

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000
2(a) Finance Income		
Interest from bank	3,693	3,101
Interest from investment	1,240	714
Interest from loan receivable	20	15
Unwinding of the discount rate	5,007	694
Interest from late settlement	102	194
Unrealised (loss)/gain on derivative asset	(77)	26
	9,985	4,744
2(b) Other Revenue		
Management fee – Crown Lands Homesites Program	732	1,663
Other management fees	-	2,992
Rental income	565	375
Other	627	405
	1,924	5,435
3 Marketing Expenses		
Advertising	3,219	3,961
Sales contractors and commission	301	175
Other	322	400
	3,842	4,536
4 Employee Related Expenses		
Salaries and wages	14,354	14,355
Superannuation – defined benefit plans*	237	137
Superannuation – defined contribution plans	1,167	1,194
Long service leave	693	568
Annual leave	1,034	1,229
Workers' compensation insurance	54	83
Payroll tax and fringe benefits tax	1,078	1,176
Other employee related expenses	691	616
	19,308	19,358
Transfer of capital costs to inventories	(6,103)	(5,542)
	13,205	13,816

* Refer Note 20. Superannuation actuarial losses of \$5,154,000 (2008: \$2,774,000) are recognised in the Statement of Recognised Income and Expense. Total superannuation expense, including actuarial losses recognised in the Statement of Recognised Income and Expense is \$5,391,000 (2008: \$2,911,000).

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000
5 Other Operating Expenses		
Auditor's remuneration – audit of financial statements	205	172
Operating lease rental expense – minimum lease payments	1,347	1,229
Maintenance	755	413
Insurance	95	136
General administrative costs	6,165	9,606
Council rates	1,622	2,482
Land tax	8,564	7,796
Project costs written off	7,182	5,571
Property and accommodation expenses	318	537
Consultancy fees	210	76
Bad debts provided for	3	20
Unrealised loss on assets revaluation	-	226
	26,466	28,264
Transfer of capital costs to inventories	(2,706)	(2,457)
	23,760	25,807

6 Depreciation And Amortisation Expense

Buildings	59	113
Leasehold improvements	233	488
Plant and equipment	326	409
Intangible assets	101	91
Motor vehicles	20	11
	739	1,112

7 Finance Costs

Interest	9,212	11,907
Unwinding of the discount rate	2,664	906
Amortisation of loan premium	(409)	(392)
Government guarantee fee	1,593	1,643
	13,060	14,064

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000

8 Income Tax

Income tax expense recognised in the Income Statement

The major components of income tax expense for the years ended 30 June 2009 and 2008 are:

Current income tax charge	11,847	16,413
Adjustments for prior years	317	217
Deferred income tax		
Origination and reversal of temporary differences	3,165	(1,506)
Income tax expense reported in the Income Statement	15,329	15,124

Deferred income tax (revenue)/expense included in income tax expense comprises:

Decrease/(increase) in deferred tax assets	502	(1,368)
(Decrease)/increase in deferred tax liabilities	2,663	(138)
	3,165	(1,506)

Income tax expense recognised directly in equity

Deferred income tax related to items charged or credited directly to equity:

Asset revaluation reserve	-	195
Superannuation actuarial loss	(1,546)	(832)
Income tax expense reported in equity	(1,546)	(637)

A reconciliation between tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the entity's effective income tax rate:

Accounting profit before income tax	48,542	50,210
At the statutory income tax rate of 30% (2008: 30%)	14,562	15,063
Deductions not allowable for income tax purposes	27	4
Recognition of temporary differences	423	(160)
Under-provided in prior years	317	217
Income tax expense reported in the Income Statement	15,329	15,124

9 Cash And Cash Equivalents

Cash at bank and on hand	117,213	173,065
--------------------------	---------	---------

Included in the cash and cash equivalents is restricted cash of \$1.334 million (2008 \$3.453 million). These funds are held as security deposits for various projects.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000
10 Trade And Other Receivables		
Current		
Trade receivables	21,284	12,874
Allowance for doubtful debts	(3)	-
Development bonds	1,751	1,519
Other receivable	1,988	1,882
	25,020	16,275
Non-current		
Trade receivables	15,000	23,141
Loan receivables	1,277	1,242
	16,277	24,383
<p>The non-current trade receivables of \$15.000 million (2008: \$23.141 million) included deferral of payment for sale of land for the project at Wollli Creek of \$12.230 million (2008: \$13.893 million), Nil receivable for land sold at Prince Henry (2008: \$0.610 million), Nil receivable from Department of Community Services for development at Renwick (2008: \$6.985 million) and Green Square \$2.770 million (2008: \$1.653 million).</p> <p>Non-current loan receivables represents second mortgages with purchasers of properties sold at Stanhope Gardens amounting to \$1.277 million (2008: \$1.242 million) as part of Landcom's moderate income housing programme. The second mortgages must be repaid within 10 years or on sale of the properties, whichever comes first.</p>		
11 Inventories		
Current		
Work in progress	144,635	104,923
Developed land	27,871	34,728
	172,506	139,651
Non-current		
Work in progress	58,532	97,178
Undeveloped land	249,997	214,328
	308,529	311,506
Total	481,035	451,157
Details of inventories:		
Acquisition costs	269,109	276,235
Development costs	165,052	135,099
Other costs	46,874	39,823
	481,035	451,157

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000
12 Other		
Current		
Prepayments	15,676	10,047
	15,676	10,047
Non-current		
Deferred expenditure	7,246	6,818
	7,246	6,818
13 Property, Plant And Equipment		
Land		
At fair value	1,136	1,545
Buildings		
At gross carrying amount	729	950
Accumulated depreciation	(132)	(83)
Net carrying amount at fair value	597	867
Leasehold improvements		
At gross carrying amount	3,922	3,714
Accumulated depreciation	(3,405)	(3,174)
Net carrying amount at fair value	517	540
Motor vehicles		
At gross carrying amount	293	105
Accumulated depreciation	(32)	(12)
Net carrying amount at fair value	261	93
Plant and equipment		
At gross carrying amount	3,975	3,832
Accumulated depreciation	(2,828)	(2,513)
Net carrying amount at fair value	1,147	1,319
Total net carrying amount	3,658	4,364

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

13 Property, Plant And Equipment (continued)

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

2009	Land at fair value	Buildings at fair value	Leasehold improvements at fair value	Motor vehicles at fair value	Plant & equipment at fair value	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net carrying amount at the start of year	1,545	867	540	93	1,319	4,364
Additions	-	-	210	188	170	568
Disposals	(409)	(211)	-	-	(16)	(636)
Depreciation expense	-	(59)	(233)	(20)	(326)	(638)
Net carrying amount at the end of the year	1,136	597	517	261	1,147	3,658

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the previous reporting period is set out below:

2008	Land at fair value	Buildings at fair value	Leasehold improvements at fair value	Motor vehicles at fair value	Plant & equipment at fair value	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net carrying amount at the start of year	974	1,288	1,049	47	1,462	4,820
Additions	-	-	44	57	266	367
Disposals	(185)	(139)	(65)	-	-	(389)
Depreciation expense	-	(113)	(488)	(11)	(409)	(1,021)
Increment/(decrement) on revaluation	756	(169)	-	-	-	587
Net carrying amount at the end of the year	1,545	867	540	93	1,319	4,364

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000
14 Investment Properties		
Fair value		
Opening balance as at 1 July	5,000	5,250
Net loss from fair value adjustment	-	(250)
	5,000	5,000

During the current financial year the investment property was valued at fair value at \$6.25 million (2008: \$5.00 million) by LandMark White (2008: M J Davis Valuations Pty Ltd), an independent, professionally qualified valuer with recent experience in the location and category of the investment properties using the direct comparison and capitalisation of net market income methods.

The valuation, which conforms to Australian Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

The directors however, are of the view that the valuation is for a special purpose sale and if the sale does not proceed then the carrying value of the investment property represents its fair value considering the current economic climate.

15 Intangible Assets

Computer software and website		
Gross carrying amount		
Balance as at 1 July	3,347	3,347
Additions	343	-
Closing balance as at 30 June	3,690	3,347
Accumulated amortisation and impairment		
Opening balance as at 1 July	3,300	3,209
Amortisation expense and impairment	101	91
Closing balance as at 30 June	3,401	3,300
Net carrying amount at end of year	289	47

16 Deferred Tax Assets

The balance comprises temporary differences attributable to:

Depreciation	-	253
Provisions	4,636	2,885
Sundry	6	685
Fair value adjustments	1,791	1,566
	6,433	5,389
Movements		
Opening balance as at 1 July	5,389	3,384
Credited/(charge) to the income statement	(502)	1,368
Credited to equity	1,546	637
Closing balance as at 30 June	6,433	5,389

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000
17 Trade And Other Payables		
Current		
Trade payables	10,318	12,473
Security deposits received	23,568	4,477
Bonds and deposits held	4,744	5,739
Accrued expenses	27,056	14,883
Retentions	142	717
Land tax equivalent	-	4,852
	65,828	43,141
Non-current		
Trade payables	-	455
Security deposits received	34,579	26,569
	34,579	27,024
18 Current Tax Liabilities		
Opening balance as at 1 July	5,812	3,296
Income tax expense	15,329	15,124
Movement in deferred tax assets and (liabilities)	(3,165)	1,340
Tax payment	(13,267)	(13,948)
	4,709	5,812
19 Provisions		
(a) Employee benefits – current		
Provision for annual leave	1,299	1,465
Provision for long service leave		
- Expected to be settled within 12 months	370	243
- Expected to be settled after 12 months	3,333	3,116
Provision for superannuation liability	7,171	2,308
Accrued on-costs	700	626
Other	-	109
	12,873	7,867
(b) Employee benefits – non-current		
Provision for long service leave	195	173
Accrued on-costs	25	23
	220	196
Total employee benefits	13,093	8,063

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000
19 Provisions (continued)		
(c) Other provisions – current		
Provision to complete projects	14,349	32,037
Provision for rebates	3,130	2,889
Provision for distribution to NSW Treasury	42,912	36,013
Provision for future rectification works	-	2,996
	60,391	73,935
(d) Other provisions – non-current		
Provision to complete projects	36,297	4,593
	36,297	4,593
Total current and non-current provisions		
Current provisions	73,264	81,802
Non-current provisions	36,517	4,789
	109,781	86,591

Reconciliations of the carrying amount of each class of provision are set out below:

Employee benefits

2009	Provision for annual leave	Provision for long service leave	Superannuation liability	Accrued on-costs	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the year	(1,465)	(3,532)	(2,308)	(649)	(109)	(8,063)
Additional provisions recognised	(1,034)	(693)	(5,290)	(114)	1	(7,130)
Amounts used during the year	1,200	327	427	38	108	2,100
Carrying amount at end of the year	(1,299)	(3,898)	(7,171)	(725)	-	(13,093)

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

19 Provisions (continued)

2008	Provision for annual leave	Provision for long service leave	Superannuation liability	Accrued on-costs	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of the year	(1,485)	(3,253)	(30)	(523)	(104)	(5,395)
Additional provisions recognised	(1,229)	(568)	(2,791)	(153)	(5)	(4,746)
Amounts used during the year	1,249	289	513	27	-	2,078
Carrying amount at end of the year	(1,465)	(3,532)	(2,308)	(649)	(109)	(8,063)

Other provisions

2009	Provision for distribution to NSW Treasury	Provision for rectification works	Provision for rebates	Provision to complete projects	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of year	(36,013)	(2,996)	(2,889)	(36,630)	(78,528)
Additional provisions recognised	(42,912)	(904)	(1,193)	(27,336)	(72,345)
Reductions in provisions from payments	36,013	3,900	952	10,030	50,895
Reductions in provisions from re-measurement	-	-	-	3,290	3,290
Carrying amount at end of year	(42,912)	-	(3,130)	(50,646)	(96,688)

2008	Provision for distribution to NSW Treasury	Provision for rectification works	Provision for rebates	Provision to complete projects	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of year	(39,606)	(2,440)	(1,366)	(26,838)	(70,250)
Additional provisions recognised	(36,013)	(556)	(2,471)	(23,814)	(62,854)
Reductions in provisions from payments	39,606	-	948	10,664	51,218
Reductions in provisions from re-measurement	-	-	-	3,358	3,358
Carrying amount at end of year	(36,013)	(2,996)	(2,889)	(36,630)	(78,528)

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

20 Superannuation

Fund information

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).
- State Superannuation Scheme (SSS)

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the Schemes are closed to new members.

Superannuation position as at 30 June 2009

	SASS	SANCS	SSS	TOTAL
	30-Jun-09	30-Jun-09	30-Jun-09	30-Jun-09
Member numbers				
Contributors	19	30	11	
Deferred benefits	-	-	1	
Pensioners	-	-	7	
Pensions fully commuted	-	-	2	
Superannuation position for AASB 119 purposes	\$'000	\$'000	\$'000	\$'000
Accrued liability	6,496	1,460	15,395	23,351
Estimated reserve account balance	(4,871)	(1,011)	(10,298)	(16,180)
	1,625	449	5,097	7,171
Future Service Liability (Note 1)	(1,441)	(666)	(960)	(3,067)
Surplus in excess of recovery available from schemes	-	-	-	-
Net liability to be recognised in Balance Sheet	1,625	449	5,097	7,171

Note 1:

The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed. Under AASB 119 Employee Benefits, any prepaid superannuation asset recognised cannot exceed the total of any unrecognised past service cost and the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

20 Superannuation (continued)

	SASS	SANCS	SSS	Total
	30-Jun-09	30-Jun-09	30-Jun-09	30-Jun-09
	\$'000	\$'000	\$'000	\$'000
Reconciliation of the present value of the defined benefit obligation				
Present value of partly funded defined benefit obligation at beginning of the year	6,358	1,359	12,372	20,089
Current service cost	212	73	101	386
Interest cost	409	85	801	1,295
Contributions by Fund participants	123	-	152	275
Actuarial (gains)/losses	(328)	41	2,372	2,085
Benefits paid	(278)	(98)	(403)	(779)
Present value of partly funded defined benefit obligation at end of the year	6,496	1,460	15,395	23,351
Reconciliation of the fair value of Fund asset				
Fair value of Fund assets at beginning of the year	5,417	1,136	11,228	17,781
Expected return on Fund assets	441	91	912	1,444
Actuarial losses	(1,054)	(201)	(1,814)	(3,069)
Employer contributions	222	83	223	528
Contributions by Fund participants	123	-	152	275
Benefits paid	(278)	(98)	(403)	(779)
Fair value of Fund assets at end of the year	4,871	1,011	10,298	16,180
Reconciliation of the assets and liabilities recognised in the Balance Sheet				
Present value of partly funded defined benefit obligation at end of year	6,496	1,460	15,395	23,351
Fair value of Fund assets at end of year	(4,871)	(1,011)	(10,298)	(16,180)
Subtotal	1,625	449	5,097	7,171
Net liability recognised in Balance Sheet at end of year	1,625	449	5,097	7,171
Components recognised in Income Statement				
Current service cost	212	73	101	386
Interest cost	409	85	801	1,295
Expected return on Fund assets (net of expenses)	(441)	(91)	(912)	(1,444)
Actuarial losses recognised in year	-	-	-	-
Expense/(income) recognised	180	67	(10)	237

The superannuation expense recognised in the Income Statement is included in the line item Employee related expenses. Superannuation actuarial losses of \$5,154,000 (2008: 2,774,000) are separately identified in the Statement of Recognised Income and Expense.

The cumulative amount of actuarial losses recognised in the Statement of Recognised Income and Expense since 1 July 2004 is \$4,842,658.

Before, 1 July 2004 and the adoption of Australian Equivalents to International Financial Reporting Standards (AEIFRS), it is not practical to determine the cumulative actuarial gain/loss as if the new policy had always been applied, given that the actuarial gains and losses were not separately identified and accumulated, and the superannuation expense was calculated on a different basis.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

20 Superannuation (continued)

	SASS	SANCS	SSS	Total
	30-Jun-09	30-Jun-09	30-Jun-09	30-Jun-09
	\$'000	\$'000	\$'000	\$'000
Amounts recognised in the statement of recognised income and expense				
Actuarial losses	726	242	4,186	5,154
Adjustment for limit on net asset	-	-	-	-
Cumulative amount recognised in the statement of recognised income and expense				
Cumulative amount of actuarial losses	975	263	3,605	4,843
Cumulative adjustment for limitation on net asset	-	-	-	-

Fund assets

The percentage invested in each asset class at the balance sheet date:

	30-Jun-09
Australian equities	32.1%
Overseas equities	26.0%
Australian fixed interest securities	6.2%
Overseas fixed interest securities	4.7%
Property	10.0%
Cash	8.0%
Other	13.0%

Fair value of Fund assets

All Fund assets are invested by the SAS Trustee Corporation (STC) at arm's length through independent fund managers.

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual return on Fund assets

	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Actual return on Fund assets	(545)	(109)	(1,134)	(1,788)

Valuation method and principal actuarial assumptions at the balance sheet date

a) Valuation method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

20 Superannuation (continued)

b) Economic assumptions

	30-June-09
Salary increase rate (excluding promotional increases)	3.5% pa
Rate of CPI Increase	2.5% pa
Expected rate of return on assets backing current pension liabilities	8.13% pa
Expected rate of return on assets backing other liabilities	-
Discount rate	5.59% pa

c) Demographic assumptions

The demographic assumptions at 30 June 2009 are those used in the 2006 triennial actuarial valuation. The triennial review report will be available from the NSW Treasury website, after it is tabled in the Parliament in December 2009.

	SASS	SANCS	SSS	Total
	30-Jun-09	30-Jun-09	30-Jun-09	30-Jun-09
	\$'000	\$'000	\$'000	\$'000
Historical information				
Present value of defined benefit obligation	6,496	1,460	15,395	23,351
Fair value of Fund assets	(4,871)	(1,011)	(10,298)	(16,180)
Deficit in Fund	1,625	449	5,097	7,171
Experience adjustments – Fund liabilities	(328)	41	2,372	2,085
Experience adjustments – Fund assets	1,054	201	1,814	3,069
Expected contributions				
Expected employer contributions to be paid in the next reporting period	233	86	245	564
Funding arrangements for employer contributions				

a) Surplus/deficit

The following is a summary of the 30 June 2009 financial position of the Fund calculated in accordance with AAS 25 Financial Reporting by Superannuation Plans:

	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Accrued benefits	5,984	1,321	11,000	18,305
Net market value of Fund assets	(4,871)	(1,011)	(10,298)	(16,180)
Net deficit	1,113	310	702	2,125

b) Contribution recommendations

Recommended contribution rates for the entity are:

	SASS	SANCS	SSS
	multiple of member contributions	% member salary	multiple of member contributions
	1.9	2.5	1.6

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

20 Superannuation (continued)

c) Funding method

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

d) Economic assumptions

The economic assumptions adopted for the last actuarial review of the Fund were:

Weighted-average assumptions

Expected rate of return on Fund assets backing current pension liabilities	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa
Expected salary increase rate	4.0% pa
Expected rate of CPI increase	2.5% pa

Nature of asset/liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation.

The SAS Trustee Corporation through the fund's actuary has determined that unfunded superannuation contributions as at 30 June 2009 for the SASS, the SANCS and the SSS was estimated at \$7.171 million (2008 prepaid superannuation contributions \$2.308 million).

Superannuation position as at 30 June 2008

	SASS 30-Jun-08	SANCS 30-Jun-08	SSS 30-Jun-08	TOTAL 30-Jun-08
Member numbers				
Contributors	21	33	12	
Deferred benefits	-	-	1	
Pensioners	-	-	6	
Pensions fully commuted	-	-	2	
Superannuation position for AASB 119 purposes	\$'000	\$'000	\$'000	\$'000
Accrued liability	6,358	1,359	12,372	20,089
Estimated reserve account balance	(5,417)	(1,136)	(11,228)	(17,781)
	941	223	1,144	2,308
Future Service Liability (Note 1)	(1,419)	(589)	(720)	(2,728)
Surplus in excess of recovery available from schemes	-	-	-	-
Net liability to be recognised in Balance Sheet	941	223	1,144	2,308

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

20 Superannuation (continued)

Note 1:

The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed. Under AASB 119 Employee Benefits, any prepaid superannuation asset recognised cannot exceed the total of any unrecognised past service cost and the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed.

	SASS 30-Jun-09 \$'000	SANCS 30-Jun-09 \$'000	SSS 30-Jun-09 \$'000	Total 30-Jun-09 \$'000
Reconciliation of the present value of the defined benefit obligation				
Present value of partly funded defined benefit obligations at beginning of the year	5,955	1,297	12,216	19,468
Current service cost	200	74	151	425
Interest cost	373	81	774	1,228
Contributions by fund participants	116	-	157	273
Actuarial losses/(gains)	144	61	(231)	(26)
Benefits paid	(430)	(154)	(695)	(1,279)
Present value of partly funded defined benefit obligation at end of the year	6,358	1,359	12,372	20,089
Reconciliation of the fair value of fund				
Fair value of Fund assets at beginning of the year	5,768	1,285	12,445	19,498
Expected return on fund assets	442	103	971	1,516
Actuarial losses	(705)	(185)	(1,909)	(2,799)
Employer contributions	226	87	259	572
Contributions by Fund participants	116	-	157	273
Benefits paid	(430)	(154)	(695)	(1,279)
Fair value of Fund assets at end of the year	5,417	1,136	11,228	17,781
Reconciliation of the assets and liabilities recognised in the Balance Sheet				
Present value of partly funded defined benefit obligations at end of year	6,358	1,359	12,372	20,089
Fair value of fund assets at end of year	(5,417)	(1,136)	(11,228)	(17,781)
Subtotal	941	223	1,144	2,308
Net liability recognised in Balance Sheet at end of year	941	223	1,144	2,308
Components recognised in Income Statement				
Current service cost	200	74	151	425
Interest cost	373	81	774	1,228
Expected return on Fund assets (net of expenses)	(442)	(103)	(971)	(1,516)
Actuarial losses recognised in year	-	-	-	-
Expense/(income) recognised	131	52	(46)	137

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

20 Superannuation (continued)

	SASS	SANCS	SSS	TOTAL
	30-Jun-08	30-Jun-08	30-Jun-08	30-Jun-08
	\$'000	\$'000	\$'000	\$'000
Amounts recognised in the statement of recognised income and expense				
Actuarial losses	849	246	1,679	2,774
Adjustment for limit on net asset	-	-	-	-
Cumulative amount recognised in the statement of recognised income and expense				
Cumulative amount of actuarial losses/(gains)	249	21	(581)	(311)
Cumulative adjustment for limitation on net asset	-	-	-	-

Fund assets

The percentage invested in each asset class at the balance sheet date:

	30-Jun-08
Australian equities	31.6%
Overseas equities	25.4%
Australian fixed interest securities	7.4%
Overseas fixed interest securities	7.5%
Property	11.0%
Cash	6.1%
Other	11.0%

Fair value of Fund assets

All Fund assets are invested by STC at arm's length through independent fund managers.

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual return on Fund assets

	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Actual return on Fund assets	(383)	(82)	(802)	(1,267)

Valuation method and principal actuarial assumptions at the balance sheet date

a) Valuation method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

20 Superannuation (continued)

b) Economic assumptions

	30-Jun-08
Salary increase rate (excluding promotional increases)	3.5% pa
Rate of CPI increase	2.5% pa
Expected rate of return on assets backing current pension liabilities	8.3% pa
Expected rate of return on assets backing other liabilities	7.3% pa
Discount rate	6.55% pa

c) Demographic assumptions

The demographic assumptions at 30 June 2008 were those used in the 2006 triennial actuarial valuation. These are the same assumptions used in the current 2008-2009 reporting year.

	SASS 30-Jun-08 \$'000	SANCS 30-Jun-08 \$'000	SSS 30-Jun-08 \$'000	Total 30-Jun-08 \$'000
Historical information				
Present value of defined benefit obligation	6,358	1,359	12,372	20,089
Fair value of Fund assets	(5,417)	(1,136)	(11,228)	(17,781)
Deficit in Fund	941	223	1,144	2,308
Experience adjustments – Fund liabilities	144	61	(231)	(26)
Experience adjustments – Fund assets	705	185	1,909	2,799
Expected contributions				
Expected employer contributions	220	86	251	557

Funding arrangements for employer contributions

a) Surplus/deficit

The following is a summary of the 30 June 2008 financial position of the Fund calculated in accordance with AAS 25 Financial Reporting by Superannuation Plans:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Accrued benefits	6,349	1,366	11,430	19,145
Net market value of Fund assets	(5,417)	(1,136)	(11,228)	(17,781)
Net deficit	932	230	202	1,364

b) Contribution recommendations

Recommended contribution rates for the entity are:

	SASS	SANCS	SSS
	multiple of member contributions	% member salary	multiple of member contributions
	1.90	2.50	1.60

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

20 Superannuation (continued)

c) Funding method

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

d) Economic assumptions

The economic assumptions adopted for the last actuarial review of the Fund were:

Weighted-average assumptions

Expected rate of return on Fund assets backing current pension liabilities	7.7% pa
Expected rate of return on Fund assets backing other liabilities	7.0% pa
Expected salary increase rate	4.0% pa
Expected rate of CPI increase	2.5% pa

e) Historical experience

The history of experience adjustments is as follows:

SASS	2009	2008	2007	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000
Historical information					
Present value of defined benefit obligation	6,496	6,358	5,955	5,544	3,289
Fair value of Fund assets	(4,871)	(5,417)	(5,768)	(5,038)	(3,139)
Deficit in Fund	1,625	941	187	506	150
Experience adjustments – Fund liabilities	(328)	144	37	39	195
Experience adjustments – Fund assets	1,054	705	(293)	(441)	(138)
SANCS					
	2009	2008	2007	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000
Historical information					
Present value of defined benefit obligation	1,460	1,359	1,297	1,241	1,178
Fair value of Fund assets	(1,011)	(1,136)	(1,285)	(1,099)	(1,152)
Deficit in Fund	449	223	12	142	26
Experience adjustments – Fund liabilities	41	61	(39)	(63)	77
Experience adjustments – Fund assets	201	185	(69)	(83)	(48)
SSS					
	2009	2008	2007	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000
Historical information					
Present value of defined benefit obligation	15,395	12,372	12,216	12,196	10,780
Fair value of Fund assets	(10,298)	(11,228)	(12,445)	(10,808)	(6,066)
Deficit/(surplus) in Fund	5,097	1,144	(229)	1,388	4,714
Experience adjustments – Fund liabilities	2,372	(231)	(664)	(1,397)	1,801
Experience adjustments – Fund assets	1,814	1,909	(768)	(904)	(328)

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000
21 Borrowings		
Current		
Unsecured loans at face value (i)	25,000	60,000
Unamortised premiums	(2)	(4)
Total current borrowings	24,998	59,996
Non-current		
Unsecured loans at face value (i)	87,907	112,907
Unamortised discounts	614	1,026
Total non-current borrowings	88,521	113,933
Repayment of borrowings		
Not later than 1 year	24,998	59,996
Between 1 and 5 years	88,521	113,933
Total borrowings	113,519	173,929

Summary of borrowing arrangements:

- (i) Fixed rate loans with NSW Treasury Corporation (TCorp) with maturity periods not exceeding 3 years (2008: 4 years). The weighted average interest rate is 6.44% p.a. (2008: 6.22% p.a.).
- (ii) Unused facilities available from TCorp's "Come and Go" facilities are \$30 million (2008: \$30 million).

22 Deferred Tax Liabilities

The balance comprises temporary differences attributable to:

Fair value adjustments	1,225	273
Depreciation and amortisation	14	-
Prepayments	1,697	-
	2,936	273
Movements		
Opening balance at 1 July	273	411
Charge to the Income Statement	2,663	(138)
Debited to equity	-	-
Closing balance as at 30 June	2,936	273

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

23 Changes In Equity

	Contributed capital		Asset revaluation reserve		Retained earnings		Total equity	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	275,847	275,847	702	218	83,252	85,987	359,801	362,052
<u>Changes in equity – other than transactions with owners as owners</u>								
Net profit for the year	-	-	-	-	33,213	35,086	33,213	35,086
Superannuation actuarial losses on defined benefit plans	-	-	-	-	(5,154)	(2,774)	(5,154)	(2,774)
Income tax on items taken directly to equity	-	-	-	-	1,546	832	1,546	832
Dividends to NSW Treasury	-	-	-	-	(42,912)	(36,013)	(42,912)	(36,013)
Increment on revaluation of land and buildings	-	-	-	618	-	-	-	618
<u>Transfers within equity</u>								
Asset revaluation reserve transferred to retained earnings on disposal of assets	-	-	(204)	(134)	215	134	11	-
Balance at the end of the financial year	275,847	275,847	498	702	70,160	83,252	346,505	359,801

- Contributed capital comprises capital and contributed assets acquired free of charge.
- The asset revaluation reserve is used to record increments and decrements on the revaluation of physical non-current assets. When a revalued non-current asset is sold, that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained earnings.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$'000	\$'000

24 Cash Flow Statement

- (a) For the purpose of the Cash Flow Statement, cash and cash equivalents includes cash in bank and cash on hand. Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents (see note 9)	117,213	173,065
(b) Reconciliation from the net profit after tax to the net cash flows from operations:		
Net profit for the year	33,213	35,086
Depreciation and amortisation	739	1,112
Loss/ (profit) from sale of property	51	(92)
Bad debts	3	20
Amortisation of loan premiums	(409)	(392)
Unwinding of discount rate income and expense	(2,343)	212
Unrealised loss on assets revaluation	-	226
Change in fair value of investment property	-	250
Change in assets and liabilities		
Increase in provisions	11,136	14,569
Increase/(decrease) in payables	36,138	(8,580)
(Increase)/decrease in receivables	(2,119)	40,191
(Increase)/decrease in inventory and other assets	(35,922)	56,012
Net cash flows from operating activities	40,487	138,614

- (c) Landcom has access to financing facilities at reporting date as indicated in Note 21. Landcom expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

25 Financial Instruments

(This note is to be read in conjunction with Note 1.21)

Landcom's principal financial instruments and risks are outlined below together with its processes for managing risk. These financial instruments arise directly from its operations. It does not enter into or trade in financial instruments including derivative financial instruments for speculative purposes.

The Audit and Risk Management Committee has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by Landcom to set the risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Management Committee on a continuous basis.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

25 Financial Instruments (continued)

Financial instrument categories

Financial assets	Notes	Category	Carrying amount 2009 \$'000	Carrying amount 2008 \$'000
Class				
Cash and cash equivalents	9	N/A	117,213	173,065
Trade and other receivables	10	Loans and receivables (at amortised cost)	41,083	39,214

Financial liabilities				
Class				
Trade and other payables	17	Financial liabilities measured at amortised cost	97,889	66,595
Borrowings	21	Financial liabilities measured at amortised cost	113,519	173,929

Note:

This analysis excludes statutory receivables and payables, prepayments and unearned revenue as these are not within the scope of AASB 7 Financial Instruments: Disclosure.

(a) Credit risk

Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation thereunder. Landcom's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Balance Sheet.

There is no significant concentration of credit risk arising in respect of receivables.

Cash comprises cash on hand and at the bank. Interest is earned on daily bank balances.

All trade debtors are recognised as amounts receivable at balance date and are reviewed regularly for collectibility on an ongoing basis. An allowance for doubtful debts of \$3,000 has been raised against trade debtors. No interest is earned on trade debtors.

The only financial assets that are past due or impaired are in the 'receivables' category of the Balance Sheet.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

25 Financial Instruments (continued)

	Total \$'000	Past due but not impaired \$'000	Considered impaired \$'000
2009			
< 3 months overdue	5,474	5,474	-
3 months – 6 months overdue	196	196	-
> 6 months overdue	464	461	3
2008			
< 3 months overdue	80	80	-
3 months – 6 months overdue	2	2	-
> 6 months overdue	1,048	1,048	-

Note:

This analysis excludes statutory receivables, as these are not within the scope of AASB 7 Financial Instruments: Disclosure.

Landcom has given bank guarantees to various Councils/Government agencies that certain infrastructure works will be carried out including electrical infrastructure works, construction of community centre, etc. The maximum exposure to credit risk of these bank guarantees is \$6.78 million (2008: \$6.95 million).

(b) Liquidity risk

Liquidity risk arises if Landcom is unable to meet its payment obligations when they fall due. During the current and prior years there were no defaults or breaches on any loans payable or borrowings. No asset has been pledged as collateral. Exposure to liquidity risk is deemed insignificant.

The table below summarises the maturity profile of Landcom's financial liabilities and interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

	Interest rate exposure					Maturity dates		
	Weighted average effective int rate	Nominal amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000	< 1 Year \$'000	1 - 5 Years \$'000	> 5 Years \$'000
2009								
Payables	-	98,066	-	-	98,066	65,828	32,238	-
Borrowings	6.44%	127,829	127,829	-	-	32,272	95,557	-
	-	225,895	127,829	-	98,066	98,100	127,795	-
2008								
Payables	-	64,367	-	-	64,367	37,408	26,959	-
Borrowings	6.22%	197,747	197,747	-	-	69,918	127,829	-
	-	262,114	197,747	-	64,367	107,326	154,788	-

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

25 Financial Instruments (continued)

Note:

The nominal amounts disclosed are the contractual undiscounted cash flows of each class of financial liability. Therefore the amounts disclosed will not reconcile to the balance sheet. This analysis also excludes statutory payables, as these are not within the scope of AASB 7 Financial Instruments: Disclosure.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Landcom does not have any investments nor is there any exposure to foreign currency or commodity contracts.

(d) Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. Landcom's exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised at the balance date, is minimal. Landcom's debt portfolio is managed by TCorp, the appointed debt management contractor.

Exposure to interest rate risk arises primarily through Landcom's interest bearing liabilities. This risk is minimized by undertaking mainly fixed rate borrowings with TCorp. Landcom does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale.

The following table provides the sensitivity analysis of interest rate risk affecting financial assets and liabilities on the operating result of Landcom. Landcom's borrowings are fixed interest and are held to maturity and therefore are not affected by interest rate movements. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. Landcom's exposure to interest rate risk is set out below.

	Carrying amount \$'000	Profit - 1% \$'000	Equity - 1% \$'000	Profit + 1% \$'000	Equity + 1% \$'000
2009					
Financial assets					
Cash and cash equivalents	117,213	(1,172)	(1,172)	1,172	1,172
2008					
Financial assets					
Cash and cash equivalents	173,065	(1,731)	(1,731)	1,731	1,731

(e) Net fair value

As stated in Note 1.21, all financial instruments are carried at net fair value, unless stated otherwise. The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

(f) Derivatives

Landcom is exposed to financial market risks and has contracted TCorp to manage its debt portfolio. In the management of debt, Landcom, via TCorp, undertakes derivative transactions.

The nature of the business gives rise to gaps in the maturity of its cash flows and to exposures arising from possible changes in the repricing of financial positions upon their maturity.

Landcom, via TCorp, has identified the risks that arise from such gaps and exposures and has established policies to prudently monitor and limit those risks, via derivative financial instruments.

A derivative financial instrument is a contract or agreement whose value is derived from the value of the underlying instrument, reference rate or index. Derivative financial instruments (including swaps, forward rate agreements, futures, options and forwards) are used to alter and modify the natural risks inherent in the Balance Sheet.

Landcom has interest rate future contracts at a \$4.2 million (2008: \$1.5 million) face value to hedge against unfavourable interest rate movement.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

25 Financial Instruments (continued)

Net exposure

The market value of Landcom's transaction in derivative financial instruments outstanding at 30 June 2009 is as follows:

	2009	2008
	\$'000	\$'000
Fair value of derivative financial instruments		
Amount receivable under derivative financial instrument	10	26

26 Expenditure Commitments

(a) Expenditure commitments

Aggregate expenditure contracted for at balance date but not provided for:

Not later than one year	421	2,297
Total (including GST)	421	2,297

The total expenditure commitments above include input tax credits of \$0.04 million that are expected to be recoverable from the ATO (30 June 2008: \$0.21 million).

(b) Operating lease commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	1,237	1,118
Later than one year but not later than five years	482	1,201
Total (including GST)	1,719	2,319

The total lease expenditure commitments above include input tax credits of \$0.156 million that are expected to be recoverable from the ATO (30 June 2008: \$0.211 million).

27 Contingent Liabilities

At the date of this report there were no significant contingent liabilities incurred in the normal course of business.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

28 Related Party Transactions

i. Specific Directors

The Directors of the current Landcom Board during the financial year were:

William Kirkby-Jones, AM	Chairman	
Sean O'Toole	Managing Director	
Neil Bird AM		
Robyn Clubb		
Gae Raby		
Madeline Dermatossian		
Kim Cull		Appointed 1/7/2008

ii. Specific Executives

Mick Owens	General Manager Development	
Kerry Robinson	General Manager Development	
Greg South	General Manager Corporate and Finance / Corporate Secretary	
Michael Burt	General Manager Development	
Rob Sullivan	General Manager Corporate Marketing	
Stuart McCowan	General Manager Development	
Margaret Ennis	General Manager Finance & IT	Appointed 8/5/2009

iii. Compensation of key management personnel paid during the financial year

2009	Remuneration paid	At risk paid	Other	Superannuation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Directors					
William Kirkby-Jones	95	-	3	6	104
Neil Bird	76	-	-	7	83
Gae Raby	66	-	-	6	72
Robyn Clubb	66	-	-	6	72
Madeline Dermatossian	64	-	-	6	70
Kim Cull	56	-	-	5	61
Executives					
Sean O'Toole	352	40	7	35	434
Mick Owens	220	25	7	21	273
Kerry Robinson	209	23	3	26	261
Stuart McCowan	209	23	3	14	249
Michael Burt	204	23	3	20	250
Greg South	238	25	-	26	289
Margaret Ennis	20	-	-	2	22
Rob Sullivan	205	15	6	14	240
30 June 2009 total compensation	2,080	174	32	194	2,480

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

28 Related Party Transactions (continued)

2008	Remuneration paid	At risk paid	Other	Superannuation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Directors					
William Kirkby-Jones	91	-	3	8	102
Neil Bird	78	-	-	7	85
Gae Raby	64	-	-	6	70
Robyn Clubb	65	-	-	6	71
Madeline Dermatossian	23	-	-	2	25
Executives					
Sean O'Toole	341	30	9	33	413
Mick Owens	204	24	7	20	255
Kerry Robinson	202	21	3	25	251
Stuart McCowan	197	20	2	13	232
Michael Burt	201	20	7	17	245
Greg South	242	25	-	25	292
Michelle Abbey	53	-	-	3	56
Geoff Joyce	71	39	1	38	149
Rob Sullivan	131	-	-	9	140
30 June 2008 total compensation	1,963	179	32	212	2,386

All transactions by Landcom with key management personnel are conducted on an arm's length basis in the normal course of business and on commercial terms and conditions.

There are no outstanding balances relating to any key management personnel.

There have been no guarantees provided or received for any key management personnel.

29 Post Balance Sheet Events

There have been no material post balance sheet events which would require disclosure or adjustments to the 30 June 2009 Financial Statements.

30 Segment Information

In 2009 and 2008 Landcom operated in one business segment, and one geographical segment. Consequently, a segment report for 2009 and 2008 has not been reported.

End of financial statements