SCV GROUP LIMITED AND CONTROLLED ENTITIES

APPENDIX 4E
PRELIMINARY REPORT
30 JUNE 2010

Results for Announcement to the Market – to be read in conjunction with the attached Directors report and Financial Accounts.

Summary Financial Information	**Year ended 30 June 2010 A$000**	**Year ended 30 June 2009 A$000**	**Change**
Revenue from ordinary activities	11,248	18,703	-39.86%
Profit (loss) before tax from continuing operations attributable to members	(547)	(6,469)	+91.54%
Profit (loss) before tax attributable to members	(1,062)	(7,024)	+84.88%
Profit (loss) after tax from continuing operations attributable to members	413	(6,469)	+106.38%
Profit (loss) after tax attributable to members	(102)	(7,024)	+98.55%
Total Assets	9,880	9,499	4.01%
Net Assets	817	126	548.41%

Dividends per ordinary shares		**Amount of dividend**	**Franked Amount**
Interim dividend	Current Year	Nil	Nil
	Previous Year	Nil	Nil
Final dividend	Current Year	Nil	Nil
	Previous Year	Nil	Nil

NTA Backing	**Current Period**	**Previous Period**
Net tangible assets backing per ordinary (net of DTA)	(2.5) cents	(2.9) cents
Net asset backing including intangible assets (net of DTA)	0.4 cents	0.1 cents

Earnings per share	**Current Period**	**Previous Period**
Earnings per ordinary security (EPS)	(0.053) cents	(5.53) cents
Diluted earnings per share	(0.053) cents	(5.53) cents

Compliance Statement

1. This Appendix 4E has been prepared in accordance with AASB Standards, the Corporations Act 2001 and Corporations Regulations 2001; and other standards acceptable to the ASX.
2. This Appendix 4E, and the accounts upon which the Appendix 4E is based (if separate), use the same accounting policies.
3. This Appendix 4E does give a true and fair view of the matters disclosed.
4. This Appendix 4E is based on financial statements which are currently being audited.

SCV Group Limited

Lachlan McIntosh
Chairman

Dated: 31st August 2010
Brisbane

Chairman's Review

On behalf of Directors, I present the Preliminary Final Report of SCV Group Limited (SCV or the Company) for the year ended 30 June 2010.

The Company reported a net loss after tax (NLAT) for FY 2010 of ($101,709) (2009 NLAT: $7.023m). FY 2010 was a year of restructuring. During the year the Company incurred the following significant expenses:

1. Restructuring Related Costs $421,010
2. Discontinued Operations $515,115
3. Acquisition Costs $50,000

These items were offset by a one-off gain of $960,137 relating to a tax credit from 2006, 2007 and 2008 year ends. The credit for the income tax refunded to the Company during the year is, at present, disclosed against Income tax expense in the Statement of Comprehensive Income in the current year. At this stage the Company is uncertain if during the finalisation of the audit the classification of this amount will be changed. A change to the classification of the amount may result in the amount being shown as a prior period adjustment in the financial statements.

During FY 2010, the Company made significant operational improvements versus FY 2008 and 2009. Operating expenses in FY 2010 were significantly reduced and operating cash flows before financing costs were $151,459 versus ($2,143,853) in FY 2009. However, the Company was still negatively impacted by its Village Life Retail Managed Investment Scheme management rights, high restructuring costs and various discontinued management rights and operations. The Company spent the majority of this financial year addressing the Village Life Retail Managed Investment Schemes and the restructure of all other non-performing management rights models to place the Company in a position to operate profitably in FY 2011 and beyond.

Discontinued Operations / Restructuring Costs

The Village Life Retail Managed Investment Scheme management rights encompassed 21 retirement villages within 17 schemes. The structure and commercial terms of each of these management rights and schemes were significantly unprofitable for the Company. Between November 2009 and June 2010, the Company either exited or significantly restructured all 17 schemes and retained 11 of the 21 villages on restructured terms which are profitable on a going-forward basis.

The restructure of the Village Life Retail Managed Investments Scheme management rights was an extremely difficult legal task which was completed on 25 June 2010. As a result, these schemes negatively impacted the performance of the Company throughout the year. There will be no material expenses associated with these schemes in FY 2011 although there will be some cash flow impact in the first quarter FY 2011.

The financial performance and associated exit costs for the 10 villages that were not retained have been accounted for in discontinued operations. The costs to terminate the schemes and restructure the contracts for the 11 villages which were retained have been accounted for in restructuring costs.

The Company's total expense relating to restructuring costs and discontinued operations for the period totalled $936k. Significant further costs were incurred in the restructure of the group which were not specifically identifiable.

Units under Management

At 30 June 2010, the group was the manager of 2,921 units around Australia. The acquisition of Eureka, effective 1 July 2010, increased the number of units under management by 634 to a total of 3,555. The occupancy at 30 June 2009 was 74.9% this has increased to 82.3% as at 30 June 2010. This was a key driver in the improvement of financial performance throughout the year. We will seek to continue this improvement in occupancy and also in the total units under management in FY 2011.

Other Notable Events

Other notable events in relation to the Company during FY 2010 and through to the date of this report include:

- the Company purchased Eureka Care Communities Pty Limited effective as at 1 July 2010. Eureka holds the management rights for 12 profitable wholesale villages. The senior executives of Eureka have taken up senior roles within SCV.
- the Company appointed Eureka CEO Mike Bosel as Company CEO on 1 July 2010. Mike brings a wealth of experience to the Company and will be an integral part of the Company's future success.

Chairman's Review

- Pam Pointon, interim CEO who was appointed 18 August 2009 stepped down on 30 June 2010. Mrs. Pointon was instrumental in the restructuring the Company undertook during FY 2010.
- The Company has completed its suite of documents and operating manuals to enable the franchising of the village manager role in many villages around the country. Accordingly, in FY 2011 the Company expects to franchise a minimum of 5 villages. This figure will be reviewed as the network roll-out proceeds.
- the Company reduced bank debt by $371,000 to $4,429,000. The Company is in the process of realising its remaining assets held for resale to further reduce bank debt.
- The Company gained shareholder approval on 10 August 2010 for a share consolidation whereby every 10 existing ordinary shares in the Company are consolidated into one ordinary share. The Company also gained shareholder approval to restructure its short-term 15% interest subordinated loans into a combination of equity and 2-year 12% interest convertible notes, convertible at 40 cents per share (post consolidation) with quarterly principal reductions
- the resignation of Managing Director Andrea Slingsby effective 20 July 2009
- the appointment of Non-Executive Chairman Lachlan McIntosh effective 20 July 2009

Outlook

The board maintains a positive outlook for the business post this year's restructure and believes that the Company will return to profitability on an annual basis in FY 2011.

The Company enters FY 2011 on a stable footing and aims to achieve solid growth in units under management in 2011 and beyond.

I would like to take this opportunity to extend our thanks to the restructuring and new management team for their continued efforts in a successful restructuring and return to profitability of the business.

Lachlan McIntosh
Chairman

Directors' Report

Directors present their report on SCV Group Limited and controlled entities (SCV) for the year ended 30 June 2010.

1. PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the year were:

- Provision of specialist property asset management services targeting the management of all asset classes of retirement accommodation;
- Providing accommodation and tailored services to a broad market of retiree residents with discretionary and non-discretionary spend characteristics.

2. REVIEW OF OPERATIONS AND RESULTS

The year ended 30 June 2010, was one of significant change for SCV as it embarked upon a substantial organisational restructure and repositioning of its business. These events were reflected in the financial performance of the business with a reported net loss for the consolidated entity after tax of $101,709 (2009 net loss after tax: $7,023,941). A detailed review of the contributing factors is provided below.

During the period, SCV continued its restructure program with the main achievements being:

a) Restructure of Village Life Retail Managed Investment Scheme management rights

The Company restructured the terms of its Village Life Retail Managed Investment Schemes ("MIS") management rights. The Company managed 21 retail villages within 17 MIS's. As part of the restructure, the Company restated the commercial terms of the management rights for 11 of 21 villages and exited the management of the other 10 villages.

The restructure of these significantly unprofitable management rights is a key step in the Company returning to profitability on a going-forward basis.

b) Began the Restructure of under-performing management rights

In the second half of FY 2010, the Company began to restructure its under-performing management rights. The restructure comprises of a shift of village managers from employees of the Company to 'independent contractors' / franchisees. The use of independent contractors / franchisees lowers head office costs and significantly incentivises the contractor / franchisee to maintain peak occupancy and services at the villages in which they operate. The new model creates a more predictable and transparent revenue stream for the Company.

c) Operational / Administrative Improvements

The Company has devoted significant resources to improving operational performance and systems while concurrently streamlining administrative overheads. In particular SCV has:

- Implemented a rigorous Village Manager (independent contractor / franchisee) recruitment process to reduce turnover and improve the level of service provided.
- Improved focus on the quality of food and services in the village as a market tool for increased occupancy.
- The aggregate improvements through the year saw an increase in occupancy to 82.3% on 30 June 2010 from 74.9% a year earlier. Occupancy and take-up of services were the key drivers in the improvement of financial performance throughout the year. We will seek to continue this improvement in FY 2011.

3. DIVIDENDS

No dividends have been paid during the year (2009: $nil). No dividends for FY 2010 have been recommended at the date of this report.

4. CAPITAL STRUCTURE

The number of ordinary shares on issue at 30 June 2010 was 239,611,742.

5. SHARE OPTIONS

As at 30 June 2010 there were 9,550,000 unlisted options registered to Andrea Slingsby (7,500,000), Shane Fraser (1,400,000) and Loretta Byers (650,000). Of these options, 8,900,000 were cancelled on 26 August 2010. The remaining 650,000 options have a strike price on a post-consolidated basis of between $1.15 and $1.30 and an expiry date of 14 July 2011. No further options were issued during the period.

Directors' Report

6. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

As outlined above, the Company undertook a substantial restructure in order to turnaround the business which it expects to be fully completed by the end of the first quarter FY 2011.

The Company expects that its earnings and operational cash flow will become and remain positive in FY 2011 as the benefits of the restructuring unfold. The operating cash flows are expected to lag earnings as the final restructuring costs of FY 2010 are paid for during the first quarter in FY 2011.

7. SUBSEQUENT EVENTS

- The Company purchased Eureka Care Communities Pty Limited effective 1 July 2010. Eureka holds the management rights for 12 profitable wholesale villages. The senior executives of Eureka have taken up senior roles within SCV.

- The Company held an EGM on 10 August 2010 to among other things, raise capital through a sophisticated investor placement and convertible notes to be used for working capital and to repay subordinated loans. Shareholders in the Company also voted in favour of the Company's name change to Eureka Group Holdings which is set to occur in September 2010.

- Other than as disclosed in this report no other matter or circumstance has arisen since the end of the financial year that has significantly affected, or may significantly affect, the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs, in subsequent financial years.

8. AUDIT STATUS

During the 2010 year the Company submitted amended income tax returns for the 2006, 2007 and 2008 financial years. These returns were amended to change the way the IP contracts were treated for income tax purposes in those years. The credit for the income tax refunded to the Company during the year is, at present, disclosed against Income Tax expense in the Consolidated Statement of Comprehensive Income in the current year.

At this stage the Company is uncertain if during the finalisation of the audit the classification of this amount will be changed. A change to the classification of the amount may result in the amount being shown as a prior period adjustment in the financial statements.

If the tax credit is moved to prior year adjustment, whilst there will be a change to the 2010 profit result, there will be no change to the statement of financial position of the Company nor will it effect its financial position in any way.

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Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2010

		Consolidated	
	Note	30 June 2010 $	Restated 30 June 2009 $
Total Revenue	1	**11,247,998**	**18,702,665**
Expenses			
Cost of Goods Sold		1,715,959	6,166,379
Writedown - WIP		-	45,875
Writedown - IP Debtors		-	(47,101)
Writedown - Property Plant & Equipment		-	380,185
Impairment - Management Rights		-	2,405,822
Impairment - Assets Held for Sale		-	-
Impairment - Trade Receivables		59,799	118,047
Provision for ING Lease Payout		-	-
Employee Expenses		1,726,930	3,350,098
Finance costs		678,037	666,014
Community Operating Expenses		4,912,142	7,163,846
Marketing Expenses		187,111	341,969
Consultancy Expenses		790,947	1,199,876
Depreciation & Amortisation expenses	2	113,028	276,838
Lease expenses		592,005	1,354,112
Amortisation of Borrowing Costs		(239,568)	239,568
Other Expenses		1,258,339	1,510,414
Total Expenses		**11,794,729**	**25,171,942**
Loss before income tax expense		**(546,731)**	**(6,469,277)**
Income Tax (Credit) Expense	3	(960,137)	-
Gain(Loss) from continuing operations		**413,406**	**(6,469,277)**
Loss from discontinued operations after income tax	22	(515,115)	(554,664)
Loss for the period		**(101,709)**	**(7,023,941)**
Other comprehensive income		-	-
Total Comprehensive Income for the period		**(101,709)**	**(7,023,941)**
Basic Earnings per share (cents)	18	(0.053)	(5.53)
Diluted Earnings per share (cents)	18	(0.053)	(5.53)

The consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2010

		Consolidated	
	Note	30 June 2010 $	Restated 30 June 2009 $
Current Assets			
Cash and Cash Equivalents		342,694	428,440
Trade and Other Receivables	4	414,089	433,593
Inventories	5	55,415	76,383
Assets Held for Sale	6	2,935,787	3,829,497
Financial Asset	7	14,198	-
Other	8	106,378	76,839
Total Current Assets		**3,868,561**	**4,844,752**
Non Current Assets			
Property, plant and equipment	10	424,867	907,055
Intangible Assets	11	5,586,279	3,747,158
Total Non Current Assets		**6,011,146**	**4,654,213**
Total Assets		**9,879,707**	**9,498,965**
Current Liabilities			
Trade and Other Payables	12	2,759,995	2,908,283
Financial liabilities	15	6,045,922	6,200,125
Provisions	13	229,683	188,259
Total Current Liabilities		**9,035,600**	**9,296,667**
Non Current Liabilities			
Provisions	13	27,156	76,770
Total Non Current Liabilities		**27,156**	**76,770**
Total Liabilities		**9,062,756**	**9,373,437**
Net Assets		**816,951**	**125,528**
Equity			
Share Capital	16	40,494,564	39,701,432
Accumulated losses		(39,677,613)	(39,575,904)
Total Equity		**816,951**	**125,528**

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2010

		Consolidated	
	Note	30 June 2010 $	30 June 2009 $
Cash Flows from Operating Activities			
Receipts From customers		13,578,823	17,133,756
Payments to suppliers & employees		(13,432,489)	(19,294,883)
Interest Received		5,125	17,274
Finance Costs		(532,119)	(666,014)
Net Cashflow provided by/(used in) operating activities	**17(b)**	**(380,660)**	**(2,809,867)**
Cash Flows from Investing Activities			
Payments for acquisition of Village Care		-	(866,923)
Payments for business acquisitions		-	(46,387)
Payments for property, plant and equipment		(75,395)	(27,738)
Payments for acquisition of Griffith Financial Investment		(14,198)	-
Proceeds from sale of management rights and managers unit		428,989	2,542,490
Payments associated with sale of property plant & equip		-	(116,338)
Payments for intangible assets		(435,716)	-
Proceeds from sale of plant and equipment		-	11,136
Payment for early lease termination		-	(1,650,000)
Net cash flow used in investing activities		**(96,320)**	**(153,760)**
Cash Flows from Financing Activities			
Proceeds/(repayments) from borrowings		(384,000)	(764,745)
Repayment of convertible notes		-	(2,790,000)
Proceeds from share issues		815,000	3,740,000
Payments for share issue costs		(39,767)	(63,837)
Net cash flow from financing activities		**391,233**	**121,418**
Net increase/ (decrease) in cash and cash equivalents		(85,746)	(2,842,209)
Cash and Equivalents at Beginning of financial year		428,440	3,270,649
Cash and Equivalents at end of financial year	**17(a)**	**342,694**	**428,440**

The consolidated statement of cash flows are to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2010

		Consolidated		
	Note	Share Capital	Retained Earnings/(Accumulated Losses)	Total
		$	$	$
2010				
Balance at 1 July 2009		39,701,432	(39,575,904)	125,528
Total comprehensive income		-	(101,709)	(101,709)
Transaction with owners in their capacity as owners:				
Debt Converted to Equity		20,000	-	20,000
Shares issued during the year		1,163,200	-	1,163,200
Option reserve		(320,301)	-	(320,301)
Capital raising costs		(69,767)	-	(69,767)
Balance at 30 June 2010		40,494,564	(39,677,613)	816,951
2009				
Balance at 1 July 2008		35,704,968	(32,551,963)	3,153,005
Total comprehensive income		-	(7,023,941)	(7,023,941)
- Transaction with owners in their capacity as owners:				
Shares issued during the year		3,740,000	-	3,740,000
Option reserve		320,301	-	320,301
Capital raising costs		(63,837)	-	(63,837)
Balance at 30 June 2009		39,701,432	(39,575,904)	125,528

The above consolidated statement of changes in equity is to be read in conjunction with the attached notes.

Notes to the Financial Statements

For personal use only

	Consolidated	
Note 1: Revenue	**30 June 2010 $**	**30 June 2009 $**
Operating Revenue		
Sale of goods (units in Seniors communities)	57,944	-
Sale of Intellectual Property	-	-
Catering	2,043,216	2,193,984
Other operating revenue	330,954	206,006
Total Operating Revenue	**2,432,114**	**2,399,990**
Rendering Services		
Rent	4,268,343	4,441,805
Management	4,246,668	9,301,105
Total Service Revenue	**8,515,011**	**13,742,910**
Non Operating revenue		
Interest revenue	5,126	17,274
Reversal Impairment of Management Rights	215,430	-
Sale of management rights and managers unit	80,317	2,542,491
Total Non Operating Revenue	**300,873**	**2,559,765**
Total Revenue	**11,247,998**	**18,702,665**

* The Company has reversed the previous years impairment of management rights due to the Company retaining the rights of these villages on new and substantially better agreements.

	Consolidated	
Note 2: Items included in profit/(loss)	**30 June 2010 $**	**30 June 2009 $**
Profit from ordinary activities before income tax		
expense includes the following specific items:		
Payments under operating leases	**522,240**	**1,354,112**
Interest Expense		
- Director related entities	12,751	125,858
- other	408,891	345,364
Total Interest Expense	**421,642**	**471,222**
Amortisation		
- management rights	42,570	113,647
- leasehold improvements	-	-
- other intangibles	-	2,851
Total Amortisation	**42,570**	**116,498**
Depreciation		
- plant & equipment	55,458	132,519
- manager units	15,000	15,402
- Leasehold	-	12,419
Total Depreciation	**70,458**	**160,340**
Gain on sale of managers units	**12,508**	**741,889**
Gain on disposal of Equipment	**-**	**(28,814)**

Notes to the Financial Statements

	Consolidated	
Note 3: Income Tax	**30 June 2010 $**	**30 June 2009 $**
The components of tax expense comprise		
Current Tax		-
Deferred tax expense not previously brought to account		-
Deferred tax expense on temporary differences current year		-
Derecognition of deferred tax balances		-
Under/(over) provision for tax *	(960,137)	-
	(960,137)	**-**
Loss from ordinary Activities before income tax expense	(546,731)	(6,469,277)
Income Tax calculated at 30%	(164,019)	(1,940,783)
Tax effect on permanent differences		
- Entertainment	-	876
- Options Expense	-	-
- Amortisation of intangibles	12,771	34,950
Under provision for income tax in prior year	-	-
Deferred tax asset not previously brought to account	-	-
Tax losses not recognised	151,248	1,904,957
Derecognition of deferred tax balances		-
Income Tax Expense	**-**	**-**
Deferred tax assets	-	-
Accrued expenses	-	-
Revenue Received in advance	-	-
Provision for employee entitlements	-	-
Capital raising cost	-	-
Other provisions	-	-
Takeover expenses	-	-
Tax losses	-	-
Deferred tax asset	**-**	**-**
Deferred tax liabilities		
Leasehold improvements	-	-
Plant and equipment	-	-
Borrowing costs capitalised	-	-
Deferred tax liability	**-**	**-**
Tax Losses		
Unused tax losses for which no deferred tax asset has been recognised	33,845,444	35,146,500
Potential tax benefit at 30%	**10,153,633**	**10,543,950**

* From 2006 to 2008 the Company recorded revenue from Intellectual Property ("IP") sales. Due to the IP sales the Company paid $960,137 in income tax expenses during this time. A substantial review of these transactions has proved the Company overpaid income tax by $960,137. The Company has re-lodged these tax returns in order to claim a refund on the previous overpayment.

Notes to the Financial Statements

Note 4: Receivables	Consolidated 30 June 2010 $	Consolidated 30 June 2009 $
Current		
Trade & other debtors	920,870	849,685
Amounts owing by controlled entities	-	-
Provision for doubtful debts	(506,781)	(416,092)
Provision for IP Debtors		-
Total Current	**414,089**	**433,593**
Non Current	**-**	
Trade & other debtors	-	-
Total Non Current	**-**	**-**
Total Receivables	**414,089**	**433,593**

Note 5: Inventories	Consolidated 30 June 2010 $	Consolidated 30 June 2009 $
Current		
Catering Inventory	55,415	76,383
Properties available for resale	-	-
Total Inventory	**55,415**	**76,383**

Note 6: Assets Held for Sale	Consolidated 30 June 2010 $	Consolidated 30 June 2009 $
Current		
Managers Units	2,414,149	1,872,092
Management Rights	460,846	1,793,176
Property, plant and equipment	60,792	164,229
Total Assets Held for Sale	**2,935,787**	**3,829,497**

The Directors have considered the capital adequacy requirements of SCV, including cash flows pertaining to operations and capital transactions. The Directors will continue in an orderly manner to divest the non-core assets which includes real estate and low contribution management rights. This is anticipated to reduce existing debt levels over the next 6 - 12 months. SCV Group Ltd is the entity owner of the managers units and the Property Plant & equipment. The management rights are split between SCV Group Ltd and SCV Manager Pty Ltd.

Assets held for sale will be disposed of through traditional real estate markets. The above assets relate to the strata segment of the business

Note 7: Financial Asset	Consolidated 30 June 2010 $	Consolidated 30 June 2009 $
Griffith Village short term loan	4,198	-
Griffith Village Investment	10,000	-
Total Financial Asset	14,198	-

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

Note 8: Other Current Assets	Consolidated 30 June 2010 $	Consolidated 30 June 2009 $
Prepayments	106,378	76,839
Total Other Current Assets	106,378	76,839

Note 9: Investment in Subsidiaries

Name of Entity	Country of Formation or Incorporation	Equity Holding 30 June 2010 %	Equity Holding 30 June 2009 %	Cost of Parent Entity's Investment 30 June 2010 $	Cost of Parent Entity's Investment 30 June 2009 $
SunnyCove Forest Lake Pty Limited	Australia	100	100	-	-
SCV Group Limited atf SunnyCove Cairns Unit Trust (acquired 18 December 2003)	Australia	100	100	10	10
SCV Group Limited atf SunnyCove Townsville Unit Trust (acquired 21 April 2004)	Australia	100	100	10	10
SCV Group Limited atf SunnyCove Mackay Unit Trust (acquired 23 August 2004)	Australia	100	100	100	100
SCV No. 1 Pty Ltd	Australia	100	100	1	1
SCV No. 2 Pty Ltd	Australia	100	100	1	1
SCV No. 3 Pty Ltd	Australia	100	100	1	1
SCV Group Limited atf SunnyCove Kelvin Grove Unit Trust (acquired 22 November 2004)	Australia	100	100	100	100
Compton's Villages Australia Unit Trust (acquired 16 February 2006)	Australia	100	100	1	1
Compton's Caboolture Pty Ltd (acquired 16 February 2006)	Australia	100	100	3,122,643	3,122,643
Village Care Pty Ltd (acquired 30 June 2008)	Australia	100	100	1	1
Village Life Management Limited (acquired 24th October 2008)	Australia	100	100	106,387	106,387
				3,229,255	3,229,255

Note 10: Property Plant & Equipment	Consolidated 30 June 2010 $	Consolidated 30 June 2009 $
Managers Units at Cost	-	600,000
Accumulated Depreciation	-	(50,466)
	-	**549,534**
Leasehold Improvements at Cost	-	12,419
Accumulated Amortisation	-	(12,419)
	-	**-**
Plant & Equipment at Cost	533,886	485,083
Accumulated Depreciation P&E	(109,019)	(127,561)
	424,867	**357,522**
Total Property, Plant & Equipment	**424,867**	**907,055**

Notes to the Financial Statements

Note 10: Property, Plant & Equipment (cont.)

Movements during the year ending 30 June 2010

	Manager's Units	Plant & Equipment	Leasehold Improvements	Total
Consolidated				
Opening Written Down Value	549,534	357,521	-	907,055
Additions at cost	-	75,395	-	75,395
Additions through business acquisition	-	-	-	-
Disposals	-	(28,795)	-	(28,795)
Transfer to/from Assets Held for Sale	(534,534)	76,204	-	(458,330)
Writedowns	-	-	-	-
Depreciation/Amortisation Expense	(15,000)	(55,458)	-	(70,458)
Closing Written Down Value	-	424,867	-	424,867

Movements during the year ending 30 June 2009

	Manager's Units	Plant & Equipment	Leasehold Improvements	Total
Consolidated				
Opening Written Down Value	737,001	875,124	19,206	1,612,125
Additions at cost	-	-	-	-
Additions through business acquisition	-	27,738	-	27,738
Disposals	-	(39,950)	-	(39,950)
Transfer to Assets Held for Sale	(172,065)	(7,595)	-	(179,660)
Writedowns	-	(365,277)	(6,787)	(365,277)
Depreciation/Amortisation Expense	(15,402)	(132,519)	(12,419)	(147,921)
Closing Written Down Value	549,534	357,521	-	907,055

	Consolidated	
Note 11: Intangible Assets	**30 June 2010 $**	**30 June 2009 $**
Intellectual property - at cost	1	1
Management rights - at cost	3,823,600	4,350,809
Impairment of Management Rights	-	(2,405,822)
Less Accumulated Amortisation	(194,281)	(154,963)
	3,629,320	**1,790,025**
Plans & trademarks - at cost	27,827	27,827
Less Accumulated Amortisation	(26,383)	(26,210)
	1,444	**1,617**
Goodwill	1,955,515	1,955,515
Total Intangible Assets	**5,586,279**	**3,747,158**

*The value of the intangibles was determined based on the standard retirement village calculation using net operating income and applying an appropriate multiplier of net operating income. The Company used multipliers of net operating income between 2.8 – 4.0 times. This valuation has been confirmed by a discounted cash flow model.

Notes to the Financial Statements

Movements during the year ending 30 June 2010

Consolidated	Intellectual Property	Management Rights	Plans & Trademarks	Goodwill	Total
Opening Written Down Value	1	1,790,025	1,617	1,955,515	3,747,158
Additions/Sales at cost	-	(93,859)	-	-	(93,859)
Franchise Asset	-	644,558	-	-	644,558
Reverse Impairment of Management Rights	-	215,430	-	-	215,430
Transfer from Assets Held for Sale	-	1,115,562	-	-	1,115,562
Depreciation/Amortisation Expense	-	(42,397)	(173)	-	(42,570)
Closing Written Down Value	**1**	**3,629,319**	**1,444**	**1,955,515**	**5,586,279**

Movements during the year ending 30 June 2009

Consolidated	Intellectual Property	Management Rights	Plans & Trademarks	Goodwill	Total
Opening Written Down Value	1	4,797,572	4,468	1,792,205	6,594,246
Additions/Sales at cost	-	6,883	-	-	6,883
Additions through business acquisition	-	-	-	163,310	163,310
Impairment of Management Rights	-	(2,405,822)	-	-	(2,405,822)
Transfer to Assets Held for Sale	-	(494,961)	-	-	(494,961)
Depreciation/Amortisation Expense	-	(113,647)	(2,851)	-	(113,647)
Closing Written Down Value	**1**	**1,790,025**	**1,617**	**1,955,515**	**3,747,158**

	Consolidated	
Note 12: Trade & Other Payables	**30 June 2010 $**	**30 June 2009 $**
Trade creditors and accruals	2,759,995	2,908,283
Deferred Consideration	-	-
Break fee payable to ING (1)	-	-
Payables to controlled entities	-	-
Total Trade & Other Payables	**2,759,995**	**2,908,283**
Included in the above are aggregate amounts payable to Director related entities.	184,959	154,810

	Consolidated	
Note 13: Provisions	**30 June 2010 $**	**30 June 2009 $**
Current		
Annual Leave Entitlements	229,683	188,259
Non-Current		
Long Service Leave Entitlements	27,156	76,770
Total Provisions	**256,839**	**265,029**

Note 14: Dividends

No dividends were paid or proposed during FY 2010 (FY 2009 – nil).

The balance of the franking account at 30 June 2010 was $nil (FY 2009 – $781,155).

Notes to the Financial Statements

Note 15: Financial Liabilities	Consolidated 30 June 2010 $	Consolidated 30 June 2009 $
Current Liabilities		
Commercial bills - secured	4,429,000	4,800,000
Commercial advances - secured	-	-
Shareholder Loans	1,616,922	1,606,716
- Less Unamortised Borrowing Costs	-	(206,591)
Irredeemable converting notes	-	-
Convertible note	-	-
Equipment finance	-	-
Total Current Financial Liabilities	**6,045,922**	**6,200,125**
Non-Current Liabilities		
Commercial bills - secured	-	-
Commercial advances - secured	-	-
Irredeemable converting notes	-	-
Convertible note	-	-
Equipment finance	-	-
Total Non-current Financial Liabilities	**-**	**-**
Total Financial Liabilities	**6,045,922**	**6,200,125**

Note 16: Share Capital	30 June 2010 Number	30 June 2009 Number	30 June 2010 $	30 June 2009 $
Fully paid Ordinary shares (number of shares)	239,611,742	141,011,744	40,494,564	39,701,432
Opening Balance	141,011,744	94,914,774	39,701,432	35,704,968
Shares issued during the year:				
Shares issued for conversion of convertible notes at $1.10 cash consideration	-	263,636	-	290,000
Shares issued for conversion of converting notes at $0.10 cash consideration	-	25,000,000	-	2,500,000
Shares issued for purchase of Village Care at $0.10 cash consideration	-	7,500,000	-	750,000
Shares issued to 22 Capital at $0.015 cash consideration	-	13,333,334	-	200,000
Share option reserve	-	-	(320,301)	320,301
Shares issued at $ 0.012	37,083,332	-	445,000	-
Shares issued at $ 0.012	6,250,000	-	75,000	-
Shares issued at $ 0.012	29,016,666	-	348,200	-
Shares issued at $ 0.012	6,250,000	-	75,000	-
Shares issued at $ 0.012	20,000000	-	240,000	-
Less: Share issue costs	-	-	(69,767)	(63,837)
Shares on issue at end of year	**239,611,742**	**141,011,744**	**40,494,564**	**39,701,432**

Notes to the Financial Statements

Note 17: Cash Flow Information	Consolidated 30 June 2010 $	30 June 2009 $
(a) Reconciliation of cash		
Cash at Bank and on hand	342,694	428,440
(b) Reconciliation of profit/(loss) for the period to net cash flow from operating activities		
Profit/(loss) for the period	(101,709)	(7,023,941)
Depreciation and amortisation	138,058	276,838
Impairment - Management rights	-	2,689,086
Reclassification of PPE	1,444	
Impairment/revaluation of PPE	-	247,534
Reversal Impairment	(215,430)	118,047
Borrowing costs amortised	(239,568)	239,568
Movement in provision in Doubtful Debts	90,690	-
Interest accrual on Loans	145,918	-
(Gain)/Loss on sale of plant and equipment	-	28,814
Movement in tax balances	-	-
Gain on sale of Managers unit	(12,508)	(741,889)
Gain on sale of Management rights	(80,317)	-
(Increase)/decrease in:		
- trade and other receivables	(71,910)	353,172
- inventories	20,968	183,785
- other current assets	(29,538)	195,334
Increase/(decrease) in:		
- payables	(18,568)	(6,384)
- provisions other	-	755,615
- provision for employee benefits	(8,190)	(125,446)
Net cash flow from operating activities	(380,660)	(2,809,867)
(c) Businesses Acquired		
Aggregate purchase consideration:		
Cash and cash equivalents	-	99,110
Trade and other payables	-	-
Legal Fees	-	7,277
Total Aggregate Purchase Consideration	-	106,387
Aggregate fair value of assets and liabilities acquired:		
Cash	-	60,000
Other assets	-	-
Provision for employee entitlements	-	-
Plant and equipment	-	-
Total Aggregate Fair Value of Assets and Liabilities Acquired	-	60,000
Goodwill on acquisition	-	46,387
Outflow of cash	-	46,387

Notes to the Financial Statements

	Consolidated	
Note 18: Earnings Per Share	**30 June 2010 $**	**30 June 2009 $**
Net profit/(loss) used in calculating basic earnings per share	(101,709)	(7,023,941)
Net Profit / (loss) used in calculating diluted earnings per share	(101,709)	(7,023,941)
Weighted Average number of ordinary shares used in Calculating basic earnings per share	190,859,414	126,982,271
Dilutive potential ordinary shares	-	-
Weighted average number of ordinary shares & potential ordinary shares used in calculating diluted earnings per share	190,859,414	126,982,271
Potential ordinary shares that are not dilutive and not used in the calculation of diluted earnings per share	-	13,080,000
Basic earnings per share (cents per share)	(0.053) Cents	(5.53) Cents
Diluted earnings per share (cents per share)	**(0.053)Cents**	**(5.53) Cents**

Note 19: Prior Year Error

In the 30 June 2009 financial statements there were three areas of the accounts that were incorrectly presented:

- Property Plant & Equipment which was returned to the lessor of the previous head office in Pikki Street, Maroochydore had not been adjusted for in the fixed asset register. This had the effect of overstating the non-current assets by $132k and understating the loss for the year by the same amount.
- There was also an adjustment of $46k for annual leave accrual as certain previous village managers were entitled to six weeks annual leave.
- $116k of general invoices relating to the 30/6/2009 year end were not accrued for, these invoices were not included in the financial statements as they were received after the period was closed off.

The above adjustments to prior year effected the earnings per share by (0.02) cents, from (5.33) cents to (5.53) cents. The financial statements have been corrected by restating each of the affected financial statement line items for the prior year as described above.

Notes to the Financial Statements

Note 20: Parent Entity Disclosures

Information relating to SCV Group Limited (parent entity),

	Consolidated	
	30 June 2010 **$**	**30 June 2009** **$**
Results of the parent entity		
Loss for the period	(1,089,577)	(5,686,082)
Other comprehensive income	-	-
Total comprehensive income for the period	(1,089,577)	(5,682,082)
Financial position of parent entity at year end		
Current assets	6,270,015	7,102,200
Total assets	11,318,449	10,664,654
Current liabilities	12,281,986	11,092,304
Total liabilities	12,281,986	11,092,304
Total equity of the parent entity comprising of:		
Share capital	40,494,563	39,701,432
Revaluation reserve	-	-
Retained earnings	(41,458,101)	(40,129,082)
Total equity	(963,537)	(427,650)

Notes to the Financial Statements

Note 21: Segment Information

The consolidated entity operates within three business segments all of which involve the management of Seniors' Communities. The consolidated entity operates only in Australia and is divided into the portfolios of various types of management agreements, as follows:

- Strata / Leasehold – individual investors where income is derived from letting fees, caretaking fees & catering services.
- Retail / Wholesale – the wholesale segment derives management fees based on occupancy rates, whereas the retail segment operates under a managed investment scheme. Please note the Retail segment has now been re-classified as Discontinued Operations due to the breakdown of the Managed Investment Schemes.
- Village Care Ltd – the Village care model works under the Deferred Management Fee (DMF) structure
- Management Lease – typically lease type arrangements whereby SCV Group derives a management fee based on revenue / profitability of the portfolio. The agreements are typically with larger operators (YVE) and individual owners.

	Strata / Leasehold		Retail / Wholesale		Management Lease		Village Care		Discontinued Operations		Total	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
Revenue												
External	3,241,123	6,038,533	726,297	5,855,261	5,510,942	4,976,241	1,384,667	1,144,502	2,727,167	670,404	13,590,195	18,684,941
Total	3,241,123	6,038,533	726,297	5,855,261	5,510,942	4,976,241	1,384,667	1,144,502	2,727,167	670,404	13,590,195	18,684,941
Unallocated revenue:											379,843	-
- interest											5,126	17,724
- inventory sales											-	-
- IP sales											-	-
Total Revenue											**13,975,164**	**18,702,665**
Segment Result												
Profit(Loss)	436,766	866,230	28,655	(1,375,389)	262,653	155,366	(76,628)	(406,344)	(515,115)	(554,664)	136,330	(1,314,802)
Unallocated corporate items											438,770	(5,043,125)
- Interest expense											(678,035)	(666,014)
Profit from ordinary activities before income tax											(101,709)	(7,023,941)
- Discontinued operations											-	-
Income tax (expense)/benefit											-	-
Net Profit/(Loss)											**(101,709)**	**(7,023,941)**
Assets												
Segment assets	4,095,779	3,829,497	117,278	337,934	-	-	2,134,323	2,233,939	-		6,347,381	6,401,369
Unallocated corporate assets											3,532,326	3,097,596
Total Assets											**9,879,707**	**9,498,965**
Liabilities												
Segment Liabilities	-	-	-	-	-	-	2,742,644	2,680,214	-		2,742,644	2,680,214
Unallocated corporate liabilities											6,320,112	6,693,223
Total Liabilities											**9,062,756**	**9,373,437**
Other information												
ING Lease payout	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Amortisation	-	-	6,523	50,926	-	5,019	-	-	-	-	6,523	55,944
Impairment - Debtors	(482,231)	391,541	-	-	-	-	-	-	-	-	(482,231)	391,541
Impairment - Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Impairment - Intangibles	-	325,753	-	1,910,728	209,479	209,479	-	-	-	-	209,479	2,445,960
Fixed Assets Additions	-	-	-	-	-	-	-	-	-	-	-	-

Notes to the Financial Statements

	Consolidated	
Note 22: Discontinued Operations	**30 June 2010 $**	**30 June 2009 $**
Results of discontinued operation		
Revenue	2,727,167	670,404
Expenses	(3,242,282)	(1,225,068)
Results from operating activities	(515,115)	(554,664)
Income tax expense	-	-
Results from operating activities, net of income tax	(515,115)	(554,664)
Profit (loss) for the period	**(515,115)**	**(554,664)**
Basic earnings (loss) per share (cents)	(0.22)	(0.39)
Diluted earnings (loss) per share (cents)	(0.22)	(0.39)
Cash flows from discontinued operation		
Net cash from operating activities	(525,825)	(278,553)
Net cash from investing activities	-	(1,650,000)
Net cash from financing activities	-	-
Net cash from (used in) discontinued operation	**(525,825)**	**(1,928,553)**
Effect of disposal on the financial position of the Group		
Property, plant and equipment	-	(247,534)
Exploration and development	-	-
Trade and other receivables	-	-
Cash and cash equivalents	-	-
Borrowings	-	-
Net identifiable assets and liabilities	**-**	**(247,534)**

Notes to the Financial Statements

Note 23: GOING CONCERN

The financial report has been prepared on a going concern basis. This basis presumes that funds will be available to finance future operations and that the realisation of assets and liabilities will occur in the normal course of business.

The Company incurred a net loss of $101k for the year ended 30 June 2010. In addition:

- the Company's current liabilities exceeded its current assets by $5.17m.
- the Company is forecasting an operational cash flow surplus of $1.6m for the 12 months (September 2010 to August 2011.
- the Company on the face of it has a working capital deficiency of $3.55m for the next twelve months.

These conditions give rise to a material uncertainty that may cast significant doubt as to whether the Company can continue as a going concern.

The following steps have been taken to address the going concern uncertainty:

- On 10 August 2010, the shareholders of the Company voted in favour of a restructure of the Company's subordinated loans of $1,554,854 through the issuance of shares in the amount of $578,262 and convertible notes of which $109,826 is expected to convert into equity, $433,383 is due in the next 12 months and $433,383 is due between 13 and 24 months. Accordingly, a total of $1,121,471 in current liabilities has been restructured into equity and non-current liabilities.
- the Company has renewed its new share issuance cap at the 10 August 2010 EGM and therefore has the capacity to raise further capital in financial year 2011 (per listing rule 7.1).
- On 10 August 2010, share-based payments were approved by shareholders to Andrew Kemp, Pamela Pointon and an entity associated with Mr. McIntosh. This resulted in a reduction in current liabilities of $429k.
- the Company is in final discussions with the NAB to extend the current $4.429m debt from September 2010 to September 2011, thereby reducing the working capital deficiency by $4.429m.
- the Company expects to realise all of its assets held for resale prior to end of June 2011.

The Directors are confident of ongoing support from the existing shareholders and NAB.

The above actions would change the $3.55m working capital deficiency into a positive working capital position.

As a result the Directors believe that the going concern basis of preparation is appropriate, and accordingly have prepared the financial report on this basis.

The going concern basis presumes that funds will be available to finance future operations and that the realisation of assets and liabilities will occur in the normal course of business.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements

Corporate Directory

FOR THE YEAR ENDED 30 JUNE 2010

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Lachlan McIntosh (Non - Executive Chairman)
Andrew Kemp
Paul Fulloon

Company Secretary
James Fay

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Listing Details
ASX Limited Brisbane
Code: Shares - SCV
Code: Options - SCVO