matter, unless the Board (excluding the relevant Board member) resolves otherwise.

Terms and conditions of appointment, re-election and retirement

In accordance with the Company's constitution, the Directors may appoint a person to be a Director, either in addition to the existing Directors, or to fill a casual vacancy, provided there are not less than three and not more than 10 Directors at any one time. A person may also be elected to the office of Director if that person has been nominated for election, or if a member has expressed his or her desire to be a candidate for election. At each Annual General Meeting (AGM), any such Director appointed must retire from office at the next AGM following his or her appointment. In addition to this, one-third of the remaining Directors and any other Director who will have been in office for three or more years and for three or more AGMs since they were last elected must retire from office. The Directors required to retire at the AGM are the Directors who have been longest in office since their last election. Any Director retiring from office is eligible for re-election. If the office vacated is not filled, then that retiring Director is taken to have been re-elected, unless it is expressly resolved not to fill that vacated office, or a resolution is put and lost for the re-election of that Director.

In order to enhance the framework provided by the constitution and Board and Remuneration and Nomination Committee Charters, development of a documented policy for nomination and appointment of Directors is scheduled to be undertaken in 2008-09.

Remuneration of Directors

Directors are paid remuneration as determined by the Company at a general meeting. Remuneration may be either a stated salary or a fixed sum determined at the meeting, or both, or a share of a fixed sum determined at the meeting to apply to all Directors, to be divided between them as they agree, or failing agreement, equally. If a Director performs extra services or makes special exertions in relation to the affairs of the Company, they may be entitled to a special remuneration, either in addition to or as a substitution for that Director's remuneration. In addition to this, the Directors may decide to pay a pension or lump sum payment in respect of past services for those Directors who have died or otherwise have ceased to hold office.

To support the Board in its responsibilities, a Corporate Governance and Audit Committee and Remuneration and Nomination Committee have been established.

2 COMPOSITION OF THE BOARD (Con't)

Performance of the Board

It is the role of the Remuneration and Nomination Committee to evaluate the Board's performance, ensuring that appropriate procedures exist to assess the performance of Directors, Executive Committee members and the Board as a whole. The Committee meets annually to consider Board and Directors' performance.

Board and Committee meetings

The attendance by Directors at Board and Committee meetings is included in the Directors' Report. The Board meets without Executive Directors and management being present when required.

The Company Secretary assists the Board by ensuring timely despatch of the Board agenda and papers and providing governance advice. All Directors have access to the Company Secretary. The details of the Company Secretary's qualifications and experience are included in the Directors' Report.

Board Committees

The Board has established two standing committees, each of which has a formal charter detailing its role. Each Committee reports back to the Board after each meeting and recommends items to the Board for decision as appropriate. Detail in regard to the number of meetings, and attendance by members, is provided in the Directors' Report.

Corporate Governance and Audit Committee

Sunland established a Corporate Governance and Audit Committee in December 2002 and it comprises a majority of independent non-Executive Directors. The Committee comprises non-Executive Directors Mr Ron Eames (Chair), Mr John Leaver and Mr Terry Jackman. Further details are set out in Principle 4.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises non-Executive Director Mr Terry Jackman (Chair) and Executive Directors Mr Sahba Abedian and Mr Soheil Abedian. Its charter includes the assessment of new Board candidates and making recommendations to the Board for consideration, evaluation and formal approval. When a Board vacancy occurs Directors are asked to nominate suitable candidates.
Further details are set out in Principle 8.
Governance Documents:
The Corporate Governance and Audit Committee Charter is available at
http://www.sunlandgroup.com.au/menu02.html
The Remuneration and Nomination Committee Charter is available at
http://www.sunlandgroup.com.au/menu02.html

3 ETHICAL AND RESPONSIBLE DECISION-MAKING

ASX CGC Principle No. 3

Promote ethical and responsible decision-making

Code of Conduct

A Code of Conduct applies to all employees of the Group. The Code of Conduct forms part of employment contracts and sets out the principles which all Directors and employees are expected to uphold in order to promote the interests of the Group and its shareholders. In addition, Directors, management and staff are expected to comply with the performance duties outlined in their respective schedule of duties, policies regarding internet and email use, policies and guidelines in relation to the Privacy Act, SPAM Act and relevant workplace health and safety legislation.
The Group has appointed an internal Complaints Handling Officer.
The Complaints Handling Officer would coordinate the investigation and reporting of any instances of unethical conduct. Sunland employees can also contact the Complaints Handling Officer for information and assistance in the management and resolution of a workplace dispute or Code of Conduct incident.

Security Trading Policy

Under the Group's Trading Policy, Directors and designated officers (as determined by the Audit Committee from time to time) must obtain approval from the Chairman and an independent Director prior to undertaking any trade. Similarly, members of the Executive with knowledge of reporting disclosures must first consult the Managing Director and Company Secretary before trading is undertaken.
Directors and designated officers may trade in Sunland shares without notification during nominated trading 'windows', which are typically of four weeks duration and follow Sunland's announcements of its half year and annual profit results, and the Annual General Meeting. Irrespective of these approval stipulations, if any individual is in possession of any non-public, price-sensitive information relating to Sunland, then that person is prohibited from trading. Compliance with this Policy is subject to Internal Audit review.
This policy also prohibits Directors from utilising margin-lending facilities to fund existing Sunland Group shareholdings and any future Sunland Group share purchases.
Further information on the trading in securities by Directors and other office holders is outlined in the Group's Security Trading Policy available on the Sunland Group website.
Governance Documents:
The Security Trading Policy is available at
http://www.sunlandgroup.com.au/menu02.html
The Code of Conduct is available at
http://www.sunlandgroup.com.au/menu02.html

4 INTEGRITY IN FINANCIAL REPORTING

ASX CGC Principle No. 4

Independently verify and safeguard integrity in financial reporting

Certification of financial reports

The Company complies with ASX and ASIC requirements for the timely and accurate reporting of the Group's financial activities, ensuring that the Group discloses all information which has a material impact on shareholders.
This includes the Annual Financial Report, Half Yearly Report, revised forecasts, new site acquisitions and changes in Directors' interests.
The Managing Director, along with the Company Secretary and Chief Financial Officer, is responsible for providing updates to the Board on the financial performance of the Group. Further, the Managing Director and Chief Financial Officer review the half yearly and annual financial statements of the Group prior to tabling at the Corporate Governance and Audit Committee for review and recommendation to the Board. The financial statements are then recommended to, and approved by, the Board before being announced to the ASX.

Corporate Governance and Audit Committee

Under its charter, the Corporate Governance and Audit Committee (Audit Committee) must comprise at least three non-Executive Directors, with a majority of independent Directors. The Chairman of the Audit Committee must be an independent non-Executive Director and must not be the Chairman of the Board.
The members of the Audit Committee at the date of this statement are identified under Principle 2 and details of meetings attended are outlined in the Directors' Report. Committee members bring a range of financial, legal, commercial and industry experience and expertise. Permanent invitees include the Chief Financial Officer; the Group Financial Controller; the Group Reporting and Compliance Manager (Internal Audit) and the Group's external auditors.
The Sunland Group Audit Charter provides for the following:

Role of the Audit Committee

The primary role of the Audit Committee is to assist the Board in:

- Monitoring corporate risk management, internal control and compliance processes;
- Monitoring compliance with laws and regulations and code of conduct for the Sunland Group;
- Monitoring the integrity of the Sunland Group's statutory financial reports and statements and financial and accounting controls; and
- Reviewing the achievement of best practice in the implementation of corporate policies and compliance processes.

The Audit Committee is also responsible for consideration in regard to the appointment of company external auditors. The Committee reviews the terms of engagement and fees, including any engagement letter issued at the start of each audit, and provides assessment of the independence of the External Auditor. In line with requirements of the Corporations Act and professional standards the Group requires the audit partners and review partners of its External Auditor to rotate every five years. The External Auditor must manage its audit team members to ensure adequate rotation of staff.
The Audit Committee meets with the External Auditor when required without Executive Directors and management present. The Audit Committee also meets with the head of internal audit without Executive Directors and management present when required.

5 CONTINUOUS DISCLOSURE TO ASX

ASX CGC Principle No. 5

Make timely and balanced disclosure

The company believes that shareholders, regulators, rating agencies and the investment community generally should be informed of all major business events and risks that influence the company in a factual and timely manner. It is important that all investors have equal and timely access to material information concerning Sunland. To that end, a process is in place to ensure that any issues regarding ASX Listing Rules and/or material change in the Company's business including, but not limited to, project budget or delivery changes, site acquisition, revised forecasts, sales performance, changes in Directors' interests, half yearly and annual results, and shareholder information, are announced through the ASX. All ASX announcements are available on the Group's website.
The Group's Company Secretary is responsible for communication with the ASX, including responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and oversight of information distributed to the ASX. Development of a documented market disclosure policy is scheduled to be undertaken in 2008/09.

Stakeholders

Under the direction of the Managing Director, Sunland liaises with various stakeholders either directly through formal presentations to corporates, institutions and individuals, or via representative brokers and analysts to provide regular updates on the Group's business activities. The Group's corporate advisors support the communication efforts of the Group to ensure it complies with its obligations to key stakeholders.

6 THE RIGHTS OF SHAREHOLDERS

ASX CGC Principle No. 6

Respect the rights of shareholders

The Board of Directors aims to ensure that shareholders are informed of all major developments affecting the Group. Information is communicated to shareholders through the annual report, the half-yearly report, announcements made to the ASX, notices of annual general meetings, the AGM and the Company's website *www.sunlandgroup.com.au*, which has a dedicated investor relations section. Sunland also communicates frequently via the media on all projects and in regard to financial updates.
The Board encourages full participation of shareholders at the AGM to ensure a high level of accountability and identification with the Group's direction, strategy and goals. In particular, shareholders are responsible for voting on the appointment/re-election of Directors.
Sunland ensures that its external auditors are present at the AGM to answer questions in regard to the conduct of the financial statement audit and the associated independent audit report.
The Group utilises Link Market Services Registry Services to facilitate the delivery of reports and announcements to shareholders. Sunland encourages the use of electronic communications and shareholders are given the option of receiving Company material in print or electronically. Shareholders can contact Link Market Services at any time for information regarding their shareholdings.

7 RISK MANAGEMENT

ASX CGC Principle No. 7

Recognise and manage risk

Establish Risk Policies

The Audit Committee has endorsed a Group Risk Management Policy.
A Strategic Risk Assessment is regularly updated and reviewed by the Audit Committee. Both have been developed in accordance with the standard for Risk Management, AS/NZS 4360:2004.
The Strategic Risk Assessment enables identification and management of the strategic risks of Sunland Group, focussing management attention on any risk requiring further action. The structure of the assessment enables management to identify:

- Those residual risks requiring management action/attention in order to reduce the level of risk to an acceptable level; and
- Those risk areas with a strong reliance on internal controls and processes to bring the risk to an acceptable level. This enables management to identify those key controls and/or processes requiring regular monitoring and/or independent assessment as to their effectiveness.

7 RISK MANAGEMENT (Con't)

Risk Management

The implementation of strategies and controls to mitigate risk is the responsibility of the Board and Management. Executive Committee meetings chaired by Managing Director Mr Sahba Abedian meet monthly to ensure close monitoring of each and every project, along with review of critical business issues. This includes cash-flow forecasts, debt management, risk management and project status, sales rates, construction progress/costs to complete, as well as the assessment of future developments and feasibilities.

In addition, all staff have responsibility for the continuous monitoring and management of risks and controls within their area of responsibility. Monitoring is also undertaken on a targeted basis by Internal Audit through the delivery of the Internal Audit Plan.

A formal report against the Strategic Risk Assessment is provided to the Audit Committee on an annual basis. The Board also receives a report from Management in regard to the effectiveness of the Company's management of its material business risks on an annual basis. The Board receives assurance from the Managing Director and Chief Financial Officer that the declaration provided in accordance with s295A of the Corporations Act is founded on a sound system of risk management and internal control, and that system is operating effectively in all material respects in relation to financial reporting risks.

Governance Document:

The Risk Management Policy is available at:

http://www.sunlandgroup.com.au/menu02.html

8 REMUNERATION

ASX CGC Principle No. 8

Remunerate fairly and responsibly

Directors' Remuneration – Constitution

Under the Company's Memorandum of Association and Constitution (Constitution), the Directors are to be paid as remuneration for ordinary services such sum as may from time to time be determined by a meeting of members. In accordance with the Constitution, such sum is to be divided among them in such proportion and manner as the Directors agree and, in default of agreement, equally. If a Director performs extra services or makes special exertions in relation to the affairs of the Company, they may be entitled to a special remuneration, either in addition to or as a substitution for that Director's remuneration. In addition to this, the Directors may decide to pay a pension or lump sum payment in respect of past services for those Directors who have died or otherwise have ceased to hold office. Although bonus and pension payments are provided for in the Constitution, there is no current intention to implement such a scheme.

Non-Executive Directors

Directors' fees are allocated among the non-Executive Directors. Those fees are disclosed in the Remuneration Report included in the Directors' Report.

Executive Directors

Executive Directors are remunerated by subsidiary companies and do not participate in any Directors' fees paid by the Company. In accordance with the Security Trading Policy, executives are not permitted to enter into transactions in associated products which limit the economic risk of participating in unvested entitlements under the share option scheme.

Remuneration and Nomination Committee

The members of the Remuneration and Nomination Committee at the date of this statement are identified under Principle 2 and details of meetings attended are outlined in the Directors' Report. The Committee consists of three Directors and is chaired by an independent Director. In regard to remuneration the Committee has a charter clearly setting out its role to:

(a) Make recommendations to the Board on:
   - (i) Executive remuneration and incentive policies;
   - (ii) The remuneration packages of Executive Committee members and senior management;
   - (iii) Recruitment, retention and termination policies for Executive Committee members and senior management;
   - (iv) Incentive schemes;
   - (v) Superannuation arrangements; and
   - (vi) The remuneration framework for Directors.

(b) Ensure that reporting disclosures related to remuneration comply with the Corporations Act and ASX Listing Rules, noting particularly continuous disclosure and corporate governance guideline requirements.

Executive Remuneration

Sunland recognises the value of maintaining long-term employees and introduced an executive share option scheme in November 1998. Sunland's Constitution enables the implementation of an executive share option scheme. The share plan was approved by Directors and advised to shareholders at the Company's Annual General Meeting in 1998. All options issued are subject to Board approval, and follow a three-month probation period. A strike price is based on market price on the day of Board approval (five-day volume weighted average) + 15%. Further detail on the share plan and executive remuneration is included in the Remuneration Report in the Directors' Report.

Consistent with Executive Directors, under the Group Trading Policy, Sunland executives are not permitted to enter into transactions in associated products which limit the economic risk of participating in unvested entitlements under this share option scheme.

SUNLAND GROUP LIMITED AND ITS CONTROLLED ENTITIES

Sunland Group Limited
ABN 65 063 429 532

Contents

Directors' Report	10
Auditor's Independence Declaration	19
Income Statements	20
Balance Sheets	21
Statements of Recognised Income and Expense	22
Statements of Cash Flows	23
Notes to the Financial Statements	24
Directors' Declaration	65
Independent Auditor's Report	66
Supplementary Information:	
ASX Additional Information	68

The Directors present their report together with the financial report of Sunland Group Limited ("the Company") and the consolidated entity ("the Group"), being the Company and its controlled entities, for the year ended 30 June 2008 and the independent audit report thereon.

DIRECTORS

The names and details of the Company's Directors in office during the year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Terry Jackman
Chairman (Non-Executive Director) – Director since May 2004. Aged 67.
Mr Jackman brings a wealth of tourism, leisure and entertainment expertise to the Board, with a career stemming from an early involvement in the entertainment industry through Birch Carroll and Coyle Cinemas, and later becoming the Managing Director of Hoyts Theatres. He is currently a Director of Prime Television Limited. He was for eight years Chairman of Tourism Queensland and is currently a Director of Prime Media Group Limited.

Sahba Abedian
Executive Director – Director since January 2001.
LLB (Bond University). Aged 32.
Mr Sahba Abedian is a qualified lawyer and joined Sunland Group Limited in April 1998 as legal counsel/company secretary. In January 2000, he established the Group's Victorian operations and is now the Managing Director. He was admitted into the Supreme Court of Queensland in 1998 as a solicitor.

Soheil Abedian
Executive Director – Director since March 1994.
Dip Arch Masters Degree in Architecture with Honours (University of Graz, Austria). Aged 59.
Honorary Professor Griffith University (Business School – Gold Coast)
Mr Soheil Abedian was educated in Vienna, Austria and moved to Queensland's Gold Coast in 1983 where he co-founded Sunland Homes Pty Limited to develop luxury housing projects. He has over 20 years' experience in architectural design, construction and project management in a wide range of developments.

John Leaver
Non-Executive Director – Director since March 1994.
B.Ec. (University of Sydney). Aged 64.
Mr Leaver is a former licensed stockbroker with more than 20 years' experience. He has specialist skills in the assessment of new projects and capital raisings. Mr Leaver is also a Director of CVC Limited.

Ron Eames
Non-Executive Director – Director since March 2006.
LLB (Queensland University of Technology). Aged 51.
Mr Eames is a lawyer with specialist experience in front-end projects and project and structured financing.

James Packer
Non-Executive Director – Director since July 2006. Aged 41.
Mr Packer is Executive Chairman of Consolidated Press Holdings Limited.
Mr Packer is Executive Chairman of Crown Limited (appointed 6 July 2007) and Executive Deputy Chairman of Consolidated Media Holdings Limited (appointed May 1998). Mr Packer is also the Chairman of SEEK Limited (appointed 31 October 2003).
Mr Packer is also a Director of Crown Melbourne Limited (appointed 22 July 1999) and Ellerston Capital Limited (appointed 6 August 2004). Mr Packer was previously a Director of Qantas Airways Limited (until 31 August 2007).

Craig Carracher
Alternate Non-Executive Director for James Packer – resigned 10 June 2008.
LLB (u.Syd), BCL (Oxon). Aged 42.
Mr Carracher is Group General Counsel for Consolidated Press Holdings Limited and a Director of several CPH investee companies, including Ellerston Capital Limited, Jurlique International, Perisher Blue, Consolidated Pastoral Company and GRM International.

Glenn Wein
Alternate Non-Executive Director for James Packer – appointed 10 June 2008.
B.Comm, LLB (Hons) (Melb), MBA (Columbia). Aged 40.
Mr Wein is Head of Private Equity for Consolidated Press Holdings Limited and a Director of several CPH investee companies, including Consolidated Pastoral Company, Teys Bros. Holdings, Perisher Blue, GRM International and Pretty Girl Fashion Group.

COMPANY SECRETARY

Grant Harrison
Company Secretary – Secretary since December 2003.
Associate Diploma Business (Accounting). MDIA, Aged 41.
Mr Harrison joined the Sunland Group during 2000, following 16 years' experience in banking with Westpac, specialising in commercial, property and corporate finance transactions. He has been responsible for debt and capital raising to fund the Group's growth over the last five years. Mr Harrison was appointed Chief Financial Officer in December 2004.

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

	Board Meetings	Board Meetings	Audit Committee Meetings	Audit Committee Meetings	Remuneration and Nomination Committee Meetings	Remuneration and Nomination Committee Meetings
Director	A	B	A	B	A	B
Mr Terry Jackman	8	8	5	5	1	1
Mr Sahba Abedian	8	8	-	-	1	1
Mr Soheil Abedian	6	8	-	-	1	1
Mr John Leaver	8	8	5	5	-	-
Mr James Packer[1]	5	8	-	-	-	-
Mr Ron Eames	8	8	5	5	-	-

(A) Number of meetings attended.
(B) Number of meetings held during the time the Director held office during the year.
[1] *Alternate Director Mr Craig Carracher attended the three board meetings not attended by Mr James Packer during the financial year.*

PRINCIPAL ACTIVITIES

Sunland Group Limited is a company limited by shares that is incorporated and domiciled in Australia. The principal activities of the consolidated entity during the course of the financial year were property development and construction together with project services, funds management and hotel investments and operations. There was no significant change in the nature of those activities during the year.

CONSOLIDATED RESULT

The consolidated profit after income tax for the year attributable to members of Sunland Group Limited was $98,997,000 (2007: $88,077,000).

REVIEW AND RESULTS OF OPERATIONS

- Record Net Profit of $99 million, up 12%, for the year ended 30 June 2008
- Conservative gearing levels maintained at ratios of 15% debt to equity and 8% debt to asset
- Pre-sales at Sunland's three Dubai developments achieve total of $1.2 billion
- 65% growth in total group portfolio to $7.9 billion.

Operational highlights for the year ended 30 June 2008

- Growth in total group portfolio to $7.9 billion, up from $4.8 billion one year ago and $6.9 billion as at 31 December 2007, predominantly due to ongoing international expansion.
- Combined pre-sales at Sunland's three Dubai developments – Palazzo Versace Dubai, D1 and Nur – achieve total of $1.2 billion as at 30 June 2008.
- Launched latest Dubai development, Nur, on 10 June 2008. Pre-sales on 74%, or 160 of the 191 residences, were finalised in the first week totalling $163 million in value.
- Acquired eight Australian development sites, which will yield 1,398 residential lots in the medium term with an end value of $444 million.
- Launched and completed raising for the $57 million Sunland Diversified Land Fund No. 2.
- Announced historic return to Sanctuary Cove on the Gold Coast in a joint venture with Mulpha Australia Limited to develop 114 luxury homes over three years with an end value of $124.9 million.
- Acquired fifth Dubai site for $80 million and unveiled plans for a $1.7 billion mixed-use development, Waterfront 2 at Jebel Ali.
- Business Bay office joint-venture development in the UAE was on-sold to realise $5 million profit for Sunland (33% ownership).
- Pre-sold and successfully completed first stand-alone commercial development in July 2007 to Virgin Blue Limited for $61 million.
- Sale of 50% interest in Dubai Waterfront 1 project to Peacock Ventures Limited realising a $33 million profit for Sunland (50% ownership).
- Strong ongoing sales across the Australian portfolio:
  Multi Storey – Circle on Cavill, Avalon and Virgin Blue; Headquarter
  Residential Housing – Greenvue, Emery, Castel, Jefferson and Arbour Housing; and
  Land – Bushland Beach, Chancellor, Arbour and Bluestone.

Capital Management

The Sunland Group has been focused on reducing debt and recycling capital through key joint-venture relationships in Australia and Dubai and also through development funds.
In 2007-08 Sunland achieved conservative gearing levels of 15% debt to equity and 8% debt to asset. As a result, Sunland has positioned itself to be able to capitalise upon counter-cyclical opportunities in Australia expected to emerge within the short term.
The Group continues to focus on the delivery of its portfolio. It is important to note in the United Arab Emirates buyers of off-the-plan properties are required to make staged payments throughout the construction period, whereby an initial 10% deposit is followed by a payment plan of instalments, right up until settlement. This provides important cash flow to the Group and significantly reduces the cost of financing as projects progress. To date, Sunland has collected up to 40% of instalments for the initial purchases in Palazzo Versace Dubai and D1.

REVIEW AND RESULTS OF OPERATIONS (Con't)

Development Operations

Australia

Sunland's Australian development operations contributed revenue of $358.6 million for the financial year. Major profit contributors were from multi-storey developments Circle on Cavill (QLD) and Avalon (QLD); residential housing developments at Jefferson (QLD), Emery (NSW) and Castel (NSW); and the Virgin Blue Headquarters stand-alone commercial development in Bowen Hills (QLD).

Sunland's Australian development portfolio totals $2.2 billion and represents a pipeline of more than five years. During the 12-month period Sunland acquired eight projects along Australia's east coast, which will yield 1,398 residential lots with an end value of $444 million. These projects are located in the high-growth residential locations of Merrimac, Sanctuary Cove and Labrador (QLD), Kellyville, Cronulla and Picnic Point (NSW), and Ballarat and Chancellor (VIC) where there is existing infrastructure and natural amenity.

The continuing demand for Sunland's design-driven residential projects in 2007-08 is reflected in the 1,087 sales and 810 settlements across our residential portfolio, despite softening market conditions in the second half of the year.

Multi-storey development remains a core focus for Sunland.

The Group's second residential tower on St Kilda Road in Melbourne, Balencea, is currently under development and scheduled for completion in late 2008.

The 23-storey tower, comprising 84 luxury residences, is all but sold out with only one apartment remaining for sale. Sunland launched Louisa Road Residences in Sydney, a boutique luxury development on the Sydney Harbour comprising just six residences.

Sunland is focused on expanding its portfolio in Australia in 2009-2010 and beyond. We are equally committed to further developing our in-house expertise.

In September 2007, Mark Jewell was appointed to the new position of Chief Operating Officer – Australia. Mr Jewell was formerly an Executive Director of Sunland from 1997 to 2002 and was closely involved in the growth of the Group during this period.

International

Sunland's International development portfolio more than doubled during the 12-month period to $5.2 billion, up from $2.5 billion as at 30 June 2007.

On 10 June 2008, Sunland launched its second Dubai residential tower development, Nur. In the first week following the launch, pre-sales on 74%, or 160, of the 191 residences had been finalised, totalling $163 million in value.

Nur is in close proximity to Sunland's flagship developments Palazzo Versace Dubai and D1 on the Dubai Creek waterfront, which both commenced construction in January 2007. Pre-sales at Palazzo Versace Dubai total $471.6 million, with 127 of the 169 condominiums at Palazzo Versace Dubai sold off the plan. At D1, 457 of the 529 apartments have pre-sold, realising a total value of $467.4 million.

As at 30 June 2008, combined pre-sales at Sunland's three Dubai developments – Palazzo Versace Dubai, D1 and Nur, totalled $1.2 billion.

Plans for new projects in the region are well under way, including two premium mixed-use developments at the beachfront entry of the prestigious Palm Jebel Ali – Waterfront 1 and 2.

Waterfront 2 represents Sunland's first wholly owned mixed-use development in Dubai. The proposed $1.7 billion waterfront development is scheduled to be launched in October 2008.

Waterfront 1 is located adjacent to the site of Waterfront 2 and is a 50:50 joint venture with Peacock Ventures Limited. The proposed mixed-use project is scheduled to be launched in January 2009 and has an end value of $1.3 billion.

In October 2007, the Business Bay office joint-venture development sold the project, realising for Sunland (33% ownership) a $5 million profit.

Sunland's international operations are well-established with more than 100 staff now based in its Dubai office. In September 2007 the Group announced the appointment of David Brown to the new position of Chief Operating Officer – Middle East. Mr Brown was previously Sunland's National Design Manager in Australia before moving to Dubai mid 2006. Sunland sees its export of talent and resources as a key market advantage.

Non-Development Operations

As part of Sunland's diversification strategy, the Group's non-development operations are being expanded and are making an increasing contribution to revenue. These operations comprise project services, developments and joint ventures and hotel ownership and are achieving strong margins.

The project services division is expected to generate income of $121 million over the medium term. New projects entered into during the 12-month period include joint-venture developments in Queensland's Sanctuary Cove and the proposed Waterfront 1 development in Palm Jebel Ali, Dubai.

The inaugural Sunland Diversified Land Fund returned the balance of capital to investors, a total of 93 cents per unit and 7 cents per unit of income.

This is almost 50% above the Product Disclosure Statement forecast to date.

In January 2008 the division launched its second vehicle, the Sunland Diversified Land Fund No. 2, which has successfully raised $22 million in equity.

Palazzo Versace Global Rollout

Palazzo Versace Gold Coast, the world's first fashion-branded hotel, was completed in 2000. Construction of Palazzo Versace Dubai, the first resort to be delivered under the Global Rollout Agreement, commenced in January 2007 and is scheduled for completion in the 2010 financial year.

Hotel Ownership & Operations

Hotel operations for the Group have continued to perform well. The Group retained 50% profit from Palazzo Versace Gold Coast as part of its joint-venture arrangement with Emirates Investment Group.

DIVIDENDS

The Company paid the 2007 final ordinary fully franked dividend of 6.75 cents per share amounting to $21,608,000 on 24 September 2007. The 2008 interim ordinary fully franked dividend of 7.00 cents per share amounting to $22,533,000 was paid on 25 March 2008.

The Company declared a final ordinary dividend of 7.00 cents per share on 20 August 2008, franked to 100% with class C (30%) franking credits in respect of the year ended 30 June 2008. This will be paid on 26 September 2008. As the dividend had not been declared at year-end, it has not been recognised in the financial statements at 30 June 2008.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the year under review not otherwise disclosed in this report or the consolidated financial report.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to its property development activities. The Directors are not aware of any significant breaches during the period covered by this report.

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE

Dividends have been declared after year end, refer to Note 8.

There were no other significant events subsequent to 30 June 2008 outside the ordinary course of business.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The consolidated entity will complete existing projects and continue to pursue other quality property developments to enhance profitability.

The Group has a number of projects and other opportunities at hand which provide the foundation for the next year's profitability.

DIRECTORS' INTERESTS

The relevant interest of each Director in the shares and options over such shares of the Company, as notified by the Directors to the Australian Stock Exchange in accordance with S205G (1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary Shares	Unlisted Options over Unissued Ordinary Shares
Mr Terry Jackman	507,869	-
Mr John Leaver	4,432,210	-
Mr James Packer	37,528,562	24,889,903
Mr Ron Eames	30,000	-
Mr Soheil Abedian	45,700,000	-
Mr Sahba Abedian	6,000,475	1,000,000

INDEMNIFICATION AND INSURANCE OF OFFICERS

Since the end of the previous year the Company has paid insurance premiums of $68,367 in respect of Directors' and Officers' liability and Company reimbursement insurance, for all Directors, senior executives and Company secretaries, including Directors of subsidiary companies, Directors and officers who have retired or relinquished their position prior to the inception of or during the policy period, and Directors who have been appointed during the policy period. The insurance cover also extends to outside Directorships held by insured persons for the purpose of representing the Company.

Under the insurance policy the insurer agrees to pay:

- All losses which each insured person becomes legally obligated to pay on account of any claims for wrongful acts; and
- All losses for which the Company may grant indemnification to each insured person.

The insurance policy outlined above does not provide details of the premium in respect of the individual officers of the Company.

REMUNERATION REPORT (AUDITED)

This Remuneration Report sets out the Group's Remuneration framework for key management personnel. It demonstrates the links between the performance of the Group and the individuals' remuneration and discloses the remuneration arrangements, equity holdings, loans and other transactions for key management personnel. This report meets the disclosure requirements of the Corporations Act 2001.

Remuneration Philosophy

The objective of Sunland's Executive Remuneration practices is to attract, retain and appropriately reward the executive talent required to achieve both short-term and long-term success.

The maintenance of a strong, talented and stable executive management team is a high priority for Sunland. Each of our executives has been personally selected due to their proven abilities and many have worked closely with the Group in the past.

Sunland has undertaken to reward the executive management team through a remuneration framework consisting of a fixed annual remuneration package complemented by our Executive Share Options Scheme.

There is no short-term incentive program in place as this is not consistent with Sunland's long-term focus or its normal business cycle.

The principles of the framework incorporate:

- Providing competitive remuneration packages relative to market;
- Linking executive remuneration to shareholder value;
- Encouraging executive ownership of Sunland shares in accordance with the Executive Share Options Scheme;
- Establishing objectives for regional, divisional and individual performance;
- Maintaining a strong focus on both teamwork and individual performance; and
- Ensuring transparency in the disclosure of executive remuneration.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee of the Board of Directors of Sunland Group Limited is responsible for determining and reviewing compensation arrangements for the Directors and the Executive team.

The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions and the remuneration framework with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and Executive team.

REMUNERATION REPORT (AUDITED) (Con't)

DETAILS OF KEY MANAGEMENT PERSONNEL

Key management personnel including Directors and Executives have authority and responsibility for planning, directing and controlling the activities of the Company and Group.

Directors

Mr Terry Jackman	Chairman (non-Executive)
Mr Sahba Abedian	Managing Director
Mr Soheil Abedian	Managing Director – *Middle East*
Mr John Leaver	Director (non-Executive)
Mr Ron Eames	Director (non-Executive)
Mr James Packer	Director (non-Executive)
Mr Craig Carracher*	Alternative Director for Mr James Packer – *resigned 10 June 2008*
Mr Glenn Wein*	Alternative Director for Mr James Packer – *appointed 10 June 2008*

Executives

Mr Mark Jewell	Chief Operating Officer – *Australia* – appointed 3 September 2007
Mr David Brown	Chief Operating Officer – *Middle East*
Mr John Tatler	International Construction Manager
Ms Anne Jamieson	Group General Manager – *Middle East*
Mr Grant Harrison	Company Secretary & Chief Financial Officer
Mr Gary Kordic	National Land Manager – *resigned 17 August 2007*
Mr Domenic Chirico	National Design Manager – *Australia*
Mr Julian Doyle	National Construction Manager – *Australia*

** Note that alternate Directors receive no remuneration.*

There were no changes of key management personnel after reporting date and the date the financial report was authorised for issue.

Long-Term Incentives ('LTI')

Objectives

The objective of the LTI plan is to reward Executives in a manner that:

- Aligns remuneration with the creation of shareholder wealth;
- Encourages share ownership of the Group among Executives; and
- Allows the Group to more easily retain Executives.

Structure

LTI grants to Executives are delivered in the form of share options. Issues of options under this plan are at the discretion of the Board and can be made to any eligible Executive.

An eligible Executive is a person who is a full-time or permanent part-time employee of the Group, including an Executive Director but excluding:

- A non-Executive Director of the Group; or
- A person who has a relevant interest in greater than 5% of the issued ordinary share capital of the Company.

The Board may not grant options to an eligible Executive if upon grant of the options the eligible Executive would hold a relevant interest exceeding 5% of the ordinary issued capital of the Company.

The options offered to Executive Directors and Executives are exercisable progressively over a five-year period from the third anniversary of their employment. These options do not entitle the holder to participate in any share issue of the Company or any other related body corporate.

At the date of this report there were 10,105,000 options on issue under this plan at a weighted average exercise price of $3.17 per share. Since the end of the financial year, the Company issued 308,000 ordinary shares as a result of the exercise of options at a weighted average exercise price of $0.49 per share. There were no amounts unpaid on the shares issued.

Non-Executive Director Remuneration

Objective

The Board seeks to remunerate Directors at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, while incurring a cost that is acceptable to shareholders.

Structure

The Company's Constitution and the ASX Listing Rules specify that the aggregate level of remuneration shall be determined by a meeting of members. The latest determination was at the Annual General Meeting held on 28 November 2005 when shareholders approved an aggregate remuneration for non-Executive Directors of $500,000.

In accordance with the Constitution the aggregate remuneration sum is to be divided among them in such proportion and manner as the Directors agree and, in default of agreement, equally. If a Director performs extra services or makes special exertions in relation to the affairs of the Company, they may be entitled to a special remuneration, either in addition to or as a substitution for that Director's remuneration. In addition to this, the Directors may decide to pay a pension or lump sum payment in respect of past services for those Directors who have died or otherwise have ceased to hold office.

Each non-Executive Director currently receives a fee of $67,200 inclusive of superannuation.

Executive Director Remuneration

Objective

Remuneration for the Managing Director (Mr Sahba Abedian) and the Managing Director – Middle East (Mr Soheil Abedian) is designed to:

- Ensure the pursuit of the Group's long-term growth within an appropriate control framework;
- Demonstrate a clear relationship between Executive Director performance and remuneration; and
- Ensure total remuneration is competitive by market standards and provides sufficient and reasonable rewards for the time and effort required in these roles.

Structure

The remuneration structure for the Managing Directors consists of:

- A base salary; and
- The grant of long-term incentives in the form of share options.

On 28 November 2005, shareholders approved the issue of 1,000,000 options to Mr Sahba Abedian over unissued ordinary shares of the Company. The exercise price for the options issued were set at the weighted average share price for the five days up to and including the 28 November 2005 plus a margin of 15%.

No options are issued to Mr Soheil Abedian as under the terms of the LTI plan, options may not be granted to an executive who has a relevant interest in the Company of greater than 5% of the issued ordinary share capital of the Company.

No bonuses or other short-term incentives are paid to Executive Directors as these are not consistent with the Group's long-term growth focus and the Group's business cycle.

None of the Executive Directors are employed under a contract linked to the performance of the Company.

Executive Remuneration

Objective

The Group's Executive reward structure is designed to:

- Ensure the pursuit of the Group's long-term growth within an appropriate control framework;
- Demonstrate a clear relationship between key executive performance and remuneration; and
- Provide sufficient and reasonable rewards to ensure the Group attracts and retains suitably qualified and experienced people for key roles.

Structure

The remuneration structure for Executives consists of:

- A base salary; and
- The grant of long-term incentives in the form of share options (long-term incentives).

Share options are granted following approval by the Remuneration Committee. The exercise price for options issued are by reference to the weighted average share price for the five days up to and including the grant date plus a margin of 15%. Options are issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the entity at the exercise price. The options may only be exercised three years after being granted and vest proportionately over a five-year period thereafter. These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

No bonuses or other short-term incentives are paid to Executives as these are not consistent with the Group's long-term growth focus and the Group's business cycle.

All Executives have employment contracts with no fixed end date.

Any Executive may resign from their position and thus terminate their contract by giving four weeks written notice. On resignation any options will be forfeited. The Company may terminate the employment agreement by giving four weeks written notice or providing payment in lieu of the notice period. The Company may terminate the contract at any time if serious misconduct has occurred. On termination any options will immediately be forfeited.

None of the Executives are employed under a contract linked to the performance of the Company.

Compensation of key management personnel

The following table details the compensation of Directors and key management personnel including specified Company and Group Executives.

	Year	Short Term Salary & Fees $	Short Term Non-Monetary Benefits $	Post Employment Superannuation $	Share-Based Payments Options[3] $	Total $	% Performance Related
Non-Executive Directors							
Terry Jackman	**2008**	**61,650**	**5,359**	**5,549**	**-**	**72,558**	**-**
	2007	61,375	5,008	5,825	-	72,208	-
John Leaver	**2008**	**61,650**	**5,359**	**5,549**	**-**	**72,558**	**-**
	2007	63,500	5,008	3,699	-	72,207	-
Ron Eames[1]	**2008**	**60,000**	**5,359**	**7,200**	**-**	**72,559**	**-**
	2007	78,923	5,008	9,471	-	93,402	-
James Packer[2]	**2008**	**-**	**5,359**	**-**	**-**	**5,359**	**-**
	2007	-	4,747	-	-	4,747	-
Former Directors							
Garry Rothwell – resigned 14 March 2007	2007	40,000	3,526	6,000	-	49,526	-
Executive Directors							
Sahba Abedian	**2008**	**650,001**	**5,359**	**50,000**	**60,157**	**765,517**	**7.9**
	2007	446,999	5,008	47,999	104,266	604,272	17.3
Soheil Adedian	**2008**	**650,000**	**5,359**	**50,000**	**-**	**705,359**	**-**
	2007	529,300	5,008	110,116	-	644,424	-
Total Compensation: Directors	**2008**	**1,483,301**	**32,154**	**118,298**	**60,157**	**1,693,910**	
	2007	1,220,097	33,313	183,110	104,266	1,540,786	

(1) *Remuneration in the 2007 financial year reflects an adjustment for remuneration received in the 2006 financial year.*

(2) *Mr James Packer has donated his entire entitlement to a Director's fee of $67,200 (2007: $63,667) to the Sunland Foundation. Non-monetary amount reflects an allocation of the Directors' and Officers' insurance premium.*

(3) *The amount shown in the share-based payments-options column for each Director does not represent amounts paid to the individual, but rather the amount expensed by the Company. Refer to Note 33(b).*

REMUNERATION REPORT (AUDITED) (Con't)

Compensation of key management personnel (Con't)

	Year	Short Term Salary & Fees $	Short Term Non-Monetary Benefits $	Post Employment Superannuation $	Share-Based Payments Options[1] $	Total $	% Performance Related
Executives							
David Brown	**2008**	**507,406**	**5,359**	**-**	**381,243**	**894,008**	**42.6**
	2007	325,454	5,008	-	9,747	340,209	2.9
John Tatler	**2008**	**305,597**	**5,359**	**-**	**5,410**	**316,366**	**1.7**
	2007	290,589	5,008	10,141	9,741	315,479	3.1
Anne Jamieson	**2008**	**224,316**	**5,359**	**-**	**-**	**229,675**	**-**
	2007	186,459	9,752	18,736	5,219	220,166	2.4
Grant Harrison	**2008**	**178,908**	**10,003**	**48,000**	**144,081**	**380,992**	**37.8**
	2007	146,361	10,345	42,300	7,439	206,445	3.6
Domenic Chirico	**2008**	**173,472**	**40,673**	**22,667**	**80,656**	**317,468**	**25.4**
	2007	159,710	62,041	21,429	52,487	295,667	17.8
Julian Doyle	**2008**	**234,853**	**5,359**	**27,926**	**5,826**	**273,964**	**2.1**
	2007	219,643	5,008	26,359	9,353	260,363	3.6
Mark Jewell	**2008**	**459,751**	**5,359**	**81,910**	**379,738**	**926,758**	**41.0**
– appointed 3 September 2007							
Former Executives							
Gary Kordic	2007	188,388	8,582	46,610	4,910	248,490	2.0
– resigned 17 August 2007							
Total Compensation:							
Executives	**2008**	**2,084,303**	**77,471**	**180,503**	**996,954**	**3,339,231**	
	2007	1,516,604	105,744	165,575	98,896	1,886,819	

[1] *The amount shown in the share-based payments-options column for each Executive does not represent amounts paid to the individual, but rather the amount expensed by the Company. Refer to Note 33(b).*

Group performance

In considering the Group's performance and benefits for shareholder wealth, the Remuneration Committee has regard to the following indices in respect of the current financial year and the previous four financial years:

	2008 AIFRS	2007 AIFRS	2006 AIFRS	2005 AIFRS	2004 AGAAP
Basic Earnings Per Share	30.8c	29.7c	28.9c	13.5c	30.6c
Earnings Per Share growth (%)	4%	3%	114%	(56%)	113%
Security price – at 30 June	$2.27	$4.08	$2.18	$1.50	$1.09
Change in security price (%)	(44%)	87%	45%	38%	76%
Dividend per share	14.0c	13.5c	12.5c	10.0c	6.0c
Dividend per share growth (%)	4%	8%	25%	67%	100%
Net Tangible Assets	$1.69	$1.57	$1.11	$1.02	$0.88
Change in Net Tangible Assets (%)	8%	41%	8%	17%	60%

A strong profit result for 2008 has resulted in the asset backing of the Group increasing by 8% to $1.69 and shareholders have received a substantial increase in the dividends paid progressively over the previous five years. The Group continues to focus its energies on strengthening the balance sheet and growing its non-development revenue streams.

Compensation options: Granted and vested during the year

During the financial year options in the share capital of Sunland Group Limited were granted as equity compensation to certain specified Executives as disclosed below. The options were issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the entity at the exercise price. The options may only be exercised three years after being granted and vest proportionately over a five-year period thereafter. These options do not entitle the holder to participate in any share issue of the Company or any other body corporate. The option entitlements are not based on the performance of the Company.

Terms and Conditions for each Grant

30 June 2008 Executives	Granted Number during year	Grant date	Fair value per option at grant date ($)	Exercise price per share ($)	Share Price at Grant Date ($)	First Exercise Date	Last Exercise Date	Risk-Free Interest Rate
David Brown	200,000	10/09/2007	0.96	4.78	4.17	10/09/2008	10/09/2013	6.07%
	200,000	10/09/2007	1.03	4.78	4.17	10/09/2009	10/09/2013	6.07%
	200,000	10/09/2007	1.09	4.78	4.17	10/09/2010	10/09/2013	6.07%
	200,000	10/09/2007	1.14	4.78	4.17	10/09/2011	10/09/2013	6.07%
	200,000	10/09/2007	1.19	4.78	4.17	10/09/2012	10/09/2013	6.07%
Grant Harrison	100,000	27/11/2007	0.97	4.83	4.20	27/11/2008	27/11/2013	6.20%
	100,000	27/11/2007	1.04	4.83	4.20	27/11/2009	27/11/2013	6.20%
	100,000	27/11/2007	1.10	4.83	4.20	27/11/2010	27/11/2013	6.20%
	100,000	27/11/2007	1.15	4.83	4.20	27/11/2011	27/11/2013	6.20%
	100,000	27/11/2007	1.20	4.83	4.20	27/11/2012	27/11/2013	6.20%
Domenic Chirico	20,000	27/11/2007	0.97	4.83	4.20	27/11/2008	27/11/2013	6.20%
	20,000	27/11/2007	1.04	4.83	4.20	27/11/2009	27/11/2013	6.20%
	20,000	27/11/2007	1.10	4.83	4.20	27/11/2010	27/11/2013	6.20%
	20,000	27/11/2007	1.15	4.83	4.20	27/11/2011	27/11/2013	6.20%
	20,000	27/11/2007	1.20	4.83	4.20	27/11/2012	27/11/2013	6.20%
Mark Jewell	200,000	10/09/2007	0.96	4.78	4.17	10/09/2008	10/09/2013	6.07%
	200,000	10/09/2007	1.03	4.78	4.17	10/09/2009	10/09/2013	6.07%
	200,000	10/09/2007	1.09	4.78	4.17	10/09/2010	10/09/2013	6.07%
	200,000	10/09/2007	1.14	4.78	4.17	10/09/2011	10/09/2013	6.07%
	200,000	10/09/2007	1.19	4.78	4.17	10/09/2012	10/09/2013	6.07%

The fair values calculated above assumed a volatility of 38% and a dividend yield of 3.5%.

Shares Issued on exercise of compensation options

30 June 2008 Executives	Shares issued Number	Amount paid $ per share	Total amount paid on exercise of options ($)	Fair value of shares on exercise of options ($)
John Tatler	200,000	$0.45	90,000	820,000
David Brown	200,000	$0.45	90,000	840,000
Grant Harrison	200,000	$0.45	90,000	900,000
Julian Doyle	100,000	$0.70	70,000	357,000
Total				$2,917,000

There are no amounts unpaid on the shares issued as a result of the exercise of the options in the 2008 financial year.

Fair values of options

The fair value of each option is estimated on the date of grant using the Black Scholes option-pricing model.
The following assumptions were used for options granted:

- The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated increases.
- The expected life of the options is five years based on historical data and is not necessarily indicative of exercise patterns that may occur.
- Historical and expected volatility have been estimated between 34% and 42% depending on the year of issue. This is based on the assumption that the historical volatility is indicative of future trends.
- The risk-free interest rate used is between 4.41% and 6.5% depending on the year of issue.

Rounding

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order.
Amounts in the financial report and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Non-Audit Services

The following non-audit services were provided by the entity's auditor, Ernst & Young. The Directors are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that audit independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

Tax compliance	$178,200
Income tax advice	$453,454

Audit Independence and Non-Audit Services

The Directors received the following declaration from the auditor of Sunland Group Limited and forms part of the Directors' Report for the financial year ended 30 June 2008.

Signed in accordance with a resolution of the Directors.

SAHBA ABEDIAN
Managing Director

Dated at Surfers Paradise this twentieth day of August 2008.

ERNST & YOUNG

1 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
www.ey.com/au

Auditor's Independence Declaration to the Directors of Sunland Group Limited

In relation to our audit of the financial report of Sunland Group Limited for the financial year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

M J Hayward

Mark Hayward
Partner
Brisbane
20 August 2008

Income Statements | FOR THE YEAR ENDED 30 JUNE 2008

		Consolidated		Company	
	Notes	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Revenue from the sale of properties		419,515	579,485	-	-
Revenue from project services		47,219	21,269	23,401	12,545
Revenue from funds management		4,166	3,776	-	-
Revenue from hotel services		15,616	15,558	15,616	15,558
Other revenues from operations	5(a)	10,540	14,186	5,216	26,257
Total Revenues		497,056	634,274	44,233	54,360
Other income	5(b)	5	31,424	-	29,706
Share of profits of Associates		1,116	553	209	-
Change in inventories of finished goods and work in progress		(299,284)	(433,524)	-	-
Cost of project services		(16,850)	(14,663)	-	-
Cost of funds management		(1,029)	(1,315)	-	-
Cost of hotel supplies		(6,409)	(7,733)	(6,391)	(6,434)
Employee benefits expense		(20,189)	(21,544)	(11,752)	(6,189)
Finance costs	5(d)	(14,880)	(46,330)	(1,504)	(1,528)
Depreciation and amortisation expenses	5(c)	(3,441)	(3,121)	(1,771)	(1,423)
Administration and other expenses		(14,333)	(13,939)	(25,834)	(28,804)
Profit before income tax		121,762	124,082	(2,810)	39,688
Income tax expense	7	(22,765)	(36,005)	1,911	(4,569)
Net profit attributable to members of Sunland Group Limited		98,997	88,077	(899)	35,119
Earnings per share attributable to the ordinary equity holders of the company:	9	Cents	Cents		
– Basic earnings per share		30.8	29.7		
– Diluted earnings per share		29.6	28.8		
^ Franked dividends per share	8	14.0	13.5		

^ *Includes final dividends declared and paid after year end and excludes final dividends declared and paid after the comparative year end.*

The above income statements should be read in conjunction with the accompanying notes.

Balance Sheets | FOR THE YEAR ENDED 30 JUNE 2008

		Consolidated		Company	
	Notes	2008 $'000	2007 $'000	2008 $'000	2007 $'000
CURRENT ASSETS					
Cash and cash equivalents	11	113,445	115,930	59,074	77,763
Trade & other receivables	12	43,459	29,045	277,345	283,167
Inventories	13	269,820	331,657	873	2,181
Derivative financial instruments	14	189	-	-	-
Other assets	15	3,065	2,900	708	257
Total current assets		429,978	479,532	338,000	363,368
NON-CURRENT ASSETS					
Receivables	12	82,239	46,613	95,934	116,524
Inventories	13	392,746	171,342	183	-
Other financial assets	16	-	-	5,784	5,784
Property, plant and equipment	18	45,747	43,266	33,345	32,974
Deferred tax assets	7	2,316	3,065	356	618
Investment in associate accounted for using the equity method	19	3,923	1,452	4,796	2,344
Construction advances and property deposits		23,850	34,968	1,533	-
Intangibles	17	636	150	-	-
Total non-current assets		551,457	300,856	141,931	158,244
Total assets		981,435	780,388	479,931	521,612
CURRENT LIABILITIES					
Trade & other payables	20	16,750	38,763	53,554	77,350
Interest-bearing liabilities	21	79,808	64,584	-	-
Current tax liabilities		3,255	31,651	2,420	32,795
Provisions	22	1,606	1,667	500	296
Derivative financial instruments	14	803	-	803	-
Other liabilities	23	10,089	3,432	364	391
Total current liabilities		112,311	140,097	57,641	110,832
NON-CURRENT LIABILITIES					
Trade & other payables	20	162,813	88,891	47,388	1,379
Interest-bearing liabilities	21	-	33,386	-	-
Provisions	22	801	660	379	318
Deferred tax liabilities	7	18,220	17,118	1,908	-
Other liabilities	23	140,559	-	-	-
Total non-current liabilities		322,393	140,055	49,675	1,697
Total liabilities		434,704	280,152	107,316	112,529
Net assets		546,731	500,236	372,615	409,083
EQUITY					
Contributed equity	24	313,555	305,104	313,555	305,104
Reserves	25	(15,489)	1,323	376	255
Retained earnings	25	248,665	193,809	58,684	103,724
Total equity		546,731	500,236	372,615	409,083

The above balance sheets should be read in conjunction with the accompanying notes.

Statements of Recognised Income and Expense | FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Items of income and expense (net of tax)					
Cash-flow hedges:					
Net losses taken to equity	25	(803)	-	(803)	-
Gain/(loss) on foreign currency translation	25	(17,036)	135	584	135
Net income/(expense) recognised directly in equity		(17,839)	135	(219)	135
Profit for the year		98,997	88,077	(899)	35,119
Total recognised income and expense for the period		81,158	88,212	(1,118)	35,254
Attributable to:					
Equity holders of the parent		81,158	88,212	(1,118)	35,524

Other movements in equity arising from transactions with owners as owners are set out in Note 25.
The amounts recognised directly in equity are disclosed net of tax, refer Note 7.

The above statements of recognised income and expense should be read in conjunction with the accompanying notes.

Statements of Cash Flows | FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		645,403	570,240	38,122	17,719
Cash payments in the course of operations		(529,498)	(338,013)	(24,108)	(31,703)
Interest received		7,751	4,402	5,212	2,796
Interest and other finance costs paid		(7,033)	(27,017)	(1,400)	(1,528)
Income tax paid		(49,101)	(57,972)	(49,101)	(57,972)
Net cash flows from/(used in) operating activities	28(ii)	67,522	151,640	(31,275)	(70,688)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for purchase of shares in associate		(4,034)	(2,985)	(4,034)	(2,985)
Payments for property, plant and equipment		(6,803)	(29,137)	(2,212)	(935)
Proceeds from sale of property, plant and equipment		1,019	800	199	-
Proceeds from sale of shares in subsidiary	28(iv)	-	14,000	-	14,000
Capitalisation of subsidiaries		-	-	-	(950)
Advances to subsidiaries and joint ventures		-	-	-	(61,144)
Repayments from subsidiaries and joint ventures		-	-	52,774	-
Capital repayment from associate		1,582	1,194	1,582	1,194
Cash distribution from associate		209	-	209	-
Proceeds from sale of shares in associate		-	44,794	-	44,794
Payment for purchase of management rights		(620)	-	-	-
Investment in other		(55)	-	(55)	-
Net cash flows from/(used in) investing activities		(8,702)	28,666	48,463	(6,026)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		28,659	294,327	-	-
Proceeds from issues of shares		1,511	162,706	1,511	162,706
Payment of rights issue/share placement costs		(37)	(1,446)	(37)	(1,446)
Repayment of borrowings		(49,759)	(542,684)	-	(10,000)
Dividends paid		(37,174)	(32,919)	(37,174)	(32,919)
Net cash flows from/(used in) financing activities		(56,800)	(120,016)	(35,700)	118,341
Net increase/(decrease) in cash and cash equivalents		2,020	60,290	(18,512)	41,627
Net foreign exchange differences		(4,505)	135	(177)	135
Cash and cash equivalents at beginning of year		115,930	55,505	77,763	36,001
Cash and cash equivalents at end of year	28(i)	113,445	115,930	59,074	77,763

The above statements of cash flows should be read in conjunction with the accompanying notes.

SUNLAND GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Sunland Group Limited
ABN 65 063 429 532

Contents

1 Corporate Information 25
2 Summary of Significant Accounting Policies 25
3 Significant Accounting Judgements, Estimates and Assumptions 32
4 Financial Risk Management Objectives and Policies 33
5 Revenue and Expenses 37
6 Auditor's Remuneration 38
7 Income Tax 38
8 Dividends 40
9 Earnings per Share 40
10 Segment Reporting 41
11 Cash and Cash Equivalents 43
12 Trade & Other Receivables 43
13 Inventories 45
14 Derivative Financial Instruments 45
15 Other Assets 46
16 Other Financial Assets 46
17 Intangibles 46
18 Property, Plant & Equipment 47
19 Investments Accounted For Using the Equity Method 48
20 Trade & Other Payables 49
21 Interest-Bearing Liabilities 49
22 Provisions 50
23 Other Liabilities 50
24 Contributed Equity 50
25 Reserves and Retained Earnings 51
26 Controlled Entities 52
27 Contingent Liabilities 55
28 Notes to the Statements of Cash Flows 56
29 Commitments 57
30 Related Parties 58
31 Interests in Joint Ventures 59
32 Directors and Executives Disclosures 61
33 Employee Benefits 63
34 Superannuation Commitments 64
35 Events Subsequent to Balance Date 64

Notes to the Financial Statements | FOR THE YEAR ENDED 30 JUNE 2008

1 CORPORATE INFORMATION

The financial report of Sunland Group Limited (the "Company") for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of Directors on 20 August 2008.

Sunland Group Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The consolidated financial statements of the Company as at and for the year ended 30 June 2008 comprise the Company and its subsidiaries (together referred to as the "Group"), the Group's interest in associates and joint ventures.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

The operating cycle of the business varies and may be less than 12 months for housing construction, staged land subdivision and hotel operations. High-rise developments span greater than 12 months and depend upon the construction time for a project, currently between 12 months and 36 months.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

(a) Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board.

(b) New Accounting Standards and Interpretations

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 30 June 2008:

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 *Segment Reporting*, which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. The standard is expected to have no impact on the Group's segment disclosures as segment information included in internal management reports is the same as that currently reported under AASB 114 *Segment Reporting*.	1 July 2009
AASB 123 (revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset to be capitalised.	1 January 2009	These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. This is consistent with the Group's existing accounting policy. The amendments are not expected to have any impact on the Group's financial report.	1 July 2009
AASB 101 (revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a Statement of Comprehensive Income. Other revisions include impacts on the presentation of items in the Statement of Changes in Equity and new presentation requirements for dividends and changes to the title of the financial statements.	1 January 2009	AASB 101 is a presentation standard so will have no impact on the amounts included in the Group's financial report.	1 July 2009

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) New Accounting Standards and Interpretations (Cont'd)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2008-1	Amendments to Australian Accounting Standard Share-based Payments: Vesting Conditions and Cancellations	Amending standard issued to clarify certain vesting conditions of a share-based payment transaction and cancellation.	1 January 2009	The amendments to AASB 2 clarify that vesting conditions include both service conditions and performance conditions only and on cancellation by either party the same accounting treatment applies. This is consistent with the Group's existing accounting policy. The amendments are not expected to have any impact on the Group's financial report.	1 July 2009
AASB 2008-2	Amendments to Australian Accounting Standards [AASB 7, AASB 101, AASB 132 & AASB 139 & Interpretation 2]	Amending standards for the introduction of an exception to the definition of financial liability to classify as equity instruments certain puttable financial instruments and other obligations on liquidation.	1 January 2009	The Group currently does not issue puttable financial instruments, so the standard is not expected to have any impact on the Group's financial report.	1 July 2009
AASB 3 (revised)	Business Combinations	The revised standard introduces choices for each business combination entered into.	1 July 2009	The Group may enter into some business combinations during the next financial year and may therefore consider early adopting the revised standard. The Group has not yet assessed the impact of early adoption, including which accounting policy to adopt.	1 July 2009
AASB 127 (revised)	Consolidated and Separate Financial Statements	Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.	1 July 2009	If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give rise to a gain or a loss in the Group's income statement.	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009	Refer to AASB 3 (Revised) and AASB 127 (Revised) above.	1 July 2009
AASB Interpretation 12 and AASB 2007-2	Service Concession Arrangements	Clarifies how operators recognise the infrastructure as a financial asset and/or an intangible asset – not as property, plant and equipment.	1 January 2008	The Group has not entered into any service concession arrangements or public-private partnerships and as such this interpretation is not expected to have any impact on the Group's financial report.	1 July 2008
AASB Interpretation 13	Customer Loyalty Programmes	Deals with the accounting for customer loyalty programmes, which are used by companies to provide incentives to their customers to buy their products or use their services.	1 July 2008	The Group does not have any customer loyalty programmes and as such this interpretation is not expected to have any impact on the Group's financial report.	1 July 2008

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB Interpretation 14	AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Aims to clarify how to determine in normal circumstances the limit on the asset that an employer's balance sheet may contain in respect of its defined benefit pension plan.	1 January 2008	The Group does not have a defined benefit pension plan and as such this interpretation is not expected to have any impact on the Group's financial report.	1 July 2008
Amendments to International Financial Reporting Standards	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to IAS 27 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in a entity's separate financial statements.	1 January 2009	Recognising all dividends received from subsidiaries, jointly controlled entities and associates as income will likely give rise to greater income being recognised by the parent entity after adoption of these amendments.	1 July 2009
	Improvements to IFRSs	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs.	1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
IFRIC 15	Agreements for the Construction of Real Estate	This interpretation proposes that when the real estate developer is providing construction services to the buyer's specifications, revenue can be recorded only as construction progresses. Otherwise, revenue should be recognised on completion of the relevant real estate unit.	1 January 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	This interpretation proposes that the hedged risk in a hedge of a net investment in a foreign operation is the foreign currency risk arising between the functional currency of the net investment and the functional currency of any parent entity. This also applies to foreign operations in the form of joint ventures, associates or branches.	1 January 2009	The interpretation is unlikely to have any impact on the Group since it does not significantly restrict the hedged risk or where the hedging instrument can be held.	1 July 2009

* Designates the beginning of the applicable annual reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) New Accounting Standards and Interpretations (Con't)

Adoption of new accounting standard

The Group has adopted AASB 7 *Financial Instruments: Disclosures* and all consequential amendments which became applicable on 1 July 2007. The adoption of this standard has only affected the disclosure in the financial statements. There has been no effect on profit and loss or the financial position of the entity.

(c) Basis of Consolidation

Controlled entities

The financial statements of controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Investments in subsidiaries held by the Company are accounted for at cost in the separate financial statements of the parent entity.

Joint ventures

The Group's interests in unincorporated and incorporated joint ventures is brought to account by including its appropriate share of the joint-ventures' assets, liabilities and expenses and the consolidated entity's revenue from the sale of its share of output on a line-by-line basis, from the date joint control commences to the date joint control ceases.

Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation. Unrealised gains and losses resulting from transactions with joint ventures and associates are eliminated to the extent of the consolidated entity's interest.

(d) Investment in Associates

The Group's investment in associates are accounted for under the equity method of accounting in the consolidated financial statements. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Unrealised profits on sale of assets to the associate by the Group are shown in the carrying value of the investment to the extent of the Group's investment in the associate and then recognised upon disposal of the investment in the associate.

Investments in associates held by the Company are accounted for at cost in the separate financial statements of the parent entity.

The financial statements of the associate are used by the Group to apply the equity method. The reporting dates of the associate and the Group are identical and both use consistent accounting policies. The investment in the associate is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The consolidated Income Statement reflects the Group's share of the results of operations of the associate. Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this in the consolidated statement of changes in equity.

(e) Interest in a jointly controlled operation

The Group has interests in joint ventures that are jointly controlled operations. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in jointly controlled operations by recognising the assets that it controls and the liabilities that it incurs. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operations.

(f) Foreign Currency Translation

(i) Functional and presentation currency

Both the functional and presentational currency of the Company and its Australian subsidiaries is Australian dollars ($). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. For the purposes of the consolidated financial statements they are translated to the presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by translating at rates approximating the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss. On disposal of a foreign operation, the cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss. Tax charges and credits are attributable to exchange differences on those borrowings and are also recognised in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Translation of foreign operations

As at the reporting date the assets and liabilities of the foreign operations are translated into the presentation currency of the Group at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rate for the year.

The foreign exchange differences arising on the translation are taken directly to a separate component of equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss.

(g) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of the asset as follows:

Buildings – over 20 to 40 years

Plant and equipment – over 5 to 15 years

Land is not depreciated.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date with recoverable amount being estimated when events or changes in circumstances indicate the carrying value may be impaired. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment exists when the carrying value exceeds the estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

Derecognition and disposals

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognised.

(h) Borrowing costs

Borrowing costs are recognised as an expense when incurred unless they relate to qualifying assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the borrowing costs in relation to that borrowing are capitalised to the cost of the assets from the commencement of construction until the point of time that the property is ready for sale.

(i) Goodwill and intangibles

Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Intangible Assets

Acquired management rights are carried at the lower of written-down value and recoverable amount. Management rights are initially recorded at cost and are amortised over the period in which future benefits are expected to be obtained. Impairment exists when the carrying value exceeds the estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

(j) Impairment of assets

At each reporting date, the Group assesses whether there is any indication that a non-financial asset may be impaired. Where an indicator of impairment exists, or when annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost includes the cost of acquisition, and for development properties also includes development, holding costs and interest incurred from commencement of construction until the point of time that construction of the property is completed and the property is ready for sale. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(l) Trade and other receivables

Trade receivables generally have 60-day terms and are recognised and carried at original invoice amount less a provision for any uncollectable debts. The recoverability is assessed at reporting date and specific provision is made for any doubtful accounts. Bad debts are written off when identified.

(m) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. It also includes deposits at call held in trust for the Group's acquisition of properties.

In regards to Dubai projects, staged payments from purchasers are received into an escrow account administered by an approved bank or financial institution. These funds are able to be drawn on by the Group to meet the development costs of the respective project. The undrawn amount in these escrow accounts are shown as restricted cash.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash, cash equivalents and restricted cash as defined above, net of outstanding bank overdrafts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Investments and other financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(o) Trade and other payables

Trade payables and other payables are carried at amortised costs using the effective interest rate method. Gains and losses are recognised in profit and loss when the payables are derecognised or impaired. Payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(p) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the rises specific to the provision.

(r) Share-based payment transactions

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for options over shares ('equity-settled transactions').

There is currently one plan in place to provide these benefits; the Employee Share Option Plan (ESOP), which provides benefits to Directors, Executives and senior management.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black Scholes model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired; and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(s) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are expensed directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(t) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of properties and goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer for property sales and at the time the purchaser has control of the asset for other specific transactions.

Rendering of services

Revenue from hotel services, project services and funds management is recognised when the service is rendered and the revenue is receivable.

Interest

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

Rental income

Rental income is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earnt.

(u) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised:

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets that relate to unrealised profit on sales made to associates is disclosed in the carrying amount of the investment in the associate.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the Income Statement.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(w) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(x) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Where derivatives do not qualify for hedge accounting changes in fair value are recognised immediately in profit or loss in other revenue and expenses. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash-flow hedges, are taken directly to profit or loss for the year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(x) Derivative financial instruments and hedging (Con't)

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.
The fair values of interest rate swap and commodity contracts are determined by reference to market values for similar instruments.
For the purposes of hedge accounting, hedges are classified as cash-flow hedges when they hedge the exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction.
A hedge of the foreign currency risk of a firm commitment is accounted for as a cash-flow hedge.
At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objectives and strategies for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair values or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair values or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.
Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

(i) Cash-Flow Hedges

Cash-flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.
Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs.
When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.
If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the income statement.

(y) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(z) Earnings per share

Basic earnings per share is calculated as net profit, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit adjusted for:

- Costs of servicing equity (other than dividends);
- The after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.
In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are detailed as follows:

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes model, using the assumptions detailed in Note 33.

Long service leave provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Estimation of useful lives of assets

The estimation of useful lives of assets has been based on historical experience as well as lease terms (for leased equipment) and the Group's turnover policies. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

Impairment of inventories

At each reporting date, the Group assesses whether there is any indication that inventory is impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.
Recoverable amount is the fair value less costs to sell. The fair value is based on estimated selling price in the ordinary course of business and reflects current market assessments and previous experience.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, bank loans, cash and derivatives.
The Group manages its exposure to key financial risks, including interest rate, currency, liquidity and credit risk, in accordance with the Group's financial risk management framework. The Board has overall responsibility for the establishment and oversight of the risk management framework. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.
Risk management policies are established to identify and analyse the risks faced by the Company and the Group, to set appropriate limits and controls, and to monitor risks and adherence to limits.
The Group enters into derivative transactions, principally interest rate and foreign exchange products. The purpose of these products is to manage the interest rate and currency risks arising from the Group's operations and funding activities.
The Group's Audit Committee oversees how management monitors compliance with the Company's and Group's risk management framework and reviews the adequacy of the framework in relation to the risks faced by the Group. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit Committee.
The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange rates. Liquidity risk is monitored through the development of future rolling cash-flow forecasts. Credit risk is managed through thorough due diligence of counterparties and ensuring there is no significant concentration of credit risk.

Interest Rate Risk

At balance date, the Group had the following exposure to changes in variable interest rates for classes of financial assets and liabilities without taking account of any cash-flow hedges:

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Financial Assets				
Cash and cash equivalents	85,478	92,342	58,686	72,594
Receivables	15,000	15,000	-	-
Derivatives	189	-	-	-
	100,667	107,342	58,686	72,594
Financial Liabilities				
Bank loans	79,800	97,931	-	-
	79,800	97,931	-	-
Net exposure	20,867	9,411	58,686	72,594

The Group's policy in regards to interest rate hedging is dependent upon the purpose of the funding.

Project-specific funding

The project life of residential housing developments and urban development is normally short, which limits the exposure the Group has to changes in interest rates. As a result these exposures are not normally hedged.
The project life for multi-storey developments is longer than residential housing developments, however, the highest debt exposure on these developments is at completion when settlements are anticipated and repayment sources are known. The Group would use hedges to minimise the periods where significant mismatch is predicted.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Con't)

Working capital funding

Funds borrowed for working capital requirements are normally hedged through the use of interest rate options or swaps.

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

	Post-Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Judgements of reasonably possible movements:				
Consolidated				
+1% (100 basis points)	146	66	146	66
-0.5% (50 basis points)	(73)	(33)	(73)	(33)
Company				
+1% (100 basis points)	411	508	411	508
-0.5% (50 basis points)	(208)	(254)	(208)	(254)

The Group has reduced the level of bank loans in 2008, which results in a higher profit if interest rates rise.

The movement in equity is the same as the profit and loss as the Group holds interest rate options which are not designated for hedging purposes.

Foreign Currency Risk

Due to the Group's operations in Dubai, the Group is exposed to movement in the United Arab Emirates dirham (AED). The Group's policy is to hedge 50% to 100% of its currency exposure through a mixture of spot, forward contracts and foreign currency options depending on the underlying exposure. Forward contracts and currency options used by the Group are normally denominated in United States dollars as the United Arab Emirates dirham is pegged to the United States dollar. At balance date, the Group had the following exposure to the United Arab Emirates dirham without taking account of any cash-flow hedges:

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Assets				
Cash and cash equivalents	65,033	24,648	19,994	327
Receivables	78,123	5,282	21,426	10,261
Inventory	245,991	92,430	126	-
Property deposits	19,989	31,335	-	-
Property, plant and equipment	2,704	609	471	188
Other financial assets	953	-	432	-
	412,793	154,304	42,449	10,776
Liabilities				
Payables	220,207	105,589	551	-
Other financial liabilities	123,665	3,042	-	-
	343,872	108,631	551	-
Net exposure	68,921	45,673	41,898	10,776

The Group has foreign currency options that hedge part of this net exposure and are designated as cash-flow hedges with fair value movements going through the cash-flow hedge reserve in equity.

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

	Post-Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Judgements of reasonably possible movements:				
Consolidated				
AUD/AED +10%	(4,971)	(440)	(11,236)	(4,592)
AUD/AED -5%	2,878	255	6,505	2,659
Company				
AUD/AED +10%	(1,371)	(849)	(5,180)	(1,829)
AUD/AED -5%	794	492	2,999	1,059

The movement in equity for 2008 is more sensitive than in 2007 due to a higher balance of United Arab Emirates dirham assets at balance date and the larger contribution made to net profit after tax.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meets its financial obligations as they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of project-specific bank loans and non-project-specific bank loans and committed available credit lines.

For Australian projects the term of project-specific funding always coincides with the development program of the project to which it relates to ensure the project can continue to be funded until construction is complete and settlements begin occurring. These credit lines generally mature six months after the completion of the project.

The liquidity risk of the Group's obligation to repay development costs as per the development agreements with a related party is mitigated by the progressive realisation of sale proceeds to the Group.

For Dubai projects, progress payments from purchasers are received into an escrow account ('the guarantee account') administered by a Trustee, usually an approved bank or financial institution. Development costs incurred by the Group for the respective project are then met out of the guarantee account once relevant certifications and documentation has been presented to the Trustee and approved. This escrow system means that the Group does not require borrowings in order to fund development as long as project pre-sales are sufficient. The Group does not have any Dubai projects that have bank funding.

The Group maintains the following lines of credit with different financial institutions:

- A three-year evergreen facility of $80 million expiring 31 December 2010 with the next review on 31 January 2009; and
- A two-year evergreen facility of $100 million expiring 31 December 2009 with the next review on 28 February 2009.

If the above facilities are not renewed, the limits will be reduced on a gradual basis over two to three years.

Maturity Analysis of Financial Assets and Liabilities.

Year ended 30 June 2008	≤ 6 months $'000	6-12 months $'000	1-5 years $'000	>5 years $'000	Total $'000
Consolidated					
Financial assets					
Cash assets	113,445	-	-	-	113,445
Receivables	28,459	15,000	74,210	8,029	125,698
Derivatives	189	-	-	-	189
	142,093	15,000	74,210	8,029	239,332
Financial liabilities					
Payables	11,140	5,610	162,813	-	179,563
Bank Loans	49,800	30,000	-	-	79,800
Obligations under finance leases and hire purchase contracts	8	-	-	-	8
	60,948	35,610	162,813	-	259,371
Net Maturity	81,145	(20,610)	(88,603)	8,029	(20,039)
Company					
Financial assets					
Cash assets	59,074	-	-	-	59,074
Receivables	277,345	-	6,074	89,860	373,279
	336,419	-	6,074	89,860	432,353
Financial liabilities					
Payables	53,554	-	47,388	-	100,942
	53,554	-	47,388	-	100,942
Net Maturity	282,865	-	(41,314)	89,860	331,411

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Con't)

Maturity Analysis of Financial Assets and Liabilities (Con't)

Year ended 30 June 2007	≤ 6 months $'000	6-12 months $'000	1-5 years $'000	>5 years $'000	Total $'000
Consolidated					
Financial assets					
Cash assets	115,930	-	-	-	115,930
Receivables	29,045	-	40,253	6,360	75,658
	144,975	-	40,253	6,360	191,588
Financial liabilities					
Payables	34,471	4,292	88,891	-	127,654
Bank Loans	49,518	15,035	33,378	-	97,931
Obligations under finance leases and hire purchase contracts	11	20	8	-	39
	84,000	19,347	122,277	-	225,624
Net Maturity	60,975	(19,347)	(82,024)	6,360	(34,036)
Company					
Financial assets					
Cash assets	77,763	-	-	-	77,763
Receivables	283,167	-	57,624	58,900	399,691
	360,930	-	57,624	58,900	477,454
Financial liabilities					
Payables	77,350	-	1,379	-	78,729
	77,350	-	1,379	-	78,729
Net Maturity	283,580	-	56,245	58,900	398,725

The consolidated entity has access to the following lines of credit:

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Total facilities available				
Bank loans and overdraft	273,445	330,400	80,000	80,000
Finance leases and hire purchase contracts	8	39	-	-
	273,453	330,439	80,000	80,000
Facilities utilised at balance date				
Bank loans and overdraft	79,800	97,931	-	-
Finance leases and hire purchase contracts	8	39	-	-
	79,808	97,970	-	-
Facilities not utilised at balance date				
Bank loans	193,645	232,469	80,000	80,000
	193,645	232,469	80,000	80,000

Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, receivables and derivative instruments.

The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer. As the Group has a diverse range of customers, there is no significant concentration of credit risk either by nature of industry or geographically.

Receivables primarily take the form of:

- Loans to unrelated parties that may be provided in the consideration for development rights over land; and
- Contracts over the sale of developed product.

The Group's exposure to credit risk arises from the potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. In respect to loans to unrelated parties, the credit risk is mitigated by the Group controlling the development site and taking appropriate security to protect its position.

In respect to contacts for the sale of product in Australia, purchasers of lots or apartments off-the-plan are required to make a 10% deposit on signing of the contract with the balance to be paid when the lot or land is released to the customer.

In respect to contracts for the sale of product in Dubai, purchasers of apartments off-the-plan are required to make periodic deposits from the date of signing until the lot is released to the customer. These deposits are kept in an escrow account and administered by an approved bank or financial institution and are able to be obtained by the Group to fund the development. The deposits are non-refundable before completion of the development, mitigating the impact of any credit risk to the Group.

The Group's exposures at balance date are addressed in each applicable note.

The Group does not use credit derivatives to offset credit exposures.

5 REVENUE AND EXPENSES

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(a) Other revenues				
Rental income	106	85	-	-
Childcare fees	-	7,099	-	-
Retail income	1,597	2,393	-	-
Interest option revaluation	189	-	-	-
Other	897	208	2	1,012
Dividends:				
Wholly owned subsidiaries	-	-	2	22,449
Interest:				
Other parties	7,751	4,401	5,212	2,796
Total other revenues	10,540	14,186	5,216	26,257
(b) Other income				
Net gains/(losses) on disposal of property, plant and equipment	5	(140)	-	-
Net gain on sale of subsidiary	-	22,605	-	20,747
Net gain on sale of associate	-	8,959	-	8,959
Total other income	5	31,424	-	29,706
(c) Depreciation and amortisation included in the income statement				
Plant and equipment	3,306	3,121	1,771	1,423
Management rights	135	-	-	-
Total depreciation and amortisation expense	3,441	3,121	1,771	1,423
(d) Finance costs				
Borrowing costs				
Interest paid to third parties	7,033	27,017	212	382
Interest paid to related parties (refer Note 30)	-	-	1,292	1,146
Less borrowing costs capitalised to inventories	(5,210)	(11,009)	-	-
	1,823	16,008	1,504	1,528
Amortisation of finance costs previously capitalised to inventories	13,057	30,322	-	-
Total finance costs	14,880	46,330	1,504	1,528
(e) Lease payments and other expenses included in the income statement				
Net bad and doubtful debts expense including movements in provision for doubtful debts	1	5	1	5
Forgiveness of debt to subsidiaries	-	-	5,002	7,276
Net expense from movements in provision for employee benefits	69	298	265	190
Operating lease rental expense:				
Minimum lease payments	1,883	2,391	517	466

6 AUDITOR'S REMUNERATION

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Amounts received or due and receivable by Ernst & Young:				
Audit or review of the financial report of the entity and any other entity in the consolidated entity	901,820	698,795	856,670	580,045
Other services in relation to the entity and any other entity in the consolidated entity:				
– Tax compliance	178,200	278,750	177,700	-
– Income tax advice	453,454	272,750	114,161	-
– Other non-assurance services	-	4,000	-	-
	1,533,474	1,254,295	1,148,531	580,045

7 INCOME TAX

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
The major components of income tax expense are:				
Income Statement				
Current income tax				
Current income tax charge	22,298	33,255	(3,820)	1,005
Adjustments in respect of current income tax of previous years	(1,122)	60		-
Deferred income tax				
Relating to origination and reversal of temporary differences	1,589	2,690	1,909	3,564
Income tax expense/(benefit) reported in the income statement	22,765	36,005	(1,911)	4,569
Statements of Recognised Income and Expense				
Deferred income tax related to items charged or credited directly to equity				
Share issue costs, foreign currency translation and fair value of derivatives	356	618	356	618
Income tax expense reported in equity	356	618	356	618
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:				
Accounting profit/(loss) before income tax	121,762	124,082	(2,810)	39,688
At the Group's statutory income tax rate of 30% (2007: 30%)	36,529	37,225	(843)	11,906
Foreign sourced income not assessable for income tax purposes	(26,645)	(2,755)	(7,020)	(3,764)
Other income not assessable for income tax purposes	(1,576)	(2,024)	-	-
Foreign expenditure not allowable for income tax purposes	10,242	1,690	2,497	961
Other expenditure not allowable for income tax purposes	4,215	468	3,424	2,179
Rebatable dividend	-	-	(2)	(6,735)
Other	-	1,401	33	22
Income tax expense/(benefit) reported in the income statement	22,765	36,005	(1,911)	4,569

	Balance Sheet 2008 $'000	Balance Sheet 2007 $'000	Income Statement 2008 $'000	Income Statement 2007 $'000
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax liabilities				
Accelerated depreciation for tax purposes	(1,909)	(1)	1,908	(276)
Items deductible for tax but capitalised for accounting	(15,419)	(16,662)	(1,244)	(11,635)
Income not currently assessable for tax	(892)	(455)	438	(13)
	(18,220)	(17,118)		
Deferred tax assets				
Provisions not deductible for tax	547	656	109	(44)
Expenses not currently deductible	1,317	1,409	92	2,932
Share issue costs	356	618	-	-
Other assessable income	-	-	-	-
Tax on unrealised accounting profit	96	382	286	11,726
	2,316	3,065		
Tax on unrealised accounting profit disclosed in investment in associate	-	-	-	-
	2,316	3,065		
Deferred tax income			1,589	2,690
Deferred income tax at 30 June relates to the following:				
COMPANY				
Deferred tax liabilities				
Accelerated depreciation for tax purposes	(1,908)	-	1,908	(1)
Items deductible for tax but capitalised for accounting	-	-	-	-
	(1,908)	-		
Deferred tax assets				
Provisions not deductible for tax	-	-	-	-
Expenses not currently deductible	-	-	-	1,541
Share issue costs	356	618	-	-
Other assessable income	-	-	-	-
Tax on unrealised accounting profit	-	-	-	2,024
	356	618		
Tax on unrealised accounting profit disclosed in investment in associate	-	-		
	356	618		
Deferred tax income			1,908	3,564

7 INCOME TAX (Cont'd)

Tax consolidation

Sunland Group Limited and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2003. Sunland Group Limited is the head entity of the tax consolidated group.

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. Current and deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112 *Income Taxes*. Allocations under the tax funding agreement are made at the end of each quarter.
The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company, Sunland Group Limited. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

8 DIVIDENDS

	Consolidated Balance Sheet		Company Income Statement	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(a) Declared and paid during the year				
Current year interim				
Franked dividends 2008: 7.00 cents (2007: 6.75 cents)	22,533	19,668	22,533	19,668
Previous year final				
Franked dividends 2007: 6.75 cents (2006: 6.25 cents)	21,608	18,102	21,608	18,102
	44,141	37,770	44,141	37,770
(b) Proposed and not recognised as a liability				
Franked dividends 2008: 7.00 cents (2007: 6.75 cents)	22,619	21,548	22,619	21,548

	Company	
	2008 $'000	2007 $'000
(c) Dividend Franking Account		
The amount of franking credits available for the subsequent financial year are:		
– Franking account balance as at the end of the financial year at 30% (2007: 30%)	59,658	29,849
– Franking credits that will arise from the payment of income tax payable as at the end of the financial year	2,419	31,651
– Franking debits that will arise from the payment of dividends as at the end of the financial year	(9,694)	(9,235)
	52,383	52,265

The tax rate at which dividends have been franked is 30% (2007: 30%). Dividends proposed will be franked at the rate of 30% (2007: 30%). Under the Australian Taxation Office Pay as You Go (PAYG) system, the consolidated entity will pay tax throughout the 2008 financial year which will provide sufficient franking credits to enable all dividends declared and paid throughout the 2008 financial year to be franked to 30%.

9 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.
Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.
The options outstanding under the Executive Share Option Plan have been classified as potential ordinary shares and included in diluted earnings per share only where applicable. For dilutive securities exercised after reporting date refer to the Directors' Report.

	Consolidated	
	2008 $'000	2007 $'000
Earnings Reconciliation		
Net profit for basic and diluted earnings	98,997	88,077
Weighted average number of shares used as the denominator		
Number used for the calculation of basic earnings per share	'000	'000
Ordinary shares	321,614	296,886
Effect of dilutive securities:		
Effect of executive share options on issue	3,325	3,990
Effect of other share options on issue	9,334	5,010
Number used for the calculation of diluted earnings per share	334,273	305,886

10 SEGMENT REPORTING

Inter-segment pricing is determined on an arm's-length basis in a manner similar to transactions to third parties.
Segment results, assets and liabilities include items directly attributed to a segment as well as those that can be allocated on a reasonable basis.
Segment revenue, expenses and results include transfers between business segments. These are eliminated on consolidation. Unallocated items mainly comprise corporate assets and expenses.
Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business Segments

The consolidated entity comprises the following main segments, based on the consolidated entity's management reporting system:-

- Australian and International property development segments
- Hotel investments and operations
- Project services
- Funds management

Geographical Segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the product or service. Segment assets are based on the geographical location of the assets.
The consolidated entity's business segments operate geographically as follows:

Australia:

- Property sales offices and products, project services and funds management in Queensland, Victoria and New South Wales
- Hotel and management operations in Queensland

Dubai:

- Property sales offices and products, project services

The Group's primary segment reporting format is business segments as the Group's risks and rates of return are affected predominately by differences in the products and services produced. Secondary segment information is reported geographically.

Business Segments 2008

Primary reporting	Australian Development 2008 $'000	International Development 2008 $'000	Hotel Investments & Operations 2008 $'000	Project Services 2008 $'000	Funds Management 2008 $'000	Other 2008 $'000	Eliminations 2008 $'000	Consolidated 2008 $'000
Revenue								
Sales to external customers	358,566	61,044	15,616	47,219	4,166	1,545	-	488,156
Total segment revenue	358,566	61,044	15,616	47,219	4,166	1,545	-	488,156
Non-segment revenues								
Interest Revenue								8,900
Total consolidated revenue								497,056
Result								
Segment result before finance costs	83,388	36,363	1,114	30,323	3,110	(1,572)	-	152,726
Finance costs after capitalisation	(13,059)	(281)	(1,338)	-	(73)	(130)	-	(14,881)
Segment results after finance costs	70,329	36,082	(224)	30,323	3,037	(1,702)	-	137,845
Gain/(loss) on sale of property, plant and equipment								5
Share of net profit from associate								1,116
Unallocated corporate expenses								(17,204)
Profit from ordinary activities before tax								121,762
Income tax expense								(22,765)
Net profit for the year								98,997
Depreciation and amortisation	153	-	1,461	-	-	1,827	-	3,441
Assets								
Segment assets	427,419	307,572	35,655	19,493	2,465	2,807	-	795,411
Investment in an associate								3,922
Unallocated corporate assets								182,102
Consolidated total assets								981,435
Capital expenditure	3,787	-	1,580	-	-	1,420	-	6,805
Liabilities								
Segment liabilities	23,506	272,060	2,528	-	183	153	-	298,430
Unallocated liabilities								136,274
Consolidated total liabilities								434,704

10 SEGMENT REPORTING (Cont'd)

Business Segments 2008 Geographical Segments	Australia 2008 $'000	Middle East 2008 $'000	Consolidated 2008 $'000
Revenue			
Sales to external customers	408,239	88,817	497,056
Result			
Segment result before finance costs	81,686	54,956	136,642
Finance costs after capitalisation	(14,600)	(280)	(14,880)
Segment results after finance costs	67,086	54,676	121,762
Income tax expense	(22,765)	-	(22,765)
Net profit for the year	44,321	54,676	98,997
Other segment information			
Segment assets	564,720	412,793	977,513
Investment in associate			3,922
Total assets			981,435
Capital expenditure	3,692	3,113	6,805

Business Segments 2007 Primary reporting	Australian Development 2007 $'000	International Development 2007 $'000	Hotel Investments & Operations 2007 $'000	Project Services 2007 $'000	Funds Management 2007 $'000	Other 2007 $'000	Eliminations 2007 $'000	Consolidated 2007 $'000
Revenue								
Sales to external customers	579,485	2,535	15,558	18,734	3,776	9,785	-	629,873
Total segment revenue	579,485	2,535	15,558	18,734	3,776	9,785	-	629,873
Non-segment revenues								
Interest Revenue								4,401
Total consolidated revenue								634,274
Result								
Segment result before finance costs	145,961	1,490	1,260	4,071	2,461	1,197	-	156,440
Finance costs after capitalisation	(43,312)	-	(1,183)	-	-	(1,835)	-	(46,330)
Segment results after finance costs	102,649	1,490	77	4,071	2,461	(638)	-	110,110
Gain/(loss) on sale of property, plant and equipment								(140)
Profit on sale of associate								8,959
Profit on sale of subsidiary								22,605
Share of net profit from associate								553
Unallocated corporate expenses								(18,005)
Profit from ordinary activities before tax								124,082
Income tax expense								(36,005)
Net profit for the year								88,077
Depreciation and amortisation	742	-	1,391	-	-	988	-	3,121
Other non-cash expenses	-	-	-	-	-	-	-	418
Assets								
Segment assets	423,698	153,072	36,449	14,265	1,011	5,158	-	633,653
Investment in an associate								1,452
Unallocated corporate assets								145,283
Consolidated total assets								780,388
Capital expenditure	3	-	746	188	-	28,200	-	29,137
Liabilities								
Segment liabilities	17,641	65,177	2,591	21,310	21	51	-	106,791
Unallocated liabilities								173,361
Consolidated total liabilities								280,152

Business Segments 2007 Geographical Segments	Australia 2007 $'000	Middle East 2007 $'000	Consolidated 2007 $'000
Revenue			
Sales to external customers	617,193	17,081	634,274
Other segment information			
Segment assets	609,539	169,397	778,936
Investment in associate			1,452
Total assets			780,388
Capital expenditure	28,339	798	29,137

11 CASH AND CASH EQUIVALENTS

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Cash and Deposits at call	28(i)	87,806	115,930	59,074	77,763
Restricted cash [1]	28(i)	25,639	-	-	-
		113,445	115,930	59,074	77,763

Cash at bank earns interest at fixed or floating rates based on daily bank deposit rates.

[1] Joint venture entities that the Company has a 50% interest in held funds in escrow totalling AED181,146,000, which converts to $51,278,000 (2007: $4,825,000) of which the Company has an interest of AED90,573,000 or $25,639,000 (2007: $2,412,000). This balance represents instalments made on Dubai sales that can be used to fund the construction costs of the related Dubai-based projects throughout the life of the project. These amounts have been recognised in cash for the current year following the introduction of legislation formalising the operation of escrow accounts in Dubai.

12 TRADE & OTHER RECEIVABLES

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Current				
Trade receivables	9,297	8,791	7,544	1,029
Less: Allowance for impairment losses [a]	(8)	(9)	(8)	(9)
	9,289	8,782	7,536	1,020
Loans to third parties	15,000	9,556	-	9,556
Related party receivables:				
Loans to controlled entities	-	-	267,542	267,959
Amounts receivable from Joint Ventures	15,391	10,637	2,267	4,632
Amounts receivable from Associates	3,779	-	-	-
Vendor finance	-	70	-	-
	43,459	29,045	277,345	283,167

(a) Allowance for Impairment Loss

Trade receivables are non-interest bearing and are generally on 60-day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. A reversal of $1,000 (Company: $1,000) has been recognised as an expense for the current year for specific debtors for which such evidence exists. The amount of the allowance/impairment loss has been measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors.

Movement in the provision for impairment losses

	Consolidated 2008	Consolidated 2007	Company 2008	Company 2007
Opening balance	9	14	9	14
Charge for the year	(1)	(5)	(1)	(5)
Closing balance	8	9	8	9

12 TRADE & OTHER RECEIVABLES (Cont'd)

At 30 June, the ageing analysis of trade receivables is as follows:

		Total $'000	0-30 days $'000	31-60 days $'000	61-90 days $'000	+ 91 days $'000
2008	Consolidated	9,297	7,471	-	-	1,826
	Company	7,544	7,237	-	-	307
2007	Consolidated	8,791	5,212	1,602	1,714	263
	Company	1,029	1,022	-	-	7

Trade receivables past due but not considered impaired are: Consolidated $1,826,000 (2007: $1,977,000); Company $307,000 (2007: $7,000). The Group has reviewed all trade receivables classified as past due but not impaired and is satisfied that the amounts will be received in full.

(b) Related Party Receivables

For terms and conditions of related party receivables refer to Note 30.

(c) Fair Value and Credit Risk

Due to the short nature of these receivables, their carrying value is assumed to approximate their fair value.

(d) Foreign Exchange and Interest Rate Risk

Detail regarding foreign exchange and interest risk exposure is disclosed in Note 4.

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Non-Current				
Loans to third parties	18,147	31,360	-	-
Related party receivables:				
Loans to controlled entities	-	-	81,961	87,837
Amounts receivable from Joint Ventures	63,902	15,253	13,973	28,687
Vendor finance	190	-	-	-
	82,239	46,613	95,934	116,524

(a) Allowance for Impairment Losses

No amounts are past due or impaired.

(b) Related Party Receivables

For terms and conditions relating to related party receivables refer to Note 30.

(c) Fair Values

The fair values and carrying values of non-current receivables of the Group are as follows:

	2008		2007	
	Carrying Amount $'000	Fair Value $'000	Carrying Amount $'000	Fair Value $'000
Loans to third parties	18,147	18,147	31,360	31,360
Vendor finance	190	190	-	-
	18,337	18,337	31,360	31,360

The fair values are based on cash flows discounted using the applicable effective interest rate. Joint Venture non-current receivables are separately disclosed in Note 31.

(d) Interest Rate Risk

Details regarding interest rate risk exposure are disclosed in Note 4.

(e) Credit Risk

The maximum exposure to credit risk at reporting date is the higher of the carrying value and fair value of each class of receivable.

Collateral is held against a third-party loan of $18,147,000 . The Group has collateral over this loan in the form of a fixed and floating charge.

(f) Foreign Exchange Risk

Details regarding foreign exchange exposure is disclosed in Note 4.

Notes to the Financial Statements | FOR THE YEAR ENDED 30 JUNE 2008

13 INVENTORIES

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current				
Development properties, including land subdivision, other land and buildings under construction, at lower of cost and net realisable value	145,099	120,533	-	-
Finished goods – at cost	124,721	211,124	873	2,181
	269,820	331,657	873	2,181
Non-Current				
Development properties including land and buildings under construction, at lower of cost and net realisable value.	392,746	171,342	183	-
	392,746	171,342	183	-
Total development properties held for sale comprises:				
Costs of acquisition	219,420	207,750	-	-
Development costs capitalised	426,378	270,634	-	-
Finance costs capitalised	16,768	24,615	-	-
	662,566	502,999	-	-

Borrowing costs were capitalised at a weighted average rate of 8.5% (2007: 7.2%).

See Note 21 for details of the above inventories that are held as security over various finance facilities.

See Note 30 for details of the above inventories that are held as security over various development agreements with SDLF2 Pty Ltd.

14 DERIVATIVE FINANCIAL INSTRUMENTS

Current Assets				
Interest rate option – not designated for hedging	189	-	-	-
Current Liabilities				
Foreign exchange option – cash-flow hedges	803	-	803	-

(a) Instruments used by the Group

Derivative financial instruments are used by the Group in the normal course of business in order to hedge fluctuations in interest and foreign exchange rates.

The following derivatives were in place at balance sheet date:

(i) Interest rate options

The Group has entered into interest rate options which are economic hedges but do not satisfy the requirements for hedge accounting.

At balance date, the details of outstanding contracts are:

	Strike	Notional Amount AUD $'000
Interest rate option – Expiry March 2009	6%	20,000

(ii) Foreign currency options

The Group has hedged cash payments due to be made in December 2008. At balance date, the details of outstanding contracts are:

	Notional Amount USD		Average Exchange Rate	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
USD Call Option – Expiry December 2008	7,352	-	0.8968	-
USD Put Option – Expiry December 2008	(7,352)	-	0.8968	-

The options are considered to be highly effective as they are matched against forecast inventory purchases and any gain or loss on the contract attributable to the hedged risk is taken directly to equity. When the inventory is recognised the amount recognised in equity is adjusted to the inventory account in the balance sheet.

Movement in foreign currency cash-flow hedge reserve:

		Consolidated		Company	
	Note	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Opening balance		-	-	-	-
Charged to equity		(803)	-	(803)	-
Closing balance	25	(803)	-	(803)	-

15 OTHER ASSETS

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Current				
Prepayments	1,495	587	708	257
Construction bonds	1,570	2,052	-	-
Deposits on property acquisitions	-	261	-	-
	3,065	2,900	708	257

The construction bonds relate to cash held on deposit as security for loans for various projects.
These amounts will be receivable within 12 months.

16 OTHER FINANCIAL ASSETS

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Non-current				
Investments in controlled entities:				
Unlisted shares at cost				
Carrying amount at beginning of the year	-	-	5,784	4,834
Acquired during year	-	-	-	950
	-	-	5,784	5,784

Refer Note 26 for details of controlled entities.

17 INTANGIBLES

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Goodwill	150	150	-	-
Management Letting Rights	486	-	-	-
	636	150	-	-
(a) *Goodwill*				
Cost	150	4,066	-	-
Disposal of Sunkids business	-	(3,916)	-	-
Net carrying amount	150	150	-	-
Reconciliation of goodwill				
Balance at the beginning of the financial year	150	4,066	-	-
Disposal of Sunkids business	-	(3,916)	-	-
At 30 June net of accumulated impairment	150	150	-	-

Goodwill at year end relates to the acquisition of Sunland Funds Management Limited, which was acquired in a prior period.
Refer Note 26 for details for the prior period disposal of controlled entities.
Key assumptions used in value in use calculations
The calculation of value in use for the funds management division is most sensitive to the following assumptions:

- Responsible Entity Fees: The Group receives a fee based on gross sales made by the fund; and
- Fund Establishment Fees: As the responsible entity for the funds, the Group receives a fee for identifying and securing assets with development potential and performing due diligence associated with undertaking developments.

No impairment loss was recognised for the current financial year.

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
(b) *Management Letting Rights*				
Cost	621	-	-	-
Accumulated Amortisation	(135)	-	-	-
Net carrying amount	486	-	-	-
Reconciliation of intangibles				
Balance at the beginning of the financial year	-	-	-	-
Acquisition of management letting rights	621	-	-	-
Amortisation	(135)	-	-	-
At 30 June net of accumulated amortisation	486	-	-	-

Intangibles relate to management letting rights acquired in the current period. These rights expire in November 2010 and are amortised over the remaining period. If an impairment indicator arises, the recoverable amount of the management letting rights is estimated and an impairment loss is recognised to the extent the recoverable amount is lower than the carrying amount. No impairment was recognised for the current financial year.

18 PROPERTY, PLANT & EQUIPMENT

	Consolidated			Company		
	Freehold land and Buildings $'000	Plant and Equipment $'000	Total $'000	Freehold land and Buildings $'000	Plant and Equipment $'000	Total $'000
At 1 July 2007						
Cost	44,584	9,653	54,237	40,734	443	41,177
Accumulated depreciation	(8,062)	(2,909)	(10,971)	(8,062)	(141)	(8,203)
Net carrying amount	36,522	6,744	43,266	32,672	302	32,974
At 30 June 2008						
Cost	47,584	12,438	60,022	42,313	877	43,190
Accumulated depreciation	(9,523)	(4,752)	(14,275)	(9,523)	(322)	(9,845)
Net carrying amount	38,061	7,686	45,747	32,790	555	33,345
Year ended 30 June 2008						
At 1 July 2007 net of accumulated depreciation and impairment	36,522	6,744	43,266	32,672	302	32,974
Additions	3,000	3,803	6,803	1,579	633	2,212
Disposals	-	(1,019)	(1,019)	-	(199)	(199)
Exchange Difference	-	3	3	-	-	-
Depreciation charge for the year	(1,461)	(1,845)	(3,306)	(1,461)	(181)	(1,642)
Net of accumulated depreciation and impairment	38,061	7,686	45,747	32,790	555	33,345
Year ended 30 June 2007						
At 1 July 2006 net of accumulated depreciation and impairment	72,805	6,856	79,661	33,316	146	33,462
Additions	23,030	6,106	29,136	747	188	935
Disposals	-	(2,795)	(2,795)	-	-	-
Disposals on sale of subsidiary	(57,922)	(1,693)	(59,615)	-	-	-
Depreciation charge for the year	(1,391)	(1,730)	(3,121)	(1,391)	(32)	(1,423)
Net of accumulated depreciation and impairment	36,522	6,744	43,266	32,672	302	32,974

The useful lives of the assets were estimated as follows for 2007 and 2008:
Buildings 20 to 40 years
Plant and equipment 5 to 15 years

All property, plant and equipment has been measured using the cost model.
The impairment of the assets has been assessed and no impairment exists as at 30 June 2008.
The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2008 is $43,000 (2007: $55,000).
There were no additions during the year (2007: $Nil) of plant and equipment held under finance leases and hire purchase contracts.
Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.
Plant and equipment with a carrying amount of $43,000 (2007: $55,000) for the Group are pledged as securities for current and non-current liabilities as disclosed in Note 21.
Land and buildings with a carrying amount of $36,642,000 (2007: $36,522,000) are subject to a first charge to secure one of the Group's bank loans (refer to Note 21).

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Investment in Associate	3,923	1,452	4,796	2,344

There were no impairment losses relating to the investment in associate and no capital commitments or other commitments relating to the associate.

(a) Interest in associate

Name	Balance Date	Ownership 2008%	Interest Held 2007%
Sunland Diversified Land Fund (i)	30 June	15	15
Sunland Diversified Land Fund No. 2 (ii)	30 June	18.35	-
Emirates Sunland Management Pty Ltd (iii)	30 June	50	50

Sunland Diversified Land Fund and Sunland Diversified Land Fund No. 2 are unlisted Australian public trusts.

Emirates Sunland Management Pty Ltd is a proprietary limited company incorporated in Australia.

(i) The consolidated group has significant influence over the Sunland Diversified Land Fund through ownership of the fund's responsible entity, Sunland Funds Management Limited.

(ii) The consolidated group has significant influence over the Sunland Diversified Land Fund No. 2 through ownership of the fund's responsible entity, Sunland Funds Management Limited.

(iii) The consolidated group has 50% ownership, however, does not have control or joint control over Emirates Sunland Management Pty Ltd.

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Carrying amount of investment in associates				
Balance at the beginning of the financial year	1,452	7,584	2,344	31,112
– Investment in associate during year	4,034	2,985	4,034	2,985
– Elimination of unrealised profits on sales made to the associates	(1,269)	(1,274)	-	-
– Deferred tax asset recognised on unrealised profits	381	382	-	-
– Realisation of eliminated profits on sale of ownership in associate (net of tax effect)	-	28,251	-	5,276
– Sale of ownership in Associate	-	(35,835)	-	(35,835)
– Capital return from Associate	(1,582)	(1,194)	(1,582)	(1,194)
– Share of Associates Profit	907	553	-	-
	3,923	1,452	4,796	2,344
Share of associate's assets and liabilities				
Current assets	6,325	4,278	6,325	4,278
Non-current assets	6,238	33	6,238	33
Current liabilities	(1,101)	(1,933)	(1,101)	(1,933)
Non-current liabilities	(6,610)	(34)	(6,610)	(34)
Net assets	4,852	2,344	4,852	2,344
Share of the associate's profit or loss				
Revenue	5,365	5,207	5,365	5,207
Profit/(loss) before income tax	1,571	790	1,571	790
Income tax expense	(455)	(237)	(455)	(237)
Profit/(loss) after income tax	1,116	553	1,116	553
Distribution paid	(209)	-	(209)	-
	907	553	907	553
Contingent liabilities of associate	-	-	-	-
Share of contingent liabilities incurred jointly with other investors	-	-	-	-

In the prior period, Sunleisure Group Limited revenues were excluded as this entity was not an associate at year end.

20 TRADE & OTHER PAYABLES

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current				
Trade creditors	7,180	9,679	475	180
Other creditors and construction accruals	8,195	29,084	723	-
	15,375	38,763	1,198	180
Related party payables:				
Amounts payable to Joint Venture participants	1,375	-	5,473	-
Loans from controlled entities	-	-	46,883	77,170
	16,750	38,763	53,554	77,350
Non-Current				
Property settlement creditor	96,590	65,177	-	-
	96,590	65,177	-	-
Related party payables:				
Amounts payable to Joint Venture participants	66,223	23,714	706	1,379
Loans from controlled entities	-	-	46,682	-
	162,813	88,891	47,388	1,379

Trade creditors are non-interest bearing and are normally settled on a 30 to 60-day term. For terms and conditions relating to related party payables refer to Note 30.

21 INTEREST-BEARING LIABILITIES

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Current Liabilities				
Bank loans – secured	79,800	64,553	-	-
Finance leases and hire purchase contracts	8	31	-	-
	79,808	64,584	-	-
Non-Current Liabilities				
Bank loans – secured	-	33,378	-	-
Finance leases and hire purchase contracts	-	8	-	-
	-	33,386	-	-

(a) Fair Values

The carrying value of the Group's current and non-current borrowings approximates their fair value.

(b) Interest rate, foreign exchange and liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk is disclosed in Note 4.

(c) Assets pledged as security

Bank loans

All bank loans are denominated in Australian dollars. Bank loans are secured by first registered mortgages over various development properties and investment properties held by the consolidated entity, fixed and floating charges over the assets and undertakings of controlled entities, guarantees by the Company and a guarantee and indemnity of each member of the Sunland Group Master Finance Agreement. At 30 June 2008 bank loans of $79,800,000 (2007: $64,553,000) are due and payable within the next 12 months. The weighted average effective interest rate at balance date was 8.5% (2007: 7.2%), and is payable monthly.

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
The carrying amounts of the pledged properties are as follows:				
Inventories	230,495	314,017	-	-
Property, plant and equipment	38,061	36,522	32,790	32,672
Total pledged	268,556	350,539	32,790	32,672

Hire purchase facility

The consolidated entity's hire purchase liabilities of $8,000 are secured by their respective assets of $43,000, and in the event of default, the assets revert to the lessor or financier.

(d) Defaults and breaches

During the current and prior years, there were no defaults or breaches on any of the loan agreements.

22 PROVISIONS

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current liabilities				
Employee benefits	1,578	1,667	500	296
Rental guarantee	28	-	-	-
	1,606	1,667	500	296
Non-current liabilities				
Employee benefits	766	660	379	318
Rental guarantee	35	-	-	-
	801	660	379	318

23 OTHER LIABILITIES

Current liabilities				
Revenue received in advance	364	391	364	391
Advance – Sunland Diversified Land Fund No. 2 (secured)	9,725	-	-	-
Construction advances received	-	3,041	-	-
	10,089	3,432	364	391
Non-current liabilities				
Revenue received in advance	123,144	-	-	-
Advance – Sunland Diversified Land Fund No. 2 (secured)	17,415	-	-	-
	140,559	-	-	-

For terms and conditions relating to related party liabilities refer to Note 30.

24 CONTRIBUTED EQUITY

Share capital				
323,122,101 (2007: 319,232,306) ordinary shares issued and fully paid	313,555	305,104	313,555	305,104

	2008		2007	
Share capital	# Shares	$'000	# Shares	$'000
Balance beginning of the year	319,232,306	305,104	251,217,409	138,559
Shares issued via executive share option plan	1,680,000	1,509	2,840,000	1,651
Equity raising via rights issue/Share placement	-	-	63,485,341	161,028
Dividend reinvestment plan	2,209,795	6,967	1,689,556	4,878
Less: Transaction costs of issues (tax effected)	-	(25)	-	(1,012)
Balance at end of the year	323,122,101	313,555	319,232,306	305,104

The Company does not have authorised capital nor par value in respect of its issued shares.

Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of a winding up of the Company ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation. There are no cash settlement alternatives.

25 RESERVES AND RETAINED EARNINGS

	Share Option Reserve $'000	Cash-Flow Hedge Reserve $'000	Foreign Currency Translation Reserve $'000	Total Reserves $'000	Retained Earnings $'000
Consolidated					
2008					
Balance at beginning of year	1,188	-	135	1,323	193,809
Total recognised income and expense	-	(803)	(17,036)	(17,839)	98,997
Dividends to ordinary shareholders	-	-	-	-	(44,141)
Equity settled transactions	1,027	-	-	1,027	-
	2,215	(803)	(16,901)	(15,489)	248,665
2007					
Balance at beginning of year	770	-	-	770	143,502
Total recognised income and expense	-	-	135	135	88,007
Dividends to ordinary shareholders	-	-	-	-	(37,770)
Equity settled transactions	418	-	-	418	-
	1,188	-	135	1,323	193,809
Company					
2008					
Balance at beginning of year	120	-	135	255	103,724
Total recognised income and expense	-	(803)	584	(219)	(899)
Dividends to ordinary shareholders	-	-	-	-	(44,141)
Equity settled transactions	340	-	-	340	-
	460	(803)	719	376	58,684
2007					
Balance at beginning of year	42	-	-	42	106,375
Total recognised income and expense	-	-	135	135	35,119
Dividends to ordinary shareholders	-	-	-	-	(37,770)
Equity settled transactions	78	-	-	78	-
	120	-	135	255	103,724

Nature and Purpose of Reserves

Share Option Reserve

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration.

Cash-Flow Hedge Reserve

This reserve is used to record the mark to market of effective derivatives held at the year end.

Foreign Currency Translation Reserve

This reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations. It is also used to record the effect of hedging net investments in foreign operations.

26 CONTROLLED ENTITIES

(a) Particulars in relation to controlled entities

Name	Country of Formation	Ordinary Share Consolidated Entity Interest % 2008	2007
Parent Entity			
Sunland Group Limited	Australia		
Controlled entities			
Abian (QLD) Pty Limited	Australia	100	100
Addelson Pty Limited	Australia	100	100
Andyville Pty Limited	Australia	100	100
Bolger Cove Pty Limited	Australia	100	100
Camryville Pty Limited	Australia	100	100
Carlyndale Pty Limited	Australia	100	-
Carnriver Pty Limited	Australia	100	100
Carnriver Retail Pty Limited	Australia	100	100
Conferta Pty Limited	Australia	100	100
Dalestan Pty Limited	Australia	100	100
Flippton Pty Limited	Australia	100	100
Gairvale Pty Limited	Australia	100	100
Girroma Pty Limited	Australia	100	100
Haddenham Pty Limited	Australia	100	100
Harrovale Pty Limited	Australia	100	-
Hayberry Pty Limited	Australia	100	100
Inglesun Pty Limited	Australia	100	100
Jadedrift Pty Limited	Australia	100	100
Jamalla Pty Limited	Australia	100	100
Keriland Pty Limited	Australia	100	100
Lakesky Pty Limited	Australia	100	100
Lakesky Unit Trust	Australia	100	100
Larrisendale Pty Limited	Australia	100	100
Laughlindale Pty Limited	Australia	100	100
Leighwood Pty Limited	Australia	100	100
Lilibuck Pty Limited	Australia	100	100
Loxstone Pty Limited	Australia	100	100
Loxwood Pty Limited	Australia	100	100
Lynstone Pty Limited	Australia	-	100
Mantina Pty Limited	Australia	100	100
Marington Pty Limited	Australia	100	100
Mortdella Pty Limited	Australia	100	100
Munday Pty Limited	Australia	100	100
Mystonia Pty Limited	Australia	100	100
Newcombe Pty Limited	Australia	100	100
Odyssey Condominium Hotels Pty Limited	Australia	100	100
Orleton Pty Limited	Australia	-	100
Palazzo Versace Pty Limited	Australia	100	100
Parrella Pty Limited	Australia	100	100
Parsen Pty Limited	Australia	100	100
Preston Grove Pty Limited	Australia	100	100
Ridgelodge Pty Limited	Australia	100	100
Roseley Vale Pty Limited	Australia	100	100
Rydelson Pty Limited	Australia	-	100
Scottsland Pty Limited	Australia	100	100
SDG-PV Pty Limited	Australia	100	100
Stanride Pty Limited	Australia	100	100
Sunland Capital Pty Limited	Australia	100	100

Name	Country of Formation	Ordinary Share Consolidated Entity Interest % 2008	2007
Sunland Constructions (Avalon) Pty Limited	Australia	100	100
Sunland Constructions (Circle) Pty Limited	Australia	100	100
Sunland Constructions (QLD) Pty Limited	Australia	100	100
Sunland Constructions (NSW) Pty Ltd	Australia	100	100
Sunland Constructions (VIC) Pty Limited	Australia	100	100
Sunland CV (BVI) Limited	British Virgin Islands	100	100
Sunland Design Group (VIC) Pty Limited	Australia	100	100
Sunland Development Dubai (BVI) Limited	British Virgin Islands	100	100
Sunland Developments No 1 Pty Limited	Australia	100	-
Sunland Developments No 2 Pty Limited	Australia	100	-
Sunland Developments No 3 Pty Limited	Australia	100	-
Sunland Developments No 4 Pty Limited	Australia	100	-
Sunland Developments No 5 Pty Limited	Australia	100	-
Sunland Developments No 6 Pty Limited	Australia	100	-
Sunland Developments No 7 Pty Limited	Australia	100	-
Sunland Developments No 8 Pty Limited	Australia	100	-
Sunland Developments No 9 Pty Limited	Australia	100	-
Sunland Developments No 10 Pty Limited	Australia	100	-
Sunland Developments No 11 Pty Limited	Australia	100	-
Sunland Developments No 12 Pty Limited	Australia	100	-
Sunland Developments (QLD) Pty Limited	Australia	100	100
Sunland DWF (BVI) Limited	British Virgin Islands	100	100
Sunland Financial Services Pty Limited	Australia	100	100
Sunland Funds Management Pty Limited	Australia	100	100
Sunland Global Rollout (BVI) Limited	British Virgin Islands	100	100
Sunland Global Rollout Pty Limited	Australia	100	-
Sunland Group (Cairns) Pty Limited	Australia	100	100
Sunland Group (Fern Street) Pty Limited	Australia	100	100
Sunland Group (NSW) Pty Limited	Australia	100	100
Sunland Group (Oasis) Pty Limited	Australia	100	100
Sunland Group (QLD) Pty Limited	Australia	100	100
Sunland Group (Vic) Northern Pty Limited	Australia	100	100
Sunland Group (VIC) Pty Limited	Australia	100	100
Sunland Group International Pty Limited	Australia	100	100
Sunland Group Project Management Pty Limited	Australia	100	100
Sunland Group (UAE) Australia Pty Ltd	Australia	100	100
Sunland Gulf Resources Pty Limited	Australia	100	100
Sunland Homes Pty Limited	Australia	100	100
Sunland Homes Unit Trust	Australia	100	100
Sunland International Pty Limited	Australia	100	100
Sunland International (BVI) Pty Ltd	British Virgin Islands	100	100
Sunland International BFJV (BVI) Limited	British Virgin Islands	100	100
Sunland International PV Pty Limited	Australia	100	100
Sunland Joinery Pty Limited	Australia	100	100
Sunland JV Development (BVI) Ltd	British Virgin Islands	100	100
Sunland Martha Cove Pty Limited	Australia	100	100
Sunland Nur Limited (JOC)	UAE	100	-
Sunland Property Holdings Pty Limited	Australia	100	100
Sunland Property Trust	Australia	100	100
Sunland Real Estate (NSW) Pty Limited	Australia	100	-
Sunland Real Estate (Victoria) Pty Limited	Australia	100	100

26 CONTROLLED ENTITIES (Cont'd)

Name	Country of Formation	Ordinary Share Consolidated Entity Interest % 2008	2007
Sunland Realty Pty Limited	Australia	100	100
Sunland Resources Pty Limited	Australia	100	100
Sunland Southbank Pty Limited	Australia	100	100
Sunland St Kilda Road Pty Limited	Australia	100	100
Sunland Retail Pty Ltd (formerly Sunleisure Retail Pty Ltd)	Australia	100	100
Sunland Waterfront (BVI) Limited	British Virgin Islands	100	100
Sunland Waterfront Development Pty Limited (BVI)	British Virgin Islands	100	100
Tessonian Pty Limited	Australia	100	100
Tuskabella Pty Limited	Australia	100	100
Tweedstone Pty Limited	Australia	100	100
Valenca Pty Limited	Australia	100	100
Viennendale Pty Limited	Australia	100	100
Waterfront Development 2 (BVI) Limited	British Virgin Islands	100	-
Whittsvilla Pty Limited	Australia	100	-
Yorkmine Pty Limited	Australia	100	100

(b) Acquisition/disposal of controlled entities

Disposal of entities

The following controlled entities were disposed during the year:

	Date Control Ceased	Company's Remaining interest %	Consideration $'000	Net Assets at Date of Disposal $'000
2008				
Lynstone Pty Limited	23 January 2008	-	-	-
Orleton Pty Limited	23 January 2008	-	-	-
Rydelson Pty Limited	23 January 2008	-	-	-
			-	-
These entities were deregistered.				
2007				
Sunkids Group of companies comprising:			16,000	143
Carrarah Pty Ltd	23 May 2007	-		
Kalamanta Pty Ltd	23 May 2007	-		
Sunkids Administration Pty Ltd	23 May 2007	-		
Faldun Pty Ltd	23 May 2007	-		

These entities had cash of $745,000, total assets of $67,503,000 (excluding cash) and total liabilities of $68,105,000 prior to disposal.

Acquisition of entities

The following controlled entities were acquired during the year:

	Date Control Gained	Company's interest %	Consideration $	Net Tangible Assets at Date of Acquisition $
2008				
Carlyndale Pty Limited	30 November 2007	100	1	1
Sunland Global Rollout (BVI) Limited	3 December 2007	100	1	1
Harrovale Pty Limited	30 November 2007	100	1	1
Sunland CV (BVI) Limited	22 June 2007	100	1	1
Sunland Development Dubai (BVI) Limited	22 June 2007	100	1	1
Sunland Developments No 1 Pty Limited	27 September 2007	100	1	1
Sunland Developments No 2 Pty Limited	27 September 2007	100	1	1

	Date Control Gained	Company's interest %	Consideration $	Net Tangible Assets at Date of Acquisition $
2008				
Sunland Developments No 3 Pty Limited	27 September 2007	100	1	1
Sunland Developments No 4 Pty Limited	10 October 2007	100	1	1
Sunland Developments No 5 Pty Limited	10 October 2007	100	1	1
Sunland Developments No 6 Pty Limited	10 October 2007	100	1	1
Sunland Developments No 7 Pty Limited	10 October 2007	100	1	1
Sunland Developments No 8 Pty Limited	23 November 2007	100	1	1
Sunland Developments No 9 Pty Limited	23 November 2007	100	1	1
Sunland Developments No 10 Pty Limited	23 November 2007	100	1	1
Sunland Developments No 11 Pty Limited	23 November 2007	100	1	1
Sunland Developments No 12 Pty Limited	23 November 2007	100	1	1
Sunland DWF (BVI) Limited	8 May 2007	100	1	1
Sunland Global Rollout Pty Limited	29 November 2007	100	1	1
Sunland International BFJV (BVI) Limited	22 June 2007	100	1	1
Sunland JV Development (BVI) Limited	22 June 2007	100	1	1
Sunland Nur Limited (JOC)	26 November 2007	100	-	-
Sunland Real Estate (NSW) Pty Limited	19 September 2007	100	12	12
Sunland Waterfront (BVI) Limited	22 June 2007	100	1	1
Sunland Waterfront Development Pty Limited (BVI)	5 January 2007	100	5	5
Waterfront Development 2 (BVI) Limited	23 November 2007	100	1	1
Whittsvilla Pty Limited	30 November 2007	100	1	1
			41	41
2007				
Andyville Pty Limited	21 March 2007	100	1	1
Bolgercove Pty Limited	2 May 2007	100	1	1
Laughlindale Pty Limited	2 May 2007	100	1	1
Scottsland Pty Limited	20 February 2007	100	1	1
Sunland Constructions (NSW) Pty Ltd	20 July 2006	100	1	1
Sunland Developments (QLD) Pty Ltd	28 November 2006	100	1	1
Sunland Group (QLD) Pty Ltd	18 July 2007	100	1	1
Sunland Group UAE (Australia) Pty Ltd	18 June 2007	100	1	1
Sunleisure Retail Pty Ltd	12 June 2007	100	1	1
			9	9

27 CONTINGENT LIABILITIES

The details and estimated maximum amounts of contingent liabilities, classified according to the party from whom the contingent liability arises, are set out below. The Directors are not aware of any circumstances or information which would lead them to believe that these liabilities will crystallise and consequently no provisions are included in the accounts in respect of these matters.

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
In respect of controlled entities and joint-ventures				
(i) The Company and each Group member has guaranteed the finance facilities of all other wholly owned subsidiaries.	-	-	79,808	97,970
(ii) Bank guarantees for uncompleted works have been provided to local councils and government authorities in respect of property development projects undertaken by wholly owned subsidiaries.	6,385	2,511	-	-
(iii) The consolidated entity, as a partner in joint-venture partnerships, are jointly and severally liable for 100% of all liabilities incurred by those joint ventures. The assets of those joint ventures are sufficient to meet such liabilities. The joint-venture liabilities not already reflected in the balance sheet are:	304,878	98,061	1,604	1,748
	311,263	100,572	81,412	99,718

28 NOTES TO THE STATEMENTS OF CASH FLOWS

(i) Reconciliation of cash

Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cash	53,406	49,652	28,853	77,763
Deposits at call	34,400	66,278	30,221	-
Restricted cash – Dubai	25,639	-	-	-
	113,445	115,930	59,074	77,763

(ii) Reconciliation of profit from ordinary activities to net cash provided by/(used in) operating activities

	Consolidated 2008	Consolidated 2007	Company 2008	Company 2007
Profit/(Loss) from ordinary activities after income tax	98,997	88,077	(899)	35,119
Add/(less) Non-cash items				
Dividends from controlled entities	-	-	(2)	(22,449)
Fees received to/(from) controlled entities	-	-	14,718	13,725
Depreciation and amortisation	3,439	3,121	1,771	1,423
Amounts set aside to provisions	81	(228)	264	(190)
Share option expense	1,028	418	339	78
Derivative valuation	(189)	-	-	-
FX on revaluation of assets	760	-	760	-
Net loss/(gain) on disposal of property, plant and equipment	(5)	140	-	-
Net gain on sale of subsidiary/associate	-	(31,564)	-	(29,706)
Net loss on deregistration of controlled entities	-	-	-	7,267
Profit from associate	(907)	(553)	-	-
Net cash provided by operating activities before change in assets and liabilities	103,204	59,411	16,951	5,267
Changes in assets and liabilities adjusted for the effects of purchase of controlled entities during the period				
(Increase)/decrease in inventories	(144,504)	88,819	(291)	(65)
(Increase)/decrease in receivables	7,522	(2,299)	(67,227)	(64,842)
(Increase)/decrease in other assets	(165)	(32,085)	(61)	-
(Increase)/decrease in investments	888	-	-	-
(Increase)/decrease in prepayments	-	-	(451)	(107)
(Decrease)/increase in other liabilities	149,300	3,032	(27)	-
(Decrease)/increase in trade and other payables	(21,981)	57,000	(867)	(807)
(Increase)/decrease in deferred tax assets	749	2,354	273	1,389
(Decrease)/increase in income taxes payable	(28,385)	(12,667)	18,726	(11,523)
(Decrease)/increase in deferred tax liabilities	1,103	(11,925)	1,908	-
	(35,473)	92,229	(48,017)	(75,955)
Items included under investing activities				
Distribution from Associate	(209)	-	(209)	-
Net cash provided by/(used in) operating activities	67,522	151,640	(31,275)	(70,688)

(iii) Acquisitions of controlled entities

During the year Sunland Group Limited purchased the shares in shelf-companies as detailed in Note 26 (b)

Details of the acquisitions are as follows:

	Company 2008 $	Company 2007 $
Considerations		
Outflow of cash	41	9
Fair value of net assets of entity acquired		
Cash	41	9

(iv) Disposal of controlled entities

In the prior period Sunland Group Limited disposed of 100% of the voting share capital of Carrarah Pty Ltd, Kalamanta Pty Ltd, Faldun Pty Ltd and Sunkids Administration Pty Ltd for $16,000,000. This included a $14,000,000 cash payment at year end. The profit on disposal of the shares was $15,858,000.

The Company commenced the process of winding up and deregistering subsidiaries no longer required. The capital loss as a result of this process was $5,002,000 (2007: $7,267,000). This amount is disclosed in administration and other expenses in the parent entity's income statement.

(v) Financing facilities

Details of financing facilities are set out in Note 21.

29 COMMITMENTS

(i) Land purchase contracts

Certain Group entities have contracts to purchase land for development leading to the following commitments:

Controlled entities within the Group have entered into various contracts for land throughout Australia for development to the total value of $22,678,750 (2007: $71,858,743). The contracts are conditional upon various criteria being met, including reconfiguration approval, due diligence, etc. All of these contracts are expected to settle over the next 12 months.

During the year, joint-venture entities that the Company has a 50% interest have not entered into any contracts to purchase land in Dubai. In the prior year, land contracts to the total value of AED 82,038,750, which converts to $26,307,119 of which the Company has an interest of AED 38,654,972 or $12,395,373, were entered into.

Controlled entities within the Group have entered into contracts to purchase land in Dubai, to the total value of AED 183,203,928 which converts to $51,860,198 (2007: Nil). These contracts are expected to settle within one to four years.

All the above contracts have been entered into in the normal course of business.

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(ii) Operating lease commitments				
Future minimum rentals payable under non-cancellable operating leases at 30 June are as follows:				
Within one year	2,270	2,004	267	474
After one year but not more than five years	3,268	6,264	94	283
	5,538	8,268	361	757

The consolidated entity leases property under operating leases expiring from two to five years. Leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated.

(iii) Finance lease and hire purchase commitments

Future minimum lease payments made under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	Consolidated 2008	Consolidated 2007	Company 2008	Company 2007
Within one year	8	33	-	-
After one year but not more than five years	-	8	-	-
	-	41	-	-
Less: Future finance lease charges	-	(2)	-	-
	8	39	-	-
Present value of lease liabilities provided for in the financial statements:				
Current	8	31	-	-
Non-current	-	8	-	-
Total Lease liability	8	39	-	-

Refer to Note 21 for terms and conditions.

(iv) Guarantees

The contract of sale by Carnriver Pty Ltd to Sunleisure Property Trust of the Circle on Cavill retail precinct included a rental guarantee in that Carnriver Pty Ltd guarantees net property income of $600,000 per month for the guarantee period, which expired 29 June 2008. Claw-back provisions apply where the net property income exceeds the monthly guaranteed sum. The accrual for the amount estimated to be paid over the remaining period is included in payables in Note 20.

(v) Other commitments

Sunland Group Limited entered into an agreement with the House of Versace for the global rollout of the Palazzo Versace Hotels.

The company is committed to a payment of Euro 6.75 million, which is due by 31 December 2009. The Group has not hedged this commitment.

Land held totalling $27,140,000 is committed to a development agreement with Sunland Diversified Land Fund No. 2 and is secured over amounts advanced by this fund for the purposes of financing the development costs. Details of the development agreement are set out in Note 30.

30 RELATED PARTIES

Directors' and Executives' transactions with the Company or its controlled entities

Transactions with Directors, director-related entities, Executives and executive-related entities, including the acquisition of products and services, were carried out in the ordinary course of business and on terms no more favourable than those which it is reasonable to expect the Group would have adopted in an arm's-length transaction.

Wholly owned group

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

Loans

Loans between Group entities are generally interest free, except for loans from Sunland Southbank Pty Limited to Sunland Group Limited. These loans are repayable at call except where they will not be called upon within the next 12 months.

An interest rate equivalent to the bank loan rate of 8.80% (2007: 7.04%) is charged on the loan from Sunland Southbank Pty Limited to Sunland Group Limited. Interest brought to account by the Company in relation to these loans during the year:

	Company	
	2008 $'000	2007 $'000
Interest paid	1,292	1,146
Dividend revenue received by the Company from wholly owned entities during the year	2	22,449

On the 20 December 2007, Loxwood Pty Ltd, Lillibuck Pty Ltd, Haddenham Pty Ltd and Sunland Group (Oasis) Pty Ltd, all of which are wholly owned subsidiaries of Sunland Group Ltd, entered into separate development agreements with SDLF2 Pty Ltd, a wholly owned subsidiary of Sunland Diversified Land Fund No. 2 (the "Fund"). The Group owns 18.35% of the issued units in the Fund. The development agreements provide for the assignment of the development rights in parts of the land owned by the Group. SDLF2 Pty Ltd is responsible for developing, marketing and selling the land in return for a development fee. SDLF2 Pty Ltd paid to the Group $11,407,042 in consideration for the right to develop the land calculated as the present value of the land (including development costs) less present costs of the land. In addition to this amount SDLF2 Pty Ltd advanced $27,824,958 to the Group representing the development cost of the land and this amount is progressively realised in instalments out of the proceeds of sale. SDLF2 Pty Ltd's right to recover the funds is limited to the sale proceeds, less the Group's GST liability in respect to the sale proceeds.

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year and the amounts owed by and to related parties:

Related Party	Year (30 June)	Sales $'000	Amounts owed by related party $'000	Amounts owed to related party $'000
Consolidated				
Joint-venture parties	2008	46,552	79,293	67,598
	2007	6,997	25,960	23,714
Associates	2008	11,407	3,778	-
	2007	49,578	-	-
Parent				
Wholly owned subsidiaries	2008	-	349,503	93,565
	2007	-	355,796	77,170
Joint-venture parties	2008	21,578	16,240	6,179
	2007	12,346	33,319	1,379
Associates	2008	-	-	-
	2007	-	-	-

The amounts payable and receivable from joint-venture parties will be payable/receivable upon completion of the project to which the loan relates to.

No interest is receivable or payable in relation to these loans. In the prior period, cranes and hoists were sold from a wholly owned subsidiary to a joint-venture entity for $3,010,000.

During the period construction advances were paid between joint ventures in which the Group has an interest.

Terms and conditions of transactions with related parties

Sales to related parties are made in arm's-length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash, unless otherwise stated.

For the year ended 30 June 2008, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties as they are not considered to be required (2007: Nil).

31 INTERESTS IN JOINT VENTURES

On 20 February 2001, a controlled entity, Mortdella Pty Limited, entered into a joint-venture agreement with Thakral Holdings Limited for the development of the project known as the Glades. Each of the joint-venture parties are entitled to 50% of the joint venture.

In August 2000, a controlled entity, Camryville Pty Limited, entered into a joint-venture agreement with Q1 JV Pty Limited, a wholly owned subsidiary of Surfers Paradise Beach Resorts Pty Limited, for the development of Q1 – The World's Tallest Residential Tower project. Each of the joint-venture parties are entitled to 50% of the joint venture.

On 26 July 2004, a controlled entity, Sunland St Kilda Road Pty Limited, entered into a joint-venture agreement with Patina Madoc Pty Limited for the development of a high-rise at 454 St Kilda Road in Melbourne. Each of the joint-venture parties are entitled to 50% of the joint venture.

On 23 December 2004, the Company entered into a joint-venture agreement with Emirates Investment Group Australia Pty Ltd (EIGA) in which EIGA purchased 49% of the Palazzo Versace Hotel on the Gold Coast from Sunland Group Limited. The joint venture began operating the hotel from 30 August 2005.

On 9 May 2006, a controlled entity, Sunland International British Virgin Islands (BVI) Pty Ltd, entered into a joint-venture agreement with Al Tariq Investment Sharjah UAE, forming Emirates Sunland Group to develop and deliver a number of projects in the UAE. Sunland International BVI contributed 49% of the joint-venture share capital, however, resolutions require unanimous vote.

On 31 January 2007, a jointly controlled entity, Emirates Sunland Business Bay BVI Pty Ltd, entered into a joint-venture agreement with Habib Investment Corp Free Zone Est. to develop and deliver a project at Business Bay UAE. Emirates Sunland Business Bay BVI contributed 67% of the joint-venture share capital and directors of the Board, however, significant decisions of the company require an unanimous vote of the Board.

On 28 August 2005, a controlled entity, Sunland International British Virgin Islands (BVI) Pty Ltd, entered into a joint-venture agreement with Emirates International Resorts, forming Emirates Sunland PV Dubai Limited BVI to own and manage Palazzo Versace Dubai. Sunland International BVI contributed 51% of the joint-venture share capital, however, all decisions of shareholders require unanimous vote.

On 28 August 2005, a controlled entity, Sunland International British Virgin Islands (BVI) Pty Ltd, entered into a joint-venture agreement with Emirates International Towers, forming Emirates Sunland DI Dubai Limited BVI to develop own and manage D1 Dubai. Sunland International BVI contributed 50% of the joint-venture share capital.

On 15 May 2006, a jointly controlled entity, Emirates Sunland Group Sharjah UAE, entered into a joint-venture agreement with Arabtec Construction LLC UAE to undertake construction of Palazzo Versace and D1 Dubai. Each of the joint-venture parties has a 50% interest in the joint venture.

On 7 November 2007, a controlled entity, Sunland DWF (BVI) Limited, entered in to a joint-venture agreement with Peacock Ventures Limited, forming Waterfront Development (BVI) Limited to develop, own and manage Waterfront plot D-5B. Sunland DWF (BVI) Limited contributed 50% of the joint-venture share capital.

For the year ended 30 June 2008, the contribution of the Glades joint venture, the Q1 joint venture, the St Kilda Road joint venture, the Palazzo Versace Gold Coast joint venture, the Emirates Sunland PV Dubai (BVI) Ltd joint venture, the Emirates Sunland D1 (BVI) Ltd joint venture, the Emirates Sunland Group LLC joint venture, the Emirates Sunland Business Bay (BVI) Ltd joint venture, the Emirates Sunland Group/Arabtec joint venture, the Culture Village JV BVI Ltd joint venture and the Waterfront Development (BVI) Ltd joint venture to the operating results of the consolidated entity before income tax was a profit/(loss) of $13,920,000 (2007: ($1,210,000)).

	JV Established	2008 %	2007 %
Waterfront Development (BVI) Limited	7 November 2007	50	-
Emirates Sunland Group/Arabtec (unincorporated)	15 May 2006	25	25
Culture Village JV BVI Limited	11 April 2008	50	-
Emirates Sunland Business Bay (BVI) Limited	31 January 2007	33.33	33.33
Emirates Sunland Group LLC	9 May 2006	49	49
Emirates Sunland PV Dubai (BVI) Limited	28 August 2005	51	51
Emirates Sunland D1 (BVI) Limited	28 August 2005	50	50

Included in the assets and liabilities of the Company and the consolidated entity are the following items which represent the Company's and the consolidated entity's interest in the assets and liabilities, income and expenses employed in the above-mentioned joint ventures, recorded in accordance with accounting policy Note 2(e).

31 INTERESTS IN JOINT VENTURES (Cont'd)

	Consolidated		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
CURRENT ASSETS				
Cash assets	25,203	5,159	1,896	2,248
Receivables	15,723	7,184	434	514
Inventories	873	17,549	873	682
Other	555	145	105	145
Amounts receivable from joint ventures	2,855	665	-	-
Total current assets	45,209	30,702	3,308	3,589
NON-CURRENT ASSETS				
Inventories	311,204	81,874	-	-
Receivables	908	-	-	-
Property, plant and equipment	42,468	40,725	40,234	40,116
Amounts receivable from joint ventures	772	88	19,660	28,607
Amounts receivable from third parties	132	-	-	-
Construction advances and property deposits	4,844	31,335	-	-
Total non-current assets	360,328	154,022	59,894	68,723
Total assets	405,537	184,724	63,202	72,312
CURRENT LIABILITIES				
Trade and other creditors	4,508	22,273	832	893
Provisions	386	296	305	296
Interest-bearing liabilities	23,041	4,528	-	-
Amounts payable to joint ventures	-	-	-	-
Other	364	3,432	364	391
Total current liabilities	28,299	30,529	1,501	1,580
NON-CURRENT LIABILITIES				
Payables	90,722	67,364	-	-
Provisions	203	168	168	168
Amounts payable to joint ventures	124,846	20,148	-	-
Other	97,505	-	-	-
Total non-current liabilities	313,276	87,680	168	168
Total liabilities	341,575	118,209	1,669	1,748
Revenue from the sale of properties	45,074	16,108	-	-
Revenue from hotel services	15,616	15,558	15,616	15,558
Revenue from project services	13,970	-	-	-
Other revenues from operations	527	1,020	101	85
Total Revenues	75,187	32,686	15,717	15,643
Change in inventories of finished goods and work in progress	40,787	16,383	-	-
Cost of hotel supplies	6,391	6,403	6,391	6,403
Employee benefits expense	8,357	5,961	6,169	5,961
Finance costs	1,343	1,173	1,337	1,173
Depreciation and amortisation expenses	1,693	1,391	1,461	1,391
Administration and other expenses	2,696	2,585	463	492
Net profit/(loss) attributable to Venturer	13,920	(1,210)	(104)	223

32 DIRECTORS AND EXECUTIVES DISCLOSURES

(a) Details of key management personnel

Directors

Directors were in office for the entire period except where noted.

Mr Terry Jackman	Chairman (non-Executive)
Mr Sahba Abedian	Managing Director
Mr Soheil Abedian	Managing Director – Middle East
Mr John Leaver	Director (non-Executive)
Mr Ron Eames	Director (non-Executive)
Mr James Packer	Director (non-Executive)
Mr Craig Carracher	Alternative Director for Mr James Packer – resigned 10 June 2008
Mr Glenn Wein	Alternative Director for Mr James Packer – appointed 10 June 2008
Executives	
Mr Mark Jewell	Chief Operating Officer – Australia – appointed 3 September 2007
Mr David Brown	Chief Operating Officer – Middle East
Mr John Tatler	International Construction Manager
Ms Anne Jamieson	Group General Manager – Middle East
Mr Grant Harrison	Company Secretary & Chief Financial Officer
Mr Gary Kordic	National Land Manager – resigned 17 August 2007
Mr Domenic Chirico	National Design Manager – Australia
Mr Julian Doyle	National Construction Manager – Australia

There were no changes of key management personnel after reporting date and the date the financial report was authorised for issue.

(b) Compensation of key management personnel

Compensation by category	2008 $	2007 $
Short Term	3,738,879	2,933,600
Post Employment	304,350	354,510
Share-Based Payments	1,057,111	203,162
	5,100,340	3,491,272

(c) Option holdings of key management personnel

	Balance at begining of period 1 July 2007	Granted Number	Options Exercised	Other Charges[1]	Balance at end of period 30 June 2008	Vested at 30 June 2008 Total	Not exercisable	Exercisable
Directors								
Sahba Abedian	1,000,000	-	-	-	1,000,000	600,000	-	600,000
Executives								
John Tatler	400,000	-	(200,000)	-	200,000			
David Brown	200,000	1,000,000	(200,000)	-	1,000,000	-	-	-
Anne Jamieson	-	-	-	-	-	-	-	-
Grant Harrison	200,000	500,000	(200,000)	-	500,000	-	-	-
Domenic Chirico	400,000	100,000	-	-	500,000	80,000	-	80,000
Julian Doyle	300,000	-	(100,000)	-	200,000	-	-	-
Mark Jewell[2]	-	1,000,000	-	-	1,000,000	-	-	-
Total	**2,500,000**	**2,600,000**	**(700,000)**	**-**	**4,400,000**	**680,000**	**-**	**680,000**

[1] Other changes represent options that expired or were forfeited during the year.

[2] Appointed on 3 September 2007.

32 DIRECTORS AND EXECUTIVES DISCLOSURES (Con't)

(c) Option holdings of key management personnel (Con't)

	Balance at begining of period 1 July 2006	Granted Number	Options Exercised	Other Charges[1]	Balance at end of period 30 June 2007	Vested at 30 June 2007 Total	Not exercisable	Exercisable
Directors								
Sahba Abedian	1,000,000	-	-	-	1,000,000	400,000	-	400,000
Executives								
John Tatler	600,000	-	(200,000)	-	400,000	-	-	-
David Brown	600,000	-	(400,000)	-	200,000	200,000	-	200,000
Anne Jamieson	600,000	-	(600,000)	-	-	-	-	-
Grant Harrison	400,000	-	(200,000)	-	200,000	-	-	-
Gary Kordic[2]	300,000	-	(300,000)	-	-	-	-	-
Domenic Chirico	400,000	-	-	-	400,000	-	-	-
Julian Doyle	400,000	-	(100,000)	-	300,000	-	-	-
Total	**4,300,000**	**-**	**(1,800,000)**	**-**	**2,500,000**	**600,000**	**-**	**600,000**

[1] Other changes represent options that expired or were forfeited during the year.
[2] Resigned on 17 August 2007.

(d) Shareholdings of key management personnel

Shares held in Sunland Group Limited

	Balance 1 July 2007	Granted as Remuneration	On Exercise of Options	Market share purchases and disposals	Balance 30 June 2008
Directors					
John Leaver	4,432,210	-	-	-	4,432,210
Ron Eames	-	-	-	30,000	30,000
Terry Jackman	477,869	-	-	30,000	507,869
James Packer	37,528,562	-	-	-	37,528,562
Soheil Abedian	45,327,335	-	-	372,665	45,700,000
Sahba Abedian	6,000,475	-	-	-	6,000,475
Executives					
John Tatler	400,000	-	200,000	(200,000)	400,000
David Brown	1,708,557	-	200,000	-	1,908,557
Anne Jamieson	813,000	-	-	-	813,000
Grant Harrison	683,092	-	200,000	(140,000)	743,092
Domenic Chirico	-	-	-	-	-
Julian Doyle	193,130	-	100,000	(18,000)	275,130
Mark Jewell[1]	-	-	-	10,000	10,000
Total	**97,564,230**	**-**	**700,000**	**84,665**	**98,348,895**

[1] Appointed on 3 September 2007.

	Balance 1 July 2006	Granted as Remuneration	On Exercise of Options	Market share purchases and disposals	Balance 30 June 2007
Directors					
John Leaver	5,182,210	-	-	(750,000)	4,432,210
Terry Jackman	250,000	-	-	227,869	477,869
James Packer	-	-	-	37,528,562	37,528,562
Soheil Abedian	46,827,335	-	-	(1,500,000)	45,327,335
Sahba Abedian	6,000,475	-	-	-	6,000,475
Executives					
John Tatler	200,000	-	200,000	-	400,000
David Brown	1,308,557	-	400,000	-	1,708,557
Anne Jamieson	213,000	-	600,000	-	813,000
Grant Harrison	707,994	-	200,000	(224,902)	683,092
Gary Kordic[1]	625,000	-	300,000	(100,000)	825,000
Domenic Chirico	-		-	-	-
Julian Doyle	100,000		100,000	(6,870)	193,130
Total	**61,414,571**	**-**	**1,800,000**	**35,174,659**	**98,389,230**

[1] Resigned on 17 August 2007.

(e) Loans to key management personnel

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

(f) Other transactions with key management personnel

Details of other transactions with key management personnel are in Note 30.

33 EMPLOYEE BENEFITS

(a) Executive Share Option Plan

	2008 Number of Options	2008 Weighted Average Exercise Price ($)	2007 Number of Options	2007 Weighted Average Exercise Price ($)
Balance at beginning of year	7,730,000	1.30	10,920,000	1.16
– Granted	4,915,000	4.81	1,050,000	2.75
– Forfeited	(860,000)	2.27	(1,400,000)	2.02
– Exercised	(1,680,000)	0.90	(2,840,000)	0.58
Balance at end of year	10,105,000	3.17	7,730,000	1.53
Exercisable at end of year	1,070,000	1.61	1,140,000	1.30

Terms and conditions

The options offered to Executives are exercisable progressively over a five-year period from the third anniversary of their employment. The first of these options expire on the earlier of the employee's termination or progressively from 15 July 2008 until 27 November 2015. There is currently one Director and 35 Executives eligible for this scheme at year end. These options do not entitle the holder to participate in any other share issue of the Company or any other body corporate.

The weighted average share price on options exercised during the 2008 financial year was $4.15 (2007: $3.04).

The weighted average remaining contractual life for the share options outstanding as at 30 June 2008 is between one and eight years (2007: one and eight years).

No share options expired during the year (2007: Nil).

The expense recognised during the 2008 year for employee share options was $1,027,000 (2007: $418,000).

(b) Fair values of options

The fair value of each option is estimated on the date of grant using the Black Scholes option-pricing model.

The following assumptions were used for options granted:

- The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated increases.
- The expected life of the options is 7.5 years based on historical data and is not necessarily indicative of exercise patterns that may occur.
- Historical and expected volatility have been estimated between 34% and 42% depending on the year of issue. This is based on the assumption that the historical volatility is indicative of future trends.
- The risk-free interest rate used is between 4.41% and 6.50% depending on the year of issue.

33 EMPLOYEE BENEFITS (Cont'd)

(c) The outstanding balance as at 30 June 2008 is represented by:

Number of options	Grant Date	Vesting Date	Expiry Date	Weighted Average Exercise Price
200,000	11/02/2002	01/07/2004	01/07/2009	0.45
100,000	11/02/2002	01/07/2004	01/07/2009	0.50
200,000	11/07/2003	14/10/2005	14/10/2010	0.70
360,000	28/08/2003	25/09/2006	25/09/2011	1.20
120,000	19/11/2003	28/04/2006	28/04/2011	1.20
240,000	14/05/2004	01/10/2005	01/10/2010	1.23
300,000	03/11/2004	01/10/2007	01/10/2012	1.55
320,000	04/11/2004	07/09/2007	07/09/2012	1.55
60,000	29/11/2004	12/11/2005	12/11/2010	1.93
190,000	29/11/2004	01/03/2007	01/03/2012	1.93
400,000	10/02/2005	10/01/2008	10/01/2013	2.22
400,000	15/07/2005	15/07/2008	15/07/2013	1.67
500,000	15/07/2005	02/05/2008	02/05/2013	1.67
1,000,000	28/11/2005	01/01/2006	31/12/2010	1.68
250,000	16/01/2006	16/10/2008	16/10/2013	1.90
150,000	16/01/2006	16/10/2008	16/10/2013	1.98
300,000	18/07/2006	18/07/2009	18/07/2014	2.65
200,000	16/04/2007	27/02/2010	27/02/2015	3.80
2,000,000	10/09/2007	10/09/2008	10/09/2012	4.78
1,815,000	27/11/2007	27/11/2008	27/11/2013	4.83
200,000	27/11/2007	04/07/2009	04/07/2014	4.83
200,000	27/11/2007	15/10/2008	15/10/2013	4.83
150,000	27/11/2007	05/11/2010	05/10/2015	4.83
450,000	27/11/2007	27/11/2010	27/10/2015	4.83
10,105,000				3.17

(d) Other Options

The outstanding balance as at 30 June 2008 is represented by:

24,889,903	20/07/2006	20/07/2008	20/07/2009	2.50
24,889,903				2.50

34 SUPERANNUATION COMMITMENTS

The consolidated entity participated in a defined contribution plan to provide benefits to employees of entities in the consolidated entity on retirement, death or disability.

Benefits provided under the plan are based on accumulated contributions and earnings for each employee. The consolidated entity has a legally enforceable obligation to contribute to the superannuation plan.

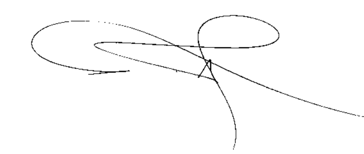
35 EVENTS SUBSEQUENT TO BALANCE DATE

Dividends have been declared after 30 June 2008, refer to Note 8.

In accordance with a resolution of the Directors of Sunland Group Limited, I state that:

1. In the opinion of the Directors:
   (a) the financial report and the additional disclosures, included in the Directors' Report designated as audited, of the Company and consolidated entity are in accordance with the Corporations Act 2001, including:
      (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
      (ii) complying with Accounting Standards and Corporations Regulations 2001; and
   b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2008.

On behalf of the Board



Sahba Abedian
Managing Director

Dated at Surfers Paradise this twentieth day of August 2008.

ERNST & YOUNG

1 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
www.ey.com/au

Independent auditor's report to the members of Sunland Group Limited.

Report on the Financial Report

We have audited the accompanying financial report of Sunland Group Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of recognised income and expense, and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(a), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our 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, we consider internal controls 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 controls. 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 met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of Sunland Group Limited is in accordance with the *Corporations Act 2001*, including:
   - i giving a true and fair view of the financial position of Sunland Group Limited and the consolidated entity at 30 June 2008 and of their performance for the year ended on that date; and
   - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 18 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

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

Ernst & Young

Mark Hayward
Partner

Brisbane
20 August 2008

Liability limited by a scheme approved
under Professional Standards Legislation

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

SHAREHOLDINGS

Distribution of equity securities

(i) Ordinary share capital

323,460,101 (2007: 319,692,306) fully paid ordinary shares are held by 5,836 (2007: 6,313) individual shareholders.

All issued ordinary shares carry one vote per share and carry rights to dividends.

(ii) Options

34,456,903 options are held by 36 individual option holders.

Options do not carry a right to vote and do not carry a right to dividends.

Substantial Shareholders

The number of shares held by the substantial shareholders as at 5 September 2008 were:

Shareholder	Ordinary Shares
Cavalene Holdings Pty Ltd	37,528,562
JP Morgan Nominees Australia Limited	33,036,253
Continental Venture Capital Limited	31,448,346
Havannah Pty Limited	29,250,000
National Nominees Limited	27,003,974
HSBC Custody Nominees Australia Limited	22,450,612
Pacific Development Corporation Pty Ltd	16,450,000

Class of Shares and Voting Rights

At 5 September 2008, there were 5,836 holders of the ordinary shares of the Company.

The voting rights attaching to the ordinary shares are set out in Article 5.8 and 5.9 of The Company's Articles of Association. The articles indicate that:

(a) At a meeting of members each member entitled to vote may vote in person or by proxy or attorney; and

(b) On a show of hands every member present has one vote, and on a poll every member present in person or by proxy or attorney has one vote for each ordinary share the member holds.

Distribution of equity security holders (as at 5 September 2008)

Category	Number of shareholders Ordinary Shares
1-1,000	1,267
1,001-5,000	2,629
5,001-10,000	937
10,001-100,000	872
100,001 and over	131
	5,836

As at 5 September 2008, there were 271 shareholders holding less than a marketable parcel.

Twenty Largest Shareholders (5 September 2008)

Name	Number of ordinary Shares Held	Percentage of Capital Held
Cavalene Holdings Pty Ltd	37,528,562	11.60
JP Morgan Nominees Australia Limited	33,036,253	10.21
Continental Venture Capital Limited	31,448,346	9.72
Havannah Pty Limited	29,250,000	9.04
National Nominees Limited	27,003,974	8.35
HSBC Custody Nominees Australia Limited	22,450,612	6.94
Pacific Development Corporation Pty Ltd	16,450,000	5.09
Citicorp Nominees Pty Limited	10,424,430	3.24
Reraettlab Pty Limited	6,900,000	2.13
Mr Sahba Abedian	4,972,975	1.54
ANZ Nominees Limited	4,586,366	1.42
Global Holdings LLC	4,000,000	1.24
Queensland Investment Corporation	3,824,161	1.18
Balzac Investments Pty Ltd	3,321,850	1.03
RBC Dexia Investor Services Australia	3,010,764	0.93
Rainham Pty Ltd	2,978,125	0.92
Fine Industrial Technology Ltd	2,200,000	0.68
HSBC Custody Nominees Australia Limited	2,087,937	0.65
AMP Life Limited	1,948,733	0.60
Cogent Nominees Pty Limited	1,788,723	0.55
	249,261,811	77.06

On-Market Buy Back

There is no current on-market buy back.

Sunland Group
ESTABLISHED
1983