finbar

developing better lifestyles

21st Annual Report

05

For the year ended 30th June 2005

Corporate Directory

Directors

Paul Rengel (Chairman)
John Chan (Managing Director)
Loh Kee Kong
John Cheak
Richard Rimington

Company Secretary

Darren Pateman

Registered Office

Level 3
15 Labouchere Road
SOUTH PERTH WA 6151

Telephone: +61 8 9474 4460
Facsimile: +61 8 9474 4458
Email: info@finbar.com.au

Postal Address

GPO Box 113
SOUTH PERTH WA 6951

Share Registry

Computershare Investor Services Pty Ltd
Level 2, Reserve bank Building
45 St Georges Terrace
PERTH WA 6000

Telephone: +61 8 9323 2000

Auditors

KPMG
132-158 St Georges Terrace
PERTH WA 6000

Solicitors

Chalmers & Partners
Level 6
524 Hay Street
PERTH WA 6000

Stock Exchange Listing

Australian Stock Exchange Limited (Perth)
ASX Code: FRI

Website

www.finbar.com.au

Chairman's Report

On behalf of your Board of Directors I am pleased to present to you the 21st Annual Report of your company. The fiscal year to 30 June 2005 has been a year of significant achievements for Finbar International Limited.

The company has enjoyed continuing demand in its market segment for medium to high density high quality accommodation located at short distances to the centre of Perth. The Directors are confident that the continuing strength of the Western Australian economy and anticipated population growth into the medium term will provide an environment of continuing demand within the company's market sector.

The financial results for the fiscal year are quite outstanding with a 47% increase in net profit from just under $4,500,000 to almost $6,600,000 in a continuing trend of improving profits. A cash benefit to shareholders by way of a dividend of $0.03 per share has been announced representing an increase of 50% of dividend being paid over the previous fiscal year.

The net assets of the company have also increased significantly from $31,000,000 to just under $38,000,000 which reflects a net tangible asset backing per share of $0.38 from the prior years $0.35. At the same time the market share price of the company's quoted securities has seen a 48% increase from $0.27 per share to $0.40 per share as at 30 June 2005.

The company is now without doubt a well established leading participant in its market sector and with continuing projects in hand at various stages of progress with a value of almost $500,000,000 the Directors are confident that the company will maintain its momentum in profitability and growth. Contemporary economic forecasts and population growth predictions for Perth indicate prevailing conditions for the continuing success of the company.

A notable highlight among the company's achievements for the year has been the successful placement of 10,000,000 shares at an issue price of $0.38 each during the fiscal year raising an additional $3,800,000 of issued capital. The resultant increase in the share spread has provided additional volume in the trading of the company's listed securities which has been a contributing factor to the increase in the share price. This movement in the share price has been particularly satisfying to the company's directors who had felt for some time that an investment in the company's shares should not only represent a sound investment but should also provide shareholders with a fairly priced market for their shareholdings.

The successful performance of any company is the result of not only economic and commercial opportunities but also the efforts of the executive directors and management. Finbar continues to be well served by a highly competent and dedicated team at the same time by a strong Board of Directors who have implemented sound policies of best practice in management and corporate governance.

As Non-Executive Chairman I am pleased to commend to the shareholders the confidence and dedicated efforts of the company's executive team. On behalf of the Non-Executive Directors also, I am pleased to assure shareholders of our continued commitment to maintain the highest possible value for your investment.

In closing I also thank the shareholders for their continued support of the company and I encourage them to read and consider the contents of the attached annual report and to attend and participate in the forthcoming Annual General Meeting of your company.

With compliments

Paul Anthony Rengel

Chairman of Directors

Managing Director's Review

The year under review ending 30 June 2005 has been arguably the Company's best on record assessed over a number of different measures, returns to shareholders, profitability, earnings and share price.

Perhaps the best indicator of that successful year is in the 50 per cent rise in dividend from 2 cents per share to 3 cents.

One of the most significant of Finbar International's achievements has been recording a net profit of $6.58 million, a 47 per cent rise over the 2003/2004 figure of $4.47 million.

Another illustration of the Company's substance is that overall we have half a billion dollars worth of projects, at various stages, on our books being launched, under construction and completing.

Net assets have risen from $31 million in 2003/2004 to $37.9 million at 30 June 2005. The Company's share of joint revenue was $77.3 million with $6.5 million attributed to its sole projects.

And at the end of the reporting period, net tangible asset backing per share reached 38.4 cents while earnings per share rose to 7 cents, an increase of about 34 per cent.

In June, we finished our largest flagship project, Westralian Riverfront Apartments at 78 Terrace Road, East Perth which had an end value of $80 million. It was virtually sold out at 30 June 2005 with a penthouse attracting a record price for the area of $3.38 million.

There is no doubt that these results are partly attributable to the continuing strength of the Western Australian economy in producing a healthy environment in which the Company has been able to continue to grow its business.

This momentum is being fuelled by population and employment growth which gives no indication of slowing in the medium term.

While such burgeoning economies can produce shortages of labour, so far the effect has been manageable. And while strong economic growth may result in some cost increases, the fact is that prices for new project inner city residences are correspondingly rising.

Additionally, to reduce the impact of some local material price increases the Company is able to source various items from overseas. For example, Finbar now uses granite tops from India and tiles from China, Malaysia and Hong Kong.

Some shareholders have asked whether the slowdown in activity in Eastern States markets is likely to be reflected in the WA economy but as Eastern States activity is now trending upwards again, it seems likely that the WA performance will pick up further having not shown the diminution in activity experienced in other States.

A measure of our ongoing momentum can be seen in our acquisition of six new projects during 2005/2006. The new projects are:

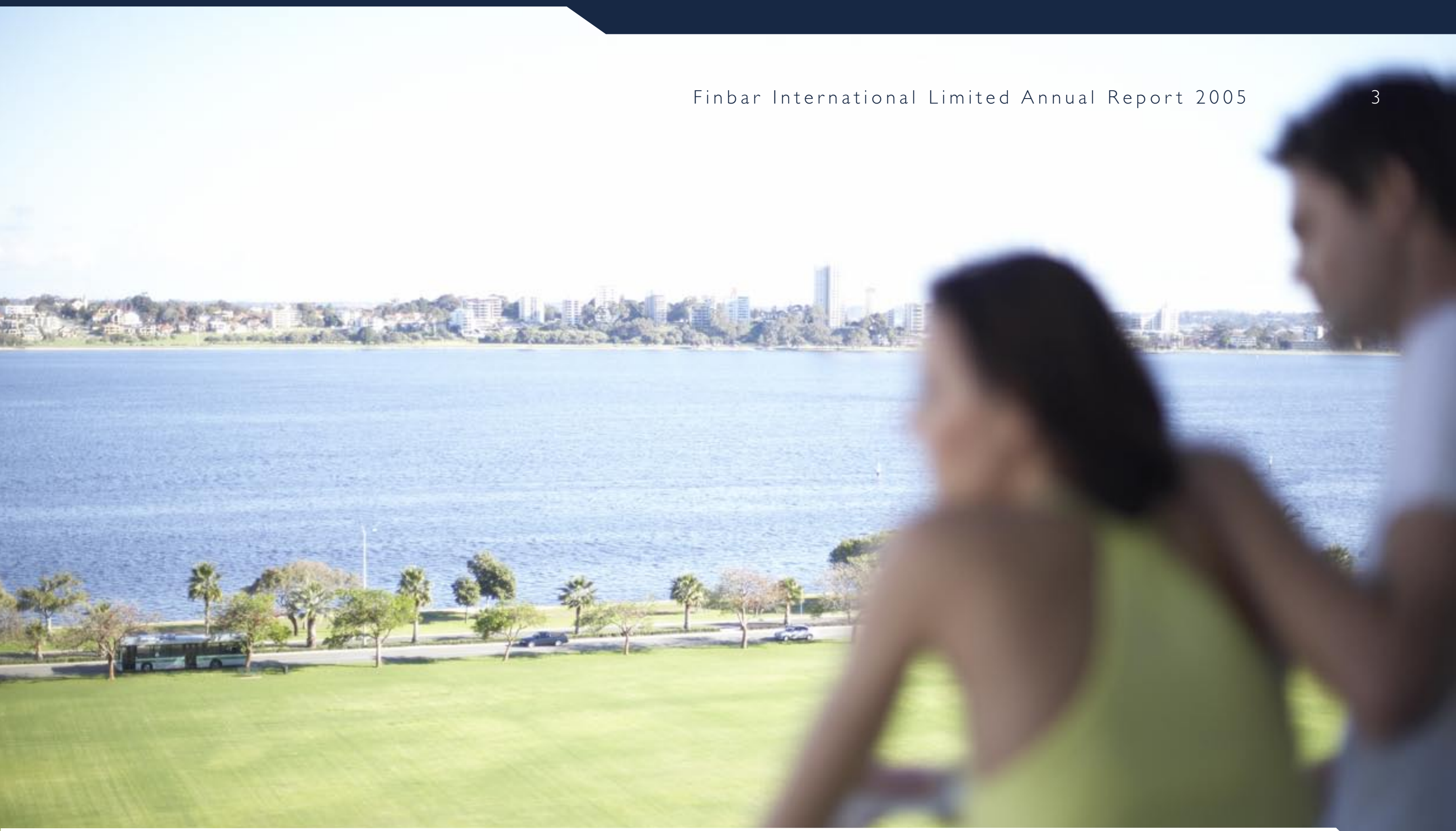
- 15-19 Carr Street in West Perth
- 96-102 Terrace Road, East Perth
- The Palladio, Mandurah Ocean Marina
- 375 Hay Street in East Perth
- Lot 135 Adelaide Terrace, East Perth
- Whatley Crescent in Maylands

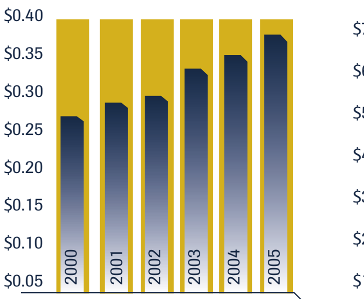
Of these, the Mandurah, Carr Street and Whatley Crescent projects are wholly owned by Finbar.

The next six months will be additionally active as we replace completed projects. A major part of the Company's normal operations is seeking out and analysing new opportunities and in some instances we buy in new projects to maintain momentum.

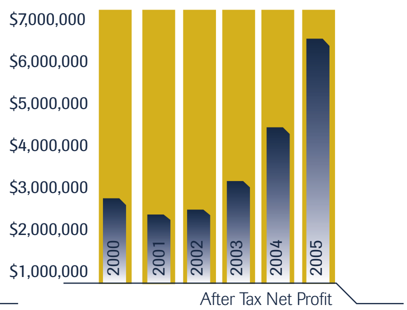
Finbar International now provides about 30 per cent to 40 per cent of Perth's inner city-style residences and we believe this market will continue to grow as baby boomers retire and seek lifestyle changes as well as improved investment outcomes.

Many baby boomers are choosing to invest in inner city units because they assess this to be a better investment vehicle than traditional superannuation funds. Besides the financial returns for the owner through leasing and capital gain, it also gives them the opportunity to enjoy a better lifestyle when they retire.

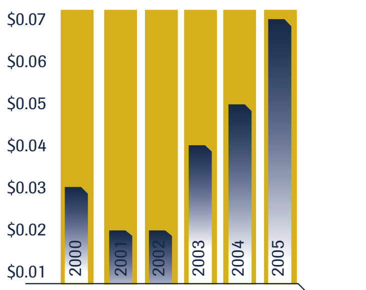




Net Tangible Assets Per Share



After Tax Net Profit



Earnings Per Share

Other factors driving this market's growth include rising energy prices, particularly motor vehicle fuel, and the government's policy of encouraging more inner city residential development to relieve it of the costs of increasing suburban infrastructure. Of course, the other major influence will be big population increases predicted for Perth in the next three decades.

A major Finbar strength is its excellent long-term relationship with its builders, one which produces efficiencies and economies which assist in making us very competitive. The company's continuous support from the four major banking institutions including Westpac, BankWest, Commonwealth Bank Australia and National Australia Bank, further strengthen its position in the industry.

In my review a year ago, I pointed out the Company's need for greater liquidity and I am pleased to be able to report that this has been assisted by our placement of 10 million shares during the year taking the total on issue to 98.7 million.

Two matters for shareholder information is that the Board has decided that after this financial year, the company will pay an interim and final dividend and that future financial reports are now required to comply with the Australian equivalents of the International Financial Reporting Standards (IFRS)*. The likely impact of adopting IFRS has been included in note 29 of the attached financial statements.

In conclusion, the Board believes the strong performance and growth of the company will continue, notwithstanding the timing issues that profits under IFRS will bring.

John Chan

Managing Director

*For further information on IFRS, visit www.finbar.com.au/ifrs

Current Projects (current at 10 October 2005)

MARKETRISE - 9 Delhi St, West Perth

Apartments
93 - 1,2 and 3 bedroom

Commercial
1

Average sale price to date
$343,457

% Sold
95%

Sales to date
$31,598,023

Approximate end value
$33,188,023

Estimated completion date
Works complete

Project Company
Boas Gardens Estate Pty Ltd

WESTRALIAN - 78 Terrace Rd, East Perth

Apartments
96 - 2 and 3 bedroom

Commercial
2

Average sale price to date
$786,736

% Sold
93%

Sales to date
$74,740,000

Approximate end value
$80,190,000

Estimated completion date
Works complete

Project Company
78 Terrace Road
Joint Venture Pty Ltd

175 HAY - 175 Hay St, East Perth

Apartments
50 - 1,2 and 3 Bedroom

Commercial
1

Average sale price to date
$324,706

% Sold
100%

Sales to date
$16,560,000

Approximate end value
$16,560,000

Estimated completion date
Works complete

Project Company
175 Hay Street
Joint Venture Pty Ltd

RIVERSTONE - 15 Stone St, South Perth

Apartments
7 - 3 bedroom and 7 - 1 bedroom

Commercial
0

Average sale price to date
$480,214

% Sold
100%

Sales to date
$6,723,000

Approximate end value
$6,723,000

Estimated completion date
Works complete

Project Company
Finbar International Limited

Current Projects (current at 10 October 2005)

COSMOPOLITIAN - 269 Hay St, East Perth

Apartments
63 - 1,2 and 3 bedroom

Commercial
1

Average sale price to date
$297,811

% Sold
96%

Sales to date
$18,166,500

Approximate end value
$19,326,500

Estimated Completion Date
October 2005

Project Company
188 Adelaide Terrace
Joint Venture Pty Ltd

ARUM & SAMPHIRE - Tanunda Dve, Rivervale

Apartments
93 - 2 and 3 bedroom

Commercial
4

Average sale price to date
$287,424

% Sold
95%

Sales to date
$26,443,000

Approximate end value
$28,032,000

Estimated completion date
Works complete

Project Company
Rivervale Concepts Pty Ltd

ALTAIR - 132 Terrace Rd, East Perth

Apartments
120 - 1,2 and 3 bedroom

Commercial
3

Average sale price to date
$618,020

% Sold
89%

Sales to date
$71,690,366

Approximate end value
$80,772,866

Estimated completion date
November 2006

Project Company
132 Terrace Road
Joint Venture Pty Ltd

ONE 28 - 128 Adelaide Tce, East Perth

Apartments
103 - 1,2 and 3 bedroom

Commercial
1

Average sale price to date
$307,258

% Sold
83%

Sales to date
$27,960,550

Approximate end value
$33,435,550

Estimated completion date
July 2006

Project Company
175 Hay Street
Joint Venture Pty Ltd

Current Projects (current at 10 October 2005)

AVENA - Tanunda Dve, Rivervale

Apartments
76 - 2 and 3 bedroom

Commercial
0

Average sale price to date
$577,211

% Sold
70%

Sales to date
$30,015,000

Approximate end value
$42,640,000

Estimated Completion Date
September 2006

Project Company
Rivervale Concepts Pty Ltd

SOHO - 188 Adelaide Tce, East Perth

Apartments
78 - 1,2 and 3 bedroom

Commercial
2

Average sale price to date
$317,547

% Sold
87%

Sales to date
$23,181,000

Approximate end value
$26,211,000

Estimated completion date
December 2006

Project Company
188 Adelaide Terrace
Joint Venture Pty Ltd

Future Projects (current at 10 October 2005)

DELMAR - 3 The Palladio, Mandurah Ocean Marina, Mandurah

Apartments
49 - 1, 2 and 3 bedroom

Commercial
0

Average sale price to date
$581,224

% Sold
100%

Sales to date
$28,480,000

Approximate end value
$28,480,000

Estimated completion date
January 2007

Project Company
Finbar International Limited

SOL - 19 Carr Street - West Perth

Apartments
60 - 2 and 3 bedroom

Commercial
0

Average sale price to date
$373,425

% Sold
95%

Sales to date
$21,325,000

Approximate end value
$22,450,000

Estimated completion date
Early 2007

Project Company
17-19 Carr Street Pty Ltd

Future Projects (current at 10 October 2005)

INFINITY - 131 Adelaide Terrace, East Perth

Apartments
109 - 1,2 and 3 bedroom

Commercial
2

Average sale price to date
$385,533

% Sold
65%

Sales to date
$27,460,000

Approximate end value
$42,160,000

Estimated completion date
Late 2007

Project Company
135 Adelaide Terrace Developments Pty Ltd

375 HAY STREET - East Perth

Apartments
80

Approximate end value
$30,000,000

Estimated completion date
Middle 2007

Project Company
375 Hay Street Pty Ltd

FUTURE PROJECTS (CURRENT AT 10 OCTOBER 2005)

WHATLEY CRESCENT - MAYLANDS

APARTMENTS
131

APPROXIMATE END VALUE
$40,000,000

ESTIMATED COMPLETION DATE
Early 2008

PROJECT COMPANY
Lot 1 to 10 Whatley Crescent Pty Ltd

CERESA - TANUNDA DRIVE, RIVERVALE

APARTMENTS
113 - 2 and 3 bedroom

APPROXIMATE END VALUE
$49,000,000

ESTIMATED COMPLETION DATE
Late 2007

COMMERCIAL
0

PROJECT COMPANY
Rivervale Concepts Pty Ltd

BURTWAY - 96-102 TERRACE ROAD, EAST PERTH

APARTMENTS
138 - 2 and 3 bedroom

APPROXIMATE END VALUE
$108,270,000

ESTIMATED COMPLETION DATE
Mid 2008

COMMERCIAL
4

PROJECT COMPANY
Burt Way Developments Pty Ltd

Finbar International Limited
ABN 97 009 113 473
ACN 009 113 473

Financial Report
for the year ended 30th June 2005

Contents

Corporate Governance Statement

This statement outlines the main Corporate Governance practices that were in place throughout the financial year, which comply with ASX Corporate Governance Council recommendations, unless otherwise stated.

Board Of Directors

The Board is responsible for the Corporate Governance of the Company including its strategic direction establishing goals for management and monitoring achievement of these goals. The Board monitors and evaluates the effectiveness of management and itself. The Company is not currently considered to be of the size, nor are its affairs of such complexity to justify the establishment of separate committees, a formal Board charter or a code of conduct. Accordingly, all matters which may be capable of delegation to a committee are dealt with by the full Board.

In the current financial year ended 30 June 2005 the Board has not conducted a review of its own effectiveness.

The Board communicate regularly and meet when considered appropriate, and attend to the majority of the governance matters via circular resolution.

Each Director has the right to seek independent professional advice at the Company's expense on matters relating to his position as a Director of the Company, subject to obtaining prior approval of the Chairman which shall not be unreasonably withheld.

Composition Of Board

The procedures for the election and retirement of Directors are governed by the Company's constitution and the listing Rules of the Australian Stock Exchange Limited ("ASX").

The composition of the Board is determined using the following principles:

- The Board shall comprise Directors with a range of expertise encompassing the current and proposed activities of the Company.
- Have a non-executive independent Director as Chairperson.
- Where a vacancy is considered to exist, the Board selects an appropriate candidate through consultation with external parties and consideration of the needs of shareholders and the Company. Such appointments are referred to shareholders at the next opportunity for re-election in general meeting.
- New Directors are provided the opportunity to meet with management and familiarise themselves with the business operations of the Company.

An independent Director is a Director who is not a member of management (a non-executive Director) and who:

- Holds less than 5% of the voting shares of the company;
- Within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company;
- Is not a material supplier or customer of the Company or an officer of or otherwise associated directly or indirectly with a material supplier of customer;
- Has no material contractual relationship with the Company other than as a Director.
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the Director's ability to act in the best practices of the Company.

Corporate Governance Statement

The Board considers material in the above context to be where any Director-related business relationship to represent at least 5% of the Director-related business' revenue. The Board considered the nature of the relevant industries' competition, and the size and nature of each Director-related business relationship in arriving at this threshold.

Refer to Director's report for details of, and policies on, remuneration of Directors and Executives.

The Board currently consists of one Independent Director and four Non-Independent Directors. The Company is not currently considered to be of the size nor have the shareholder spread to warrant the appointment of additional independent directors. The company Chairman is a Non-Executive independent director who holds this position in the interest of minority shareholders.

Trading in Company securities

The key elements of the Trading in Company securities Policy are:

- Identification of those restricted from trading - Directors and all Senior Executives including all staff of J&R Management Pty Ltd may acquire shares in the company but are prohibited from dealing in Company shares and exercising options:
  - Within 48 hours after either the release of the Company's half-year and annual results to the Australian Stock Exchange ("ASX"), the Annual General Meeting or any major announcement;
  - Whilst in possession of price sensitive information not yet released to the market.
- Raising the awareness of legal prohibitions including transactions with colleagues and external advisors.
- Requiring details to be provided of confirmation of trades in securities of the Company.
- Identification of processes for unusual circumstances where discretions may be exercised in cases such as financial hardship.

Remuneration Report

The Remuneration Report set out on pages 23 to 24 forms part of the Directors' Report for the financial year ended 30 June 2005.

Auditors

Whilst the Company does not have a formally constituted audit committee, the Board reviews the performance of the external auditors on an annual basis and a representative of the Board meets with them at least twice a year to review:

- The results and findings of the audit, the adequacy of the accounting and the financial controls, and to obtain feedback on implementation of recommendations made; and
- The draft financial statements and audit/review reports at year end and half-year.

The Board monitors the need to form an audit committee on a periodic basis.

Corporate Governance Statement

The Board considers annually the necessity to request the attendance of the auditors at Annual General Meetings so as to be available to answer shareholder questions about the conduct of the audit and content of the auditor's report.

Internal Control Framework

The Board acknowledges that it is responsible for the overall control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework that can be described as follows:

Financial reporting

There is a comprehensive accounting system. Monthly financial accounts are prepared by the Company's accountant for review by Directors. The Company reports to shareholders half-yearly. Procedures are in place to ensure price sensitive information is reported to the ASX in accordance with Continuous Disclosure Requirements. The Board, given the close involvement of various executive members in the operations of the company, sees no necessity for management to formally sign off on the financial reports as per 4.1 and 7.2 of ASX Corporate Governance Principles.

Ethical standards

The Company recognises the need for Directors and employees to observe the highest standard of behaviour and business ethics in conducting its business.

Related party transactions

A review is undertaken at year end of all related party transactions.

Business risks

The Board adopts practices to identify significant areas of business risk and to effectively manage those risks in accordance with the Company's risk profile. Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating such risk.

Role of shareholders

The Board of Directors ensures that the shareholders in all jurisdictions are informed of all major developments affecting the Company's state of affairs by way of annual reporting and the continuous disclosure of significant events by way of announcements to the ASX Company Announcements Offices. A copy of these announcements are placed on the Company's web site for easy access by all shareholders.

Directors' Report

The Directors herewith present the financial report of Finbar International Limited ("the Company") for the year ended 30 June 2005 and the auditors' report thereon.

Directors

The Directors of the Company at any time during or since the financial year are:

Mr Paul Anthony RENGEL (Chairman)

Mr John CHAN (Managing Director)

Mr John Boon Heng CHEAK

Mr Kee Kong LOH

Mr Richard Dean RIMINGTON

Principal Activities

The principal activities of the Company during the course of the financial year continued to be property investment and development.

The Company's focus is in the development of medium to high-density residential buildings in the Perth metropolitan area by way of direct ownership or by joint venture involvement through companies registered specifically to conduct the development.

Results

The net profit of the Company after income tax amounted to $6,527,454 (2004 $4,474,948).

The net profit of the consolidated group after income tax amounted to $6,578,450.

Consolidated financial statements have only been prepared in the current year as there were no controlled entities in the prior year (Note 14).

Review Of Operations

During the year the Company continued to focus on its core activities of residential property development.

The Company has funded its operations from cash reserves together with short-term construction finance that is project specific.

Environmental Regulations

The Company's activities are not subject to any significant environmental regulations under either State or Commonwealth legislation.

Dividends

The Company paid a final dividend of $0.02 per fully paid ordinary share out of profits for the year ended 30 June 2004 on 22 November 2004, which amounted to $1,794,732.

Directors' Report (Continued)

Dividends (Continued)

The Directors recommended on 27 June 2005, the payment of a fully franked dividend of $0.03 per fully paid ordinary share for approval by the members at the Company's Annual General Meeting. The dividend recommended by the Directors amounts to $2,962,097 for shares issued at 30 June 2005. If approved the dividend will be paid on 30 September 2005 and provision has been raised for this amount at year end.

Significant Changes In State Of Affairs

In the opinion of the Directors there has been no significant change in the Company's state of affairs that occurred during the financial year under review.

Events Subsequent To Balance Date

In relation to 188 Adelaide Terrace Joint Venture Pty Ltd, there were six unconditional contracts in place as at 30 June 2005 that were cancelled at the discretion of the Company subsequent to year end. Finbar International Limited has recognised profits amounting to $229,000 in relation to these contracts. Four of the six properties have subsequently resold for an amount of $165,000 above the original sales prices.

Likely Developments

The Company will continue planned development projects on existing land and will seek new opportunities for the acquisition of future development projects. Further information about likely development in the operations of the Company and the expected results of those operations in the future years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

Information On Directors

The particulars of the qualifications and experience of the Directors are as follows:

Paul Anthony Rengel (appointed 22/5/92) - Chairman

Mr Rengel has a Bachelor of Commerce degree from the University of Western Australia. He is a Fellow of the Australian Institute of Chartered Accountants with 32 years experience in public practice in international firms. Mr Rengel is a Partner of Moore Stephens BG, Chartered Accountants. He is an associate of the Australian Institute of Company Directors and the Australian Institute of Management. As Chairman Mr Rengel attended three Directors' meeting and one shareholders' meeting held during the year.

John Chan (appointed 27/4/95) – Managing Director

Mr Chan has a Bachelor of Science degree from Monash University and a Master of Business Administration degree from the University of Queensland. He has considerable experience as a Director in public corporations and in the areas of trading, manufacturing, finance and property development. Mr Chan attended three Directors' meeting and one shareholders' meeting held during the year.

Directors' Report (Continued)

Information On Directors (Continued)

John Boon Heng Cheak (appointed 28/4/93)

Mr Cheak has a Bachelor of Economics degree from the University of Western Australia. He is an Executive Director of Chuan Hup Holdings Limited, a substantial shareholder of the Company. .

Kee Kong Loh (appointed 28/4/93)

Mr Loh has a degree in accountancy from the University of Singapore and is a member of the Institute of Certified Public Accountants of Singapore. Mr Loh is a director of Chuan Hup Holdings Limited, a substantial shareholder in the Company. Mr Loh attended three Directors' meeting held during the year.

Richard Dean Rimington (appointed 27/4/95)

Mr Rimington is a property developer with 17 years experience in land subdivision, development, construction and marketing, with particular focus on high quality medium density residential property, which is the core business of the Company. He is responsible for the project management of the Company's property development operations. Mr Rimington attended three Directors' meeting and one shareholders' meeting held during the year.

Directors' And Senior Executive Emoluments

Details of the Directors' and Senior Executive emoluments are set out in the remuneration report on pages 23 to 24.

Directors' Interests

The relevant interest of each Director in the share capital of the Company, as notified by the directors to the Australian Stock Exchange Limited in accordance with S205G(1) of the Corporations Act 2002, as at the date of this report is as follows:

Director	Ordinary shares	Options issued on 5 September 2003
Mr John Chan	16,866,969	1,286,828
Mr John Cheak	23,553,996	450,000
Mr Kee Kong Loh	23,605,996	450,000
Mr Paul Rengel	23,000	600,000
Mr Richard Rimington	7,190,248	1,000,000

Indemnification

The Company has agreed to indemnify the current Directors of the Company against all liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors of the Company except where the liability arises out of conduct involving a lack of good faith.

Directors' Report (Continued)

Insurance Premiums

Since the end of the previous financial year, the Company has paid insurance premiums of $22,250 (2004:$20,563) in respect of Directors and Officers liability and legal expenses insurance contracts, for Directors and Officers, including Executive Officers of the Company.

The insurance premiums relate to:

- Costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

Since the end of the previous financial year, an amount of $27,778 (2004:$25,166) was paid by 78 Terrace Road Joint Venture Pty Ltd. The insurance premiums relate to:

- Losses that may be incurred by the Company through the death, disability or serious illness of key personnel, John Chan, Richard Dean Rimington and Darren John Pateman
- Costs and expenses incurred in recruiting suitable replacements upon the death, disability or serious illness of those key personnel.

Remuneration Report

The Remuneration Report set out on pages 23 to 24 forms part of the Directors' Report for the financial year ended 30 June 2005.

Non-audit Services

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 Professional independence, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year, are set out in Note 4.

Directors' Report (Continued)

Lead Auditor's Independence Declaration Under Section 307c Of The Corporation Act 2001

The Lead Auditor's Independence Declaration set out on page 22 forms part of the Directors' Report.

Signed in accordance with a resolution of the Board of Directors

....

J Chan – Managing Director

Dated at Perth this 24th day of August 2005.

Lead Auditor's Independence Declaration under Section 307C of the Corporation Act 2001

To: the Directors of Finbar International Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2005 there have been:

a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

R C KELLY
Partner

Perth
24th August 2005

Remuneration Report

The Company and the consolidated entity do not have any executive employees.

The Company's policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Details of the nature and amount of each major element of the emolument of each Director of the Company and the named officers of the Company receiving the highest remuneration during the year ended 30 June 2005 are:

Director	Base Emolument $	Superannuation $	Commission $	Total $
Executive				
Mr John Chan	24,187	2,177	*	26,364
Mr Richard Rimington	24,187	2,177	*	26,364
Non-executive				
Mr John Cheak	26,364	-		26,364
Mr Kee Kong Loh	26,364	-		26,364
Mr Paul Rengel	39,541	-		39,541
Officer				
Mr Darren Pateman	11,009	991	*	12,000
	151,652	5,345		156,997

Details of the nature and amount of each major element of the emolument of each Director of the Company and the named officers of the Company receiving the highest remuneration during the year ended 30 June 2004 are:

Director	Base Emolument $	Superannuation $	Commission $	Options issued $	Total $
Executive					
Mr John Chan	20,682	2,045	*	36,895	59,622
Mr Richard Rimington	20,682	2,045	*	28,671	51,398
Non-executive					
Mr John Cheak	20,682	2,045		12,902	35,629
Mr Kee Kong Loh	20,682	2,045		12,902	35,629
Mr Paul Rengel	31,023	3,068		17,203	51,294
Officer					
Mr Darren Pateman	-	-	*	20,070	20,070
	113,751	11,248		128,643	253,642

Remuneration Report (Continued)

Directors' And Senior Executive Emoluments (Continued)

*Commission:

The Company has entered into a management agreement ("the agreement") with J&R Management Pty Ltd ("J&R Management") for the provision of executive management, project management and company secretarial services to the Company for a period of three years from 1 July 2004. The agreement was signed on 16 December 2004. Mr John Chan and Mr Richard Rimington are directors and shareholders of J&R Management. Mr Darren Pateman is employed by J&R Management. The agreement provides for the payment of a commission of 8% of pre-tax profits of the Company in each financial year. For the year to 30 June 2005 this commission amounts to $829,682 (2004: $566,725) which has been accrued in these financial statements. In addition, the management agreement also provides for a monthly fee of $34,583 (2004: $26,216) to be paid to J&R Management. The amount paid was $415,000 (2004: $314,592) to 30 June 2005.

The management agreement includes a clause to pay J&R Management 50% of the management fee payable to the Company by Boas Gardens Estate Pty Ltd. This fee payable to J&R Management totalled $16,213 (2004:$48,684). The grand total of commission plus fees payable to J&R Management was $1,260,895 (2004:$930,002).

Options:

No options have been granted since the end of the financial year.

Unissued shares under option

At the date of this report unissued ordinary shares of the company under option are:

Expiry date	Exercise price	Number of shares
30 September 2006	$0.30	4,486,828

These options do not entitle the holder to participate in any share issue of the company or any other body corporate.

Statement Of Financial Performance For The Year Ended 30 June 2005

	Note	Consolidated 2005 $	Company 2005 $	Company 2004 $
Revenue from sale of development properties	2	4,056,930	4,056,930	9,832,169
Management fees from associated entities	2	1,753,934	1,753,934	97,366
Other revenue from ordinary activities	2	322,337	232,336	193,237
Total revenue	2	6,133,201	6,043,200	10,122,772
Agency fees & settlement costs		(4,005)	(4,005)	(200,951)
Changes in inventories	3	8,385,599	3,140,029	(1,905,302)
Development expenses capitalised into inventories				
- Land acquisitions	3	(8,429,400)	(3,464,640)	(1,264,882)
- Design, construction & development costs	3	(3,345,087)	(3,231,218)	(4,605,881)
- Statutory & holding costs	3	(49,695)	(43,420)	(48,461)
- Advertising & marketing costs	3	(20,107)	(16,655)	(106,819)
- Consultants & legal fees	3	(40,033)	(11,774)	(9,803)
- Borrowing costs	3	(285,584)	(156,628)	(125,003)
- Other costs	3	(45,847)	(45,847)	(8,693)
Management fees		(1,260,895)	(1,260,895)	(930,002)
Professional fees		(359,859)	(349,377)	(195,585)
Occupancy expenses		(27,459)	(27,459)	(24,688)
Depreciation expense	3	(42,685)	(42,685)	(42,427)
Borrowing costs		(14,121)	(13,908)	(35,603)
Other expenses from ordinary activities		(210,012)	(208,691)	(168,257)
Share of net profit of joint ventures accounted for using the equity method	12	6,265,945	6,265,945	4,148,310
Profit from ordinary activities before income tax		6,649,956	6,571,972	4,598,725
Income tax relating to ordinary activities	5	(71,506)	(44,518)	(123,777)
Net profit attributable to members of the Company		6,578,450	6,527,454	4,474,948
Basic earnings per share	8	$0.07	$0.07	$0.05
Diluted earnings per share	8	$0.06	$0.06	$0.05

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

Statement Of Financial Position As At 30 June 2005

	Note	Consolidated 2005 $	Company 2005 $	Company 2004 $
CURRENT ASSETS				
Cash assets		2,473,837	2,401,784	1,023,494
Receivables	10	14,477,212	14,444,659	17,762,202
Inventories	11	9,236,313	9,236,313	2,063,060
Investments accounted for using the equity method	12	7,373,739	7,373,739	4,718,834
Tax asset	16	-	-	57,899
Other	13	50,224	34,137	1,536
TOTAL CURRENT ASSETS		33,611,325	33,490,632	25,627,025
NON CURRENT ASSETS				
Receivables	10	6,552,971	9,834,939	6,404,499
Inventories	11	5,588,280	342,709	335,090
Investments accounted for using the equity method	12	3,469,843	3,469,843	1,643,802
Other financial assets	14	-	4	-
Property, plant and equipment	15	893,183	893,183	874,479
Deferred tax assets	16	71,512	45,380	103,084
TOTAL NON CURRENT ASSETS		16,575,789	14,586,058	9,360,954
TOTAL ASSETS		50,187,114	48,076,690	34,987,979
CURRENT LIABILITIES				
Payables	17	727,826	721,518	1,113,559
Interest bearing liabilities	18	8,214,412	6,214,412	700,000
Current tax liabilities	19	77,019	64,127	-
Provisions	20	2,962,097	2,962,097	1,794,732
TOTAL CURRENT LIABILITIES		11,981,354	9,962,154	3,608,291
NON CURRENT LIABILITIES				
Deferred tax liabilities	19	295,622	255,394	334,982
TOTAL NON CURRENT LIABILITIES		295,622	255,394	334,982
TOTAL LIABILITIES		12,276,976	10,217,548	3,943,273
NET ASSETS		37,910,138	37,859,142	31,044,706
EQUITY				
Contributed equity	21	26,508,140	26,508,140	23,259,061
Retained profits	22	11,401,998	11,351,002	7,785,645
TOTAL EQUITY		37,910,138	37,859,142	31,044,706

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

Statement Of Cash Flows For The Year Ended 30 June 2005

	Note	Consolidated 2005 $	Company 2005 $	Company 2004 $
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts in the course of operations		4,125,922	4,068,268	4,716,639
Cash payments in the course of operations		(14,277,399)	(9,140,767)	(6,966,764)
Interest received		177,441	175,094	167,520
Borrowing costs paid		(336,719)	(197,164)	(160,606)
Income tax refunded/(paid)		55,593	55,630	(694,571)
Net cash used in operating activities	25(ii)	(10,255,162)	(5,038,939)	(2,937,782)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment		(62,246)	(62,246)	(22,700)
Proceeds from sale of property, plant and equipment		-	-	347
Payments for controlled entities		-	(4)	-
Payments for joint venture entities		(1)	(1)	(1)
Dividend received from joint venture entity		1,785,000	1,785,000	705,000
Loans to related joint venture entities		(7,552,455)	(10,840,727)	(10,609,500)
Repayment from related joint venture entities		8,394,453	8,394,453	5,772,500
Net cash (used in)/provided by investing activities		2,564,751	(723,525)	(4,154,354)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings		8,214,412	6,214,412	3,356,037
Repayment of borrowings		(700,000)	(700,000)	(3,496,037)
Dividends paid		(1,793,737)	(1,793,737)	(897,366)
Proceeds from capital raising		3,420,079	3,420,079	-
Net cash (used in)/provided by financing activities		9,140,754	7,140,754	(1,037,366)
Net increase/(decrease) in cash held		1,450,343	1,378,290	(8,129,502)
Cash at the beginning of the financial year		1,023,494	1,023,494	9,152,996
Cash at the end of the financial year	25(i)	2,473,837	2,401,784	1,023,494

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

Notes To The Financial Statements For The Year Ended 30 June 2005

1. Statement Of Significant Accounting Policies

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

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It has also been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or fair values of assets.

These accounting policies have been consistently applied by each entity in the consolidated entity.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

(b) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

Recognition of profit on development of property

Profit is recognised on an individual project basis using the percentage of completion method when the stage of project completion can be reliably determined, costs to date can be clearly identified, and the following can be reliably estimated:

- total project revenues to be received; and
- costs to complete.

Profit recognition does not normally commence until reasonable sales have been achieved and physical construction has commenced.

Stage of completion is measured by reference to an assessment of total costs incurred to date as a percentage of estimated total costs for each project.

The proportion of the project to which the percentage of completion method is applied is determined as the ratio of the expected revenue from sales to date on the project to the total expected project revenue.

The consolidated entity has previously not recognised any profit on projects until they are 30% complete on a cost basis. This threshold no longer applies given the changing nature of projects being undertaken by the group and each individual project is assessed on the above criteria. This has resulted in an additional profit amount of $694,386 being recognised in the current year.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Notes To The Financial Statements For The Year Ended 30 June 2005

1. Statement Of Significant Accounting Policies (Continued)

Dividend revenue

Dividend revenue is recognised net of any franking credits.

Revenue from distributions from controlled entities is recognised by the parent entity when they are declared by the controlled entities.

Revenue from dividends from associates and other investments is recognised when dividends are received.

Dividends received out of pre-acquisition reserves are eliminated against the carrying amount of the investment and not recognised in revenue.

Management fees

Management fee revenue is recognised as it accrues in accordance with underlying contractual terms.

Sale of non-current assets

The gross proceeds of non-current asset sales are recognised as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(d) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges.

Notes To The Financial Statements For The Year Ended 30 June 2005

1. Statement Of Significant Accounting Policies (Continued)

(d) Borrowing costs (Continued)

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

(e) Taxation

The Company adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit after permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax. Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt, or if relating to tax losses are only brought to account when their realisation is virtually certain.

(f) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members of the Company for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue.

(g) Acquisition of assets

All assets acquired including property, plant and equipment and purchased intangible assets are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Property, plant and equipment and intangibles are then depreciated/amortised as outlined in (n). The carrying value of these assets are reviewed in accordance with accounting policy (m) non-current assets.

(h) Receivables

Settlement debtors

Settlement debtors to be settled within 60 days are carried at amounts due. The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

Notes To The Financial Statements For The Year Ended 30 June 2005

1. Statement Of Significant Accounting Policies (Continued)

(i) Inventories

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

Land held for development

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, interest on funds borrowed for the development and holding costs until completion of development. Interest and holding charges incurred after full completion of a development are expensed.

(j) Construction work in progress

Valuation

Work in progress is carried at cost plus profit recognised using the percentage of completion method as outlined at (b). Provision for the total loss on a contract is made as soon as the loss is identified.

Cost includes land, development costs and other costs directly related to specific projects, and those which can be attributed to project activity in general and which can be allocated to specific projects on a reasonable basis.

Where the outcome of a contract cannot be reliably estimated, contract costs are expensed as incurred. Where it is probable that the costs will be recovered, revenue is only recognised to the extent of costs incurred.

(k) Investments

Investment properties

Investment properties are carried at the lower of cost or recoverable amount.

(l) Principles of consolidation

Investment in joint venture entities

A joint venture entity is an entity which has a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

In these financial statements investments in joint venture entities are accounted for using equity accounting principles. Investments in joint venture entities are carried at the lower of the equity accounted amount and recoverable amount. The consolidated entity's equity accounted share of the joint venture entities' net profit or loss is recognised in the statement of financial performance from the date joint control commenced until the date joint control ceases.

Notes To The Financial Statements For The Year Ended 30 June 2005

1. Statement Of Significant Accounting Policies (Continued)

Controlled entities

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

Consolidated financial statements have only been prepared in the current year as there were no controlled entities in the prior year (Note 14).

Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

Unrealised gains resulting from transactions with associates and joint ventures, including those relating to contributions of non-monetary assets on establishment, are eliminated to the extent of the consolidated entity's interest. Unrealised gains relating to associates and joint ventures are eliminated against the carrying amount of the investment. Unrealised losses are eliminated in the same way as unrealised gains, unless they evidence a recoverable amount impairment.

(m) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on a cost basis are reviewed to determine whether they are in excess of their recoverable amount at reporting date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write down is expensed in the reporting period in which it occurs.

In assessing recoverable amounts of non-current assets, the relevant cash flows have not been discounted to their present value, except where specifically stated.

Certain non-current assets have not been revalued. Valuations are performed on a three year basis in accordance with Company policy.

(n) Depreciation and amortisation

All assets, including intangibles, have limited useful lives and are depreciated/amortised using the straight line method or reducing balance method over their useful lives. Assets are depreciated or amortised from the date of acquisition.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

The depreciation/amortisation rates used for each class of asset are as follows:

Offices	2.5%
Office furniture, fixtures and fittings	4%
Plant and equipment	20% - 40%

There has been no change in these rates since the prior financial year.

Notes To The Financial Statements For The Year Ended 30 June 2005

1. Statement Of Significant Accounting Policies (Continued)

(o) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 60 days.

Notes To The Financial Statements For The Year Ended 30 June 2005

	Consolidated 2005 $	Company 2005 $	Company 2004 $
2. REVENUE FROM ORDINARY ACTIVITIES			
Sales of development properties revenue	4,056,930	4,056,930	9,832,169
Management fees from associated entities	1,753,934	1,753,934	97,366
Other revenue			
From operating activities:			
Rental income	141,606	53,952	25,370
Interest - other parties	174,773	172,426	167,520
Commissions	4,008	4,008	-
Forfeited deposits	1,000	1,000	-
Other	950	950	-
From non-operating activities:			
Proceeds from sale of non-current asset	-	-	347
Total other revenues	322,337	232,336	193,237
Total revenue from ordinary activities	6,133,201	6,043,200	10,122,772

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	CONSOLIDATED 2005 $	COMPANY 2005 $	COMPANY 2004 $
3. PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX			
Profit from ordinary activities before income tax is determined after (crediting)/charging the following items:			
Cost of goods sold	3,843,159	3,834,158	8,074,844
Borrowing costs - other parties	299,705	170,536	160,606
Less: Borrowing costs capitalised to inventory	(285,584)	(156,628)	(125,003)
Add: Borrowing costs expensed to cost of goods sold	87,639	87,639	201,155
	101,760	101,547	236,758
Borrowing costs were capitalised to capital works in progress at a weighted average rate of 7.3% (2004:7.3%)			
Depreciation/amortisation			
- offices	20,128	20,128	19,940
- office furniture, fixtures and fittings	4,964	4,964	5,874
- plant and equipment	17,593	17,593	16,613
	42,685	42,685	42,427
Net loss on sale of property, plant and equipment	-	-	(628)
4. AUDITORS' REMUNERATION			
Remuneration of the auditor for:			
Audit services			
Auditors of the Company - KPMG			
- Audit and review of financial reports	34,122	34,122	33,600
Other services			
Auditors of the Company – KPMG			
- Taxation services	8,600	8,600	4,900
	42,722	42,722	38,500

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	CONSOLIDATED 2005 $	COMPANY 2005 $	COMPANY 2004 $
5. INCOME TAX EXPENSE			
Prima facie tax expense on profit from ordinary activities is reconciled to the income tax provided in the accounts as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 30%	1,994,987	1,971,592	1,379,618
Tax effect of permanent differences	(45,972)	(49,565)	5,647
Less: Tax effect of share of joint venture entities' net profit	(1,879,784)	(1,879,784)	(1,244,493)
Less: Income tax (over)/under provided in prior year	2,275	2,275	(16,995)
Income tax expense attributable to operating profit	71,506	44,518	123,777
Income tax expense attributable to operating profit is made up of:			
Current income tax provision	77,019	64,127	7,554
Deferred income tax provision	(39,360)	(79,588)	235,063
Future income tax benefit	31,572	57,704	(101,845)
(Over)/under provision in prior year	2,275	2,275	(16,995)
	71,506	44,518	123,777

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

6. DIRECTORS' REMUNERATION

The Company's policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Details of the nature and amount of each major element of the emolument of each Director of the Company and the named officers of the Company are:

DIRECTORS	BASE EMOLUMENT $	SUPERANNUATION $	COMMISSION $	TOTAL $
Executive				
Mr John Chan	24,187	2,177	*	26,364
Mr Richard Rimington	24,187	2,177	*	26,364
Non-executive				
Mr John Cheak	26,364	-		26,364
Mr Kee Kong Loh	26,364	-		26,364
Mr Paul Rengel	39,541	-		39,541
Officer				
Mr Darren Pateman	11,009	991	*	12,000
	151,652	5,345		156,997

Details of the nature and amount of each major element of the emolument of each Director of the Company and the named officers of the Company receiving the highest remuneration during the year ended 30 June 2004 are:

DIRECTOR	BASE EMOLUMENT $	SUPERANNUATION $	COMMISSION $	OPTIONS ISSUED $	TOTAL $
Executive					
Mr John Chan	20,682	2,045	*	36,895	59,622
Mr Richard Rimington	20,682	2,045	*	28,671	51,398
Non-executive					
Mr John Cheak	20,682	2,045		12,902	35,629
Mr Kee Kong Loh	20,682	2,045		12,902	35,629
Mr Paul Rengel	31,023	3,068		17,203	51,294
Officer					
Mr Darren Pateman	-	-	*	20,070	20,070
	113,751	11,248		128,643	253,642

*Refer to Directors' report or Note 24 for further details of commission.

Options granted to Directors and senior executives

No options have been granted during the year or since the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

6. DIRECTORS' REMUNERATION (Continued)

Equity holdings and transactions

	HELD AT 1 JULY 2004	PURCHASES	SALES	HELD AT 30 JUNE 2005
Directors				
Mr Paul Rengel	23,000	-	-	23,000
Mr John Chan	16,316,969	550,000	-	16,866,969
Mr John Cheak	23,553,996	-	-	23,553,996
Mr Kee Kong Loh	23,605,996	-	-	23,605,996
Mr Richard Rimington	7,190,248	-	-	7,190,248
Officers	-	-	-	-
Darren Pateman	-	-	-	-

Refer to Note 24 for details of Director related transactions and Director related balances at 30 June 2005.

7. DIVIDENDS

Dividends
Proposed or paid by the Company are:

	CENTS PER SHARE	TOTAL AMOUNT	DATE OF PAYMENT	FRANKED RATE	PERCENTAGE FRANKED
2005					
2005 Final ordinary					
Declared	3.0	2,962,097	30 September 2005	30%	100%
2004					
2004 Final ordinary					
- Declared	2.0	1,794,732	22 November 2004	30%	100%
2003 Final ordinary –Paid	1.0	897,366	20 November 2003	30%	100%
		2,692,098			

	CONSOLIDATED 2005 $	COMPANY 2005 $	COMPANY 2004 $
30% franked credits available to shareholders for subsequent financial years	1,300,684	1,300,684	1,360,062

Notes To The Financial Statements For The Year Ended 30 June 2005

7. DIVIDENDS (Continued)

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

(a) franking credits that will arise from the payment of the current tax liability;

(b) franking debits that will arise from the payment of dividends recognised as a liability at the year-end;

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the year-end; and

(d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

	Consolidated 2005 $	Company 2005 $	Company 2004 $
8. EARNINGS PER SHARE			
Earnings reconciliation			
Net profit	6,578,450	6,527,454	4,474,948
Earnings	6,578,450	6,527,454	4,474,948
Weighted average number of shares used as denominator			
Number for basic earnings per share			
Ordinary shares	98,736,576	98,736,576	89,736,576
Number for diluted earnings per share			
Ordinary shares	98,736,576	98,736,576	89,736,576
Effect of share options	4,486,828	4,486,828	3,675,511
	103,223,404	103,223,404	93,412,087

Diluted earnings per share was not materially different from basic earnings per share.

Classification of Securities

There were 4,486,828 options issued on 5 September 2003 vesting on 5 September 2004.

The exercise price of the options is $0.30 and they expire on 5 September 2006.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

9. SEGMENT REPORTING

The Company operates predominantly in the property development sector.

The Company operates wholly in one geographical segment being Western Australia.

	CONSOLIDATED 2005 $	COMPANY 2005 $	COMPANY 2004 $
10. RECEIVABLES			
Current			
Settlement debtors	-	-	3,772,565
Amounts receivable from related parties	12,640,765	12,643,538	13,402,132
Other debtors	1,836,447	1,801,121	587,505
	14,477,212	14,444,659	17,762,202
Non-current			
Amount receivable from related parties	6,552,971	9,834,939	6,404,499

The amounts receivable from related parties relates to loans to the joint venture entities referred to in Note 12. The loans are repayable after the completion of the development for which the joint venture has been established. No interest is currently payable on the loans and each loan is unsecured.

	CONSOLIDATED 2005 $	COMPANY 2005 $	COMPANY 2004 $
11. INVENTORIES			
Current			
Work in progress:			
Development projects under construction	9,236,313	9,236,313	2,063,060
	9,236,313	9,236,313	2,063,060
Current contract costs incurred to date:			
Land at cost	3,464,640	3,464,640	497,826
Development costs capitalised including rates, interest, taxes and other amounts	422,047	422,047	256,456
Profit recognised to date	5,349,626	5,349,626	1,308,778
	9,236,313	9,236,313	2,063,060

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	CONSOLIDATED 2005 $	COMPANY 2005 $	COMPANY 2004 $
11. INVENTORIES (Continued)			
Non-current			
Work in progress:			
Development projects under construction	5,588,280	342,709	335,090
Non-current contract costs incurred to date:			
Land at cost	4,964,760	-	246,620
Development costs capitalised	623,520	342,709	88,470
	5,588,280	342,709	335,090

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Current

Investments in joint venture entities

NAME	PRINCIPAL ACTIVITIES	BALANCE DATE	OWNERSHIP INTEREST 2005	OWNERSHIP INTEREST 2004	INVESTMENT CARRYING AMOUNT 2005 $	INVESTMENT CARRYING AMOUNT 2004 $
Boas Gardens Estate Pty Ltd	Property Development	30 June	50%	50%	1,293,779	2,827,701
Hamersley Road Joint Venture Pty Ltd	Property Development	30 June	50%	50%	8,346	12,008
78 Terrace Road Joint Venture Pty Ltd	Property Development	30 June	50%	50%	3,715,854	1,879,124
132 Adelaide Terrace Joint Venture Pty Ltd	Property Development	30 June	50%	50%	-	1
Rivervale Concepts Pty Ltd	Property Development	30 June	50%	50%	2,355,760	-
					7,373,739	4,718,834

Notes To The Financial Statements For The Year Ended 30 June 2005

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Non-current
Investments in joint venture entities

Name	Principal activities	Balance date	Ownership interest 2005	Ownership interest 2004	Investment carrying amount 2005 $	Investment carrying amount 2004 $
132 Adelaide Terrace Joint Venture Pty Ltd	Property Development	30 June	50%	50%	1,324,198	-
175 Hay Street Joint Venture Pty Ltd	Property Development	30 June	50%	50%	1,478,834	673,199
Rivervale Concepts Pty Ltd	Property Development	30 June	50%	50%	-	970,602
188 Adelaide Terrace Joint Venture Pty Ltd	Property Development	30 June	50%	50%	666,810	1
132 Developments Pty Ltd	Dormant Company	30 June	50%		1	-
					3,469,843	1,643,802

	Consolidated 2005 $	Company 2005 $	Company 2004 $
Results of joint venture entities			
The Company's share of the joint venture entities' results consist of:			
Revenues from ordinary activities	77,370,429	77,370,429	30,941,097
Expenses from ordinary activities	(68,413,606)	(68,413,606)	(25,012,702)
Profit from ordinary activities before income tax expense	8,956,823	8,956,823	5,928,395
Income tax expense relating to ordinary activities	(2,690,878)	(2,690,878)	(1,780,085)
Net profit – accounted for using the equity method	6,265,945	6,265,945	4,148,310
Statement of financial position			
The Company's share of the joint venture entities'assets and liabilities consist of:			
Current assets	31,465,852	31,465,852	45,492,187
Non-current assets	25,967,306	25,967,306	5,350,984
Total assets	57,433,158	57,433,158	50,843,171

Notes To The Financial Statements For The Year Ended 30 June 2005

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

	Consolidated 2005 $	Company 2005 $	Company 2004 $
Current liabilities	25,839,121	25,839,121	36,466,092
Non-current liabilities	20,750,455	20,750,455	8,014,443
Total liabilities	46,589,576	46,589,576	44,480,535
Net assets - accounted for using the equity method	10,843,582	10,843,582	6,362,636

Refer to Note 23 for details of commitments and contingencies.

	Consolidated 2005 $	Company 2005 $	Company 2004 $
Share of post-acquisition retained profits attributable to joint venture entities			
Share of joint venture entities' retained profits at beginning of year	6,362,629	6,362,629	2,919,320
Share of joint venture entities' net profit	4,480,945	4,480,945	3,443,309
Share of joint venture entities' retained profits at end of year	10,843,574	10,843,574	6,362,629
Movements in carrying amount of joint venture entities			
Carrying amount at beginning of year	6,362,636	6,362,636	2,919,326
Investment in joint venture entities acquired during the year	1	1	1
Share of joint venture entities' net profit	6,265,945	6,265,945	4,148,309
Less: Dividend received from joint venture entity	(1,785,000)	(1,785,000)	(705,000)
Carrying amount at end of year	10,843,582	10,843,582	6,362,636

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	CONSOLIDATED 2005 $	COMPANY 2005 $	COMPANY 2004 $
13. OTHER ASSETS			
Current			
Prepayments	50,224	34,137	1,536
14. OTHER FINANCIAL ASSETS			
Non-current			
Investments in controlled entities			
Unlisted shares at cost	-	4	-

(a) Particulars in relation to controlled entities

Name			
Parent entity			
Finbar International Limited			
Controlled entities			
17-19 Carr Street Pty Ltd	-	1	-
135 Adelaide Terrace Developments Pty Ltd	-	1	-
Burt Way Developments Pty Ltd	-	1	-
Lot 1-10 Whatley Crescent Pty Ltd	-	1	-
	-	4	-

(b) Acquisition of controlled entities

During the financial year the Company acquired 100% of the share capital of 17-19 Carr Street Pty Ltd, 135 Adelaide Terrace Developments Pty Ltd, Burt Way Developments Pty Ltd and Lot 1-10 Whatley Crescent Pty Ltd.

Only $1 consideration was paid for each of the controlled entities and the entities had $Nil assets and liabilities as at the date of acquisition.

15. PROPERTY, PLANT AND EQUIPMENT

Offices at cost	828,651	828,651	798,450
Less: Accumulated depreciation	(74,649)	(74,649)	(54,521)
	754,002	754,002	743,929

Notes To The Financial Statements For The Year Ended 30 June 2005

	Consolidated 2005 $	Company 2005 $	Company 2004 $
15. PROPERTY, PLANT AND EQUIPMENT (Continued)			
Office furniture, fixtures and fittings at cost	78,426	78,426	78,426
Less: Accumulated depreciation	(33,582)	(33,582)	(28,618)
	44,844	44,844	49,808
Plant and equipment - at cost	175,363	175,363	144,175
Less: Accumulated depreciation	(81,026)	(81,026)	(63,433)
	94,337	94,337	80,742
Total property, plant and equipment	893,183	893,183	874,479

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	Consolidated 2005 $	Company 2005 $	Company 2004 $
Offices			
Carrying amount at beginning of year	743,929	743,929	763,869
Additions	30,201	30,201	-
Depreciation	(20,128)	(20,128)	(19,940)
Carrying amount at end of year	754,002	754,002	743,929
Office furniture, fixtures and fittings			
Carrying amount at beginning of year	49,808	49,808	55,682
Depreciation	(4,964)	(4,964)	(5,874)
Carrying amount at end of year	44,844	44,844	49,808
Plant and equipment			
Carrying amount at beginning of year	80,742	80,742	75,629
Additions	31,188	31,188	22,700
Disposals	-	-	(974)
Depreciation	(17,593)	(17,593)	(16,613)
Carrying amount at end of year	94,337	94,337	80,742

Notes To The Financial Statements For The Year Ended 30 June 2005

	Consolidated 2005 $	Company 2005 $	Company 2004 $
16. DEFERRED TAX ASSETS			
Current			
Income tax refund receivable	-	-	57,899
Non-current			
Future income tax benefit	71,512	45,380	103,084
17. PAYABLES			
Current			
Trade creditors	77,035	77,035	193,804
Other creditors and accruals	650,791	644,483	919,755
	727,826	721,518	1,113,559
18. INTEREST BEARING LIABILITIES			
Current			
Secured liabilities:			
Standby facility	8,214,412	6,214,412	700,000
Refer to Note 26 for terms and conditions.			
19. TAX LIABILITIES			
Current			
Income tax payable	77,019	64,127	-
Non-current			
Deferred income tax	295,622	255,394	334,982
20. PROVISIONS			
Current			
Dividends	2,962,097	2,962,097	1,794,732

Notes To The Financial Statements For The Year Ended 30 June 2005

	Consolidated 2005 $	Company 2005 $	Company 2004 $
20. PROVISIONS (Continued)			
Reconciliations			
Reconciliations of the carrying amounts of each class of provision:			
Dividends			
Carrying amount at beginning of year	1,794,732	1,794,732	-
Adjustment on adoption of AASB 1044			
Provisions made during the year:			
Final dividend 2005	2,962,097	2,962,097	-
Final dividend 2004	-	-	1,794,732
Final dividend 2003	-	-	897,366
Payments made during the period	(1,794,732)	(1,794,732)	(897,366)
Carrying amount at the end of year	2,962,097	2,962,097	1,794,732
21. CONTRIBUTED EQUITY			
Issued and paid up capital			
98,736,576 (2004:89,736,576) ordinary shares, fully paid	26,508,140	26,508,140	23,259,061
Movements during the year			
Balance at beginning of year 98,736,576 (2004:89,736,576) ordinary shares	23,259,061	23,259,061	23,259,061
Shares issued:			
- 6,000,000 shares for cash	2,280,000	2,280,000	-
- 3,000,000 shares for cash	1,140,000	1,140,000	-
- Transaction costs	(170,921)	(170,921)	-
	26,508,140	26,508,140	23,259,061

Terms and conditions of shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Notes To The Financial Statements For The Year Ended 30 June 2005

	Consolidated 2005 $	Company 2005 $	Company 2004 $
22. RETAINED PROFITS			
Retained profit at beginning of the year	7,785,645	7,785,645	6,002,795
Net profit attributable to members of the Company	6,578,450	6,527,454	4,474,948
Dividends recognised during the year	(2,962,097)	(2,962,097)	(2,692,098)
Retained profits at end of the year	11,401,998	11,351,002	7,785,645
23. COMMITMENTS AND CONTINGENT LIABILITIES			
Joint Venture entity commitments			
Share of development commitments of the joint venture entities not provided for, and payable:			
Within one year	34,185,940	34,185,940	26,949,301
Later than one year	4,407,700	4,407,700	-
Later than five years	-	-	-
	38,593,640	38,593,640	26,949,301

Guarantees

Finbar has provided a $465,471 guarantee to BankWest and Westpac for security on a finance facility in 78 Terrace Road Joint Venture Pty Ltd.

Finbar has also provided a $285,175 guarantee to Commonwealth Bank which is equal to 2.5% of the building contract value for the first two stages of the project undertaken by Rivervale Concepts Pty Ltd.

24. RELATED PARTIES

The names of each person holding the position of director of Finbar International Limited during the financial year are:

Mr Paul Rengel

Mr John Chan

Mr John Cheak

Mr Kee Kong Loh

Mr Richard Rimington

Notes To The Financial Statements For The Year Ended 30 June 2005

24. RELATED PARTIES (Continued)

Details of Directors' remuneration and retirement benefits are set out in Note 6. Apart from the detail disclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interest subsisting at year end.

Directors' holdings of shares and share options

The interests of Directors of the Company and their Director-related entities in shares of the Company at year end are set out below:

	2005 Number	2004 Number
Finbar International Limited		
- ordinary shares	71,240,209	70,690,209
- options	4,486,828	3,786,828

Other transactions with the Company

The Company has entered into a management agreement ("the agreement") with J&R Management Pty Ltd ("J&R Management") for the provision of executive management, project management and company secretarial services to the Company for a period of three years from 1 July 2004. The agreement was signed on 16 December 2004. Mr John Chan and Mr Richard Rimington are directors and shareholders of J&R Management. Mr Darren Pateman is employed by J&R Management. The agreement provides for the payment of a commission of 8% of pre-tax profits of the Company in each financial year. For the year to 30 June 2005 this commission amounts to $829,682 (2004: $566,725) which has been accrued in these financial statements. In addition, the management agreement also provides for a monthly fee of $34,583 (2004: $26,216) to be paid to J&R Management. The amount paid was $415,000 (2004: $314,592) to 30 June 2005.

The management agreement includes a clause to pay J&R Management 50% of the management fee payable to the Company by Boas Gardens Estate Pty Ltd. This fee payable to J&R Management totalled $16,213 (2004:$48,684). The grand total of commission plus fees payable to J&R Management was $1,260,895 (2004:$930,002).

The Company received rental income and reimbursement of outgoings from J&R Management for the use of office space within the offices at 15 Labouchere Road, South Perth.

Other than as outlined above, the terms and conditions of the transactions with Directors and Director related entities were no more favourable than those available, or which might be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

24. RELATED PARTIES (Continued)

The value of transactions during the year with Directors and their Director-related entities were as follows:

DIRECTOR	DIRECTOR-RELATED ENTITY	2005 $	2004 $
Mr J Chan and	J&R Management Pty Ltd		
Mr R Rimington	Management fee paid	1,260,895	930,002
	Rent and outgoings received	(24,892)	(20,830)
Amounts payable to and receivable from Directors and their Director-related entities at balance date arising from these transactions were as follows:			
Current receivables J&R Management Pty Ltd		14,754	22,912
Current liabilities J&R Management Pty Ltd		533,380	363,736

Non-director related parties

The classes of non-director related parties are:

- joint venture entities; and
- directors of related parties and their director-related entities.

Joint Ventures

The Company has entered into the following joint venture entities with Wembley Lakes Estates Pty Ltd:

- Rivervale Concepts Pty Ltd
- 78 Terrace Road Joint Venture Pty Ltd
- 175 Hay Street Joint Venture Pty Ltd
- Hamersley Road Joint Venture Pty Ltd
- 132 Terrace Road Joint Venture Pty Ltd
- 188 Adelaide Terrace Joint Venture Pty Ltd
- 132 Developments Pty Ltd

Richard Rimington is a director of Wembley Lakes Estates Pty Ltd.

Both Richard Rimington and John Chan have interests in but not control of Wembley Lakes Estates Pty Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

24. RELATED PARTIES (Continued)

Transactions

All transactions with non-director related parties are on normal terms and conditions.

	CONSOLIDATED 2005 $	COMPANY 2005 $	COMPANY 2004 $
The aggregate amounts included in the profit from ordinary activities before income tax expense that resulted from transactions with non-director related parties are:			
Management fee revenue Joint Venture entities	1,753,934	1,753,934	97,366
The aggregate amounts receivable from non-director related entities are:			
Receivables			
Current			
Loans to joint venture entities	12,184,733	12,184,733	10,457,132
Non-current			
Loans to joint venture entities	9,834,939	9,834,939	6,404,499

25. NOTES TO STATEMENT OF CASH FLOW

(i) Reconciliation of cash

For the purpose of the statement of cash flows, cash includes:

(i) Cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and

(ii) investments in money market instruments with less than 14 days to maturity.

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

	CONSOLIDATED 2005 $	COMPANY 2005 $	COMPANY 2004 $
Cash	2,473,837	2,401,784	1,023,494

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	CONSOLIDATED 2005 $	COMPANY 2005 $	COMPANY 2004 $
25. NOTES TO STATEMENT OF CASH FLOW (Continued)			
(ii) Reconciliation of operating profit after income tax to net cash provided by operating activities			
Operating profit after income tax	6,578,450	6,527,454	4,474,948
Items classified as investing/financing activities			
Profit/(loss) on sale of non-current assets	-	-	628
Non-cash items in operating profit			
Depreciation and amortisation	42,685	42,685	42,427
Income from joint ventures equity accounted	(6,265,945)	(6,265,945)	(4,148,310)
Net cash provided by operating activities before change in assets and liabilities	355,190	304,194	369,693
Changes in assets and liabilities			
Increase/(decrease) in income taxation payable	77,015	64,127	(646,113)
Increase/(decrease) in deferred taxes payable	(39,360)	(79,588)	235,063
(Increase)/decrease in settlement and other debtors	2,123,386	2,162,239	(3,074,521)
(Increase)/decrease in other assets	(48,688)	(32,601)	(1,197)
(Increase)/decrease in inventory	(12,426,443)	(7,180,872)	596,519
Increase/(decrease) in trade creditors and accruals	(385,733)	(392,041)	(257,482)
(Increase)/decrease in deferred tax assets	89,471	115,603	(159,744)
Cash flows from operating activities	(10,255,162)	(5,038,939)	(2,937,782)

26. FINANCING ARRANGEMENTS

The Company has access to the following lines of credit:

	CONSOLIDATED 2005 $	COMPANY 2005 $	COMPANY 2004 $
Total facilities available			
Standby facility	700,000	700,000	700,000
Commercial bills	8,032,000	6,032,000	-
	8,732,000	6,732,000	700,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	CONSOLIDATED 2005 $	COMPANY 2005 $	COMPANY 2004 $
26. FINANCING ARRANGEMENTS (Continued)			
Facilities utilised at balance date:			
Standby facility	700,000	700,000	700,000
Commercial bills	7,514,412	5,514,412	-
	8,214,412	6,214,412	700,000
Facilities not utilised at balance date:			
Standby facility	-	-	-
Commercial bills	517,588	517,588	-
	517,588	517,588	-

Standby facility

The standby facility is secured by registered first mortgage over office, land and buildings of the Company. The carrying amount of these land and buildings at 30 June 2005 was $754,002 (2004:$743,929).

27. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

(a) Interest rate risk

Interest rate risk exposures

The Company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

CONSOLIDATED 2005	FIXED INT. RATE $	FLOATING INT. RATE $	NON-INTEREST BEARING $	TOTAL CARRYING AMOUNT $	WEIGHTED AVG EFFECTIVE INT. %
Financial Assets					
Cash	-	2,473,837	-	2,473,837	3.7%
Receivables	-	-	21,030,122	21,030,122	
Total	-	2,473,837	21,030,122	23,503,959	

Notes To The Financial Statements For The Year Ended 30 June 2005

27. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (Continued)

Consolidated 2005	Fixed int. rate $	Floating int. rate $	Non-interest bearing $	Total carrying Amount $	Weighted avg effective int. %
Financial Liabilities					
Trade creditors	-	-	77,035	77,035	
Other creditors and accruals	-	-	650,791	650,791	
Commercial bills	-	8,214,412	-	8,214,412	7.3%
Total	-	8,214,412	727,826	8,942,238	
Company 2005					
Financial Assets					
Cash	-	2,401,784	-	2,401,784	3.7%
Receivables	-	-	24,279,597	24,279,597	
Total	-	2,401,784	24,279,597	26,681,381	
Financial Liabilities					
Trade creditors	-	-	77,035	77,035	
Other creditors and accruals	-	-	644,483	644,483	
Commercial bills	-	6,214,412	-	6,214,412	7.3%
Total	-	6,214,412	721,518	6,935,930	
2004					
Financial Assets					
Cash	-	1,023,494	-	1,023,494	5.1%
Receivables	-	-	24,166,701	24,166,701	
Total	-	1,023,494	24,166,701	25,190,195	
Financial Liabilities					
Trade creditors	-	-	193,804	193,804	
Other creditors and accruals	-	-	919,755	919,755	
Commercial bills	-	700,000	-	700,000	7.3%
Total	-	700,000	1,113,559	1,813,559	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

27. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (Continued)

(b) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets, excluding investments, of the Company, which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

(c) Net fair value of financial assets and liabilities

Net fair value of financial assets and liabilities are determined by the Company on the following basis:

The net fair value of monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by the value of contractual or expected future cash flows on amounts due from customers or associated entities (reduced for expected credit losses) or due to suppliers. The carrying amounts of cash receivables and payables approximate net fair value.

28. EVENTS SUBSEQUENT TO BALANCE DATE

In relation to 188 Adelaide Terrace Joint Venture Pty Ltd, there were six unconditional contracts in Perth as at 30 June 2005 that were cancelled at the discretion of the Company subsequent to year end. Finbar International Limited has recognised profits amounting to $229,000 in relation to these contracts. Four of the six properties have subsequently resold for an amount of $165,000 above the original sales prices.

29. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

For reporting periods beginning on or after 1 January 2005, the consolidated entity must comply with Australian equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP) applicable for reporting periods ended 30 June 2005.

Assessment and planning phase

The assessment and planning phase aims to produce a high level overview of the impacts of conversion to IFRS reporting on existing accounting and reporting policies and procedures, systems and processes, business structures and staff.

This phase included:

- high level identification of the key differences in accounting policies and disclosures that are expected to arise from adopting AIFRS;

Notes To The Financial Statements For The Year Ended 30 June 2005

29. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

- assessment of new information requirements affecting management information systems, as well as the impact on the business and its key processes;
- evaluation of the implications for staff, for example training requirements; and
- preparation of a conversion plan for expected changes to accounting policies, reporting structures, systems, accounting and business processes and staff training.

The Company considers the assessment and planning phase to be complete as at 30 June 2005.

Design phase

The design phase formulated the changes required to existing accounting policies and procedures and systems and processes in order to transition to AIFRS. The design phase incorporated:

- formulating revised accounting policies and procedures for compliance with AIFRS requirements;
- identifying potential financial impacts as at the transition date and for subsequent reporting periods prior to adoption of AIFRS;
- development of revised AIFRS disclosures;
- formulation of accounting and business processes to support AIFRS reporting obligations;
- identification of required changes to financial reporting and business source systems; and
- development of training programs for staff.

The design phase is completed as at 30 June 2005.

Implementation phase

The implementation phase includes implementation of identified changes to accounting and business procedures, processes and systems and operational training for staff and enables the Company to generate the required reconciliations and disclosures of AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards.*

This phase is substantially complete as at 30 June 2005.

Notes To The Financial Statements For The Year Ended 30 June 2005

29. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Impact of transition to AIFRS

The impact of transition to AIFRS, including the transitional adjustments disclosed in the reconciliation from Australian GAAP to AIFRS and the selection and application of AIFRS accounting policies are based on AIFRS standards that management expect to be in place. Only a complete set of financial statements and notes together with comparative balances can provide a true and fair presentation of Company's financial position, results of operations and cash flows in accordance with AIFRS. This note provides only a summary, therefore, further disclosure and explanations will be required in the first complete AIFRS financial report for a true and fair view to be presented under AIFRS.

There is a significant amount of judgement involved in the preparation of the reconciliations from current Australian GAAP to AIFRS, consequently the final reconciliations presented in the first financial report prepared in accordance with AIFRS may vary materially from the reconciliations provided in this Note.

Revisions to the selection and application of the AIFRS accounting policies may be required as a result of:

- changes in financial reporting requirements that are relevant to the Company's first complete AIFRS financial report arising from new or revised accounting standards or interpretations issued by the Australian Accounting Standards Board subsequent to the preparation of the 30 June 2005 financial report;
- additional guidance on the application of AIFRS in a particular industry or to a particular transaction; and
- changes to the Company's operations.

Where the application or interpretation of an accounting standard is currently being debated, the accounting policy adopted reflects management's current assessment of the likely outcome of those deliberations. The uncertainty relating to the accounting guidance is disclosed in the relevant accounting policy note and where practicable, the expected impact of the alternative interpretation is also disclosed.

The rules for first time adoption of AIFRS are set out in AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards*. In general, AIFRS accounting policies must be applied retrospectively to determine the opening AIFRS balance sheet as at transition date, being 1 July 2004. The Standard allows a number of exemptions to this general principle to assist in the transition to reporting under AIFRS. The accounting policies note includes details of the AASB 1 elections adopted.

The significant changes in accounting policies expected to be adopted in preparing the AIFRS reconciliations and the elections expected to be made under AASB 1 are set out on pages 58 to 64.

Notes To The Financial Statements For The Year Ended 30 June 2005

29. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

(a) Revenue recognition

Under existing Australian Generally Accepted Accounting Principles ("AGAAP") profit is brought to account in accordance with UIG 53 in that it is recognised using the percentage of completion method when stage of project completion can be reliably determined, costs to date can be clearly identified, and both total project revenues to be received and costs to complete can be reliably measured. In the majority of instances, under AIFRS profit and revenues will be recognised on settlement resulting in a deferral of both profit and revenue.

The impact of the change in policy for both the consolidated entity and the company is:

• as at 30 June 2004:

- reduction in receivables of $3,721,036;
- increase in inventories of $2,611,082;
- reduction in investments accounted for using the equity method of $4,641,560;
- reduction in payables of $288,686;
- reduction in deferred tax asset of $97,053; and
- reduction in deferred tax liability of $307,154.

• as at 30 June 2005:

- reduction in inventories of $649,779;
- reduction in investments accounted for using the equity method of $5,681,005;
- reduction in current tax liability of $26,683 (consolidated) and $4,618 (company);
- reduction in deferred tax asset of $49,424 (consolidated) and $27,360 (company); and
- reduction in deferred tax liability of $195,197.

(b) Provision for dividends

Under AGAAP, a liability for dividends is recognised when dividends are declared, determined or publicly recommended. In contrast AIFRS prohibits the recognition of liabilities for dividends that were declared after the reporting date. Dividends are declared when they are appropriately authorised and no longer at the discretion of the Company. This results in a deferral of the date that provisions for dividends are recognised. The impact of the change in policy for both the consolidated entity and company is:

• increase in retained earnings and a reduction in provisions of $1,794,732 as at 30 June 2004; and

• increase in retained earnings and a reduction in provisions of $2,962,097 as at 30 June 2005.

Notes To The Financial Statements For The Year Ended 30 June 2005

29. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

(c) Financial instruments

Management has decided to apply the exemption provided in AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards* which permits entities not to apply the requirements of AASB 132 Financial Instruments: Presentation and Disclosures and AASB 139 Financial Instruments: Recognition and Measurement for the financial year ended 30 June 2005. The standards will be applied from 1 July 2005. However, the impact assessment has not been completed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

29. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Reconciliation of profit for the financial year ended 30 June 2005

The following table sets out the expected adjustments to the statements of financial performance of the Company and the consolidated entity for the year ended 30 June 2005:

	CONSOLIDATED FOR THE YEAR ENDED 30 JUNE 2005			COMPANY FOR THE YEAR ENDED 30 JUNE 2005		
	AGAAP $	TRANSITION IMPACT $	AIFRS $	AGAAP $	TRANSITION IMPACT $	AIFRS $
Revenue from sale of development properties	4,056,930	(481,890)	3,575,040	4,056,930	(481,890)	3,575,040
Management fees from associated entities	1,753,934	-	1,753,934	1,753,934	-	1,753,934
Other revenue from ordinary activities	322,337	2,671	325,008	232,336	2,671	235,007
Total revenue	6,133,201	(479,219)	5,653,982	6,043,200	(479,219)	5,563,981
Agency fees & settlement costs	(4,005)	(79,856)	(83,861)	(4,005)	(79,856)	(83,861)
Changes in inventories	8,385,599	779,984	9,165,583	3,140,029	779,984	3,920,013
Development expenses capitalised into inventories						
- land acquisitions	(8,429,400)	-	(8,429,400)	(3,464,640)	-	(3,464,640)
- design, construction and development costs	(3,345,087)	3379	(3,341,708)	(3,231,218)	3379	(3,227,839)
- statutory and holding costs	(49,695)	(47)	(49,742)	(43,420)	(47)	(43,467)
- advertising & marketing costs	(20,107)	-	(20,107)	(16,655)	-	(16,655)
- consultants & legal fees	(40,033)	-	(40,033)	(11,774)	-	(11,774)
- borrowing costs	(285,584)	(924)	(286,508)	(156,628)	(924)	(157,552)
- other costs	(45,847)	-	(45,847)	(45,847)	-	(45,847)
Management fees	(1,260,895)	-	(1,260,895)	(1,247,215)	-	(1,260,895)
Professional fees	(359,859)	-	(359,859)	(349,377)	-	(349,377)
Occupancy expenses	(27,459)	-	(27,459)	(27,459)	-	(27,459)
Depreciation expense	(42,685)	-	(42,685)	(42,685)	-	(42,685)
Borrowing costs	(14,121)	-	(14,121)	(13,908)	-	(13,908)
Other expenses from ordinary activities	(210,012)	-	(210,012)	(208,691)	-	(208,691)
Share of net profit of joint ventures accounting for using the equity method	6,265,945	(1,039,548)	5,226,397	6,265,945	(1,039,548)	5,226,397
Profit from ordinary activities before income tax	6,649,456	(816,231)	5,833,725	6,571,972	(816,231)	5,755,741
Income tax relating to ordinary activities	(71,506)	(89,471)	(160,977)	(44,518)	(89,471)	(133,989)
Net profit attributable to members of the company	6,578,450	(905,702)	(5,672,748)	6,527,454	(905,702)	5,621,752

Notes To The Financial Statements For The Year Ended 30 June 2005

29. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Summary of impact of transition to AIFRS on retained earnings

The impact of the transition to AIFRS on retained earnings as at 1 July 2004 is summarised below:

	Consolidated $	The Company $
Retained earnings as at 1 July 2004 under AGAAP	7,785,645	7,785,645
AIFRS reconciliation:		
- Reversal of dividend provision	1,794,732	1,794,732
- After tax profit impact from revenue deferral in associated entities	(3,002,277)	3,002,277)
- After tax profit impact from revenue deferral in consolidated group/ parent entity	(2,250,450)	(2,250,450)
Retained earnings as at 1 July 2004 under AIFRS	4,327,650	4,327,650

Notes To The Financial Statements For The Year Ended 30 June 2005

29. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Summary of transitional adjustments

The following table sets out the expected adjustments to the statements of financial position of the Company and the consolidated entity at transition to AIFRS as at 1 July 2004 and for the AIFRS comparative period balance sheet as at 30 June 2005:

Reconciliation of equity

		Consolidated 1 July 2004			Consolidated 30 June 2005			Company 1 July 2004			Company 30 June 2005		
	Note	1 July 04 AGAAP $	Transition impact $	1 July 04 AIFRS $	30 June 05 AGAAP $	Transition impact $	30 June 05 AIFRS $	1 July 04 AGAAP $	Transition impact $	1 July 04 AIFRS $	30 June 05 AGAAP $	Transition impact $	30 June 05 AIFRS $
Current assets													
Cash		1,023,494	-	1,023,494	2,473,837	-	2,473,837	1,023,494	-	1,023,494	2,401,784	-	2,401,784
Receivables	a	17,762,202	(3,721,036)	14,041,166	14,477,212	-	14,477,212	17,762,202	(3,721,036)	14,041,166	14,444,659	-	14,444,659
Investments accounted for using equity method	a	4,718,834	(3,002,277)	1,716,557	7,373,739	(3,340,695)	4,033,044	4,718,834	(3,002,277)	1,716,557	7,373,739	(3,340,695)	4,033,044
Inventory	a	2,063,060	2,611,082	4,674,142	9,236,313	(649,779)	8,586,534	2,063,060	2,611,082	4,674,142	9,236,313	(649,779)	8,586,534
Tax asset		57,899	-	57,899	-	-	-	57,899	-	57,899	-	-	-
Other		1,536	-	1,536	50,224	-	50,224	1,536	-	1,536	34,137	-	34,137
Total current assets		25,627,025		21,514,794	33,611,325		29,620,850	25,627,025		21,514,794	33,490,632		29,500,158

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

29. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

		Consolidated 1 July 2004			Consolidated 30 June 2005			Company 1 July 2004			Company 30 June 2005		
	Note	1 July 04 AGAAP $	Transition impact $	1 July 04 AIFRS $	30 June 05 AGAAP $	Transition impact $	30 June 05 AIFRS $	1 July 04 AGAAP $	Transition impact $	1 July 04 AIFRS $	30 June 05 AGAAP $	Transition impact $	30 June 05 AIFRS $
Non-current assets													
Receivables		6,404,499	-	6,404,499	6,552,971	-	6,552,971	6,404,499	-	6,404,499	9,834,939	-	9,834,939
Inventory		335,090	-	335,090	5,588,280	-	5,588,280	335,090	-	335,090	342,709	-	342,709
Investments accounted for using equity method	a	1,643,802	(1,639,283)	4,519	3,469,843	(2,340,310)	1,129,433	1,643,802	(1,639,283)	4,519	3,469,843	(2,340,310)	1,129,433
Other financial assets		-	-	-	-	-	-	-	-	-	4	-	4
Property, plant and equipment		874,479	-	874,479	893,183	-	893,183	874,479	-	874,479	893,183	-	893,183
Deferred tax asset	a	103,084	(97,053)	6,031	71,512	(49,424)	22,088	103,084	(97,053)	6,031	45,380	(27,360)	18,020
Total non-current assets		9,360,954		7,624,618	16,575,789		14,185,955	9,360,954		7,624,618	14,586,058		12,218,288
Total assets		34,987,979		29,139,412	50,187,114		43,806,805	34,987,979		29,139,412	48,076,690		41,718,446
Current liabilities													
Payables	a	1,113,559	(228,686)	824,873	727,826	-	727,826	1,113,559	(288,686)	824,873	721,518	-	721,518
Interest-bearing liabilities		700,000	-	700,000	8,214,412	-	8,214,412	700,000	-	700,000	6,214,412	-	6,214,412
Current tax liabilities		-	-	-	77,019	(26,683)	50,336	-	-	-	64,127	(4,618)	59,509
Provisions	a	1,794,732	(1,794,732)	-	2,962,097	(2,962,097)	-	1,794,732	(1,794,732)	-	2,962,097	(2,962,097)	-
Total current liabilities		3,608,291		1,524,873	11,981,354		8,992,574	3,608,291		1,524,873	9,962,154		6,995,439

Notes To The Financial Statements For The Year Ended 30 June 2005

29. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

		Consolidated 1 July 2004			Consolidated 30 June 2005			Company 1 July 2004			Company 30 June 2005		
	Note	1 July 04 AGAAP $	Transition impact $	1 July 04 AIFRS $	30 June 05 AGAAP $	Transition impact. $	30 June 05 AIFRS $	1 July 04 AGAAP $	Transition impact $	1 July 04 AIFRS $	30 June 05 AGAAP $	Transition impact $	30 June 05 AIFRS $
Non-current liabilities													
Deferred tax liabilities	a	334,982	(307,154)	27,828	295,622	(195,197)	100,425	334,982	(307,154)	27,828	255,394	(195,197)	60,197
Total non-current liabilities		334,982		27,828	295,622		100,425	334,982		27,828	255,394		60,197
Total liabilities		3,943,273		1,552,701	12,276,976		9,092,999	3,943,273		1,552,701	10,217,548		7,055,636
Net assets		31,044,706		27,586,711	37,910,138		34,713,806	31,044,706		27,586,711	37,859,142		34,662,810
Equity													
Contributed equity		23,259,061	-	23,259,061	26,508,140	-	26,508,140	23,259,061		23,259,061	26,508,140	-	26,508,140
Retained profits		7,785,645	(3,457,995)	4,327,650	11,401,998	(3,196,232)	8,205,666	7,785,645	(3,475,995)	4,327,650	11,351,002	(3,196,332)	8,154,670
Total equity		31,044,706		27,586,711	37,910,138		34,713,806	31,044,706		27,586,711	37,859,142		34,662,810

Directors' Declaration

In the opinion of the Directors of Finbar International Limited:

(a) the financial statements and notes, set out on pages 14 to 64, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company and the controlled entity as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company and the controlled entities identified in Note 14 will be able to pay their debts as and when they become due and payable; and

(c) the directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2005.

Signed in accordance with a resolution of the Directors:

WChan

……………………………………..

J Chan
Managing Director

Dated at Perth this 24th day of August 2005.

KPMG

Independent Audit Report To Members Of Finbar International Limited

Scope

The financial report and Directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the Directors' declaration for both Finbar International Limited (the "Company") and its controlled entities ("the consolidated entity"), for the year ended 30 June 2005. The consolidated entity comprises both the Company and the entities it controlled during that year

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the **Corporations Act 2001**. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

KPMG

Audit opinion

In our opinion, the financial report of Finbar International Limited is in accordance with:

a) the Corporations Act 2001, including:

i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the financial year ended on that date; and

ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements in Australia.

KPMG

KPMG

Robert Kelly

R C KELLY
Partner

Perth
24th August 2005

Shareholdings

Substantial Shareholders

The number of shares held by the substantial shareholders as at 30th June 2005 were:

Name	Shares	%
Chuan Hup Holdings	23,553,996	23.86
Apex Equity Holdings Berhad	13,977,746	14.16
Hamlet Management Limited	8,248,098	8.35
Blair Park Pty Ltd	6,087,980	6.17

Distribution of Shareholders (as at 30th June 2005): -

Range	Holders	Units
1-1000	78	21,649
1,001-5,000	103	320,490
5,001-10,000	70	586,564
10,001-100,000	199	6,363,778
1000,001-over	59	91,444,095
	509	**98,736,576**

Twenty Largest Shareholders as at 30th June 2005:

	Number of Ordinary Shares Held	%
Chuan Hup Holdings	23,553,996	23.86
Apex Equity Holdings Berhad	13,977,746	14.16
Hamlet Management Limited	8,248,098	8.35
Blair Park Pty Ltd	6,087,980	6.17
Apex Investments Pty Ltd	2,810,079	2.85
Charldon Inc	2,721,932	2.76
Onsui Pty Ltd	2,676,832	2.71
Mr Ah Hwa Lim	2,512,477	2.54
Baguio International Limited	2,400,000	2.43
Onsui Pty Ltd	2,023,052	2.05
Fastlink International Limited	1,960,000	1.99
Phoenix Properties Pty Ltd	1,952,818	1.98
Dynamic Corporation Pty Ltd	1,817,379	1.84
Mr Guan Seng Chan	1,496,000	1.52
Mr Wan Soon Chan	1,422,657	1.44
Maju Makmur Nominees	1,369,862	1.39
Mr Paul Anthony Johnstone	1,109,193	1.12
Mr Wan Kah Chan & Mrs Mui Tee Chan (Chan Family S/F A/C)	1,095,175	1.11
Nefco Nominees Pty Ltd	1,058,357	1.07
Forward International Pty Ltd	1,022,053	1.04
Top 20	**81,315,686**	**82.38**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