FINBAR INTERNATIONAL LIMITED

ACN 009 113 473

AND CONTROLLED ENTITIES

# 14th Annual Report

for the year ended 30th June 1998

FINBAR
INTERNATIONAL LIMITED

## Contents


CHAIRMEN'S MESSAGE.....1

MANAGING DIRECTORS REVIEW.....3-7

FINANCIALS INDEX.....8

COMPANY DETAILS..... 9

DIRECTORS REPORT..... 10

REVIEW OF OPERATIONS..... 11-14

AUDITORS REPORT..... 15

STATEMENT OF DIRECTORS..... 16

PROFIT AND LOSS..... 17

BALANCE SHEET..... 18

STATEMENT OF CASHFLOWS..... 19

NOTES ACCOMPANYING ACCOUNTS..... 20-36

ADDITIONAL INFORMATION..... 37


## Company Details

**Directors**
Paul Anthony Rengel (Chairman)
John Chan (Managing Director)
Kee Kong Loh
John Boon Heng Cheak
Richard Dean Rimington
Albert Siew Lung Ho

**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

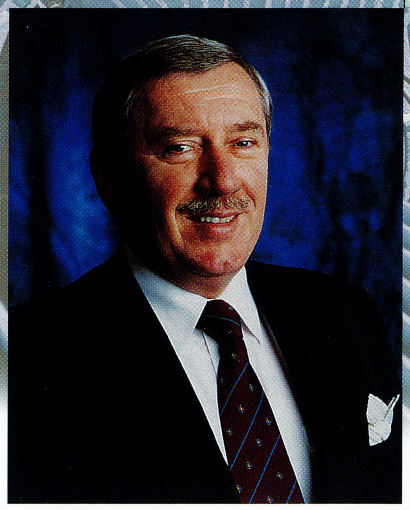
**Bankers**
Westpac Banking Corporation Ltd
109 St George's Terrace
PERTH WA 6000

**Auditors**
Hall Chadwick
Chartered Accountants
Level 20
140 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



*Dear Shareholders*

Your company's 14th Annual Report for the fiscal year ended 30th June 1998 reflects the conclusion of another successful year of growth, which has been achieved through the continued application of the company's policies for a balanced and steady process of expansion of operations.

During the fiscal year, the company has refocused on its core business in the segment of property investment and development, having disposed of its earlier investment in a wholly owned and controlled entity, which operated medical centres. The retention of that investment would have necessitated an expansion of medical facilities, which would have required substantial capital resources, upon which a significantly higher rate of return can be realised through the company's core business in property. A modest contribution to revenue was made by that disposal and all of the funding, which had been provided to the company's wholly owned and controlled entity will be recouped upon completion of the contract sale.

The company's after tax profit for the year at $2,233,432 is up significantly from the previous year's result of $643,774 and online with budget. At the same time, the company's total assets have grown to $27,399,642, significantly up from the previous year's figure of $16,427,106.

Whilst the company's external liabilities have increased from just under $3,500,000 to just under $14,000,000, the company also has liquid and liquidatable current assets amounting to just under $23,000,000, more than $4,500,000 in quality non current assets and the company's net assets and debt to equity position remains sound. Your company is therefore well placed to continue with its current development projects and to achieve steady growth during the 1999 fiscal year.

The Directors are well aware of prevailing concerns in the economy, as to the prospect of future fluctuations as a result of external influences. However, having regard to the company's comfortable financial position, they are confident that, with the continued application of sound policies and management practices, the investment of our shareholders will retain its value.

The payment of a dividend has also been proposed by the Directors, for which approval will be sought at the Annual General Meeting and a provision for dividend proposed, amounting to $1,516,000, has been included in the annual accounts.

On behalf of the Board of Directors I thank the shareholders for their continued support and as non-Executive Chairman, I thank the Executive Directors and their staff for their excellent efforts throughout the year.

Having come through significant difficulties in prior years, your company is now in a sound position and the Directors remain confident and optimistic as to its future.

Once again, I am pleased to cordially invite all shareholders to attend the forthcoming Annual General Meeting of the Company, for which a notice of the meeting is enclosed.

*With compliments,*

P A RENGEL
CHAIRMAN OF DIRECTORS

# Managing Director's Review

*'Paddington Place'* Fitzgerald Street, WEST PERTH

The financial year has been one of significant consolidation and progress for your company, highlighted by excellent improvements in profitability and turnover.

As can be seen from the accompanying accounts, Finbar achieved a credible 247 percent increase in after tax profit to $2.2 million and a 62 percent increase in turnover to $14 million, over the last 12 months.

Your company proposes to concentrate its energies on ensuring a continued revenue stream from the development and marketing of quality-based medium to high density residences and income producing commercial properties.

This strategic fine-tuning is based on the notably higher return on investment achieved through these activities over the last two years and is designed to increase shareholder returns, as well as the attractiveness of the company's stock to the market.

## Residential Strategy and Activities

Finbar's increasing experience and expertise in the development of quality apartment style dwellings has positioned the company to maximise firming trends in the residential property market.

Underlying this strategy is Western Australia's growing stature as an emerging national economic powerhouse combined with its desirability as one of the best states in which to reside.

Individuals and families are increasingly opting to live in medium to high density dwellings. About 35 percent of the estimated demand for dwellings is now being directed to apartments and townhouses. This is a trend that we believe will continue for some time and is being driven by a number of factors, in particular:

- Greater personal security
- Desire for more leisure time
- Affordability
- Reductions in family unit sizes
- Demand for on-site resort style facilities

These trends were clearly in evidence with the sale of almost all of the 78 units at our flagship Paddington Place apartment project in Northbridge.

Added to this has been the off-the-plan sale of 10 of the 12 apartments in the up-market 10 Kings Park Avenue project in Crawley. This project was also notable in that Finbar will not be required to inject equity into the project as the company was approached by the property's owners on the basis of its successful track record in this market sector.

# Managing Director's Review

*Proposed Medical Centre,* Albany Highway, VICTORIA PARK

To provide continuity in the sizeable medium cost residential market, our company has entered into a contract to purchase 10,316 m2 of land at 113-125 & 127 Wellington Street East Perth.

Local council has approved the planning of a development comprising 147 residential apartments. The development will be constructed in two stages. Stage one comprising 76 apartments and based on the formula that made "Paddington Place" such a successful development for your company.

The profit from the development is anticipated to impact on the results for the financial years ending June 1999, 2000 and 2001.

On a lesser scale, has been the completion of five green title residential town houses in Melville Parade, Como and the beginning of construction of a complex of five villas and two townhouses at 317 Canning Highway, Como of which marketing programs will commence soon. Three sales have been achieved in the Meville Parade development and both of these smaller, yet high quality developments are expected to add significantly to the company's financial results in the coming year.

## Medical and Commercial Property Strategy and Activities

*Medical*

The decision to re-focus our efforts and expertise on the development rather than management of medical centres represents a watershed initiative by your Board.

This decision was taken after a review of the company's core competencies, combined with the goal of maximising returns for shareholders from all aspects of Finbar's activities.

During the year Finbar acquired an impressive 1840m2 site at 734 Albany Highway in Victoria Park. Subject to re-zoning approval, this site will be developed into one of the area's largest combined medical centre and office complexes. You will be pleased to know that negotiations are substantially complete for the leasing of the entire complex.

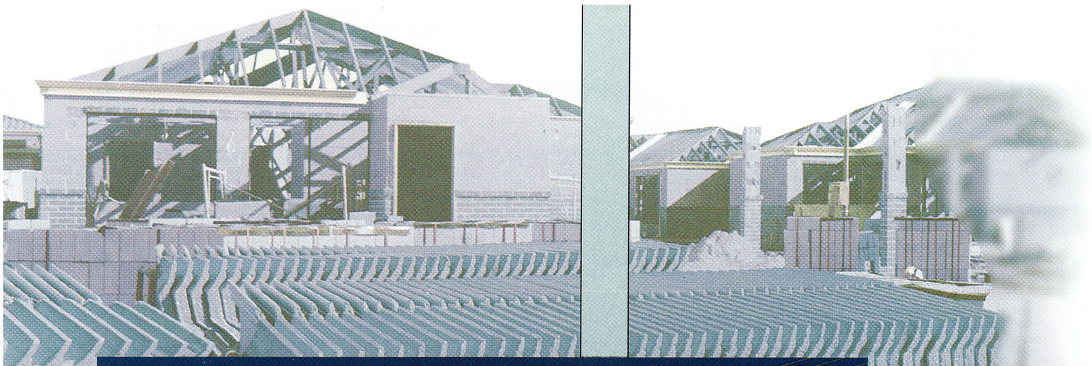
Site works have now commenced on the proposed 980m2 medical centre in Corfield Street, Gosnells. We are currently finalising negotiations for the lease of the entire building. This project is expected to generate a revenue stream of more than $243,000 per year for the company.

Planning is well advanced for the development of a landmark office and residential complex in Judd Street, South Perth. The project, tentatively called "The Gateway", will be the first of its kind in South Perth to combine a major residential tower and office complex.

Land for this project was acquired by your company in 1997 for $3.5 million. Subject to re-zoning approval, construction is expected to be underway by mid 1999.

The Gateway will prove to be an exciting and very rewarding project for shareholders, particularly in view of its proximity to Perth, its strategic location adjacent to the Swan River and the Mill Point Road freeway on-ramp and the exclusive resort-style facilities which are now increasingly in demand.

Fitness facilities at Paddington Place



Melville Parade, COMO

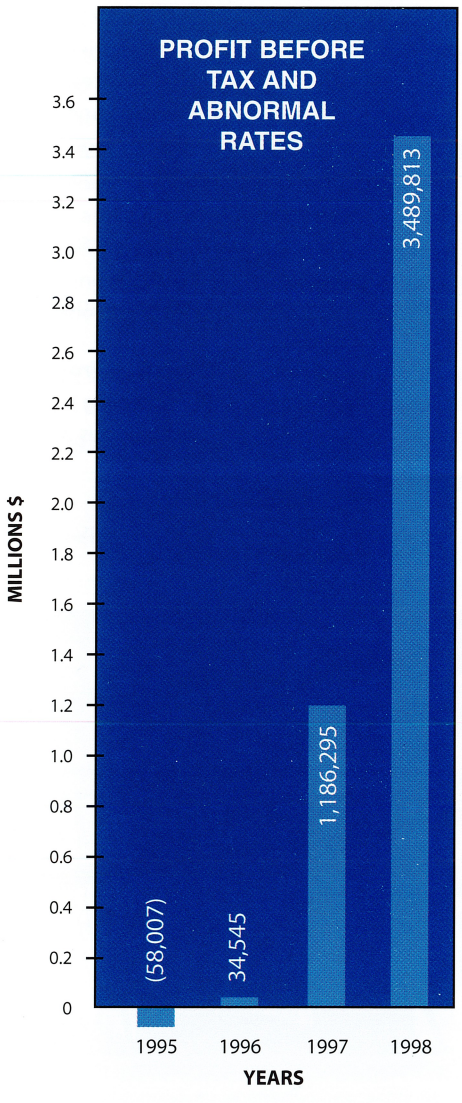
*Commercial*

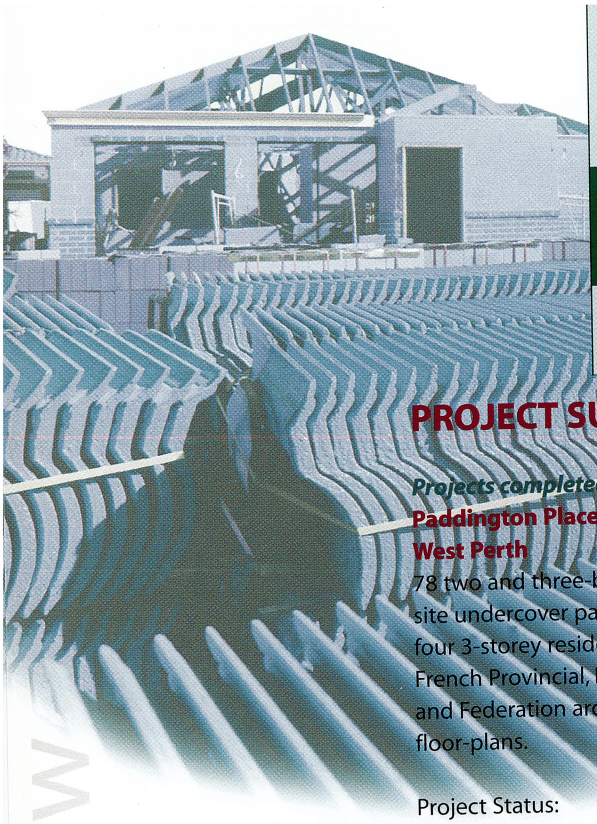
Three tenanted office/warehouses in Armadale, Como, Canning Vale and Herdsman continue to provide acceptable commercial returns.

These properties, one of which serves as the corporate headquarters for Finbar itself are fully tenanted and as at June 30 were valued at $4,506,426.

*Work in progress* - Canning Highway, COMO

*Resort Lifestyle,* Paddington Place





# Managing Director's Review

## PROJECT SUMMARY

***Projects completed 1997/98***

**Paddington Place - Fitzgerald Street, West Perth**

78 two and three-bedroom apartments with on-site undercover parking. The project features four 3-storey residential blocks featuring French Provincial, London Terrace, Victorian and Federation architectural styles in a choice of floor-plans.

| | |
|---|---|
| Project Status: | Works complete |
| Sales Status: | 72 Sold |
| Average Selling Price: | $187,617 |

**167 Melville Parade, Como**

Five 2-storey luxury townhouses with panoramic views of the Swan River. Each townhouse features 3 bedrooms and 2 bathrooms and incorporates individual street frontage and separate driveway with double garage.

| | |
|---|---|
| Project Status: | Works complete |
| Sales Status: | 3 Sold |
| Average Selling Price: | $368,000 |

***Projects in Progress***

**317 Canning Highway, Como**

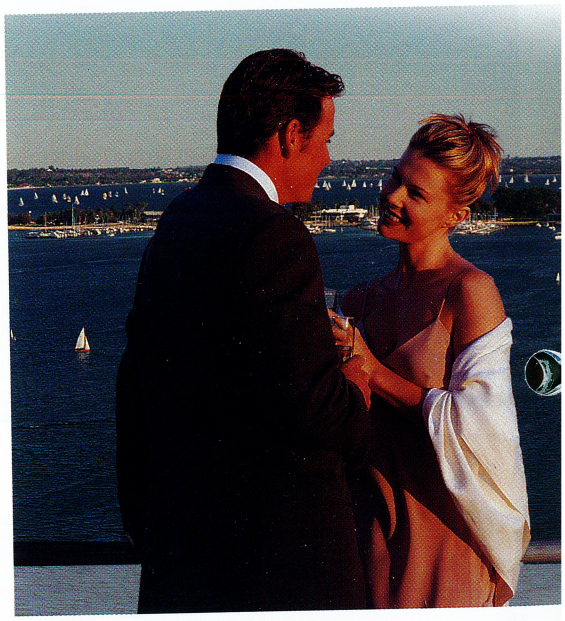
Five luxurious 3 bedroom 2 bathroom villas and two town houses.

| | |
|---|---|
| Project Status: | Under construction |
| Sales Status: | Marketing commencing Nov '98 |
| Average Asking Price: | $223,571 |
| Completion: | Scheduled for February 1999 |

**10 Kings Park Avenue, Crawley**

12 fully appointed whole-floor apartments with sweeping room and balcony views of Matilda Bay and the Swan River to Mosman Park. Each apartment includes 4 large private balconies, 3 double bedrooms each with its own ensuite, audio visual security and reverse cycle air conditioning. Lifestyle amenities feature private tennis court, pool, gymnasium, putting green and security underground parking.

| | |
|---|---|
| Project Status: | Under Construction |
| Sales Status: | 10 Sold |
| Average Selling Price: | $1,029,286 |
| Completion: | Scheduled for August 1999 |



*Views from Matilda Bay Apartments,* Kings Park Avenue, CRAWLEY

*Proposed Medical Centre Buildings,* Corfield Street, GOSNELLS

## Corefield Street Medical Centre - Gosnells

980 m2 facility to comprise 11 General Practice consulting rooms, large reception/waiting room; Pharmacy, Radiology, Pathology, Dentistry and Physiotherapy practices. Parking will be provided for 60 vehicles.

| | |
|---|---|
| Building status: | Siteworks commenced in September 1998 |
| Leasing status: | Negotiations substantially complete |
| Completion: | Scheduled for September 1999 |

## Cnr Judd Street and Labouchere Road, South Perth

The Gateway - Judd Street, South Perth is a proposed ten-storey luxury residential tower and 1700m2 three-level office complex.
The proposed residential tower will feature 36 two and three bedroom apartments and 3 sumptuous penthouses all with sweeping city and Swan River views. Facilities will include private landscaped pool, gymnasium, sauna and games areas.

| | |
|---|---|
| Project status: | Development application now with State Planning Dept. |
| Commencement: | July 1999, subject to all necessary approvals |

## 113 - 125 & 127 Wellington Street, East Perth

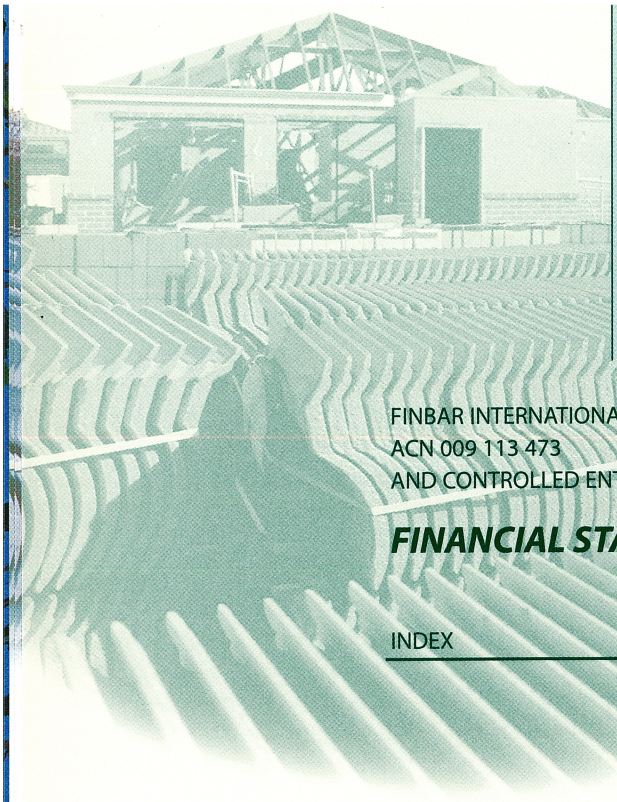
The construction of 147 apartments over two stages containing two and three bedroom apartments. The project will feature all the resort lifestyle facilities in a security complex that will make the new Wellington Street project successful in contributing substantially to the company's profit for the next three years.

| | |
|---|---|
| Project status: | Architectural planning has commenced |
| Settlement of land: | December 1998 |
| Proposed average asking price: | $190,000 |
| Stage One: | 76 apartments |
| Stage Two: | 71 apartments |

## Albany Highway Medical Centre - Victoria Park

This proposed development is located in a high-exposure retail/commercial area and within easy reach of residents in this medium to densely populated near city suburb. The medical centre will consist of a 1840m2 two storey facility incorporating 710m2 of second floor offices. Plans incorporate 12 consulting rooms and associated waiting room, as well as separate facilities for key specialist services including Radiology, Physiotherapy, Optometry, and Podiatry facilities.

| | |
|---|---|
| Project status: | Awaiting issue of building licence |
| Leasing status: | Negotiations substantially complete |
| Commencement: | Subject to issue of building licence |



# Financials Index

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473
AND CONTROLLED ENTITIES

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1998

INDEX


PAGE

NOTICE OF MEETING AND PROXY FORM ..... (INSERT)

COMPANY DETAILS.....9

DIRECTORS REPORT.....10

REVIEW OF OPERATIONS.....11-14

INDEPENDENT AUDITORS REPORT.....15

STATEMENT BY DIRECTORS.....16

PROFIT AND LOSS ACCOUNT.....17

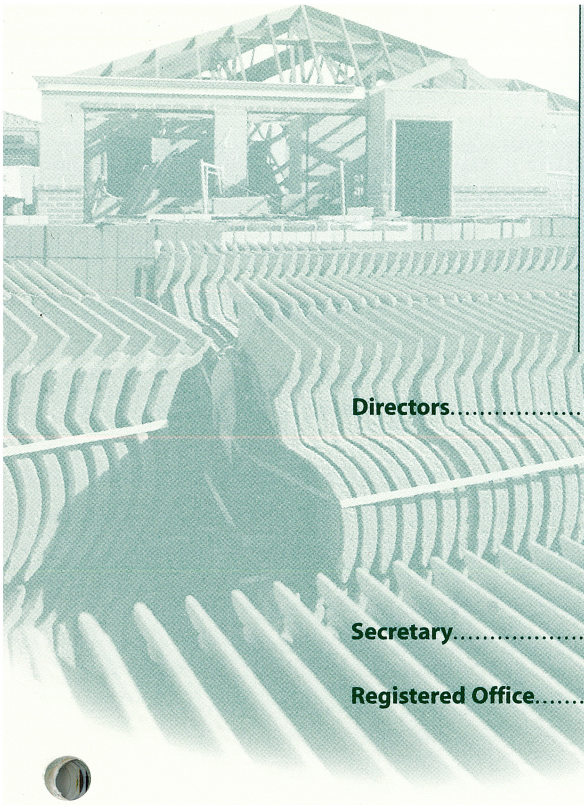
BALANCE SHEET.....18

STATEMENT OF CASHFLOWS.....19

NOTES TO THE ACCOUNTS.....20 - 36

ADDITIONAL SHAREHOLDER INFORMATION.....37


Financials Index



# Company Details

**Directors**..... Paul Anthony Rengel (Chairman)
John Chan (Managing Director)
Kee Kong Loh
John Boon Heng Cheak
Richard Dean Rimington
Albert Siew Lung Ho

**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

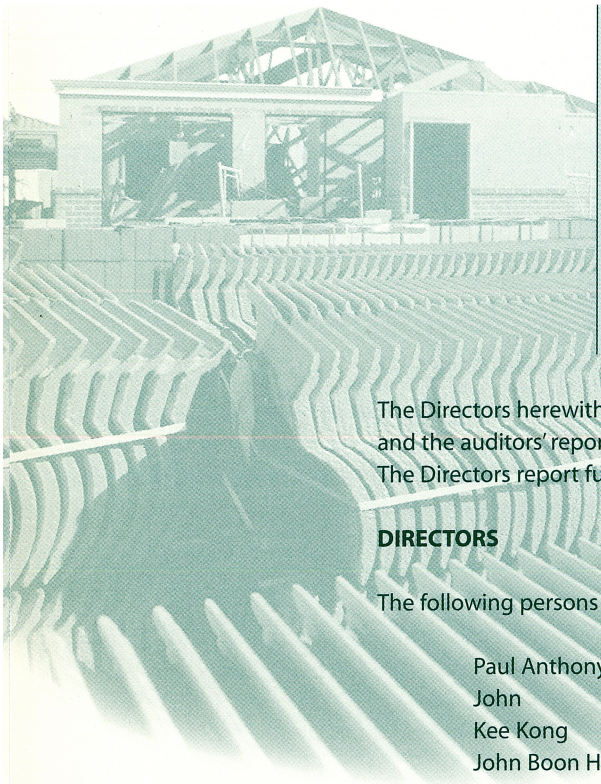
**Share Register**..... Corporate Registry
Services Pty Ltd
Level 2, Reserve Bank Building
45 St George's Terrace
PERTH WA 6000

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

**Auditors**..... Hall Chadwick
Chartered Accountants
Level 20
140 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)



# Directors' Report

The Directors herewith present the company's annual financial report for the year ended 30th June 1998 and the auditors' report thereon in compliance with Corporations Law.
The Directors report further as follows:

## DIRECTORS

The following persons hold office as directors of Finbar International Limited at the date of this report:

| | |
|---|---|
| Paul Anthony | RENGEL (Chairman) |
| John | CHAN (Managing Director) |
| Kee Kong | LOH |
| John Boon Heng | CHEAK |
| Richard Dean | RIMINGTON |
| Albert Siew Lung | HO |

## PRINCIPAL ACTIVITIES

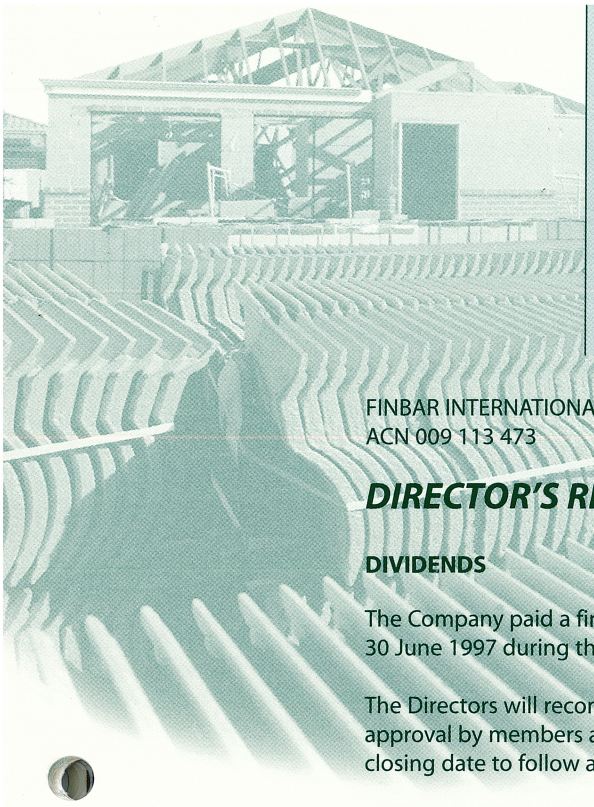
The principal activity of the company continues to be property investment and development and there has been no significant change in the nature of this activity during the financial year. The company also had a wholly owned and controlled entity Spectrum Medical Pty Ltd which had an investment in companies which operate medical practice centres. The wholly owned and controlled entity and group was sold effective close of business 31 December 1997, subject to shareholders approval, thereby terminating the company's involvement in medical centres except as a landlord. The details of the disposal of this wholly owned and controlled entity are disclosed at note 10 (iii) in the notes to and forming part of the accounts.

The day to day activities of the company are managed by two Executive Directors, Mr J Chan and Mr R D Rimington.

| RESULTS | Company 1998 $ | Consolidated 1997 $ | Company 1997 $ |
|---|---|---|---|
| The net profit after abnormal items and income tax | 2,233,432 | 717,835 | 643,774 |

## REVIEW OF OPERATIONS

During the year to 30th June 1998, the company has funded operations from its investments and cash reserves. Sufficient cash has been realised from the company's activities including capital raising to ensure its going concern status and the funding of increased operations. Operations were not significantly affected by the disposal of the company's controlled entity and group, which contributed only $62,449 to the total of $3,489,813 of profit before tax, the balance of $3,427,364 having been earned from the company's core business of property investment and development.



# Review of Operations

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

## DIRECTOR'S REPORT FOR THE YEAR ENDED 30TH JUNE 1998

### DIVIDENDS

The Company paid a final dividend of $0.01 per fully paid ordinary share out of profits for the year ended 30 June 1997 during the year which amounted to $505,334.

The Directors will recommend the payment of a dividend of $0.03 per fully paid ordinary share for approval by members at the company's annual general meeting to be held in October with the book closing date to follow after a minimum of at least nine business days after announcement.

The dividend which will be recommended amounts to $ 1,516,002

### 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 and the disposal of the company's wholly owned and controlled entity, the details of which are disclosed at note 10 (iii) in the notes to and forming part of the accounts.

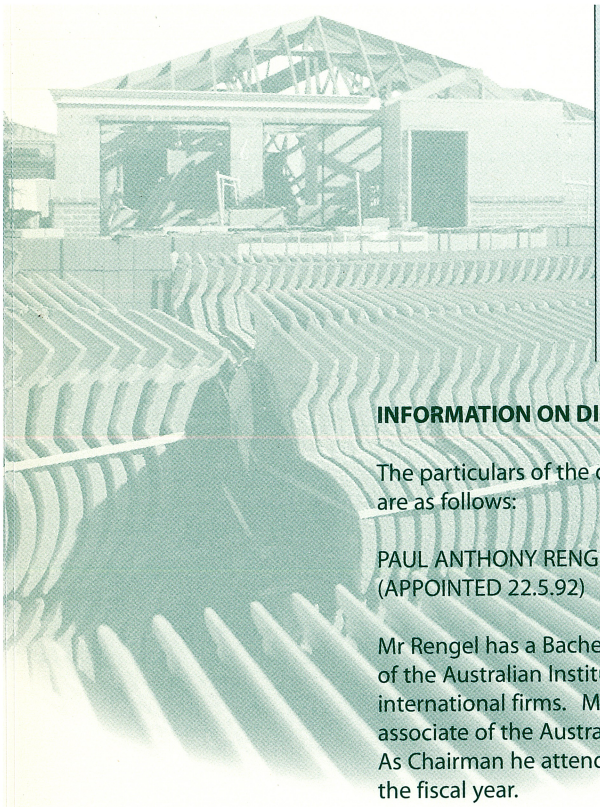
The company has continued as an investor in property and property development. In the opinion of the Directors there were no other significant changes in the state of affairs of the company that occurred during the financial year which are not adequately disclosed in the annual accounts.

### SUBSEQUENT EVENTS

There have been no significant events which would require disclosure so as to ensure that the information contained in this report should not be misleading. The company continues to conduct its normal operations and all post balance date events are considered to be routine matters dealt with in the ordinary course of business with no abnormal likely impact upon the company in subsequent financial years.

### FUTURE DEVELOPMENTS

The company will continue planned development projects on existing land and will seek new opportunities for the acquisition of development projects. No other arrangements have been entered into which would require disclosure as at the date of this report which are not adequately dealt with herein.



# Review of Operations

## 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 28 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 four of the four 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 four of the four Directors' meetings and one Shareholders' meeting held during the fiscal year.

KEE KONG LOH
(APPOINTED 28.4.93)

Mr Loh has a degree in Accountancy from the University of Singapore and is a member of the Institute of Certified Public Accountants of Singapore. He is also a Director of Chuan Hup Holdings Limited, a substantial shareholder in the company. Mr Loh attended four of the four Directors' meetings held during the fiscal year.

JOHN BOON HENG CHEAK
(APPOINTED 28.4.93)

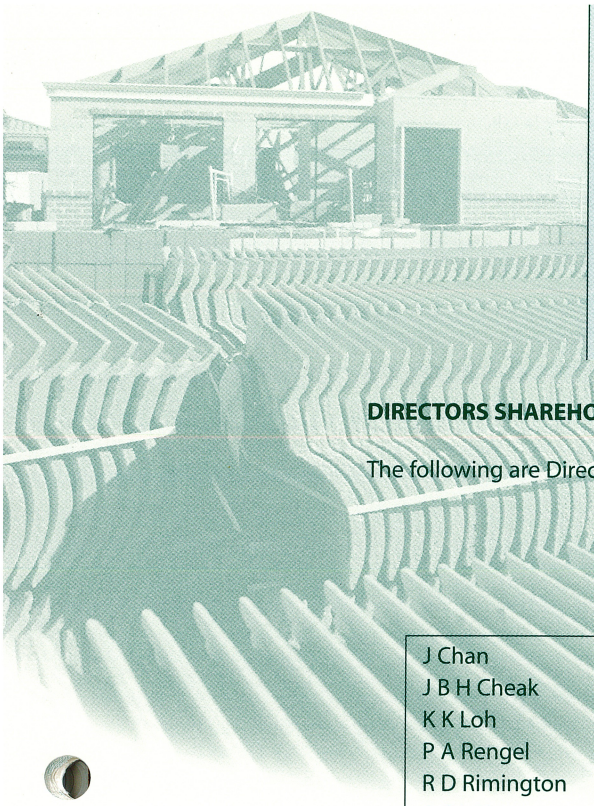
Mr Cheak has a degree in Economics from the University of Western Australia. He is an Executive Director of Chuan Hup Holdings Limited, a substantial shareholder in the company. Mr Cheak attended one of the four Directors' meetings held during the year.

RICHARD DEAN RIMINGTON
(APPOINTED 27.4.95)

Mr Rimington is a property developer with 13 years of 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 four of the four Directors' meetings and one Shareholders' meeting held during the fiscal year.

ALBERT SIEW LUNG HO
(APPOINTED 3.7.97)

Dr Ho holds a MBBS Degree from the University of Western Australia. Although he still consults, his main interest is in medical centre management. He is a member of The Australian Medical Association and The Australian College of General Practitioners. He is also a member of The Chinese Chamber of commerce. His other interests are in medical education and organising medical conferences for General Practitioners. He has attended three of the four Directors' meetings and one Shareholders' meeting during the year.



# Review of Operations

## DIRECTORS SHAREHOLDINGS

The following are Directors shareholdings in the capital of the company as at the date of this report:

| | Shares Held Directly | Held by Entities in which Directors have a Beneficial Interest |
|---|---|---|
| J Chan | 16,000 | 273,247 |
| J B H Cheak | Nil | 12,398,360 |
| K K Loh | Nil | 12,398,360 |
| P A Rengel | Nil | Nil |
| R D Rimington | 16,000 | 1,241,688 |
| A S L Ho | 560,000 | 6,562,993 |

## CORPORATE GOVERNANCE

The Board of Directors of Finbar International comprises three (3) Executive Directors and three (3) Non-Executive Directors, including the Chairman, all elected by the Shareholders on whose behalf they guide, manage and control the business and affairs of the company.

Each of the Directors is highly qualified and experienced in specific areas of responsibility and in corporate governance generally.

The remuneration of the Directors is determined by recommendation from the Board and subsequent approval by Shareholders. In addition to a nominal salary, the Executive Directors are remunerated through a service entity in which they have a beneficial interest and through which they also provide consultation services to other entities.

The Board of Directors as a governing body and its individual members are entitled to seek legal and other professional advice at the entity's expense in the course of diligent discharge of governance duties.

The Board attends to all aspects of corporate governance as a fully constituted body and Directors have a constant involvement in the effective management of operations, policy development and performance management.

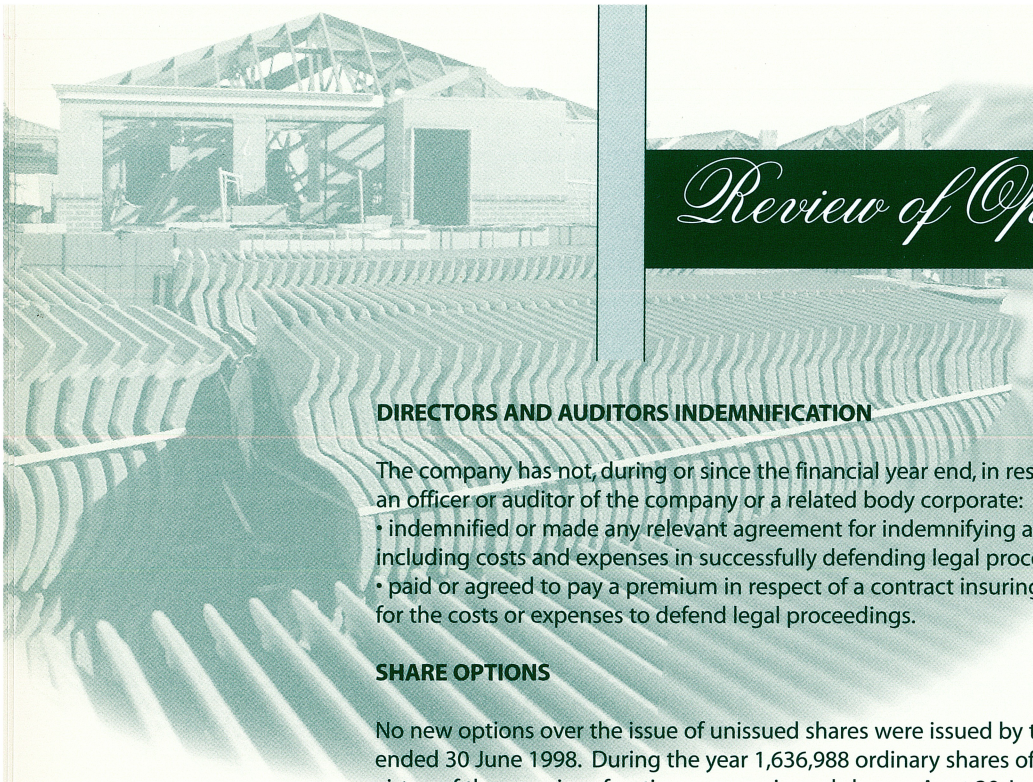
The Board is committed to the highest standards of business ethics and fiduciary conduct in its custodial role. Compliance with these standards, with regulatory responsibilities and continuous disclosure requirements, is closely monitored.

## AUDIT COMMITTEE

The company has not convened a formal Audit Committee. However, the company is effectively being managed by the Directors with no executive staff and all Directors are well informed on a regular basis on the company's operations. All major matters are dealt with by the Directors as a Board, by circularised documents and resolutions where considered appropriate.

The Chairman of Directors is a Chartered Accountant and Registered Company Auditor and acts as a non executive coordinator between Executive and Non Executive Directors and the company's external auditors.

The Directors are of the opinion that this approach provides a level of checks and balances appropriate to the nature of the company at this stage of its growth.



# Review of Operations

## DIRECTORS AND AUDITORS INDEMNIFICATION

The company has not, during or since the financial year end, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:
- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

## SHARE OPTIONS

No new options over the issue of unissued shares were issued by the company during the financial year ended 30 June 1998. During the year 1,636,988 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 1998, there are 47,259,565 unissued ordinary shares for which options are outstanding and exercisable up to and including 31 August 1999.

## DIRECTORS' BENEFITS

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest, other than the benefits as disclosed in note 7 in the notes to and forming part of the accounts.

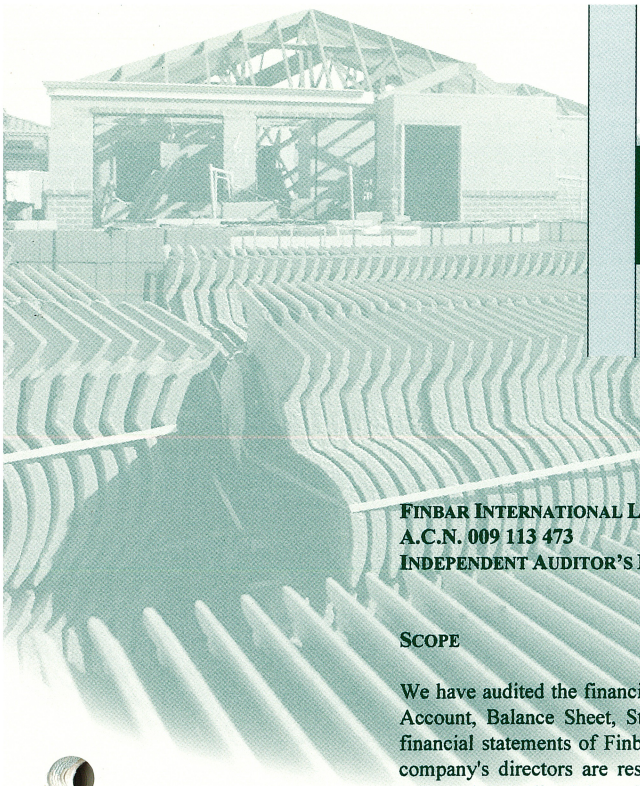
This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in the company's accounts, or the fixed salary of a full-time employee of the company or related body corporate.

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

J CHAN
DIRECTOR

P A RENGEL
DIRECTOR

Dated at PERTH this 29th day of September 1998.



# Auditors Report

Hall Chadwick
Chartered Accountants & Business Advisers

Level 20
AMP Tower
140 St George's Terrace
Perth 6000
Western Australia

GPO Box W2106
PERTH WA 6846

Telephone:(08) 9481 0544
Facsimile: (08) 9481 3568
Email: hcperinfo@hall chadwick.com.au

Partners
Maurice L. Anghie
Keith R. Cooke
Robert W. Dunn
Terrence C. Posma
Rave Ravendran
Phillip S. Rix
Kim A. Strickland
Chris M. Williamson

Associates
Dimitri Bacopanos
Michael L. Anghie

Consultant
Maurice H. Lyford

Other firms in:
Sydney
Melbourne
Brisbane
Cairns

**FINBAR INTERNATIONAL LIMITED**
**A.C.N. 009 113 473**
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**

## SCOPE

We have audited the financial statements, being the Statement by Directors, Profit and Loss Account, Balance Sheet, Statement of Cash Flows and notes to and forming part of the financial statements of Finbar International Limited for the year ended 30 June 1998. The company's directors are responsible for the financial statements. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are 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, the results of its operations and cash flows.

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

## AUDIT OPINION

In our opinion the financial statements of Finbar International Limited are properly drawn up:

(a) so as to give as a true and fair view of:

  (i) the state of affairs as at 30 June 1998, and of the profit and cash flows for the financial year ended on that date of the company; and

  (ii) the other matters required by Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;

(b) in accordance with the provisions of the Corporations Law; and

(c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

**HALL CHADWICK**
**Chartered Accountants**

**MAURICE L ANGHIE**
**Partner**

Dated this 29 day of September 1998.

AUD\2FIN03\0060\JH

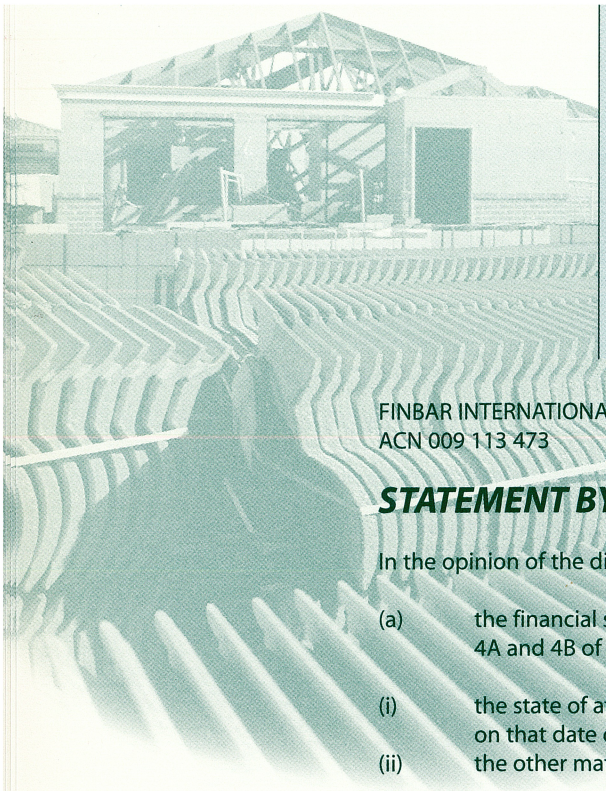
Hall Chadwick Perth Services

- Taxation Planning and Advice
- Audit
- Business Valuation and Expert's Reports
- Business Improvement Planning
- Management Accounting
- Corporate Finance and Restructuring
- Property Industry Advice
- Information Technology Advice
- Business Recovery and Insolvency

National Association
Hall Chadwick

International Association
AGN International

Associations of Independent Firms



# Statement by Directors

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

## STATEMENT BY DIRECTORS FOR THE YEAR ENDED 30TH JUNE 1998

In the opinion of the directors of the company:

(a) the financial statements as set out on pages 17 to 36 are drawn up in accordance with Division 4, 4A and 4B of Part 3.6 of the Corporations Law and so as to give a true and fair view of:

(i) the state of affairs as at 30 June 1998 and the profit and cashflows for the financial year ended on that date of the company; and

(ii) the other matters dealt with by these divisions;

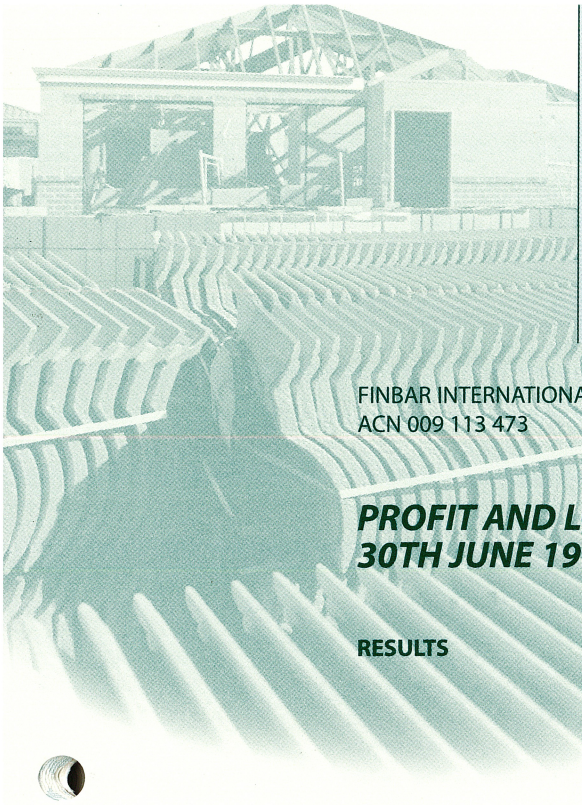
(b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

J CHAN
DIRECTOR

P A RENGEL
DIRECTOR

Dated at PERTH this 29th day of September 1998.



# Profit and Loss

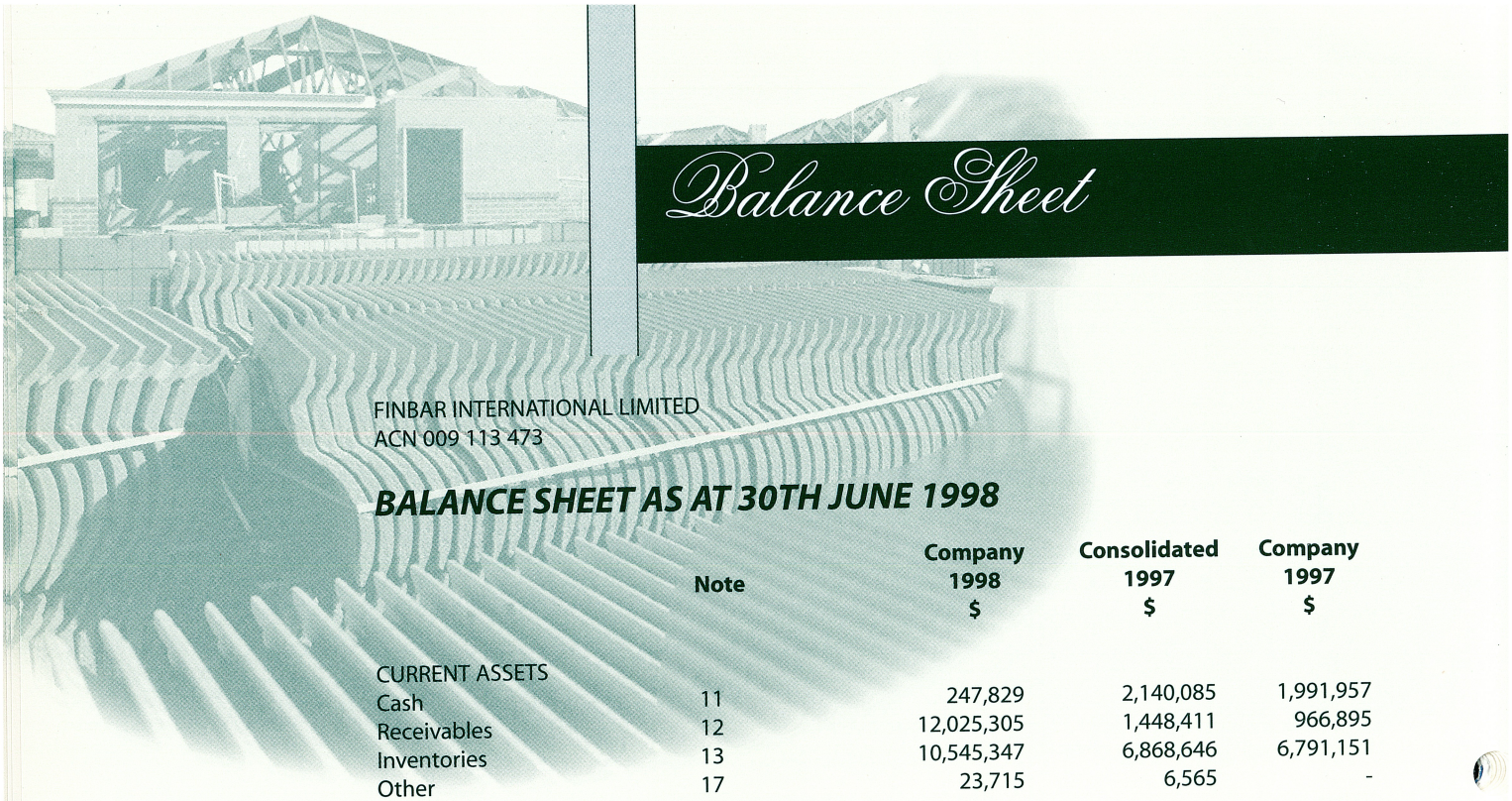
FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1998

**RESULTS**

| | Note | Company 1998 $ | Consolidated 1997 $ | Company 1997 $ |
|---|---|---|---|---|
| Operating Profit/(Loss) before Abnormal Items and Income Tax | 2 | 3,489,813 | 1,186,295 | 994,567 |
| Abnormal Items | 4 | - | - | - |
| Operating Profit/(Loss) before Income Tax | | 3,489,813 | 1,186,295 | 994,567 |
| Income Tax (Expense)/Benefit attributable to Operating Profit | 3 | (1,256,381) | (468,460) | (350,793) |
| **Operating Profit/(Loss) after Income Tax** | | 2,233,432 | 717,835 | 643,774 |
| Outside Equity Interest in operating profit after tax | | - | 19,589 | - |
| Operating Profit/(Loss) after Income Tax attributable to members of the Parent Entity | | 2,233,432 | 698,246 | 643,774 |
| Retained Profits/(Accumulated Losses) at the beginning of the financial year | | (121,827) | (767,090) | (765,601) |
| Total Available for Appropriation | | 2,111,605 | (68,844) | (121,827) |
| Dividends Paid/Proposed | 8 | (2,021,336) | - | - |
| **Retained Profits/(Accumulated Losses) at the end of the financial year** | | 90,269 | (68,844) | (121,827) |

THE ACCOMPANYING NOTES FORM PART OF THESE ACCOUNTS



# Balance Sheet

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

## BALANCE SHEET AS AT 30TH JUNE 1998

| | Note | Company 1998 $ | Consolidated 1997 $ | Company 1997 $ |
|---|---|---|---|---|
| CURRENT ASSETS | | | | |
| Cash | 11 | 247,829 | 2,140,085 | 1,991,957 |
| Receivables | 12 | 12,025,305 | 1,448,411 | 966,895 |
| Inventories | 13 | 10,545,347 | 6,868,646 | 6,791,151 |
| Other | 17 | 23,715 | 6,565 | - |
| Total Current Assets | | 22,842,196 | 10,463,707 | 9,750,003 |
| NON-CURRENT ASSETS | | | | |
| Receivables | 12 | - | - | 1,762,237 |
| Investments | 14 | - | 131,308 | 1,163 |
| Property, Plant & Equipment | 15 | 4,557,446 | 5,217,311 | 4,913,703 |
| Intangibles | 16 | - | 1,752,157 | - |
| Other | 17 | - | 3,157 | - |
| Total Non-Current Assets | | 4,557,446 | 7,103,933 | 6,677,103 |
| TOTAL ASSETS | | 27,399,642 | 17,567,640 | 16,427,106 |
| CURRENT LIABILITIES | | | | |
| Accounts Payable | 18 | 821,765 | 186,707 | 44,003 |
| Borrowings | 19 | 10,169,000 | 3,028,376 | 2,994,000 |
| Provisions | 20 | 2,761,495 | 523,812 | 350,793 |
| Other | 21 | - | 104,208 | 12,271 |
| Total Current Liabilities | | 13,752,260 | 3,843,103 | 3,401,067 |
| NON CURRENT LIABILITIES | | | | |
| Provisions | 20 | - | 42,902 | - |
| Total Non Current Liabilities | | - | 42,902 | - |
| TOTAL LIABILITIES | | 13,752,260 | 3,886,005 | 3,401,067 |
| NET ASSETS | | 13,647,382 | 13,681,635 | 13,026,039 |
| SHAREHOLDERS EQUITY | | | | |
| Share Capital | 22 | 12,633,354 | 12,224,107 | 12,224,107 |
| Reserves | 23 | 923,759 | 923,759 | 923,759 |
| Accumulated Profit/(Losses) | | 90,269 | (68,844) | (121,827) |
| Shareholders Equity attributable to Members of the parent entity | | 13,647,382 | 13,079,022 | 13,026,039 |
| Outside Equity Interest | 24 | - | 602,613 | - |
| TOTAL EQUITY | | 13,647,382 | 13,681,635 | 13,026,039 |

THE ACCOMPANYING NOTES FORM PART OF THESE ACCOUNTS

# Statement of Cashflows

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

## STATEMENT OF CASHFLOWS AS AT 30TH JUNE 1998

| | Note | Company 1998 $ | Consolidated 1997 $ | Company 1997 $ |
|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from Customers | | 4,612,631 | 7,271,445 | 3,739,284 |
| Payments to suppliers and employees | | (12,743,721) | (8,332,720) | (5,035,711) |
| Interest Paid | | (257,940) | (112,589) | (110,770) |
| Income Tax Paid | | (361,681) | - | - |
| Net cash provided by/(used in) Operating activities | 10 (i) | (8,750,711) | (1,173,864) | (1,407,197) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of property, plant and equipment | | (144,849) | (1,217,972) | (1,221,032) |
| Interest received | | 66,004 | 33,128 | 43,665 |
| Dividends received | | - | 3,184 | 3,184 |
| Proceeds from sale of investments | | - | - | - |
| Payment for Investments | | - | (5,308) | - |
| Payments for loan to subsidiary | | - | - | (1,148,513) |
| Payment for acquisition of businesses | | - | (1,237,069) | - |
| Proceeds from loan repayment by subsidiary | | 6,515 | - | - |
| Net cash provided by/(used in) investing activities | | (72,330) | (2,424,037) | (2,322,696) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Proceeds from issue of shares | | 409,247 | 1,557,650 | 1,557,650 |
| Proceeds from borrowings | | 7,175,000 | 2,344,000 | 2,344,000 |
| Dividends Paid | | (505,334) | - | - |
| Net cash provided by/(used in) financing Activities | | 7,078,913 | 3,901,650 | 3,901,650 |
| Net increase/(decrease) in cash held | | (1,744,128) | 303,749 | 171,757 |
| Cash at the beginning of the financial year | | 1,991,957 | 1,830,212 | 1,820,200 |
| Cash at the end of the financial year | 11 | 247,829 | 2,133,961 | 1,991,957 |

THE ACCOMPANYING NOTES FORM PART OF THESE ACCOUNTS

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

# NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1998

## 1.0 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are a general purpose financial report that has been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements and the Corporations Law. The financial statements have also been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial statements.

### 1.1 INVESTMENTS

Investments are stated at the lower of cost or market value at year end. Dividends are brought to account as they are received.

### 1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially recorded at cost then depreciated so as to write off fixed assets over the respective useful lives of those assets to the company on a straight line basis. The depreciation rates used for each class of depreciable assets are:

| | |
|---|---|
| Buildings | 4% |
| Plant & Equipment | 20% - 40% |

### 1.3 RECOVERABLE AMOUNT OF NON-CURRENT ASSETS

Non-Current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. Recoverable amount is determined as the present value of the amount expected to be recovered through the net cash inflows and outflows arising from the continued use and subsequent disposal of the non-current asset. The carrying amount of non-current assets is reviewed annually by the directors to ensure it is not in excess of the recoverable amount.

### 1.4 INCOME TAX

The company adopts the liability method of accounting for income tax and 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 tax benefit or a deferred tax liability. The future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain.

### 1.5 INVENTORIES

Inventories are valued at the lower of cost and net realisable value and comprise the following:

a) 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.

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1998

b) Construction and Work in Progress

Construction 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.

Profit on sale of completed projects is recognised on the signing of unconditional contracts of sale.

1.6 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.

1.7 EMPLOYEE ENTITLEMENTS

The company only has three 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.

1.8 PRINCIPLES OF CONSOLIDATION

The consolidated accounts comprise the accounts of Finbar International Limited ('the company') and its controlled entity. A controlled entity is any entity controlled by the company. Control exists where the company has the capacity to dominate the decision making in relation to the financial and operating policies of the other entity so that the other entity operates with the company to achieve the objectives of the company.

All inter-company balances and transactions between the company and its controlled entity including any unrealised profits or losses, have been eliminated on consolidation.

Consolidated accounts have not been prepared this year as the company has sold its wholly owned and controlled entity - Spectrum Medical Pty Ltd during the year (Note 10(iii)).

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

# NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1998

| | Company 1998 $ | Consolidated 1997 $ | Company 1997 $ |
|---|---|---|---|
| **NOTE 2 OPERATING PROFIT/(LOSS)** | | | |
| (a) Operating Profit / (Loss) is determined after crediting/charging the following Items | | | |
| (i) Charging as Expenses : | | | |
| Borrowing Costs | | | |
| Interest paid or payable to : | | | |
| - other persons | 257,940 | 112,589 | 110,770 |
| Total borrowing costs | 257,740 | 112,589 | 110,770 |
| Movements in Provisions | | | |
| Depreciation of non-current assets : | | | |
| - property, plant & equipment | 77,871 | 124,050 | 47,695 |
| Amortisation of non-current assets | | | |
| - goodwill | - | 87,433 | - |
| Other Provisions | | | |
| - employee entitlements | - | 31,705 | - |
| Net expense resulting from movements in provisions | 77,871 | 243,188 | 47,695 |
| Bad & Doubtful Debts | - | 25,081 | - |
| Net loss on disposal of non-current Assets | - | 8,707 | - |
| (ii) Crediting as Income | | | |
| Dividends revenue from : | | | |
| - other corporations | - | 3,184 | 3,184 |
| Total dividends revenue | - | 3,184 | 3,184 |
| Interest revenue from : | | | |
| - other related entities | - | 764 | - |
| - wholly owned controlled entity | - | - | 14,663 |
| - other persons | 66,004 | 32,364 | 29,002 |
| Total interest revenue | 66,004 | 33,128 | 43,665 |
| Profit on Sale of Subsidiary (note 14) | 62,449 | - | - |

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

# NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1998

| | Company 1998 $ | Consolidated 1997 $ | Company 1997 $ |
|---|---|---|---|
| (b) Operating Revenue | | | |
| Sales revenue | 13,409,952 | 8,173,520 | 4,162,650 |
| Other operating revenue | | | |
| - rent received | 419,289 | 318,302 | 415,779 |
| - other revenue | 84,915 | 128,623 | 101,035 |
| | 13,914,156 | 8,620,445 | 4,679,464 |
| (c) Other Revenue | | | |
| Proceeds from Sale of Subsidiary (Note 10(iii)) | 63,612 | - | - |
| | 13,977,768 | 8,620,445 | 4,679,464 |

## NOTE 3: INCOME TAX EXPENSE

a) The prima facie tax 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% | 1,256,333 | 427,066 | 358,044 |
| Add: | | | |
| Tax effect of | | | |
| - non deductible amortisation | - | 31,752 | - |
| - other non deductible items | 5,369 | 2,968 | 1,844 |
| - taxable trust distribution | - | 30,129 | - |
| - tax losses not brought to account | - | 8,266 | - |
| | 1,261,702 | 500,181 | 359,888 |
| Less: | | | |
| Tax effect of: | | | |
| - other non assessable items | - | 1,415 | 1,415 |
| - non assessable trust distribution | - | 22,612 | - |
| Future income tax benefit not brought to account | 5,321 | 7,694 | 7,680 |
| Income tax attributable to operating profit before income tax | 1,256,381 | 468,460 | 350,793 |

## NOTE 4: ABNORMAL ITEMS

| | | | |
|---|---|---|---|
| | - | - | - |

## NOTE 5: BAD AND DOUBTFUL DEBTS

| | | | |
|---|---|---|---|
| Bad Debts written off to profit & loss account | | | |
| - Trade Debtors | - | 17,088 | - |
| Transfer to provisions for doubtful debts | | | |
| - Trade Debtors | - | 7,993 | - |
| Total bad and doubtful debts expense | - | 25,081 | - |

## NOTE 6: AUDITOR'S REMUNERATION

| | | | |
|---|---|---|---|
| Remuneration of the auditor for: | | | |
| - auditing or reviewing the accounts | 21,069 | 35,384 | 22,061 |
| - other services | - | - | - |
| | 21,069 | 35,384 | 22,061 |

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

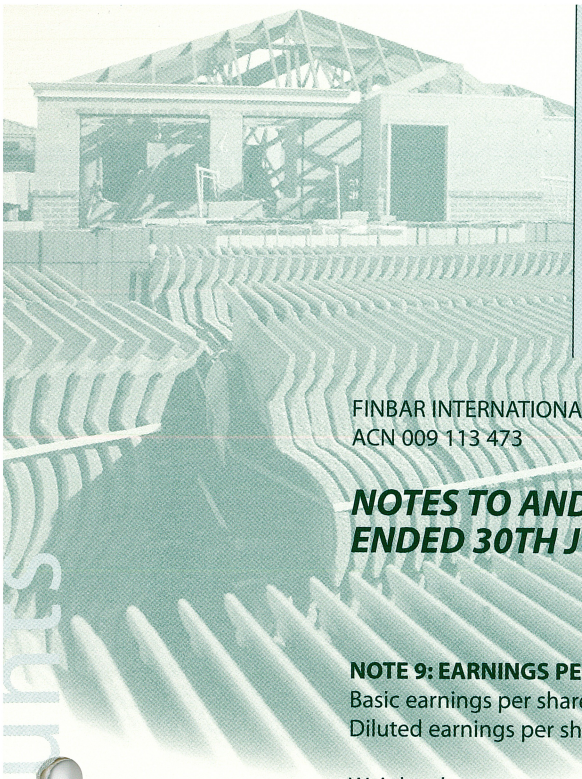
# NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1998

| | Company 1998 $ | Consolidated 1997 $ | Company 1997 $ |
|---|---|---|---|
| **NOTE 7 : REMUNERATION OF DIRECTORS** | | | |
| Income paid or payable to all directors of each entity in the economic entity by the entities of which they are Directors and any related parties. | - | 370,964 | 110,250 |
| Income paid or payable to all directors of the company by the company and any related parties: | 125,100 | 110,250 | 110,250 |
| Number of parent entity directors whose income from the parent entity and any related parties was within the following bands | | | |
| | No | | No |
| $ 0 - $9,999 | 3 | | 3 |
| $10,000 - $19,999 | 1 | | 1 |
| $20,000 - $29,999 | - | | - |
| $30,000 - $39,999 | - | | 2 |
| $40,000 - $49,999 | 2 | | - |

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

| | |
|---|---|
| John | Chan |
| John Boon Heng | Cheak |
| Albert Siew Lung | Ho |
| Kee Kong | Loh |
| Paul Anthony | Rengel |
| Richard Dean | Rimington |

| | | | |
|---|---|---|---|
| **NOTE 8: DIVIDENDS PAID/PROPOSED** | | | |
| Final fully franked ordinary dividend from profits for year ended 30 June 1997, franked at the tax rate of 36% | 505,334 | - | - |
| Proposed final fully franked ordinary dividend from profits for year ended 30 June 1998 at the tax rate of 36% | 1,516,002 | - | - |
| | 2,021,336 | - | - |
| 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 | 147,757 | 9,443 | 9,443 |





FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1998

| | Company 1998 $ | Consolidated 1997 $ | Company 1997 $ |
|---|---|---|---|
| **NOTE 9: EARNINGS PER SHARE** | | | |
| Basic earnings per share (cents per share) | 0.045 | 0.016 | 0.015 |
| Diluted earnings per share (cents per share) | 0.027 | 0.013 | 0.012 |
| Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS | 49,916,200 | 44,291,864 | 44,291,864 |
| **NOTE 10: CASH FLOW INFORMATION** | | | |
| **(i) Reconciliation of cash flow from operating activities with operating profit/(loss) after tax.** | | | |
| Operating profit/(loss) after income tax | 2,233,432 | 717,835 | 643,774 |
| Items classified as investing/financing activities | | | |
| Interest Received | (66,004) | (33,128) | (43,665) |
| Dividends received | - | (3,184) | (3,184) |
| Non-cash flows in operating profit | | | |
| Amortisation | - | 87,433 | - |
| Depreciation | 77,871 | 124,050 | 47,695 |
| Loss on Sale of fixed assets | - | 8,707 | - |
| Profit on disposal of investment | (62,449) | | |
| Movement in provisions | - | 566,714 | 350,793 |
| Changes in assets and liabilities net of effects from purchase of business | | | |
| (Increase)/Decrease in trade debtors and other debtors | (9,239,076) | (1,312,688) | (893,331) |
| (Increase)/Decrease in prepayments | (23,715) | (6,565) | |
| (Increase)/Decrease in inventory | (3,330,957) | (1,614,383) | (1,540,888) |
| Increase/(Decrease) in trade creditors and accruals | 765,487 | 294,502 | 31,609 |
| Increase/(Decrease) in provision for income tax | 894,700 | - | - |
| Income tax benefit brought to account | - | (3,157) | - |
| Cash Flows from operating activities | (8,750,711) | (1,173,864) | (1,407,197) |

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1998

| | Company 1998 $ | Consolidated 1997 $ |
|---|---|---|
| Note 10 (continued) | | |
| **(ii) Acquisition of Businesses** | | |
| During the year ended 30 June 1997 the economic entity purchased controlling interests in four Medical Services companies which have been sold again during the current period. | | |
| Purchase price | - | 1,579,057 |
| Cash payments | - | 1,274,036 |
| Cash held at acquisition date | - | 11,690 |
| Cash outflow | - | 1,285,726 |
| Other assets and liabilities at acquisition of controlled entities | | |
| Receivables | - | 112,892 |
| Inventories | - | 4,000 |
| Property, Plant & Equipment | - | 352,496 |
| Intangibles | - | 1,406,038 |
| Creditors & Borrowings | - | (161,175) |
| | - | 1,714,251 |
| Goodwill on consolidation | - | 447,830 |
| Outside equity interests in acquisitions | - | (583,024) |
| | - | 1,579,057 |

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1998

| | Company 1998 $ | Consolidated 1997 $ |
|---|---|---|
| Note 10 (continued) | | |
| (iii) Disposal of Business | | |
| During the year, the company's wholly owned and controlled entity SPECTRUM MEDICAL PTY LTD and its controlled and investee entities were sold effective 31 December 1997 subject to shareholders approval. Details of the transaction are as follows: | | |
| Disposal Price | 63,612 | - |
| Cash Consideration | - | - |
| | 63,612 | - |
| Assets and Liabilities held at disposal date: | | |
| Cash | 301,361 | - |
| Receivables | 250,333 | - |
| Inventories | 77,496 | - |
| Property Plant & Equipment | 378,468 | - |
| Creditors and Loans | (2,226,726)* | - |
| Other current Assets | 107,345 | - |
| | (1,111,723) | - |

*Loans include an amount of $1,763,187 payable to Finbar International Limited and repayment of that loan is a condition of the contract of sale.

The results for the six months ended 31 December 1997 are as follows:

| | | |
|---|---|---|
| Operating Revenue | $ | 2,283,490 |
| Operating Profit after tax | $ | 5,370 |
| Segment Results | $ | 5,370 |

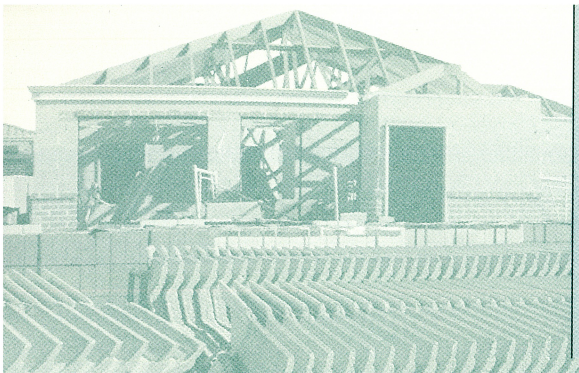
iv) **Non-Cash Financing Activities**
During the financial year there were no non-cash financing activities.

v) **Summary of Used & Unused Loan Facilities**
Committed finance facilities were available to the company at the end of the financial year through its bankers for a total of $12,160,000. As at the date of this report $10,169,000 had been utilised leaving a balance of $1,991,000.

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

# NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1998

| | Company 1998 $ | Consolidated 1997 $ | Company 1997 $ |
|---|---|---|---|
| **NOTE 11: CASH** | | | |
| Deposit bond | 150,000 | - | - |
| Cash at bank | 97,829 | 2,139,430 | 1,991,957 |
| Cash on hand | - | 655 | - |
| | 247,829 | 2,140,085 | 1,991,957 |
| Reconciliation of Cash | | | |
| 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 : | | | |
| Cash | 247,829 | 2,140,085 | 1,991,957 |
| Bank overdraft (included in current liabilities) | - | (6,124) | - |
| Net Cash at Year End | 247,829 | 2,133,961 | 1,991,957 |
| **NOTE 12: RECEIVABLES** | | | |
| CURRENT | | | |
| Trade Debtors | 10,205,970 | 1,360,190 | 939,185 |
| Provision for doubtful debts | - | (15,614) | - |
| | 10,205,970 | 1,344,576 | 939,185 |
| Sundry Debtors | - | 23,240 | - |
| Deposits | - | 6,553 | - |
| Amounts receivable from : | | | |
| - other related parties | 1,819,335 | 74,042 | 27,710 |
| | 12,025,305 | 1,448,411 | 966,895 |
| NON-CURRENT | | | |
| Amounts receivable from : | | | |
| - wholly owned entity | - | - | 1,762,237 |
| | - | - | 1,762,237 |





FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

# NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1998

| | Company 1998 $ | Consolidated 1997 $ | Company 1997 $ |
|---|---|---|---|
| **NOTE 13: INVENTORIES** | | | |
| CURRENT | | | |
| Finished Units on Hand | 2,821,152 | 2,908,023 | 2,236,862 |
| Development work in progress | 1,125,363 | 1,646,266 | 1,646,266 |
| Development land at cost | 6,598,832 | 2,236,862 | 2,908,023 |
| Medical supplies & stores at cost | - | 77,495 | - |
| | 10,545,347 | 6,868,646 | 6,791,151 |
| **NOTE 14: INVESTMENTS** | | | |
| NON CURRENT | | | |
| Shares | | | |
| - in subsidiaries at cost | - | - | 1,163 |
| - in associated trusts | - | 131,308 | - |
| | - | 131,308 | 1,163 |

During the year the company's wholly owned and controlled entity Spectrum Medical Pty Ltd was sold effective 31 December 1997 subject to shareholders approval. The profit on the sale was $62,449 (note 2).

| | | | |
|---|---|---|---|
| **NOTE 15: PROPERTY, PLANT & EQUIPMENT** | | | |
| LAND AND BUILDINGS | | | |
| Freehold Land | | | |
| At cost | 3,054,801 | 3,495,212 | 3,478,038 |
| Less: Provision for diminution in value | (183,186) | (200,360) | (183,186) |
| | 2,871,615 | 3,294,852 | 3,294,852 |
| Buildings | | | |
| Buildings Fixtures & Fixtures at cost | 1,869,079 | 1,727,569 | 1,727,569 |
| Less : Accumulated Depreciation | (209,519) | (139,917) | (139,917) |
| | 1,659,560 | 1,587,652 | 1,587,652 |
| PLANT & EQUIPMENT | | | |
| At cost | 42,745 | 435,251 | 39,404 |
| Less : Accumulated Depreciation | (16,474) | (125,971) | (8,205) |
| | 26,271 | 309,280 | 31,199 |

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1998

| | Company 1998 $ | Consolidated 1997 $ | Company 1997 $ |
|---|---|---|---|
| Leasehold Improvements | | | |
| At cost | - | 31,191 | - |
| Less : Accumulated Depreciation | - | (5,664) | - |
| | - | 25,527 | - |
| Total Property, Plant and Equipment | 4,557,446 | 5,217,311 | 4,913,703 |

### NOTE 16: INTANGIBLE ASSETS

| | | | |
|---|---|---|---|
| Goodwill at cost & on consolidation | - | 1,840,358 | - |
| Less : Accumulated Amortisation | - | (88,201) | - |
| | - | 1,752,157 | - |

### NOTE 17: OTHER ASSETS

| | | | |
|---|---|---|---|
| CURRENT | | | |
| Prepayments | 23,715 | 6,565 | - |
| | 23,715 | 6,565 | - |
| NON-CURRENT | | | |
| Future income tax benefits | - | 3,157 | - |
| The future income tax benefit is made up of the following estimated tax benefits | | | |
| - timing differences | - | 3,157 | - |
| | - | 3,157 | - |

### NOTE 18: ACCOUNTS PAYABLE

| | | | |
|---|---|---|---|
| CURRENT | | | |
| Trade Creditors | 821,765 | 186,707 | 44,003 |
| | 821,765 | 186,707 | 44,003 |

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

# NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1998

| | | Company 1998 $ | Consolidated 1997 $ | Company 1997 $ |
|---|---|---|---|---|
| **NOTE 19: BORROWINGS** | | | | |
| Unsecured Liabilities: | | | | |
| Bank Overdraft | | - | 6,124 | - |
| Amounts payable to related parties | | - | 28,252 | - |
| | | - | 34,376 | - |
| Secured Liabilities: | | | | |
| Bank Loans | (a) | 10,169,000 | 2,994,000 | 2,994,000 |
| | | 10,169,000 | 3,028,376 | 2,994,000 |

(a) The bank loan is secured by registered first mortgages over certain land and buildings of the company.

**NOTE 20: PROVISIONS**

CURRENT

| | | | | |
|---|---|---|---|---|
| Taxation | | 1,245,493 | 459,050 | 350,793 |
| Employee Entitlements | (a) | - | 64,762 | - |
| Dividends Proposed | | 1,516,002 | - | - |
| | | 2,761,495 | 523,812 | 350,793 |

NON-CURRENT

| | | | | |
|---|---|---|---|---|
| Employee Entitlements | (a) | - | 30,335 | - |
| Deferred Income Tax | | - | 12,567 | - |
| | | - | 42,902 | - |

(a)
The aggregate employee entitlement liability comprises:

| | | | |
|---|---|---|---|
| Provisions - annual leave (current) | - | 64,762 | - |
| Provisions - long service leave (non-current) | - | 30,335 | - |
| | - | 95,097 | - |

**NOTE 21: OTHER CURRENT LIABILITIES**

| | | | |
|---|---|---|---|
| Accrued Charges | - | 104,208 | 12,271 |

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

# NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1998

| | Company 1998 $ | Consolidated 1997 $ | Company 1997 $ |
|---|---|---|---|
| **NOTE 22: ISSUED CAPITAL** | | | |
| Authorised Capital | | | |
| 400,000,000 ordinary shares of $0.25 par value each | 100,000,000 | 100,000,000 | 100,000,000 |
| Issued and paid up capital: 50,533,416 ordinary shares of $0.25 each, Fully paid (1997; 48,896,428 ordinary shares of $0.25 each, fully paid) | 12,633,354 | 12,224,107 | 12,224,107 |
| (a) *Shares issued during the year* During the year 1,636,988 options were exercised. | | | |
| (b) *Options* The company has on issue 47,259,565 options exercisable at $0.25 on or before 31 August 1999 (1997; 48,896,553) | | | |
| **NOTE 23: RESERVES** | | | |
| Share premium account | 923,759 | 923,759 | 923,759 |
| Movements during the year | | | |
| Share premium reserve | | | |
| Opening balance | 923,759 | 479,259 | 479,259 |
| Shares issued during the year | - | 444,500 | 444,500 |
| Closing balance | 923,759 | 923,759 | 923,759 |
| **NOTE 24: OUTSIDE EQUITY INTEREST** | | | |
| Reconciliation of outside equity interest in controlled entities | | | |
| Opening Balance | - | - | - |
| Share Capital | - | 608,473 | - |
| Less share of accumulated losses | - | (5,860) | - |
| Closing balance | - | 602,613 | - |

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

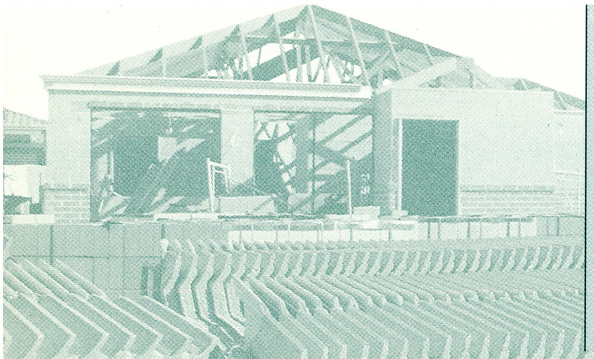
# NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1998

| | Company 1998 $ | Consolidated 1997 $ | Company 1997 $ |
|---|---|---|---|
| **NOTE 25: CAPITAL AND LEASING COMMITMENTS** | | | |
| (a) Operating Leases contracted for but not capitalised in the accounts | | | |
| Payable: | | | |
| - not longer than 1 year | - | 243,759 | - |
| -longer than 1 year but not longer than 2 years | - | 236,496 | - |
| - longer than 2 years but not longer than 5 years | - | 383,262 | - |
| | - | 863,517 | - |
| (b) Capital Expenditure Commitments | | | |
| Capital expenditure commitments contracted for: | | | |
| Building & development projects | 9,093,197 | 5,861,296 | 5,861,296 |
| Payable | | | |
| - not later than 1 year | 936,104 | 5,861,296 | 5,861,296 |
| - longer than 1 year but not longer than 2 years | 8,157,093 | - | - |
| | 9,093,197 | 5,861,296 | 5,861,296 |

## NOTE 26: SEGMENT INFORMATION

| (a) Industry Segments | Property Rental & Development Only 1998 | Property Rental & Development 1997 | Medical Centre Management 1997 | Eliminations 1997 | Consolidated 1997 |
|---|---|---|---|---|---|
| Operating revenue | | | | | |
| Sales to customers Outside the economic entity: | 13,976,605 | 4,558,086 | 4,157,538 | (95,179) | 8,620,445, |
| Intersegment sales: | - | 121,378 | - | (121,378) | - |
| Total Revenue | 13,976,605 | 4,679,464 | 4,157,538 | (216,557) | 8,620,445 |
| Segment Result | 3,489,813 | 994,567 | 292,584 | (78,513) | 1,208,638 |
| Unallocated expenses | - | - | - | - | - |
| Economic entity Operating profit\ (loss) before tax | 3,489,813 | 994,567 | 292,584 | (78,513) | 1,208,638 |
| Segment Assets | 27,399,642 | 16,427,106 | 4,220,720 | (3,080,186) | 17,567,640 |

(b) Geographical Segments
The economic entity operates only within the one geographical segment of Australia



FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

# NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1998

## NOTE 27: FINANCIAL INSTRUMENTS

(a) Terms, conditions and accounting policies, including the terms and conditions pertaining to financial assets, financial liability and equity, both recognised and unrecognised at the balance date, are as follows :

| Recognised Financial Instruments | Balance Sheet Notes | Accounting Policies | Terms and Conditions |
|---|---|---|---|
| (i) Financial Assets Receivables -Trade, Related Parties and Other Entities | 12 | Amounts are carried at nominal amounts due less any provision for doubtful debts. | Normal Commercial terms and conditions. |
| (ii) Financial Assets Deposit Bond | 11 | Short-term deposits are stated at the lower of cost and net realisable value. Interest is recognised in the profit and loss when earned. | Deposit credited upon performance under development contract. |
| (iii) Financial Liabilities | | | |
| Trade creditors And accruals | 18 21 | Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity. | Trade liabilities are normally settled on 30 day terms. |
| Dividends Proposed | 20 | Dividends proposed are recognised when declared by the company | Dividends proposed represent a final dividend of 3 cents (1997: NIL) per ordinary share for the financial year ended 30 June 1998. The extent to which the dividends are franked, details of the franking account balance at balance date and franking credits available for the subsequent financial year are disclosed in note 8. |
| Taxation Payable | 20 | The liability for taxation is accounted for in accordance with AASB 1020 | The income tax liability/ (benefit) is calculated using a tax rate of 36% (1997: 36%) |
| (iv) Equity | | | |
| Ordinary Shares | 21 | Ordinary share capital is recognised at the par value of the amount paid-up. Premiums are brought to account in the share premium account as shown at note 23. | The company is authorised to issue up to 100,000,000 (1997: 100,000,000) ordinary shares of $0.25 par value each. Details of shares issued and the terms and conditions of options and outstanding over ordinary shares at balance date are set out in note 22. |

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

# NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1998

27. FINANCIAL INSTRUMENTS (Cont'd)

(c) Interest rate risk

The company's exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date are as follows: -

| Financial Instruments | Floating Interest Rate | | Fixed interest rate maturing in: 1 year or less | | Fixed interest rate maturing in: Over 1 to 5 years | | Non-interest bearing | | Total carrying amount as per the Balance Sheet | | Weighted Average effective Interest Rate | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1998 | 1997 | 1998 | 1997 | 1998 | 1997 | 1998 | 1997 | 1998 | 1997 | 1998 | 1997 |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | % | % |
| (i) Financial Assets | | | | | | | | | | | | - |
| Cash | 97,829 | 1,991,957 | | | | | - | - | 97,829 | 1,991,957 | 3.95 | 4.45 |
| Deposit Bond | | | | | | | 150,000 | - | 150,000 | - | N/A | N/A |
| Receivables - related parties, entities | | | | | | | 1,819,335 | 1,789,947 | 1,819,335 | 1,789,947 | N/A | N/A |
| Receivables - trade | | | | | | | 10,205,970 | 939,185 | 10,205,970 | 939,185 | N/A | N/A |
| Debtors/ Prepayments | | | | | | | | | | | | |
| **Total Financial Assets** | **97,829** | **1,991,957** | | | | | **12,175,305** | **2,729,132** | **12,273,134** | **4,721,089** | - | - |
| (ii) Financial Liabilities | | | | | | | | | | | | |
| Trade creditors | | | | | | | 821,765 | 44,003 | 821,765 | 44,003 | N/A | N/A |
| Accounts payable accruals | | | | | | | - | 12,271 | - | 12,271 | N/A | N/A |
| Dividends Proposed | | | | | | | 1,516,002 | - | 1,516,002 | - | N/A | N/A |
| Tax payable | | | | | | | 1,245,493 | 350,793 | 1,245,493 | 350,793 | N/A | N/A |
| **Total Financial Liabilities** | | | | | | | **3,583,260** | **407,067** | **3,583,260** | **407,067** | - | - |

(c) Net fair values

The aggregate net fair values of the company's financial assets and financial liabilities, both recognised and unrecognised, at the balance sheet date, are as follows:

| | Total carrying amount as per the balance sheet | | Aggregate net fair value (I) | |
|---|---|---|---|---|
| Financial Assets | 1998 | 1997 | 1998 | 1997 |
| Cash | 97,829 | 1,991,957 | 97,829 | 1,991,957 |
| Receivables Trade | 10,205,970 | 939,185 | 10,205,970 | 939,185 |
| Related Parties | 1,819,335 | 1,789,947 | 1,819,335 | 1,789,947 |
| Deposit Bond | 150,000 | - | 150,000 | - |
| Total Financial Assets | 12,273,134 | 4,721,089 | 12,273,134 | 4,721,089 |
| Financial Liabilities | | | | |
| Trade creditors | 821,765 | 44,003 | 821,765 | 44,003 |
| Accruals | - | 12,271 | - | 12,271 |
| Dividends Proposed | 1,516,002 | - | 1,516,002 | - |
| Taxation Payable | 1,245,493 | 350,793 | 1,245,493 | 350,793 |
| Total Financial Liabilities | 3,583,260 | 407,067 | 3,583,260 | 407,067 |

(i) The following methods and assumptions are applied to determine the net fair values of financial assets and liabilities.

***Cash, cash equivalents and short-term investments:*** The carrying amount approximates fair value because of their short-term to maturity.

***Trade receivables and payables:*** The carrying amount approximates fair value.

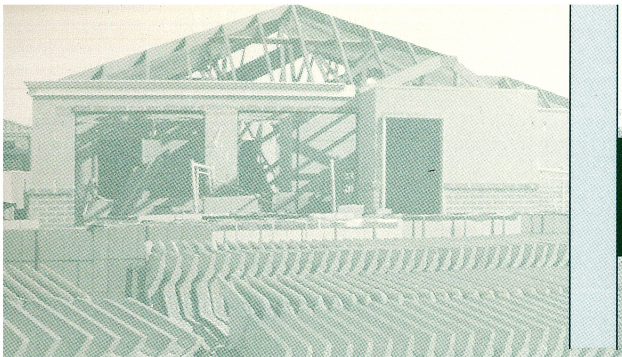
***Taxation payable:*** The carrying amount approximates fair value.

***Dividends proposed:*** The carrying amount approximates fair value.

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

# NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1998

| | Company 1998 $ | Consolidated 1997 $ | Company 1997 $ |
|---|---|---|---|
| **NOTE : 28 RELATED PARTY TRANSACTIONS** | | | |
| Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated | | | |
| Transactions between related parties | | | |
| (i) Director Related Entities: | | | |
| J&R Management Pty Ltd a company of which Mr Chan and Mr Rimington are Directors received Management Fees for Project Management Services on various company developments. | 415,104 | - | - |
| Finbar International Ltd received rental and reimbursement of outgoings from J&R Management Pty Ltd for the use of office space within the offices at 6 Preston Street Como. | 23,594 | 20,175 | 126,890 |
| Sale of Spectrum Medical Pty Ltd to Flandron Pty Ltd a company in which Dr Ho has an interest. | 63,612 | - | - |
| Amounts due from Flandron Pty Ltd, a company in which Dr Ho has an interest. | 1,819,335 | - | - |
| (ii) Directors | | | |
| The accounting firm of which Mr Rengel is a partner has received fees including Directors Fees and in relation to secretarial and accounting services. | 28,601 | 49,835 | 30,160 |
| Spectrum Medical Pty Ltd paid interest on a loan obtained from Finbar International Ltd. | 21,369 | - | 14,663 |
| (iv) Share Transactions of Directors | | | |
| Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in members of the economic entity: | | | |
| Finbar International Ltd | | | |
| - ordinary shares | 5,267,072 | 5,175,257 | 84,783 |
| - preference shares | - | - | - |
| - options over ordinary shares | 3,931,669 | 4,981,310 | 4,981,310 |
| Sunreef Holdings Pty Ltd | - | 190 | - |
| Champion Medical Management Pty Ltd | - | 341,725 | - |
| Bayrose Holdings Pty Ltd | - | 60,000 | - |
| Rockingham & Palm Springs Medical Group Pty Ltd | - | 103,275 | - |



# Additonal Information

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473
AND CONTROLLED ENTITIES

## ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

### SHAREHOLDER DETAILS

(i) Details of shareholdings in Finbar International Limited as at 30/6/98. All shares are ordinary 25 cent par value shares with equal voting rights.

| Distribution of Shareholders | | Shareholders | Number of Shareholders | % of Shares | Number of Capital | % of Issued |
|---|---|---|---|---|---|---|
| From 1 | - | 1,000 | 366 | 63.55 | 115,518 | 0.23 |
| 1,001 | - | 5,000 | 54 | 9.37 | 144,462 | 0.29 |
| 5,001 | - | 10,000 | 95 | 16.49 | 782,128 | 1.55 |
| 10,001 | - | 100,000 | 33 | 5.73 | 876,425 | 1.73 |
| 100,001 | - | Over | 28 | 4.86 | 48,614,883 | 96.20 |
| | | | **576** | **100.00** | **50,533,416** | **100.00** |

(ii) The number of shareholders with less than a marketable parcel of 1,000 shares as at 30/6/98 was: 346

(iii) Substantial Shareholders:

| | SHARES | % |
|---|---|---|
| Chuan Hup Holdings Limited | 12,398,360 | 24.53 |
| Hamlet Management Limited | 7,787,972 | 15.41 |
| Flandron Pty Ltd | 5,444,552 | 10.77 |
| Charldon Inc | 4,157,732 | 8.23 |
| Apex Equity Holdings Berhad | 3,148,950 | 6.23 |

(iv) Twenty Largest Shareholders:

| NAME | SHARES | % | OPTIONS | % |
|---|---|---|---|---|
| Chuan Hup Holdings Ltd | 12,398,360 | 24.53 | 11,155,636 | 23.61 |
| Hamlet Management Limited | 7,787,972 | 15.41 | 460,126 | 0.97 |
| Flandron Pty Ltd | 5,444,552 | 10.77 | 1,944,552 | 4.11 |
| Charldon Inc | 4,157,732 | 8.23 | 4,157,732 | 8.80 |
| Apex Equity Holdings Berhad | 3,148,950 | 6.23 | 10,828,796 | 22.91 |
| Baguio International Limited | 2,961,312 | 5.86 | 2,961,312 | 6.27 |
| Blair Park Pty Ltd | 2,796,500 | 5.53 | 2,107,491 | 4.46 |
| Phoenix Properties International Pty Ltd | 1,350,000 | 2.67 | 757,309 | 1.60 |
| Ah Hwa Lim | 1,207,752 | 2.39 | - | - |
| JRC Pty Ltd | 950,000 | 1.88 | 99,800 | 0.21 |
| Dynamic Corp Pty Ltd | 796,688 | 1.58 | 796,688 | 1.69 |
| Albert Siew Lung Ho | 560,000 | 1.11 | 560,000 | 1.18 |
| Nefco Nominees Pty Ltd | 504,359 | 1.00 | 159,300 | 0.34 |
| Linkcove Pty Ltd | 504,000 | 1.00 | 504,000 | 1.07 |
| Wan Soon Chan | 500,000 | 0.99 | 500,000 | 0.99 |
| Chilong Development Company | 495,000 | 0.98 | 495,000 | 1.05 |
| Hang Cheong Finance Ltd | 485,000 | 0.96 | 485,000 | 1.01 |
| Toru Fujii | 479,568 | 0.95 | 479,568 | 1.01 |
| Dynamic Corporation Pty Ltd | 445,000 | 0.88 | - | - |
| Lee Geok Thye (Holdings) Sdn Bhd | 348,000 | 0.69 | 374,000 | - |
| | 47,320,745 | 93.64 | 38,826,310 | 81.28 |

### DIFFERENCE IN RESULTS REPORTED TO THE STOCK EXCHANGE

The financial statements differ from the preliminary final report lodged with the Australian Stock Exchange as follows:

| (a) Changes to account balances: | $ |
|---|---|
| Dividends paid / proposed increased by | 1,516,002 |
| Provisions (current) increased by | 1,516,002 |

(b) Changes to note disclosure:
Franking credits available for paying partly or fully franked dividends for at least the next year decreased by 475,243

FINBAR
INTERNATIONAL LIMITED