



Cypress Lakes Group Limited

2011 Annual Report

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financial statements

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CYPRESS LAKES GROUP LIMITED AND SUBSIDIARIES

ABN 76 003 621 136

directors' report

Your directors present their report on the company and its controlled entities (collectively known as "the Group") for the year ended 30 June 2011.

Directors

The names of the directors in office at anytime during or since the year end are:

- Dato' Jaya JB Tan (Chairman)
- Dato' Kamal YP Tan
- Tan San Chuan
- Paul BC Wong
- William FL Wong
- Basil KS Jong

Principal activities

The principal activities of the group are operator of Cypress Lakes Resort, Cypress Lakes Golf & Country Club and The Golden Door Health Retreat and Spas, as well as that of property owner of Holiday Inn on Flinders, Melbourne.

The resort currently includes a championship golf course, villa hotel accommodation, conference facilities, restaurants, bars, lounges and other sports and leisure facilities. The Golden Door Health Retreat and Spas provide health retreat programmes and day spa.

Results

The consolidated result of the group was a loss of \$6,041,626 (2010: Loss of \$14,934,449).

Dividends

No dividends were paid or recommended during the year ended 30 June 2011 (2010: Nil).

Review of operations**Financial performance**

Financial year 2011 continued to be a demanding year for the Group. Amidst the backdrop of slow recovery from global financial crisis, discretionary retail environment, the Group reported a year-on-year (y-o-y) growth of 19.75% in revenue to \$38.8 million (2010: \$32.4 million) for the financial year ended 30 June 2011 and minimized its net loss position from \$14.9 million in FY2010 to \$6.0 million in FY2011. Full year consolidation of the newly-acquired Holiday Inn on Flinders, Melbourne ("HIF") was a key factor to the 19.75% year-on-year (y-o-y) increase in the Group's revenue in FY2011 as compared to last corresponding period.

The Group continued to be affected by stiff competition and delay in recovery of Meetings, Incentives, Conferencing and Exhibitions ("MICE") market and discretionary retail environment. Furthermore, The Golden Door business, which is the health retreat and spa division operated under the Group, was adversely affected from the floods in Queensland for the months December 2010 to February 2011 and disruption on trading revenue from a re negotiation of villa lease terms towards the 1st half of FY2011. Notably, the Group has made amendments in its cost structure with the reduction in lease rental and villa owners entitlement on the health retreat and spa division usage for the next seven years, yielding a saving of approximately \$0.7 million per annum. The Group is fairly optimistic that HIF will continue moving forward to make significant contribution to the Group's financial performance.

Restructuring efforts for the Group continued into the financial year under review and financial performance remained challenging in the present softening retail environment.

The growth and business sustainability for its resorts, health retreat and spa business will depend largely on the Group's ability to defend its market share in the growing competitive market. The Group has stepped up its marketing and promotional efforts to raise market awareness and recognition of its health and wellness packages and attract key management to work with the Group in similar industry. The Group will continue to assess and evaluate its business strategies for this business and remains committed to extend its service offerings to better serve customers' diverse needs within the wellness and resort regime.

directors' report

Review of operations (Cont)

Financial position

The net assets of the consolidated group amount to a deficit of \$6.2 million as at 30 June 2011 (2010 deficit: \$0.1 million). The decrease is mainly due to loss incurred during the year.

Significant changes in state of affairs

The Company was granted an approval from the Australian Securities Exchange (ASX) for voluntarily removal from the Official List. As from the close of trading on Wednesday, 9 December 2009 the company was officially delisted from the ASX.

There were no other significant changes in the state of affairs of the group during the year ended 30 June 2011 than otherwise disclosed elsewhere in this report.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated group.

After balance date events

No other matters or circumstances have arisen since the end of the year which have significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future years than otherwise disclosed elsewhere in this report.

Future developments, prospects and business strategies

Likely developments, future prospects and business strategies of the operations of the group and the expected results of those operations have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the consolidated group.

Environmental disclosure

The group's operations are not subject to any significant environmental regulations under any law of the Commonwealth of Australia or of any State or Territory of Australia. It is the group's aim to comply with all relevant environmental legislation and ensure management and employees are aware of their responsibilities. The group endeavours to provide for its customers, employees and the wider community, a level of environmental awareness, management and control that is in line with community expectations and standards. The group is responsibly reviewing its business activities and their impact on climate change, and is looking for 'green' or 'carbon-neutral' versions of products and its services.

directors' report

Information on directors

Dato' Jaya JB Tan

Chairman, Non-Executive Director, aged 63, Director since 1 November 2005 and Chairman since 1 December 2005

Dato' Jaya Tan graduated from the University of Arizona and is a Mechanical Engineer by training and has extensive experience in forestry, property development, food retail operations, trading and financial services. He has served as Chairman of several companies quoted on the stock exchanges of Malaysia, the United Kingdom, Singapore, Australia and India.

Dato' Jaya Tan is the Vice Chairman of "Park Hyatt Saigon", a 259 rooms 5 star hotel in Ho Chi Minh City, Vietnam and is involved in gaming, hospitality and leisure businesses in Australia, Papua New Guinea and Ghana.

Dato' Jaya Tan is the Executive Chairman of Lasseters International Holdings Limited (appointed as Director on 26 February 2004 and assumed current position with effect from 1 September 2005) and Etika International Holdings Limited (appointed on 23 December 2003), both of which are listed on the Singapore Stock Exchange. He has been a Director and the Chairman of ASX listed, Lasseters Corporation Limited since 29 June 2001.

Dato' Kamal YP Tan B.Ec. (Hons)

Non-Executive Director, aged 59, Director since 1 November 2005

Dato' Kamal Tan is an Economics graduate from the London School of Economics and has held board positions with companies listed on the stock exchanges in Malaysia, Singapore, Australia, United Kingdom and India. He is involved in gaming, hospitality and leisure business operations in Australia, Papua New Guinea and Ghana.

Dato' Kamal Tan is an Executive Director of Lasseters International Holdings Limited (appointed as Director on 26 February 2004 and redesignated as Executive Director with effect from 3 April 2008) and is the Group Chief Executive Officer of Etika International Holdings Limited (appointed as Director on 23 December 2003, held the position of Executive Director from 23 December 2004 to 19 January 2009 prior to redesignation to the current position on 20 January 2009), both of which are listed on the Singapore Stock Exchange. He has been a Director of ASX listed, Lasseters Corporation Limited since 29 June 2001.

Tan San Chuan

Non-Executive Director, aged 29, Director since 1 November 2005

Mr Tan San Chuan is an Accounting and Finance graduate from the London School of Economics. Prior to joining the Group, he was employed by KPMG and has gained experience in auditing. Mr Tan has also worked in a merchant bank in Malaysia in which he gained experience in corporate finance through his involvement in mergers and acquisitions and corporate restructuring exercise.

Mr Tan San Chuan is an Executive Director of Lasseters International Holdings Limited (appointed as Director on 15 September 2005 and assumed the current position on 3 October 2007) and a Non-Executive Director of Etika International Holdings Limited (appointed on 15 September 2005), both of which are listed on the Singapore Stock Exchange. He has been a Director of the ASX listed, Lasseters Corporation Limited since 6 October 2005.

Mr Tan has been a member of the Audit Committee since 16 November 2005.

Paul BC Wong FCA

Non-Executive Director, aged 50, Director since 10 February 2010

Mr Wong has been a Fellow of the Chartered Association of Certified Accountants since 1994 and his professional background revolves around finance, treasury and corporate work with an international practice.

He has held various key financial positions in public companies listed on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia), involved in investment holdings, real estate and property development, stock broking, manufacturing and trading.

directors' report

Information on directors (Cont)

William FL Wong B Comm., FCPA, FCA

Non-Executive Director, aged 59, Director since 1 May 2010

Mr William Wong graduated from the University of Queensland with a Bachelor of Commerce degree. He is also a Fellow of the Institute of Chartered Accountants in Australia, a Fellow of CPA Australia and a 'PRINCE 2 Project Management Practitioner'.

Mr. Wong has a wide range of strategic, finance and management experience in large and complex organisations both in the private sector and the public sector covering various industries including wholesale and retail operations, insurance, shipping, air travel, gaming, hospitality, healthcare, financial services, aluminium glazing and furniture manufacturing in Malaysia and Australia. He has also operated his own Chartered Accountant practice and management consultant company in Malaysia.

Basil KS Jong B Bus (Acc), CPA (A), CA (M)

Executive Director, aged 40, Director since 18 March 2009

Mr Basil Jong is also the company's CFO and Company Secretary. Mr Jong holds a Bachelor of Business (Accountancy) from RMIT University in Melbourne. He is a qualified accountant and a member of the CPA Australia. He also holds the designation of CA with the Malaysian Institute of Accountants. Mr Jong has more than 13 years experience in senior management capacity including over 6 years in the hospitality and leisure industry both in Australia and overseas.

Mr Jong is also a director to all of Cypress Lakes Group Limited subsidiaries as well as three of Lasseters' non-listed entities. He was appointed as a Director of the ASX listed, Lasseters Corporation Limited on 31 March 2010.

Company secretary

The Company Secretary of the Company at the end of the financial year is:

Basil KS Jong B Bus (Acc), CPA (A), CA (M)

Company Secretary, aged 40, Company Secretary since 10 August 2007.

Mr Basil Jong was appointed as Company Secretary on 10 August 2007. Mr Jong holds a Bachelor of Business (Accountancy) from RMIT University in Melbourne. Mr Jong is a qualified accountant and a member of the CPA Australia. He also holds the designation of CA with the Malaysian Institute of Accountants. Mr Jong has experience in the hospitality and leisure industry both in Australia and overseas.

Mr Jong is also the Company Secretary for a public listed entity Lasseters Corporation Limited and various other proprietary limited companies.

The particulars of directors' interests in shares of the company as at 30 June 2011 are set out below.

Directors	Held by (if not in Directors name)	Relevant interest in ordinary shares
Dato' Jaya JB Tan	Lasseters CLG Pty Limited	29,911,207,476
Dato' Kamal YP Tan	Lasseters CLG Pty Limited	29,911,207,476
Mr San Chuan Tan	Lasseters CLG Pty Limited	29,911,207,476

directors' report

Meetings of directors

During the financial year, one meeting of directors was held. Attendances by each director during the time the director held office or was a member of the committee during the year were as follows:

	Directors' Meetings		Audit Committee	
	Number Eligible To Attend	Number Attended	Number Eligible To Attend	Number Attended
Dato' Jaya JB Tan (Chairman)	1	1	-	-
Dato' Kamal YP Tan	1	-	-	-
Tan San Chuan	1	-	-	-
Basil KS Jong	1	1	-	-
Paul BC Wong	1	1	-	-
William FL Wong	1	1	-	-

Indemnifying officers or auditor

The company has not, during or since the year ended 30 June 2011, in respect of any person who is or has been an officer or auditor of the company:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs and expenses to defend legal proceedings with the exception of the following matter. During or since the end of the financial year, the company has paid premiums for each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director, other than conflict involving a wilful breach of duty in relation to the consolidated entity. The disclosure of the nature of the insurance cover and the amount of premium involved is prohibited by the contract itself.

Proceedings on behalf of company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

directors' report

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the group are important.

Details of the amounts paid or payable to the auditor (BDO Audit (QLD) Pty Ltd) for audit and non-audit services provided during the year are set out below.

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Group		Parent Entity	
	2011 \$	2010 \$	2011 \$	2010 \$
Audit services				
BDO Audit (QLD) Pty Ltd:				
- Audit and review of financial reports and other audit work under the Corporations Act 2001	83,100	131,764	30,000	30,000
Total remuneration for audit services	<u>83,100</u>	<u>131,764</u>	<u>30,000</u>	<u>30,000</u>
Taxation services				
BDO Chartered Accountants:				
- Tax compliance services, including review of income tax returns and FBT returns	17,460	15,561	6,248	5,200
Total remuneration for taxation services	<u>17,460</u>	<u>15,561</u>	<u>6,248</u>	<u>5,200</u>

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 8 of the directors' report.

Rounding of amounts

The company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors' report may have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the board of directors.



.....
Dato' Jaya JB Tan
Chairman

Kuala Lumpur, Malaysia
Signed this 9th day of September, 2011.



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 18, 300 Queen St
Brisbane QLD 4000,
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE TO THE DIRECTORS OF CYPRESS LAKES GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Paul Gallagher', is written over a printed name and title.

Paul Gallagher
Director

BDO Audit (QLD) Pty Ltd

Brisbane: 9 September 2011

BDO Audit (QLD) Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (QLD) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.



Tel: +61 7 3237 5999
 Fax: +61 7 3221 9227
 www.bdo.com.au

Level 18, 300 Queen St
 Brisbane QLD 4000,
 GPO Box 457 Brisbane QLD 4001
 Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Cypress Lakes Group Limited

Report on the Financial Report

We have audited the accompanying financial report of Cypress Lakes Group Limited, which comprises the statements of financial position as at 30 June 2011, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which



has been given to the directors of Cypress Lakes Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion the financial report of Cypress Lakes Group Limited is in accordance with the *Corporations Act 2001*, including:


- (a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Emphasis of Matter

We draw attention to note 1 (b) of the financial report, the company recorded a loss for the year of \$758,062 (2010 loss \$11,442,921) and the Group recorded a loss of \$6,041,626 (2010 loss: \$14,934,449). At 30 June 2011 the Group has a deficiency of current assets over current liabilities of \$24,666,247 (2010 deficiency \$17,569,961) and a deficiency of total assets over total liabilities of (\$6,184,341) (2010 deficiency \$142,715)

Having regard to the consolidated entity's losses for the year ended 30 June 2011 and the net deficiency of both current assets and total assets at reporting date, the ability of the consolidated entity to correct the deficits, maintain the carrying value of assets and continue to meet future financial commitments will depend on the continued support of the bank and creditors, and the consolidated entity's ability to derive projected future cash flows and profitability. In the event the consolidated entity becomes unable to continue as a going concern, it may be required to realize its assets and extinguish its liabilities at amounts different from those currently stated in the financial report. Our opinion is not qualified in respect of this matter.

BDO Audit (QLD) Pty Ltd


PAUL GALLAGHER
 Director

Brisbane and Date: 9th September 2011

declaration by directors

The directors of the company declare that:

1. The financial statements, comprising statement of comprehensive income of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the company and the consolidated entity.
2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. The directors have been given the declarations by the Chief Operating Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the board of directors.



.....
Dato' Jaya JB Tan
Chairman

Kuala Lumpur, Malaysia
Signed this 9th day of September, 2011

statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated		Parent	
		2011 \$	2010 \$	2011 \$	2010 \$
Revenue	3	38,757,160	32,441,035	14,915	16,803
Consumables		(3,363,668)	(3,090,015)	-	-
Employee benefits expenses	4	(17,384,175)	(14,407,074)	(224,886)	(582,176)
Depreciation and amortisation expenses	4	(2,744,374)	(1,914,143)	(9,080)	(9,789)
Villa lease rental	4	(4,980,170)	(5,219,303)	-	-
Advertising and promotional expenses		(1,213,192)	(851,880)	-	-
Other operating expenses		(9,867,014)	(9,748,364)	(436,269)	(300,305)
Impairment of property, plant and equipment	4	-	(8,594,603)	-	(8,366,586)
Gain arising on acquisition of business	25	-	2,048,355	-	-
Incidental costs arising on acquisition of business		-	(2,469,681)	-	-
Impairment of financial assets	4	(36,250)	(51,000)	-	-
Finance costs	4	(5,209,943)	(3,092,556)	(102,742)	(2,200,868)
Loss before income tax		(6,041,626)	(14,949,229)	(758,062)	(11,442,921)
Income tax expense	5	-	14,780	-	-
Loss for the year		(6,041,626)	(14,934,449)	(758,062)	(11,442,921)
Other comprehensive income					
Revaluation of property, plant and equipment	22	-	369,444	-	(20,946)
Total comprehensive income		(6,041,626)	(14,565,005)	(758,062)	(11,463,867)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

statement of financial position

AS AT 30 JUNE 2011

	Note	Consolidated		Parent	
		2011 \$	2010 \$	2011 \$	2010 \$
ASSETS					
Non-current assets					
Property, plant and equipment	14	77,617,329	77,499,949	9,883,216	18,794,756
Intangible assets	15	1,635,641	1,633,797	9,780	7,935
Investment in subsidiaries	11	-	-	10,461,838	7,461,838
Deferred tax assets	13	63,136	63,136	214,263	214,263
Total non-current assets		<u>79,316,106</u>	<u>79,196,882</u>	<u>20,569,097</u>	<u>26,478,792</u>
Current assets					
Inventories	9	617,630	754,783	-	-
Trade and other receivables	8	2,536,128	3,308,683	19,369,967	10,380,558
Other assets	10	834,787	669,416	179,033	33,068
Cash and cash equivalents	7	434,418	1,070,900	(74,267)	160,703
Total current assets		<u>4,422,963</u>	<u>5,803,782</u>	<u>19,474,733</u>	<u>10,574,329</u>
Total assets		<u>83,739,069</u>	<u>85,000,664</u>	<u>40,043,830</u>	<u>37,053,121</u>
LIABILITIES					
Current liabilities					
Trade and other payables	16	24,023,394	15,626,574	8,618,538	4,836,335
Other liabilities	18	2,919,260	5,816,569	-	-
Provision for employee entitlements	19	731,147	678,130	23,130	46,922
Borrowings	17	1,415,409	1,252,470	14,202	49,286
Total current liabilities		<u>29,089,210</u>	<u>23,373,743</u>	<u>8,655,870</u>	<u>4,932,543</u>
Net current (liabilities)/assets		<u>(24,666,247)</u>	<u>(17,569,961)</u>	<u>10,818,863</u>	<u>5,641,786</u>
Non-current liabilities					
Provision for employee entitlements	19	313,518	321,999	11,727	8,612
Borrowings	17	59,373,710	60,300,665	30,672,329	30,650,000
Deferred tax liabilities	20	1,146,972	1,146,972	-	-
Total non-current liabilities		<u>60,834,200</u>	<u>61,769,636</u>	<u>30,684,056</u>	<u>30,658,612</u>
Total liabilities		<u>89,923,410</u>	<u>85,143,379</u>	<u>39,339,926</u>	<u>35,591,155</u>
Net assets		<u>(6,184,341)</u>	<u>(142,715)</u>	<u>703,904</u>	<u>1,461,966</u>
EQUITY					
Issued capital	21	50,914,352	50,914,352	50,914,352	50,914,352
Reserves	22	3,578,490	3,578,490	375,025	375,025
Accumulated losses		(60,677,183)	(54,635,557)	(50,585,473)	(49,827,411)
Total equity		<u>(6,184,341)</u>	<u>(142,715)</u>	<u>703,904</u>	<u>1,461,966</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated		Parent	
		2011 \$	2010 \$	2011 \$	2010 \$
Cash flows from operating activities					
Cash receipts from customers		42,176,226	30,230,941	2,794	197,613
Cash paid to suppliers and employees		(39,742,679)	(27,978,752)	(96,481)	(92,187)
Interest received		7,980	19,434	-	-
Interest paid		(4,989,690)	(3,118,554)	(2,380,634)	(2,184,065)
Net cash outflow from operating activities	25	<u>(2,548,163)</u>	<u>(846,931)</u>	<u>(2,474,321)</u>	<u>(2,078,639)</u>
Cash flows from investing activities					
Purchase of property, plant and equipment		(2,536,282)	(976,446)	(157,211)	(108,198)
Purchase of intangibles		(1,844)	(11,523)	(1,845)	-
Purchase of new business (net of cash acquired)		-	(43,903,757)	-	-
Proceeds from sale of property, plant and equipment		104,730	26,951	-	-
Incidental costs arising on acquisition of business		-	(2,469,681)	-	-
Net cash outflow from investing activities		<u>(2,433,396)</u>	<u>(47,334,456)</u>	<u>(159,056)</u>	<u>(108,198)</u>
Cash flows from financing activities					
Proceeds from issue of shares		-	9,972,658	-	9,972,658
Proceeds from borrowings		-	30,800,000	-	-
Payment of finance lease liabilities		(297,836)	(200,342)	(12,755)	(13,435)
Repayment of borrowings		(1,025,000)	(200,000)	-	-
Loan from/(to) ultimate parent entity		5,667,913	8,222,932	2,411,162	(7,990,950)
Net cash inflow from financing activities		<u>4,345,077</u>	<u>48,595,248</u>	<u>2,398,407</u>	<u>1,968,273</u>
Net (decrease) / increase in cash and cash equivalents		(636,482)	413,861	(234,970)	(218,564)
Cash and cash equivalents at the beginning of the year		1,070,900	657,039	160,703	379,267
Cash and cash equivalents at the end of the year	7	<u>434,418</u>	<u>1,070,900</u>	<u>(74,267)</u>	<u>160,703</u>

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

statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2011

	Issued capital	Accumulated losses	Asset revaluation reserve	Debt compromise reserve	Total equity
	\$	\$	\$		\$
CONSOLIDATED					
At 30 June 2009	40,941,694	(39,701,108)	2,834,021	375,025	4,449,632
Total comprehensive income	-	(14,934,449)	369,444	-	(14,565,005)
Issue of capital	10,000,000	-	-	-	10,000,000
Share-buy back	(25,029)	-	-	-	(25,029)
Share-buy back expense	(2,313)	-	-	-	(2,313)
At 30 June 2010	50,914,352	(54,635,557)	3,203,465	375,025	(142,715)
Total comprehensive income	-	(6,041,626)	-	-	(6,041,626)
At 30 June 2011	50,914,352	(60,677,183)	3,203,465	375,025	(6,184,341)

	Issued capital	Accumulated losses	Asset revaluation reserve	Debt compromise reserve	Total equity
	\$	\$	\$		\$
PARENT					
At 30 June 2009	40,941,694	(38,384,490)	20,946	375,025	2,953,175
Total comprehensive income	-	(11,442,921)	(20,946)	-	(11,463,867)
Issue of capital	10,000,000	-	-	-	10,000,000
Share-buy back	(25,029)	-	-	-	(25,029)
Share-buy back expense	(2,313)	-	-	-	(2,313)
At 30 June 2010	50,914,352	(49,827,411)	-	375,025	1,461,966
Total comprehensive income	-	(758,062)	-	-	(758,062)
At 30 June 2011	50,914,352	(50,585,473)	-	375,025	703,904

The above statement of changes in equity should be read in conjunction with the accompanying notes.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

CORPORATE INFORMATION

This financial report includes the consolidated financial statements and notes of Cypress Lakes Group Limited and controlled entities (Group), and the separate financial statements and notes of Cypress Lakes Group Limited as an individual parent entity (Parent Entity). The parent entity financial statements have been included by taking class order relief available under CO 10/654.

Cypress Lakes Group Limited is a company limited by shares incorporated and domiciled in Australia.

The address of the registered office and principal place of business is 15 Thompsons Road, Pokolbin NSW 2320, Australia.

The financial report is presented in Australian dollars.

The financial report was authorised for issue by the Board of Directors on 9th September 2011.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, except for land and buildings that have been measured at fair value.

(b) Going Concern

As a result of the continued losses and consolidated net asset deficiency, there is material uncertainty regarding the continuation as a going concern. As detailed in the financial statements, the company recorded a loss for the year of 758,062 (2010 loss \$11,442,921) and the Group recorded a loss of 6,041,626 (2010 loss: \$14,934,449).

In addition to the continued losses, at 30 June 2011 the Group has a deficiency of current assets over current liabilities of \$24,666,247 (2010 deficiency \$17,569,961).

After adjusting for deferred income and advance deposits disclosed as current liabilities (refer note 18), the current liabilities exceed the current assets by \$21,746,987 (2010 deficiency \$11,753,392).

The ability of the company and the group to correct the deficits, maintain the carrying value of assets and continue to meet future financial commitments will depend on the Group's ability to derive projected future cash flows and profitability. The ultimate parent entity of the group has undertaken not to demand repayment of the amount owed to the ultimate parent entity until the Group's resources permit.

In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable and will be able to continue as a going concern based on forward bookings and the improvement in the conference business at the Resort. The group also plans to undertake some refurbishment of various properties to ensure a higher return custom and retention of new customers. This coupled with the support of the bank and the ultimate parent entity should enable the group to continue as a going concern.

(c) Principles of Consolidation

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

A list of controlled entities is contained in Note 12 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

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

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

(c) Principles of Consolidation (Cont)

Business Combinations (Cont)

The acquisition may result in the recognition of goodwill (refer to Note 1(m)) or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

(d) Revenue Recognition

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to buyer when goods have been delivered to the customer.

Rendering of Services

Revenue from the rendering of a service is recognised upon delivery of the service to the customer.

Interest

Revenue is recognised using the effective interest rate method.

(e) Income Tax

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

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

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

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

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

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

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Management have assessed that the probability that future taxable profits will be available against which the benefits of the deferred tax asset can be utilised is currently unlikely, and as a result, they have not recognised all deferred tax balances relating to deductible temporary differences and unused tax losses.

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

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

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

(e) Income Tax (Cont)

Tax Consolidation

Cypress Lakes Group Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Cypress Lakes Group Limited is the head entity in the tax consolidated group. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

(f) Impairment of Non-financial Assets

At each reporting date the Group assesses whether there is any indication that individual non-financial assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of 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.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Management judgment is applied to identify cash generating units (which are determined according to the lowest level of aggregation for which an active market exists, as this evidences the assets involved create largely independent cash inflows). Each of these cash generating units is represented by an operating segment or a subdivision of an operating segment.

(g) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

(h) Trade Receivables

Trade debtors are recognised when the risks and rewards of ownership of the underlying sales transactions have passed to customers. This event usually occurs on provision of services and delivery of goods or inventories to customers. Trade debtors are recorded at nominal amounts. Credit terms are normally 30-60 days. Recoverability of overdue accounts is assessed on an ongoing basis. Specific provision is made for all doubtful accounts.

(i) Inventories

Finished Goods

Inventories are stated at the lower of cost and net realisable value.

(j) Property, Plant and Equipment

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

Property

Cypress Lakes Resort Complex and Golf Course, The Holiday Inn on Flinders, The Golden Door Health Retreat, The Golden Door Health Club at Mirage, The Golden Door Spa at Salt, The Golden Door Resort Spa and The Golden Door Health Retreat Elysia are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Annual assessments are made by the directors, supplemented by independent assessments. Revaluations are made annually to ensure that the carrying amount does not differ materially from its fair value at reporting date.

Future developments are carried at cost less, where applicable, any accumulated depreciation.

Land and buildings are measured at fair value less accumulated depreciation. Any accumulated depreciation at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated as the revalued amount of the asset. Revaluation increments are credited to other comprehensive income and accumulated in the asset revaluation reserve included within shareholder's equity unless it reverses a revaluation decrease on the same asset previously recognised in profit or loss. Revaluation decrements are recognised in profit or loss unless they directly offset a previous revaluation surplus on the same asset in the asset revaluation reserve in which case they are recognised in other comprehensive income. On disposal, any revaluation reserve relating to sold assets is transferred to accumulated losses.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

(j) Property, Plant and Equipment (Cont)

Plant and equipment

All other plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairment losses.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a diminishing value or straight line basis over their estimated useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired term of the lease or the estimated useful life of the improvements.

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

Class Of Fixed Asset	Depreciation Rate
- Buildings	2.0% - 2.5%
- Plant & Equipment, Fixtures & Fittings	1.5% - 60%
- Leased Plant & Equipment	5.0% - 40%

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

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in profit or loss in the year that the item is derecognised.

(k) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases and capitalised at inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments including any guaranteed residual values. 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 charged to profit or loss over the lease period.

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 rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(l) Investments

Subsidiaries

Investments in subsidiaries are accounted for in the consolidated financial statements as described in note 1(c) and in the parent entity financial statements at cost in accordance with the cost alternative permitted in separate financial statements under AASB 127 Consolidated and Separate Financial Statements. The carrying amount of the investments in subsidiaries is reviewed annually by the directors to ensure that it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the net amount expected to be recovered.

(m) Intangible Assets

Goodwill

Goodwill represents the excess of the cost of the business combination over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is not amortised but is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Impairment losses on goodwill cannot be reversed.

(n) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

(o) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses.

ii. Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss.

Use of allowance account

The carrying amount of receivables is reduced by the use of an allowance account where there is objective evidence that the entity will not be able to recover all amounts due. Evidence of impairment may include indications that the customer is experiencing significant financial difficulty, where debt collection procedures have commenced, there is a fair probability that the customer will be put into administration or liquidation, or where balances are outstanding for an unreasonable length of time.

When receivables for which impairment has previously been recognised are determined to be uncollectible, they are written off against the allowance account. If no provision for impairment was previously recognised, the impairment is written off against the receivable directly. Impairment losses arising from the use of allowance accounts or bad debts are recognised in profit or loss as part of other expenses.

Receivables are determined to be uncollectible only when there is no expectation of recovering any additional cash. This may occur when a final distribution has been made from administrators / liquidators, or where unsuccessful attempts have been made to recover the debt through legal actions or debt collection agencies and the prospect of recovering any additional cash is remote.

(p) Deferred Revenue

Deferred income

Annual membership dues are billed for members of the Cypress Lakes Golf & Country Club. These are accounted for on a deferred revenue basis. Initially, the dues are treated as a liability at the beginning of the financial year. The dues are then brought to account on a monthly basis in twelve equal instalments. The balance of the liability account as at 30 June represents the dues billed for the ensuing financial year.

Advance deposits

Advance deposits received from customers are initially recognised as a current liability. They are brought to account on registration of customers upon check-in.

(q) Borrowing Costs

Borrowing costs attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the costs of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

(r) Employee Benefits

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of reporting date are recognised in respect of employees' services rendered up to reporting date and measured at amounts expected to be paid when the liabilities are settled. Sick leave is non-vesting and has not been provided for. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

Long Service Leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the reporting date. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at reporting date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Bonus Plans

The Group recognises an expense and a liability for bonuses to senior executives based on the performance of those entities under their control that perform better than budgeted profit when the entity is contractually obliged to make such payments or where there is past practice that has created a constructive obligation.

Superannuation Contributions

The contributions made to superannuation funds by entities within the consolidated entity are charged as expenses when incurred.

(s) Issued Capital

Ordinary shares are classified as equity.

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

(t) Provisions

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

(u) GST

Revenues, expenses and assets are recognised net of GST except where 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.

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 statement of financial position.

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.

(v) Change in Accounting Policy

Accounting policies, estimation methods and measurement bases used in this financial report are the same as those used in the last half-year report and the last annual report.

(w) Comparative Information

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

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

(x) New and amended standards and interpretations

The following new and amended standards and interpretations are mandatory for the first time for the financial year beginning 1 July 2010:

- AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
- AASB 2009-8 *Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions*
- AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues*
- AASB Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments and related amendments; and*
- AASB 2010-3 *Amendments to Australian Accounting Standards arising from Annual Improvements Project.*

The adoption of these standards and interpretations did not have any material impact on the current or any prior period and is not likely to materially affect future periods.

(y) New and amended standards and interpretations not yet adopted

A number of new standards, amendments and interpretations are effective for annual periods beginning after 1 July 2010, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements, except for the following:

(i) AASB 9 *Financial Instruments* (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification, measurement and de-recognition of financial assets and financial liabilities. It simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Financial assets are to be classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139. The Economic Entity does not plan to adopt this standard early and the extent of the impact has not been determined.

(ii) AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective from 1 July 2011)

Amendments made to AASB 7 *Financial Instruments: Disclosures* introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. The Economic Entity has not yet determined the extent of the impact on its disclosures.

(iii) AASB 2010-8 *Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets* (effective from 1 January 2012)

The amendments made to AASB 112 *Income Taxes* provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. Under AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. However, it is often difficult and subjective to determine the expected manner of recovery when the investment property is measured using the fair value model. To provide a practical approach in such cases, the amendments introduce a rebuttable presumption that an investment property is recovered entirely through sale. The Economic Entity does not plan to adopt this amendment early and the extent of the impact has not been determined.

In addition to the above, new and amended standards dealing with Consolidated Financial Statements, Separate Financial Statements, Joint Arrangements, Disclosure of Interests in Other Entities and Fair Value Measurement have recently been released. These standards are effective from 1 January 2013. The Economic Entity does not plan to adopt these standards early nor has the extent of their impact been determined.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 2 ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

(a) Critical judgements

Management have made the following judgements when applying the Group's accounting policies:

Recognition of deferred tax assets

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses (refer to Note 13).

(b) Critical accounting estimates and assumptions

Details of critical accounting estimates and assumptions about the future made by management at reporting date are set out below:

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered impairment, in accordance with the accounting policy stated in note 1 (m). The recoverable amounts of cash generating units have been determined based on value-in-use calculations which use the discounted cash flow and stabilised earnings method. These calculations require the use of assumptions. Refer to note 15 for details of these assumptions.

No impairment has been recognised in respect of goodwill at reporting date. Should the projected turnover figures be outside 90% of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of \$1.6 million.

Estimation of provision for investment write-down in parent entity

The carrying value of investment in subsidiaries is compared to their adjusted net asset position following the provision made for intercompany loans. The investment value in subsidiaries for the current year was impaired by \$NIL (2010: impaired by \$2,438,393) (Note 11a).

Estimation of irrecoverable intercompany loans in parent entity

Parent entity intercompany loans with subsidiaries are reviewed at the year end. There was no amount being written off in profit or loss in relation to the intercompany loans which have been deemed to be uncollectible at the year end.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
NOTE 3 REVENUE				
Sales revenue				
Accommodation	16,507,580	9,872,830	-	-
Food and beverages	5,093,308	4,614,987	-	-
Convention	1,878,601	1,821,076	-	-
Golf	1,413,584	1,544,190	-	-
Health retreat program	6,608,914	5,624,575	-	-
Spa/Beauty and pampering/wellness	4,852,207	5,108,598	-	-
Retail	1,126,627	1,341,471	-	-
Regular duties fees	1,253,442	1,375,173	-	-
Other	2,922	1,118,704	2,794	-
	<u>38,737,185</u>	<u>32,421,604</u>	<u>2,794</u>	<u>-</u>
Other revenue				
Interest				
- other persons	19,975	19,431	12,121	16,803
	<u>19,975</u>	<u>19,431</u>	<u>12,121</u>	<u>16,803</u>
Total Revenue	<u>38,757,160</u>	<u>32,441,035</u>	<u>14,915</u>	<u>16,803</u>

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
NOTE 4 EXPENSES				
Loss before income tax includes the following specific expenses:				
<i>Depreciation expense</i>				
Property, plant and equipment	2,744,374	1,914,143	9,080	9,789
<i>Impairment losses – non-financial assets - property, plant and equipment</i>				
Carrying value of freehold land, resort complex and golf course	-	8,398,132	-	8,366,586
Carrying value of Mirage	-	196,471	-	-
	<u>-</u>	<u>8,594,603</u>	<u>-</u>	<u>8,366,586</u>
<i>Finance Costs</i>				
External				
- Interest- financial liabilities at amortised	4,830,210	2,923,315	47,458	2,184,876
- Finance charges under finance leases and hire purchase contracts	68,483	41,179	3,684	4,011
- Other borrowing costs	50,460	86,455	51,600	-
- Other financial activities	260,790	41,607	-	11,981
	<u>5,209,943</u>	<u>3,092,556</u>	<u>102,742</u>	<u>2,200,868</u>
<i>Rental expenses relating to operating leases</i>				
Villa Leases	4,980,170	5,219,302	-	-
Others	498,769	509,741	269,640	265,179
Minimum lease payments	<u>5,478,939</u>	<u>5,729,043</u>	<u>269,640</u>	<u>265,179</u>
<i>Impairment losses – financial assets – loans and receivables</i>				
- Bad and doubtful debts –trade receivables	36,250	51,000	-	-
	<u>36,250</u>	<u>51,000</u>	<u>-</u>	<u>-</u>
Net loss/(profit) on disposal of property, plant and equipment	<u>128,618</u>	<u>19,050</u>	<u>-</u>	<u>-</u>
<i>Employee benefits expenses</i>				
Wages and salaries	13,797,022	12,210,145	151,362	515,785
Defined superannuation contribution	1,088,571	999,057	34,483	45,963
Payroll tax	697,909	602,725	19,858	32,022
Provision for employee entitlement (net)	652,938	526,161	6,343	(11,801)
Staff amenities	170,706	38,962	-	207
Other social expenses and benefits	977,029	30,024	12,840	-
	<u>17,384,175</u>	<u>14,407,074</u>	<u>224,886</u>	<u>582,176</u>

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated		Parent	
		2011 \$	2010 \$	2011 \$	2010 \$
NOTE 5 INCOME TAX					
Deferred income					
Origination and reversal of temporary differences		-	(14,780)	-	-
Total deferred tax income		-	(14,780)	-	-
Total income tax expense		-	(14,780)	-	-
Reconciliation of the effective tax rate					
Loss from continuing operations before income tax expense		(6,041,626)	(14,949,229)	(758,062)	(11,442,921)
		<u>(6,041,626)</u>	<u>(14,949,229)</u>	<u>(758,062)</u>	<u>(11,442,921)</u>
Tax at the Australian tax rate of 30% (2010: 30%)		(1,812,488)	(4,484,769)	(227,419)	(3,432,876)
- other non deductible expenses		-	2,178	-	-
		<u>(1,812,488)</u>	<u>(4,482,591)</u>	<u>(227,419)</u>	<u>(3,432,876)</u>
Net under/over provision in prior years		-	(13,518)	-	-
Temporary differences from business acquisition		-	(135,394)	-	-
Deferred tax benefit not brought to account in respect of tax losses & temporary differences		1,812,488	4,616,723	227,419	3,432,876
Income tax expense		-	(14,780)	-	-
		<u>-</u>	<u>(14,780)</u>	<u>-</u>	<u>-</u>
Current and deferred tax recognised directly in other comprehensive income					
Aggregate current and deferred tax arising during the reporting period and not recognised in profit and loss but directly debited or credited to other comprehensive income:					
<i>Deferred tax</i>					
Net (loss) / gain on revaluation of land and buildings	22	-	(167,310)	-	-
		<u>-</u>	<u>(167,310)</u>	<u>-</u>	<u>-</u>

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
NOTE 6 AUDITOR'S REMUNERATION				
Assurance services				
<i>Audit services</i>				
Amounts paid/payable to BDO Audit (QLD) Pty Ltd for audit or review of the financial report for any entity in the group:	<u>83,100</u>	<u>131,764</u>	<u>30,000</u>	<u>30,000</u>
Total remuneration for assurance services	<u>83,100</u>	<u>131,764</u>	<u>30,000</u>	<u>30,000</u>

Taxation services

Amounts paid/payable to BDO Audit (QLD) Pty Ltd or related entities for non-audit services performed for any entity in the group:

- Tax compliance services, including review of income tax returns and FBT returns

	<u>17,460</u>	<u>15,561</u>	<u>6,248</u>	<u>5,200</u>
	<u>17,460</u>	<u>15,561</u>	<u>6,248</u>	<u>5,200</u>

NOTE 7 CASH AND CASH EQUIVALENTS

Cash on hand	28,770	34,020	-	-
Cash at bank	<u>405,648</u>	<u>1,036,880</u>	<u>(74,267)</u>	<u>160,703</u>
	<u>434,418</u>	<u>1,070,900</u>	<u>(74,267)</u>	<u>160,703</u>

Cash on hand is non-interest bearing. Cash deposits at bank bear floating interest rates between 2.5% and 4.00% (2010 2.5% and 4.00%).

Reconciliation of cash

The above figures are reconciled to the cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	<u>434,418</u>	<u>1,070,900</u>	<u>(74,267)</u>	<u>160,703</u>
Balances per statement of cash flows	<u>434,418</u>	<u>1,070,900</u>	<u>(74,267)</u>	<u>160,703</u>

Fair values for cash and cash equivalents are considered the same as the carrying amount.

NOTE 8 TRADE AND OTHER RECEIVABLES (CURRENT)

Trade receivables	2,363,175	3,039,688	-	-
Less provision for impairment	(87,250)	(51,000)	-	-
Other debtors	260,203	264,352	206,627	164,375
Membership receivable	-	55,643	-	-
Amounts receivable from:				
- wholly owned subsidiaries	27	-	<u>19,163,340</u>	<u>10,216,183</u>
	<u>2,536,128</u>	<u>3,308,683</u>	<u>19,369,967</u>	<u>10,380,558</u>

All receivables that are neither past due or impaired are with long standing clients who have a good credit history with the group.

Fair values for current trade and other receivables are considered the same as the carrying amount.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 8 TRADE AND OTHER RECEIVABLES (CURRENT) (cont)

(a) Age analysis of trade receivables

Consolidated

	2011			2010		
	Total \$	Amount Impaired \$	Amount not impaired \$	Total \$	Amount Impaired \$	Amount not impaired \$
0-30 days	925,357	-	925,357	2,415,014	-	2,415,014
31-60 days	229,593	-	229,593	135,795	-	135,795
Past due						
61-90 days past due	158,408	-	158,408	316,245	-	316,245
91-120 days past due	152,983	-	152,983	11,212	-	11,212
>120 days past due	896,834	(87,250)	809,584	161,422	(51,000)	110,422
Total	2,363,175	(87,250)	2,275,925	3,039,688	(51,000)	2,988,688

Receivables are unsecured.

(b) Provision for impairment of receivables

Current trade receivables are generally between 30 - 60 day terms. A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in the other expenses item in profit or loss.

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
Opening Balance	51,000	-	-	-
Provision for impairment of receivables	36,250	51,000	-	-
Closing balance	87,250	51,000	-	-

In the prior year, the intercompany receivables were impaired across the group.

NOTE 9 INVENTORIES

Finished goods				
- at cost	617,630	754,783	-	-
	<u>617,630</u>	<u>754,783</u>	<u>-</u>	<u>-</u>

NOTE 10 OTHER ASSETS (CURRENT)

Prepayments	834,787	669,416	179,033	33,068
	<u>834,787</u>	<u>669,416</u>	<u>179,033</u>	<u>33,068</u>

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
NOTE 11 OTHER FINANCIAL ASSETS (NON-CURRENT)				
Unlisted investments, at cost				
- Shares in subsidiaries (refer note 12)	-	-	12,900,231	9,900,231
Less: Impairment provision	-	-	(2,438,393)	(2,438,393)
	<u>-</u>	<u>-</u>	<u>10,461,838</u>	<u>7,461,838</u>

Financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

(a) Movement in provision for impairment

Shares in subsidiaries				
Impairment loss at beginning/ end of year	-	-	-	(2,438,393)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,438,393)</u>

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 12 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(c).

Name of entity	Country of incorporation	Class of shares	Equity holding **		Cost of Parent Entity's Investment	
			2011	2010	2011	2010
			%	%	\$	\$
Cypress Lakes Golf and Country Club Pty Limited	Australia	Ordinary	100%	100%	3,000,002	2
Cypress Resort Management Pty Limited	Australia	Ordinary	100%	100%	2	2
Cypress Lakes Resort Real Estate Pty Limited	Australia	Ordinary	100%	100%	3,200,002	3,200,002
Cypress Lakes Property Pty Limited	Australia	Ordinary	100%	100%	1,000,001	1,000,001
Cypress Lakes Catering Pty Ltd	Australia	Ordinary	100%	100%	1	1
Cypress Lakes Villa Management Pty Ltd	Australia	Ordinary	100%	100%	2	2
The Golden Door Holdings Pty Ltd	Australia	Ordinary	100%	100%	100	100
The Golden Door Pty Limited	Australia	Ordinary	100%	100%	5,700,010	5,700,010
The Golden Door Resort Spa - Cypress Lakes Pty Limited	Australia	Ordinary	100%	100%	10	10
The Golden Door Health Retreat - Elysia Pty Limited	Australia	Ordinary	100%	100%	1	1
The Golden Door Spa at Salt Pty Limited	Australia	Ordinary	100%	100%	100	100
					12,900,231	9,900,231

** The proportion of ownership interest is equal to the proportion of voting power held.

The Golden Door Resort Spa - Cypress Lakes Pty Limited, The Golden Door Health Retreat - Elysia Pty Limited and The Golden Door Spa at Salt Pty Limited are 100% owned by The Golden Door Pty Limited. The ultimate parent entity in the wholly owned group is Cypress Lakes Group Limited.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
NOTE 13 DEFERRED TAX ASSETS				
Deferred tax assets comprise temporary differences attributable to:				
Employee benefits	14,780	14,780	-	-
Acquisition of business	48,356	48,356	-	-
Revaluation of property, plant and equipment	-	-	214,263	214,263
Total deferred tax assets	63,136	63,136	214,263	214,263
Movements				
Opening balance at 1 July	63,136	-	214,263	214,263
Deferred credit to profit or loss	-	14,780	-	-
Acquisition of business	-	48,356	-	-
	63,136	63,136	214,263	214,263
Total deferred tax assets not brought to account comprises:				
Tax losses	10,667,937	8,957,146	7,884,092	7,615,658
Temporary differences	6,278,719	6,177,022	5,433,537	5,474,553
	16,946,656	15,134,168	13,317,630	13,090,211

The group has ceased to recognize deferred tax assets since the end of the financial year 2008. AASB 112 Income Taxes stipulates that a deferred tax asset shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised. Based on historical and current performance of the group the directors are of the view that it is not probable the group will be able to demonstrate sufficient taxable profits against which the deductible temporary differences can be utilised.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
NOTE 14 PROPERTY, PLANT AND EQUIPMENT				
Freehold Land, Resort Complex and Golf course				
At fair value	16,166,661	14,823,957	9,783,754	9,928,021
	<u>16,166,661</u>	<u>14,823,957</u>	<u>9,783,754</u>	<u>9,928,021</u>
The Holiday Inn on Flinders				
At fair value	41,171,860	41,834,462	-	-
	<u>41,171,860</u>	<u>41,834,462</u>	<u>-</u>	<u>-</u>
The Golden Door Health Retreat Elysia				
At fair value	8,569,670	8,897,524	-	8,691,794
	<u>8,569,670</u>	<u>8,897,524</u>	<u>-</u>	<u>8,691,794</u>
The Golden Door Health Retreat QLD				
At fair value	6,723,652	6,689,855	-	-
	<u>6,723,652</u>	<u>6,689,855</u>	<u>-</u>	<u>-</u>
The Golden Door Health Club at Mirage				
At fair value	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
The Golden Door Spa at Salt				
At fair value	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total land and buildings	<u>72,631,843</u>	<u>72,245,798</u>	<u>9,783,754</u>	<u>18,619,815</u>
Plant and equipment				
At cost	8,359,412	7,767,552	5,624	9,535
Accumulated depreciation	(4,086,665)	(3,195,606)	(5,624)	(6,572)
	<u>4,272,747</u>	<u>4,571,946</u>	<u>-</u>	<u>2,963</u>
Leased plant and equipment				
At cost	3,805,885	3,815,930	202,857	202,857
Accumulated amortisation	(3,093,146)	(3,133,725)	(103,395)	(30,879)
	<u>712,739</u>	<u>682,205</u>	<u>99,462</u>	<u>171,978</u>
Total plant and equipment	<u>4,985,486</u>	<u>5,254,151</u>	<u>99,462</u>	<u>174,941</u>
Total non-current property, plant and equipment	<u>77,617,329</u>	<u>77,499,949</u>	<u>9,883,216</u>	<u>18,794,756</u>

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 14 PROPERTY, PLANT AND EQUIPMENT (CONT)

(a) Valuations of land and buildings

The basis of valuation of land and buildings is fair value; being the amounts for which the assets future trading; as going concern. The valuations were based on assessments by independent valuers of the business' forecast financial performance. The methodology applied in adopting the values has been based on discounted cash flows and stabilised earnings method. This involves calculating an initial yield of forecast year 1 EBITDA, a stabilised year forecast year 5 EBITDA, and comparing five-year discounted cash flows. Having regard to this, and market evidence, the values of the respective assets have been adopted. The pre-tax discount rate applied to the cash flow projections is between the range of 15% to 16% and reflect specific risks relating to the segment. The growth rate used to extrapolate the cash flows beyond the 1 year period is between the range of 2% to 10% which varies between business segments and years.

Freehold Land, Resort Complex and Golf course was valued by Jones Lang LaSalle Hotels at 20 August 2010.

The Golden Door Health Retreat Queensland was valued by Jones Lang LaSalle Hotels at 20 August 2010.

The Golden Door Spa at Cypress Lakes Resort was valued by Jones Lang LaSalle Hotels at 20 August 2010.

The Golden Door Health Retreat Elysia was valued Jones Lang LaSalle Hotels at 20 August 2010.

The Golden Door Spa at Salt was valued Jones Lang LaSalle Hotels at 20 August 2010.

The Golden Door Health Club at Mirage was valued by Jones Lang LaSalle Hotels at 20 August 2010.

(b) Carrying amount that would have been recognised if land and buildings were stated at cost

If land and buildings were stated on a historical cost basis, the amounts would be as follows:

	Consolidated		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Cost	99,491,575	97,505,779	31,144,969	42,619,320
Accumulated Depreciation	(13,472,189)	(11,872,437)	(7,217,683)	(9,855,973)
Accumulated Impairment	(13,387,543)	(13,387,544)	(14,143,532)	(14,143,532)
Net book value	<u>72,631,843</u>	<u>72,245,798</u>	<u>9,783,754</u>	<u>18,619,815</u>

(c) Non-current assets pledged as security

Refer to Note 17 for information on non-current assets pledged as security by parent entity or its subsidiaries.

(d) Leased Plant and Equipment

Hire purchase and lease liabilities are secured by a charge over the underlying plant and equipment.

The contract periods vary from between 18 and 60 months (2010: 24 and 60 months). Interest rates are fixed at inception of each contract and range from between 7.30% and 11.50% (2010: 7.08% and 9.60%)

(e) Impairment of Assets

On comparing the carrying value of the various assets against the independent valuation, an impairment was noted which reduced the value of the assets.

Recognised in profit or loss

	Consolidated		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Impairment of:				
Freehold Land, Resort Complex and Golf course	-	7,703,264	-	7,703,264
The Golden Door Health Club at Mirage	-	859,793	-	663,322
The Golden Door Spa at Salt	-	31,546	-	-
	<u>-</u>	<u>8,594,603</u>	<u>-</u>	<u>8,366,586</u>

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 14 PROPERTY, PLANT AND EQUIPMENT (CONT)

(e) Impairment of Assets (Cont)

Recognised in other comprehensive income (net of any previously recognised deferred tax asset)

	Consolidated		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Impairment of:				
Freehold Land, Resort Complex and Golf course	-	20,946	-	20,946
The Golden Door Spa at Salt	-	517,300	-	
	-	538,246	-	20,946
Revaluation increment of:				
The Golden Door Health Retreat Elysia	-	(144,011)		
The Golden Door Health Retreat QLD	-	(763,679)		
	-	(369,444)	-	20,946

Impairment losses

There was no impairment loss recognised in the income statement during the year for the group and parent. (2010: group - \$8,594,603; parent - \$8,366,586).

The revaluation increment has been recognised in other comprehensive income.

The global financial crisis affected the domestic leisure market and tourism spending which led to the impairment loss recognised. Segments within the Group continued to suffer from operating throughout the financial crisis with major financial clientele not embarking on conferencing plans and a decline in guests discretionary spending on program spending, driving the average rates and yield down.

The recoverable amount of the business segments has been determined to be its value in use. The value in use was determined with reference to current market conditions of recent tightening in credit conditions, high costs of funds and yields easing in the property market in general.

(f) Reconciliations

Reconciliations of the carrying amounts of each class of property, plant & equipment at the beginning and end of the current and previous financial year are set out below:

2011	Freehold Land & Building	Holiday Inn on Flinders	The Golden Door Health Retreat Elysia	The Golden Door Health Club at Mirage	The Golden Door Health Retreat QLD	The Golden Door Spa at Salt	Owned Plant & Equipment	Leased Plant & Equipment	TOTAL
Consolidated Entity	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of the year	14,823,957	41,834,462	8,897,524	-	6,689,855	-	4,571,946	682,205	77,499,949
Additions	1,796,220	94,186	-	-	95,390	-	657,556	451,750	3,095,102
Disposal	-	-	-	-	-	-	(55,912)	(177,436)	(233,348)
Depreciation expense	(453,516)	(756,788)	(327,854)	-	(61,593)	-	(900,843)	(243,780)	(2,744,374)
Carrying amount at the end of the year	16,166,661	41,171,860	8,569,670	-	6,723,652	-	4,272,747	712,739	77,617,329
Parent Entity									
Balance at the beginning of the year	9,928,021	-	8,691,794	-	-	-	2,963	171,978	18,794,756
Additions	157,211	-	-	-	-	-	-	-	157,211
Transfer of assets	-	-	(8,627,047)	-	-	-	(1,010)	-	(8,628,057)
Depreciation expense	-	-	-	-	-	-	-	(9,080)	(9,080)
Depreciation charge transferred to wholly owned subsidiary	(301,478)	-	(64,747)	-	-	-	(1,953)	(63,436)	(431,614)
Carrying amount at the end of the year	9,783,754	-	-	-	-	-	-	99,462	9,983,216

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 14 PROPERTY, PLANT AND EQUIPMENT (CONT)

2010	Freehold Land & Building	Holiday Inn on Flinders	The Golden Door Health Retreat Elysia	The Golden Door Health Club at Mirage	The Golden Door Health Retreat QLD	The Golden Door Spa at Salt	Owned Plant & Equipment	Leased Plant & Equipment	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Consolidated Entity									
Balance at the beginning of the year	22,895,992	-	9,080,282	875,593	5,516,958	739,000	712,981	720,690	40,541,496
Additions	-	-	-	159,973	394,907	60,746	-	360,820	976,446
Acquisition of business	-	41,834,462	-	-	-	-	4,165,538	-	46,000,000
Reclassification					(235,004)		235,004		
Disposal	(46,001)								(46,001)
Revaluations increments / (decrements)	(7,724,210)	-	205,730	(859,793)	1,090,970	(770,546)	-	-	(8,057,849)
Depreciation expense	(301,824)	-	(388,488)	(175,773)	(77,976)	(29,200)	(541,577)	(399,305)	(1,914,143)
Carrying amount at the end of the year	<u>14,823,957</u>	<u>41,834,462</u>	<u>8,897,524</u>	<u>-</u>	<u>6,689,855</u>	<u>-</u>	<u>4,571,946</u>	<u>682,205</u>	<u>77,499,949</u>
Parent Entity									
Balance at the beginning of the year	17,954,055	-	9,080,282	728,718	-	-	5,625	78,841	27,847,521
Additions								100,263	100,263
Revaluations (decrements)	(7,724,210)	-	-	(663,322)	-	-	-	-	(8,387,532)
Depreciation expense	-	-	-	-	-	-	(2,662)	(7,126)	(9,788)
Depreciation charge transferred to wholly owned subsidiary	(301,824)	-	(388,488)	(65,396)	-	-	-	-	(755,708)
Carrying amount at the end of the year	<u>9,928,021</u>	<u>-</u>	<u>8,691,794</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,963</u>	<u>171,978</u>	<u>18,794,756</u>

Consolidated		Parent	
2011	2010	2011	2010
\$	\$	\$	\$

NOTE 15 INTANGIBLE ASSETS

Goodwill				
At cost	<u>1,575,141</u>	<u>1,575,141</u>	<u>-</u>	<u>-</u>
	<u>1,575,141</u>	<u>1,575,141</u>	<u>-</u>	<u>-</u>
Other intangible assets				
At cost	<u>60,500</u>	<u>58,656</u>	<u>9,780</u>	<u>7,935</u>
	<u>60,500</u>	<u>58,656</u>	<u>9,780</u>	<u>7,935</u>
Total intangible assets	<u>1,635,641</u>	<u>1,633,797</u>	<u>9,780</u>	<u>7,935</u>

(a) Reconciliations

Goodwill

Balance at beginning and end of the year	<u>1,575,141</u>	<u>1,575,141</u>	<u>-</u>	<u>-</u>
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Other intangible assets

Balance at beginning of the year	58,656	47,133	7,935	-
Additions	<u>1,844</u>	<u>11,523</u>	<u>1,845</u>	<u>7,935</u>
Balance at end of the year	<u>60,500</u>	<u>58,656</u>	<u>9,780</u>	<u>7,935</u>

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 15 INTANGIBLE ASSETS (CONT)

(b) Impairment Testing of Cash-generating Units Containing Goodwill

Goodwill has been allocated across to the following cash-generating unit which is included in the Health Retreats and Spa segment.

	Consolidated		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Carrying amounts of goodwill				
The Golden Door Health Retreat QLD	1,575,141	1,575,141	-	-
	<u>1,575,141</u>	<u>1,575,141</u>	<u>-</u>	<u>-</u>

For the purpose of undertaking impairment testing, cash generating units (CGUs) are identified. CGUs are determined according to the smallest group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Impairment testing compares the carrying value of an individual asset or CGU with its recoverable amount as determined using assessments by independent valuers as explained in Note 14(a).

Note	Consolidated		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$

NOTE 16 TRADE AND OTHER PAYABLES

Trade payables		4,538,139	3,094,562	468,948	186,401
Other payables		5,129,849	3,844,519	2,836,778	1,763,118
Amount payable to parent company	27	9,288,923	7,494,343	3,603,694	1,777,625
Amount payable to subsidiaries	27	-	-	14,834	150,403
Amount payable to other related companies	27	5,066,483	1,193,150	1,694,284	958,788
		<u>24,023,394</u>	<u>15,626,574</u>	<u>8,618,538</u>	<u>4,836,335</u>

Fair values for trade and other payables are considered the same as the carrying amount.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
NOTE 17 BORROWINGS				
CURRENT				
Secured				
Commercial bills	1,275,000	1,025,000	-	-
Hire purchase liabilities	112,385	129,036	14,402	49,286
Lease liabilities	28,025	98,434	-	-
Total secured current interest-bearing liabilities	<u>1,415,409</u>	<u>1,252,470</u>	<u>14,402</u>	<u>49,286</u>
Total current interest-bearing liabilities	<u>1,415,409</u>	<u>1,252,470</u>	<u>14,402</u>	<u>49,286</u>
NON-CURRENT				
Secured				
Commercial bills	58,950,000	60,225,000	30,650,000	30,650,000
Hire purchase liabilities	372,861	34,680	22,329	-
Lease liabilities	50,849	40,985	-	-
Total secured non-current interest-bearing liabilities	<u>59,373,710</u>	<u>60,300,665</u>	<u>30,672,329</u>	<u>30,650,000</u>
Total non-current interest-bearing liabilities	<u>59,373,710</u>	<u>60,300,665</u>	<u>30,672,329</u>	<u>30,650,000</u>

(a) Assets pledged as security

Commercial bills of \$60,225,000 (2010: \$61,250,000), which incur interest rates from 5.34% to 6.24% plus facility fee of 1.75% to 2.25% (2010: 3.47% to 6.60% plus facility fee of 1.85% to 2.50% respectively) per annum repayable by 31 August 2012 and are secured by:

- mortgage debenture over the whole assets of Ford Dynasty Pty Ltd, Lasseters Holdings Pty Ltd, Cypress Lakes Group Limited, Cypress Lakes Catering Pty Ltd, Cypress Lakes Villa Management Pty Ltd, Cypress Lakes Golf & Country Club Pty Ltd, Cypress Resorts Management Pty Ltd, Cypress Lakes Resort Real Estate Pty Ltd, Cypress Lakes Property Pty Ltd, The Golden Door Pty Ltd, The Golden Door Holdings Pty Ltd, The Golden Door Spa at Salt Pty Ltd, The Golden Door Resort Spa – Cypress Lakes Pty Ltd, The Golden Door Health Retreat – Elysia Pty Ltd and Lasseters CLG Pty Ltd;
- registered mortgage over the freehold land and buildings of Ford Dynasty Pty Ltd, Cypress Lakes Group Limited, Cypress Lakes Property Pty Ltd, The Golden Door Health Retreat – Elysia Pty Ltd, The Golden Door Spa – Cypress Lakes Pty Ltd and The Golden Door Pty Ltd;
- Interlocking guarantee and indemnity of \$97,692,000 (2010: \$40,600,000) and New Zealand dollar 1,500,000 (2010: New Zealand dollar Nil) between Ford Dynasty Pty Ltd, Lasseters Holdings Pty Ltd, Cypress Lakes Group Limited, Cypress Lakes Catering Pty Ltd, Cypress Lakes Villa Management Pty Ltd, Cypress Lakes Golf & Country Club Pty Ltd, Cypress Resorts Management Pty Ltd, Cypress Lakes Resort Real Estate Pty Ltd, Cypress Lakes Property Pty Ltd, The Golden Door Pty Ltd, The Golden Door Holdings Pty Ltd, The Golden Door Spa at Salt Pty Ltd, The Golden Door Resort Spa – Cypress Lakes Pty Ltd, The Golden Door Health Retreat – Elysia Pty Ltd and Lasseters CLG Pty Ltd.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 17 BORROWINGS (CONT)

Lease and hire purchase are secured over the rights to the leased assets recognised in the statement of financial position which will revert to the lessor if the Group defaults.

The carrying amounts of assets pledged as security for current and non-current financial liabilities are:

	Note	Consolidated		Parent	
		2011 \$	2010 \$	2011 \$	2010 \$
CURRENT					
Floating charge					
Cash and cash equivalents	7	434,418	1,070,900	(74,267)	160,703
Receivables	8	2,536,128	3,308,683	19,355,133	10,380,558
Inventories	9	617,630	754,783	-	-
Other assets	10	834,787	669,416	179,033	33,068
Total current assets pledged as security		<u>4,422,963</u>	<u>5,803,782</u>	<u>19,459,899</u>	<u>10,574,329</u>
NON-CURRENT					
First mortgage					
Freehold land & buildings	14	72,631,843	72,480,802	9,783,754	18,619,815
Finance leases					
Plant and equipment	14	712,739	682,205	99,463	171,978
Floating charge					
Financial assets	11	-	-	10,461,838	7,461,838
Plant and equipment	14	4,272,747	4,336,942	-	2,963
Intangible assets	15	1,635,641	1,633,797	9,780	7,935
		<u>5,908,389</u>	<u>5,970,739</u>	<u>10,471,618</u>	<u>7,472,736</u>
Total non-current assets pledged as security		<u>79,252,970</u>	<u>79,133,746</u>	<u>20,354,835</u>	<u>26,264,529</u>
Total assets pledged as security		<u>83,675,933</u>	<u>84,937,528</u>	<u>39,814,733</u>	<u>36,838,858</u>
Total financial assets pledged as security					
Current		4,422,963	5,803,782	19,459,899	10,574,329
Non-current		79,252,970	79,133,746	20,354,835	26,264,529
		<u>83,675,933</u>	<u>84,937,528</u>	<u>39,814,733</u>	<u>36,838,858</u>

(b) Financing arrangements

The Group and Company has banking facilities as follows

Commercial bills

Total facilities:

Utilised at balance date	60,225,000	61,250,000	30,650,000	30,650,000
Granted at balance date	60,225,000	61,250,000	30,650,000	30,650,000

(c) Fair value

The carrying amounts and fair values of interest-bearing liabilities at balance date are:

	2011		2010	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
On-statement of financial position				
Commercial bills	60,225,000	59,774,355	61,250,000	51,933,151
Hire purchase creditors	485,245	485,245	163,716	163,716
Lease liabilities	78,874	78,874	139,419	139,419
	<u>60,789,119</u>	<u>59,338,474</u>	<u>61,553,135</u>	<u>52,236,286</u>

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
NOTE 18 OTHER LIABILITIES				
CURRENT				
Deferred Income	280,164	396,363	-	-
Advance deposits	2,639,096	5,420,206	-	-
	<u>2,919,259</u>	<u>5,816,569</u>	<u>-</u>	<u>-</u>
NOTE 19 PROVISIONS				
CURRENT				
Annual leave	<u>731,147</u>	<u>678,130</u>	<u>23,130</u>	<u>46,922</u>
Movements				
<i>Annual leave</i>				
Opening balance at 1 July	678,130	597,193	46,922	44,840
Provisions made	889,188	729,807	19,542	2,082
Provisions utilised	(836,170)	(648,870)	(43,334)	-
Balance at 30 June	<u>731,147</u>	<u>678,130</u>	<u>23,130</u>	<u>46,922</u>
NON-CURRENT				
Long service leave	<u>313,518</u>	<u>321,999</u>	<u>11,727</u>	<u>8,612</u>
Movements				
<i>Long service leave</i>				
Opening balance at 1 July	321,999	206,514	8,612	22,495
Provisions made/(reversed)	(8,481)	115,485	3,115	(13,883)
Balance at 30 June	<u>313,518</u>	<u>321,999</u>	<u>11,727</u>	<u>8,612</u>

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
NOTE 20 DEFERRED TAX LIABILITIES				
Deferred tax liabilities comprise temporary differences attributable to:				
Amounts recognised directly in equity				
Revaluation of property, plant and equipment	<u>1,146,972</u>	<u>1,146,972</u>	<u>-</u>	<u>-</u>
Total deferred tax liabilities	<u>1,146,972</u>	<u>1,146,972</u>	<u>-</u>	<u>-</u>
Movements				
Opening balance at 1 July	1,146,972	979,662	-	-
Amounts charged / (credited) to other comprehensive income	-	167,310	-	-
	<u>1,146,972</u>	<u>1,146,972</u>	<u>-</u>	<u>-</u>

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated and Parent Entity		Consolidated and Parent Entity	
	2011 Shares	2011 \$	2010 Shares	2010 \$
NOTE 21 ISSUED CAPITAL				
Share capital				
Ordinary shares - no par value				
Fully paid	<u>29,940,392,102</u>	<u>50,914,352</u>	<u>29,940,392,102</u>	<u>50,914,352</u>
Total issued capital	<u>29,940,392,102</u>	<u>50,914,352</u>	<u>29,940,392,102</u>	<u>50,914,352</u>

Movements in ordinary share capital

	Consolidated and Parent Entity	
	2011 \$	2010 \$
Issued and fully-paid		
739,790,501 (2010: 739,790,501) ordinary shares at beginning of financial year	50,914,352	40,941,694
Less: 5,005,875 ordinary share buy back at \$0.005	-	(25,029)
Less: transaction costs from share buy back	-	(2,313)
Issue of 29,205,607,476 new ordinary shares at \$0.0003424 per share	-	10,000,000
29,940,392,102 (2010: 29,940,392,102) ordinary shares at end of financial year	<u>50,914,352</u>	<u>50,914,352</u>

On 1 December 2009, the Company announced an on-market buy back of 5,005,875 ordinary shares at \$0.005 per share.

On 12 March 2010, the Company announced the reduction of loan from its major shareholders, Lasseters CLG Pty Ltd, by \$10,000,000 through the issuance of 29,205,607,476 fully paid ordinary shares.

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
NOTE 22 RESERVES				
RESERVES				
Asset revaluation reserve	3,203,465	3,203,465	-	-
Debt compromise reserve	<u>375,025</u>	<u>375,025</u>	<u>375,025</u>	<u>375,025</u>
	<u>3,578,490</u>	<u>3,578,490</u>	<u>375,025</u>	<u>375,025</u>

Asset revaluation reserve

The asset revaluation reserve records increments and decrements on the revaluation of individual parcels of land and buildings. The balance on the asset revaluation reserve is only available for the payment of cash dividends in limited circumstances as permitted by law.

Debt compromise reserve

In relation to the group's refinance at 30 June 1995, borrowings of principal which were forgiven by the bank were credited to a Debt Compromise Reserve.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
NOTE 22 RESERVES (CONT)				
Movements in reserves				
<i>Asset Revaluation Reserve</i>				
Balance at start of period	3,203,465	2,834,021	-	20,946
Revaluation	-	536,754	-	(20,946)
Deferred tax impact	-	(167,310)	-	-
Balance at the end of period	<u>3,203,465</u>	<u>3,203,465</u>	<u>-</u>	<u>-</u>

NOTE 23 FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantial changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, leases and loans from banks.

The main purpose of non-derivative financial instruments is to fund group operations.

Treasury Risk Management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Groups' risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

The overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
Categories of Financial Instruments				
<i>Financial Assets – at amortised cost</i>				
Loans and receivables (including cash & cash equivalents)	2,970,545	4,379,583	19,280,867	10,541,261
<i>Financial liabilities – at amortised cost</i>				
Trade and other payables	24,023,394	15,626,574	8,603,704	4,836,335
Borrowings	60,789,119	61,553,135	30,686,531	30,699,286

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 23 FINANCIAL RISK MANAGEMENT (CONT)

(b) Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are liquidity risk, credit risk and market risk (including interest rate risk).

(a) Liquidity risk

Liquidity risk is the risk that the group may encounter difficulties raising funds to meet commitments associated with financial instruments such as borrowing repayments. A method of assessing liquidity is measuring the excess, or deficiency, of current assets over current liabilities. The objective of managing liquidity risk is to ensure as far as possible that the group will always have sufficient liquidity to meet its liabilities when they fall due under both stressed and normal conditions. The group manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. This is improved from time to time by either extending credit payment terms by agreement or alternatively by actively pursuing collection of debts owed to the group. The group's policy is to ensure a minimum of borrowings should mature in any 12 month period.

	Consolidated		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Financing arrangements				
The following financing facilities were available at balance date:				
Commercial bills				
Total facilities:				
Used at balance date	60,225,000	61,250,000	30,650,000	30,650,000

Maturity Analysis

The maturity analysis of the commercial bills as at 30 June 2011, expiring 31 August 2012, and amounting to \$30,650,000 and 29,575,000 are in respect of \$10,000,000 at 8.21% variable interest to 5 September 2011, \$20,650,000 at 8.29% variable interest to 19 September 2011 and 29,575,000 at 8.04% fixed interest to 29 August 2011. The variable interest bills generally roll over at half yearly intervals and the fixed interest bill roll-over at quarterly intervals.

The tables below reflect the undiscounted contractual settlement terms for financial liabilities of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position. Carrying amounts of all financial instruments are also provided.

Maturity Analysis - Group - 2011

Financial Liabilities	Carrying Amount	Total	Contractual Cash flows			
			< 6 mths	6- 12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
Trade and other payables	24,023,394	24,023,394	24,023,394	-	-	-
Finance lease liabilities	78,874	92,533	11,575	11,575	60,431	8,952
Hire purchase liabilities	485,245	569,177	74,752	74,752	419,672	-
Commercial bills	60,225,000	64,558,368	2,403,586	2,403,586	59,751,195	-
TOTAL	84,812,513	89,243,472	26,513,308	2,489,914	60,231,298	8,952

Maturity Analysis - Group - 2010

Financial Liabilities	Carrying Amount	Total	Contractual Cash flows			
			< 6 mths	6- 12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
Trade and other payables	15,626,574	15,626,574	15,626,574	-	-	-
Finance lease liabilities	139,419	154,698	67,521	41,701	32,885	12,591
Hire purchase liabilities	163,716	181,657	84,755	58,422	13,380	25,100
Commercial bills	61,250,000	71,543,310	2,404,561	2,404,562	66,734,187	-
TOTAL	77,179,709	87,506,239	18,183,411	2,504,685	66,780,452	37,691

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 23 FINANCIAL RISK MANAGEMENT (CONT)

Maturity Analysis - Parent - 2011

Financial Liabilities	Carrying	Total	Contractual Cash flows			
	Amount		< 6 mths	6- 12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
Trade and other payables	8,618,538	8,618,538	8,618,538	-	-	-
Hire purchase liabilities	36,351	40,600	7,373	7,373	25,855	-
Commercial bills	30,650,000	33,603,828	1,265,926	1,265,926	31,071,975	-
TOTAL	39,304,889	42,262,966	9,891,837	1,273,299	31,097,830	-

Maturity Analysis - Parent - 2010

Financial Liabilities	Carrying	Total	Contractual Cash flows			
	Amount		< 6 mths	6- 12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
Trade and other payables	4,836,335	4,836,335	4,836,335	-	-	-
Hire purchase liabilities	49,286	51,263	8,797	42,466	-	-
Commercial bills	30,650,000	34,341,869	1,166,791	1,116,791	32,058,287	-
TOTAL	35,535,621	39,229,467	6,011,923	1,159,257	32,058,287	-

(b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the group incurring a financial loss. This usually arises from trade and other receivables when customers fail to settle their obligations owing to the group. The objective of the group is to minimise risk of loss from credit risk exposure. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. Credit risk is measured using aging of balances. Refer to Note 8.

There are no material amounts of collateral held as security at 30 June 2011.

The credit risk of the group is limited due to the large number and diverse nature of customers. The majority of trade receivables arise from goods and services provided at the company's chief asset Cypress Lakes Resort. The consolidated group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated group.

Finance monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the group's strict credit policies may only purchase in cash or using recognised credit cards.

(c) Market risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Interest rate risk is discussed below. The group's future cash flows are not significantly exposed to currency risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising return.

(d) Interest rate risk

Interest rate risk arises principally from cash and cash equivalents and borrowings. Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2011 approximately 50% of group debt is fixed. It is the policy of the group to minimise interest risk by having an appropriate level of debt on fixed interest rates at appropriate times.

Interest rate risk is measured as the level of assets and liabilities exposed to floating interest rates.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 23 FINANCIAL RISK MANAGEMENT (CONT)

(i) The following is the carrying amount of the financial instruments that are exposed to interest rate risk:

Consolidated

Year ended 2011	Floating rates	< 1 year	1 - 2 years	Fixed interest rates				Total
	\$			\$	\$	\$	\$	
Financial Assets								
Cash and cash equivalents	434,418	-	-	-	-	-	-	434,418
	<u>434,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>434,418</u>

Weighted average interest rate	3.25%	-	-	-	-	-	-	-
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Financial Liabilities

Hire purchase liabilities	-	112,385	117,453	114,847	140,560	-	-	485,245
Lease liabilities	-	28,024	23,949	14,466	12,435	-	-	78,874
Commercial bills	30,650,000	1,275,000	28,300,000	-	-	-	-	60,225,000
	<u>30,650,000</u>	<u>1,415,409</u>	<u>28,441,402</u>	<u>129,313</u>	<u>152,995</u>	<u>-</u>	<u>-</u>	<u>60,789,119</u>

Weighted average interest rate	8.26%	8.02%	8.04%	7.44%	7.21%	-	-	-
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Year ended 2010

Year ended 2010	Floating rates	< 1 year	1 - 2 years	Fixed interest rates				Total
	\$			\$	\$	\$	\$	
Financial Assets								
Cash and cash equivalents	1,070,900	-	-	-	-	-	-	1,070,900
	<u>1,070,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,070,900</u>

Weighted average interest rate	3.25%	-	-	-	-	-	-	-
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Financial Liabilities

Hire purchase liabilities	-	129,036	5,508	6,551	6,061	16,560	-	163,716
Lease liabilities	-	98,434	17,153	12,484	8,499	2,849	-	139,419
Commercial bills	30,650,000	1,025,000	29,575,000	-	-	-	-	61,250,000
	<u>30,650,000</u>	<u>1,252,470</u>	<u>29,597,661</u>	<u>19,035</u>	<u>14,560</u>	<u>19,409</u>	<u>-</u>	<u>61,553,135</u>

Weighted average interest rate	7.61%	8.02%	8.09%	9.01%	9.27%	9.19%	-	-
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Parent

Year ended 2011	Floating rates	< 1 year	1 - 2 years	Fixed interest rates				Total
	\$			\$	\$	\$	\$	
Financial Assets								
Cash and cash equivalents	(74,267)	-	-	-	-	-	-	(74,267)
	<u>(74,267)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,267)</u>

Weighted average interest rate	3.25%	-	-	-	-	-	-	-
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Financial Liabilities

Hire purchase liabilities	-	14,202	14,202	8,127	-	-	-	36,531
Commercial bills	30,650,000	-	-	-	-	-	-	30,650,000
	<u>30,650,000</u>	<u>14,202</u>	<u>14,202</u>	<u>8,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,686,531</u>

Weighted average interest rate	8.26%	7.70%	7.70%	7.70%	-	-	-	-
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notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 23 FINANCIAL RISK MANAGEMENT (CONT)

Parent

Year ended 2010	Floating rates		Fixed interest rates					Total
	< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	> 5 years		
	\$	\$	\$	\$	\$	\$	\$	
Financial Assets								
Cash and cash equivalents	160,703	-	-	-	-	-	-	160,703
	<u>160,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,703</u>
Weighted average interest rate	3.25%	-	-	-	-	-	-	-
Financial Liabilities								
Hire purchase liabilities	-	49,286	-	-	-	-	-	49,286
Commercial bills	30,650,000	-	-	-	-	-	-	30,650,000
	<u>30,650,000</u>	<u>49,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,699,286</u>
Weighted average interest rate	7.61%	7.72%	-	-	-	-	-	-

(ii) Sensitivity Analysis - Interest rate risk

In preparing the following sensitivity analysis we have assumed a change in floating interest rates of 2.5%.

2011	Carrying Amount	Consolidated		Parent	
		+2.5% of IR	-2.5% of IR	+2.5% of IR	-2.5% of IR
		Profit / Equity	Profit / Equity	Profit / Equity	Profit / Equity
	\$	\$	\$	\$	\$
Borrowings	60,225,000/ 30,650,000	(1,505,625)	1,505,625	(766,250)	766,250
Tax 30%		451,688	(451,688)	229,875	(229,875)
After tax increase/ (decrease)		<u>(1,053,937)</u>	<u>1,053,937</u>	<u>(536,375)</u>	<u>536,375</u>

The above analysis assumes all other variables remain constant.

The same analysis was performed for the period ended 30 June 2009

2010	Carrying Amount	Consolidated		Parent	
		+2.5% of IR	-2.5% of IR	+2.5% of IR	-2.5% of IR
		Profit / Equity	Profit / Equity	Profit / Equity	Profit / Equity
	\$	\$	\$	\$	\$
Borrowings	31,675,000/ 30,650,000	(791,875)	791,875	(76,625)	76,625
Tax 30%		237,563	(237,563)	22,988	(22,988)
After tax increase/ (decrease)		<u>(554,312)</u>	<u>554,312</u>	<u>(53,637)</u>	<u>53,637</u>

The above analysis assumes all other variables remain constant.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 24 CAPITAL RISK MANAGEMENT

The group considers its capital to comprise its ordinary share capital and reserves.

In managing its capital, the group's primary objective is to improve the return for its equity shareholders through a reduction of losses. In order to achieve this objective, the group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues, or the reduction of debt, the group considers not only its short-term position but also its long-term operational and strategic objectives.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing including 'trade and other payables', 'financial liabilities' and 'interest bearing liabilities' as shown on the statement of financial position, less 'cash and cash equivalents'. Total capital is calculated as total equity as shown on the statement of financial position plus net debt. The group's gearing ratio at the reporting date is shown below:

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
Gearing ratios				
Total Borrowings	84,812,513	77,179,709	39,290,235	35,535,621
Less cash and cash equivalents	<u>(434,418)</u>	<u>(1,070,900)</u>	<u>74,267</u>	<u>(160,703)</u>
Net debt	84,378,096	76,108,809	39,364,502	35,374,918
Total equity	<u>(6,184,341)</u>	<u>(142,715)</u>	<u>703,904</u>	<u>1,461,966</u>
Total capital	<u>78,193,754</u>	<u>75,966,094</u>	<u>40,068,406</u>	<u>36,836,884</u>
Gearing Ratio	108%	100%	98%	96%

The increase in gearing has been brought about by the reduction in total equity arising from the impairment of assets and the trading loss for the year. There have been no significant changes to the group's capital management objectives, policies and processes in the year, nor has there been any change in what the group considers to be its capital.

The group is not subject to externally imposed capital requirements.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
NOTE 25 CASH FLOW INFORMATION				
(a) Reconciliation of loss after income tax to net cash flow from operating activities				
Loss for the year	(6,041,626)	(14,934,449)	(758,062)	(11,442,921)
Depreciation and amortisation	2,744,374	1,914,143	9,080	9,789
Gain arising on acquisition of business	-	(2,048,355)	-	-
Incidental costs arising on acquisition of business	-	2,469,681	-	-
Net (profit) on sale of property, plant and equipment	128,618	19,050	-	-
Bad and doubtful debts	36,250	51,000	-	-
Intercompany loan written off	-	-	-	8,366,586
Impairment of property, plant and equipment	-	8,594,603	-	-
- (increase)/decrease in trade debtors	736,306	(1,168,259)	(2,914,904)	168,330
- decrease in prepayments & other assets	(165,372)	216,011	(145,965)	-
- decrease in inventories	137,152	85,759	-	-
- increase in trade creditors	(168,401)	696,719	1,356,207	63,690
- decrease in deferred tax asset	-	(14,780)	-	-
- (decrease)/increase in other payables, liabilities and provisions	44,536	3,271,946	(20,677)	755,887
Net cash outflow from operating activities	<u>(2,548,163)</u>	<u>(846,931)</u>	<u>(2,474,321)</u>	<u>(2,078,639)</u>
(a) Non-cash financing and investing activities				
Acquisition of plant and equipment by means of finance leases	<u>558,820</u>	<u>360,820</u>	<u>41,000</u>	<u>100,263</u>
(c) Acquisition of business				
In last year, a 100% subsidiary (Cypress Lakes Property Pty Limited) acquired the business of the Holiday Inn on Flinders Street, Melbourne.				
Purchase consideration, net of cash acquired				
Consisting of:				
Cash consideration	-	43,909,357	-	-
Less: cash acquired	-	(5,600)	-	-
Cash outflow	<u>-</u>	<u>43,903,757</u>	<u>-</u>	<u>-</u>
Assets and liabilities held at acquisition date:				
Trade and other receivables	-	625,518	-	-
Inventory	-	27,771	-	-
Property, plant and equipment	-	46,000,000	-	-
Deferred tax assets	-	48,356	-	-
Trade creditors	-	(626,862)	-	-
Annual leave and long service leave provisions	-	(122,671)	-	-
	<u>-</u>	<u>45,952,112</u>	<u>-</u>	<u>-</u>
Gain arising on acquisition of business	<u>-</u>	<u>2,048,355</u>	<u>-</u>	<u>-</u>

On 1 March 2010, the Group acquired a freehold hotel property/business, Holiday Inn on Flinders St, Melbourne through its 100% owned subsidiary, Cypress Lakes Property Pty Ltd. The acquisition allowed the Group to expand into the hospitality and leisure industry. From the date of acquisition, the acquired freehold hotel property/business had contributed revenue of AUD4,385,000 and net profit of AUD190,000 to the net loss of the Group. The acquired freehold hotel property/business would have contributed a revenue of AUD12,958,000 and a net profit of AUD1,126,000 to the net loss of the Group as if the acquisition combinations had taken place at the beginning of the financial year.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 25 CASH FLOW INFORMATION (CONT)

(c) Acquisition of business (Cont)

The gain arising on acquisition of business was resulted from the independent valuation of the freehold hotel property/business at the date of acquisition, which defers against the carrying value of the freehold hote property/business.

NOTE 26 SHARE-BASED PAYMENTS

Executive option plan

The Cypress Lakes Group Limited Executive Option Plan was approved in 1997 and gives an employee or such other person (including a director employed in an executive capacity) who is declared by the Board to be an Eligible Executive for the purposes of the plan the opportunity to participate in the plan. The Board may at such times as it determines issue invitations in writing to Eligible Executives selected. The number of options specified in each invitation shall be determined by the Board.

When vesting occurs, each option can be exercised to purchase 1 ordinary share in Cypress Lakes Group Limited at exercise price set at grant date, which is determined by the Board at the time that the invitation is issued.

Options granted carry no dividend or voting rights.

There were no options issued, exercised or lapsed during the financial year, and no options outstanding at the beginning or at the end of the financial year.

NOTE 27 RELATED PARTY TRANSACTIONS

Parent entity

Cypress Lakes Group Limited is the parent entity of the Group. Lasseters CLG Pty Ltd is the ultimate Australian parent entity of Cypress Lakes Group Limited, owning 99.90% (2010: 99.90%) of the ordinary shares in Cypress Lakes Group Limited at 30 June 2011. The ultimate parent entity of Lasseters CLG Pty Ltd is Lasseters International Holdings Limited, incorporated in Singapore.

Subsidiaries

Interests in subsidiaries are disclosed in note 12.

Other related parties

Other related parties are defined as commonly controlled entities and are as follows:

- Ford Dynasty Pty Limited (FD) is a wholly owned subsidiary of Lasseters Holdings Pty Limited. The Directors Dato' Jaya JB Tan, Dato' Kamal YP Tan and Tan San Chuan are Directors of FD.
- Lasseters ANZ Pty Limited (LANZPL) is a wholly owned subsidiary of Lasseters Investments (QLD) Pte Limited. The Directors Dato' Jaya JB Tan, Dato' Kamal YP Tan and Tan San Chuan are Directors of LANZPL.
- Lasseters Seaford Pty Limited (SF) is a wholly owned subsidiary of Lasseters International Holdings Limited. The Directors Dato' Jaya JB Tan, Dato' Kamal YP Tan, Tan San Chuan and Basil Jong are Directors of SF.
- Lasseters Investments Pte Ltd (LIV) is a wholly owned subsidiary of Lasseters International Holdings Limited. The Directors Dato' Jaya JB Tan, Dato' Kamal YP Tan and Tan San Chuan are Directors of LIV.

	Consolidated		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Transactions with related parties				
The following transactions occurred with related parties:				
Sale of goods and services				
Advance deposit received from other related parties for future function				
Ford Dynasty Pty Limited	944,446	1,000,000	-	-
Interest revenue				
Interest charged to subsidiaries:				
The Golden Door Pty Limited	-	-	1,471,398	-
Cypress Lakes Golf & Country Club Pty Limited	-	-	914,410	-
Interest expense				
Interest charged by parent entity				
Lasseters International Holdings Limited	239,033	85,322	54,719	17,327
Advances by parent entity	-	7,232,396	-	7,232,396

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
NOTE 27 RELATED PARTY TRANSACTIONS (CONT)				
Other transactions				
Executive and consulting services charged by parent entity				
Lasseters International Holdings Limited				
- Reimbursement of expenses	46,996	167,403	46,996	167,403
Outstanding balances				
The following balances are outstanding at reporting date in relation to transactions with related parties:				
Current receivables				
Subsidiaries				
Cypress Lakes Golf & Country Club Pty Ltd			2,781,983	1,588,837
The Golden Door Health Retreat-Elysia Pty Ltd			10,748,623	282,930
The Golden Door Pty Ltd			484,863	-
Cypress Lakes Property Pty Ltd			4,963,822	8,278,027
Cypress Lakes Resort Real Estate Pty Ltd			184,049	66,389
			<u>19,163,340</u>	<u>10,216,183</u>
Current payables				
Subsidiaries				
The Golden Door Pty Ltd			-	127,751
The Golden Door Spa at Salt Pty			14,834	22,652
			<u>14,834</u>	<u>150,403</u>
Parent Entity				
Lasseters International Holdings Ltd	6,528,924	6,494,343	843,694	777,625
Lasseters CLG Pty Ltd	2,760,000	1,000,000	2,760,000	1,000,000
	<u>9,288,924</u>	<u>7,494,343</u>	<u>3,603,694</u>	<u>1,777,625</u>
Other related parties				
Lasseters ANZ Pty Ltd			-	-
Lasseters Seaford Pty Ltd	1,991,269	367,936	244,284	208,788
Lasseters Investments Pte Ltd	3,000,000	750,000	1,450,000	750,000
Ford Dynasty Pty Limited	75,214	75,214	-	-
	<u>5,066,483</u>	<u>1,193,150</u>	<u>1,694,284</u>	<u>958,788</u>

The amounts receivable from wholly owned subsidiaries are intercompany loans to Cypress Lakes Golf & Country Club, Cypress Lakes Resort Real Estate, The Golden Door Health Retreat - Elysia and Cypress Lakes Property Pty Ltd. The loans to Cypress Lakes Resort, Cypress Lakes Property Pty Ltd and Cypress Lakes Resort Real Estate are unsecured and interest free. The loans to The Golden Door Elysia are unsecured and interest is charged at cost of funds. The loans to The Golden Door Pty Ltd are unsecured and interest is charged at cost of funds plus 3%.

The amounts owing to the subsidiaries, The Golden Door Pty Ltd and The Golden Door Spa at Salt, are unsecured and interest free. The amounts owing to the parent entity, Lasseters International Holdings Limited, are unsecured with current interest of 3%. The amounts owing to other related parties Lasseters Seaford Pty Ltd and Ford Dynasty Pty Limited, are unsecured and interest free.

There are no repayment terms in respect of the unsecured balances of the receivables and payables. The transactions that occur during the period relate to normal operations for working capital requirements as well as funds transfer.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 28 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Compensation

Details of compensation of key management personnel of Cypress Lakes Group Limited are included in the Remuneration Report section of the Directors' Report.

	Consolidated		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Short-term employee benefits	763,882	775,781	461,578	555,854
Post-employment benefits	38,135	45,963	35,027	45,963
Other long-term benefits	5,493	2,361	5,493	2,361
	<u>807,510</u>	<u>824,105</u>	<u>502,098</u>	<u>604,178</u>

(b) Equity Instruments

Options and rights granted as compensation

No options or other equity instruments have been provided to key management personnel as compensation during the reporting period. No options are held by key management personnel at year end and no options were held at any time throughout the year.

Shareholdings

Details of equity instruments held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

Name	Balance at 1 July 2010	Received on exercise of rights issue	Other changes	Balance at 30 June 2011	Balance held nominally
Dato' Jaya JB Tan	29,911,207,476	-	-	29,911,207,476	29,911,207,476
Dato' Kamal YP Tan	29,911,207,476	-	-	29,911,207,476	29,911,207,476
Tan San Chuan	29,911,207,476	-	-	29,911,207,476	29,911,207,476

Name	Balance at 1 July 2009	Received on exercise of rights issue	Other changes	Balance at 30 June 2010	Balance held nominally
Dato' Jaya JB Tan	705,600,000	-	29,205,607,476	29,911,207,476	29,911,207,476
Dato' Kamal YP Tan	705,600,000	-	29,205,607,476	29,911,207,476	29,911,207,476
Tan San Chuan	705,600,000	-	29,205,607,476	29,911,207,476	29,911,207,476

On 12th March 2010, the Company announced the reduction of loan to its major shareholders, Lasseters CLG Pty Ltd, by \$10,000,000 through the issuance of 29,205,607,476 fully paid ordinary shares.

The shareholdings of the directors, detailed above, show all shares owned by the directors and their director related companies, in some cases the directors are directors of the same director related companies.

(c) Other transactions and balances

There are no balances with directors at year end and there were no transactions at any time during the year with directors other than remuneration. Refer Note 27 for details of transaction with director-related entities.

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
NOTE 29 COMMITMENTS				
Lease commitments				
<i>Non-cancellable operating leases - future minimum lease payments</i>				
Within one year	2,107,329	2,755,872	-	265,179
Later than one year but not later than 5 years	6,410,849	2,950,666	-	-
Later than 5 years	4,394,963	3,287,281	-	-
	<u>12,913,141</u>	<u>8,993,819</u>	<u>-</u>	<u>265,179</u>

The Group leases various premises under non-cancellable operating leases expiring between 1 and 6 years. All leases have annual CPI escalation clauses. The above commitments do not include any turnover rentals. Nor do they include commitments for any renewal options on leases. The leases have varying terms, escalation clauses and renewal rights. Lease conditions do not impose any restrictions on the ability of Cypress Lakes Group Limited and its subsidiaries from borrowing further funds or paying dividends.

Finance lease - non-cancellable

Within one year	34,122	110,001	-	-
Later than one year but not later than 5 years	58,412	44,697	-	-
Total future minimum lease payments	92,534	154,698	-	-
Total future finance charges	(13,660)	(15,279)	-	-
Lease liabilities	<u>78,874</u>	<u>139,419</u>	<u>-</u>	<u>-</u>

Lease liabilities are represented in the financial statements as follows:

Current (note 17)	28,025	98,434	-	-
Non-current (note 17)	50,849	40,985	-	-
	<u>78,874</u>	<u>139,419</u>	<u>-</u>	<u>-</u>

Hire purchase - non-cancellable

Within one year	150,489	142,306	-	51,263
Later than one year but not later than 5 years	418,689	39,351	-	-
Total future minimum hire purchase payments	569,178	181,657	-	51,263
Total future finance charges	(83,932)	(17,941)	-	(1,977)
Hire purchase liabilities	<u>485,246</u>	<u>163,716</u>	<u>-</u>	<u>49,286</u>

Hire purchase liabilities are represented in the financial statements as follows:

Current (note 17)	112,385	129,036	-	49,286
Non-current (note 17)	372,861	34,680	-	-
	<u>485,246</u>	<u>163,716</u>	<u>-</u>	<u>49,286</u>

The Group leases various types of plant and equipment with a carrying value of \$558,820 (2010: \$682,205) by way of finance leases and hire purchase agreements expiring within 1 and 5 years. The Group has the option to acquire the plant and equipment on expiry of the hire purchase at 100% of their agreed fair value at expiry. There are no contingent rentals as part of finance lease arrangements and no restrictions on the ability of Cypress Lakes Group Limited and its subsidiaries from borrowing further funds or paying dividends.

The weighted average interest rate implicit in the finance lease and hire purchase arrangements is 7.60% (2010: 8.00%).

notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 30 SUBSEQUENT EVENTS

Apart from the items disclosed elsewhere in these financial statements, there are no other matters or circumstances that have arisen since the end of the financial year, which have significantly affected or may significantly affect the operations of the group, the results of those operations or the state of affairs of the group in financial periods subsequent to the financial year ended 30 June 2011.

NOTE 31 ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain Australian Accounting Standards and Interpretations have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

The company does not expect any material impact on financial statements from the impending changes on application.

corporate directory

Directors

Dato' Jaya JB Tan (Chairman)
Dato' Kamal YP Tan
Mr San Chuan Tan
Mr Paul BC Wong
Mr William FL Wong
Mr Basil KS Jong

Company Secretary

Mr Basil KS Jong

Registered Office

15 Thompsons Road
Pokolbin NSW 2320
Australia
Tel: +61 2 4993 1802
Fax: +61 2 4993 1468

Auditors

BDO Audit (QLD) Pty Ltd
Level 18
300 Queen Street
Brisbane QLD 4000
Australia

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street Abbotsford
Victoria 3067 Australia
GPO Box 2975 Melbourne
Victoria 3001 Australia
DX Box 30941
Tel: +61 3 9415 5000
Fax: +61 3 9473 2500
www.computershare.com



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