developing better lifestyles

FINBAR INTERNATIONAL LIMITED
ACN 009 113 473

Level 3
15 Labouchere Road
SOUTH PERTH WA 6151

http:// www.finbar.com.au
ASX CODE: FRI

28 February 2005

COMPANY ANNOUNCEMENT:
FOR IMMEDIATE RELEASE

FINBAR HALF YEAR PROFIT UP 14% TO $2.3 MILLION $6 MILLION FINANCIAL YEAR FORECAST

- Profit up 14% to $2.3 million for half year.
- Forecast $6 million net profit for full year. Up 34% for FY2005.
- Dividend for year end expected to increase.

Finbar International Limited today announced a net profit of $2,308,000, an increase of 14% over the $2,031,000 profit achieved in the corresponding period of the previous year.

Today's result is a reflection of continued strong demand for company projects through the first half of the financial year.

Sales in the company's completed project – Market Rise continues well with only five units remaining to be sold.

Construction of the 51 apartment project at 175 Hay was completed in December. To date, all units have been sold.

Construction continues in the Westralian, Arum, Samphire and Riverstone apartments with construction of all of these projects due to be completed in the second half of the financial year.

Construction works commenced on Altair and Cosmopolitan during the period. Both of these projects have achieved substantial presale levels with Altair selling 105 units in the 123 unit project and Cosmopolitan selling 62 of 64 units.

The sales launch of One28, Avena and Soho occurred in the reporting period with all projects receiving strong market acceptance having sold 72%, 56% and 47% of the projects respectively.

During the period the company acquired two 100% owned projects in Carr Street West Perth and Whatley Crescent Maylands. Residential apartments will be constructed on both sites and will supplement the company's future earnings.

The company is currently negotiating several key development opportunities to replenish the supply of liquidating projects and seek to ensure the continued growth in shareholders returns.

With the completion of three major projects in the remainder of the financial year, earnings in the second half are expected to be substantially higher with the company forecasting a 34% increase in net profit to $6 million and an estimated increase in earnings per share from 5 cents to 6.1 cents.

The company successfully placed 9 million shares in December 2004 and January 2005 by way of a share placement and share purchase plan for existing shareholders.

The company anticipates an increase in dividend payout on last years 2 cents per share for the year ending 30 June 2005.

With the current pool of projects contained within our portfolio, secured under contract and currently being negotiated, we are confident of maintaining or improving on the company results for the 2006 and 2007 financial year.

Yours faithfully

John Chan
Managing Director

Enc: Appendix 4D
Enc: Financial Report for Year Ended 31 December 2004

REFERENCE:

Mr John Chan, Managing Director – john@finbar.com.au
Mr Darren Pateman, General Manager – darren@finbar.com.au

Appendix 4D

Half year report
Period ended 31 December 2004

Results for announcement to the market

All amounts have been rounded to the nearest $'000

2.1 There has been a decrease in revenue from ordinary activities from the prior period of $4,327 representing a decrease of approximately 80% (79.8%).

2.2 There has been an increase in profit from ordinary activities after tax from the prior period of $277, representing an increase of approximately 14% (13.6%)

2.3 There has been a increase in net profit attributable to members from the prior period of $277, representing an increase of approximately 14% (13.6%)

2.4 It is not proposed to pay an interim dividend.

2.5 N/A

2.6 The significant increase in profit attributable to member is a result of a decreased tax liability for the period with most profit being recognised from investments in joint ventures and strong sales demand experienced for company projects. Refer attached Financial Report.

3. Net tangible assets per security is 36.9 cents compared with 33.9 cents for the prior period.

4. There has been no change in the controlling interest in any joint ventures.

5. A dividend was paid on 20 November 2004, two cents per share 100% franked.

6. N/A

7. Hamersley Road JV Pty Ltd

Boas Gardens JV Pty Ltd

78 Terrace Road JV Pty Ltd

188 Adelaide Terrace JV Pty Ltd

175 Hay Street JV Pty Ltd

132 Terrace Road JV Pty Ltd

Rivervale Concepts Pty Ltd

8. N/A

9. N/A

FINBAR INTERNATIONAL LIMITED
(ACN 009 113 473)

FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2004

FINBAR INTERNATIONAL LIMITED

DIRECTORS' REPORT

The Directors herewith present the financial report of Finbar International Limited ("the Company") for the half-year ended 31 December 2004 and the auditors' review thereon.

Directors

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

- Mr Paul Anthony RENGEL (Chairman)
- Mr John CHAN (Managing Director)
- Mr John Boon Heng CHEAK
- Mr Kee Kong LOH
- Mr Richard Dean RIMINGTON

Review of operations

Continued strong sales demand has been experienced in all inner city projects during the half year. The company has launched several inner city projects during the period which have seen consistent market acceptance for varied product types and pricing. Increased construction costs in the building industry in general has restricted competition in the same marketplace and assisted with the additional take-up of Finbar projects.

The final stage of the Boas Gardens Estate joint venture ("JV") – Market Rise continues to produce steady sales and is now 94% sold. Construction of the Market Rise project was completed in June 2004.

Construction of the Westralian Riverfront Apartments JV project is substantially complete with the structure being completed in November and works now in final fit-out stages. Sales in the 98 apartment project continue to perform with some 78% of the apartments sold.

Construction of the JV project at 175 Hay was completed during the period and only one unit remains to be sold in the 51 apartment project. Works will soon commence on stage two of the project – 128 Apartments with 72% of the project being sold since the marketing launch in November 2004.

At the four stage Shorerush Bay JV project in Rivervale, stages one and two (Arum & Samphire) is near completion with 92% of the project sold. Sales in stage three (Avena) which launched in November have reached 47% and have achieved record sales prices for apartments in Rivervale. Stage three construction works expected to commence in March 2005. The marketing launch of the final stage (three additional riverfront buildings) is expected late 2005 with works due to commence in 2006.

At the company's 14 apartment Riverstone project in South Perth, construction is nearing completion and 57% of the project is sold.

Cosmopolitan Apartments in East Perth is now under construction with 97% of the 64 apartment JV sold. Sales in the second stage of the JV project – Soho Apartments, have been progressing well since the November launch with 56% of the project sold and works expected to commence in mid 2005.

Earthworks have now begun in the Altair Apartments JV project in East Perth. Sales performance has exceeded expectations with 85% of the $80 million dollar project sold.

The company recently announced two new acquisitions in Carr Street West Perth and Whatley Crescent in Maylands. Residential apartments will be constructed on both projects and will supplement the company's earnings in 2006, 2007 and 2008.

FINBAR INTERNATIONAL LIMITED

DIRECTORS' REPORT

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

The lead auditor's independence declaration is set out on page 3 and forms part of the directors' report for the half-year ended 31 December 2004.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Dated at Perth this 28th day of February 2005.

Signed in accordance with a resolution of the directors:

P Rengel
Chairman

KPMG

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of Finbar International Limited is not in accordance with:

a) the Corporations Act 2001, including:

   i. giving a true and fair view of the Company's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and

   ii. complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements in Australia.

KPMG

KPMG

R C KELLY
Partner

Perth
Date: 28 February 2005

FINBAR INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE HALF YEAR ENDED 31 DECEMBER 2004

	2004 $'000	2003 $'000
Revenue from sale of development properties	934	5,187
Other revenue from ordinary activities	161	235
Total revenue	1,095	5,422
Agency fees & settlement costs	(4)	(34)
Changes in inventories	562	(1,143)
Development expenses capitalised into inventories		
- Land acquisitions	-	(1,265)
- Design, construction & development costs	(1,352)	(1,872)
- Statutory & holding costs	(48)	(17)
- Advertising & marketing costs	(7)	(84)
- Borrowing costs	(43)	(36)
- Other costs	(2)	(6)
- Tender costs	(35)	-
Management fees	(520)	(452)
Professional fees	(229)	(77)
Occupancy expenses	(11)	(18)
Depreciation expense	(21)	(21)
Borrowing costs	(12)	(11)
Other expenses from ordinary activities	(128)	(96)
Share of net profit of joint ventures accounted for using the equity method	2,837	1,809
Profit from ordinary activities before income tax	2,082	2,099
Income tax (expense)/benefit relating to ordinary activities	226	(68)
Net profit attributable to members of the Company	2,308	2,031
Basic and diluted earnings per share	$0.026	$0.023

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

FINBAR INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2004

	Note	31 December 2004 $'000	30 June 2004 $'000
CURRENT ASSETS			
Cash assets		4,687	1,023
Receivables		12,062	17,762
Investments accounted for using the equity method	4	5,183	4,719
Inventories		3,537	2,063
Tax assets		189	58
Other		9	2
TOTAL CURRENT ASSETS		25,667	25,627
NON CURRENT ASSETS			
Receivables		7,007	6,405
Inventories		342	335
Investments accounted for using the equity method	4	3,331	1,644
Property, plant and equipment		858	874
Deferred tax assets		115	103
TOTAL NON CURRENT ASSETS		11,653	9,361
TOTAL ASSETS		37,320	34,988
CURRENT LIABILITIES			
Payables		424	1,113
Interest bearing liabilities		1,143	700
Provisions		-	1,795
TOTAL CURRENT LIABILITIES		1,567	3,608
NON CURRENT LIABILITIES			
Deferred tax liabilities		120	335
TOTAL NON CURRENT LIABILITIES		120	335
TOTAL LIABILITIES		1,687	3,943
NET ASSETS		35,633	31,045
EQUITY			
Contributed equity	5	25,539	23,259
Retained profits	6	10,094	7,786
TOTAL EQUITY		35,633	31,045

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

FINBAR INTERNATIONAL LIMITED

STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2004

	2004 $'000	2003 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	3,726	1,425
Cash payments in the course of operations	(2,591)	(4,511)
Interest received	112	140
Borrowing costs paid	(61)	(47)
Income tax paid	(131)	(688)
Net cash used in operating activities	1,055	(3,681)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(5)	(4)
Dividend received from joint venture entity	685	-
Loans to related joint venture entities	(2,595)	(4,714)
Repayment from related joint venture entities	3,595	680
Net cash (used in)/provided by investing activities	1,680	(4,038)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	1,143	1,263
Repayment of borrowings	(700)	-
Dividends paid	(1,794)	(897)
Proceeds from capital raising	2,280	-
Net cash provided by financing activities	929	366
Net increase in cash held	3,664	(7,353)
Cash at the beginning of the financial year	1,023	9,152
Cash at the end of the financial year	4,687	1,799

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

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 of half-year financial report

The half-year financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting", the recognition and measurement requirements of applicable AASB standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. This half-year financial report is to be read in conjunction with the 30 June 2004 Annual Financial Report and any public announcements by Finbar International Limited during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

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

These accounting policies have been consistently applied by the entity and are consistent with those applied in the 30 June 2004 Annual Financial Report.

The half-year report does not include full note disclosures of the type normally included in an annual financial report.

2. DIVIDENDS

Dividends
Proposed or paid by the Company are:

	Cents per share	Total Amount	Date of Payment	Franked Rate	Percentage Franked
2004					
2004 Final ordinary –Paid	2.0	1,794,732	20 November 04	30%	100%
		1,794,732			
2003					
2003 Final ordinary –Paid	1.0	897,366	20 November 03	30%	100%
		897,366			

3. SEGMENT REPORTING

The Company operates wholly in the property development sector.

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

FINBAR INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2004

4. ASSOCIATES AND JOINT VENTURES

Current

Investments in joint venture entities

Name	Principal activities	Ownership interest 31 December 2004	Ownership interest 30 June 2004	Investment carrying amount 31 December 2004 $000	Investment carrying amount 30 June 2004 $000
Boas Gardens Estate Pty Ltd	Property Development	50%	50%	2,416	2,828
Hamersley Road JV Pty Ltd	Property Development	50%	50%	8	12
78 Terrace Road JV Pty Ltd	Property Development	50%	50%	2,759	1,879
				5,183	4,719

Non-current

Investments in joint venture entities

Name	Principal activities	Ownership interest 31 December 2004	Ownership interest 30 June 2004	Investment carrying amount 31 December 2004 $000	Investment carrying amount 30 June 2004 $000
132 Terrace Rd JV Pty Ltd	Property Development	50%	50%	-	-
175 Hay Street JV Pty Ltd	Property Development	50%	50%	1,368	673
Rivervale Concepts Pty Ltd	Property Development	50%	50%	1,562	971
188 Adelaide Terrace JV Pty Ltd	Property Development	50%	50%	401	-
				3,331	1,644

	31 December 2004 $000	30 June 2004 $000
5. CONTRIBUTED EQUITY		
Issued and paid up capital		
95,736,576 (2003:89,736,576) ordinary shares, fully paid	25,539	23,259

On 15 December 2004 Finbar issued for cash 6,000,000 shares at $0.38 per share Finbar also announced on 6 December 2004 a share placement plan for 3 to 6 million shares at $0.38. The share placement closes on 21 January 2005.

6. RETAINED PROFITS		
Retained profit at beginning of the half-year	7,786	6,003
Net profit attributable to members of the Company	2,308	4,475
Dividends recognised during the year	-	(2,692)
Retained profits at end of the half-year	10,094	7,786

	2003	2002
	$000	$000

7. COMMITMENTS AND CONTINGENT LIABILITIES

Capital expenditure

Building and development projects

Capital expenditure commitments contracted but not provided for and payable:		
- within one year	6,731	2,253
- after one year and no later than five years	5,200	-
	11,931	2,253

Joint Venture commitments

Share of development commitments of the joint venture not provided for, and payable:		
- within one year	12,437	36,027
- after one year and no later than five years	7,104	-
	19,541	36,027

8. EVENTS SUBSEQUENT TO BALANCE DATE

International Financial Reporting Standards

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

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the company's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The company has not completed its project to assess the impact of the adoption of IFRS and has not quantified the effects of all the differences discusses below:

Any assessments made in respect of the transition to IFRS may require adjustment before inclusion in the first complete annual/ half year financial report prepared in accordance with IFRS due to new or revised standards or interpretations or additional guidance on application of IFRS in a particular industry or to a particular transaction.

8. EVENTS SUBSEQUENT TO BALANCE DATE (cont)

International Financial Reporting Standards(cont)

The key potential implications on the company of conversion to IFRS identified to date are:

- revenue recognition: the company currently recognises revenue from unconditional sales contracts executed prior to completion of construction by reference to the stage of completion of the development. This policy is in compliance with Urgent Issues Group (UIG) Abstract 53 issued by the Australian Accounting Standards Board (AASB). As part of the adoption of IFRS the UIG has recently advised that it will withdraw the UIG and that no equivalent interpretation will be issued under IFRS. As a result the company may be required to change its revenue recognition policy;

- joint venture entities: under IFRS, entities can adopt either the equity accounting or proportional consolidated method for accounting for joint venture entities;

- financial instruments: under IFRS, financial instruments will generally be recognised on the statement of financial position at fair value;

- share based payments: under IFRS the fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity;

- borrowing costs: under IFRS, borrowing costs in respect of qualifying assets may be expensed rather than capitalised into the value of assets; and

- taxation: under IFRS, tax assets and liabilities are recognised using the balance sheet approach rather than an income statement approach. In addition, tax assets are recognised when recovery is probable rather than assured beyond a reasonable doubt and/or virtually certain.

The matters detailed above are currently under consideration by management.

FINBAR INTERNATIONAL LIMITED
DIRECTORS' DECLARATION

In the opinion of the directors of Finbar International Limited:

(a) the financial statements and notes, set out on pages 1 to 10, are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the financial position of the Company as at 31 December 2004 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and
  (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

P Rengel - Chairman

R Rimington – Director

Dated at Perth this 28th day of February 2005.

KPMG

Independent review report to members of Finbar International Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Finbar International Limited ("the Company"), for the half-year ended 31 December 2004.

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

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of company personnel; and
- analytical procedures applied to the financial data.

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

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

Independence

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

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of Finbar International Limited is not in accordance with:

a) the Corporations Act 2001, including:

   i. giving a true and fair view of the Company's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and

   ii. complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements in Australia.

KPMG

KPMG

R C KELLY
Partner

Perth
Date: 28 February 2005