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FINBAR ANNUAL REPORT nineteen

Finbar International Limited A.C.N. 009 113 473 and Controlled Entities

FOR THE YEAR ENDED 30TH JUNE 2003

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CONTENTS & CORPORATE DIRECTORY

Directors

Paul Anthony Rengel (Chairman)
John Chan (Managing Director)
Kee Kong Loh
John Boon Heng Cheak
Richard Dean Rimington

Company Secretary

Darren Pateman

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Share Register

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Level 2, Reserve Bank Building
45 St George's Terrace
PERTH WA 6000
Telephone: +61 8 9323 2000

Auditors

KPMG
Chartered Accountants
152-158 St George's Terrace
PERTH WA 6000

Solicitors

Chalmers & Partners
Level 6, 524 Hay Street
PERTH WA 6000

Stock Exchange Listing

Australian Stock Exchange Limited (Perth)

On behalf of your Board of Directors, I am pleased to present the 19th Annual Report of the Company.

Finbar's fiscal year to 30th June 2003, has once again been a very successful one with the completion of several quality projects and the launch of substantial and high profile new developments. Without doubt your Company is now a well established and highly successful operator in its market sector with a good record of profits and a sound financial base.

The result for the year shows an increase in profit, before tax to $3,141,396, up by almost 49% on the previous year result of $2,114,881. A net asset growth at over 10%, on the prior year base, to a total $29,261,856 has also been achieved, representing both liquid assets and projects funded, through joint venture entities.

Furthermore, total liabilities have been reduced by 50% from approximately $6,000,000 last year to just under $3,000,000 at 30 June 2003 and the Company remains in a very strong working capital position.

With continued diligent application of best practices in management and in policy setting, the company is well placed to achieve persistent good levels of profitability and net asset growth into the future. For the information of shareholders, a detailed report by the Managing Director, Mr John Chan, is also attached, which together with information contained in the Audited financial report, illustrates the strong financial and market position of the company and will present shareholders with an insight into the scope of their Company's operations.

Whilst the Company's performance and financial position, may not have received full recognition from a stock market perspective, Finbar's shares remain a good investment. The Directors, in conjunction with their corporate and investor relations advisors, are also currently reviewing the Company shareholding position, in terms of widening the public share spread, with a view to improving availability of shares for trading. The directors consider that it is in the best interests of shareholders, that the Company's securities represent not only a sound investment, but are also recognised on the securities market and, are available for trading in sufficient volume.

Shareholders have no doubt, also noted, that there has recently been considerable media attention to matters pertaining to corporate governance. In particular, issues of accountability and the assurance process, executive remuneration and matters of duty of care, have received adverse public comment. Our shareholders may be assured however that their Company has no exposure on such issues and that you have a Board of Directors who have implemented best current practices in management and in corporate governance. Best standards are applied diligently in all aspects of the Company's operations so as to ensure that the value of your investment in this company will be maintained with a likelihood of continued improvement into the future.

The success of Finbar comes in particular through the competence and dedicated efforts of the Executive Directors and their management team. In closing, I am pleased to acknowledge their achievements in the fiscal year concluded and to thank them on behalf of shareholders.

I also encourage shareholders, to read and consider the contents of this Annual Report and to come and meet your Board of Directors at the forthcoming Annual General Meeting.

With compliments

Paul Anthony Rengel
Chairman of Directors

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Market Rise

As we reach our nine year milestone as a listed property developement company, I welcome you to the nineteenth annual report of Finbar International Limited.

Your Company has completed a very rewarding twelve month period, highlighted by a 50-percent increase in profits, exciting development sites, successful launches and completion of projects.

Finbar completed 92 units and 30 land lots in the last financial year and this, coupled with the success of the product launches and pre-sales, is reflected in your Company's after tax profit of $3.1 million, an improvement of 50 percent profit on the previous twelve months.

Finbar's business, revenues and profits are growing and the Company will continue to provide benefits to shareholders.

I believe Finbar will be able to improve its performance for shareholders over the coming twelve months.

In last year's report, I indicated that your Company was building its portfolio by identifying and acquiring development opportunities. This process has been very successful.

New acquisitions during the year included 132 Terrace Road and 188 Adelaide Terrace in Perth, both joint ventures with Wembley Lakes Estates Pty Ltd, and 15 Stone Street in the South Perth peninsular.

Finbar now has approximately four years worth of development sites in its portfolio. There are currently 209 apartments under construction, 154 apartments due to start within the next 12 months and a further 578 apartments in the planning stage. Our sites largely focus on the inner city market, namely Perth, West Perth, East Perth and South Perth.

We will now concentrate on developing the sites in our portfolio by obtaining design, development and marketing approvals for all projects.

During the last twelve months Finbar has successfully launched four projects: Market Rise in West Perth; The Westralian in Perth; Blue 2 in South Perth; and 175 Hay, Perth.

Each project achieved at least 50 percent pre-sales figures - reflecting the quality product on offer. The pre-sales figures are also an indication that the market has recovered from the Goods and Services Tax (GST) imposed in July 2000, as sales increased for both the medium and upper end of the markets.

There was a level of uncertainty in the market last year due to the threat of interest rate increases. Market forecasts for this year are more positive, based on the expectation that interest rates, the Australian economy and unemployment will remain steady. If forecasts are correct, then your Company will prosper further.

Over the years, Finbar's product has evolved to be well recognised and synonymous with quality, style, sophistication, affordability and one that delivers a better lifestyle.

The Company's name and reputation now adds value and credibility to a project and this year we will implement a branding strategy to raise Finbar's presence, profile, positioning and awareness further.

The year ahead will also feature the much anticipated launches of 132 Terrace Road, East Perth,15 Stone Street, South Perth, 188 Adelaide Terrace, East Perth and Stage One of Hill 60, Rivervale. These sites cover a range of locations from inner city to riverside to the South Perth peninsular.

While Finbar's focus is on 'inner city' projects, primarily from South Perth through to Northbridge, your Company does look outside this area for opportunities, such as The 10th Tee at The Vines and Monterey Bay in Port Mandurah, and will continue to scout for appropriate sites for development.

Finbar is proud of its buildings, reputation and success in producing quality lifestyle developments.

The Company's success can be attributed to its tight-knit team of professionals who work towards common goals and objectives. Everyone involved in a Finbar project feels a sense of ownership and satisfaction at producing a quality product.

I'd like to thank the Finbar team, including suppliers, contractors, bankers, builders, staff, architects and consultants, who have provided excellent advice and service throughout the year and helped your Company achieve the efficiencies, success and reputation it has today.

Your Company is a significant player in the Perth residential property market and I look forward to another successful twelve months of providing benefits to shareholders and affordable, quality, lifestyle developments to the market.

John Chan
Managing Director

Kingston at Boas Gardens Estate

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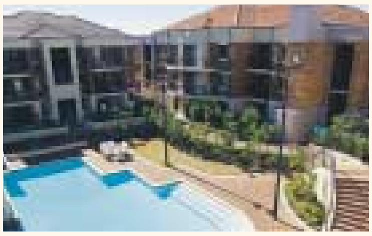
Monterey Bay 14 Mary Street, Port Mandurah

One of Finbar's completed projects, this canal-side development provides the perfect lifestyle choice for those who enjoy relaxing, boating and water-based activities. All apartments have private balconies, canal frontage, views and a boat mooring offering idyllic waterside resort facilities and living.

47 Apartments: Comprising 33 apartments with 3 bedrooms and 2 bathrooms and 14 apartments with 2 bedrooms and 2 bathrooms with living areas ranging from 80 to 112 square metres.

Features: Individual private jetties, hard-stand dinghy parking and private launching ramp, outdoor pool, resident's gymnasium, sauna and lounge.

Average price achieved: $312,577



Kingston at Boas 7 Delhi Street, West Perth *Joint Venture*

Completed during the last financial year, Kingston at Boas Gardens Estate offers resort style living with the city on your doorstep and a park as your garden. The apartments are in townhouse-style blocks which surround a central pool and garden area and are designed to reflect the classic Victorian, Georgian and Regency-style home of fashionable Kingston-upon-Thames in south-east England.

45 apartments: Comprising 3 bedroom 2 bathroom and 2 bedroom 2 bathroom apartments with built-in robes and floor areas ranging from 82 to 112 square metres.

Features: Swimming pool, residents lounge, fully equipped gymnasium, sauna, games room and outdoor spa.

Average price achieved so far: $299,875

St Thomas Square Subdivision Cnr Hamersley & Thomas Rds, Subiaco *Joint Venture*

In the exclusive suburb of Subiaco, St Thomas Square is situated directly opposite the beautiful Kings Park. The prime location represents a unique opportunity to secure a prestige home site close to the Perth CBD and in an established and highly desired location. All sites have sold at St Thomas Square, with all works completed.

30 Boutique subdivided lots ranging from 306 to 480 square metres.

Average price achieved: $315,333

Market Rise 9 Delhi Street, West Perth *Joint Venture*

Currently under construction, Market Rise is located in a quiet, well-hidden corner of West Perth, one of Perth's fastest growing residential areas. Modern without trying too hard to be cutting edge, the Market Rise resort-style apartments have spaces that are tailor-made for living casually and comfortably.

Apartments: 93 High rise apartments comprising 1 bedroom 1 bathroom, 2 bedroom 1 bathroom, 2 bedroom 2 bathroom and 3 bedroom 2 bathroom apartments with living areas ranging from 61 to 182 square metres.

Retail: 1 x café with an internal floor area of 161 square metres.

Features: 25 metre swimming pool, outdoor spa, BBQ, Club Lounge, bar area, games area, fully equipped gymnasium, sauna and security systems.

Average price so far: $323,649

23 Bowman Street South Perth

Launched in 2002 and currently under construction, all apartments have been sold in this highly cosmopolitan South Perth development. The sophisticated, lavish and luxurious apartments are more than just a home, they are your key to a whole new lifestyle.

Apartments: 20 x 1 bedroom 1 bathroom apartments with internal living areas of 65 and 66 square metres, spread over four storeys

Offices: 5 commercial offices ranging from 87 to 117 square metres in floor area.

Features: Fully equipped gymnasium, residents lounge, outdoor spa, sauna and extensive security systems

Average price achieved so far: $313,175 residential and $365,000 offices

78 Terrace Road, East Perth *Joint Venture*

Currently under construction, The Westralian was launched in 2002, setting a new standard in spacious luxury resort living. Situated on Terrace Road opposite Langley Park and with stunning views of the Swan River, The Westralian's design and location herald a new concept in contemporary living. Sophisticated, sensual and confident, The Westralian draws on the atmosphere of refined gracious living.

Apartments: 96 luxury apartments comprising 2 x penthouses, 8 x 3 bedroom sub penthouses, 86 x 3 bedroom/2 bathroom and 2 bedroom/2 bathroom apartments ranging in floor space from 100 square metres to 358 square metres for the Penthouses.

Features: Convenience store, café, putting green, Japanese garden, 'theatrette', pool and lounge bar, board room, conference facilities, solarium, massage facilities, Jacuzzi, sauna, games room, fully equipped gymnasium and 25 metre outdoor pool with two spas.

Average price so far: $610,588

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175 Hay Street, East Perth

Joint Venture

Launched in 2003 and with over 50 per cent sold, construction will commence soon at this ideally located, stylish apartment development. Set on the tranquil East side of the Perth CBD, it has all the benefits of inner City living as well as proximity to sporting venues and the Swan River foreshore.

Apartments: 50 apartments comprising 1 bedroom/1 bathroom, 2 bedroom/2 bathroom and 3 bedroom/2 bathroom, with floor sizes ranging from 80 to 106 square metres.

Retail: 1 x commercial unit

Features: Café, 14.5 metre swimming pool, heated outdoor spa, built-in gas BBQ, gymnasium, games and bar area, sauna and change rooms.

Average price achieved so far: $313,667

Stage 1, 'Hill 60', Rivervale

Joint Venture

With Stage 1 scheduled to commence in November 2003, 'Hill 60' offers both low and high rise apartment options on the river foreshore. It is a five stage development, including restoration of the heritage listed Hill 60 Homestead, and includes river foreshore redevelopment, creation of a dual use path and extensive street-scaping. With its river foreshore location and proximity to the city and park facilities, Hill 60 is anticipated to be a sought-after lifestyle opportunity.

Apartments: 3 and 4 storey development with 50 apartments comprising 2 bedroom/2 bathroom and 3 bedroom/2 bathroom and ranging in unit area size from 95 square metres to 117 square metres. These apartments will range in price from $235,000 to $310,000.

Retail: Comprises 3 commercial units of 96 square metres each and one café area of 99 square metres.

Features: 17.5 swimming pool, residents lounge, fully equipped gymnasium, sauna, games room and outdoor spa.

FUTURE PROJECTS

Stages 2, 3 and 4 'Hill 60', Rivervale Joint Venture

Hill 60's riverside location, attractive streetscape and redevelopment of the foreshore area will make this a sought-after development. Future stages of the development include a second low rise and two high rise apartment buildings offering river and city views. Each Stage built will have its own swimming pool for residents use.

Stage 2

Apartments: 3 and 4 storey development comprising 43 apartments of 2 bedroom/2 bathroom and 3 bedroom/2 bathroom and ranging in size from 80 square metre to 117 square metre unit areas.

Features: 17.5 metre swimming pool, residents lounge, fully equipped gymnasium, sauna, games room and outdoor spa.

Stage 3

Apartments: 10 storeys comprising 76 apartments, 3 bedroom/2 bathroom and 2 bedroom/2 bathroom units ranging in size from 81 square metres to 150 square metres

Features: swimming pool, fully equipped gymnasium, residents lounge, outdoor spa, sauna, games room and separate function room.

Stage 4

Apartments: 10 storeys comprising 113 units of 3 bedroom/2 bathroom and 2 bedroom/2 bathroom apartments ranging in size from 81 square metres to 150 square metres.

Features: putting green, swimming pool, outdoor spa, sauna, games room, function room with bar, outdoor BBQ area

15 Stone Street, South Perth

Located in the South Perth Peninsular and with river views, this superbly located 1,482 square metre site was purchased by Finbar in March 2003 for $1,250,000. The current proposal for this development is for a five storey residential building with apartments ranging in price from $345,000 to $775,000. The estimated gross sales revenue is $7,130,000. Planning approval has already been received for this sophisticated apartment development.

Apartments will comprise seven x 3 bedroom/2 bathroom apartments and seven x 1 bedroom/1 bathroom apartments ranging from 70 square metres to 141.5 square metres.

Features: 18 metre swimming pool, sauna, lounge, gymnasium and outdoor heated spa.

126-130 Adelaide Terrace, East Perth *(Stage 2 of 175 Hay Street) Joint Venture*

Stage 2 of this stylish apartment development located on the tranquil East side of the Perth CBD consists of 2,678 square metres of land. The development will have all the benefits of inner City living as well as proximity to sporting venues and the Swan River foreshore. Apartments will range in from $210,000 to $370,000 with estimated gross sales revenue (for both stages) of $27,700,000. Work is currently being carried out on the Planning Submission.

The current proposal is for a 10 storey development with 97 apartments comprising 1 bedroom/1 bathroom, 2 bedroom/2 bathroom and 3 bedroom/2 bathroom ranging in size from 52 square metres to 98 square metres (apartment internal area).

There is also an allowance for a commercial property of 98 square metres on the ground floor.

Features: 25 metre swimming pool, outdoor heated spa, tennis court, residents lounge, gymnasium and sauna.

132 Terrace Road, East Perth

This is a joint venture project comprising 6,480 square metres of land with frontages to Terrace Road and Adelaide Terrace in Perth. The development will enjoy unrestricted views over Langley Park to the Swan River and Kings Park.

The prime site with river views was purchased for $9,500,000 in May 2003. The luxury apartments are expected to sell from $315,000 to $2,200,000 with estimated gross sales revenue of $71,985,000. Work is presently being conducted on the planning submission.

The current proposal is for an 18 storey development with 120 luxury apartments comprising Penthouses, 3 bedroom/2 bathroom, 2 bedroom/2 bathroom and one bedroom apartments ranging in size from 65 square metres to 240 square metres for the Penthouses.

Features: café, commercial unit, pool lounge, sauna, games room, fully equipped gymnasium, change rooms and 25 metre outdoor pool with heated spa.

188 Adelaide Terrace, East Perth

This 3,673 square metre site in East Perth will be developed by Finbar in conjunction with a joint venture partner. Apartment prices are expected to be in the medium price range with an estimated gross sales revenue of $41,051,000. While work is presently underway on the planning submission, the current proposal is for a 10 storey development, in two stages, with a total of 142 apartments.

Stage 1 which fronts onto Hay Street will have 63 apartments comprising 1 bedroom/1 bathroom, 2 bedroom/2 bathroom and 3 bedroom/2 bathroom ranging in size from 52 square metres to 98 square metres (apartment internal area).

Stage 2 which fronts onto Adelaide Terrace will have 79 apartments comprising 1 bedroom/1 bathroom, 2 bedroom/2 bathroom and 3 bedroom/2 bathroom, and ranging in size from 52 square metres to 98 square metres (apartment internal area). There is also an allowance for a commercial property (café) 98 square metres on the ground floor.

Features: 20 metre swimming pool, outdoor heated spa, residents lounge, gymnasium and sauna for each stage.

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This statement outlines the main Corporate Governance practices that were in place throughout the financial year.

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 Company is not currently considered to be of the size, nor are its affairs of such complexity to justify the establishment of separate committees. Accordingly all matters which may be capable of delegation to a committee are dealt with by the full Board.

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 reasonably 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
- 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.

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.
- 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.

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 external 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.

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, 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.

The Directors herewith present the financial report of Finbar International Limited ('the Company') for the year ended 30 June 2003 and the auditors' report thereon.

DIRECTORS

The Directors of the Company at any time during of 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 after income tax amounted to $3,141,396 (2002 $2,114,881).

REVIEW OF OPERATIONS

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

The Company has entered into a Joint Venture arrangement with a private company – Wembley Lakes Estates Pty Ltd ('WLE') to facilitate participation in four substantial residential apartment projects and a small lot subdivision (which was completed during this financial year), within the Perth metropolitan area.

The Company no longer receives rental income from its Medical Centre Commercial Building, which it disposed of during the year.

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 $0.01 per fully paid ordinary share out of profits for the year ended 30 June 2002 on 20 November 2002, which amounted to $897,366. This amount was adjusted against opening retained earnings on adoption of AASB 1044 'Provisions, Contingent Liabilities and Contingent Assets' and as a result recognised in the current financial year.

The Directors recommend the payment of a fully franked dividend of $0.01 per fully paid ordinary share for approval by members at the Company's annual general meeting. The dividend recommended by the Directors amounts to $897,366 for shares issued at 30 June 2003. If approved the dividend will be paid on 20 November 2003 and hence no provision has been raised for this amount at year end.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Establishment of new Joint Ventures

During the financial year the Company entered into a joint venture arrangement with a private company – Wembley Lakes Estates Pty Ltd ('WLE') to facilitate participation in a substantial residential apartment project. The Company is participating in the joint venture by way of a 50% interest in 132 Terrace Road Joint Venture Pty Ltd ('132JV') a company registered specifically to carry out the joint venture development.

In the opinion of the directors, except as set out above, 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

The Company is currently in the process of finalising joint venture documentation for the participation in the development of the property located at 188 Adelaide Terrace in Perth. The Company will participate in the joint venture by way of a 50% interest in 188 Adelaide Terrace Joint Venture Pty Ltd ('188JV'), a company registered specifically to carry out the joint venture development along with Wembley Lakes Estates Pty Ltd (50%).

188JV will enter into a Joint Venture agreement with the land owner - City Regency Pty Ltd who will share in 40% of the development profits.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

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 developments 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, experience, shareholdings and disclosure of interests of the Directors are as follows:

John Chan (appointed 27/4/95)

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 the one Directors meeting and two shareholders meetings held during the year.

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. Mr Cheak attended one Director's meeting held during the year.

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 one Director's meeting held during the year.

Paul Anthony Rengel (appointed 22/5/92)

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 31 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 one Directors meeting and two shareholders meetings held during the year.

Richard Dean Rimington (appointed 27/4/95)

Mr Rimington is a property developer with 16 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 one directors meeting and two shareholders meetings held during the year.

DIRECTORS' AND SENIOR EXECUTIVE EMOLUMENTS

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 are:

Director	Base Emolument $	Commission $	Total $
Mr John Chan	22,727	*	22,727
Mr John Cheak	22,727		22,727
Mr Kee Kong Loh	22,727		22,727
Mr Paul Rengel	34,091		34,091
Mr Richard Rimington	22,727	*	22,727
Officer			
Mr Darren Pateman	-	*	-

*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 1998. This agreement was renewed for a further period of three years from 1 July 2001 and amended by way of variation as approved by shareholders at a general meeting on 26 June 2003. Mr John Chan and Mr Richard Rimmington 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 2003 this commission amounts to $390,176 (2002: $238,992) which has been accrued in these financial statements. In addition, the management agreement also provides for a monthly fee of $26,261 (2002: $19,594) to be paid to J & R Management, totalling $315,132 (2002: $235,128) to 30 June 2003.

The variation approved by shareholders on 26 June 2003 included a clause to pay J & R Management Pty Ltd 50% of management fee payable by the Company from Boas Gardens Estate Pty Ltd. This fee payable to J & R Management totalled $163,496 (2002:Nil). The grand total of commission plus fees payable to J & R Management was $868,804 (2002:$474,120).

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 to be Issued as approved at General Meeting 26 June 2003
Mr John Chan	15,313,019	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	7,071,860	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.

INSURANCE PREMIUMS

Since the end of the previous financial year, the Company has paid insurance premiums of $15,852 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.

Signed in accordance with a resolution of the Board of Directors

PA Rengel – Chairman

J Chan – Managing Director

Dated at Perth this the 21st day of August 2003.

FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 $	2002 $
Revenue from sale of development properties	3	13,007,061	20,646,268
Other revenue from ordinary activities	3	5,495,366	1,075,287
Total revenue	3	18,502,427	21,721,555
Agency fees & settlement costs		(487,227)	(745,029)
Changes in inventories		(2,727,484)	(11,307,590)
Development expenses capitalised into inventories			
- Land acquisitions		(50,000)	(1,312,062)
- Design, construction & development costs		(6,825,131)	(3,900,996)
- Statutory & holding costs		(142,111)	(427,061)
- Advertising & marketing costs		(179,637)	(327,915)
- Consultants & legal fees		(13,175)	(87,191)
- Borrowing costs		(332,134)	(449,530)
- Other costs		(6,700)	(97,199)
Management fees		(868,804)	(474,120)
Professional fees		(181,207)	(197,187)
Occupancy expenses		(16,927)	(8,080)
Depreciation expense	4	(44,392)	(39,482)
Borrowing costs		(23,340)	(224,033)
Cost of assets sold		(4,450,053)	(52,761)
Other expenses from ordinary activities		(327,681)	(306,943)
Share of net profit of joint ventures accounted for using the equity method	14	1,864,288	789,957
Profit from ordinary activities before income tax		3,690,712	2,554,333
Income tax relating to ordinary activities	5	(549,316)	(439,452)
Net profit attributable to members of the Company		3,141,396	2,114,881
Basic and diluted earnings per share	9	$0.035	$0.023

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

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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2003

	Note	2003 $	2002 $
CURRENT ASSETS			
Cash assets		9,152,996	4,984,466
Receivables	11	4,575,547	3,425,954
Investments accounted for using the equity method	14	2,906,944	-
Inventories	12	2,597,122	6,503,005
Other	17	339	7,977
TOTAL CURRENT ASSETS		19,232,948	14,921,402
NON CURRENT ASSETS			
Receivables	11	11,679,631	9,075,666
Inventories	12	397,547	1,660,831
Investment property	13	-	4,440,145
Investments accounted for using the equity method	14	12,382	1,055,037
Property, plant and equipment	15	895,182	918,559
Intangible assets	16	-	9,908
Deferred tax assets	18	1,239	5,275
TOTAL NON CURRENT ASSETS		12,985,981	17,165,421
TOTAL ASSETS		32,218,929	32,086,823
CURRENT LIABILITIES			
Payables	19	1,371,041	575,440
Interest bearing liabilities	20	840,000	3,238,000
Current tax liabilities	21	646,113	991,556
Provisions	22	-	897,366
TOTAL CURRENT LIABILITIES		2,857,154	5,702,362
NON CURRENT LIABILITIES			
Deferred tax liabilities	21	99,919	264,001
TOTAL NON CURRENT LIABILITIES		99,919	264,001
TOTAL LIABILITIES		2,957,073	5,966,363
NET ASSETS		29,261,856	26,120,460
EQUITY			
Contributed equity	23	23,259,061	23,259,061
Retained profits	24	6,002,795	2,861,399
TOTAL EQUITY		29,261,856	26,120,460

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

FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 $	2002 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		17,026,369	30,311,609
Cash payments in the course of operations		(8,785,734)	(5,197,736)
Interest received		239,347	189,098
Borrowing costs paid		(355,474)	(673,563)
Income tax paid		(1,054,116)	(366,611)
Net cash provided by/(used in) operating activities	27(ii)	7,070,392	24,262,797
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(21,013)	(162,366)
Proceeds from sale of property, plant and equipment		4,808,484	47,149
Payments for joint venture entities		(1)	(4)
Payments for intangible assets		-	(10,110)
Loans to related joint venture entities		(8,246,223)	(6,425,659)
Repayment from related joint venture entities		3,852,257	1,149,993
Net cash (used in)/provided by investing activities		393,504	(5,400,997)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		8,068,000	5,611,499
Repayment of borrowings		(10,466,000)	(20,968,499)
Dividends paid		(897,366)	(909,486)
Share buy-back		-	(569,061)
Net cash used in financing activities		(3,295,366)	(16,835,547)
Net increase in cash held		4,168,530	2,026,253
Cash at the beginning of the financial year		4,984,466	2,958,213
Cash at the end of the financial year	27(i)	9,152,996	4,984,466

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

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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 current valuations of non-current assets. These accounting policies have been consistently applied, unless otherwise stated.

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
- 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.

Interest income

Interest income is recognised as it accrues.

Non-current asset sales

The gross proceeds (after costs of disposal)of non-current asset sales are included as revenue at the date control passes to the buyer. 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).

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) 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. 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.

(d) Investments

Investment properties

Investment properties are carried at the lower of cost or net realisable value.

Investment in joint venture entity

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 Company'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.

(e) 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 (f). The carrying value of these assets are reviewed in accordance with accounting policy (g) non-current assets.

(f) 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%
Intangibles	10%

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Non-current assets

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 balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount.

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.

(h) Income tax

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. Income tax on timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the balance sheet 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. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain.

(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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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.

(l) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company. Trade accounts payable are normally settled within 60 days.

(m) Commercial bills

Commercial bills are carried on the statement of financial position at their face value. Interest expense is accrued at the contracted rate.

(n) 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.

(o) 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.

2. CHANGE IN ACCOUNTING POLICY

(a) Provisions and contingent liabilities

The Company has applied AASB 1044 'Provisions, Contingent Liabilities and Contingent Assets' for the first time from 1 July 2002.

Dividends are now recognised at the time they are declared, determined or publicly recommended. Previously, final dividends were recognised in the financial year to which they related even though the dividends were announced after the end of that financial year.

The adjustments to the consolidated and company financial reports as at 1 July 2002 as a result of this change are:

- $887,716 increase in opening retained profits; and
- $887,716 decrease in provision for dividends.

There was no impact on net profit for the current financial year to 30 June 2003.

Proforma restatement of retained profits

The proforma restatement of retained profits restated as AASB 1044 had always been applied.

	2003 $	2002 $
Restatement of retained profits		
Retained profit at beginning of the year	2,861,399	1,634,234
Increase in retained profits due to changes in accounting policies on adoption of:		
AASB 1044 'Provisions, Contingent Liabilities and Contingent Assets'	887,716	-
Net profit attributable to members of the Company	3,141,396	2,114,881
Dividends recognised during the year	(887,716)	(887,716)
Restated retained profits at end of the year	6,002,795	2,861,399

		2003	2002
		$	$
3.	**REVENUE FROM ORDINARY ACTIVITIES**		
	Sales of development properties revenue	13,007,061	20,646,268
	Other revenue		
	From operating activities:		
	Rental income	259,277	717,277
	Interest - other parties	239,347	189,098
	Forfeited deposits	18,000	7,500
	Management fees - associated entities	170,258	114,263
	From non-operating activities:		
	Proceeds from sale of investment	4,808,484	47,149
	Total other revenues	5,495,366	1,075,287
	Total revenue from ordinary activities	18,502,427	21,721,555
4.	**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	10,276,372	17,909,544
	Borrowing costs - other parties	355,474	673,563
	Less: Borrowing costs capitalised to inventory	(332,134)	(449,530)
	Add: Borrowing costs expensed to cost of goods sold	253,297	422,828
		276,637	646,861
	Borrowing costs were capitalised to capital works in progress at a weighted average rate of 6.5.% (2002:6.67%)		
	Depreciation/amortisation		
	- offices	19,940	14,641
	- office furniture, fixtures and fittings	6,998	8,150
	- plant and equipment	17,454	16,489
	- intangibles	-	202
		44,392	39,482
	Net gain on sale of intangible asset	202	-
	Net gain on sale of investments	358,229	(5,612)
	Net gain/(loss) on sale of property, plant and equipment	358,431	(5,612)

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	2003 $	2002 $
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%	1,107,214	766,300
Add: Tax effect of non-deductible items	306	2,236
Less: Tax effect of share of joint venture entities' net profit	(559,287)	(236,987)
Less: Income tax over provided in prior year	1,083	(92,097)
Income tax expense attributable to operating profit	549,316	439,452
Income tax expense attributable to operating profit is made up of:		
Current income tax provision	708,279	1,586,232
Deferred income tax provision	(164,082)	(1,054,683)
Future income tax benefit	4,036	-
Over provision in prior year	1,083	(92,097)
	549,316	439,452
6. AUDITORS' REMUNERATION		
Remuneration of the auditor for:		
Audit services		
Auditors of the Company - KPMG		
- Audit and review of financial reports	31,900	23,500
Other services		
Auditors of the Company – KPMG		
- Taxation services	5,500	5,600
- Accounting assistance	11,900	11,200
	49,300	40,300

7. DIRECTORS' REMUNERATION

	2003 Number	2002 Number
The number of directors of the Company whose income from the Company or any related party falls within the following bands:		
$20,000 - $29,999	4	5
$30,000 - $39,000	1	-

	$	$
Total income paid or payable, or otherwise made available, to all directors of the Company from the Company or any related party	125,000	105,000

The names of the directors of the Company who have held office during the financial year are:

Mr John Chan
Mr John Boon Heng Cheak
Mr Kee Kong Loh
Mr Paul Anthony Rengel
Mr Richard Dean Rimington

8. DIVIDENDS

Dividends

Proposed or paid by the Company are:

	Cents per share	Total Amount	Date of Payment	Franked Rate	Percentage Franked
2003					
2002 Final ordinary – Paid	1.0	897,366	20 November 2002	30%	100%
Over accrued for 2001 final dividend		(9,650)			
		887,716			

8. DIVIDENDS (Continued)

	Cents per share	Total Amount	Date of Payment	Franked Rate	Percentage Franked
2002					
2001 Final ordinary – Paid	1.0	919,134	30 November 2001	34%	100%
Over accrued for 2001 final dividend		(20,318)			
		898,816			

Subsequent events

Since the end of the financial year the directors declared the following dividends

Final ordinary	1.0	897,366	7 November 2003	30%	Franked

The financial effect of these dividends have not been brought to account in the financial statements for the year ended 30 June 2003 and will be recognised in subsequent financial reports.

	2003 $	2002 $
30% franked credits available to shareholders for subsequent financial years	748,273	174,081

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.

Change in measurement of dividend franking account

In accordance with the New Business Tax System (Imputation) Act 2002, the measurement basis of the dividend franking account changed on 1 July 2002 from an after-tax profits basis to an income tax paid basis.

8. DIVIDENDS (Continued)

The amount of franking credits available to shareholders disclosed as at 30 June 2003 has been measured under the new legislation and represents income tax paid amounts available to frank distributions. The balance disclosed as at 30 June 2002 has been measured under the legislation existing at 30 June 2002 and represents after-tax profits able to be distributed fully franked at the current tax rate.

The change in the basis of measurement does not change the underlying value of franking credits or tax offsets available to shareholders from the dividend franking account.

Comparative information has not been restated for this change in measurement. Had the comparative information been calculated on the new basis, the 'franking credits available' balance as at 30 June 2002 would have been $78,741.

9. EARNINGS PER SHARE

	2003 $	2002 $
Earnings reconciliation		
Net profit	3,141,396	2,114,881
Basic earnings	3,141,396	2,114,881

The weighted average number of shares used as the denominator is 89,736,576 (2002:90,772,434). There are no dilutive potential ordinary shares, therefore diluted EPS is the same as basic EPS.

Classification of Securities

There were no options to purchase ordinary shares as at 30 June 2003.

10. SEGMENT REPORTING

The Company operates predominantly in the property development sector.

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

	2003 $	2002 $
11. RECEIVABLES		
Current		
Settlement debtors	663,173	1,218,252
Amounts receivable from related parties	3,290,000	1,500,000
Other debtors	622,374	707,702
	4,575,547	3,425,954
Non-current		
Amount receivable from related parties	11,679,631	9,075,666

The amounts receivable from related parties relates to loans to the joint venture entities referred to in Note 14. 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.

	2003 $	2002 $
12. INVENTORIES		
Current		
Finished units on hand – at cost	945,593	2,646,880
Work in progress:		
Contract costs incurred to date	1,651,529	1,414,443
Profit recognised to date	-	2,441,682
	2,597,122	6,503,005
Current contract costs incurred to date:		
Land at cost	1,312,062	908,823
Development costs capitalised	339,467	443,870
Other costs – rates, interest, taxes and other amounts capitalised	-	61,750
	1,651,529	1,414,443
Non-current		
Work in progress:		
Contract costs incurred to date	397,547	1,660,831
Non-current contract costs incurred to date:		
Land at cost	50,000	1,559,062
Development costs capitalised	347,547	101,769
	397,547	1,660,831
13. INVESTMENT PROPERTY		
Non-current		
Investment property at cost	-	4,440,145

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Current

Investments in joint venture entities

Name	Principal activities	Balance date	Ownership interest 2003	Ownership interest 2002	Investment carrying amount 2003	Investment carrying amount 2002
Boas Gardens Estate Pty Ltd	Property Development	30 June	50%	50%	2,184,714	-
Hamersley Road JV Pty Ltd	Property Development	30 June	50%	50%	722,230	-
					2,906,944	-

Non-current

Investments in joint venture entities

Name	Principal activities	Balance date	Ownership interest 2003	Ownership interest 2002	Investment carrying amount 2003	Investment carrying amount 2002
Boas Gardens Estate Pty Ltd	Property Development	30 June	50%	50%	-	1,046,987
Hamersley Road JV Pty Ltd	Property Development	30 June	50%	50%	-	4,587
78 Terrace Road JV Pty Ltd	Property Development	30 June	50%	50%	7,453	3,461
175 Hay Street JV Pty Ltd	Property Development	30 June	50%	50%	4,927	1
Rivervale Concepts Pty Ltd	Property Development	30 June	50%	50%	1	1
132 Terrace Road JV Pty Ltd	Property Development	30 June	50%	50%	1	-
					12,382	1,055,037

	2003 $	2002 $
14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)		
Results of joint venture entities		
The Company's share of the joint venture entities' results consist of:		
Revenues from ordinary activities	11,831,315	4,784,401
Expenses from ordinary activities	(9,167,894)	(3,679,703)
Profit from ordinary activities before income tax expense	2,663,421	1,104,698
Income tax expense relating to ordinary activities	(799,133)	(314,741)
Net profit – accounted for using the equity method	1,864,288	789,957
Statement of financial position		
The Company's share of the joint venture entities' assets and liabilities consist of:		
Current assets	9,550,285	6,735,767
Non-current assets	13,705,466	8,239,500
Total assets	23,255,751	14,975,267
Current liabilities	8,317,161	7,248,444
Non-current liabilities	12,019,264	6,671,786
Total liabilities	20,336,425	13,920,230
Net assets – accounted for using the equity method	2,919,326	1,055,037

Refer to Note 25 for details of commitments and contingencies.

	2003 $	2002 $
Share of post-acquisition retained profits attributable to joint venture entities		
Share of joint venture entities' retained profits at beginning of year	1,055,032	265,075
Share of joint venture entities' net profit	1,864,288	789,957
Share of joint venture entities' retained profits at end of year	2,919,320	1,055,032
Movements in carrying amount of joint venture entities		
Carrying amount at beginning of year	1,055,037	265,076
Investment in joint venture entities acquired during the year	1	4
Share of joint venture entities' net profit	1,864,288	789,957
Carrying amount at end of year	2,919,326	1,055,037

15. PROPERTY, PLANT AND EQUIPMENT

	2003 $	2002 $
Offices at cost	798,450	797,596
Less: Accumulated depreciation	(34,581)	(14,641)
	763,869	782,955
Office furniture, fixtures and fittings at cost	78,426	78,426
Less: Accumulated depreciation	(22,742)	(15,744)
	55,684	62,682
Plant and equipment - at cost	124,476	104,316
Less: Accumulated depreciation	(48,847)	(31,393)
	75,629	72,923
Total property, plant and equipment	895,182	918,559

Reconciliations

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

	2003 $	2002 $
Offices		
Carrying amount at beginning of year	782,955	-
Additions	854	797,596
Accumulated depreciation	(19,940)	(14,641)
Carrying amount at end of year	763,869	782,955
Office furniture, fixtures and fittings		
Carrying amount at beginning of year	62,682	22,472
Additions	-	91,265
Disposals	-	(42,905)
Depreciation	(6,998)	(8,150)
Carrying amount at end of year	55,684	62,682
Plant and equipment		
Carrying amount at beginning of year	72,923	28,164
Additions	20,160	71,103
Disposals	-	(9,855)
Depreciation	(17,454)	(16,489)
Carrying amount at end of year	75,629	72,923

FOR THE YEAR ENDED 30 JUNE 2003

	2003 $	2002 $
16. INTANGIBLE ASSETS		
Domain name at cost	-	10,110
Accumulated amortisation	-	(202)
	-	9,908
17. OTHER ASSETS		
Current		
Prepayments	339	7,525
Income tax refundable	-	-
Other	-	452
	339	7,977
18. DEFERRED TAX ASSETS		
Non-current		
Future income tax benefit	1,239	5,275
19. PAYABLES		
Current		
Trade creditors	22,364	204,153
Other creditors and accruals	1,348,677	371,287
	1,371,041	575,440
20. INTEREST BEARING LIABILITIES		
Current		
Secured liabilities:		
Commercial bills	840,000	3,238,000

Refer to Note 28 for terms and conditions.

	2003 $	2002 $
21. TAX LIABILITIES		
Current		
Income taxation	646,113	991,556
Non-current		
Deferred income tax	99,919	264,001

		2003 $	2002 $
22.	**PROVISIONS**		
	Current		
	Dividends	-	897,366

	2003 $
Reconciliations	
Reconciliations of the carrying amounts of each class of provision:	
Dividends	
Carrying amount at beginning of year	897,366
Adjustment on adoption of AASB 1044 'Provisions, Contingent Liabilities and Contingent Assets'	(897,366)
Provisions made during the year:	
Final dividend 2002	897,366
Adjustment overaccrued 2001	(9,650)
Payments made during the period	(887,716)
Carrying amount at the end of year	-

		note	2003 $	2002 $
23.	**CONTRIBUTED EQUITY**			
	Issued and paid up capital 89,736,576 (2002:89,736,576) ordinary shares, fully paid		23,259,061	23,259,061
	Movements in ordinary share capital			
	Balance at the beginning of the financial year		23,259,061	23,828,122
	Shares bought back			
	- Nil (2002:2,176,800) shares	(i)	-	(569,061)
			23,259,061	23,259,061

(i) During the prior year the Company completed on market share buy-backs of 2,176,800 ordinary shares representing 2.3% of ordinary shares on issue at the beginning of that financial year. No shares were repurchased during the current financial year.

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.

	2003 $	2002 $
24. RETAINED PROFITS		
Retained profit at beginning of the year	2,861,399	1,634,234
Increase in retained profits due to changes in accounting policies on adoption of: AASB 1044 'Provisions, Contingent Liabilities and Contingent Assets'	887,716	-
Net profit attributable to members of the Company	3,141,396	2,114,881
Dividends recognised during the year	(887,716)	(887,716)
Retained profits at end of the year	6,002,795	2,861,399

25. COMMITMENTS AND CONTINGENT LIABILITIES

Capital expenditure

Building and development projects

	2003 $	2002 $
Capital expenditure commitments contracted but not provided for and payable:		
- within one year	-	6,426,932
- after one year and no later than five years	-	660,568
	-	7,087,500

Joint Venture commitments

	2003 $	2002 $
Share of development commitments of the joint venture not provided for, and payable:		
- within one year	16,567,959	13,265,006
- after one year and no later than five years	3,133,431	-
	19,701,390	13,265,006

Guarantees:
The Company has provided the following Guarantees in relation to the operations of the joint venture operations:

A Guarantee of $7,875,000 has been provided to Westpac Banking Corporation in relation to the commercial bill facility provided to Boas Gardens Estate Pty Ltd. As at 30 June 2003 an amount of $2,600,000 had been drawn against that facility by Boas Gardens Estate Pty Ltd.

A Guarantee of $19,850,000 has been provided to Westpac Banking Corporation and BankWest in relation to the commercial bill facility to be provided to 78 Terrace Road Joint Venture Pty Ltd. As at 30 June 2003 no amount had been drawn against that facility by 78 Terrace Road Joint Venture Pty Ltd.

26. 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

Details of directors' remuneration and retirement benefits are set out in Note 7. 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:

	2003 Number	2002 Number
Finbar International Limited		
- ordinary shares	69,567,871	68,780,775

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 1998. This agreement was renewed for a further period of three years from 1 July 2001 and amended by way of variation as approved by shareholders at a general meeting on 26 June 2003. Mr John Chan and Mr Richard Rimmington 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 2003 this commission amounts to $390,176 (2002: $238,992) which has been accrued in these financial statements. In addition, the management agreement also provides for a monthly fee of $26,261 (2002: $19,594) to be paid to J & R Management, totalling $315,132 (2002: $235,128) to 30 June 2003.

26. RELATED PARTIES (Continued)

The variation approved by shareholders on 26 June 2003 included a clause to pay J & R Management Pty Ltd 50% of the management fee payable to the Company from Boas Gardens Estate Pty Ltd. This fee payable to J & R Management totalled $163,496 (2002:Nil). The grand total of commission plus fees payable to J & R Management was $868,804 (2002:$474,120).

The Company received rental income and reimbursement of outgoings from J & R Management Pty Ltd 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.

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

Director	Director-related entity	2003 $	2002 $
Mr J Chan and	J & R Management Pty Ltd		
Mr R Rimington	- Management fee paid	868,804	474,120
	- Rent and outgoings received	(17,263)	(14,094)

Amounts payable to and receivable from Directors and their Director-related entities at balance date arising from these transactions were as follows:

	2003	2002
Current receivables		
J & R Management Pty Ltd	12,926	(9,943)
Current liabilities		
J & R Management Pty Ltd	252,319	117,130

	2003	2002
	$	$

26. RELATED PARTIES (Continued)

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 Joint Venture 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

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.

Transactions

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

	2003	2002
	$	$
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	170,758	114,263
The aggregate amounts receivable from non-director related entities are:		
Receivables		
Current		
Loans to joint venture entities	3,290,000	1,500,000
Non-current		
Loans to joint venture entities	11,679,631	9,075,666

27. 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:

	2003 $	2002 $
Cash	9,152,996	4,984,466

(ii) Reconciliation of operating profit after income tax to net cash provided by operating activities

	2003	2002
Operating profit after income tax	3,141,396	2,114,881
Items classified as investing/financing activities		
Loans to related joint venture entities	8,246,223	6,425,659
Repayment from related joint venture entities	(3,852,257)	(1,149,993)
Loss/(profit) on sale of non-current assets	(358,431)	5,612
Transfer to fixed assets	-	(797,596)
Non-cash items in operating profit		
Depreciation and amortisation	44,392	39,482
Income from joint ventures equity accounted	(1,864,288)	(789,957)
Net cash provided by operating activities before change in assets and liabilities	5,357,035	5,848,088

27. NOTES TO STATEMENT OF CASH FLOW (Continued)

	2003 $	2002 $
Changes in assets and liabilities		
Increase/(decrease) in income taxation payable	(345,443)	991,556
(Decrease)/increase in deferred taxes payable	(164,082)	(1,054,683)
(Increase)/decrease in receivables	(3,753,558)	(6,635,393)
(Increase)/decrease in other assets	7,637	199,207
Decrease/(increase) in inventory	5,169,166	25,002,783
(Decrease)/increase in trade creditors and accruals	795,601	(88,761)
Increase in future income tax benefit	4,036	-
Cash flows from operating activities	7,070,392	24,262,797

28. FINANCING ARRANGEMENTS

	2003 $	2002 $
The Company has access to the following lines of credit:		
Total facilities available		
Standby facility	700,000	1,500,000
Commercial bills	840,000	7,738,000
	1,540,000	9,238,000
Facilities utilised at balance date:		
Standby facility	-	-
Commercial bills	840,000	3,238,000
	840,000	3,238,000
Facilities not utilised at balance date:		
Standby facility	700,000	1,500,000
Commercial bills	-	4,500,000
	700,000	6,000,000

Commercial Bills

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 2003 was $763,869.

The commercial bill is secured by registered first mortgage over specific land of the Company on which the proceeds are utilised. The carrying amount of this land at 30 June 2003 was $1,312,061. The bill bears interest at between 4.91% and 5.40% during the financial year ended 30 June 2003.

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FOR THE YEAR ENDED 30 JUNE 2003

29. 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:

2003	*Fixed int. rate $*	*Floating int. rate $*	*Non-interest bearing $*	*Total carrying Amount $*	*Weighted avg effective int. %*
Financial Assets					
Cash	-	9,152,996	-	9,152,996	4.80
Receivables	-	-	16,255,178	16,255,178	
Total	-	9,152,996	16,255,178	25,408,174	
Financial Liabilities					
Trade creditors	-	-	22,364	22,364	
Other creditors and accruals	-	-	1,348,677	1,348,677	
Commercial bills	-	840,000	-	840,000	6.50
Total	-	840,000	1,371,041	2,211,041	

2002	*Fixed int. rate $*	*Floating int. rate $*	*Non-interest bearing $*	*Total carrying Amount $*	*Weighted avg effective int. %*
Financial Assets					
Cash	-	4,984,466	-	4,984,466	4.50
Receivables	-	-	12,501,620	12,501,620	-
Total	-	4,984,466	16,941,765	21,926,231	
Financial Liabilities					
Trade creditors	-	-	204,153	204,153	-
Other creditors and accruals	-	-	371,287	371,287	-
Dividends proposed	-	-	897,366	897,366	-
Commercial bills	2,452,000	786,000	-	3,238,000	6.68
Total	2,452,000	786,000	1,472,806	4,710,806	

29. 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.

30. EVENTS SUBSEQUENT TO BALANCE DATE

The Company is currently in the process of finalising joint venture documentation for the participation in the development of the property located at 188 Adelaide Terrace in Perth. The Company will participate in the joint venture by way of a 50% interest in 188 Adelaide Terrace Joint Venture Pty Ltd ('188JV'), a company registered specifically to carry out the joint venture development along with Wembley Lakes Estates Pty Ltd (50%). 188JV will enter into a Joint Venture agreement with the land owner - City Regency Pty Ltd who will share in 40% of the development profits.

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DIRECTORS' DECLARATION

In the opinion of the directors of Finbar International Limited:

(a) the financial statements and notes, set out on pages 8 to 38, are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the financial position of the Company as at 30 June 2003 and of its performance, as represented by the results of its operations and its 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 will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

....

PA Rengel – Chairman J Chan – Managing Director

Dated at Perth this the 21st day of August 2003.

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 Finbar International Limited (the 'Company'), for the year ended 30 June 2003.

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 financial position, and of its performance as represented by the results of its 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.

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 financial position as at 30 June 2003 and of its 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

B C Fullarton

B C FULLARTON
Partner

Perth
21 August 2003

KPMG, KPMG, an Australian partnership, is a member of KPMG International, a Swiss Association.

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SUBSTANTIAL SHAREHOLDERS

The number of shares held by the substantial shareholders as at 30th June 2003 were:

Name	*Shares*	*%*
Chuan Hup Holdings	23,553,996	26.25
Apex Equity Holdings Berhad	13,977,746	15.58
Hamlet Management Limited	8,248,098	9.19
Blair Park Pty Ltd	6,074,823	6.77

Distribution of Shareholders (as at 30th June 2003): -

Range		*Holders*	*Units*
1-1000	317	107,671	0.12
1,001-5,000	90	263,858	0.30
5,001-10,000	54	460,550	0.51
10,001-100,000	101	2,870,407	3.20
1000,001-over	40	86,034,090	95.87
	602	89,736,576	100.00

Twenty Largest Shareholders as at 30th June 2003:

	Number of Ordinary Shares Held	*%*
Chuan Hup Holdings	23,553,996	26.25
Apex Equity Holdings Berhad	13,977,746	15.58
Hamlet Management Limited	9,048,098	10.08
Blair Park Pty Ltd	6,074,823	6.77
Onsui Pty Ltd	4,699,884	5.23
Charldon Inc	2,761,932	3.08
Mr Ah Hwa Lim	2,499,320	2.79
Baguio International Limited	2,400,000	2.67
Phoenix Properties Pty Ltd	2,000,000	2.23
Fastlink International Limited	1,960,000	2.18
Dynamic Corporation Pty Ltd	1,911,491	2.13
Maju Makmur Nominees	1,800,000	2.01
Mr Guan Seng Chan	1,496,000	1.67
Mr Wan Soon Chan	1,409,500	1.57
Nefco Nominees Pty Ltd	1,095,200	1.22
Mr Wan Kah Chan & Mrs Mui Tee Chan	1,011,575	1.13
Kirribilli Holdings Pte Ltd	1,000,000	1.11
Mr Toru Fujii	959,136	1.07
Apex Investments Pty Ltd	919,700	1.02
Forward International Pty Ltd	678,196	0.76
Top 20	*81,256,597*	*90.55*

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