FINBAR
INTERNATIONAL LIMITED

15th Annual Report
for the year ended
30th June 1999

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FINBAR INTERNATIONAL LIMITED

ACN 009 113 473

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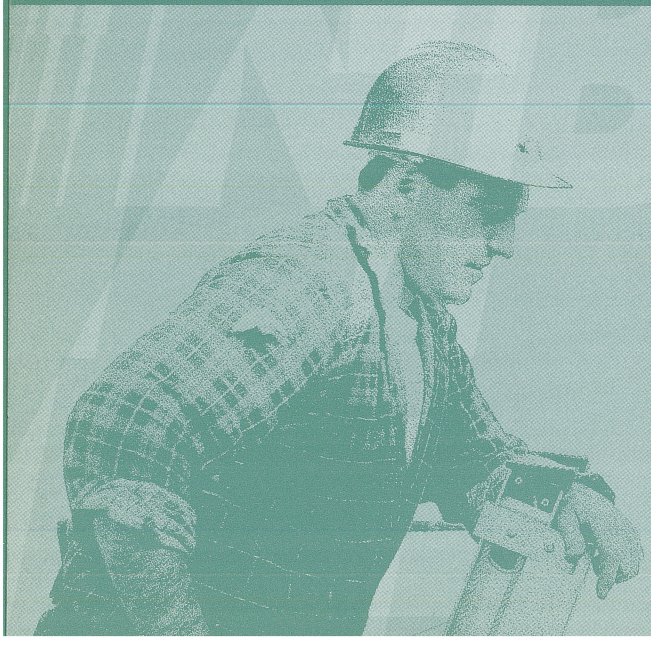


CORPORATE DIRECTORY

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
Level 1
6 Preston Street
COMO WA 6152

Postal Address
Level 1
6 Preston Street
COMO WA 6152

Operations Office
Level 1
6 Preston Street
COMO WA 6152

Share Register
Corporate Registry
Services Pty Ltd
Level 2, Reserve Bank Building
45 St George's Terrace
PERTH WA 6000

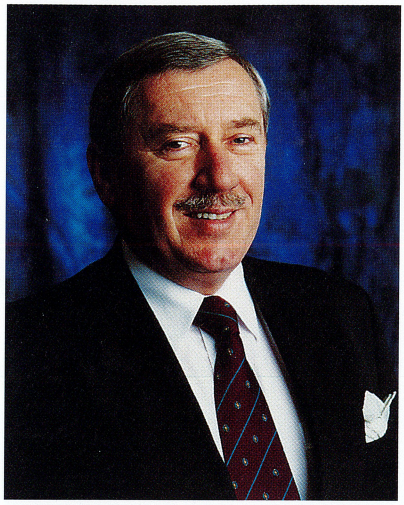
Bankers
Westpac Banking Corporation Ltd
109 St George's Terrace
PERTH WA 6000

Auditors
KPMG
Chartered Accountants
157-158 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 Message to Shareholders



On behalf of the Board of Directors I am pleased to present to you the 15th Annual Report of your Company.

The success of the Company in its core business of property investment and development, is once again reflected in the result for the year ended 30 June1999 amounting to a profit of $5,043,112 before tax.

Your Company has furthermore now established itself as a leader in style, quality and price in its chosen market segment. This is clearly indicated by the fact that most of the Company's current construction work in progress is on fully sold projects.

The decision in the previous year, to refocus on the Company's core business, has enabled it to invest in several significant development projects. This has enabled it to realise once again a profit, which is a good return on investment and, in excess of a 48% increase over the previous financial year.

At the same time, revenue projections on current projects are good and the Directors are confident of the future profitability of the Company.

The continuing success of the Company is anticipated on the basis of its current sound financial position and the diligent application of best practices in management and in policy setting. The Company's resources will continue to be directed towards the achievement of a persistently good level of profitability and net asset growth.

Once again, the payment of a dividend has been proposed by the Board of Directors, for which approval will be sought at the Shareholders' Meeting. A provision amounting to $1,829,045 is included in the Annual Accounts.

The continued support of Shareholders is a key element in the success of your Company, for which the Directors again express their appreciation. Additionally, I must commend the Executive Directors and their staff for their dedicated efforts. As Chairman and one of three Non-Executive Directors, I also thank them for their support.

The Directors remain optimistic as to your Company's future and confident that your investment is sound.

You are invited to attend the Annual General Meeting of the Shareholders of your Company and a notice of meeting is enclosed with this Annual Report.

With compliments

Paul Rengel
Chairman of Directors

Chairman's Message

Managing Director's Review

The 1998/99 financial year has been an extremely rewarding one for your Company, with increased growth in assets, turnover, profit and earnings per share.

While recent years have focused on building the Company's market profile and property portfolio, 1998/99 has seen much of this hard work come to successful fruition.

Finbar is now recognised as one of Western Australia's foremost property development companies, achieving significant recognition for its success and expertise in the property market.

The Company's medium density residential projects are now amongst the finest in the state. Other industry players are increasingly keen to tap into the intellectual knowledge base and experience that the Company has developed.

Financially we have achieved a substantial 48 percent increase after tax profit to reach $3.3 million.

Option conversions have brought in additional capital and will allow the Company to grow to the next phase providing the opportunity to source and secure land bank projects. This will in turn assist in securing the long term profitability of your Company.

The challenge for the Company now is to continue focussing on the development of high quality, medium-to-high density residential projects and specialised, high-return commercial properties. This will be undertaken on a selective basis to ensure all properties developed return the highest possible value to Shareholders.

The Management will continue their current approach in maintaining minimal overheads and small infrastructure. The majority of operation and project construction functions will continue to be outsourced on a performance-based arrangement. This will ensure that the Company maintains a lean corporate infrastructure, tasks are carried out efficiently and those involved remain motivated to produce and perform.

Managing Director's Review

Managing Director's Review

We are conscious of only producing quality product that will meet with immediate market acceptance. This quality consistency and price discernment has become a trademark of all Finbar's developments, moving your Company into a respected position as leader in the Perth property marketplace.

Market Overview

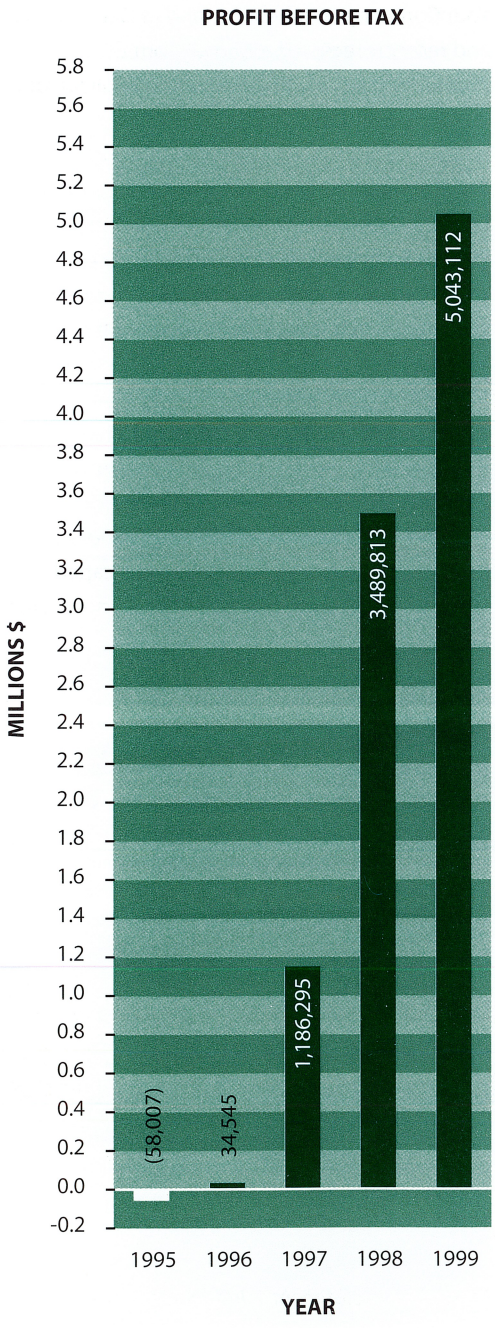
Significant growth potential and strong demand from investors and owner occupiers for quality inner city residential properties will see your Company continue to focus on this exciting market sector in the 12 months ahead.

The success of Wellington Place stages one and two has proven the pent-up demand for well-priced quality product. The Company will actively seek comparable sites for future projects.

This will be supported by the start of construction and the initial marketing campaign for "Blue Water" and "The Gateway" in South Perth. This development will prove to be one of the most significant combined residential/commercial projects ever undertaken in Perth.

The implementation of the Goods and Services Tax in July 2000 will have a temporary quietening effect on the market. However, your Company believes Perth's inner city residential property market will continue to grow and attract an increasing number of residents to near city, medium density developments in the years ahead.

Your Company has a proven formula to remain highly competitive in providing appropriately priced product in lifestyle developments.



PROJECT STATUS SUMMARY

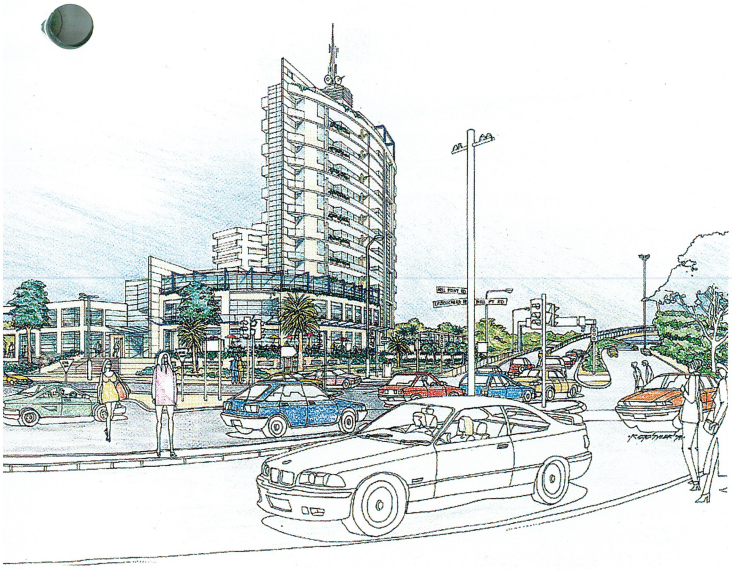
"The Gateway" and "Bluewater Apartments" - corner of Judd Street and Labouchere Road, South Perth.

The combined Gateway and Bluewater Apartment developments adjacent to the Kwinana Freeway on/off ramp will be the most significant combined residential and commercial project ever undertaken in South Perth.

Your Company acquired the land in October 1997 and recently received approval from the Minister for Planning to approve the zoning to allow for a substantial complex to be constructed on site. Submissions are now being presented to local council for planning permission of a $25 million development that we hope to be able to commence construction of late in 1999.

The Gateway will be a 1,400m², three level commercial complex, featuring offices, retail outlets and café/restaurant.

Preliminary designs of Bluewater Apartments comprise 57 one, two and three-bedroom apartments, each with sweeping City and Swan River views and access to private landscaped gardens, pool, gymnasium, sauna and games area.



Proposed development – Judd Street, South Perth

10 Kings Park Avenue, Crawley "Matilda Bay Apartments"

The Matilda Bay Apartments are due to be completed in September 1999. The complex comprises 12 fully appointed luxury apartments of which Finbar is able to realise nine sales (all sold), the balance being transferred to the original proprietors on completion as payment for the land.

Occupying an elevated site, Matilda Bay Apartments offer fabulous views over Kings Park and the magnificent Swan River. The property adjoins Kings Park and with access to nearby main roads it provides the opportunity to utilise the City facilities, theatres, cinemas, shopping, restaurants and nightspots whilst in close proximity to the University of Western Australia and yacht clubs.

These apartments, which encompass an entire floor each, have four large private balconies that are architecturally designed to take full advantage of the panoramic views of Matilda Bay, Kings Park and the Swan River to Mosman Park. Each design provides three double bedrooms with their own ensuite bathroom and generous walk-in robes. Other features include spa, master ensuite and audiovisual security.

All nine of the Matilda Bay Apartments have been sold providing a substantial contribution to the profit to 30 June 1999.

Managing Director's Review

Managing Director's Review

"Wellington Place" and "The Rise"

Wellington Place stage one "Wellington Place" and Wellington Place stage two "The Rise" were the outstanding success stories of Perth's inner city residential marketplace in 1998/99.

Stage one saw all 76 apartments sold within weeks of release, while stage two has sold more than half of its 68 apartments.

With both stages now under construction and with the help of some revolutionary construction methods, we estimate that completion of stage one will be March 1999 and stage two following in May 1999.

"Paddington Place" - Fitzgerald Street, West Perth

All of the 78 two and three-bedroom apartments in this landmark project are now sold, with many resales already showing strong growth for those who invested in this development. Paddington Place set a new standard for lifestyle-based inner city residential development in Perth.

167 Melville Parade, Como and 317 Canning Hwy, Como

Both of these luxurious residential developments are now complete and only one unit at 317 Canning Hwy, Como still remains to be sold. The Melville Parade project featured five luxury two storey townhouses with panoramic views of the Swan River, while the Canning Highway project has seven modest three bedroom two bathroom villas and townhouses.

Corfield Street Medical Centre in Gosnells and Albany Highway Medical Centre in Victoria Park

Both of these high profile medical facilities are now under construction and already fully leased. They are set to provide long-term rental income and capital appreciation.

The Gosnells facility covers 1,105m^2 and combines a pharmacy outlet with radiology, pathology, dentistry and physiotherapy practices. It will include 11 general practice consulting rooms and a large reception and waiting room area.

The 1,840m^2 Centre in Victoria Park includes 12 consulting rooms and an expansive waiting room. The development also incorporates 710m^2 of second floor offices and is situated in a prime location on Albany Highway.

Financial Statements

FINBAR INTERNATIONAL LIMITED ACN 009 113 473

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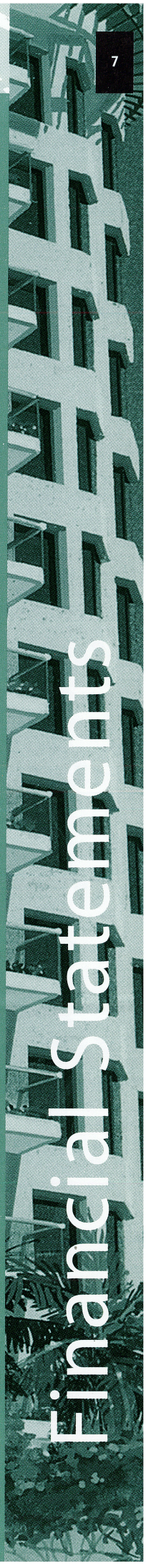

FINBAR

Corporate Governance Statement

FINBAR INTERNATIONAL LIMITED ACN 009 113 473

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 economic entity 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 meets regularly in order to retain control over the Company and to monitor the executive management. The Board has established a framework for the management of the Company including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

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 Australian Stock Exchange Limited.

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 (cont.)

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 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.

Millennium Issue

Steps were taken by the Company during the year to identify and alleviate the likely impact of Year 2000 on business processes. The Year 2000 issue, however, is unique. There can be no assurance that the steps taken by any Company will successfully minimise vulnerabilities of its software and systems, or those of its suppliers, to the problems associated with the transition to the Year 2000. Significant third parties with which the Company interfaces include, among others, customers and business partners, technology suppliers and service providers, and the utility infrastructure (power, transportation, telecommunications), on which all entities rely. Lack of readiness by these third parties would expose the Company to the potential for loss, impairment of business processes and activities, and general disruption of its markets.
At 30 June 1999 the Company had expended $21,000 on the Year 2000 project for consultants and computer hardware replacement. Computer replacement costs have been capitalised and all other costs expensed.

Directors' Report

FINBAR INTERNATIONAL LIMITED ACN 009 113 473

The Directors herewith present the financial report of Finbar International Limited ("the Company") 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 Kee Kong LOH
Mr John Boon Heng CHEAK
Mr Richard Dean RIMINGTON
Dr Albert Siew Lung HO (resigned 22 October 1998)
Mr Dato Nik Din (appointed 23 October 1998, resigned 18 June 1999)

PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the financial year continue 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 $3,317,254 (1998:$2,233,432).

REVIEW OF OPERATIONS

During the year the Company commenced development works on five major projects. Three being residential developments with substantial sales achieved and two being commercial properties that are now fully leased.
The Company has funded its operations from its investments and cash reserves along with short-term construction finance that is project specific.

DIVIDENDS

The Company paid a final dividend of $0.03 per fully paid ordinary share out of profits for the year ended 30 June 1998 during the year which amounted to $1,619,826.
The Directors recommend the payment of a fully franked dividend of $0.03 per fully paid ordinary share for approval by members at the company's annual general meeting with the entitlement date being post 31 August 1999.

The dividend recommended by the Directors amounts to $1,725,221 for shares issued at 30 June 1999. As the entitlement date is post 31 August 1999, holders of options with a 31 August 1999 expiry date will, if exercised, be eligible for the dividend. Should all option holders exercise their options to ordinary shares, this would give rise to an additional dividend payment of $1,208,569 not provided for in the financial statements.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There has been no significant change in the Company's state of affairs other than the changes in financial position disclosed in this report.

EVENTS SUBSEQUENT TO BALANCE DATE

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 29 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 five of the five 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 five of the five Directors' meetings and two shareholders' meeting held during the fiscal 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 in the Company. Mr Cheak attended none of the five 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 14 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 five of the five Directors' meetings and two shareholders' meeting held during the fiscal year.

Directors' Report (cont.)

FINBAR INTERNATIONAL LIMITED ACN 009 113 473

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

Dr Albert Siew Lung Ho (resigned during the year)

Nik Dato Din (appointed and resigned during the 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 $	Super Contrib $	Total $
Mr John Chan	107,848	*-	6,150	113,998
Mr Richard Rimington	83,550	*-	4,450	88,000
Mr Paul Rengel	25,000	-	-	25,000
Mr John Cheak	20,000	-	-	20,000
Dr Albert Ho (resigned)	6,438	-	-	6,438
Mr Nik Din (resigned)	13,561	-	-	13,561
Mr Loh Kee Kong	20,000	-	-	20,000
Officer				
Mr Darren Pateman	44,860	*-	3,140	48,000

*** Commission:**

The Company has entered into a management agreement ("the agreement") with J&R Management Pty Ltd ("J&R Management") as yet unsigned 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. Mr John Chan and Mr Richard Rimmington are the Directors and shareholders of J&R Management. Mr Darren Pateman will be 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 1999 this amounts to $434,317 which has been accrued from the financial statements. Shareholder approval for the terms of the agreement is to be obtained at the forthcoming extraordinary general meeting.

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 in accordance with S235(1) of the Corporations Law, at the date of this report is as follows:

	Ordinary shares	Options over Ordinary shares
Mr John Chan	1,562,497	5,654,134
Mr Richard Rimington	1,307,688	6,200,772
Mr John Cheak	12,488,360	11,155,636
Mr Kee Loh	12,398,360	11,155,636

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.

SHARE OPTIONS

No new options over the issue of unissued shares were issued by the Company during the financial year ended 30 June 1999. During the year 6,973,936 ordinary shares of $0.25 each were issued at $0.25 each by virtue of the exercise of options over unissued shares. As at 30 June 1999, there are 40,285,629 unissued ordinary shares for which options are outstanding and exercisable up to and including 31 August 1999. These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Signed in accordance with a resolution of the Board of Directors.

.....

P A Rengel – Chairman

.....

J Chan – Managing Director

Dated at Perth this 29th day of July 1999.

Profit & Loss Statement

FINBAR INTERNATIONAL LIMITED ACN 009 113 473

FOR THE YEAR ENDED 30 JUNE 1999

	Note	1999 $	1998 $
Revenue	2	26,476,386	27,873,013
Operating profit before income tax	3	5,043,112	3,489,813
Income tax attributable to operating profit	4	(1,725,858)	(1,256,381)
Operating profit after income tax		3,317,254	2,233,432
Retained profits/(accumulated losses) at the beginning of the financial year		90,269	(121,827)
Total available for appropriation		3,407,523	2,111,605
Dividends provided for or paid	7	(1,829,045)	(2,021,336)
Retained profits at the end of the financial year		1,578,478	90,269

The profit and loss statement is to be read in conjunction with the accompanying notes to the financial statements.

Balance Sheet

FINBAR INTERNATIONAL LIMITED ACN 009 113 473

AS AT 30 JUNE 1999

	Note	1999 $	1998 $
CURRENT ASSETS			
Cash		807,485	247,829
Receivables	9	283,492	1,848,917
Inventories	10	18,158,858	20,721,735
Other	13	19,073	23,715
TOTAL CURRENT ASSETS		19,268,908	22,842,196
NON-CURRENT ASSETS			
Inventories	10	3,774,442	-
Investments	11	5,528,590	1,758,117
Property, plant and equipment	12	529,748	2,799,329
Other	13	164,814	-
TOTAL NON-CURRENT ASSETS		9,997,594	4,557,446
TOTAL ASSETS		29,266,502	27,399,642
CURRENT LIABILITIES			
Accounts payable	14	1,678,242	821,765
Borrowings	15	6,677,000	10,169,000
Provisions	16	2,269,462	2,761,495
TOTAL CURRENT LIABILITIES		10,624,704	13,752,260
NON-CURRENT LIABILITIES			
Provisions	16	1,762,723	-
TOTAL NON-CURRENT LIABILITIES		1,762,723	-
TOTAL LIABILITIES		12,387,427	13,752,260
NET ASSETS		16,879,075	13,647,382
SHAREHOLDERS' EQUITY			
Share capital	17	15,300,597	12,633,354
Reserves	18	-	923,759
Retained profit		1,578,478	90,269
TOTAL SHAREHOLDERS' EQUITY		16,879,075	13,647,382

The balance sheet is to be read in conjunction with the accompanying notes to the financial statements.

Statement of Cash Flows

FINBAR INTERNATIONAL LIMITED ACN 009 113 473

FOR THE YEAR ENDED 30 JUNE 1999

	Note	1999 $	1998 $
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		25,716,794	4,612,631
Cash payments in the course of operations		(19,170,299)	(12,743,721)
Interest received		117,462	66,004
Interest paid		(280,352)	(257,940)
Income taxes paid		(828,963)	(361,681)
Borrowing costs paid		(94,813)	-
Dividends received		367	-
Net cash provided by/(used in) operating activities	21(ii)	5,460,196	(8,684,707)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(31,374)	(144,849)
Proceeds from sale of property, plant and equipment		2,269,650	-
Payments for investment properties		(3,770,472)	-
Proceeds from loan repayment by subsidiary		-	6,515
Net cash used in investing activities		(1,532,198)	(138,334)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,743,484	409,247
Proceeds from borrowings		6,327,000	7,175,000
Repayment of borrowings		(9,819,000)	-
Dividends paid		(1,619,826)	(505,334)
Net cash provided by/(used in) financing activities		(3,368,342)	7,078,913
Net increase/(decrease) in cash held		559,656	(1,744,128)
Cash at the beginning of the financial year		247,829	1,991,957
Cash at the end of the financial year	21(i)	807,485	247,829

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

FOR THE YEAR ENDED 30 JUNE 1999

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 Law.

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

Interest Income

Interest income is recognised as it accrues.

Asset Sales

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

(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 are carried at cost.

Notes to the Financial Statements

FINBAR INTERNATIONAL LIMITED ACN 009 113 473

FOR THE YEAR ENDED 30 JUNE 1999

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(e) Property, Plant and Equipment

Items of property, plant and equipment are initially recorded at cost then depreciated as outlined below.

Revaluations

Land and buildings are valued every three years on an existing use basis of valuation.

A provision for capital gains tax is only provided when it is known that the asset will eventually be sold. This provision, when required, is made against the asset revaluation reserve.

Items of property, plant and equipment, including buildings, but excluding freehold land, are depreciated, amortised using the straight line method over their estimated useful lives.

The depreciation rates used for each class of asset are:

Buildings	4%
Plant and equipment	20%-40%

Assets are depreciated or amortised from the date of acquisition.

(f) Non-current Assets

The carrying amounts of non-current assets 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.

(g) Income Tax

The company adopts the 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.

FOR THE YEAR ENDED 30 JUNE 1999

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(h) **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 development are expensed.

(i) **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.

Recognition of Profit

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 a contract is at least 30% complete.

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

Development Work in Progress

Development work in progress is carried at cost, less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Notes to the Financial Statements

FINBAR INTERNATIONAL LIMITED ACN 009 113 473

FOR THE YEAR ENDED 30 JUNE 1999

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(j) Employee Entitlements

The company only has four full time employees and provision for their entitlements is made on the basis of the company's actual liabilities to balance date, measured at their actual amount and classified in terms of the current component payable within one year and the non-current component, payable later than one year. The amounts payable later than one year are not significant and the nominal value is not sufficiently different from present value to warrant recomputation.

Contributions are made to employee superannuation funds in accordance with prescribed rules and are charged as expenses when incurred.

(k) Receivables

Trade Debtors

Trade 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) Accounts Payable

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) Bank Loans

Bank loans are carried on the balance sheet at their principal amount subject to set-off arrangements. Interest expense is accrued at the contracted rate and included in "other creditors and accruals".

(n) Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

FOR THE YEAR ENDED 30 JUNE 1999

	1999 $	1998 $
2. REVENUE		
Revenue from operating activities		
Sales of property	23,810,179	13,409,952
Rental income	256,746	419,289
Dividends - other parties	367	-
Interest - other parties	117,462	66,004
Recoupment of outgoings	21,985	-
Other	-	18,911
Revenue from non-operating activities		
Gross proceeds from sale of non-current assets	2,269,648	-
Proceeds from disposal of controlled entities	-	63,612
	26,476,386	13,977,768
3. OPERATING PROFIT		
(a) Operating profit is determined after (crediting)/charging the following items:		
Borrowing costs - other parties	375,165	257,940
Less: Capitalised borrowing costs	(315,894)	(231,885)
	59,241	26,055
Depreciation:		
- buildings:	20,955	-
- property, plant and equipment	10,198	77,871
	31,153	77,871
Net gain on sale of property, plant and equipment	62,460	-

Notes to the Financial Statements

FINBAR INTERNATIONAL LIMITED ACN 009 113 473

FOR THE YEAR ENDED 30 JUNE 1999

	1999 $	1998 $
4. INCOME TAX EXPENSE		
Prima facie tax expense on operating profit is reconciled to the income tax provided in the accounts as follows:		
Prima facie tax payable on operating profit before income tax at 36% (1998:36%)	1,815,520	1,256,333
Add: Tax effect of non-deductible items	14,134	5,369
	1,829,654	1,261,702
Less: Tax effect of:		
Future income tax benefit not brought to account	-	(5,321)
	1,829,654	1,256,381
Less: Income tax over provided in prior year	(103,796)	-
Income tax expense attributable to operating profit	1,725,858	1,256,381
Income tax expense attributable to operating profit is made up of:		
Current income tax provision	231,745	1,256,333
Deferred income tax provision	1,762,723	-
Future income tax benefit	(164,814)	-
Over provision in prior year	(103,796)	-
	1,725,858	1,256,333

FOR THE YEAR ENDED 30 JUNE 1999

5. AUDITORS' REMUNERATION

	1999 $	1998 $
Remuneration of the auditor for:		
- auditing or reviewing the accounts	19,000	21,069
- other services	20,500	-
	39,500	21,069

6. REMUNERATION OF DIRECTORS

	1999 Number	1998 Number
The number of directors of the company whose income from the company or any related party falls within the following bands:		
$ - $ 9,999	1	3
$ 10,000 - $ 19,999	1	1
$ 20,000 - $ 29,999	3	-
$ 40,000 - $ 49,999	-	2
$ 80,000 - $ 89,999	1	-
$110,000 - $119,999	1	-

	1999 $	1998 $
Income paid or payable, or otherwise made available, to all directors of the company and controlled entities from the company or any related party	286,997	125,100

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
Dr Albert Siew Lung Ho (resigned 22 October 1998)
Mr Kee Kong Loh
Mr Paul Anthony Rengel
Mr Richard Dean Rimington
Mr Dato Nik Din (appointed 23 October 1998, resigned 18 June 1999)

Notes to the Financial Statements

FINBAR INTERNATIONAL LIMITED ACN 009 113 473

FOR THE YEAR ENDED 30 JUNE 1999

7. DIVIDENDS

Dividends
Proposed or paid by the company are:

1999	Cents per share	Total Amount $	Date of Payment	Franked Rate	Percentage Franked
Final ordinary – proposed	3.0	1,725,221	-	36%	100%
Under accrued for 1998 final dividend – paid		103,824	23 Dec 1998	36%	100%
		1,829,045			
1998					
Final ordinary for 30 June 1997 – paid	1.0	505,334	22 Dec 1997	36%	100%
Final – ordinary for 30 June 1998 – proposed	3.0	1,516,002	23 Dec 1998	36%	100%
		2,021,336			

	1999 $	1998 $
Amount of unappropriated profits and reserves which could be distributed as fully franked dividends using franking credits already in existence or which will arise from income tax payments in the following period:		
Class C 36% franked	1,210,000	147,757

FOR THE YEAR ENDED 30 JUNE 1999

	1999	1998
8. EARNINGS PER SHARE		
Basic earnings per share (cents per share)	6.2	4.5
Diluted earnings per share (cents per share)	3.9	2.7
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	53,152,169	49,916,200
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	93,437,800	62,348,307

Classification of Securities

Options
Options to purchase ordinary shares not exercised at 30 June 1999 have not been included in the determination of basic earnings purchased, but have been included in the determination of diluted earnings per share.

	1999 $	1998 $
9. RECEIVABLES		
Current		
Trade debtors	214,041	-
Amounts receivable from related parties		-
	1,819,335	
Other debtors	69,451	29,582
	283,492	1,848,917
10. INVENTORIES		
Current		
Finished units on hand – at cost	145,311	2,821,152
Contract costs incurred to date	13,521,784	14,854,695
Profit recognised to date	4,491,763	3,045,888
	18,158,858	20,721,735

Notes to the Financial Statements

FINBAR INTERNATIONAL LIMITED ACN 009 113 473

FOR THE YEAR ENDED 30 JUNE 1999

	1999 $	1998 $
10. **INVENTORIES** (Continued)		
Current contract costs incurred to date:		
Land at cost	4,060,441	
Development costs capitalised	8,804,500	
Borrowing costs capitalised	156,516	
Other costs – rates, interest, taxes and other amounts capitalised	500,327	
	13,521,784	
Interest of $222,065 was capitalised at a weighted average rate of 6.85%.		
Non-current		
Contract costs incurred to date	3,774,442	-
Non-current contract costs incurred to date:		
Land at cost	3,672,975	-
Other costs	101,467	-
	3,774,442	-
11. **INVESTMENTS**		
Non-current		
Investment properties at cost		
- completed	1,758,117	1,758,117
- work in progress	3,770,473	-
	5,528,590	1,758,117

Directors have valued completed property at $1,758,000 as at 30 June 1999. The valuation, which has not been recognised in the financial statements, was based on the estimated fair value of the property in an open market. The valuation is in accordance with the Company's policy of obtaining valuations every three years.

FOR THE YEAR ENDED 30 JUNE 1999

	1999 $	1998 $
12. PROPERTY, PLANT AND EQUIPMENT		
Freehold land - at cost	213,791	2,105,831
Less: Provision for diminution in value	-	(183,186)
	213,791	1,922,645
Buildings, fixtures and fixtures at cost	311,651	933,480
Less: Accumulated depreciation	(29,065)	(83,067)
	282,586	850,413
Plant and equipment - at cost	58,346	42,745
Less: Accumulated depreciation	(24,975)	(16,474)
	33,371	26,271
Total property, plant and equipment	529,748	2,799,329

Valuations

Directors have valued freehold land and buildings at $482,000 as at 30 June 1999. The valuation, which has not been recognised in the financial statements, was based on the estimated fair value of the land and buildings in an open market. The valuation is in accordance with the company's policy of obtaining valuations every three years.

Notes to the Financial Statements

FINBAR INTERNATIONAL LIMITED ACN 009 113 473

FOR THE YEAR ENDED 30 JUNE 1999

	1999 $	1998 $
13. OTHER ASSETS		
Current		
Prepayments	19,073	23,715
Non-current		
Future income tax benefit	164,814	-
14. ACCOUNTS PAYABLE		
Current		
Trade creditors	1,220,426	811,765
Other creditors and accruals	457,816	10,000
	1,678,242	821,765
15. BORROWINGS		
Current		
Secured liabilities		
Bank loans	6,477,000	10,169,000
Standby facility	200,000	-
	6,677,000	10,169,000

Bank loans are secured by registered first mortgages over specific land and buildings of the company on which the loan proceeds are utilised.

FOR THE YEAR ENDED 30 JUNE 1999

	Note	1999 $	1998 $
16. PROVISIONS			
Current			
Income taxation		544,241	1,245,493
Dividends		1,725,221	1,516,002
		2,269,462	2,761,495
Non-current			
Deferred income tax		1,762,723	-
17. ISSUED CAPITAL			
Share Capital			
Issued and paid up capital			
57,507,350 (1998:50,533,416 of $0.25 par value each) ordinary shares, fully paid		15,300,597	12,633,354
Movements in ordinary share capital			
Balance at the beginning of the financial year		12,633,354	12,224,107
Balance of share premium reserve	(i)	923,759	-
Shares issues			
- 6,973,936 (1998:409,247) shares issued from the exercise of options	(ii)	1,743,484	409,247
		15,300,597	12,633,354

(i) **Abolition of Par Value Shares**

The Company Law Review Act 1998 ("the Act") came into effect on 1 July 1998. The Act abolished par value shares, and any amount standing to the credit of the share premium reserve became part of the Company's share capital on 1 July 1998. As a result, the balance of the share premium reserve amounting to $923,759 was transferred to the share capital account on 1 July 1998 increasing the share capital on that date to $13,557,113.

From 1 July 1998 share capital does not have a nominal (par) value.

(ii) Ordinary shares issued from the exercise of options at $0.25 each. At 30 June 1999 the Company has on issue 40,285,629 options exercisable at $0.25 on or before 31 August 1999 (1998:47,259,565).

Notes to the Financial Statements

FINBAR INTERNATIONAL LIMITED ACN 009 113 473

FOR THE YEAR ENDED 30 JUNE 1999

	1999 $	1998 $
18. **RESERVES**		
Share Premium	-	923,759
Movements during the year		
Share premium		
Balance at beginning of the year	923,759	923,759
Included with share capital	(923,759)	-
Balance at end of the year	-	923,759
19. **COMMITMENTS**		
Capital expenditure		
Capital expenditure commitments contracted for:		
Building and development projects	16,205,734	9,093,197
Payable:		
- not longer than one year	16,205,734	936,104
- longer than one year but not longer than two years	-	8,157,093
	16,205,734	9,093,197

20. 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 Dato Nik Din (resigned)
Mr John Cheak
Dr Albert Siew Lung Ho (resigned)

FOR THE YEAR ENDED 30 JUNE 1999

20. **RELATED PARTIES** (Continued)

Dr A Ho resigned as a director on 22 October 1998 and Mr N Din, who was appointed on 23 October 1998, resigned as a director on 18 June 1999.

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

Directors' Holdings of Shares and Share Options

The interests of directors of the Company and their director-related entities in shares and share options of the Company at year end are set out below:

	1999 $	1998 $
Finbar International Limited		
- ordinary shares	15,358,845	5,267,072
- options over ordinary shares	23,010,542	3,931,669

Other Transactions with the Company

A director of the Company, Mr P A Rengel, has an interest as a partner in the chartered accounting firm Moore Stephens BG. The Company pays for ad hoc accounting advice.

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. Mr John Chan and Mr Richard Rimmington are directors and shareholders of J&R Management. Mr Darren Pateman will be 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 1999 this commission amounts to $434,317 which has been accrued in these financial statements. Shareholder approval for the terms of the agreement is to be obtained at the forthcoming extraordinary general meeting.

The Company received rental income and reimbursement of outgoings from J & R Management for the use of office space within the offices at 6 Preston Street, Como.

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

Notes to the Financial Statements

FINBAR INTERNATIONAL LIMITED ACN 009 113 473

FOR THE YEAR ENDED 30 JUNE 1999

20. RELATED PARTIES (Continued)

In 1998 the Company sold Spectrum Medical Pty Ltd to Flandron Pty Ltd, a company in which Mr A Ho has an interest.

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

Director	Director-related entity	1999 $	1998 $
Mr P Rengel	Moore Stephens BG, Chartered Accountants	3,340	28,601
Mr J Chan and Mr R Rimington	J & R Management Pty Ltd		
	- Management fee	434,317	-
	- Outgoings recoupment	21,982	23,594
	- Management services on company developments	-	415,104
Dr A Ho	Flandron Pty Ltd		
	- proceeds on sale of Spectrum Medical Pty Ltd	-	1,882,947
	- interest receivable	-	21,369

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

Current receivables		
Flandron Pty Ltd	-	1,819,335
Current liabilities		
J & R Management	434,317	250,000

FOR THE YEAR ENDED 30 JUNE 1999

21. 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 balance sheet as follows:

	1999 $	1998 $
Cash	807,485	247,829

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

Operating profit after income tax	3,317,254	2,233,432
Items classified as investing/financing activities		
Interest received	(117,462)	(66,004)
Dividends received	(367)	-
Profit on sale of non-current assets	(62,460)	(62,449)
Non-cash flows in operating profit		
Depreciation	31,153	77,871
Amounts set aside to provisions	(28,777)	-
(Decrease)/increase in income taxes payable	(701,252)	894,700
(Decrease)/increase in deferred taxes payable	1,762,7233	-
Net cash provided by operating activities before change in assets and liabilities	4,200,812	3,077,550

Notes to the Financial Statements

FINBAR INTERNATIONAL LIMITED ACN 009 113 473

FOR THE YEAR ENDED 30 JUNE 1999

	1999 $	1998 $
21. **NOTES TO STATEMENT OF CASH FLOW** (Continued)		
Changes in assets and liabilities net of effects from purchase of business		
(Increase)/decrease in trade debtors and other debtors	1,565,425	(9,239,076)
(Increase)/decrease in prepayments	4,642	(23,715)
Increase in inventory	(1,211,565)	(3,330,957)
Increase in trade creditors and accruals	856,477	765,487
Increase in income tax benefit brought to account	(164,814)	-
Increase in provisions	209,219	-
Cash flows from operating activities	5,460,196	(8,750,711)
22. **FINANCING ARRANGEMENTS**		
The Company has access to the following lines of credit:		
Total facilities available		
Bank loans	17,220,000	
Standby facility	200,000	
	17,420,000	
Facilities utilised at balance date:		
Bank loans	6,477,000	
Standby facility	200,000	-
	6,677,000	
Facilities not utilised at balance date:		
Bank loans	10,743,000	
Standby facility	-	
	10,743,000	

FOR THE YEAR ENDED 30 JUNE 1999

22. **FINANCING ARRANGEMENTS** (Continued)

Bank loans
All bank loans are denominated in $A. The bank loans are secured by registered first mortgages over specific properties of the Company. The loans bear interest at the banks payable 30 days. The weighted average interest rate is 6.85%

Standby facility
The standby facility is reviewed annually. The facility bears interest at the weighted average interest rate of 7.15%

23. **SEGMENT INFORMATION**

The Company operates predominantly in one industry, namely the property and development industry and in one geographic segment, namely Western Australia.

24. **ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE**

(a) **Interest Rate Risk**
The Company has entered into an interest rate collar agreement on $3,000,000 with its bankers. The interest rate has been set at a minimum of 4.50% and a maximum of 6.85%.

Interest rate risk exposures

The economic entity'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:

1999	Floating interest rate	Non-interest bearing balance sheet	Total carrying Amount as per balance sheet	Weighted average effective interest
	$	$	$	%
Financial Assets				
Cash	355,019	34	355,053	3.51
Commercial bills	452,432	-	452,432	4.80
Receivables	-	283,492	283,492	
Total	807,451	283,526	1,090,977	

Notes to the Financial Statements

FINBAR INTERNATIONAL LIMITED ACN 009 113 473

FOR THE YEAR ENDED 30 JUNE 1999

24. **ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE** (Continued)

1999	Floating interest rate	Non-interest bearing balance sheet	Total carrying Amount as per balance sheet	Weighted average effective interest
	$	$	$	%
Financial Liabilities				
Trade creditors	-	1,220,426	1,220,426	
Other creditors and accruals	-	457,816	457,816	
Dividends proposed	-	1,725,221	1,725,221	
Tax payable	-	544,241	544,241	
Loans	6,677,000	-	6,677,000	6.85
Total	6,677,000	3,947,704	10,624,704	

1998				
Financial Assets				
Cash	97,829	-	97,829	3.95
Commercial bills	-	150,000	150,000	-
Receivables – related parties, entities	-	1,819,335	1,819,335	
Receivables	-	10,205,970	10,205,970	
Total	97,829	12,175,305	12,273,134	
Financial Liabilities				
Trade creditors	-	811,765	811,765	
Other creditors and accruals	-	10,000	10,000	
Dividends proposed	-	1,516,002	1,516,002	
Tax payable	-	1,245,493	1,245,493	
Loans	10,169,000	-	10,169,000	
Total	10,169,000	3,583,260	13,752,260	

FOR THE YEAR ENDED 30 JUNE 1999

24. **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 balance sheet, 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 cashflows on amounts due from customers or associated entities (reduced for expected credit losses) or due to suppliers. The carrying amounts of cash, accounts receivable and accounts payable approximate net fair value.

Directors' Declaration

FINBAR INTERNATIONAL LIMITED ACN 009 113 473

In the opinion of the directors of Finbar International Limited:

(a) the financial statements and notes, set out on pages 9 to 33, are in accordance with the Corporations Law, including:

  (i) giving a true and fair view of the financial position of the Company as at 30 June 1999 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; 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 29th day of July 1999.

Independent Auditors' Report

FINBAR INTERNATIONAL LIMITED ACN 009 113 473

KPMG

Central Park
152-158 St George's Tce
Perth WA 6000
Australia

GPO Box A29
Perth WA 6837
Australia

Telephone: (08) 9263 7171
Facsimile: (08) 9263 7129
DX 250 PERTH
www.kpmg.com.au

INDEPENDENT AUDITORS' 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 1999, consisting of the profit and loss statement, balance sheet, statement of cash flows, accompanying notes, and the directors' declaration set out on pages 9 to 34. 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 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 Law, including:

i) giving a true and fair view of the Company's financial position as at 30 June 1999 and of its performance for the financial year ended on that date; and

ii) complying with Accounting Standards and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

KPMG
Chartered Accountants

B C FULLARTON
Partner

Perth
29 July 1999

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

ASX Additional Information

FINBAR INTERNATIONAL LIMITED ACN 009 113 473

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 1999 were:

Name	Shares	%
Chuan Hup Holdings	12,398,360	21.56
Hamlet Management Limited	6,248,098	14.34
Apex Equity Holdings Berhad	3,526,824	6.13
Blair Park Pty Ltd	3,399,700	5.91

Distribution of Shareholders (as at 30 June 1999)

Range	Holders	Units	%
1 – 1,000	350	111,128	0.20
1,001 – 5,000	57	162,099	0.28
5,001 – 10,000	75	625,728	1.09
10,001 – 100,000	60	1,864,086	3.24
100,001 – over	36	54,744,311	95.20

Twenty largest Shareholders (as at 30 June 1999)

Name	Number of ordinary shares held	%
Chuan Hup Holdings	12,398,360	21.56
Hamlet Management Limited	6,248,098	14.34
Apex Equity Holdings Berhad	3,526,824	6.13
Blair Park Pty Ltd	3,399,700	5.91
Charldon Inc	2,761,932	4.80
Baghuio International Limited	2,461,312	4.28
Mr Ah-Hwa Lim	2,003,320	3.48
Freshmeadow Pty Ltd	1,800,000	3.13
Maju Makmur Nominees (Tempatan) Sdn Bhd	1,800,000	3.13
Phoenix Properties International Pty Ltd	1,350,000	2.35
Cambra Nominees Pty Ltd	1,300,000	2.26
Dynamic Corporation Pty Ltd	1,241,688	2.16

ASX Additional Information (cont.)

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Twenty largest Shareholders (as at 30 June 1999) (Continued)

Name	Number of ordinary shares held	%
Mr Wan Soon Chan	1,200,000	2.09
Nefco Nominees Pty Ltd	1,032,826	1.80
Kirribilli Holdings Pte Ltd	1,000,000	1.74
Mr Toru Fujii	959,136	1.67
JRC Pty Ltd	931,400	1.62
Remgold Holdings Pty Ltd	920,000	1.60
HTH Nominees Pty Ltd	700,000	1.22
Apex Investments Pty Ltd	511,575	0.89
Top 20	49,546,171	86.16

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