RAPTIS GROUP LIMITED

Annual Report 2004

RAPTIS GROUP LIMITED
ABN 43 010 472 858

ANNUAL REPORT 2004

CONTENTS **PAGE**

ATTACHMENTS

RAPTIS GROUP LIMITED
ABN 43 010 472 858
AND CONTROLLED ENTITIES

Directors Report

Your directors present their report together with the financial report of Raptis Group Limited ("The Company") and the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2004 and the auditor's report thereon.

Directors

The Directors of the company at any time during or since the end of the financial year were James Raptis OBE, Kevin Gogolka and Ian Morrison.

Principal Activities

The principal activities of the economic entity during the financial year encompassed property investment and development. There were no significant changes in the nature of the activities of the economic entity during the year.

Operating Result

The consolidated profit of Raptis Group Limited after providing for income tax amounted to $8,114,300 (2003: $5,167,617).

Dividends

A 2004 year interim dividend of two cents per share was paid in June 2004. Apart from this no dividends were paid or declared during the year.

Review of Operations

During the 2004 financial year, the key focus of the Raptis Group has been the Towers of the Chevron Renaissance project - a three-tower resort development complex in central Surfers Paradise, Gold Coast, Queensland.

The first tower, Skyline completed and settlements commenced in January 2003. The second Skyline North Tower comprising 288 units in a 50 level tower was completed and settlements commenced in May 2004.

The third tower, Skyline Central consisting of 240 units in a 40 level tower commenced construction in February 2003 and is settlements are expected in December 2004.

State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the economic entity that occurred during the financial year.

Events Subsequent to Balance Date

In August 2004 a controlled entity acquired a rural parcel of land with the intention of undertaking a small residential subdivision in the Gold Coast hinterland. At this early design stage it is expected that this project will yield 100 residential building lots.

Directors Report

Events Subsequent to Balance Date(continued)

The company is investigating further development opportunities to pursue after completion of the Chevron Project, and has secured the "Artique" development site in Enderley Avenue Surfers Paradise. Construction of a 30 storey residential high rise is planned for the site to commence in October 2004.

Construction has commenced on a proposed three tower development comprising retail and medical suites in Southport on the Gold Coast, the first stage, a multilevel car park is scheduled for completion in November 2004.

A development site acquired in New Farm Brisbane is in the process of design and detailed specifications. This project Platinum on the River will allow the company to enter the Brisbane market with a high standard of design innovation.

No other matter or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial years.

Likely Developments and Results

The focus of the company is on the successful completion of the final tower in the Chevron project in Surfers Paradise. Skyline Central is scheduled for completion in December 2004.

The "Artique" project a 176 unit residential resort tower in Surfers Paradise is expected to commence construction in October 2004 for completion in December 2005.

The Southport Central project first stage comprising a nine level retail and commercial building is expected to commence construction in November 2004 with completion mid 2005.

The Oxlade Drive site in New Farm in Brisbane is in the planning and approval process. Construction of an up market 10 unit project on the Brisbane River expected to commence in the first half of 2005.

Environmental issues

The consolidated entity's operations are subject to significant environmental regulations under the law of the Commonwealth and State legislation in relation to its construction activities and property development. The directors are not aware of any significant breaches during the year.

Directors Meetings

There were 14 meetings of Directors during the financial year. Mr James Raptis and Mr Ian Morrison attended all meetings, Mr Kevin Gogolka attended 12 meetings.

Audit Committee

Due to limitations imposed by size, the company has not constituted a separate audit committee of the Board of Directors.

Directors Report

Indemnification and Insurance of Officers and Auditors

During the financial year the Company has paid an insurance premium of $57,892, in respect of directors' and officers' liability and legal expenses insurance contracts, for current directors and officers including executive officers of the Company and directors, officers and secretaries of its controlled entities. This policy does not allocate the premium to each individual officer. No premium was paid nor has any indemnity been given in respect to the auditors.

Information on Directors

James Raptis, OBE

James Raptis (Age 58) is Chairman and Chief Executive Officer of Raptis Group Limited. James is a registered builder in Queensland and has over 31 years experience in the construction and property development industries. He has been responsible for the completion of many distinctive buildings on the Gold Coast. His experience ranges from the design and development of residential buildings to the construction and property management of commercial and retail properties.

Kevin Gogolka

Kevin Gogolka (Age 40) is an Executive director of Raptis Group Limited. He holds a graduate diploma in construction, and a postgraduate diploma in Project Management. He has 15 years experience in an operational and management capacity with the company including civil, commercial, retail, residential construction together with project development. He was appointed to the board in October 1996.

Ian Morrison

Ian Morrison (Age 58) is an Executive director and manager of design for Raptis Group Limited. He has worked with Raptis since 1985 and is well respected in the Gold Coast development industry. His experience includes planning matters, site acquisitions, legal dealings, all facets of design, and liaison with statutory and Government Authorities. He was appointed to the Board in August 1998.

Directors' and Senior Executives' emoluments

Refer to note 20 of the Annual Report.

Directors Interests and Benefits

The relevant interest of each Director in the share capital of Raptis Group Limited as notified to the Australian Stock Exchange in accordance with Section 205G(1) of the Corporations Act 2001 at the date of this report is:

Director	Fully Paid Ordinary Shares	Partly Paid Ordinary Shares
James Raptis	39,174,599	7,500,000
Ian Morrison	1,349	nil
Kevin Gogolka	nil	nil

With the exception noted below, no director has received or become entitled to receive, during or since the financial year, a benefit other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the consolidated accounts because of a contract made by the chief entity, 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. James Raptis has a significant financial interest in companies that have entered into contracts with the economic entity for provision of construction infrastructure and charged design fees. Further details of these transactions are set out in note 21 to the financial statements.

Dated at Surfers Paradise this 30th day of September, 2004
Signed in accordance with a resolution of the Directors:

James Raptis OBE
Director

Ian Morrison
Director

RAPTIS GROUP LIMITED
ABN 43 010 472 858
AND CONTROLLED ENTITIES

STATEMENTS OF FINANCIAL POSITION
As at 30 June, 2004

	Note	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	THE COMPANY 2004 $	THE COMPANY 2003 $
CURRENT ASSETS					
Cash assets		2,748,586	59,630	18,133	8,365
Receivables	6	46,555,621	47,283,616	10,689,811	31,247,182
Inventories	7	112,963,869	63,928,622	-	-
Other		638,394	-	-	-
TOTAL CURRENT ASSETS		162,906,470	111,271,868	10,707,944	31,255,547
NON CURRENT ASSETS					
Receivables	6	-	4,332,583	-	-
Inventories	7	50,184,448	37,288,032	-	-
Other financial assets	8	8,261,947	2,869,989	17,597,198	11,202,327
Property, plant and equipment	10	687,702	774,020	-	-
TOTAL NON CURRENT ASSETS		59,134,097	45,264,624	17,597,198	11,202,327
TOTAL ASSETS		222,040,567	156,536,492	28,305,142	42,457,874
CURRENT LIABILITIES					
Payables	11	27,209,884	17,708,062	-	3,805
Interest-bearing liabilities	12	76,415,356	80,367,456	4,281,312	8,220,750
Provisions	13	980,374	784,370	-	-
TOTAL CURRENT LIABILITIES		104,605,614	98,859,888	4,281,312	8,224,555
NON CURRENT LIABILITIES					
Interest-bearing liabilities	12	95,602,900	40,123,562	2,191,777	16,680,277
TOTAL NON CURRENT LIABILITIES		95,602,900	40,123,562	2,191,777	16,680,277
TOTAL LIABILITIES		200,208,514	138,983,450	6,473,089	24,904,832
NET ASSETS		21,832,053	17,553,042	21,832,053	17,553,042
EQUITY					
Contributed equity	14	27,923,075	30,519,686	27,923,075	30,519,686
Reserves	15	-	-	17,597,198	11,202,327
(Accumulated losses)	16	(6,091,022)	(12,966,644)	(23,688,220)	(24,168,971)
TOTAL EQUITY	17	21,832,053	17,553,042	21,832,053	17,553,042

The statements of financial position are to be read in conjunction with the notes to the financial statements

RAPTIS GROUP LIMITED
ABN 43 010 472 858
AND CONTROLLED ENTITIES

STATEMENTS OF FINANCIAL PERFORMANCE
For the Year ended 30 June, 2004

	Note	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	THE COMPANY 2004 $	THE COMPANY 2003 $
Sales revenue	3	132,228,033	111,384,021	-	-
Cost of sales	4	(121,547,703)	(105,681,234)	-	-
Gross profit		10,680,330	5,702,787	-	
Other revenues from ordinary activities		1,319,096	509,854	1,750,274	1,043,581
Borrowing costs expense	4	(1,174,626)	(213,787)	-	-
Depreciation and amortisation expense		(142,668)	(173,875)		
Administration expenses		(877,976)	(298,153)	(30,845)	(36,565)
Other expenses from ordinary activities		(1,689,856)	(359,209)	-	-
Profit from ordinary activities before related income tax expense		8,114,300	5,167,617	1,719,429	1,007,016
Income tax expense relating to ordinary activities		-	-	-	-
Profit from ordinary activities after related income tax expense		8,114,300	5,167,617	1,719,429	1,007,016
Net profit attributable to members of parent entity		8,114,300	5,167,617	1,719,429	1,007,016
Non-owner transaction changes in equity					
Increase/(decrease) in asset revaluation reserve		-	-	6,394,871	4,160,601
Total revenues, expenses and valuation adjustments attributable to members of the parent entity recognised directly in equity		-	-	6,394,871	4,160,601
Total changes in equity from non-owner related transactions attributable to the members of the parent entity		8,114,300	5,167,617	8,114,300	5,167,617
Basic earnings per share	18	12.0 cents	7.5 cents		

These statements of financial performance are to be read in conjunction with the notes to the financial statements.

RAPTIS GROUP LIMITED
ABN 43 010 472 858
AND CONTROLLED ENTITIES

STATEMENTS OF CASH FLOWS
For the Year ended 30 June, 2004

	Note	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	THE COMPANY 2004 $	THE COMPANY 2003 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		136,795,931	89,700,063	-	-
Cash payments in the course of operations		(175,800,044)	(114,032,675)	(34,650)	(32,762)
Interest received		624,052	146,142	274	1,027
Borrowing costs paid		(1,174,626)	(5,444,418)		-
Net cash (used in)/provided by operating activities	26(b)	(39,554,687)	(29,630,888)	(34,376)	(31,735)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property plant and equipment		(10,028)	(201,020)	-	-
Payments for investments		(5,438,280)	(2,947,927)	-	-
Net cash (used in)/provided by investing activities		(5,448,308)	(3,148,947)	-	-
CASH FLOW FROM FINANCING ACTIVITIES					
Share Buy-back payments		(2,596,606)	(47,516)	(2,596,612)	(47,516)
Proceeds from borrowings		164,452,220	152,412,185	10,239,585	-
Repayment of borrowings		(112,932,294)	(121,563,292)	(28,667,523)	9,445,010
Loans to controlled entities		-	-	22,307,372	(8,876,770)
Dividends paid		(1,238,678)	(520,710)	(1,238,678)	(520,710)
Net cash (used in)/provided by financing activities		47,684,642	30,280,667	44,144	14
Net increase (decrease) in cash held		2,681,647	(2,499,168)	9,768	(31,721)
Cash at the beginning of the financial year		(214,172)	2,284,996	8,365	40,086
Cash at the end of the financial year	26(a)	2,467,475	(214,172)	18,133	8,365

The statements of cash flows are to be read in conjunction with the notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June, 2004

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

(a) BASIS OF PREPARATION
The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report covers the economic entity of Raptis Group Limited and controlled entities, and Raptis Group Limited as an individual parent entity. Raptis Group is a listed public company, incorporated and domiciled in Australia.

The Financial report has been prepared on an accruals basis and is based on 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 each entity in the economic entity and are consistent with those of the previous year. Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

(b) PRINCIPLES OF CONSOLIDATION
The consolidated financial statements of the economic entity include the financial statements of the Company, being the parent entity, and its controlled entities. Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased. Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

(c) INCOME TAX
The consolidated entity adopts the income statement liability method of tax effect accounting. Income tax expense is calculated on operating profit adjusted for permanent differences, between taxable and accounting income. The tax effect of timing differences; which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax. Future income tax benefits in respect to tax losses are not brought to account unless their realisation is virtually certain.

The Company is the head entity in the tax consolidated group comprising all the Australian wholly-owned subsidiaries set out in Note 9. The implementation date for the tax-consolidated group is 1 July 2002. The head entity recognises all of the current and deferred tax assets and liabilities of the tax consolidated group(after elimination of intergroup transactions).

The tax-consolidated group has entered into a tax sharing agreement that requires wholly-owned subsidiaries to make contributions to the head entity for tax liabilities and deferred tax balances arising from transactions occurring after the implementation of the tax consolidation excluding intercompany dividends. The contributions are calculated as a percentage of the groups current tax liability.

The assets and liabilities arising under the tax sharing agreement are recognised as intercompany assets and liabilities with a consequential adjustment to income tax expense/revenue.

(d) INVESTMENTS
Investments in controlled entities are valued at fair value. Investments in controlled entities are revalued six monthly in the Company's accounts to an amount equating to the net asset value of the entity. Dividends and distributions are brought to account in the profit and loss account when they are proposed by the controlled entities.

Investments in property management rights and associated residential units are initially brought to account at cost. The carrying amount of such investments is reviewed six monthly by directors to ensure it is not in excess of the recoverable amount of these investments. The value of managements rights is amortised over the term of the agreement. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

(e) INVENTORIES
Inventories of development properties are carried at the lower of cost or net realisable value. Cost includes the costs of acquisition, development and holding costs such as interest, rates and taxes. Interest and holding costs incurred after completion of development are expensed as incurred. Net realisable value is not discounted to present value.

(e) INVENTORIES (continued)

Recognition of Income
Income from sales of development properties is not recognised until, at least, unconditional contracts are exchanged and ten percent of the contract sale price is received. Where properties are sold prior to completion of development, income and the corresponding receivable are recognised on an individual project basis using the percentage of completion method only when:

- the stage of project completion can be reliably determined,
- costs to date can be clearly identified: and
- total project revenues and costs to complete can be reliably estimated.

Profit is recognised only where the criteria outlined above are satisfied. The value of sales recognised in the accounts is arrived at by applying the percentage of construction certified as complete to the value of unconditional contracts of sale with at least 10% deposit paid. The cost applicable to these sales is calculated by using the projected margin on completion of the project as determined in the most current feasibility study. The amount recognised in trade debtors in respect of projects under construction is calculated by applying the percentage of construction certified as completed to the value of unconditional contracts of sale with at least 10% deposit paid.

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

(f) PROPERTY PLANT AND EQUIPMENT
Items of property, plant and equipment are initially recorded at cost, and depreciated as outlined below:

The cost of property, plant and equipment constructed by controlled entities includes the cost of materials and direct labour and an appropriate proportion of fixed and variable overheads. The gain or loss on disposal of fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal and is included in the results in the year of disposal.

Items of property plant and equipment are depreciated using the straight line method over their estimated useful lives. The depreciation rate for computer equipment is 40% and other plant and equipment is 10-40%, building structure costs are written off at 2.5%.

(g) RECOVERABLE AMOUNT OF NON CURRENT ASSETS VALUED ON A COST BASIS
The carrying amounts of non-current assets valued on the cost basis, are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount the asset is written down to the lower amount. The write down is recognised as an expense in the net profit or loss in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

(h) REVENUE RECOGNITION
Sales Revenue
Sales revenue comprises revenue earned from the provision of products or services to entities outside the consolidated entity. Sales revenue is recognised when the goods are provided, or when the fee in respect of services provided is receivable. (Refer note (e) above re recognition of income in respect of properties under development).

Interest
Interest income is recognised as it accrues.

Asset Sales
The gross proceeds of asset sales are included as revenue of the consolidated entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract is signed.

Other Revenue
Revenue recognition for investments and inventories are described in Accounting Policy Notes 1(d) and 1(e).

RAPTIS GROUP LIMITED
ABN 43 010 472 858
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June, 2004

(i) ACCOUNTS PAYABLE
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company or economic entity. Trade accounts payable are normally settled within 60 days, building contractors are paid under the terms of the agreements.

(j) BANK LOANS
Bank loans are carried on the balance sheet at their principal amount.

(k) TRADE DEBTORS
Trade debtors are recognised on unconditional contracts of sale where a 10% deposit has been paid for the sale of completed stock. Trade debtors are also recognised on projects under development as outlined in note (e) above.

(l) EMPLOYEE ENTITLEMENTS
The provisions for employee entitlements to wages, salaries and sick leave represent the amount which the economic entity has a present obligation to pay resulting from employee's service provided up to the balance date. Consideration has been given to future increases in wage and salary rates.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

The liability for employees' entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' service provided up to the balance date. In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the economic entity's experience with staff departures. Related on-costs have also been included in the liability.

(m) BORROWING COSTS
Borrowing costs include interest and ancillary costs incurred in connection with arrangement of borrowings. Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is the amount incurred in relation to that borrowing.

(n) GOODS AND SERVICES TAX
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to, the ATO are classified as operating cash flows.

(o) EMPLOYEE SHARE PLAN
Amounts paid on partly paid ordinary shares under the employee share plan are recognised in Contributed Equity. Partly paid shares carry no rights until fully paid. Partly paid ordinary shares are issued at a price above the current market price as an incentive to selected employees. An employee has the option to take up the entitlement under the plan by payment of the balance outstanding on those shares. The balance to be paid under the share incentive plan is recognised only when paid. Administration costs of the scheme are expensed. Details of the plan are provided at note 14 and 20(b).

(p) PROVISIONS
A provision is recognised when a legal or constructive obligation exists as a result of a past event and it is probable that an outflow of economic benefit will be required to settle this obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(q) USE AND REVISION OF ACCOUNTING ESTIMATES
The preparation of the financial report requires the making of estimations and assumptions that affect the recognised amount of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTE 2 CHANGE IN ACCOUNTING POLICY
Residential Management Rights
Residential Management Rights were previously amortised over 20 years. In line with industry practice and considering the increasing value over time of Management Rights the directors have reassessed the useful life and determined to amortise management rights over 40 years. There are no material effects to this change in accounting policy. The adjustments to the consolidated and Company financial reports as at 1 July 2003 are a $101,074 increase in retained profits and a $101,074 decrease in amortisation expense. This has resulted in a $101,074 increase in net profit for the financial year ended 30 June 2004.

	CONSOLIDATED		THE COMPANY	
	2004	2003	2004	2003
NOTE 3: REVENUE FROM ORDINARY ACTIVITIES	$	$	$	$
Revenue from operating activities:				
Sale of Goods	132,228,033	111,384,021	-	-
Rendering of Services	9,071	6,469	-	42,554
Rental revenue	685,973	357,243	-	-
Other revenue related bodies corporate	-	-	1,750,000	1,000,000
Interest received or receivable from:				
- other persons	624,052	146,142	274	1,027
Total revenue from ordinary activities	133,547,129	111,893,875	1,750,274	1,043,581

NOTE 4: OPERATING PROFIT FROM ORDINARY ACTIVITIES

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

	CONSOLIDATED 2004	CONSOLIDATED 2003	THE COMPANY 2004	THE COMPANY 2003
Cost of Sales	121,547,703	105,681,234	-	-
Borrowing Costs - other persons	16,153,892	12,670,814	-	-
Less: Capitalised borrowing costs - other persons	(14,979,266)	(12,457,027)	-	-
Total Borrowing Costs	1,174,626	213,787	-	-

Borrowing costs were capitalised into residential units under development at a weighted average interest rate of 10.8% (2003 12.78%)

	CONSOLIDATED 2004	CONSOLIDATED 2003	THE COMPANY 2004	THE COMPANY 2003
Provision for employee entitlements	196,004	134,370	-	-
Amortisation of investment in residential management rights	46,322	77,938	-	-
Depreciation property plant and equipment				
- plant and equipment	96,346	95,926	-	-
- less capitalised depreciation	(51,195)	(62,871)	-	-
	45,151	33,055	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June, 2004

	CONSOLIDATED		THE COMPANY	
	2004	2003	2004	2003
	$	$	$	$
NOTE 5: INCOME TAX				
(a) Prima facie income tax expense calculated at 30%(2003: 30%) on the operating profit/(loss)	2,434,290	1,550,285	515,829	302,105
Add/(less) tax effect of:				
Borrowing costs and other development costs capitalised for accounting purposes	(2,227,396)	(2,167,919)	-	-
Non deductible Amortisation	13,897	23,381	-	-
Other items not deductible for tax purposes	34,500	16,369	-	-
Recoupment of prior year tax losses not previously brought to account	(255,291)	-	(515,829)	(302,105)
Future income tax benefits not brought to account	-	577,884	-	-
Income tax attributable to operating profit	-	-	-	-

(b) The potential future income tax benefit at 30% arising from tax losses not recognised as an asset because recovery is not virtually certain:

- tax losses	21,930,142	21,930,142	21,930,142	21,930,142

(c) These benefits will only be available if the relevant companies in the consolidated entity:
- derive future assessable income of a nature and amount sufficient to enable the benefit of the deductions for the losses to be realised;
- continue to comply with the conditions for deductibility imposed by law; and
- are not adversely affected, in realising the benefit of the losses, by changes in tax legislation.

(d) In 1992 the Australian Taxation Office proposed an alternative tax treatment on certain issues that is inconsistent with the income tax returns as lodged by the company and its controlled entities. The directors are of the opinion that losses are correct as returned.

NOTE 6: RECEIVABLES				
Current:				
Trade Debtors	46,555,621	47,283,616	-	-
Loans to controlled entities	-	-	10,689,811	31,247,182
	46,555,621	47,283,616	10,689,811	31,247,182
Non-Current:				
Trade Debtors	-	4,332,583	-	-

NOTE 7: INVENTORIES				
Current:				
Residential property under development - (at cost)	54,126,658	42,261,479	-	-
Completed residential property - (at cost)	58,837,211	21,667,143	-	-
	112,963,869	63,928,622	-	-
Non-Current:				
Residential property under development - (at cost)	49,351,096	36,999,155	-	-
Completed residential property - (at cost)	833,352	288,877	-	-
	50,184,448	37,288,032	-	-

Refer to note 12 for details of security given over inventories

NOTE 8: OTHER FINANCIAL ASSETS				
Non-Current:				
Residential Property Management Rights and associated real property - at cost	8,261,947	2,869,989	-	-
Investment in controlled entities - at fair value (Note 9)	-	-	17,597,198	11,202,327
	8,261,947	2,869,989	17,597,198	11,202,327

Investments in controlled entities were revalued to an amount equivalent to the value of net assets of the controlled entities at balance date by all directors in office at the date of valuation. This is in accordance with the company policy to revalue investments in controlled entities at six monthly intervals to fair value. Capital gains tax has not been recognised as the effect of tax losses carried forward will offset any capital gains tax payable.

RAPTIS GROUP LIMITED
ABN 43 010 472 858
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June, 2004

NOTE 9: CONTROLLED ENTITIES

(a) Controlled entities of Raptis Group Limited

Name	Class of Share	Interest Held Share Capital 2004 %	2003 %
Amaristine Pty Limited	Ord	100	0
Azurblue Pty Limited	Ord	100	0
Blesford Pty Ltd	Ord	100	100
Brimmingdale Pty Ltd	Ord	100	100
Bringelly Pty Ltd	Ord	100	100
Callandor Pty Ltd	Ord	100	100
Chevron Renaissance Surfers Paradise Pty Ltd	Ord	100	100
ChevronTowers Management Pty Ltd	Ord	100	100
Cherrycove Pty Limited	Ord	100	100
Clearpoint Pty Limited	Ord	100	100
Christorina Pty Limited	Ord	100	0
Esdaile Investments Pty Limited	Ord	100	100
Enderley Avenue Pty Limited	Ord	100	100
Imperial Wing Pty Limited	Ord	100	100
Glennington Pty Limited	Ord	100	0
Kojiera Pty Limited	Ord	100	0
Korelli Pty Ltd	Ord	100	100
Leajene Pty Limited	Ord	100	0
Lindaning Pty Limited	Ord	100	100
Lizanthian Pty Limited	Ord	100	100
Mooreville Investments Pty Ltd	Ord	100	100
Platinum On The Beach Pty Ltd	Ord	100	100
Rapcivic Contractors Pty Ltd	Ord	100	100
Renaldo Pty Limited	Ord	100	0
Sebastian Trading Pty Ltd	Ord	100	100
Simnat Pty Ltd	Ord	100	100
Solero Pty Limited	Ord	100	0
Stanleyvale Pty Ltd	Ord	100	100
Tiderian Pty Ltd	Ord	100	100
Trinkett Pty Ltd	Ord	100	0
Unit Trend Services Pty Ltd	Ord	100	100
Winderry Pty Limited	Ord	100	0
Winnslea Pty Ltd	Ord	100	100

(a) All subsidiary companies were incorporated in Australia.
(b) Amaristine Pty Ltd, Azurblue Pty Ltd, Christorina Pty Ltd, Glennington Pty Ltd, Kojiera Pty Ltd, Leajene Pty Ltd, Renaldo Pty Ltd, Solero Pty Ltd, Trinkett Pty Ltd and Winderry Pty Ltd were acquired during the year for nil consideration.

	CONSOLIDATED 2004 $	2003 $	THE COMPANY 2004 $	2003 $
NOTE 10: PROPERTY PLANT & EQUIPMENT				
Non-Current:				
Plant and equipment				
- At cost	401,509	398,946	-	-
- At directors valuation (11 November, 1998)	610,000	610,000	-	-
Less accumulated depreciation	(323,807)	(234,926)	-	-
	687,702	774,020	-	-

Property Plant and Equipment was revalued to market by all directors in office at the date of the valuation.
The valuation was not made in accordance with a regular policy of revaluation.

Reconciliation

Property Plant and Equipment				
Carrying amount at beginning of year	774,020	668,936	-	-
Additions	10,028	201,010	-	-
Depreciation	(96,346)	(95,926)	-	-
Carrying amount at end of year	687,702	774,020	-	-

RAPTIS GROUP LIMITED
ABN 43 010 472 858
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June, 2004

	CONSOLIDATED		THE COMPANY	
	2004	2003	2004	2003
	$	$	$	$
NOTE 11: PAYABLES				
Current:				
Trade Creditors	27,209,884	17,708,062	-	3,805
	27,209,884	17,708,062	-	3,805
NOTE 12: INTEREST BEARING LIABILITIES				
Current:				
Bank Overdraft	281,111	273,802	-	-
Mortgage loans - refer note (a)				
- secured	76,134,245	80,093,654	4,281,312	8,220,750
	76,415,356	80,367,456	4,281,312	8,220,750
Non-Current:				
Mortgage loan - refer note (a)				
- secured	95,602,900	40,123,562	2,191,777	16,680,277

(a) Financing Arrangements
All mortgage loans are denominated in Australian Dollars. The mortgage loans in current liabilities comprise the portion of the consolidated entity's mortgage loans payable within one year. The mortgage loans, non-current balance represents the portion of the consolidated entity's mortgage loans not due within one year.

The loans are secured by registered mortgages over the properties of the controlled entities. The non-current development loans are payable from proceeds of projects on completion.

The carrying amount of pledged properties are as follows:

Inventory residential property	209,703,938	100,927,777	-	-
Property plant and equipment	488,468	504,692	-	-
	210,192,406	101,432,469	-	-

Loan facilities in respect of development assets are based on bank bill rates plus a margin the weighted average cost effective interest rate is 10.8%.

NOTE 13: PROVISIONS				
Current				
Provision for employee entitlements	980,374	784,370	-	-
	980,374	784,370	-	-
NOTE 14: CONTRIBUTED EQUITY				
Issued and paid up Capital				
69,229,374 ordinary shares, fully paid carrying value at beginning of the year	30,444,686	30,492,202	30,444,686	30,492,202
On market buy back - pursuant to ASX Listing Rules 3.8A and 7.29 5,099,319 (2003: 198,679 ordinary shares)	(2,596,611)	(47,516)	(2,596,611)	(47,516)
64,140,055 ordinary shares, fully paid carrying value at end of the year	27,848,075	30,444,686	27,848,075	30,444,686
5,500,000 ordinary shares issued at 85 cents paid to 1 cent (2003: 5,500,000 ordinary shares issued at 85 cents paid to 1 cent) pursuant to the Employee Incentive Plan.	55,000	55,000	55,000	55,000
2,000,000 ordinary shares issued at 60 cents paid to 1 cent (2003: 2,000,000 ordinary shares issued at 60 cents paid to 1 cent) pursuant to the Employee Incentive Plan.	20,000	20,000	20,000	20,000
	27,923,075	30,519,686	27,923,075	30,519,686

The Company has approval for an on market buy back above the 10% in 12 months limit. The first shares were purchased on 18 December, 2002 and in the period from then until 30 June, 2004 a total number of 5,297,998 were purchased at a cost of $2,644,127. The purchase price ranged from 22 cents to 58 cents.

The shares purchased by the company are cancelled as soon as acquired.

RAPTIS GROUP LIMITED
ABN 43 010 472 858
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June, 2004

	CONSOLIDATED		THE COMPANY	
	2004	2003	2004	2003
	$	$	$	$
NOTE 15: RESERVES				
Asset revaluation reserve	-	-	17,597,198	11,202,327
	-	-	17,597,198	11,202,327
Movements during the year:				
Asset revaluation				
Balance at the beginning of the year	-	-	11,202,327	7,041,726
Revaluation increment/(decrement) on:				
Investment in controlled entities	-	-	6,394,871	4,160,601
Balance at end of year	-	-	17,597,198	11,202,327

NOTE 16: ACCUMULATED LOSSES

Accumulated losses at the beginning of the financial year	(12,966,644)	(17,613,551)	(24,168,971)	(24,655,277)
Net profit attributable to members of the parent entity	8,114,300	5,167,617	1,719,429	1,007,016
Dividends paid during the year - refer note 19	(1,238,678)	(520,710)	(1,238,678)	(520,710)
Accumulated losses at the end of the financial year	(6,091,022)	(12,966,644)	(23,688,220)	(24,168,971)

NOTE 17: TOTAL EQUITY RECONCILIATION

Total equity at the beginning of the year	17,553,042	12,953,651	17,553,042	12,953,651
Total changes in parent entity interest in equity recognised in statement of financial performance	8,114,300	5,167,617	8,114,300	5,167,617
Transactions with owners as owners				
- Share buy back	(2,596,611)	(47,516)	(2,596,611)	(47,516)
- Dividends	(1,238,678)	(520,710)	(1,238,678)	(520,710)
Total equity at end of year	21,832,053	17,553,042	21,832,053	17,553,042

NOTE 18: EARNINGS PER SHARE

	Cents	Cents
Basic earnings per share	12.0	7.5
	Number of shares	Number of shares
Weighted Average number of ordinary shares used in the calculation of earnings per share	67,477,805	69,328,714
	$	$
Operating profit after income tax used in the calculation of earnings per share	8,114,300	5,167,617

Shares issued under the employee incentive scheme are not dilutive as they will not result in the issue of ordinary shares for less than the average market price.

NOTE 19: DIVIDENDS

Dividends proposed or paid and not provided for in previous years by the Company are:

2004 Year	Total Amount	Date of Payment
	$	
Interim Dividend - ordinary two cents per share	1,238,678	18-June-2004
	1,238,678	

Dividends are not franked refer note 22.

2003 Year

No dividend was declared during the year to June 2003.

NOTE 20: DIRECTORS' AND EXECUTIVES' REMUNERATION
(a) Names and positions held of parent entity directors and specified executives in office at any time during the financial year are:

Parent Entity Directors

Mr James Raptis	Managing Director - Executive
Mr Ian Morrison	Director - Executive
Mr Kevin Gogolka	Director - Executive

Specific Executives

Mr N Batchelor	Operations Managers for Rapcivic Contractors Pty Ltd the group building company
Mr N Moores	Manager of Cost Planning and Contracts Administration
Mr M Cory	Company Secretary
Ms J John	Communications Manager
Mrs R Bartholomew	Manager Project Sales

(b) Parent Entity Directors' Remuneration

2004 Primary Benefits	Salary & Fees	Superannuation Contribution	Total
	$	$	$
Mr James Raptis	150,000	10,537	160,537
Mr Ian Morrison	29,808	2,625	32,433
Mr Kevin Gogolka	76,050	-	76,050
	255,858	13,162	269,020

2003 Primary Benefits	Salary & Fees	Superannuation Contribution	Total
	$	$	$
Mr James Raptis	150,000	9,000	159,000
Mr Ian Morrison	54,151	4,612	58,763
Mr Kevin Gogolka	51,250	0	51,250
	255,401	13,612	269,013

NOTE 20 : DIRECTORS' AND EXECUTIVES REMUNERATION (cont'd)
(c) Specified Executives' Remuneration

2004 Primary Benefits	Salary & Fees	Superannuation Contribution	Total
	$	$	$
Mr N Batchelor	257,583	0	257,583
Mr N Moores	120,840	11,826	132,666
Mr M Cory	130,653	0	130,653
Ms J John	72,925	6,563	79,488
Ms R Bartholomew	70,000	6,300	76,300
	652,001	24,689	676,690

2003 Primary Benefits	Salary & Fees	Superannuation Contribution	Total
	$	$	$
Mr N Batchelor	228,249	0	228,249
Mr C Mercer	125,642	9,904	135,546
Mr M Cory	103,490	0	103,490
Ms R Bartholomew	70,000	6,300	76,300
Ms J John	49,924	4,493	54,417
	577,305	20,697	598,002

Executive officers are those officers involved in the strategic direction, general management or control of business at a company or operating division level. The Board is responsible for remuneration policies and packages applicable to the Board members and senior executives of the company. The Board remuneration packages properly reflect the person's duties and responsibilities and that remuneration is competitive in attracting and motivating people of the highest quality.

Executive directors and senior executives may receive bonuses based on the achievement of specific goals related to the performance of the consolidated entity (including operational results). Details of the nature and amount of each major element of the emoluments of each director and the five officers of the company and the consolidated entity receiving the highest emolument are set out in (b) and (c) above.

(d) Partly Paid Ordinary Shares
Number of Partly Paid Shares held by Specified Directors and Executives

	Balance 01.7.03	Rights Exercised	Balance 30.6.04
Mr James Raptis	7,500,000	0	7,500,000
	7,500,000	0	7,500,000

(e) Shareholdings
Number of shares held by Parent Entity Directors and Specified Executives

	Balance 01.07.03	Received as Remuneration	Balance 30.06.04
Mr James Raptis	39,174,599	0	39,174,599
Mr Ian Morrison	1,349	0	1,349
	39,175,948	0	39,175,948

(f) The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is disclosed in note (c) above.

NOTE 21: RELATED PARTIES

(a) Directors
The names of each person holding the position of director of Raptis Group Limited during the financial year were: James Raptis OBE, Kevin Gogolka, and Ian Morrison

(b) Director's Shareholding
The relevant interests of directors of the reporting entity and their director-related entities in shares of entities within the economic entity at year end are set out below.

	2004	2003
	Number held	Number held
James Raptis - Raptis Group Limited - Ordinary Shares	39,174,599	39,174,599
James Raptis - Raptis Group Limited - Partly Paid Ordinary Shares	7,500,000	7,500,000
Ian Morrison - Raptis Group Limited - Ordinary Shares	1,349	1,349

During the year to 30 June, 2004 there were no shares acquired or disposed of by directors or by director related entities, 2003 (nil)

(c) Director Related Transactions

Rapcivic Building Consultants Pty Ltd provided construction equipment, tools, site sheds, and construction site consumables to the economic entity during the year for a fee of $60,000 (2003: $60,000).

Rapcivic Building Consultants Pty Ltd provided site utilities, trailers, information technology solutions including custom designed construction and marketing software for a fee of $140,000 (2003: $140,000)

Design fees of $200,000 (2003: $200,000) were paid to Rapcivic Building Consultants Pty Ltd a company associated with James Raptis.

Civic Developments Pty Ltd a company associated with James Raptis has advanced loan funds to the economic entity. The amount payable at balance date was $2,693,462 (2003: nil). No interest is paid or payable on this loan.

Cost and Project Management Pty Ltd a company associated with Kevin Gogolka was paid a total of $76,050 (2003: $51,250) in respect of construction services.

Raptis Group Limited has made and received advances to and from subsidiary entities. The amount receivable at balance date was $10,689,810.(2003: $31,247,182) . These amounts are unsecured and payable at call.

NOTE 22: DIVIDEND FRANKING ACCOUNT

The company does not have a balance available in its dividend franking account. It is not expected that franking credits will arise from the payment of income tax for the financial year due to the effect of carried forward tax losses. It is not expected that franking debits will arise from the payment of dividends as at the end of the financial year.

	CONSOLIDATED		THE COMPANY	
	2004	2003	2004	2003
	$	$	$	$
NOTE 23: AUDITORS REMUNERATION				
Amount received or due and receivable by the auditors for:				
- auditing the accounts	61,813	50,478	-	-
- other services	52,483	65,908	-	-
	114,296	116,386	-	-
NOTE 24: FINANCING ARRANGEMENTS				
The economic entity has access to the following lines of credit:				
Total facilities available:				
Mortgage loans (Note (a))	281,006,229	237,481,208	6,473,089	24,901,026
Facilities utilised at balance date:				
Mortgage loans (Note (a))	171,737,145	120,217,216	6,473,089	24,901,026
Facilities not utilised at balance date:				
Mortgage loans	109,269,084	117,263,992	-	-

(a) The mortgage loans at 30 June, 2004 were secured by registered mortgages over certain real properties of the controlled entities.

NOTE 25: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE
(a) Interest rate risk

The Economic Entity entity's exposure to interest rate risk and the effective weighted average interest for classes of financial assets and financial liabilities is set out below:

2004	Weighted Average Interest %	Floating Interest Rate $	Fixed Interest Rate $	Non interest bearing $	Total $
Financial assets					
Cash	4.6%	2,748,586	-	-	2,748,586
Receivables	nil	-	-	46,555,621	46,555,621
		2,748,586	-	46,555,621	49,304,207
Financial liabilities					
Bank overdraft	9.5%	281,111	-	-	281,111
Payables	nil	-	-	27,209,884	27,209,884
Mortgage loans (note 12)	10.8%	171,737,145	-	-	171,737,145
Employee entitlements	5.8%	980,374	-	-	980,374
		172,998,630	-	27,209,884	200,208,514
2003					
Financial assets					
Cash	4.5%	59,630		-	59,630
Receivables	nil	-	-	47,283,616	47,283,616
		59,630	-	47,283,616	47,343,246
Financial liabilities					
Bank overdraft	9.3%	273,802	-	-	273,802
Payables	nil	-	-	17,708,062	17,708,062
Mortgage loans	12.8%	120,217,216	-	-	120,217,216
Employee entitlements	4.8%	784,370	-	-	784,370
		121,275,388	-	17,708,062	138,983,450

(b) Credit risk exposures

Credit risk represents the loss that would be recognised if parties fail to perform as contracted. The consolidated entity is not materially exposed to any individual customer. The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of customers. In the case of real estate transactions a 10% deposit on unconditional contracts is received prior to recognition of the debtor. Concentrations of credit risk on trade debtors due from purchases of inventories is $4,000,000 (2003: $2,500,000) at balance date.

(c) Net fair values
There is no variance between the carrying amount and net fair values of financial assets and liabilities as at the reporting date. All financial assets and liabilities are not readily traded on organised markets in a standardised form.

	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	THE COMPANY 2004 $	THE COMPANY 2003 $
NOTE 26: STATEMENT OF CASH FLOWS				

(a) RECONCILIATION OF CASH
For the purposes of the Statements of Cash Flows, cash includes cash on hand and at bank.

Cash at the end of the year is shown in the balance sheet as:

	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	THE COMPANY 2004 $	THE COMPANY 2003 $
Cash	2,748,586	59,630	18,133	8,365
Bank Overdraft included in interest bearing liabilities	(281,111)	(273,802)	-	-
Cash for the purposes of the Statements of Cash Flows	2,467,475	(214,172)	18,133	8,365

NOTE 26: STATEMENT OF CASH FLOWS (Continued)

(b) RECONCILIATION OF OPERATING PROFIT (LOSS) AFTER INCOME TAX TO NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES.

	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	THE COMPANY 2004 $	THE COMPANY 2003 $
Operating profit/(loss) after income tax	8,114,300	5,167,617	1,719,429	1,007,016
Add (less) non-cash items:				
Net gain on intercompany transaction	-	-	(1,750,000)	(1,042,554)
Amounts set aside to:				
- Provision for depreciation and amortisation	142,668	173,864	-	-
- Provision for employee entitlements	196,004	134,370	-	-
Net cash provided by operating activities before change in assets and liabilities	8,452,972	5,475,851	(30,571)	(35,538)
Changes in assets and liabilities during the financial year adjusted for effects of purchase and disposal of controlled entities during the financial year:				
(Increase)/decrease in trade debtors	4,555,710	(21,826,233)	-	-
(Increase)/decrease in other receivables	(682,856)	(221,427)	-	-
(Increase)/decrease in inventories	(61,931,663)	(16,813,979)	-	-
(Decrease)/increase in trade creditors	10,051,150	3,754,900	(3,805)	3,803
Net cash (used in)/provided by operating activities	(39,554,687)	(29,630,888)	(34,376)	(31,735)

NOTE 27: EVENTS SUBSEQUENT TO BALANCE DATE

Apart from the information disclosed in this report there are no other events that have occurred between the balance date and reporting date anticipated to have a significant effect on the company.

(a) Site Acquisition
A subsidiary has acquired a parcel of rural land with the intention of developing a residential land subdivision comprising one hundred residential lots. This project is in the early planning stages.

(b) Sales Commentary
Sales and settlements of units has continued at a steady level since the end of the financial year not at the same high rate as in the previous two years but at a reasonable level.

(c) International Financial Reporting Standards
For reporting periods beginning on or after 1 January 2005, the consolidated entity must comply with International 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 consolidated entity'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 disclosures, presentation or classification differences that would affect the manner in which transactions or events are presented.

The consolidated entity has not quantified the effects of the differences discussed below. Accordingly, there can be no assurance that the consolidated financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with IFRS.

Regulatory bodies that promulgate Australian GAAP and IFRS have significant ongoing projects that could affect the differences between Australian GAAP and IFRS described below and the impact of these differences relative to the consolidated entity's financial reports in the future. The potential impacts on the consolidated entity's financial performance and financial position of the adoption of IFRS, including system upgrades and other implementation cost which may be incurred, have not been quantified as at the transaction date of 1 July 2004 due to the short timeframe between finalisation of the IFRS standards and the date of preparing this report. The impact on future years will depend on the particular circumstances prevailing in those years.

NOTE 27: EVENTS SUBSEQUENT TO BALANCE DATE
(c) International Financial Reporting Standards (continued)

The key potential implications of the conversion to IFRS on the consolidated entity are as follows:

- financial instruments must be recognised in the statement of financial position and all derivatives and most financial assets must be carried at fair value.

- income tax will be calculated based on the "balance sheet" approach, which will result in more deferred tax assets and liabilities and, as tax effects follow the underlying transactions, some tax effects will be recognised in equity

- revaluation increments and decrements relating to revalued property, plant and equipment and intangible assets will be recognised on an individual asset basis, not a class of assets basis

- intangible assets that are internally generated (except development phase expenditure in certain circumstances) will not be recognised and intangible assets can only be revalued if there is an active market

- impairments of assets will be determined on a discounted basis, with strict tests for determining whether goodwill and cash-generating operations have been impaired

- investment properties (fair valued with increments and decrements going through the statement of financial performance measured at cost and depreciated), and owner occupied properties, will be classified as property, plant and equipment

- equity based compensation in the form of shares and options will be recognised as expenses in the periods during which the employee provides related services

- changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

NOTE 28: CAPITAL COMMITMENT

The finalisation of the Towers of Chevron Renaissance are the focus of the Company at present. The second Skyline North was completed in May 2004. The third tower a 240 unit 40 level tower, Skyline Central is under construction and is scheduled for completion in December 2004.

Construction has commenced on a proposed three tower development comprising retail and medical suites in Southport, the first stage of the project an multi level car park is scheduled for completion in November 2004.

The economic entity has entered into construction subcontracts and supply agreements in respect of the projects referred to above to a total of $42,742,078 by way of capital commitments. The amount due within one year is $42,742,078 and the amount due between one and five years is $nil.

NOTE 29: CONTINGENT LIABILITIES

The Economic Entity had no material contingent liabilities as at 30 June 2004.

NOTE 30: EMPLOYEE ENTITLEMENTS

	CONSOLIDATED		THE COMPANY	
	2004	2003	2004	2003
	$	$	$	$
Aggregate liability for employee entitlements, including on costs				
Current	980,374	784,370	-	-
Number of employees at year end	74	79	-	-

NOTE 31 SEGMENT REPORTING

Primary Reporting

	Residential Resort Development		Management Rights Residential Resorts		Retail Development		Consolidated	
	2004 $'000's	2003 $'000's	2004 $'000's	2003 $'000's	2004 $'000's	2003 $'000's	2004 $'000's	2003 $'000's
REVENUE	131,831	111,110	1,716	427	-	357	133,547	111,894
RESULT	7,590	5,199	524	(328)	-	297	8,114	5,168
Profit (loss) from ordinary activities before income tax expense	7,590	5,199	524	(328)	-	297	8,114	5,168
Income tax expense	-	-	-	-	-	-	-	-
Net profit (loss)	7,590	5,199	524	(328)	-	297	8,114	5,168
ASSETS								
Segment Assets	218,087	153,424	2,903	2,502	1,050	610	222,040	156,536
LIABILITIES								
Segment Liabilities	197,501	135,788	2,707	2,830	-	365	200,208	138,983
OTHER								
Acquisition of non current segment assets	10	2,198	4,388	2,947	1,050	-	5,448	5,145
Depreciation and Amortisation	67	79	75	78	-	17	142	174

The company operates in the development and sale of residential development project. The business comprises three segments, the development and sale of residential units, on going management of completed resort accommodation, and the sale of associated retail space.

Secondary Reporting

Geographic Segments

The company operates predominantly in one geographic segment being South-East Queensland Australia.

RAPTIS GROUP LIMITED
ABN 43 010 472 858

Directors' Declaration

The directors of Raptis Group Limited declare that:

1. the financial statements and notes, as set out on pages 5 to 22 and are in accordance with the Corporations Act 2001, including:

   (a) complying with Accounting Standards and the Corporations Act 2001; and

   (b) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2004 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Surfers Paradise this 30th day of September, 2004

Signed in accordance with a resolution of Directors:

James Raptis OBE
Director

Ian Morrison
Director

Independent audit report to members of Raptis Group 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 both Raptis Group Limited (the company) and the consolidated entity, for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that year.

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

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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

Independence

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

Audit opinion

In our opinion, the financial report of Raptis Group Limited is in accordance with:

(a) the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

GOULD RALPH & COMPANY

Chartered Accountants

MALCOLM BEARD M.Com., F.C.A.

Partner

Dated at Sydney this 30th day of September, 2004

Liability is limited by the Accountants Scheme pursuant to the NSW Professional Standards Act 1994

RAPTIS GROUP LIMITED
ABN 43 010 472 858

Shareholders Information

(a) Distribution of Shareholders at 8 September 2004 Category (size of holdings)	Number of Ordinary Shareholders
1 – 1,000	81
1,001 – 5,000	147
5,001 – 10,000	52
10,001 – 100,000	73
100,001 – and over	23
Total holders for classes selected	376

(b) There are 81 holders with less than a marketable parcel of 1,021 Units.

(c) The number of shares held by substantial shareholders as at 8 September 2004 are:

Shareholder	Number of Ordinary Fully Paid Shares Held	% Held to Issued Fully Paid Ordinary Capital
Hanslow Pty Limited	32,274,599	53.112%
Bicent Pty Ltd	6,900,000	11.35%
Sevinhand Company Limited	4,000,000	6.58%
Normandy Finance Investment Ltd	3,781,001	6.22%

(d) 20 Largest Shareholders

	Number of Ordinary, Fully Paid Shares Held	% Held to fully Paid Ordinary Capital
Hanslow Pty Ltd	32,274,599	53.11%
Bicent Pty Ltd	6,900,000	11.35%
Sevenhand Company Ltd	4,000,000	6.58%
Normandy Finance Investment Ltd	3,781,001	6.22%
Lipo Securities Nominees (BVI) Ltd	2,320,000	3.82%
Phillips River Pty Ltd	2,054,799	3.38%
Hachma International Pty Ltd	1,665,400	2.74%
J C Criticos Pty Ltd Pension Fund	683,998	1.13%
Bellryde Pty Ltd	654,615	1.08%
Noraville Pty Ltd	650,000	1.07%
Southgate Investment Funds Limited	534,300	0.88%
Mr J Pantos and Mrs H Pantos	529,000	0.87%
Countrywide Developments (Aust) P/L	350,000	0.58%
Morning Star Fiduciaries Pty Ltd	246,599	0.41%
Russell Gould Pty Ltd	168,000	0.28%
Bernaise Pty Ltd	160,000	0.26%
Arundo Pty Ltd	137,199	0.23%
Reraetllab Pty Ltd Exec. Pension Fund	137,065	0.23%
Mrs Kathy Raptis	119,599	0.20%
Mr James Kosta Pantos	111,500	0.18%
	57,477,647	94.60%

(e) On the 18th October 2002 Raptis Group Limited (Company) under Subsection 257C(3) applied for and was granted approval to commence a share buy back. As at 8 September 2004 the company had bought back 8,457,497 shares at a total cost of $4,547,459.

RAPTIS GROUP LIMITED
ABN 43 010 472 858

Company Particulars

Directors

James Raptis OBE
Kevin Gogolka
Ian Morrison

Secretaries

James Raptis OBE
Malcolm Cory

Registered Office

Level 42 AAP Centre
259 George Street
Sydney NSW 2000

Principal Place of Business

Level 3 The Forum
26 Orchid Avenue
SURFERS PARADISE QLD 4217
Telephone (07) 5570 8000
Facsimile (07) 5538 0010

Share Registry

C/- Gould Ralph Pty Ltd
(Share Registry Division)
Level 42 AAP Centre
259 George Street
SYDNEY NSW 2000
Telephone (02) 9032 3000
Facsimile (02) 9032 3088

Auditors

Gould Ralph & Company
Chartered Accountants
Level 42 AAP Centre
259 George Street
SYDNEY NSW 2000

Solicitors

Short Punch & Greatorix
Solicitors and Attorneys
Cnr Bundall Road & Crombie Ave
SURFERS PARADISE QLD 4217

Clayton Utz
Solicitors
215 Adelaide Street
BRISBANE QLD 4000

Hickey Lawyers
Floor 6
Corporate Centre
Bundall Road
BUNDALL QLD 4217

Home Exchange

Australian Stock Exchange Limited
BRISBANE QLD

Banker

National Australia Bank

RAPTIS GROUP LIMITED
ABN 43 010 472 858

CORPORATE GOVERNANCE STATEMENT

Raptis Group Limited's corporate governance practices were in place throughout the year ended 30 June 2004. Where recommendations of the ASX Corporate Governance Council have not been fully complied with due to the size of the company these exceptions are included in the notes below.

Board of Directors
The board of directors guides and monitors the business affairs of Raptis Group Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. The board of directors of Raptis Group Limited is responsible for the overall corporate governance of the consolidated entity including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems. It is also responsible for approving and monitoring financial and other reporting to the Australian Stock Exchange in terms of their requirements.

The board of Raptis Group takes independent professional advice at the expense of the company.

Board Composition
The names of directors of the company in office at the date of this report, their term of office their skills, experience and relevant expertise are detailed in the director's report. Raptis Group Limited does not currently have a majority of independent directors on the board due to the size and industry specific nature of the company.

An independent director is a director who is not a member of management and who:

- Is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company
- Has not within the last three years been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment
- Within the last three years has not been a principal or employee of a material professional advisor or a material consultant to the company or another group member
- Is not a material supplier or customer of the company or another group member, or an officer of or otherwise associated with a material supplier or customer
- Has no material contractual relationship with the company or another group member other than as a director of the company
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company

The composition of the board is reviewed on an annual basis to ensure the board has the appropriate mix of expertise and experience. Where a vacancy exists through whatever cause or where it is considered the board would benefit from the services of a new director with particular skills, the board determines the selection criteria for the position based on the skills deemed necessary for the board to best carry out its responsibilities and then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Nomination Committee
The board of Raptis Group has not formed a separate formal nomination committee because of the size of the company and the active involvement of all directors in nomination decisions. All directors are involved in the overseeing of the appointment and induction process for new directors and senior executives. The board in conjunction with senior executives and external consultants as most appropriate review the performance of all board members and executives.

Remuneration Committee
The board of Raptis Group has not formed a separate formal remuneration committee because of the size of the company and the active involvement of all directors in remuneration decisions. All directors in conjunction with senior executives and external consultants as most appropriate review the remuneration of all board members and executives. These reviews include incentive performance packages, compliance with superannuation requirements, termination entitlements, professional indemnity and liability insurance policies as applicable. There are no schemes for retirement benefits other than statutory superannuation.

Remuneration Policies
Remuneration levels are set to attract and retain appropriately qualified and experienced directors, senior executives and staff to run the economic entity. The board consider that the remuneration structure will be able to attract and retain the best executives with the necessary incentives to work to grow long term shareholder value.
The board obtains independent advice as necessary on the appropriateness of remuneration packages, given trends in comparative companies both locally and Australia wide. Remuneration includes a mix of fixed remuneration and performance based remuneration. All executives receive a base salary, superannuation and performance incentives. The board reviews executive packages on a project by project basis by reference to departmental project performance, executive performance, comparative industry information and relevant independent advice. The performance of executives is measured against project targets which are agreed on a project by project basis.

The amount of remuneration for all directors and the highest paid executives, are detailed in note 20 to the financial report. The board considers that the performance linked remuneration structure is generating the desired outcome. The evidence for this is record profits for the last two years and increase in shareholder value.

Safeguard Integrity in Financial Reporting
The board of Raptis Group has not formed a separate formal audit committee because of the size of the company and the active involvement of all directors in the final process of accepting the financial report and associated notes. The board is responsible for ensuring the financial report represents a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant

accounting standards. The board further ensures that particular issues relevant to verifying and safeguarding the integrity of the company's financial report are met.

External auditors are appointed by the shareholders at the Annual General Meeting. External auditors are invited to attend the Annual General Meeting of the company in order to answer shareholder questions.

Business Risk Management
The group takes a proactive approach to risk management. The board is responsible for ensuring that risks, and opportunities are identified on a timely basis and that the group's objectives and activities are aligned with the risks and opportunities identified by the board.

The board believes it is crucial for all board members to be part of this process, an as such the board has not established a separate risk management committee. Instead sub-committees are convened as appropriate in response to specific opportunities and risks.

Trading Policy
The company's policy regarding directors and employees trading in its securities is set by the board. The board restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

Ethical and Responsible Decision Making
In accordance with the Constitution and the Corporations Act 2001, directors disclose to the board any material contract in which they may have an interest. In compliance with section 195 of the Corporations Act 2001, any Director with a material personal interest in a matter being considered by the Board will not be present when the matter is being considered and will not vote on the matter. All directors and employees of Raptis Group Limited adhere to a strict code of ethics and must act with the utmost integrity, honesty and objectivity, striving at all times to enhance the reputation and performance of the Company.

Shareholders
The board aims to ensure that shareholders are informed of all major developments that may affect the financial performance of the Company. The Board encourages full participation by the Shareholders at the Annual General Meeting; this is to ensure a high level of accountability relating to strategy and financial performance by the Company. The shareholders are also responsible for voting on the appointment of directors.

Interest of Stakeholders
The board of Raptis Group has not formed a separate code of conduct to guide compliance with obligations to stakeholders. The Company has an active role in the local community via sponsorships and donations. In the current year Raptis is the major sponsor of the Queensland Ballet and Queensland Orchestra for their Gold Coast Season.