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

annual report 18

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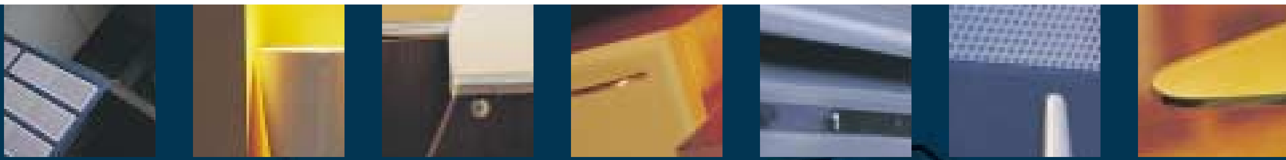

for the year ended 30th June 2002

corporate directory & contents

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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

Registered Office

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SOUTH PERTH WA 6951

Share Register

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

Bankers

Westpac Banking Corporation Ltd
109 St Georges Terrace
PERTH WA 6000

National Australia Bank Ltd
50 St Georges Terrace
PERTH WA 6000

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)

chairman's report

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CHAIRMAN'S REPORT

The 18th Annual Report of your company for the fiscal year ended 30th June 2002 continues to present a strong net asset and liquidity position, having come through an extremely unsettled period for the building industry generally, with the company nevertheless achieving a good level of profit for the fiscal year.

The net profit after tax at $2,115,000, is up by approximately 3% over the previous fiscal year and on budget having been realised after selling all but one of the company's stock of completed dwellings. The sale of the company's available inventory has also realised a substantial improvement in the debt to equity ratio, with the company's liquid assets providing a three to one cover for liability.

Significant movements in the company's financial position include a reduction in the current asset position to $14,921,000 from the previous year's amount of $39,261,000 and an increase in the non-current asset position to $17,165,000 from the previous year's figure of $7,698,000. At the same time, total liabilities for the current year have been reduced to $5,702,000 from the previous fiscal year's total of $21,497,000, with the overall net asset position remaining consistent with previous years at just over $26,000,000.

Your company is in a strong financial and market position, with substantial new development projects, either in process, or about to commence. The quality of the company's product and the value for money that it provides our customers, has established your company as a highly reputable supplier to its market.

With the inherent uncertainty which seems to prevail currently in both national and international securities markets, it is also pleasing to see that there has been no severe fluctuation in the market pricing of the company's shares. The directors are of the view that shareholders can take comfort from the strong financial position of their company and its capacity to earn profits and the impact this has on the security of their investment.

The directors have again resolved to pay a dividend out of the 30th June 2002 profit, which has been set at one cent per ordinary share, for which a provision of $897,366 has been made in the company's accounts, with payment to be made after the annual general meeting.

Every effort will continue to be made by the directors to apply best practices in all aspects of the company's operation and to maintain policies towards a steady process of expansion and balanced growth. A diligent and positive approach has been taken in the face of contemporary, economic uncertainties, to ensure that the value of the company will be retained into the future.

Your company operates under the stewardship of a very small team of dedicated executive directors and their staff, in an efficient and cost-effective manner. In my capacity as chairman, I make my annual appreciation on behalf of shareholders for the dedicated efforts of my fellow directors and their staff, in the pursuit of the success of the company.

Shareholders will have received their notice of meeting, which is enclosed with this annual report, and I invite you to take the time to attend the company's general meeting and to meet with the directors of your company.

With compliments

Paul Anthony Rengel
Chairman of Directors

Design Model of 78 Terrace Road Project

managing director's review

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MANAGING DIRECTOR'S REVIEW

Welcome to this the eighteenth annual report of Finbar International Limited. I hope you find it stimulating and informative.

As always it is my duty as Managing Director to review the commercial situation as it relates to your Company's performance over the last financial year, to define the present position and also to report on what I feel will be an exciting and profitable future.

Indeed, the underlying theme of this year's report is very much one of seeking and seizing opportunities after a period of consolidation in order to make a positive and considered advance.

It is as though our white water raft has successfully negotiated a lengthy stretch of rapids and is now once again in calm water, crewed by people who have learned much from the experience and who are eager to put that experience to good use.

The bumpy ride began with the introduction of the goods and services tax (GST) in July 2000. Of course the new tax was anticipated and all the necessary adjustments were made well in advance.

Nevertheless, with pre-existing home owners not subject to GST and developers sales being subject to GST, we have absorbed a certain amount of that GST in an endeavour to maintain competitive pricing.

A few ripples were also caused by a recent upturn in the conventional housing market and the government's revision of its new homeowners' grant from $7,000 to $14,000. While this policy was enormously successful and was welcomed by all in the building and development sectors, it actually had little effect on Finbar's fortunes because it concentrated mainly on demand for suburban homes whereas your Company's focus is primarily on apartments and inner-city dwelling.

These were the issues that were sent to try us in recent months. Needless to say, they did not find your board wanting and could not deflect us from our course. On the contrary, despite a little 'white water', the Company ended the fiscal year with net tangible assets of $26,110,000 – an increase of 2.5% on the previous year and after tax profit of $2,115,000 – also slightly up on the June 2001 figure.

All completed inner-city units were sold (apart from one, the sale of which will fall into the current year). This latter point is no mean achievement. Finbar is the only developer in WA to have sold anything like 100% of its inner-city stock in any given twelve month period; an indication of our acurate assesment of the market and the importance of providing high standards at affordable prices.

In terms of its position in the marketplace, Finbar is now recognised as a major player having developed 18% of all inner-city unit stock over the last two calendar years having completed no fewer than 235 units in the suburbs of Perth, West Perth, East Perth and South Perth.

> "In terms of its position in the marketplace, Finbar is now recognised as a major player"

managing director's review

The value of assets continues to grow as too does the reputation and overall strength of your Company within its marketplace. Having successfully negotiated the rough water, we now find ourselves able to forge ahead and to utilise our assets – both financial and intellectual – to build an even stronger future.

The prompt sale of properties such as Chelsea and Kingston at Boas Gardens, Bluewater, Monterey Bay in Mandurah and 85 Mill Point Road not only reflects the quality of these developments and a realistic attitude to pricing and marketing, but has also brought about an extremely healthy cashflow situation.

The 10th Tee at The Vines, while selling more slowly than we would like, has nevertheless proved to be a profitable venture. Eleven of the units have been sold and a further 5 have been furnished and are managed by Novotel under an agreement which will see the units provide a reasonable return on the capital involved. Sales of the remaining nine units will be effected in due course, but it must be noted that sales so far have been sufficient to ensure that all outstanding debt in relation this property have been retired.

In a move aimed at adding to available capital and concentrating on core business it was decided to dispose of the Albany Highway Medical Centre in Victoria Park for $4.85 million.

Being in a 'cash rich' position is all well and good. The secret, of course, is knowing how best to utilise the available money in order to generate maximum profit and long-term stability.

When it comes to industry and market knowledge, the Directors diligently maintain a comprehensive database of land sites. Our information is constantly modified and monitored to ensure that the very best sites can be purchased at the optimum time and price.

Experience has led us to follow another course designed to maximise every opportunity. Joint venturing. Your Company's first, and highly successful, joint venture was the Boas Gardens Estate in West Perth. The four major developments which will form the basis of the next three years of profitability for Finbar are all to be joint ventures.

managing director's review

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MANAGING DIRECTOR'S REVIEW

> "Finbar has come through some difficult times very well"

Over the next three years, along with our venture partners, we expect to complete 625 apartments, 12 commercial units (offices and shops) and a 30-lot subdivision with a total retail value in excess of $265m. In the 2002/03 financial year alone, Finbar will complete three major projects comprising 122 lots with a total value of approximatly $36m.

Indeed it is judicious planning that has put Finbar where it is today; in a position where the Company has the buying power and leverage necessary to acquire not only land but also building materials, kitchen appliances and a number of high-quality fixtures and fittings at heavily discounted prices.

In conclusion it is fair to say that Finbar has come through some difficult times very well. We have reacted positively to a period of market change and have not only remained focused but gained from the experience.

We have learned, through our experience, that joint ventures with carefully selected and like-minded partners can extend the Company's influence across a broader range of projects and product.

We have re-committed the Company to its core business of developing desirable, high-quality, value-for-money properties primarily in inner-city areas.

We have also capitalised on the fact that the children of the baby boomers, the so-called 'Generation X', now represent the most important buyer group, favouring as they do inner-city apartments and similar developments in areas such as South Perth, East Perth, West Perth, Subiaco and Leederville.

We are benefiting from greater market awareness than ever before. The Company's name is well-known and is respected. Sales agents are proud to tell prospects that "this is a Finbar development."

We have attained real purchasing power and are able to make genuine savings on quality materials that will affect overall profitability in the near future.

We are in profit as indeed we have been consistently now for the past six years.

All of this has been achieved through the diligence, skill and prudence of my fellow directors and a management team that must be the envy of all our competitors. On your behalf I thank everyone concerned for Finbar's recent progress, for the position of strength your Company now finds itself in, and for the successful future that surely lies ahead.

John Chan
Managing Director
6th September 2002

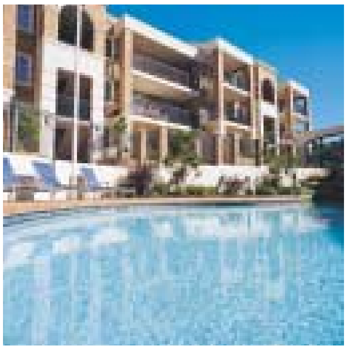
current projects

Boas Gardens Estate

A joint venture development between Finbar and Phoenix Properties International, the Boas Gardens Estate features three distinctively different stages each of which retains its individuality through the use of dedicated architectural styles and the fact that each is a separate living environment constructed around its own resort-style pool and patio area.

Stage 1 – Chelsea

5 Delhi Street, West Perth



Based on the design of early twentieth century homes in one of London's most stylish suburbs, this stage of the Boas Gardens Estate meets the demand for good-quality, good-value apartments in this increasingly sought-after area. It has already returned handsome dividends for the Company.

48 Apartments: Comprising 3 bedroom/2 bathroom, 2 bedroom/2 bathroom and 2 bedroom/1 bathroom with living areas ranging from 80 to 103sqm.

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

Average Price achieved: $262,842.

Stage 2 – Kingston

7 Delhi Street, West Perth

Townhouse-style blocks in designs reminiscent of the Regency, Georgian and Victorian architecture of Kingston-on-Thames in England surround a central pool and garden area.

45 Apartments: Comprising 3 bedroom/2 bathroom and 2 bedroom/2 bathroom apartments with floor areas ranging from 78 to 112 square metres.

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

Average Price achieved: (to date) $303,200

Stage 3 – Market Rise

9 Delhi Street, West Perth

Boas Gardens stage 3, to be known as Market Rise, follows on from the successful Chelsea and Kingston stages. It is a 93-unit development with its own coffee shop. The gross retail value of the units is estimated at $35,000,000.

93 Apartments: In a high rise complex 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 131 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 and sauna.

Average Price: (anticipated) $371,755

project review

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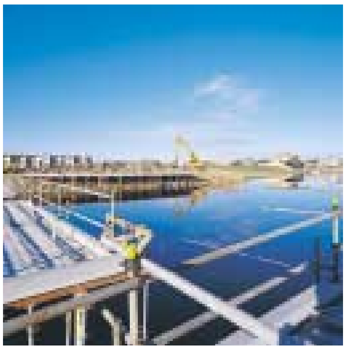
PROJECT REVIEW

Monterey Bay
14 Mary Street, Port Mandurah



A canalside development in the popular and growing city of Mandurah some 100 kilometres south of Perth, Monterey Bay provides a relaxing lifestyle ideally suited to those who enjoy sailing, fishing and aquatic lifestyle.

47 Apartments: Comprising 3 bedrooms/2 bathrooms and 2 bedrooms/2 bathrooms with floor areas ranging from 80 to 112 square metres.

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

Average price achieved: (to date) $312,378

85 Mill Point Road
South Perth

This premium market project in one of South Perth's 'blue ribbon' streets has been vigorously marketed through a high-quality advertising campaign.

11 Apartments: Comprising 1 x 1 bedroom/1 bathroom unit, 1 x 2 bedroom/2 bathroom unit and 9 x 3 bedroom/2 bathroom units with floor areas ranging from 63 to 150 square metres.

Features: Sauna, fully-equipped gymnasium, pool, spa and residents' lounge.

Average price achieved: (to date) $444,295

The 10th Tee
41 Burgundy Lane, The Vines

This low-rise, medium-density development is at the heart of one of Western Australia's best-known and most popular golf courses. Some villas are being managed by the owners of the golf club while the rest are being successfully marketed to golf enthusiasts, retirees, investors and as holiday homes.

25 Villas: Comprising 3 bedrooms/2 bathrooms with floor areas ranging from 100 to 106 square metres.

Features: Pool, outdoor spa and BBQ area.

Average Price Achieved: (to date) $184,020

thefuture

Four New Joint Venture Projects

The following four projects are joint venture developments with Wembley Lakes Estates Pty Ltd.

23 Bowman Street

South Perth

This is to be a mixed residential and commercial development comprising small apartments and 5 office units. The site adjoins the Finbar Bluewater development. Its total estimated retail value is $11,000,000.

20 Apartments: Comprising 1 bedroom/1 bathroom with internal living areas are 65 and 66 sqm.

5 Offices: Comprising units with floor areas of between 87 and 117 square metres.

Features: Fully equipped gymnasium, residents' lounge, outdoor spa and sauna.

78 Terrace Road

East Perth

The site of a former Freemasons Hall, the 6,683sqm block overlooks Langley Park, Riverside Drive and the Swan River foreshore. The land has been purchased for $8,000,000. Planning approval has been granted for an 18-storey building with 96 apartments, all of which will have river views, and 368sqm of retail units including shops and a café. Gross sales are expected to reach $80,000,000.

96 Apartments: Comprising 2 x penthouses and 8 x 3 bedroom sub penthouses plus 86 x 3 bedroom/2 bathroom and 2 bedroom/2 bathroom apartments ranging from 100sqm to 358 sqm for the Penthouses.

Features: Convenience store, café, putting green, Japanese garden, 'theatrette', pool & lounge bar, board room & conference facilities, solarium, massage facilities, jacuzzi, sauna, games room, fully-equipped gymnasium and 25m outdoor pool with 2 spas.

project review

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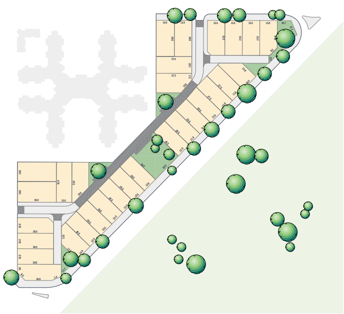
PROJECT REVIEW

St Thomas Square

Hamersley Road, Subiaco



14,556sqm of prime land was purchased in the exclusive Perth suburb of Subiaco for $4,550,000 in November 2001. Approval is in place for a 30-lot subdivision with lot sizes ranging from 306 to 480sqm. Gross sales revenue is estimated at $9,460,000.

30 Lots: To be built on by purchasers.

Features: There will be a central park area and other small pockets of public open space.

Average price achieved: (to date) $329,736

126-130 Adelaide Terrace/ 175 Hay Street

With its frontage to Hay Street, this 4,550 sqm block is contracted to be purchased for $3,710,000. It is proposed that two 10 storey towers be built with a combined total of 129 apartments ranging in floor area from 55sqm to 95sqm. A further 170sqm will be made available for retail units including a coffee shop. Sale prices are expected to range between $200,000 and $350,000, giving a gross sales revenue in the region of $41,000,000.

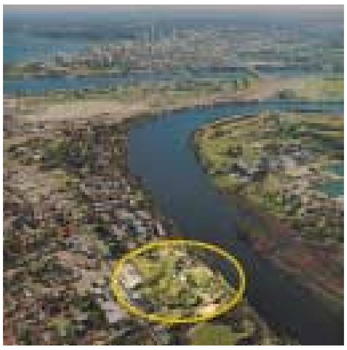
Stage 1 – 175 Hay Street

51 Apartments: Comprising 3 bedroom/2 bathroom, 2 bedroom/2 bathroom and 1 bedroom/1 bathroom

Features: Pool, outdoor spa, fully equipped gymnasium, sauna and residents' lounge/games room.

'Hill 60'

76 Great Eastern Hwy Rivervale



Home of the former St John of God Hospital, the 29,368 sqm block was purchased for $8,000,000 on the 26th April 2002. The current site proposal comprises a 4-stage development of approximately 290 units built in 3 and 10 storey blocks and priced at between $260,000 and $350,000. Gross sales revenue is therefore anticipated to be in the range of $87,000,000.

290 Apartments (approx): Floorplans are still being finalised.

Features: To include swimming pool, residents' lounge, fully-equipped gymnasium, sauna, games room and outdoor spa.

Harold Boas Gardens as they will be seen from the top of the new Market Rise development

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corporate governance statement

This statement outlines the main Corporate Governance practices that were in place throughout the financial year 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 Company is not currently considered to be of a 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 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 reasonably be withheld.

Composition of the board

The procedures for 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 accounting and financial controls, and to obtain feedback on the 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.

corporate governance statement

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Internal control framework

The Board acknowledges that it is responsible for the overall internal 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 budgeting system with an annual budget approved by directors. Monthly results are reported against budget and revised forecasts for the year are prepared and presented to the Board regularly. The Company reports to shareholders yearly. Procedures are in place to ensure price sensitive information is reported to the ASX in accordance with Continuous Disclosure Requirements.

Quality and integrity of personnel

- The Company conducts a review of the ability and experience of potential employees prior to appointment. Informal appraisals are conducted regularly with continuous feedback and on-the-job monitoring and training for employees.

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 designed 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 risk.

Role of shareholders

The Board of Directors ensures that shareholders in all jurisdictions are informed of all major developments affecting the Company's state of affairs.

directors' report

The Directors herewith present the financial report of Finbar International Limited ("the Company") for the year ended 30 June 2002 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 Loh Kee KONG
Mr John Boon Heng CHEAK
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 and specialised commercial buildings in the Perth metropolitan area.

There were no significant changes in the nature of the activities of the Company during the year.

RESULTS

The net profit after income tax amounted to $2,114,881 (2001:$2,045,559).

REVIEW OF OPERATIONS

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

The company has entered into Joint Venture arrangements with a private development company – Wembley Lakes Estates Pty Ltd – to facilitate participation in three substantial residential apartment projects and a small lot subdivision within the Perth metropolitan area.

The Company continues to receive rental income from its Medical Centre Commercial building which is fully let (see subsequent events).

The Company has funded its operations from its investments and cash reserves along 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 2001 during the year, which amounted to $909,486.

directors' report

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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 with the entitlement date being 20 November 2002.

The dividend recommended by the Directors amounts to $897,366 for shares issued at 30 June 2002.

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

On 9 July 2002, the Company entered into a bank facility amounting to $8,550,000 to assist the development of the project at Monteray Bay, Mandurah. The facility is a variable rate commercial bill and is secured over the project.

On 4 July 2002, the Company entered into a banker's guarantee for $200,000 relating to the Monteray Bay project with the undertaking in favour of Royal Sun Alliance Insurance Ltd.

The Company announced to ASX, on 27 June 2002, the sale of its investment in 734 Albany Highway, Victoria Park for $4.85 million. The purchase conditions are due to be satisfied in August 2002 and include finance approval and due diligence on the part of the purchaser.

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 and 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 development projects. Further information about likely developments in the operations of the Company and the expected results of those operations in 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:

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 30 years' experience in public practice in international firms. Mr Rengel is a Partner in Moore Stephens BG, Chartered Accountants. He is an associate of the Australian Institute of Company Directors and the Australian Institute of Management. As Chairman he attended two of the two Directors' meetings and one shareholders' meeting held during the fiscal year.

John Chan (appointed 27/4/95)

Mr Chan has a Bachelor of Science degree from Monash University and 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 two of the two Directors' meetings and one shareholders' meeting held during the fiscal year.

managing director's review

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 in the Company. Mr Cheak attended none of the two Directors' meetings held during the year. It should be noted that Mr Cheak was in contact with the managing director on a regular basis throughout the year.

Richard Dean Rimington (appointed 27/4/95)

Mr Rimington is a property developer with 15 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 project management of the Company's property development operations. Mr Rimington attended two of the two Directors' meetings and one shareholders' meeting held during the fiscal year.

Loh Kee Kong (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. He is also a director of Chuan Hup Holdings Limited, a substantial shareholder in the Company. Mr Loh attended two of the two Directors' meetings held during the fiscal year.

DIRECTORS' AND SENIOR EXECUTIVES' 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 emoluments of each director of the Company and each of the five named officers of the Company receiving the highest emolument are:

Director	Base Emolument $	Commission $	Expenses $	Total $
Mr John Chan	20,000	*-	-	20,000
Mr Richard Rimington	20,000	*-	-	20,000
Mr Paul Rengel	25,000	-	-	25,000
Mr John Cheak	20,000	-	-	20,000
Mr Loh Kee Kong	20,000	-	-	20,000
Officer				
Mr Darren Pateman	-	*-	-	-

** Commission:*

The Company has 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 three years from 1 July 2001. Mr John Chan and Mr Richard Rimmington are the Directors and shareholders of J&R Management. Mr Darren Pateman is employed by J&R Management. The agreement includes payment of a commission of 8% of pre-tax profits of the Company in each financial year. For the year to 30 June 2002 this amounts to $474,120 (2001:$457,988) which has been accrued in the financial statements. Shareholders have approved the terms of the agreement in a general meeting.

managing director's review

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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 2001, at the date of this report is as follows:

	Ordinary shares
Mr John Chan	14,567,323
Mr Richard Rimington	6,940,460
Mr John Cheak	23,643,996
Mr Loh Kee Kong	23,605,996
Mr Paul Anthony Rengel	23,000

INDEMNIFICATION

The Company has agreed to indemnify the current directors of the Company against all liabilities to another person (other than the Company or a 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 $10,508 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.

P A Rengel – Chairman
J Chan – Managing Director

Dated at Perth this 12th day of August 2002.

statement of financial performance

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 $	2001 $
Revenue from sale of development properties	3	20,646,268	14,843,341
Other revenue from ordinary activities	3	1,075,287	1,410,408
Total revenue	3	21,721,555	16,253,749
Agency fees & settlement costs		(745,029)	(60,793)
Changes in inventories		(11,307,590)	7,076,519
Development expenses capitalised into inventories			
- Land acquisitions		(1,312,062)	-
- Design, construction & development costs		(3,900,996)	(18,120,482)
- Statutory & holding costs		(427,061)	(318,465)
- Advertising & marketing costs		(327,915)	(359,713)
- Consultants & Legal fees		(87,191)	(24,953)
- Borrowing costs		(449,530)	(576,704)
- Other costs		(97,199)	(1,370)
Management fees		(474,120)	(478,397)
Professional fees		(197,187)	(173,097)
Occupancy expenses		(8,080)	(73,238)
Depreciation expense	4	(39,482)	(24,249)
Borrowing costs		(224,033)	(106,557)
Cost of assets sold		(52,761)	(459,401)
Other expenses from ordinary activities		(306,943)	(150,434)
Share of net profit of joint venture accounted for using the equity method		789,957	265,075
Profit from ordinary activities before income tax		2,554,333	2,667,490
Income tax relating to ordinary activities	5	(439,452)	(621,931)
Net profit attributable to members of the Company		2,114,881	2,045,559
Basic earnings per share	9	$0.023	$0.022

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

statement of financial position

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AS AT 30 JUNE 2002

	Note	2002 $	2001 $
CURRENT ASSETS			
Cash assets		4,984,466	2,958,213
Receivables	11	3,425,954	5,866,227
Inventories	12	6,503,005	30,229,433
Other	17	7,977	207,184
TOTAL CURRENT ASSETS		14,921,402	39,261,057
NON CURRENT ASSETS			
Receivables	11	9,075,666	-
Inventories	12	1,660,831	2,937,186
Other financial assets	13	4,440,145	4,440,145
Investments accounted for using the equity method	14	1,055,037	265,076
Property, plant and equipment	15	918,559	50,636
Intangible assets	16	9,908	-
Deferred tax assets	18	5,275	5,275
TOTAL NON CURRENT ASSETS		17,165,421	7,698,318
TOTAL ASSETS		32,086,823	46,959,375
CURRENT LIABILITIES			
Payables	19	575,440	664,201
Interest bearing liabilities	20	3,238,000	18,595,000
Current tax liabilities	21	991,556	-
Provisions	22	897,366	919,134
TOTAL CURRENT LIABILITIES		5,702,362	20,178,335
NON CURRENT LIABILITIES			
Deferred tax liabilities	21	264,001	1,318,684
TOTAL NON CURRENT LIABILITIES		264,001	1,318,684
TOTAL LIABILITIES		5,966,363	21,497,019
NET ASSETS		26,120,460	25,462,356
EQUITY			
Contributed equity	23	23,259,061	23,828,122
Retained profits	24	2,861,399	1,634,234
TOTAL EQUITY		26,120,460	25,462,356

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 2001

	Note	2002 $	2001 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		30,311,609	8,948,021
Cash payments in the course of operations		(5,197,736)	(21,416,386)
Interest received		189,098	205,282
Borrowing costs paid		(673,563)	(683,261)
Income tax paid		(366,611)	(1,084,940)
Net cash provided by/(used in) operating activities	27(ii)	24,262,797	(14,031,284)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(162,366)	(23,999)
Proceeds from sale of property, plant and equipment		47,149	602,594
Payments for joint venture entities		(4)	-
Payments for investment properties		-	(32,815)
Payments for intangible assets		(10,110)	-
Loans to related joint venture entities		(6,425,659)	(4,444,638)
Repayment from related joint venture entities		1,149,993	-
Net cash used in investing activities		(5,400,997)	(3,898,858)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		5,611,499	16,983,000
Repayment of borrowings		(20,968,499)	-
Dividends paid		(909,486)	(2,789,783)
Share buy-back		(569,061)	(488,172)
Net cash provided by financing activities		(16,835,547)	13,705,045
Net increase/(decrease) in cash held		2,026,253	(4,225,097)
Cash at the beginning of the financial year		2,958,213	7,183,310
Cash at the end of the financial year	27(i)	4,984,466	2,958,213

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

notes to the financial statements

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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 contract basis using the percentage of completion method when the stage of contract completion can be reliably determined, costs to date can be clearly identified, and the following can be reliably estimated:

- total contract 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 contract.

Interest income

Interest income is recognised as it accrues.

Non-current asset sales

The gross proceeds of non-current asset sales are included as revenue. The profit or loss on disposal of assets is brought to account at the date of sale.

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.

notes to the financial statements

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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Depreciation and amortisation (Continued)

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

Offices	2.5%
Furniture, fixtures and fittings	4%
Plant and equipment	20% - 40%
Intangibles	10%

(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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Construction work in progress

Valuation

Construction work in progress is carried at cost plus profit recognised to date based on the value of work completed, less provision for foreseeable losses, allocated between amounts due from customers and amounts due to customers. Provision for the total loss on a contract is made as soon as the loss is identified.

Cost includes both variable and fixed costs directly related to specific contracts, and those which can be attributed to contract activity in general and which can be allocated to specific contracts 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) 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 and included in “other creditors and accruals”.

(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.

notes to the financial statements

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2. CHANGE IN ACCOUNTING POLICY

(a) Earnings per share

The Company has applied AASB 1027 'Earnings Per Share' (issued June 2001) for the first time from 1 July 2001.

Basic and diluted earnings per share ("EPS") for the comparative period ended 30 June 2001 have been adjusted so that the basis of calculation is consistent with that of the current period.

Basic earnings per share

Basic EPS earnings are now calculated as net profit or loss, rather than excluding extraordinary items.

Diluted earnings per share

Diluted EPS earnings are now calculated by only adjusting the basic EPS earnings for the after tax effect of financing costs and the effect of conversion to ordinary shares associated with dilutive potential ordinary shares, rather than including the notional earnings on the funds that would have been received by the entity had the potential ordinary shares been converted.

The diluted EPS weighted average number of shares now includes the number of ordinary shares assumed to be issued for no consideration in relation to dilutive potential ordinary shares, rather than the total number of dilutive potential ordinary shares. The number of ordinary shares assumed to be issued represents the difference between the number that would have been issued at the exercise price and the number that would have been issued at the average market price.

The identification of dilutive potential ordinary shares is now based on net profit or loss from continuing normal operations, not net profit or loss before extraordinary items and is applied on a cumulative basis, taking into account the incremental earnings and incremental number of shares for each series of potential ordinary share.

(b) Segment reporting

The Company has applied the revised AASB 1005 'Segment Reporting' (issued in August 2000) for the first time from 1 July 2001.

Individual business segments have been identified on the basis of grouping individual products or services subject to similar risks and returns. The new business segments reported are property development and property investment.

notes to the financial statements

	2002 $	2001 $
3. REVENUE FROM ORDINARY ACTIVITIES		
Sales of development properties revenue	20,646,268	14,843,341
Other revenue		
From operating activities:		
Rental income	717,277	560,061
Interest - other parties	189,098	205,282
Forfeited deposits	7,500	-
Management fees - associated entities	114,263	42,471
From non-operating activities:		
Proceeds from sale of non-current assets	47,149	602,594
Total other revenues	1,075,287	1,410,408
Total revenue from ordinary activities	21,721,555	16,253,749

4. PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX

Profit from ordinary activities before income tax is determined after (crediting)/charging the following items:

	2002 $	2001 $
Cost of goods sold	17,909,544	12,325,170
Borrowing costs - other parties	673,563	683,261
Less: Borrowing costs capitalised to inventory	(449,530)	(576,704)
Add: Borrowing costs expensed to cost of goods sold	422,828	51,369
	646,861	157,926

Borrowing costs were capitalised to capital works in progress at a weighted average rate of 6.67% (2001:7.34%)

	2002 $	2001 $
Depreciation/amortisation		
- buildings	14,641	-
- furniture, fixture and fittings	8,150	16,194
- plant and equipment	16,489	8,055
- intangibles	202	-
	39,482	24,249
Net gain/(loss) on sale of property, plant and equipment	(5,612)	143,193

notes to the financial statements

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	2002	2001
	$	$
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% (2001:34%)	766,300	906,946
Add: Tax effect of non-deductible items	2,236	1,886
Less: Tax effect of non-assessable items	-	(21,654)
Less: Tax effect of share of joint venture entity's net profit	(236,987)	(90,126)
Less: Income tax over provided in prior year	(92,097)	(66,584)
Effect of change in tax rate	-	(108,537)
Income tax expense attributable to operating profit	439,452	621,931
Income tax expense attributable to operating profit is made up of:		
Current income tax provision	1,586,232	66,668
Deferred income tax provision	(1,054,683)	623,892
Future income tax benefit	-	(2,045)
Over provision in prior year	(92,097)	(66,584)
	439,452	621,931
6. *AUDITORS' REMUNERATION*		
Remuneration of the auditor for:		
Audit services		
Auditors of the Company - KPMG		
- Audit and review of financial reports	25,500	21,750
Other services		
Auditors of the Company – KPMG		
- Taxation services	5,600	9,846
	31,100	31,596

7. REMUNERATION OF DIRECTORS

	2002 Number	2001 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	5	5

	2002 $	2001 $
Total income paid or payable, or otherwise made available, to all directors of the Company from the Company or any related party	105,000	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 Loh Kee Kong
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
2002					
Final ordinary – proposed	1.0	897,366	-	30%	100%
Over accrued for 2001 final dividend		(9,650)			
		887,716			
2001					
Final ordinary - proposed	1.0	919,134	30 November 2001	34%	100%
Over accrued for 2000 final dividend		(20,318)			
		898,816			

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	2002 $	2001 $
8. DIVIDENDS (Continued)		
30% franked credits available to shareholders for subsequent financial years	174,081	197,829

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 amount of the provision for income tax;
(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.

	2002 $	2001 $
9. EARNINGS PER SHARE		
Earnings reconciliation		
Net profit	2,114,881	2,045,559
Basic earnings	2,114,881	2,045,559

The weighed average number of shares used as the denominator is 90,772,434 (2001:92,944,673). There are no dilutive potential ordinary shares, therefore diluted EPS has not been calculated or disclosed.

Classification of Securities

There were no options to purchase ordinary shares as at 30 June 2002.

10. SEGMENT REPORTING

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise cash, property, plant and equipment, administration expenses and other corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

10. SEGMENT REPORTING (Continued)

Business segments

The Company comprises the following main business segments:

Property development: Development of and sale of property
Property investment: Management of property for receipt of rental income and capital appreciation

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

Property Investment	Property		Development		Consolidated	
	2002	2001	2002	2001	2002	2001
Revenue						
Sales of development property			20,646,268	14,843,340	20,646,268	14,843,340
Other income	712,277	560,061	121,763	42,741	834,040	602,802
Total segment revenue	712,277	560,061	20,768,031	14,886,081	21,480,308	15,446,142
Other unallocated revenue					241,247	807,606
Total revenue					21,721,555	16,253,748
Result						
Segment result	572,192	501,679	2,374,009	2,979,854	2,946,201	3,481,533
Share of net result of equity accounted investments			789,957	265,075	789,957	265,075
Unallocated corporate expenses					1,181,825	1,079,118
Profit from ordinary activities before income tax					2,554,333	2,667,490
Income tax expense					439,452	621,931
Net profit from ordinary activities after income tax					2,114,881	2,045,559
Depreciation and amortisation in unallocated corporate expenses					39,481	24,249
Non-cash expenses other than depreciation and amortisation			14,220,213	11,214,793	14,220,213	11,219,793
Assets						
Segment assets	4,440,145	4,440,145	20,675,364	39,032,846	25,115,509	43,472,991
Equity accounted investments			1,055,038	265,076	1,055,038	265,076
Unallocated corporate assets					5,915,476	3,221,308
Consolidated total assets					32,086,023	46,959,375
Liabilities						
Segment liabilities	1,612,000	1,612,000	1,814,688	17,447,075	3,426,688	19,059,075
Unallocated corporate liabilities					2,539,675	2,437,944
Total liabilities					5,966,363	21,497,019
Acquisitions of non-current assets					172,476	23,999
Non current assets transferred from inventory					797,596	-

notes to the financial statements

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		2002 $	2001 $
11.	***RECEIVABLES***		
	Current		
	Settlement debtors	1,218,252	219,716
	Amounts receivable from related parties	1,500,000	5,300,000
	Other debtors	707,702	346,511
		3,425,954	5,866,227
	Non-current		
	Amount receivable from related parties	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 on or before the completion of the development for which the joint venture has been established. No interest is payable on the loans and each loan is unsecured.

		2002	2001
12.	***INVENTORIES***		
	Current		
	Finished units on hand – at cost	2,646,880	-
	Contract costs incurred to date	1,414,443	14,890,155
	Profit recognised to date	2,441,682	15,339,278
		6,503,005	30,229,433
	Current contract costs incurred to date:		
	Land at cost	908,823	3,663,492
	Development costs capitalised	443,870	10,519,230
	Borrowing costs capitalised	-	284,769
	Other costs – rates, interest, taxes and other amounts capitalised	61,750	422,664
		1,414,443	14,890,155
	Non-current		
	Contract costs incurred to date	1,660,831	2,937,186
	Non-current contract costs incurred to date:		
	Land at cost	1,559,062	2,462,733
	Development costs capitalised	101,769	278,507
	Other costs	-	195,946
		1,660,831	2,937,186

notes to the financial statements

	2002	2001
	$	$
13. OTHER FINANCIAL ASSETS		
Non-current		
Investment properties at cost	4,440,145	4,440,145

An independent valuation was carried out as at 16 March 2000 by Jones Lang LaSalle Advisory and is on the basis of the current open market value of the property. The valuation was $4,800,000. The directors are of the opinion that this basis provides a reasonable estimate of recoverable amount. The valuation has not been recognised in the financial statements. The valuation is in accordance with the Company's policy of obtaining valuations every three years.

	2002	2001
	$	$
14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Non-current		
Investments in joint venture entities		
Unlisted shares at cost (i)	5	1
Equity accounting	1,055,032	265,075
	1,055,037	265,076

(i) Investments in joint venture entities

Name	Principal activities	Balance date	Ownership interest 2002	2001
Boas Gardens Estate Pty Ltd	Property Development	30 June	50%	50%
Hamersley Road JV Pty Ltd	Property Development	30 June	50%	-
78 Terrace Road JV Pty Ltd	Property Development	30 June	50%	-
175 Hay Street JV Pty Ltd	Property Development	30 June	50%	-
Rivervale Concepts Pty Ltd	Property Development	30 June	50%	-

notes to the financial statements

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	2002 $	2001 $
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	4,784,401	2,992,774
Expenses from ordinary activities	(3,679,703)	(2,589,298)
Profit from ordinary activities before income tax expense	1,104,698	403,476
Income tax expense relating to ordinary activities	(314,741)	(138,401)
Net profit – accounted for using the equity method	789,957	265,075
Statement of financial position		
The Company's share of the joint venture entities' assets and liabilities consist of:		
Current assets	6,735,767	8,033,663
Non-current assets	8,239,500	280
Total assets	14,975,267	8,033,943
Current liabilities	7,248,444	7,768,867
Non-current liabilities	6,671,786	-
Total liabilities	13,920,230	7,768,867
Net assets – accounted for using the equity method	1,055,037	265,076

Refer to Note 25 for details of commitments and contingencies.

	2002 $	2001 $
Share of post-acquisition retained profits attributable to joint venture entities		
Share of joint venture entities' retained profits at beginning of year	265,075	-
Share of joint venture entities' net profit	789,957	265,075
Share of joint venture entities' retained profits at end of year	1,055,032	265,075
Movements in carrying amount of joint venture entities		
Carrying amount at beginning of year	265,076	1
Investment in joint venture entities acquired during the year	4	-
Share of joint venture entities' net profit	789,957	265,075
Carrying amount at end of year	1,055,037	265,076

notes to the financial statements

15. PROPERTY, PLANT AND EQUIPMENT

	2002 $	2001 $
Offices at cost	797,596	-
Less: Accumulated depreciation	(14,641)	-
	782,955	-
Furniture, fixtures and fittings at cost	78,426	31,346
Less: Accumulated depreciation	(15,744)	(8,874)
	62,682	22,472
Plant and equipment - at cost	104,316	67,770
Less: Accumulated depreciation	(31,393)	(39,606)
	72,923	28,164
Total property, plant and equipment	918,559	50,636

Reconciliations

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

	2002 $	2001 $
Offices		
Carrying amount at beginning of year	-	-
Additions	797,596	-
Accumulated depreciation	(14,641)	-
Carrying amount at end of year	782,955	-
Buildings, furniture, fixtures and fittings		
Carrying amount at beginning of year	22,472	267,939
Additions	91,265	16,337
Disposals	(42,905)	(245,610)
Depreciation	(8,150)	(16,194)
Carrying amount at end of year	62,682	22,472
Plant and equipment		
Carrying amount at beginning of year	28,164	28,557
Additions	71,103	7,662
Disposals	(9,855)	-
Depreciation	(16,489)	(8,055)
Carrying amount at end of year	72,923	28,164

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		2002 $	2001 $
16.	***INTANGIBLE ASSETS***		
	Domain name at cost	10,110	-
	Accumulated amortisation	(202)	-
		9,908	-
17.	***OTHER ASSETS***		
	Current		
	Prepayments	7,525	21,216
	Income tax refundable	-	135,968
	Other	452	50,000
		7,977	207,184
18.	***DEFERRED TAX ASSETS***		
	Non-current		
	Future income tax benefit	5,275	5,275
19.	***PAYABLES***		
	Current		
	Trade creditors	204,153	472,532
	Other creditors and accruals	371,287	191,669
		575,440	664,201
20.	***INTEREST BEARING LIABILITIES***		
	Current		
	Secured liabilities:		
	Commercial bills	3,238,000	18,595,000
21.	***TAX LIABILITIES***		
	Current		
	Income taxation	991,556	-
	Non-current		
	Deferred income tax	264,001	1,318,684
22.	***PROVISIONS***		
	Current		
	Dividends	897,366	919,134

23. CONTRIBUTED EQUITY

		2002 $	2001 $
Issued and paid up capital			
89,736,576 (2001:91,913,376) ordinary shares, fully paid		23,259,061	23,828,122
Movements in ordinary share capital			
Balance at the beginning of the financial year		23,828,122	24,316,294
Shares bought back -2,176,800 (2001:1,756,649) shares	(i)	(569,061)	(488,172)
		23,259,061	23,828,122

(i) During the 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 the financial year. The consideration of shares brought back on market during the year ended 30 June 2002 was $569,061, being on average 26 cents per share.

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.

24. RETAINED PROFITS

	2002 $	2001 $
Retained profit at beginning of year	1,634,234	487,491
Net profit attributable to members of the Company	2,114,881	2,045,559
Dividends	(887,716)	(898,816)
Retained profits at end of year	2,861,399	1,634,234

25. COMMITMENTS AND CONTINGENT LIABILITIES

	2002 $	2001 $
Capital expenditure		
Building and development projects		
Capital expenditure commitments contracted but not provided for and payable:		
- within one year	6,426,932	2,129,789
- one year or no later than five years	660,568	-
	7,087,500	2,129,789

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	2002 $	2001 $
25. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)		
Joint Venture commitments		
Share of development commitments of the joint venture not provided for, and payable:		
- within one year	13,265,006	853,875

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 Loh Kee Kong
Mr Richard Rimington
Mr John Cheak

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:

	2002 Number	2001 Number
Finbar International Limited		
- ordinary shares	68,780,775	61,768,583

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

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.

26. RELATED PARTIES (Continued)

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 2001. This agreement was renewed for a further period of three years from 1 July 2001. 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 2002 this commission amounts to $249,675, which has been accrued in these financial statements. In addition, the management agreement also provides for a monthly fee of $18,704 to be paid to J & R Management, totalling $224,448 to 30 June 2002.

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.

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

Director	Director-related entity	2002	2001
		$	$
Mr J Chan and	J & R Management Pty Ltd		
Mr R Rimington	- Management fee paid	474,120	457,988
	- Rent and outgoings received	(14,094)	(18,850)

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

	2002	2001
Current receivables		
J & R Management Pty Ltd	(9,943)	(9,682)
Current liabilities		
J & R Management Pty Ltd	117,130	166,472

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	2002	2001
	$	$

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:

	2002 $	2001 $
Cash	4,984,466	2,958,213

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

	2002 $	2001 $
Operating profit after income tax	2,114,881	2,045,559
Items classified as investing/financing activities		
Loans to related joint venture entities	6,425,659	-
Repayment from related joint venture entities	(1,149,993)	-
Loss/(profit) on sale of non-current assets	5,612	(143,193)
Transfer to fixed assets	(797,596)	-
Non-cash items in operating profit		
Depreciation and amortisation	39,482	24,249
Income from joint venture equity accounted	(789,957)	(265,075)
Net cash provided by operating activities before change in assets and liabilities	5,848,088	1,661,540
Changes in assets and liabilities		
Increase/(decrease) in income taxation payable	991,556	(1,537,492)
(Decrease)/increase in deferred taxes payable	(1,054,683)	623,892
(Increase)/decrease in receivables	(6,635,393)	4,024,377
(Increase)/decrease in other assets	199,207	(64,485)
Decrease/(increase) in inventory	25,002,783	(19,014,705)
(Decrease)/increase in trade creditors and accruals	(88,761)	277,634
Increase in future income tax benefit	-	(2,045)
Cash flows from operating activities	24,262,797	(14,031,284)

28. FINANCING ARRANGEMENTS

	2002 $	2001 $
The Company has access to the following lines of credit:		
Total facilities available		
Standby facility	1,500,000	135,000
Commercial bills	7,738,000	21,982,000
	9,238,000	22,117,000
Facilities utilised at balance date:		
Standby facility	-	-
Commercial bills	3,238,000	18,595,000
	3,238,000	18,595,000
Facilities not utilised at balance date:		
Standby facility	1,500,000	135,000
Commercial bills	4,500,000	3,522,000
	6,000,000	3,657,000

Commercial Bills

The commercial bills are secured by registered first mortgage over specific land and buildings of the Company on which the proceeds are utilised. The carrying amount of these land and buildings at 30 June 2002 was $6,995,928. The bills bear interest at between 6.75% and 6.95% as at 30 June 2002.

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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:

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	-
Investments	-	-	4,440,145	4,440,145	-
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	

2001	Floating interest rate $	Non-interest bearing $	Total carrying Amount $	Weighted average effective interest %
Financial Assets				
Cash	2,958,213	-	2,958,213	4.66
Receivables	-	5,866,227	5,866,227	-
Investments	-	4,440,145	4,440,145	-
Total	2,958,213	10,306,372	13,264,585	
Financial Liabilities				
Trade creditors	-	472,532	472,532	-
Other creditors and accruals	-	191,669	191,669	-
Dividends proposed	-	919,134	919,134	-
Commercial bills	18,595,000	-	18,595,000	7.46
Total	18,595,000	1,583,335	20,178,335	

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 valuing them at 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

Since 30 June 2002, the Company acquired a bank facility amounting to $8,550,000 to assist the development of the project at Monteray Bay, Mandurah. This variable rate commercial bill entered into on 9 July 2002 is secured over the project for which it was acquired.
Further, the Company entered into a banker's guarantee for $200,000 on 4 July 2002 for this project with the undertaking in favour of Royal Sun Alliance Insurance Ltd.
The Company announced to the Australian Stock Exchange, on 27 June 2002, the sale of its investment in 734 Albany Highway, Victoria Park for $4.85 million. The purchase conditions are due to be satisfied in August 2002 and include finance approval and due diligence on the part of the purchaser.

directors' declaration

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In the opinion of the directors of Finbar International Limited:

(a) the financial statements and notes, set out on pages 18 to 42, 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 2002 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 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:

....

P A Rengel - Chairman J Chan – Managing Director

Dated at Perth this 12th day of August 2002.

independent auditors' report

KPMG

Independent audit report to the members of Finbar International Limited

Scope

We have audited the financial report of Finbar International Limited for the financial year ended 30 June 2002, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes 1 to 30, and the directors' declaration set out on pages 18 to 43. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

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 2002 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
13 August 2002

ASX additional information

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Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Shareholdings

Substantial Shareholders

The number of shares held by the substantial shareholders as at 30 June 2002 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 30 June 2002)

Range		Holders	Units %
1 - 1,000	323	110,305	0.13
1,001 - 5,000	93	273,041	0.30
5,001 - 10,000	57	483,550	0.54
10,001 - 100,000	121	3,484,862	3.88
100,001 - over	42	85,384,818	95.15
	688	89,736,576	100.00

Twenty largest shareholders (as at 30 June 2002)

Name	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	8,248,098	9.19
Blair Park Pty Ltd	6,074,823	6.77
Charldon Inc	2,761,932	3.08
Onsui Pty Ltd	2,676,832	2.98
Mr Ah-Hwa Lim	2,483,320	2.77
Baguio International Limited	2,400,000	2.67
Onsui Pty Ltd	2,023,052	2.25
Phoenix Properties International Pty Ltd	2,000,000	2.23
Fastlink International Pty Ltd	1,960,000	2.18
Dynamic Corporation Pty Ltd	1,815,291	2.02
Maju Makmur Nominees (Tempatan) Sdn Bhd	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	1,078,000	1.20
Kirribilli Holdings Pty Ltd	1,000,000	1.11
Mr Toru Fujii	959,136	1.07
Apex Investments Pty Ltd	516,700	0.58
Hamlet Management Ltd	800,000	0.89
Top 20	79,034,426	88.07

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