

THE MIRVAC GROUP
CONSISTING OF THE COMBINED FINANCIAL REPORTS OF
MIRVAC LIMITED (ABN 92 003 280 699) AND ITS CONTROLLED ENTITIES,
AND
MIRVAC PROPERTY TRUST (ABN 29 769 181 534) AND ITS CONTROLLED ENTITIES

30 JUNE 2003

<u>CONTENTS</u>	<u>PAGE</u>
Directors' Statement	1-5
Combined Statement of Financial Performance	6
Combined Statement of Financial Position	7
Combined Statement of Cash Flows	8
Notes To and Forming Part of the Financial Statements	9-36
Directors' Declaration	37
Independent Audit Report to the Stapled Security Holders of The Mirvac Group	38

DIRECTORS' STATEMENT

The directors of Mirvac Limited and Mirvac Funds Limited, as the Responsible Entity for Mirvac Property Trust, present their report on the combined entity consisting of Mirvac Limited and its controlled entities and Mirvac Property Trust and its controlled entities.

DIRECTORS

The following persons were directors of Mirvac Limited and Mirvac Funds Limited during the whole of the financial year and up to the date of this report:

A J Lane	R J Hamilton
P J Biancardi	D J Broit
A Buduls	R A Fortune
G H Levy	B H R Neil
R J Webster	

PRINCIPAL ACTIVITIES

The principal continuing activities of the combined entity are property investment and management, hotel ownership and management and property development.

DIVIDENDS / DISTRIBUTIONS

	2003 \$000	2002 \$000
Dividends / distributions paid to securityholders during the financial year were as follows:		
June 2002 quarterly distribution paid on 26 July 2002 of 6.70 cents (2001 - 6.30 cents)	41,409	38,183
September 2002 quarterly distribution paid on 25 October 2002 of 6.85 cents (2001 - 6.45 cents)	42,646	39,760
December 2002 quarterly distribution paid on 31 January 2003 of 6.90 cents (2002 - 6.50 cents)	43,002	40,117
March 2003 quarterly distribution paid on 24 April 2003 of 6.95 cents (2002 - 6.55 cents)	46,800	40,453
	173,857	158,513

The June 2003 quarterly distribution of 8.30 cents (\$55.917 million) declared on 2 June 2003, was paid on 25 July 2003. Distributions made for the year ended 30 June 2003 totalled \$188.365 million, being 29.00 cents per fully paid security (2002 - \$161.739 million - 26.20 cents per fully paid security).

REVIEW OF OPERATIONS

A summary of combined revenues and results by significant industry segment is set out below:

	SEGMENT REVENUES		SEGMENT RESULTS	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Property Investment and Management	203,501	175,564	119,739	108,109
Property Development	1,160,750	766,271	141,951	94,906
Hotel Ownership and Management	88,652	89,732	12,272	11,836
Unallocated / Eliminations	(28,485)	(4,113)	(10,440)	(11,703)
	1,424,418	1,027,454		
Profit from ordinary activities before income tax expense			263,522	203,148
Income tax expense			40,184	33,093
Net profit attributable to the stapled security holders of The Mirvac Group			223,338	170,055

Comments on the operations and the results of those operations are set out in the Discussion and Analysis of the Financial Statements in the Concise Financial Report, and include an additional \$24.544 million profit after tax, arising from a change in accounting policy in the year ended 30 June 2003. Refer to note 1 of the notes to the financial statements.

INTEREST RATE CONTRACTS

As part of the Board's overall risk management policy, the combined entity has entered into interest rate contracts to protect its finance facilities from exposure to increasing interest rates. The average rate of maturity of these contracts is 5 years.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the combined entity during the financial year were as follows: \$000

(a) Increase in Contributed Equity from \$1,600,702 million to \$1,822,811 million as a result of:

Issue of 440,704 fully paid ordinary securities of \$4.07 each under the distribution reinvestment plan	1,793
Issue of 3,688,440 fully paid ordinary securities of \$4.11 each under an employee share scheme	15,164
Issue of 556,044 fully paid ordinary securities of \$3.97 each under the distribution reinvestment plan	2,208
Issue of 435,000 fully paid ordinary securities of \$4.12 each under an employee share scheme	1,793
Issue of 444,175 fully paid ordinary securities of \$4.05 each under the distribution reinvestment plan	1,797
Issue of 49,751,244 fully paid ordinary securities of \$4.02 each as a private placement	197,943
Issue of 6,095 fully paid ordinary securities of \$4.10 each under an employee share scheme	25
Issue of 340,901 fully paid ordinary securities of \$4.07 each under the distribution reinvestment plan	1,386
Net increase in Contributed Equity	222,109

DIRECTORS' STATEMENT (continued)**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS (continued)****(b) Issue of Commercial Mortgage Backed Securities**

Series 2003 - 1 year Commercial Notes were issued for a total of \$161.000 million on 28 May 2003, as \$137.000 million Class 1 and \$24.000 million Class 2 floating rate notes.

The notes have a scheduled maturity date for repayment on 28 November 2003, at which date it is the intention of the combined entity to issue notes for a longer term maturity. Interest is payable monthly in arrears.

The issue of the notes replaced bank-funded debt and will provide longer-term maturity under the Group's borrowing program. The issue has assisted with reducing the cost of the combined entity's debt.

(c) Stapled Security Structure

On 1 November 2001, the Mirvac Group Stapled Securityholders approved resolutions to simplify the structure of the Mirvac Group, subject to certain conditions, which were subsequently satisfied.

The simplification resulted in the acquisition of all of the units in Mirvac Commercial Trust by Mirvac Property Trust.

Mirvac Group Stapled Securities, quoted and traded together on the Australian Stock Exchange, now comprise one Consolidated Mirvac Limited share and one Consolidated Mirvac Property Trust unit.

EARNINGS PER SECURITY

	2003 Cents	2002 Cents
Basic earnings per security	34.87	27.59
Diluted earnings per security	34.87	27.59

Earnings per security for 2003, included 3.83 cents as a result of a change in accounting policy. Refer note 1.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

In July 2003, the Group established a AA Rated Multi-option Pre-sale Securitisation program totalling \$500 million, of which \$225 million was drawn down on 22 July 2003, as \$60 million fixed rate notes and \$165 million floating rate notes. \$125 million of the notes drawn down have a scheduled maturity date for repayment on 15 July 2004, and \$100 million a scheduled maturity date for repayment on 15 June 2005. Interest is payable quarterly in arrears for floating rate notes and semi-annually for fixed rate notes. The issue of the notes replaced bank-funded debt and will provide longer-term maturity under the Group's borrowing program. The issue has assisted with reducing the cost of the combined entity's debt.

At the date of this report, there is no other matter or circumstance which has arisen since 30 June 2003 that has significantly affected or may significantly affect:

- (a) the combined entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the combined entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

In the opinion of the directors, it would prejudice the interests of the combined entity to provide additional information relating to likely developments in the operations of the combined entity, and the expected results of those operations in financial years subsequent to 30 June 2003.

ENVIRONMENTAL REGULATIONS

The combined entity is subject to significant environmental legislation and associated regulations and Acts. Mirvac is committed to the implementation of responsible and practical management procedures to minimise environmental impacts and provide compliance under the government regulations applicable to all areas within the Group.

Property Development and Construction

All projects are subject to consents, approvals and licenses which control the development of land. Each project is undertaken with the guidance of a project specific Statement of Environmental Effects (SEE) or Environmental Impact Statement (EIS) which examines and controls all aspects of development. Each SEE or EIS includes a project specific Environmental Management Plan which guides the construction activities on-site, including handling of waste, materials re-use and recycling, traffic movements, site logistics, hazard protection measures, pollution mitigation (noise, dust, run off), retention of flora & fauna, biodiversity systems for the control of stormwater run off and archaeology, as relevant.

Continual monitoring and compliance with these controls is undertaken within each project as part of Mirvac's Environmental Management System.

During the year, there were some environmental breaches which were of a minor nature resulting in small fines. Breaches were rectified promptly. Mirvac, as standard policy, advises sub-contractors of its environmental policy and monitors each sub-contractor's responsibilities and performance.

Hotel Operations

Mirvac Hotels has undertaken an internal audit for eco efficiency benchmarking for ten of its hotels in Sydney, Melbourne and Brisbane. A range of useful conclusions has arisen from the benchmarking study, which give direction to on-going ecological management strategies. Issues such as impact of hotel occupancy on energy consumption, water use and waste production, impact of efficient water fittings on water usage and impact of individual air conditioners on energy usage have now been measured, compared and targeted. The audit system is now being expanded to include additional Mirvac hotel properties.

DIRECTORS' STATEMENT (continued)**ENVIRONMENTAL REGULATIONS (continued)****Asset Management**

Mirvac has for some years been a partner in the Sustainable Energy Development Authority (SEDA) Energy Smart Business Program and is committed to reducing energy consumption and greenhouse gas emissions. Mirvac's on-going commitment to reducing energy consumption within the investment portfolio has realised a saving equivalent to reducing total greenhouse gas emissions by 9,856 tonnes, the equivalent of taking 2,166 cars off the road.

An action plan for further savings is in place, which targets maintenance, risk control, operational procedures, control of legionella, air quality, waste management, chemical stock control and noise pollution.

Recycling

All activities within the Group implement recycling of work materials and waste minimisation strategies. All new developments include provision for recycling by purchasers, future owners or tenants.

Mirvac's approach to recycling is to minimise waste where possible, re-use when able and recycle as necessary. Several current projects have turned re-use of existing materials into character features, with Walsh Bay as a premier example. Items of industrial heritage and existing facades have been retained and adaptively re-used within the new buildings and on the foreshore promenade, and sandstone from the site has been laid out as paving and landscape features along Pottinger Street. Recycling of building materials on-site during construction is undertaken as a matter of course, with several recent projects achieving approximately 95% recycling of specific demolished building materials such as concrete, steel, copper and iron.

INFORMATION ON DIRECTORS OF MIRVAC LIMITED AND MIRVAC FUNDS LIMITED

PARTICULARS OF DIRECTORS'
INTERESTS IN STAPLED
SECURITIES OF THE GROUP

Director, Experience and Areas of Special Responsibilities

The names of the directors of Mirvac Limited and Mirvac Funds Limited in office at the date of this report and details of their qualifications, experience and special responsibilities are set out below.

Stapled Securities
Quoted

ADRIAN J. LANE, B.A. LLB

67,649

is the non-executive and independent Chairman of The Mirvac Group. Mr Lane brings 40 years of senior legal and commercial experience to the Board, with a strong commitment to good corporate governance and the interests of securityholders. He is a member of the Audit & Compliance Committee and the Remuneration Committee, and is Chairman of the Nomination Committee.

Mr Lane is chairman of The Smith Family and recently retired as a director of Amalgamated Holdings and was chairman of OPSM Group Limited from 1980 to 2002. He has been a Mirvac director since 1996.

ROBERT J. HAMILTON, A.R.E.I., F.A.P.I.

13,197,927

is the Managing Director of The Mirvac Group, Chairman of the Executive Committee and a member of the Nomination Committee.

Mr Hamilton has extensive knowledge of the property investment and development industry and co-founded Mirvac in 1972. Since that time he has overseen its progress from being a Sydney-based development company to one of Australia's largest and most respected property groups. He has been on the Mirvac Board since 1987.

PAUL J. BIANCARDI, B Ec, FCA

7,000

is a non-executive and independent director of The Mirvac Group, and is Chairman of the Audit & Compliance Committee and a member of the Nomination Committee. Mr Biancardi has extensive experience in the areas of finance, taxation and human resources. He is a director of HJB Group Limited, Cash Card Australia Limited and Crescent Capital Partners. Mr Biancardi joined the Mirvac Board in 2001.

DENNIS J. BROIT, DIP. COMM., CPA

1,013,971

is an executive director of The Mirvac Group and the Finance Director. He is a member of the Executive Committee. Mr Broit has more than 35 years experience in the property industry with specific expertise in the financing of property development. He has been closely associated with the Group since 1983 and has been a director of Mirvac since 1987.

ANNA BUDULS, B.A., M.Comm

7,660

is a non-executive and independent director of The Mirvac Group. She is a member of the Audit & Compliance Committee and Chairman of the Remuneration Committee. Ms Buduls has strong experience in investor relations, the media and corporate advisory. She is a director of Freedom Furniture Limited, Macquarie Generation, The Smith Family and HJB Group Limited. She has been a director of Mirvac since 1997.

ROGER A. FORTUNE, F.A.P. I.

1,116,208

is an executive director of The Mirvac Group and is a member of the Executive Committee. Mr Fortune has more than 35 years experience in the management of major residential, commercial and retail developments in Australia and overseas and has expertise in the area of hotel management. He has been a director of Mirvac since 1987.

GEOFFREY H. LEVY, B.Comm, LLB, ASIA

33,664

is a non-executive and independent director of The Mirvac Group. Mr Levy has more than 20 years of experience in the financial and corporate advisory sectors. He is currently Chief Executive Officer of Investec Bank (Australia) Limited and its investment banking subsidiary, Investec Wentworth Pty Limited and holds non-executive directorships in STW Communications Group Limited, Ten Network Holdings Limited and the Multiple Sclerosis Society of NSW. He has also been appointed by the Federal Government as the Chairman of Film Finance Corporation Australia Limited and was formerly a partner of the law firm Freehills. He has been a director of Mirvac since 1997.

DIRECTORS' STATEMENT (continued)**INFORMATION ON DIRECTORS OF MIRVAC LIMITED AND MIRVAC FUNDS LIMITED (continued)**PARTICULARS OF DIRECTORS'
INTERESTS IN STAPLED
SECURITIES OF THE GROUP
Stapled Securities
Quoted**Director, Experience and Areas of Special Responsibilities (continued)****BARRY H.R. NEIL, B.E. (CIVIL) F.A.P.I.**

is an executive director of The Mirvac Group and Chief Executive Officer of the Investment Division. Mr Neil is a member of the Executive Committee. Mr Neil has more than 30 years of experience in construction and property development and asset management in Australia and overseas. He has been involved in the commercial development and property investment and management operations of Mirvac since 1983. Mr Neil has been a director of Mirvac since 1987.

1,212,309

THE HON. ROBERT J. WEBSTER

is a non-executive and independent director of The Mirvac Group, and is a member of the Remuneration Committee and Nomination Committee. Mr Webster has extensive experience in politics and finance, as well as in human resources. Mr Webster is a senior executive of Korn Ferry, chairman of the National Science and Technology Centre and a director of Allianz Australia, Brickworks Ltd and Macquarie Generation. He has been a director of Mirvac since 1997.

12,210

MEETINGS OF DIRECTORS

The following table sets out the numbers of meetings of directors (including meetings of committees of directors) held during the year ended 30 June 2003, and the numbers of meetings attended by each director.

	Full Meetings of Board of Directors	Directors' Executive Meetings	Audit Committee Meetings	Remuneration Committee Meetings
Number of meetings held	13	11	6	3
Number of meetings attended by :				
A J Lane	13	*	6	3
R J Hamilton	13	11	*	*
P J Biancardi	12	*	6	*
D J Broit	13	9	3/3 **	*
A Budulis	13	*	6	3
R A Fortune	11	9	*	*
G H Levy	13	*	*	*
B H R Neil	13	11	1/3 **	*
R J Webster	12	*	*	3

* not a member of the relevant committee

** number of meetings attended and held during the time the director was a member of the committee during the year.

DIRECTORS' AND EXECUTIVES' EMOLUMENTS

The Remuneration and Nomination Committee, consisting of non-executive directors, advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages, incentives and other terms of employment for executive directors, other senior executives and non-executive directors.

During the year, the Board reviewed its Board Committees, including the Remuneration and Nomination Committee. In August 2003, the Board established a separate Nomination Committee, and approved a new Charter for the Remuneration Committee and the new Nomination Committee. Both Committees have three members, all of whom are non-executive, independent directors. The functions of the new Nomination Committee were previously undertaken by the Remuneration Committee.

Executive remuneration, incentives and other terms of employment are reviewed annually having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice, where required. As well as a base salary, remuneration packages include superannuation, retirement and termination entitlements, performance-related bonuses and fringe benefits. Executives are also eligible to participate in the Mirvac Employee Share Schemes.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the combined entity's diverse operations. Performance related bonuses are available to senior executives and executive directors based on achieving set goals during the year.

Through the Remuneration Committee, the Board exercised discretion in the granting of bonuses, with the Committee reviewing the extent to which senior executives, including the executive directors, had met their key performance indicators (KPIs). KPIs include Total Shareholder Return exceeding the industry sector as well as specifically targeted financial and operational targets.

Remuneration of non-executive directors is determined by the Board on advice from the remuneration committee within the maximum amount approved by the securityholders from time to time.

Details of the nature and amount of each element of the emoluments of each director of Mirvac Limited and Mirvac Funds Limited and each of the five officers of the combined entity receiving the highest emoluments are set out in the following tables:

DIRECTORS' STATEMENT (continued)**DIRECTORS' AND EXECUTIVES' EMOLUMENTS (continued)**

<u>Non-Executive Directors of The Mirvac Group</u>	Directors' Base Fee \$	Superannuation \$	Total \$
A J Lane, Chairman	161,481	10,519	172,000
P J Biancardi	78,899	7,101	86,000
A Budulis	85,899	7,730	93,629
G H Levy	61,926	5,574	67,500
R J Webster	67,890	6,110	74,000

Included in the non-executive directors' base fee are fees for attendance at various committees and due diligence meetings.

<u>Executive Directors of The Mirvac Group</u>	Base Salary \$	Non-cash Benefits \$	Super Contributions \$	Bonuses \$	Total Paid Salary \$	Employee Loan Interest \$	Total Emoluments \$
R J Hamilton - Managing Director	694,461	0	10,519	175,000	880,000	135,913	1,015,913
B H R Neil - Executive Director	477,127	49,993	16,238	150,000	693,358	151,904	845,262
D J Broit - Finance Director	449,401	81,972	11,537	150,000	692,910	141,890	834,800
R A Fortune - Executive Director	349,481	0	10,519	80,000	440,000	90,639	530,639

<u>Other Executives * of the Combined Entity</u>	Base Salary \$	Non-cash Benefits \$	Super Contributions \$	Bonuses \$	Total Paid Salary \$	Employee Loan Interest \$	Total Emoluments \$
R P Lynch - Chief Executive Homes NSW	401,813	0	13,387	150,000	565,000	136,150	701,150
C Freeman - Chief Executive Queensland	366,000	0	49,000	100,000	515,000	73,369	588,369
A G Fini - Chief Executive Western Australia	372,881	0	32,119	70,000	475,000	49,500	524,500
A J Turner - Chief Executive Hotel Division	253,021	45,460	26,519	50,000	375,000	95,278	470,278
I C Costley - Chief Executive Development NSW	290,750	0	40,000	50,000	380,750	34,155	414,905

* Other executives are officers who are involved in, and concerned in, or take part in, the management of the affairs of The Mirvac Group.

INSURANCE OF OFFICERS

During the financial year, the combined entity paid a premium for an insurance policy insuring any past, present, or future director, secretary, executive officer or employee of the combined entity against certain liabilities. In accordance with commercial practice, the insurance policy prohibits disclosure of the nature of the liabilities insured against and the amount of the premium.

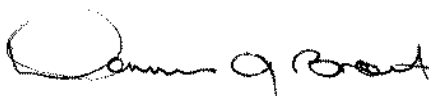
ROUNDING OF AMOUNTS TO THE NEAREST THOUSAND DOLLARS

Mirvac Limited and Mirvac Property Trust are entities of the kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off to the nearest thousand dollars in accordance with that class order.

This statement is made in accordance with a resolution of the directors of Mirvac Limited and Mirvac Funds Limited as the Responsible Entity for Mirvac Property Trust.



A. J. LANE
Chairman
25 August 2003



D. J. BROIT
Director

**COMBINED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003**

	Notes	The Mirvac Group	
		2003 \$000	2002 \$000
Revenue from operating activities	2	1,378,517	1,010,612
Revenue from outside the operating activities	2	24,243	5,357
Total revenue from ordinary activities		1,402,760	1,015,969
Cost of goods sold		(893,767)	(622,382)
Employee benefits expense		(73,026)	(65,432)
Depreciation and amortisation expenses	3	(6,903)	(5,940)
Borrowing costs expense	3	(65,862)	(34,022)
Property outgoings		(46,941)	(35,384)
Other expenses from ordinary activities		(57,135)	(57,350)
Carrying amount of investment properties and property, plant & equipment sold		(15,695)	(3,796)
Costs incurred in unsuccessful takeover offer (no applicable income tax expense)		(1,567)	0
Share of net profits of associates and joint ventures	32	21,858	11,485
Profit from ordinary activities before income tax expense		263,522	203,148
Income tax expense	4	40,184	33,093
Net profit attributable to the stapled securityholders of The Mirvac Group	3	223,338	170,055
Net increase in asset revaluation reserve	27(b)	40,855	14,921
Net exchange differences on translation of financial report of foreign controlled entity	27(b)	(814)	1,514
Total revenues and expenses attributable to the stapled securityholders of The Mirvac Group recognised directly in equity		40,041	16,435
Total changes in equity other than those resulting from transactions with owners as owners		263,379	186,490
		Cents	Cents
Basic earnings per security	39	34.87	27.59
Diluted earnings per security	39	34.87	27.59

The above statement of financial performance should be read in conjunction with the accompanying notes.

THE MIRVAC GROUP

**COMBINED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003**

7

The Mirvac Group

	Notes	2003 \$000	2002 \$000
CURRENT ASSETS			
Cash assets		33,481	31,506
Receivables	5	88,530	72,656
Inventories	6	643,258	196,765
Other	7	13,680	8,763
TOTAL CURRENT ASSETS		778,949	309,690
NON-CURRENT ASSETS			
Receivables	8	85,598	47,038
Inventories	9	547,732	519,066
Investments accounted for using the equity method	10	53,385	30,744
Other financial assets	11	28	28
Investment properties	12	2,123,059	1,818,028
Plant and equipment	13	17,395	16,071
Intangibles	14	25,612	26,951
Deferred tax assets	15	6,844	7,224
Other	16	3,153	2,365
TOTAL NON-CURRENT ASSETS		2,862,806	2,467,515
TOTAL ASSETS		3,641,755	2,777,205
CURRENT LIABILITIES			
Payables	17	128,996	125,965
Interest bearing liabilities	18	86	72
Current tax liabilities	19	16,226	0
Provisions	20	67,362	50,875
Other	21	3,525	2,435
TOTAL CURRENT LIABILITIES		216,195	179,347
NON-CURRENT LIABILITIES			
Payables	22	90,000	0
Interest bearing liabilities	23	1,228,409	799,159
Deferred tax liabilities	24	70,934	66,843
Provisions	25	2,648	2,365
TOTAL NON-CURRENT LIABILITIES		1,391,991	868,367
TOTAL LIABILITIES		1,608,186	1,047,714
NET ASSETS		2,033,569	1,729,491
EQUITY			
Contributed equity	26	1,822,811	1,600,702
Reserves	27	91,196	61,155
Retained profits	28	119,562	77,634
TOTAL EQUITY		2,033,569	1,729,491

The above statement of financial position should be read in conjunction with the accompanying notes.

THE MIRVAC GROUP

COMBINED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2003

8

	Notes	The Mirvac Group	
		2003 \$000	2002 \$000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		1,171,079	1,105,620
Payments to suppliers and employees (inclusive of goods and services tax)		(1,230,959)	(973,816)
		(59,880)	131,804
Interest received		5,831	2,823
Joint venture distributions received		0	24,101
Borrowing costs paid		(64,154)	(43,607)
Income taxes paid		(30,482)	(18,866)
Net cash (outflows) / inflows from operating activities	(c)	(148,685)	96,255
Cash flows from investing activities			
Payments for property, plant and equipment		(7,308)	(6,616)
Payment for other loans		0	(2,500)
Repayments from joint venture operations / entities		32,888	30,340
Contributions to joint venture operations / entities		(36,883)	0
Proceeds from the sale of property, plant and equipment		222	2,534
Proceeds from disposal of investment properties		17,329	0
Payments for investment properties		(297,871)	(240,878)
Net cash outflows from investing activities		(291,623)	(217,120)
Cash flows from financing activities			
Proceeds from borrowings		411,000	560,025
Repayments of borrowings		0	(280,000)
Proceeds from issue of securities		197,943	0
Dividends / distributions paid		(166,660)	(153,009)
Net cash inflows from financing activities	(b)	442,283	147,016
Net increase in cash held		1,975	26,151
Cash at the beginning of the financial year	(a)	31,506	5,368
Effect of exchange rate change on cash		0	(13)
Cash at the end of the financial year	(a)	33,481	31,506

The above statement of cash flows should be read in conjunction with the accompanying notes.

a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash at bank, cash on hand and investments in money market instruments.

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the statement of financial position as follows :

Cash on hand	209	282
Cash at bank	31,538	11,832
Deposits at call	1,734	19,392
Balance per statement of cash flows	33,481	31,506

b) Cash and Non-Cash Financing Activities

Acquisition of plant and equipment by means of finance lease	23	0
Acquisition of controlled entity by means of issue of stapled securities (note 11 (c))	0	21,757

Details of the combined entity's finance facilities are set out in note 23.

Distributions satisfied by the issue of securities under the distribution reinvestment plan are set out in note 26.

c) Reconciliation of Net Cash Inflows from Operating Activities to Profit from Ordinary Activities After Tax

Profit from ordinary activities after tax	223,338	170,055
Depreciation and amortisation	6,903	5,940
Amortisation of deferred expenses	1,742	2,140
Increase in provisions	1,964	933
(Profit)/Loss on sale of non-current assets	(1,929)	339
Share of profits of associates and joint ventures not received as distributions	(14,210)	0
Change in operating assets and liabilities -		
Increase / (Decrease) in income taxes payable	16,226	(11,162)
Increase in tax effected balances	4,471	23,682
Increase in receivables	(29,967)	(28,037)
Increase in inventories	(468,349)	(106,681)
Increase in creditors	112,109	39,021
(Increase) / Decrease in bill discount payable	(983)	25
Net cash (outflows) / inflows from operating activities	(148,685)	96,255

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

"The Mirvac Group" - Stapling of Securities

The Mirvac Group was initially formed by the stapling of the securities of three listed entities comprising Mirvac Limited, Mirvac Commercial Trust and Mirvac Property Trust.

On 1 November 2001, the Mirvac Group Stapled Securityholders approved resolutions to simplify the structure of the Mirvac Group, subject to certain conditions, which were subsequently satisfied.

The simplification resulted in the acquisition of all of the units in Mirvac Commercial Trust by Mirvac Property Trust.

On 13 September 2002, the existing stapled structure was de-stapled and re-stapled in the simplified structure.

Mirvac Group Stapled Securities, quoted and traded together on the Australian Stock Exchange, now comprise one Consolidated Mirvac Limited share and one Consolidated Mirvac Property Trust unit.

The stapled securities cannot be traded or dealt with separately.

With the establishment of The Mirvac Group and its common investors, the combined group has common directors and common business objectives, and operates as a combined entity with three core businesses:

- property investment and management
- property development
- hotel management

The entities forming the stapled group entered into a Deed of Co-Operation which provided that the members consider the interests of The Mirvac Group as a whole, when entering into any agreement or arrangement, or carrying out any act.

This Deed of Co-operation means that members of the stapled group, where permitted by law, will carry out activities with other members on a cost recovery basis, thereby maintaining the best interests of the group as a whole.

The two Mirvac entities comprising the stapled group, remain separate legal entities in accordance with the Corporations Act 2001, and are each required to comply with the reporting and disclosure requirements of Accounting Standards and the Corporations Regulations 2001.

The Stapled Security structure will cease to operate on the first to occur of:

- any of Mirvac Limited or Mirvac Property Trust resolving by special resolution in general meeting and in accordance with its constitution to terminate the Stapling provisions; or
- the commencement of the winding up of Mirvac Limited or Mirvac Property Trust.

The Australian Stock Exchange reserves the right (but without limiting its absolute discretion) to remove one or more entities with stapled securities from the official list if any of their securities cease to be 'stapled' together, or any equity securities of the same class are issued by one entity which are not stapled to equivalent securities in the other entity or entities.

Basis of Accounting

The financial statements of The Mirvac Group consist of the aggregated financial statements of the combined entity comprising Mirvac Limited and its controlled entities and Mirvac Property Trust and its controlled entities.

None of the entities whose securities are stapled is a parent of the other entities and the entities do not have a common parent.

The financial statements are a general purpose financial report, which has been prepared to satisfy the requirements of the Urgent Issues Group Consensus View 13, "The Presentation of the Financial Report of Entities Whose Securities are Stapled". This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

The Mirvac Property Trust was originally constituted on 9 April 1987 and will terminate on 8 April 2067 unless terminated earlier under the provisions of the Trust Constitution.

The accounting policies adopted in preparing the financial statements have been consistently applied by the individual entities comprising the combined financial statements except as otherwise indicated.

The financial statements are prepared in accordance with the historical cost convention, except for certain assets which as noted, are stated at valuation (see note 1(f)). Comparative information is reclassified where appropriate to enhance comparability.

(a) Principles of Aggregation

The combined financial statements have been prepared on an aggregated basis in recognition of the fact that the securities issued by Mirvac Limited and Mirvac Property Trust are stapled into parcels, and cannot be traded separately.

The aggregated financial statements incorporate an elimination of inter-entity transactions and balances and other adjustments necessary to present the financial statements on a combined basis.

Outside equity interests in the results and equity of controlled entities are shown separately in the combined statement of financial performance and statement of financial position respectively.

Where control of an entity is obtained during a financial year, its results are included in the combined statement of financial performance from the date on which control commences.

Where control of an entity ceases during the year its results are included for that part of the year during which control existed.

Investments in associates are accounted for in the combined financial statements using the equity method. Under this method, the combined entity's share of the post-acquisition profits or losses of associates is recognised as revenue in the combined statement of financial performance, and its share of post-acquisition movements in reserves is recognised in combined reserves. Associates are those entities over which the combined entity exercises significant influence, but not control.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)(b) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences.

The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation.

Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts, at the rates which are expected to apply when those timing differences reverse.

Under current income tax legislation Mirvac Property Trust is not liable for income tax, provided its taxable income is fully distributed to unitholders each financial year.

The trust is liable for tax on capital gains to the extent that these are not fully distributed to the unitholders.

(c) Foreign Currency Translation(i) Foreign Controlled Entity

As a foreign controlled entity of Mirvac Limited is self sustaining, its assets and liabilities are translated into Australian currency at rates of exchange current at balance date, while its revenues and expenses are translated at the average of rates ruling during the year. The foreign controlled entity is based in New Zealand. The directors of Mirvac Limited consider that it is appropriate to treat the controlled entity as self-sustaining.

(d) Receivables and Revenue Recognition(i) Revenue is recognised for the major business activities as follows:

Development projects - where a pre-completion exchanged contract exists and the outcome of the project can be reliably estimated, revenue is recognised by applying the percentage completion method to that proportion of the project represented by the pre-sold exchanged contracts. The threshold for the recognition of profits on pre-sold development projects is generally set at 50% of completion. Each project is assessed to determine whether the different risks and levels of uncertainty associated specifically to the project, require the threshold to be re-assessed so that uncertainties are reduced and the project revenues and expenses can be reliably estimated.

When the outcome of a project cannot be reliably estimated, costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Where it is probable that a loss will arise, the excess of costs over revenue is recognised as an expense immediately.

For development projects, or that part of the project, where no pre-sold exchanged contracts exist, revenue is recognised on settlement of contract of sale. (Refer to note 1(e)).

For certain projects, a securitisation programme enables the group to receive a percentage of payment for sales on which contracts have been exchanged, but which have not been completed. In these cases, the proportion of revenue and profit or loss that is recognised depends on the proportion of the development which has been completed when the group receives payment and on the proportion of the sale price received from the financier.

The balance of the payment for sales is received on completion of the project.

The programme which helps Mirvac manage its capital effectively, transfers the risk on these contracts to the programme's financier and there is no recourse to the group.

Change in Accounting Policy for the Recognition of Revenue and Expenses from Development Projects.

In April 2003, the Urgent Issues Group issued Abstract 53 "Pre-Completion Contracts for the Sale of Residential Development Properties", which became applicable for reporting periods ending on or after 18 March 2003.

To comply with UIG Abstract 53, the Mirvac Group has changed its accounting policy for the measurement of revenues, expenses and profits on development projects, to recognise revenues and expenses in accordance with the percentage of completion method, for that part of the development project for which pre-completion sales contracts have been exchanged.

Until 30 June 2002, the revenue and expenses on development projects were not brought to account until settlement.

Where revenues and expenses can be reliably estimated, the threshold for recognition of profits on pre-sold development projects is set at 50% of completion.

The change in accounting policy resulted in an increase in revenues and expenses brought to account on development projects and an increase in the carrying value of inventories as follows:

2003
\$000

Combined statement of financial performance

Revenue from development projects on percentage completion basis	331,506
Cost of goods sold	(285,692)
Borrowing costs expense	(10,751)
Profit from ordinary activities before income tax expense	35,063
Income tax expense	10,519
Increase in Net profit as a result of the change in accounting policy	24,544

Combined statement of financial position**Effect of change in accounting policy on combined inventories**

Carrying amount of inventories prior to effect of change in accounting policy	1,155,927
Net increase in inventories	35,063
Carrying amount of total inventories at the end of the financial year	1,190,990

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(d) Receivables and Revenue Recognition (continued)**

(i) Revenue is recognised for the major business activities as follows (continued):

Change in Accounting Policy for the Recognition of Revenue and Expenses from Development Projects (continued)

The pro-forma combined statement of financial performance and the restatement of combined inventories and combined retained profits, show the information that would have been disclosed had the new accounting policy always been applied.

	2003 \$000 (Restated)	2002 \$000 (Restated)
Pro forma combined statement of financial performance		
Total revenue from operating activities	1,161,289	1,227,840
Cost of goods sold	(695,145)	(821,004)
Borrowing costs expense	(60,701)	(39,183)
Profit before tax	250,077	216,593
Income tax expense	36,151	37,126
Net profit	213,926	179,467
Total changes in equity other than those resulting from transactions with owners as owners	253,967	195,901

Restatement of combined inventories

Previously reported carrying amount of inventories at the end of the financial year	1,155,927	715,831
Adjustment for change in accounting policy	35,063	13,445
Total restated carrying amount of inventories at the end of the financial year	1,190,990	729,276

Restatement of combined retained profits

Retained profits at the beginning of the financial year	87,046	68,193
Net profit	213,926	179,467
Dividends / Distributions provided for or paid	(188,365)	(161,739)
Aggregate of amounts transferred from reserves	6,955	1,125
Retained profits at the end of the financial year	119,562	87,046

Restatement of Interim Financial Report

In accordance with Australian Accounting Standard AASB 1029: Interim Financial Reporting, the interim financial report for the half-year ended 31 December 2002 is restated to show the information that would have been disclosed had the new accounting policy been applied in the half-year to 31 December 2002.

Pro forma combined statement of financial performance for the half-year ended 31 December 2002

31 Dec 2002
(Restated)
\$000

Total revenue from operating activities	761,616
Cost of goods sold	(535,126)
Borrowing costs expense	(27,878)
Profit before tax	121,042
Income tax expense	16,363
Net profit	104,679
Total changes in equity other than those resulting from transactions with owners as owners	104,407

Restatement of combined inventories as at 31 December 2002

Previously reported carrying amount of inventories at the end of the half-year	980,520
Adjustment for change in accounting policy	6,049
Total restated carrying amount of inventories at the end of the half-year	986,569

Restatement of combined retained profits as at 31 December 2002

Retained profits at the beginning of the half-year	77,634
Net profit	104,679
Dividends / Distributions provided for or paid	(85,686)
Retained profits at the end of the half-year	96,627

Construction contracts - revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where it is probable that a loss will arise from a construction contract, the excess of total costs over revenue is recognised as an expense immediately. When the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Hotel and other trade debtors - revenue is recognised when goods and services have been provided to the customer.

Investment properties - revenue is recognised when rental income is due and receivable.

(ii) Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from date of recognition. Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where some doubt as to collection exists and in any event where the debt is more than 90 days overdue.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Inventories

Inventories comprise development projects, construction contracts and hotel stock.

(i) Development Projects

Development projects are valued at the lower of cost and recoverable amount.

Cost includes the cost of acquisition, development, borrowing costs, plus recognised profits and foreign exchange differences during development, and is after crediting, where applicable, rental income relating to such projects during the development period.

After development is completed, borrowing costs, foreign exchange differences and other holding charges are expensed as incurred.

Where a pre-completion exchanged contract exists and the outcome of the project can be reliably estimated, profits are brought to account by applying the percentage completion method to that proportion of the project represented by the pre-sold exchanged contracts. For development projects, or that part of the project, where no pre-sold exchanged contracts exist, profit is recognised on settlement of contract of sale.

(ii) Construction Contracts

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under payables.

Contract costs include all costs directly related to specific contracts, and costs that are specifically chargeable to the customer under the terms of the contract (as determined for development projects).

The stage of completion is measured as a percentage complete of the construction contract, conditional upon the receipt of the first progress claim under the contract.

(f) Non-Current Assets

(i) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through net cash inflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values using a Board-determined, risk adjusted discount rate. The discount rate used was 10% (2002: 10%).

(ii) Revaluation of Non-Current Assets

Subsequent to initial recognition as assets, property, plant and equipment are measured at fair value being the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from its fair value at the reporting date.

In respect of the regular revaluations of property, plant and equipment to assess fair market value, the revaluation adjustments are treated as follows: -

Revaluation increments are credited directly to the asset revaluation reserve, unless they are reversing a previous decrement recognised as an expense in net profit or loss, in which case the increment is recognised as revenue in net profit or loss.

Revaluation decrements are recognised as expenses in net profit or loss, unless they are reversing revaluation increments previously credited to, and still included in the balance of, the asset revaluation reserve in respect of that same class of assets, in which case they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against one another within a class of non-current assets.

Potential capital gains tax is not taken into account in determining revaluation amounts unless it is expected that a liability for such tax will crystallise.

Investment Properties

Investment properties comprise investment interests in land and buildings (including integral plant and equipment) held for the purpose of letting to produce rental income, and include hotels and integral plant and equipment.

All the investment properties of Mirvac Property Trust and its controlled entities are revalued by external valuers on the basis of one third of the portfolio being valued annually. Investment properties in the reporting period, which are not due for external revaluation, are reviewed annually by the directors and if materially different from the carrying value, are either externally valued or adjusted to fair value.

All other properties are carried at external valuation plus capital expenditure incurred since the date of external valuation.

Where a contract has been entered into for the sale of a property investment, the property has been valued at the lower of net realisable value or the latest external valuation.

Where a property is acquired during the financial year and not revalued externally at balance date, the costs of acquisition are capitalised and included in the carrying value of the property. Where an unconditional contract has been entered into for the purchase of an investment property, the purchase price including stamp duty is included in the carrying value of the property.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investments

Investments are recorded at the lower of cost or net realisable value and income is recognised in the statement of financial performance when receivable.

Information determined in accordance with the equity method of accounting is set out in note 32 in respect of investments in associated entities (joint venture entities). Associated entities are those entities, other than controlled entities, over which the combined entity exercises significant influence, but not control.

(h) Depreciation of Plant and Equipment

Depreciation is calculated so as to write off the net cost of each item of plant and equipment over its expected useful life.

The expected useful lives are as follows:

Plant and equipment 3 to 15 years

(i) Leasehold Improvements

The cost of improvements to or on leasehold properties for office premises, is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the combined entity, whichever is the shorter.

Leasehold improvements held at the reporting date are being amortised over periods to 10 years.

(j) Leased Non-Current Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets (finance leases), and operating leases under which the lessor effectively retains substantially all such risks and benefits (note 1(s)).

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments.

Lease payments are allocated between the principal component of the lease liability and the interest expense.

The lease asset is amortised on a straight line basis over the term of the lease, or where it is likely that the combined entity will obtain ownership of the asset, the life of the asset. Lease assets held at the reporting date are being amortised over periods ranging up to 4 years.

(k) Intangible Assets

Goodwill

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired, is brought to account as goodwill.

Goodwill is amortised using the straight line method, over periods not exceeding twenty years, being the period during which the future benefits are expected to arise.

The unamortised balance of goodwill is reviewed at each balance date, and written off to the statement of financial performance to the extent that the future benefits are no longer probable.

(l) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the combined entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

(m) Interest bearing liabilities

Commercial notes, bills of exchange and bank overdrafts, are carried at their principal amounts. Interest is accrued over the period it becomes due and is recorded as other debtors, where prepaid, or other creditors, where payable.

(n) Dividends / Distributions

Provision is made for the amount of any distribution declared, determined or publicly recommended by the directors of Mirvac Limited and Mirvac Funds Limited, on or before the end of the financial year but not distributed at balance date.

(o) Interest Rate Agreements

The combined entity has entered into interest rate cap/collar option settlements, and interest rate swap agreements, in order to fix exposure to fluctuations in interest rates.

The net amount receivable or payable under interest rate swap agreements is progressively brought to account over the period to settlement in accordance with the terms of the contract. The amount recognised is accounted for as an adjustment to interest and finance charges during the period and are included in other debtors or other creditors at each reporting date.

Where an interest rate swap is terminated early and the underlying contracted transactions are no longer expected to occur as designated, the gains or losses arising on the swap upon its early termination are recognised in the statement of financial performance as at the date of the termination.

These financial instruments are not held for speculative purposes.

(p) Joint Ventures

(i) Joint Venture Operations

The proportionate interests in the assets, liabilities and expenses of unincorporated joint venture operations have been incorporated in the financial statements under the appropriate headings. Details of the joint ventures are set out in note 32.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Joint Ventures (continued)

(i) Joint Venture Entities

Interests in joint venture entities are accounted for using the equity method. Under this method the share of the profits or losses of the entities are recognised in the statement of financial performance, and the share of movements in reserves in the statement of financial position. Details relating to the entities are set out in note 32.

Transactions with the joint venture are eliminated to the extent of the combined entity's ownership interest until such time as they are realised by the joint venture entities on consumption or sale.

(q) Employee entitlements

(i) Wages and Salaries and Annual Leave

Liabilities for wages and salaries, annual leave and sick leave are recognised, and are measured at the amount unpaid at the reporting date at pay rates expected to be paid in respect of employees' services up to that date.

(ii) Long Service Leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using interest rates attaching, as at the reporting date, to national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash flows.

(iii) Bonuses

A liability for bonuses payable is recognised in other creditors when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms for determining the amount of the benefit
- the amounts to be paid are determined before the time of completion of the financial report, or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for bonuses are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(iv) Employee Benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(r) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except as stated in note 1 (e)(i).

Borrowing costs include:

- interest on bank overdrafts and short - term and long-term borrowings
- amortisation of discounts or premiums relating to borrowings
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings
- certain exchange differences arising from foreign currency borrowings.

(s) Operating Leases

Operating leases are leases under which the lessor effectively retains substantially all risks and benefits incidental to ownership of the leased assets. Operating lease payments are charged to the statement of financial performance in the periods in which they are incurred.

(t) Earnings per Security

(i) Basic Earnings per Security

Basic earnings per security is determined by dividing the net profit after income tax attributable to the members of the combined entity, excluding any costs of servicing equity other than ordinary securities, by the weighted average number of stapled securities outstanding during the year, adjusted for bonus elements in stapled securities, if any, issued during the year.

(ii) Diluted Earnings per Security

Diluted earnings per security adjusts the figures used in the determination of basic earnings per security by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary securities and the weighted average number of securities assumed to have been issued for no consideration in relation to the dilutive potential ordinary securities.

(u) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Goodwill is brought to account on the basis described in note 1(k).

(v) Web site costs

Costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are considered to be expenses. Costs incurred in building or enhancing a web site, to the extent that they represent future economic benefits that can be reliably measured, are capitalised as an asset and amortised over the period of the expected benefits, which approximates 3 years.

(w) Rounding of Amounts

Mirvac Limited and Mirvac Property Trust are entities of the kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the financial report.

Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

15

The Mirvac Group
2003 2002
\$000 \$000

2. REVENUE**Revenue from Operating Activities**

Sales of goods	898,987	603,452
Rental income	178,944	153,218
Services	300,586	253,942
	<u>1,378,517</u>	<u>1,010,612</u>

Revenue from Outside the Operating Activities

Interest	5,830	2,823
Sale of non-current assets and property management business	18,413	2,534
	<u>24,243</u>	<u>5,357</u>

Total revenue from ordinary activities (excluding shares of equity accounted net profits of associates and joint ventures)	<u>1,402,760</u>	<u>1,015,969</u>
--	------------------	------------------

Included in revenue from services is construction contract revenue of	<u>172,187</u>	<u>127,256</u>
---	----------------	----------------

3. PROFIT FROM ORDINARY ACTIVITIES**(a) Net Gains and Expenses**

Profit from ordinary activities before income tax expense includes the following specific net gains and expenses:

Net Gains

Foreign exchange gain	2	96
Net gain on disposal of investment properties and property management business	<u>3,118</u>	<u>0</u>

Expenses

Borrowing costs		
Interest and finance charges paid	64,154	43,607
Less: Amount capitalised	(47,805)	(22,667)
Interest capitalised in current and prior year expensed this year	49,513	13,082
Borrowing costs expensed	<u>65,862</u>	<u>34,022</u>

Finance lease contingent rentals	84	78
----------------------------------	----	----

Net loss on disposal of plant and equipment	400	46
---	-----	----

Net loss on disposal of investment properties	0	1,215
---	---	-------

Depreciation		
Plant & Equipment	4,940	4,204
Total Depreciation	<u>4,940</u>	<u>4,204</u>

Amortisation		
Goodwill	1,498	1,547
Office leasehold improvements	214	189
Equipment under finance lease	251	0
Total Amortisation	<u>1,963</u>	<u>1,736</u>

Other charges against assets		
Provision for loss on projects	(288)	(934)
Bad & doubtful debts - trade debtors	83	(16)

Other Provisions		
Employee entitlements	2,251	2,689
Total other provisions	<u>2,251</u>	<u>2,689</u>

Foreign exchange loss	45	0
-----------------------	----	---

Rental expense relating to operating leases	<u>3,100</u>	<u>2,994</u>
---	--------------	--------------

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

16

4. INCOME TAX

The Mirvac Group
2003 2002
\$000 \$000

(a) Income tax expense

The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:

Profit from ordinary activities before income tax expense	263,522	203,148
Income tax calculated at 30% (2002: 30%)	79,057	60,944
Tax effect of permanent differences:		
Non-deductible and non-assessable items	851	2,409
Capital profit on sale of property	0	1,233
Trust net income	(36,453)	(31,810)
Income tax adjusted for permanent differences	43,455	32,776
Over provision in previous year	(3,271)	(336)
Net adjustment to deferred income tax liabilities and assets to reflect the decrease in company tax rate to 30%	0	653
Aggregate income tax expense	40,184	33,093
Aggregate income tax expense comprises:		
Current tax provision	31,573	11,178
Deferred income tax provision	10,564	18,059
Future income tax benefit	1,318	4,192
Over provision in prior year	(3,271)	(336)
	40,184	33,093

(b) Tax losses

The amount of Future Income Tax Benefit at note 15 attributable to tax losses

0 0

The benefit of the tax losses will only be obtained if:

- the combined entity derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised, or
- the losses are transferred to an eligible entity in the combined entity, and
- the combined entity continues to comply with the conditions for deductibility imposed by tax legislation, and
- no changes in tax legislation adversely affect the combined entity in realising the benefit from the deductions for the losses.

(c) Tax consolidation legislation

Mirvac Limited and its wholly-owned Australian subsidiaries have decided to implement the tax consolidation legislation from 1 July 2003. The Australian Taxation Office has not yet been notified of this decision. The entities also intend to enter into a tax sharing agreement, but details of this agreement are yet to be finalised.

As a consequence, Mirvac Limited, as the head entity in the tax consolidated group, will recognise current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled group in future financial statements as if those transactions, events and balances were its own, in addition to the current and deferred tax balances arising in relation to its own transactions, events and balances. Amounts receivable or payable under the tax sharing agreement will be recognised separately by Mirvac Limited as tax-related amounts receivable or payable.

The impact on the income tax expense and results of Mirvac Limited is unlikely to be material because of the tax sharing agreement. This is not expected to have a material impact on the consolidated assets and liabilities and results.

The financial effect of the implementation of the legislation has not been recognised in the financial statements for the year ended 30 June 2003.

5. CURRENT ASSETS - RECEIVABLES

Trade debtors	27,863	38,173
Less: Provision for doubtful debts	(623)	(540)
	27,240	37,633
Amounts due from associated entities	1,456	2,566
Income tax refunds	12,824	4,211
Other debtors	47,010	28,246
	88,530	72,656

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

The Mirvac Group
2003 2002
\$'000 \$'000

6. CURRENT ASSETS - INVENTORIES

Development projects		
Cost of acquisition	221,143	66,070
Development costs	317,750	89,841
Rates and taxes	4,164	1,946
Borrowing costs capitalised during development	18,900	9,361
Provision for losses and guarantees	0	0
	562,957	167,218
Construction work in progress (amount due from customers for contract work)		
Contract costs incurred and recognised profits less recognised losses	448,453	139,234
Less: Progress billings	(369,115)	(110,730)
	79,338	28,504

Amounts totalling \$2,587,000 (2002: \$3,287,000) received as advances on construction contracts in progress are included in combined trade creditors. Total progress billings and advances received in relation to construction contracts in progress amount to \$377,526,000 (2002: \$114,017,000)

Hotel inventories	963	1,043
	643,258	196,765

Aggregate Carrying Amount of Inventories

Current - as above	643,258	196,765
Non-current (note 9)	547,732	519,066
	1,190,990	715,831

Inventories pledged as security

Refer to note 23 for information on assets pledged as security.

7. CURRENT ASSETS - OTHER

Prepayments	10,155	6,355
Other	3,525	2,408
	13,680	8,763

8. NON-CURRENT ASSETS - RECEIVABLES

Loans to employees *	33,441	24,578
Loans to directors of Mirvac Limited and Mirvac Funds Limited *	9,709	7,598
Loans to directors of controlled entities of Mirvac Limited *	16,447	12,894
Other receivables	26,001	1,968
	85,598	47,038

* Loans advanced under approved Employee Incentive Share Schemes and Loan Scheme (note 40)

In accordance with the various Employee Share Schemes approved at the annual general meetings of the members of Mirvac Limited, Mirvac Property Trust and Mirvac Commercial Trust held on 9 November 2000 and 1 November 2001, and the Employee Loan Scheme approved by a special resolution of the members of Mirvac Limited on 26 August 1987, loans have been made to directors of Mirvac Limited and Mirvac Funds Limited and certain directors and employees of the controlled entities of Mirvac Limited.

Loans to the executive directors of Mirvac Limited and Mirvac Funds Limited for Employee Share Scheme issues from July 2002 totalling \$1,792,200 are full recourse loans in the event of a loss on disposal. Further information in relation to loans to directors is set out in note 41.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

The Mirvac Group
2003 2002
\$000 \$000

9. NON-CURRENT ASSETS - INVENTORIES

Development projects		
Cost of acquisition	406,285	311,876
Development costs	104,673	164,570
Rates and taxes	6,615	3,299
Borrowing costs capitalised during development	17,015	19,648
Provision for losses	(428)	(715)
	<u>534,160</u>	<u>498,678</u>
Construction work in progress (amount due from customers for contract work)		
Contract costs incurred and recognised profits less recognised losses	13,672	20,368
	<u>547,732</u>	<u>519,066</u>

10. NON-CURRENT ASSETS - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Interests in joint ventures (note 32)	<u>53,385</u>	<u>30,744</u>
---------------------------------------	---------------	---------------

Interests in joint ventures include the following projects / entities:

Mirvac Lend Lease Village Consortium partnership - "Newington" in NSW
Walsh Bay Partnership - "Walsh Bay" in NSW
Mindarie joint venture arrangement - "Mindarie" in WA
Majestic Quays joint venture arrangement - "Majestic Quays" in WA
Panorama joint venture arrangement - "Panorama" in WA
Ephraim Island joint venture in Queensland.
Burswood joint venture in WA.

11. NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS

Non-traded investments

Shares in other corporations	<u>28</u>	<u>28</u>
Total non-traded investments - at cost	<u>28</u>	<u>28</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

11. NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS (continued)**(a) Shares held in controlled entities of Mirvac Limited**

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING	
			2003 %	2002 %
Mirvac Projects Pty Ltd and its controlled entities -	AUSTRALIA	ORDINARY	100	100
Ford Mirvac Unit Trust	AUSTRALIA	UNITS	100	100
Mirvac International Pty Ltd and its controlled entity -	AUSTRALIA	ORDINARY	100	100
Mirvac Developments NZ Ltd	NEW ZEALAND	ORDINARY	100	100
Mirvac Parking Pty Ltd	AUSTRALIA	ORDINARY	100	100
Mirvac Precinct 2 Pty Limited	AUSTRALIA	ORDINARY	100	100
Mirvac Projects No.2 Pty Ltd	AUSTRALIA	ORDINARY	100	100
Mirvac Property Advisory Services Pty Ltd	AUSTRALIA	ORDINARY	100	100
Mirvac (Walsh Bay) Pty Limited	AUSTRALIA	ORDINARY	100	100
Mirvac Woolloomooloo Pty Ltd and its controlled entities -	AUSTRALIA	ORDINARY	100	100
Mirvac Hotels Pty Ltd	AUSTRALIA	ORDINARY	100	100
Mirvac Funds Limited	AUSTRALIA	ORDINARY	100	100
Newington Homes Pty Limited	AUSTRALIA	ORDINARY	100	100
Planned Retirement Living Pty Ltd	AUSTRALIA	ORDINARY	100	100
Capital Property Management Limited	AUSTRALIA	ORDINARY	100	100
HPA Pty Ltd	AUSTRALIA	ORDINARY	100	100
Mirvac (Beacon Cove) Pty Ltd	AUSTRALIA	ORDINARY	100	100
Mirvac Capital Pty Ltd	AUSTRALIA	ORDINARY	100	100
Mirvac Constructions Pty Ltd	AUSTRALIA	ORDINARY	100	100
Mirvac Constructions (QLD) Pty Limited	AUSTRALIA	ORDINARY	100	100
Mirvac Constructions (VIC) Pty Limited	AUSTRALIA	ORDINARY	100	100
Mirvac Constructions (WA) Pty Ltd	AUSTRALIA	ORDINARY	100	100
Mirvac (Docklands) Pty Ltd	AUSTRALIA	ORDINARY	100	100
Mirvac Finance Pty Limited (formerly Mirvac International No.2 Pty Ltd)	AUSTRALIA	ORDINARY	100	100
Mirvac Fini (WA) Pty Ltd	AUSTRALIA	ORDINARY	100	100
Mirvac Fini Holdings Pty Limited (formerly Fini Holdings P/L)(note 11(c)(ii))	AUSTRALIA	ORDINARY	100	100
Mirvac Homes (NSW) Pty Ltd	AUSTRALIA	ORDINARY	100	100
Mirvac Homes (QLD) Pty Ltd	AUSTRALIA	ORDINARY	100	100
Mirvac Homes (WA) Pty Ltd	AUSTRALIA	ORDINARY	100	100
Mirvac Homes Builders (VIC) Pty Ltd	AUSTRALIA	ORDINARY	100	100
Mirvac International No. 3 Pty Ltd	AUSTRALIA	ORDINARY	100	100
Mirvac JV's Pty Limited (formerly Notron No 341 Pty Limited)	AUSTRALIA	ORDINARY	100	100
Mirvac Mandurah Pty Limited (incorporated on 3 October 2002)	AUSTRALIA	ORDINARY	100	0
(formerly Gullwing 54 Pty Limited) - note 11 (c) (i)				
Mirvac Management Limited	AUSTRALIA	ORDINARY	100	100
Mirvac Properties Pty Ltd	AUSTRALIA	ORDINARY	100	100
Mirvac Queensland Pty Ltd	AUSTRALIA	ORDINARY	100	100
Mirvac Real Estate Pty Ltd	AUSTRALIA	ORDINARY	100	100
Mirvac Treasury Limited	AUSTRALIA	ORDINARY	100	100
Mirvac Treasury No 2 Pty Limited (formerly Notron No 342 Pty Limited)	AUSTRALIA	ORDINARY	100	100
Mirvac Treasury No. 3 Limited (Incorporated on 23 May 2003)	AUSTRALIA	ORDINARY	100	0
Mirvac Victoria Pty Ltd	AUSTRALIA	ORDINARY	100	100
Notron No 340 Pty Limited	AUSTRALIA	ORDINARY	100	100

(b) Units held in controlled entities of Mirvac Property Trust

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF UNITS	EQUITY HOLDING	
			2003 %	2002 %
Mirvac Commercial Trust (notes 11 (d) and 26 (d))	AUSTRALIA	ORDINARY	100	0
Mirvac Property Trust No 2	AUSTRALIA	ORDINARY	100	100
St. Kilda Road Trust	AUSTRALIA	ORDINARY	100	100

(c) Acquisition of controlled entities of Mirvac Limited**(i) Mirvac Mandurah Pty Ltd**

Mirvac Mandurah Pty Ltd (formerly Gullwing 54 Pty Ltd) was incorporated on 3 October 2002, with a controlled entity owning 75% of the share capital of the company. On 20 June 2003, Mirvac Limited acquired the remaining 25% of the share capital of Mirvac Mandurah Pty Ltd making the company a wholly owned controlled entity of the combined group. The company has not traded since incorporation and up to the date of change of control. The fair value of the assets of the controlled entity - Cash of \$100, equalled the cash consideration of \$100 paid for the acquisition.

(ii) Mirvac Fini Holdings Pty Ltd (formerly Fini Holdings Pty Limited)

On 4 July 2001, Mirvac Limited acquired a 100% interest in the property development activities of the Fini Group of companies in Western Australia, with the acquisition of Fini Holdings Pty Ltd. The acquisition was by way of issue of stapled securities in The Mirvac Group, the market value at the date of acquisition being \$21.757 million.

Details of the acquisition are as follows:

	2003 \$000	2002 \$000
Fair value of net assets of controlled entity	0	(4,999)
Acquisition costs	0	(157)
Goodwill on consolidation	0	26,913
Consideration by way of issue of stapled securities (note 25(d))	0	21,757

At the date of acquisition the acquired entity was not trading.

(d) Acquisition of Mirvac Commercial Trust by Mirvac Property Trust

On 13 September 2002, Mirvac Property Trust acquired all the units in Mirvac Commercial Trust, under the simplification resolutions approved by the unitholders. Refer to note 1 and note 26 (d).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

20

12. **NON-CURRENT ASSETS - INVESTMENT PROPERTIES**

<u>AT VALUATION</u>	<u>Date Acquired</u>	<u>Cost & Additions to 30/6/03 \$000</u>	<u>Book Value 30/6/03 \$000</u>	<u>Book Value 30/06/02 \$000</u>	<u>Last External Valuation \$000</u>	<u>Date Last External Valuation</u>	<u>External Valuer / Notes</u>
Mirvac Property Trust and controlled entities							
Egis Tower, Chatswood, NSW	01/09/89	54,739	70,405	69,500	69,500	30/06/02	D McGrath AAPI - FPD Savills
30 Cowper Street, Parramatta NSW	01/09/88	15,927	20,601	20,500	20,500	30/06/02	A Graham AAPI - Colliers International
Quay West Carpark, 111 Harrington Street, Sydney NSW	30/11/89	37,126	41,690	41,587	41,600	30/06/03	S Kearney AAPI - FPD Savills
Orange City Centre, Orange NSW	05/04/93	28,698	30,129	30,075	30,000	30/06/01	JE Burdekin FAPI-Jones Lang LaSalle
Kawana Shoppingworld, Buddina, QLD	09/12/93 & 10/09/98	97,950	140,000	95,968	140,000	30/06/03	BR Stewart GAPI-Jones Lang LaSalle
Gippsland Centre, Cunningham St, Sale VIC	06/01/94	33,879	33,300	32,500	32,500	30/06/02	T Irving AAPI - CB Richard Ellis
Como Centre, Cnr Toorak Rd & Chapel St, South Yarra VIC	18/08/98	108,591	116,602	115,000	115,000	30/06/02	D Magree FAPI - M3 Property Strategists
Parramatta Industrial Estate, Boundary Rd, Northmead NSW	14/07/94	18,884	27,192	27,100	27,100	30/06/02	P Grieve AAPI - CB Richard Ellis
20-30 Scriveners St, Warwick Farm NSW	24/12/93	17,813	19,986	19,817	19,800	30/06/01	K Kaymaz AAPI - Colliers International
Lovett Tower, Keltie St, Woden, ACT	01/04/94 & 28/2/99	47,831	41,429	41,114	41,000	30/06/01	J Waugh AAPI - Colliers Jardine
The Marriott Hotel, Collage St & Hargrave St, Sydney NSW	31/12/91	94,852	75,200	76,222	75,200	30/06/03	A J Martin AAPI-Jones Lang LaSalle
1-19 Hargrave Street, Sydney NSW	31/12/91	4,100	8,987	9,000	9,000	01/03/02	O Westerlund AAPI ANZPI- CB Richard Ellis
40 Miller St, North Sydney NSW	31/03/98	59,065	80,250	80,122	80,250	30/06/03	S Fairfax MRICS AAPI -CB Richard Ellis
1 Castlereagh St, Sydney NSW	18/12/98	46,808	54,500	45,703	54,500	30/06/03	S Fairfax MRICS AAPI -CB Richard Ellis
271 Lane Cove Rd, North Ryde, NSW	05/04/00	18,853	20,111	20,109	20,000	01/03/01	TM Phelan FAPI - Knight Frank
Royal Domain Centre, 380 St Kilda Rd, VIC	04/10/95 & 02/04/01	84,766	87,299	84,167	84,000	30/06/01	R J Scriveners FAPI FRICS - Andersen
164 Grey St, South Bank, QLD	29/06/01	8,261	9,475	9,500	9,500	01/03/02	T Irving AAPI - CB Richard Ellis
Bay Centre, Pyrrra & Edward Sts Pyrmont NSW	29/06/01	59,144	73,596	41,152	73,500	30/04/03	D Mohr AAPI - CB Richard Ellis
55 Lavender Street, Milsons Point, NSW	03/07/01	59,626	59,606	59,500	59,500	01/03/02	S Kearney - FPD Savills
200 George Street, Sydney, NSW	31/10/01	23,667	24,009	24,000	24,000	01/03/02	TM Phelan FAPI - Knight Frank
Unit 23, 177 Pacific Highway, North Sydney, NSW	25/01/02	594	594	592	-	-	GA Thomson FAPI - Knight Frank
Riverside Quay, Southbank, VIC	15/04/02	82,535	81,164	80,000	80,000	30/06/02	A Pannifex FAPI - FPD Savills
John Oxley Centre, 339 Coronation Drive, Milton, QLD	31/06/02	39,319	35,395	35,300	35,300	30/06/02	Internal Valuation 2003: Note (i)
Blacktown Mega Centre, Blacktown NSW	30/06/02	30,035	30,035	30,002	30,000	1/03/02	M Reynolds AAPI - Colliers International
1-47 Percival Road, Smithfield NSW	22/11/02	14,220	14,220	-	-	-	T Irving AAPI - CB Richard Ellis
Waverley Gardens Shopping Centre, Cnr Police & Jackson Rds, Mulgrave	19/11/02	53,849	53,850	-	53,850	30/04/03	D Mohr AAPI - CB Richard Ellis
The Village Centre, St Mary's NSW	17/01/03	34,229	34,252	-	34,250	30/04/03	ID Mc Lennan AAPI / JE Burdekin FAPI
Moonee Ponds Central, VIC	20/05/03	25,740	24,100	-	24,100	30/06/03	Jones Lang LaSalle Advisory
8 Brisbane Ave, Canberra ACT	28/06/85	12,250	10,678	10,650	10,650	30/06/02	Internal Valuation 2003: Note (i)
Perpetual Trustees Building, 10 Rudf St, Canberra ACT	15/10/87	19,050	15,750	10,581	15,750	30/06/03	C Clurino AAPI - M3 Property Strategists
54 Marcus Clarke St, Canberra ACT	15/10/87	21,566	14,974	14,900	14,900	30/06/02	D Magree FAPI - M3 Property Strategists
St George Centre, 60 Marcus Clarke St, Canberra ACT	01/09/89	57,403	47,100	38,480	47,100	30/06/03	S Fox AAPI - M3 Property Strategists
Burns Centre, 26 National Circuit, Canberra ACT	27/09/90	18,553	13,469	9,322	13,400	30/06/03	C Olson FAPI - M3 Property Strategists
15 London Circuit, Canberra ACT	30/10/92	0	0	14,091	-	-	J O'Leary FAPI - M3 Property Strategists
Arts House, 40 Macquarie St, Canberra ACT	08/12/95	17,078	16,760	16,750	16,750	30/06/02	D Magree FAPI - M3 Property Strategists
28 Sydney Ave, Canberra ACT	26/06/96	29,738	33,865	33,800	33,800	30/06/02	Philip Harding FAPI - Knight Frank
The Optus Centre, 101-103 Miller St, North Sydney NSW	30/06/94	282,394	377,000	361,587	377,000	30/06/03	Philip Harding FAPI - Knight Frank
The Metacentre, 60 Margaret St, Sydney NSW (50% interest)	08/08/88	168,170	154,000	155,436	154,000	30/06/03	Philip Harding FAPI - Knight Frank
Capital works in progress			13,055	6,523	-	-	T M Phelan FAPI - Knight Frank
Mirvac Limited and controlled entities							
Endeavour House, 88-102 Mowbray Road, Coogee NSW	28/05/03	82,073	82,073	-	-	-	K L Goddard FAPI - Knight Frank
Other Hotel Properties	various	39,305	40,003	39,499	37,086	-	P Macadem AAPI - Colliers International
Elimination of inter-group charges			(2,240)	(2,101)			W Doherty AAPI - Colliers International
Total Investment Properties		1,944,482	2,123,059	1,818,028			At cost
RECONCILIATION							
A reconciliation of the carrying amounts of investment properties at the beginning and end of the current financial year is set out below:							
Carrying amount at 1 July 2002			1,818,028	1,551,568			
Additions			272,182	252,883			
Disposals			(14,961)	(2,469)			
Revaluation increments			47,810	16,046			
Carrying amount at 30 June 2003			2,123,059	1,818,028			

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

12. NON-CURRENT ASSETS - INVESTMENT PROPERTIES (continued)**(i) Internal Valuations at 30 June 2003**

Properties not externally valued during the last twelve months are carried at internal (directors') valuation at 30 June 2003.

All other properties are carried at external valuation plus capital expenditure incurred since the date of external valuation.

The basis of valuation of investment properties is fair value being the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction.

Investment properties are revalued by external valuers on the basis of one third of the portfolio being valued annually. Investment properties in the reporting period, which are not due for external revaluation, are reviewed annually by the directors and if materially different from the carrying value, are either externally valued or adjusted to fair value.

(ii) Directors' Valuation at 30 June 2003 - Hotel properties

Freehold land and buildings and associated plant and equipment includes the plant and equipment associated with the operation of hotel management agreements, leasehold strata-titled interests in managed hotels and owned hotels.

The basis of valuation by directors of freehold land and buildings is the fair value of the properties at 30 June 2003.

Non-current assets pledged as security

Refer to note 23 for information on non-current assets pledged as security by the combined entity.

The Mirvac Group	
2003	2002
\$000	\$000

13. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

Office leasehold improvements

At Cost

Less: accumulated amortisation

1,615	1,415
(553)	(339)
<u>1,062</u>	<u>1,076</u>

Plant and equipment

At Cost

Less: accumulated depreciation

37,277	30,772
(21,083)	(16,143)
<u>16,194</u>	<u>14,629</u>

Plant and equipment under finance lease

Less: accumulated amortisation

433	410
(294)	(44)
<u>139</u>	<u>366</u>
<u>17,395</u>	<u>16,071</u>

SUMMARY:

Plant and equipment,

At Cost

Under finance lease

Less: accumulated depreciation / amortisation

38,892	32,187
433	410
(21,930)	(16,526)
<u>17,395</u>	<u>16,071</u>

RECONCILIATION

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year are set out below:

Combined	Office Leasehold improvements \$000	Plant and Equipment \$000	Plant & Equip under finance lease \$000	Total \$000
Carrying amount at 1 July 2002	1,076	14,629	366	16,071
Additions	230	7,239	24	7,493
Disposals	(30)	(734)	0	(764)
Depreciation / amortisation expense (note 3)	(214)	(4,940)	(251)	(5,405)
Carrying amount at 30 June 2003	<u>1,062</u>	<u>16,194</u>	<u>139</u>	<u>17,395</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

	The Mirvac Group	
	2003	2002
	\$000	\$000
14. NON-CURRENT ASSETS - INTANGIBLES		
Goodwill on acquisition of businesses and controlled entities	31,424	31,264
Less: Accumulated amortisation	(5,812)	(4,313)
	<u>25,612</u>	<u>26,951</u>
15. NON-CURRENT ASSETS - DEFERRED TAX ASSETS		
Future income tax benefit (see note 4(b))	6,844	7,224
	<u>6,844</u>	<u>7,224</u>
16. NON-CURRENT ASSETS - OTHER		
Deferred borrowing costs, leasing and other expenses	3,153	2,365
	<u>3,153</u>	<u>2,365</u>
17. CURRENT LIABILITIES - PAYABLES		
Trade creditors	56,566	57,714
Other creditors and accruals	71,430	67,251
Amounts due to related entities	1,000	1,000
	<u>128,996</u>	<u>125,965</u>
18. CURRENT LIABILITIES - INTEREST BEARING LIABILITIES		
Lease liabilities - secured (note 34)	86	72
	<u>86</u>	<u>72</u>
19. CURRENT LIABILITIES - CURRENT TAX LIABILITIES		
Income tax	16,226	0
	<u>16,226</u>	<u>0</u>
20. CURRENT LIABILITIES - PROVISIONS		
Employee entitlements (note 40)	11,434	9,466
Dividends / Distributions payable	55,928	41,409
	<u>67,362</u>	<u>50,875</u>
21. CURRENT LIABILITIES - OTHER		
Monies held in trust	3,525	2,435
	<u>3,525</u>	<u>2,435</u>
22. NON-CURRENT LIABILITIES - PAYABLES		
Other accruals	90,000	0
	<u>90,000</u>	<u>0</u>
23. NON-CURRENT LIABILITIES - INTEREST BEARING LIABILITIES		
Bank overdraft	19,319	0
Bills of exchange	358,134	109,142
Commercial notes	850,926	689,901
Lease liabilities (note 34)	30	116
	<u>1,228,409</u>	<u>799,159</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

The Mirvac Group
2003 2002
\$000 \$000

23. NON-CURRENT LIABILITIES - INTEREST BEARING LIABILITIES (continued)

Secured Liabilities

Included above are the following secured liabilities:

Bank overdraft	19,319	0
Commercial notes	850,926	689,901
Bills of exchange	358,134	109,142
Lease liabilities	30	116
Total secured non-current liabilities	1,228,409	799,159

Security for Borrowings

Commercial Notes (Commercial Mortgage Backed Securities)

Commercial notes rated AAA, AA and A, on issue and repayable on 5 June 2006 total \$690,000,000.

Interest is payable in arrears, quarterly on floating rates of interest and semi-annually on fixed rates of interest.

Series 2003 - 1 year Commercial Notes were issued by a controlled entity of Mirvac Limited for a total of \$161,000,000 on 28 May 2003, as \$137,000,000 Class 1 and \$24,000,000 Class 2 floating rate notes.

The notes have a scheduled maturity date for repayment on 28 November 2003. Interest is payable monthly in arrears.

The Commercial notes due for repayment on 28 November 2003 will be replaced with longer term notes which will extend beyond 30 June 2004.

The information memorandum to the capital markets is presently under negotiation and is expected to be released in September 2003.

The notes are secured by a first ranking real property mortgage over specific investment properties of the combined entity and by a fixed and floating charge over some of the assets of the combined entity.

Other bank borrowings

The combined entity has syndicated multi-option borrowing facilities totalling \$505,000,000 (2002 - \$505,000,000), and a securitisation facility of \$300,000,000 (2002 - \$300,000,000).

The multi-option facility totalling \$505,000,000 (2002: \$505,000,000) is secured by a floating charge and an equitable charge over the assets and undertakings of Mirvac Limited and its controlled entities.

Subject to the terms of the bank facility agreements, bills of exchange may be drawn at any time. Interest rates are variable and are adjusted on the drawdown of bills of exchange. The weighted average discount rate for bills of exchange (excluding margin and hedging) over the period was 4.88% (2002 - 4.66%), and the weighted average interest rate for the overdraft facility over the period was 8.00% (2002 - 8.02%).

The facility is expected to extend beyond its current termination date of October 2003, with indicative approvals to extend the period of the facility beyond 30 June 2004.

The Mirvac Limited securitisation facility of \$300,000,000 is secured by a specific charge over the assets securitised.

The facility is a 364 day facility which expires on 25 June 2004.

Lease Liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Financing Arrangements

The Mirvac Group
2003 2002
\$000 \$000

Commercial notes (Commercial Mortgage Backed Securities) repayable on 5 June 2006	690,000	690,000
Commercial notes (Commercial Mortgage Backed Securities) repayable on 28 November 2003	161,000	0
Total bank syndicated multi-option borrowing facilities available at balance date	505,000	505,000
Total bank securitisation facility available at balance date (unutilised 2003 \$92,678,000: 2002 \$Nil)	300,000	300,000
Total unused bank credit available at balance date - multi-option borrowing facilities	118,000	392,200

Assets pledged as security

		Notes		
The carrying amount of non-current assets pledged as security are:				
First ranking real property mortgage				
Investment properties	12	1,965,474	1,574,374	
Floating and equitable charge (assets of Mirvac Limited and controlled entities)				
Inventories - (current and non-current)	6	1,190,990	715,831	
Receivables	8	59,597	45,070	
Investments accounted for using the equity method	10	53,385	30,744	
Investment properties	12	40,003	39,499	
Plant and equipment	13	17,395	16,071	
Non-current assets pledged as security		3,326,844	2,421,589	

24. NON-CURRENT LIABILITIES - DEFERRED TAX LIABILITIES

Deferred income tax	70,934	66,843
	70,934	66,843

25. NON-CURRENT LIABILITIES - PROVISIONS

Employee entitlements (note 40)	2,648	2,365
	2,648	2,365

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

	No.	The Mirvac Group	
		2003	2002
		\$000	\$000
26. CONTRIBUTED EQUITY			
(i) Paid up capital			
Mirvac Limited - ordinary shares issued	673,704,505	458,743	398,815
Mirvac Property Trust - ordinary units issued	673,704,505	1,364,068	700,266
Mirvac Commercial Trust - ordinary units issued		0	501,621
		<u>1,822,811</u>	<u>1,600,702</u>

(ii) Movements in paid up capital of the combined entities for the two years ended 30 June 2002 and 30 June 2003 were as follows:

Details	Issue dates / Issue price	Note	Mirvac Limited		Mirvac Property Trust		Mirvac Commercial Trust	
			No. of shares 000's	\$ 000's	No. of units 000's	\$ 000's	No. of units 000's	\$ 000's
Opening balance at 30 June 2001			606,096	384,733	606,096	682,995	606,096	489,109
Private placement of securities	04/07/01 \$3.57		6,103	6,984	6,103	8,529	6,103	6,244
Securities issued under options	12/07/01 \$3.80		406	496	406	605	406	443
Distribution reinvestment plan issues	27/07/01 \$3.62	(b)	362	422	362	532	362	359
Securities issued under options	07/09/01 \$3.80		3	3	3	4	3	3
Employee share scheme issues	14/09/01 \$3.79	(a)	3,463	4,216	3,463	5,129	3,463	3,769
Distribution reinvestment plan issues	26/10/01 \$3.68	(b)	358	423	358	534	358	360
Employee share scheme issues	01/11/01 \$3.83	(a)	399	491	399	620	399	439
Distribution reinvestment plan issues	25/01/02 \$3.78	(b)	355	431	355	544	355	367
Employee share scheme issues	26/03/02 \$3.91	(a)	55	69	55	84	55	62
Distribution reinvestment plan issues	26/04/02 \$3.84	(b)	442	547	442	690	442	466
Balance of securities at 30 June 2002			<u>618,042</u>	<u>398,815</u>	<u>618,042</u>	<u>700,266</u>	<u>618,042</u>	<u>501,621</u>
Distribution reinvestment plan issues	26/07/02 \$4.07	(b)	441	576	441	727	441	491
Employee share scheme issues	22/08/02 \$4.11	(a)	3,688	4,868	3,688	5,944	3,688	4,352
Acquisition of units by Mirvac Property Trust	13/09/02	(d)					(622,171)	(506,464)
Issue of Mirvac Property Trust units to Mirvac Commercial Trust unitholders as consideration for acquisition	13/09/02	(d)			622,171	811,104		
Consolidation of 2 : 1 units issued to Mirvac Commercial Trust unitholders	13/09/02	(d)			(622,171)			
Transfer to income reserve to reflect lost capital		(d)				(278,541)		
Distribution reinvestment plan issues	25/10/02 \$3.97	(b)	556	709	556	1,499		
Employee share scheme issues	07/11/02 \$4.12	(a)	435	475	435	1,318		
Distribution reinvestment plan issues	31/01/03 \$4.05	(b)	444	476	444	1,321		
Security placement with institutions	18/02/03 \$4.02	(c)	49,751	53,000	49,751	147,000		
Less: Transaction costs associated with institutional placement		(c)		(550)		(1,507)		
Employee share scheme issues	21/03/03 \$4.10	(a)	6	7	6	18		
Distribution reinvestment plan issues	24/04/03 \$4.07	(b)	342	367	342	1,019		
Aggregation elimination of Mirvac Commercial Trust Acquisition						(26,100)		
Balance of securities at 30 June 2003			<u>673,705</u>	<u>458,743</u>	<u>673,705</u>	<u>1,364,068</u>	<u>0</u>	<u>0</u>
Former Share premium Reserve included in equity				<u>183,702</u>		<u>0</u>		<u>183,984</u>

(a) Employee Share Scheme Issues

During the financial year 4,129,535 ordinary stapled securities were issued to employees of Mirvac Limited and its controlled entities (2002: 3,917,478 ordinary stapled securities). The securities were issued at market price.

The total of ordinary stapled securities issued to employees under the Employee Incentive Scheme at 30 June 2003 is 17,163,366 (2002: 16,319,676). The market price per ordinary stapled security at 30 June 2003 was \$4.44 (2002: \$4.18). Information relating to the employee share schemes is set out in Note 40.

(b) Distribution Reinvestment Plan

The Mirvac Group distribution reinvestment plan commenced operation from the March 2000 quarterly distribution. Under the distribution reinvestment plan, holders of ordinary securities, up to a maximum 30,000 securities, may elect to have all or part of their distribution entitlements satisfied by the issue of new ordinary securities rather than being paid in cash. Securities issued under the plan are issued at a 2% discount to the market price.

(c) Security placement with institutions

On 18 February 2003, The Mirvac Group issued 49,751,244 stapled securities as an institutional placement. The placement securities were issued at a price of \$4.02 per security, which represented a 2.2% discount. The funds raised from the private placement were used to retire debt and to fund investment acquisitions and growth opportunities.

(d) Acquisition of Mirvac Commercial Trust by Mirvac Property Trust

On 1 November 2001, the Mirvac Group Stapled Securityholders approved resolutions to simplify the structure of The Mirvac Group. The simplification resulted in the acquisition on 13 September 2002, of all of the units in Mirvac Commercial Trust by Mirvac Property Trust by way of issue of 1 Mirvac Property Trust unit for 1 Mirvac Commercial Trust unit. The units issued by Mirvac Property Trust to Mirvac Commercial Trust unitholders were consolidated on a 2 : 1 basis, so that the Mirvac Property Trust units on issue prior to the acquisition did not alter.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

27. RESERVES

The Mirvac Group
2003 2002
\$000 \$000

a) Composition

Asset revaluation reserve	100,995	60,140
Capital reserve	(8,393)	(8,393)
Currency fluctuation reserve	(1,406)	(592)
	<u>91,196</u>	<u>51,155</u>

b) Movements in Reserves were:Asset revaluation reserve

Opening balance	60,140	45,219
Transfer to retained profits	(6,955)	(1,125)
Increments on revaluation of investment properties (note 1 (f) (ii))	<u>47,810</u>	<u>16,046</u>
Closing balance	<u>100,995</u>	<u>60,140</u>

Capital Reserve

Opening balance	(8,393)	(8,393)
Closing balance	<u>(8,393)</u>	<u>(8,393)</u>

Currency fluctuation reserve

Opening balance	(592)	(2,106)
Increase in reserve due to translation of foreign controlled entity	<u>(814)</u>	<u>1,514</u>
Closing balance	<u>(1,406)</u>	<u>(592)</u>

Total reserves

91,196 51,155

c) Nature and purpose of Reservesi) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 1(f)(ii). The balance standing to the credit of the reserve may be used to satisfy the distribution of bonus shares and is only available for the payment of cash dividends and distributions in limited circumstances as permitted by law and by the Trust Constitutions.

ii) Capital reserve

The capital reserve is used to record the net revaluation increment or decrement on disposal of investment properties. The balance of the reserve may be transferred to retained earnings and used to satisfy distributions to securityholders.

iii) Currency fluctuation reserve

Exchange differences arising on translation of the foreign controlled entity of Mirvac Limited are taken to the foreign currency fluctuation reserve, as described in note 1(c) (i).

28. RETAINED PROFITS

Retained profits at the beginning of the financial year	77,634	68,193
Net profit attributable to the stapled security holders of The Mirvac Group	223,338	170,055
Dividends / Distributions provided for or paid	(188,365)	(161,739)
Aggregate of amounts transferred from reserves	<u>6,955</u>	<u>1,125</u>
Retained profits at the end of the financial year	<u>119,562</u>	<u>77,634</u>

29. DIVIDENDS / DISTRIBUTIONS PROVIDED FOR OR PAIDOrdinary Stapled Securities - The Mirvac Group

Quarterly ordinary distributions paid as follows:

6.85 cents per fully paid stapled security paid on 25 October 2002	42,646	
2.1989 cents per stapled security franked at 30%		
6.45 cents per fully paid stapled security paid on 26 October 2001		39,760
2.0723 cents per stapled security franked at 30%		
6.90 cents per fully paid stapled security paid on 31 January 2003	43,002	
1.8285 cents per stapled security franked at 30%		
6.50 cents per fully paid stapled security paid on 25 January 2002		40,117
2.0884 cents per stapled security franked at 30%		
6.95 cents per fully paid stapled security paid on 24 April 2003	46,800	
1.8418 cents per stapled security franked at 30%		
6.55 cents per fully paid stapled security paid on 24 April 2002		40,453
2.1044 cents per stapled security franked at 30%		
8.30 cents per fully paid stapled security paid on 25 July 2003	55,917	
2.1995 cents per stapled security franked at 30%		
6.70 cents per fully paid stapled security paid on 26 July 2002		41,409
2.1526 cents per stapled security franked at 30%		
Total distribution 29.00 cents per fully paid stapled security (2002: 26.20 cents per stapled security)	<u>188,365</u>	<u>161,739</u>

Total Dividends / Distributions provided for or paid

188,365 161,739

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

The Mirvac Group
2003 2002
\$000 \$000

29. DIVIDENDS / DISTRIBUTIONS PROVIDED FOR OR PAID (continued)

Dividends / Distributions actually paid or satisfied by the issue of securities under the group distribution / dividend reinvestment plans during the years ended 30 June 2003 and 2002 were as follows:

Paid in cash	166,672	152,838
Satisfied by the issue of securities	7,185	5,675
	<u>173,857</u>	<u>158,513</u>

The franked portions of the proposed dividends will be franked out of existing franking credits as at the end of the financial year.

Franking credits available for subsequent financial years based on a tax rate of 30% (2002: 30%)

27,207	21,364
--------	--------

The above amounts represent the balances of the franking accounts as at the end of the financial year, adjusted for:

- (a) franking credits that will arise from the payment of the current tax liability
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date
- (d) franking credits that may be prevented from being distributed in subsequent financial years.

Franking credits at 30 June 2002 for the combined entity of \$49,848,000 based on after tax profits, were converted so that the opening balances on 1 July 2002 reflected tax paid amounts of \$21,364,000 which are shown as the comparative amount above.

30. FINANCIAL INSTRUMENTS

(a) Derivative Instruments

The entities of the combined group are parties to derivative instruments in the normal course of business in order to limit exposures to fluctuations in interest rates.

Under the terms of the Commercial Mortgage Backed Securities issues, Mirvac Limited and a controlled entity of Mirvac Limited were required to enter into fixed interest rate agreements, whereby the controlled entity is obliged to pay a fixed interest rate of 9.25% if interest rates rise above 9.25%, for the period from 5 June 2006 to 5 December 2007. Mirvac Limited has sold an identical contract where it would receive 9.25% if interest rates rise above 9.25% for the period from 5 June 2006 to 5 December 2007.

Interest Rate Contracts

The combined entity has entered into fixed interest rate contracts under which it is obliged to pay interest at fixed rates, to protect that part of the borrowing facilities subject to floating rates of interest, from exposure to increasing interest rates.

The combined entity has entered into interest rate contracts where it is obliged to pay floating rates and receive fixed rates, to manage exposure to fixed rates.

The contracts are settled on a net basis, with amounts receivable or payable settled immediately.

Contracts currently in place cover over 67% (2002 - 93.8%) of the debt outstanding. The fixed interest rates range between 5.75% and 5.99% (2002: 6.11% and 6.38%). One contract of \$50.000 million, commencing on 5 June 2005, will revert to floating rates if the 90 day Bill rate exceeds 7.5% for the 90 day period. Other contracts allow the variable interest rate to float between a minimum of 4.25% and a maximum of 5.50%.

At 30 June 2003, the notional principal amounts and periods of expiry of the loans subject to interest rate swaps are as follows:

	2003 \$000	2002 \$000
Less than 1 year	0	0
2 to 3 years	150,000	50,000
3 to 5 years	150,000	450,000
5 to 10 years	400,000	0
	<u>700,000</u>	<u>500,000</u>

As these contracts fix exposure to future interest rate movements, any unrealised gains and losses are deferred and will be recognised in the measurement of the underlying transaction.

The net payment, which represents the present value of the difference between the combined entity's fixed interest commitment over the term of the contracts and the current cash rate, which would have occurred if the contracts were terminated at 30 June 2003 was \$18,638,000 (2002: Payment of \$3,080,000).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

30. FINANCIAL INSTRUMENTS (continued)**(b) Interest Rate Risk Exposure**

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

30 June 2003	Notes	Floating interest rate \$000	Fixed interest maturing in:			Non-interest bearing \$000	Total \$000
			1 year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000		
Financial Assets							
Cash		33,481	-	-	-	-	33,481
Receivables	5,8	-	-	-	-	174,128	174,128
		33,481	0	0	0	174,128	207,609
Weighted average interest rate		4.70%	-	-	-	-	-
Financial Liabilities							
Payables	17,22	-	-	-	-	218,996	218,996
Bank overdraft	23	-	-	19,319	-	-	19,319
Bills of exchange	23	358,134	-	-	-	-	358,134
Commercial notes	23	440,000	161,000	249,926	-	-	850,926
Lease liabilities	18,23	-	86	30	-	-	116
Interest rate swap contracts (notional principal amounts)		(700,000)	-	700,000	-	-	0
		98,134	161,086	969,275	0	218,996	1,447,491
Weighted average interest rate (excluding margin)		4.83%	4.83%	5.64%	-	-	-
Net financial assets / (liabilities)		(64,653)	(161,086)	(969,275)	0	(44,868)	(1,239,882)

30 June 2002	Notes	Floating interest rate \$000	Fixed interest maturing in:			Non-interest bearing \$000	Total \$000
			1 year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000		
Financial Assets							
Cash		31,506	-	-	-	-	31,506
Receivables	5,8	-	-	-	-	119,694	119,694
		31,506	0	0	0	119,694	151,200
Weighted average interest rate		3.77%	-	-	-	-	-
Financial Liabilities							
Payables	17,22	-	-	-	-	125,965	125,965
Bank overdraft	23	-	-	-	-	-	0
Commercial notes	23	440,000	-	249,901	-	-	689,901
Bills of exchange	23	109,142	-	-	-	-	109,142
Lease liabilities	18,23	-	72	116	-	-	188
Interest rate contracts (notional principal amounts)		(500,000)	-	500,000	-	-	0
		49,142	72	750,017	0	125,965	925,196
Weighted average interest rate (excluding margin)		5.02%	7.90%	5.99%	-	-	-
Net financial assets / (liabilities)		(17,636)	(72)	(750,017)	0	(6,271)	(773,996)

(c) Credit Risk Exposure

The credit risk on financial assets of the combined entity which have been recognised on the statement of financial position is the carrying amount net of any provisions for doubtful debts. The combined entity does not have any material credit risk to any single debtor or group of debtors under financial instruments entered into by the combined entity.

(d) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents and other non-interest bearing financial assets and financial liabilities of the combined entity approximates to their carrying value.

Commercial notes have a net fair value equal to their face value of \$851,000,000.

The net fair value of financial assets or financial liabilities arising from interest rate swap agreements has been determined as the carrying amount, which represents the amount currently receivable or payable at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

The Mirvac Group
2003 2002
\$000 \$000

31. RECEIVABLES AND PAYABLES DENOMINATED IN FOREIGN CURRENCIES

Amounts not fully hedged

Receivables

Current,

New Zealand dollars

2,710 698

Non-Current,

New Zealand dollars

0 1,946

Payables

Current,

New Zealand dollars

5 1

Non-Current,

New Zealand dollars

0 6

32. INTERESTS IN JOINT VENTURES

(a) Joint Venture Operations

Joint venture operations are aggregated into the financial statements on the basis of the percentage participating interest in the joint venture as follows:

The Arbor on Grey Retail Joint Venture

A controlled entity of Mirvac Limited has entered into a joint venture arrangement called The Arbor on Grey Retail Joint Venture to develop a retail property at Southbank, in Brisbane, Queensland. The controlled entity has a 35% participating interest in the joint venture. The property is still under development and has not contributed to the profit of the combined entity.

The combined entity's aggregate share of the assets employed in the joint venture is included in the combined statement of financial position under the following classifications: -

The Mirvac Group
2003 2002
\$000 \$000

Current Assets - Cash

22 59

Current Assets - Receivables

106 176

Non-Current Assets - Inventories - Development Costs

674 287

Share of assets employed in joint venture operations

802 522

Total aggregate joint venture operations' contributions to the profit of the combined entity

0 0

(b) Joint Venture Entities

Joint venture entities include corporations, partnerships and other entities and are equity accounted and included in Interests in Joint Ventures - refer note 10.

Mirvac Lend Lease Village Consortium / Newington

A controlled entity of Mirvac Limited has entered into a partnership agreement called Mirvac Lend Lease Village Consortium, with an entity related to a securityholder of the stapled group, Lend Lease Corporation Limited. The partnership will develop residential and commercial property known as Newington The Olympic Village.

The controlled entity's interest in the partnership is based on the different precincts within the development site, which determine the partner's participation in the profit or loss of each precinct.

Walsh Bay Partnership

A controlled entity of Mirvac Limited has entered into a partnership agreement called Walsh Bay Partnership, to jointly re-develop an eight hectare waterfront site known as Walsh Bay in Sydney. The controlled entity has a 50% participating interest in the partnership.

Mindarie Joint Venture

A controlled entity of Mirvac Limited has entered into a joint venture arrangement to develop property for residential housing in Perth, Western Australia.

The controlled entity has a 15% participating interest in the joint venture.

Majestic Quays Joint Venture

A controlled entity of Mirvac Limited has entered into a joint venture arrangement to develop property for residential housing in Perth, Western Australia. The controlled entity has a 25% participating interest in the joint venture.

Where land is purchased from the joint venture, for development by the controlled entity, the development is included in inventories.

Panorama Joint Venture

A controlled entity of Mirvac Limited has entered into a joint venture arrangement to develop property for residential housing in Perth, Western Australia.

The controlled entity has a 17% participating interest in the joint venture.

Ephraim Island Joint Venture

A controlled entity of Mirvac Limited has entered into a joint venture arrangement to develop property for residential housing on Ephraim Island near the Gold Coast in Queensland. The controlled entity has a 50% participating interest in the joint venture.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

32. INTERESTS IN JOINT VENTURES (continued)

(b) Joint Venture Entities (continued)

Burswood Joint Venture

A controlled entity of Mirvac Limited has acquired a 50% interest in the development company which will develop residential housing at Burswood, in Perth, Western Australia.

Aggregated information relating to the above joint venture entities presented in accordance with the accounting policy described in note 1(p)(ii) is set out below:

	The Mirvac Group	
	2003	2002
	\$000	\$000
Retained profits attributable to the entities		
At the beginning of the financial year	16,035	28,625
At the end of the financial year	30,294	16,035
Movement in carrying amount of investment in entities		
Carrying amount at the beginning of the financial year	30,744	65,091
New capital contributions	36,883	23,221
Distributions received	(7,448)	(23,814)
Repayment of capital contributions	(28,452)	(45,239)
Share of operating profits before tax	21,658	11,485
Carrying amount at the end of the financial year	53,385	30,744
Joint Venture Entities - Aggregate share of entities' assets and liabilities		
Current assets	98,001	40,643
Non-current assets	4,969	46,271
Total assets	102,970	86,914
Current liabilities	44,486	44,429
Non-current liabilities	5,099	11,741
Total liabilities	49,585	56,170
Net Assets	53,385	30,744
Aggregate share of entities' revenues, expenses and results		
Revenues	157,640	92,917
Expenses	(135,982)	(81,432)
Operating profit before income tax	21,658	11,485
Contingent liabilities relating to a partnership		
Rental contingent liability	0	2
Not later than one year	0	2

(c) Other "Joint Venture Arrangements"

Other joint venture arrangements conducted by the various controlled entities of the group, involve development projects and construction contracts carried out in conjunction with various parties as follows:

Bunker Bay - a construction contract with a development company in Western Australia, which is included in inventories.

Docklands - a contract with the Victorian government for the progressive purchase of land in Victoria for development purposes, which is included in inventories.

Mandurah - a construction management contract with ANZ in Mandurah in Western Australia to develop land, which is included in inventories.

Stanhope Gardens - a construction contract with Landcom to construct residential housing in NSW, which is included in inventories.

Woodcroft - a construction contract with CSR to construct residential housing in NSW, which is included in inventories.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

The Mirvac Group
2003 2002
\$000 \$000

33. CONTINGENT LIABILITIES

Contingent liabilities in respect of certain performance guarantees granted in the normal course of business

55,738 52,103

No material loss is anticipated.

The combined entity has provided performance guarantees which are undeterminable in amount in respect of certain developments. No material losses are anticipated in respect of these contractual obligations.

For contingent liabilities relating to joint ventures refer to note 32.

34. COMMITMENTS FOR EXPENDITURE

Capital Commitments

Commitments for the acquisition of investment properties and plant and equipment contracted for at the reporting date but not recognised as liabilities payable;

Not later than one year	129,544	629
Later than one year but not later than 5 years	63,266	0
Later than 5 years	0	0
	192,810	629

Lease Commitments

Operating Leases

Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are payable as follows:

Not later than one year	558	993
Later than one year but not later than 5 years	816	1,281
Later than 5 years	0	0
	1,374	2,274

Finance Leases

Commitments in relation to finance leases are payable as follows:

Not later than one year	84	84
Later than one year but not later than 5 years	36	120
Later than 5 years	0	0
Minimum lease payments	120	204
Less: Future finance charges	(4)	(16)
Provided for in the accounts	116	188

Representing lease liabilities:

Current (note 18)	85	72
Non-current (note 23)	39	116
	116	188

The weighted average interest rate implicit in the leases is 7.7% (2002: 7.9%).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

35. AGGREGATED SEGMENTAL INFORMATION

PRIMARY REPORTING - BUSINESS SEGMENTS

30 JUNE 2003

	Property Investment \$000	Hotels \$000	Property Development \$000	Eliminations/ Unallocated \$000	Combined Totals \$000
Sales to external customers	197,588	88,643	1,092,286	0	1,378,517
Intersegment sales	5,308	0	41,507	(46,815)	0
Total sales revenue	202,896	88,643	1,133,793	(46,815)	1,378,517
Share of net profits of associates and joint ventures	0	0	21,658	0	21,658
Other revenue including sale of investment properties	605	9	5,299	18,330	24,243
Total segment revenue	203,501	88,652	1,160,750	(28,485)	1,424,418
Segment result before interest and income tax	146,051	12,287	181,475	(10,429)	329,384
Net interest allocated	26,312	15	39,524	11	65,862
Profit/(Loss) from ordinary activities after interest and before income tax expense	119,739	12,272	141,951	(10,440)	263,522
Income tax expense applicable to ordinary activities	276	1,873	41,408	(3,373)	40,184
Net Profit / (Loss)	119,463	10,399	100,543	(7,067)	223,338
Total Assets	2,045,391	155,990	1,414,951	25,423	3,641,755
Total Liabilities	567,133	18,299	956,100	66,654	1,608,186
Investments in associates and joint ventures	0	0	53,385	0	53,385
Acquisition of property, plant and equipment, intangibles and other non-current assets	269,775	1,974	4,737	1,051	277,537
Depreciation and amortisation expense	83	563	5,405	852	6,903

30 JUNE 2002

Sales to external customers	171,225	87,478	751,808	101	1,010,612
Intersegment sales	3,823	0	592	(4,415)	0
Total sales revenue	175,048	87,478	752,400	(4,314)	1,010,612
Share of net profits of associates and joint ventures	0	0	11,485	0	11,485
Other revenue including sale of investment properties	516	2,254	2,386	201	5,357
Total segment revenue	175,564	89,732	766,271	(4,113)	1,027,454
Segment result before interest and income tax	128,698	11,862	108,310	(11,700)	237,170
Net interest allocated	20,589	26	13,404	3	34,022
Profit/(Loss) from ordinary activities after interest and before income tax expense	108,109	11,836	94,906	(11,703)	203,148
Income tax expense applicable to ordinary activities	1,115	2,003	33,596	(3,621)	33,093
Net Profit / (Loss)	106,994	9,833	61,310	(8,082)	170,055
Total Assets	1,723,465	150,278	862,358	41,104	2,777,205
Total Liabilities	529,334	16,887	473,481	28,012	1,047,714
Investments in associates and joint ventures	0	0	30,744	0	30,744
Acquisition of property, plant and equipment, intangibles and other non-current assets	207,083	6,057	32,515	9,594	255,249
Depreciation and amortisation expense	149	50	4,397	1,344	5,940

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

35. AGGREGATED SEGMENTAL INFORMATION (continued)**(a) Business Segments**

The combined entity is organised into the following business segment divisions.

Property Investment

Investment and asset management of a range of commercial, industrial and retail properties predominantly in Eastern Australia, held for the purpose of producing rental income.

Hotels

Hotel ownership and management of high quality branded serviced apartments, hotels and resorts, throughout Australia and New Zealand.

Property Development

Construction and property development of residential, commercial and retail development projects throughout Australia.

(b) Geographical Segment

The combined entity operates predominantly in Australia.

(c) Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are based on an "arm's-length" basis and are eliminated on consolidation.

36. REMUNERATION OF DIRECTORS

Income paid or payable, or otherwise made available to directors, by entities in the combined entity and related parties in connection with the management of affairs of the combined entity

The numbers of directors of Mirvac Limited and Mirvac Funds Limited as the Responsible Entity of the Trusts, whose total income from the combined entity or related parties, was within the specified bands are as follows:

\$ 60,000 - \$ 69,999
 \$ 70,000 - \$ 79,999
 \$ 80,000 - \$ 89,999
 \$ 90,000 - \$ 99,999
 \$160,000 - \$169,999
 \$170,000 - \$179,999
 \$520,000 - \$529,999
 \$530,000 - \$539,999
 \$760,000 - \$769,999
 \$770,000 - \$779,999
 \$830,000 - \$839,999
 \$840,000 - \$849,999
 \$900,000 - \$909,999
 \$1,010,000 - \$1,019,999

The Mirvac Group

2003 2002

\$ \$

3,719,743 3,426,000

2003

No.

2002

No.

1 1
 1 1
 1 2
 1 -
 - 1
 1 -
 - 1
 - 1
 1 -
 1 -
 - 1
 1 -

**Executive Officers of
 Entities in the Combined
 Group**

2003

\$

2002

\$

3,226,615 2,956,000

9,980,031 9,301,000

13,206,646 12,259,000

37. REMUNERATION OF EXECUTIVES

Amounts received, or due and receivable, by executive officers (including directors) of the entities of the combined group, in connection with the management of the affairs of the combined entity, whose income equals or exceeds \$100,000.

Executive officers of Mirvac Limited and Mirvac Funds Limited as the Responsible Entity of the Trusts

Executive officers of other entities in the combined group

Number of executives (including directors) whose remuneration from entities in the combined entity and related parties, was within the following bands.

\$100,000 - \$109,999	-	2
\$120,000 - \$129,999	1	3
\$130,000 - \$139,999	2	2
\$140,000 - \$149,999	4	2
\$150,000 - \$159,999	4	1
\$160,000 - \$169,999	1	3
\$170,000 - \$179,999	2	1
\$180,000 - \$189,999	1	4
\$190,000 - \$199,999	4	2
\$200,000 - \$209,999	1	1
\$210,000 - \$219,999	1	3
\$220,000 - \$229,999	1	-
\$230,000 - \$239,999	1	1
\$240,000 - \$249,999	4	1
\$260,000 - \$269,999	1	1
\$270,000 - \$279,999	1	-
\$290,000 - \$299,999	-	2
\$320,000 - \$329,999	1	1
\$330,000 - \$339,999	1	-
\$340,000 - \$349,999	-	1
\$350,000 - \$359,999	1	1
\$370,000 - \$379,999	2	-
\$390,000 - \$399,999	-	1
\$410,000 - \$419,999	1	-
\$420,000 - \$429,999	-	1
\$430,000 - \$439,999	-	1
\$470,000 - \$479,999	1	-
\$490,000 - \$499,999	-	1
\$520,000 - \$529,999	1	1
\$530,000 - \$539,999	1	-
\$560,000 - \$569,999	-	1
\$580,000 - \$589,999	1	-
\$680,000 - \$699,999	-	1
\$700,000 - \$709,999	1	-
\$760,000 - \$769,999	-	1
\$770,000 - \$779,999	-	1
\$830,000 - \$839,999	1	-
\$840,000 - \$849,999	1	-
\$900,000 - \$909,999	-	1
\$1,010,000 - \$1,019,999	1	-

The Mirvac Group	
2003	2002
\$	\$

PricewaterhouseCoopers - Australian firm

Audit or review of financial reports of the combined entity or any entity

Other assurance services	93,000	88,000
Total audit and other assurance services	650,000	603,000
Advisory services	200,000	30,000
Taxation	479,000	519,000
Total remuneration	1,329,000	1,152,000

Related practices of PricewaterhouseCoopers Australian firm (including overseas PricewaterhouseCoopers firms)

Audit or review of financial reports of the combined entity or any entity

audit or review of financial reports and the combined entity of any entity of the combined entity	2,000	0
Total audit and other assurance services	2,000	0
Taxation	40,000	14,000
Total remuneration	42,000	14,000

It is the combined entity's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the combined entity are important, and on the approval of the Chairman of the Audit & Compliance Committee or the Committee itself, acting on advice from management. Non audit assignments are principally advice on income tax, GST, stamp duty and other indirect taxes.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

34

39. EARNINGS PER SECURITY

The Mirvac Group
2003 2002
Cents Cents

Basic earnings per security	34.87	27.59
Diluted earnings per security	34.87	27.59

	No.	No.
The weighted average number of ordinary securities outstanding during the year used in the calculation of basic earnings per security	640,500,977	616,354,441

40. EMPLOYEE ENTITLEMENTS

2003 2002
\$000 \$000

Employee Entitlement Liabilities

Provision for employee entitlements		
Current (note 20)	11,434	9,466
Non-Current (note 25)	2,648	2,365
Aggregate Employee Entitlement Liability	14,082	11,831

Employee Numbers

Average number of employees during the financial year	2,867	2,680
---	-------	-------

The aggregate employee entitlement liability includes amounts for annual leave and long service leave. As explained in Note 1(q), the amount for long service leave is measured at its present value.

Employee Share/Unit Issues

The total of all securities issued under all employee share schemes is limited to 5% of the issued securities of the stapled group in any five year period.

Employee Incentive Share Scheme (EIS)

The issue of securities under the EIS Scheme was approved by an ordinary resolution at the annual general meeting of the members of Mirvac Limited, Mirvac Property Trust and Mirvac Commercial Trust held on 9 November 2000, for a further three years.

All full time employees (including executive directors) of Mirvac Limited and its controlled entities are eligible to participate in the scheme.

Employees are able to acquire ordinary securities, which are issued at the market value existing at the date of issue. Purchase of the securities is by employee loan (note 8). All securities are issued on acceptance of the offer by the employee.

4,129,535 ordinary securities (2002: 3,917,478 shares) were issued to employees of Mirvac Limited and its controlled entities during the year, at various market prices per security. Refer to note 26.

Subject to the conditions for disposal of securities issued under the EIS scheme, loans are non-recourse in the event of disposal, except for EIS loans issued to executive directors of Mirvac Limited and Mirvac Funds Limited from July 2002, totalling \$1,792,200 which are full recourse loans in the event a loss on disposal.

The total of ordinary stapled securities issued to employees under the Employee Incentive Scheme outstanding as at 30 June 2003 is 17,163,366 (2002: 16,319,676). The market price per ordinary stapled security at 30 June 2003 was \$4.44 (2002: \$4.18).

Mirvac Executive Share and Option Plan (MESOP)

The plan was adopted by a special resolution at the annual general meeting of the members of Mirvac Limited on 6 November 1996.

The MESOP is limited to executives of Mirvac Limited approved by the Board. Participating executives do not receive benefits unless targets are achieved. Funds for the acquisition of fully paid ordinary securities under the MESOP scheme are limited to the lesser of -

- i) 5% of the Mirvac Group annual pre-tax aggregated net profit; or
- ii) \$2,000,000.

The plan was suspended on 30 June 1999 and is inoperative at 30 June 2003.

At 30 June 2003, the number of acquired securities outstanding under the MESOP was 278,697 (2002: 372,605).

The market price per ordinary stapled security at 30 June 2003 was \$4.44 (2002: \$4.18).

Employee Loan Scheme

The Employee Loan Scheme was approved by a special resolution of the members of Mirvac Limited on 26 August 1987. Under the terms of the loan scheme, loans are only made to eligible employees (including executive directors), under terms and conditions at the discretion of the directors of Mirvac Limited. Eligibility under the loan scheme is at the discretion of the directors of Mirvac Limited.

The total of all loans issued under the loan scheme shall not exceed 2.5% of the total issued share capital and reserves of Mirvac Limited and its controlled entities. Loans are immediately repayable upon the member ceasing to be an employee.

At 30 June 2003, loans totalling \$11,100,000 were offered to employees, \$8,356,000 of which were drawn down at 30 June 2003.

Superannuation Commitments

Mirvac Limited and its controlled entities participate in a voluntary accumulation plan. The plan provides lump sum benefits on retirement, disability or death for employees who are invited by their employer to join the plan.

Employees are not required to make contributions but may contribute voluntarily. The employers contribute such amounts as are agreed with the employees concerned. These contributions are legally enforceable. There are sufficient funds available to meet any benefits that would have vested under the plan in the event of termination of the plan or the voluntary or compulsory termination of the employment of any employee.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2003

41. RELATED PARTY DISCLOSURES**Directors**

The names of the persons who were directors of Mirvac Limited and Mirvac Funds Limited as the Responsible Entity for Mirvac Property Trust and for Mirvac Commercial Trust, at any time during the financial year are as follows:
P J Biancardi, D J Broit, A Buduls, R A Fortune, R J Hamilton, A J Lane, G H Levy, B H R Neil, and R J Webster.

Remuneration and Retirement Benefits

Information relating to remuneration and retirement benefits is set out in note 36.

Loans to 44 Directors of Mirvac Limited and its controlled entities

Loans to directors of all companies in the combined entity disclosed in note 8 comprise:

The Mirvac Group
2003 **2002**
\$000 **\$000**

Secured loans under employee share schemes	20,208	20,492
Secured loans under employee loan scheme	5,948	0
	26,156	20,492
Loans advanced during the year - secured under employee share schemes	3,542	4,776
Loans advanced during the year - secured under employee loan scheme	5,948	0
	9,490	4,776
Loans repaid during the year - secured under employee share schemes	3,826	2,861
Loans repaid during the year - secured under employee loan scheme	0	0

The full-time directors of all the companies in the combined entity with employee share scheme loans which were advanced, repaid and were outstanding at the end of the year were:

D J Broit, R Bugryn, J Carli, G Carrier, G Cory, I Costley, P Cotton, D Cracknell, G Dickens, A Fini, R A Fortune, C Freeman, C Gordon, L Grinham, V Guy, R J Hamilton, R Levin, M Lynch, R Lynch, C Maher, R Molino, A Mulder, B H R Neil, M O'Brien, V Patapan, W Petrie, G Ranger, L Raunik, R Rizali, A Shepherd, P Silsbey, M Sholl, P Sinbandhit, W Smith, T Storey, A Tchorlian, K To, A Turner, M Wadey, M Wallace, P Warwick, C Wieck, G Wood and N Woodward.

The stapled securities issued are held as security until the loans are repaid.

Secured loans are interest free and are made in accordance with the various employee share schemes - note 40.

The full-time directors of all the companies in the combined entity with employee loans which were advanced and outstanding during the year were:

J Carli, D Cracknell, G Dickens, A Fini, C Freeman, R Lynch, C Maher, R Molino, B H R Neil, M O'Brien, L Raunik, W Smith, A Turner, M Wallace and G Wood.

Loans are secured by way of mortgage over property or shares / securities purchased.

Secured loans are interest free and are made in accordance with the employee loan scheme - note 40.

Transactions with Directors and director-related entities Concerning Stapled Securities

% of **Quoted** **% of** **Quoted**
Equity **2003** **Equity** **2002**

The number of stapled securities in The Mirvac Group held by the directors or their director-related entities as at 19 August 2003 were as follows:

A J Lane	-	67,649	-	67,649
R J Hamilton	1.96%	13,197,927	2.12%	13,086,517
P J Biancardi	-	7,000	-	7,000
D J Broit	0.15%	1,013,971	0.14%	863,932
A Buduls	-	7,660	-	7,145
R A Fortune	0.17%	1,116,208	0.17%	1,031,208
G H Levy	-	33,664	-	32,075
B H R Neil	0.18%	1,212,309	0.18%	1,083,059
R J Webster	-	12,210	-	11,389

Transactions relating to stapled securities are predominantly related to the issue of EIS loans (refer note 8) and participation in the distribution reinvestment plan.

Other Transactions with Directors and director-related entities

- Relatives of the directors of Mirvac Limited are employed under normal commercial terms and conditions in administrative roles.
- The directors of Mirvac Limited and Mirvac Funds Limited have the ability to utilise the facilities of the hotels under management at rates offered to all employees.
- Three directors, Messrs DJ Broit, R J Hamilton and BHR Neil, have utilised the construction services of the Combined Entity for the construction of private residential dwellings. Any payments for construction services incurred by the Combined Entity were either received in advance or fully reimbursed, and are fully indemnified for any services provided.
- Four directors, Ms A Buduls, Messrs DJ Broit, GH Levy and BHR Neil have purchased residential properties from the Combined Entity. The contracts of sale were based on normal commercial terms and conditions.
- The son of one of the directors, Mr RJ Hamilton, purchased a property management business from the Combined Entity. The value of the business was determined by an independent valuation, and the contract of sale was based on normal commercial terms and conditions.
- A director, Mr G H Levy, is a principal of Wentworth Associates Pty Limited and Chief Executive Officer of the investment bank, Investec Australia Limited, which provided corporate advisory services to the Combined Entity, at normal commercial terms and conditions.
- A director, Ms A Buduls, is also a director of Freedom Furniture Limited which leases premises from the Combined Entity, and from which the Combined Entity purchases display and office furniture and accessories, on normal commercial terms and conditions.
- A director, Mr R J Webster is a partner of Korn/Ferry International which provided corporate recruitment services to the Combined Entity, at normal commercial terms and conditions.
- Two directors, Mr P J Biancardi and Ms A Buduls are directors of HJ&B Group Limited which provided corporate recruitment services to the Combined Entity, at normal commercial terms and conditions.

41. RELATED PARTY DISCLOSURES (continued)**Other Transactions with Directors and director-related entities (continued)**

	2003 \$000	2002 \$000
Aggregate amounts of each of the above transactions with directors and director-related entities:		
Sale of residential properties and property management business	6,447	0
Construction services for domestic residential premises	2,622	500
Consulting and recruitment services	622	0

Ownership Interests in Related Parties

Interests held in the following classes of related parties are set out in the following notes:

- (a) Controlled Entities - note 11 (a)
- (b) Joint Ventures - note 32

42. EVENTS OCCURRING AFTER REPORTING DATE**Establishment of \$500 million AA Rated Securitisation Program**

In July 2003, the Group established a AA Rated Multi-option Pre-sale Securitisation program totalling \$500 million, of which \$225 million was drawn down on 22 July 2003, as \$60 million fixed rate notes and \$165 million floating rate notes. \$125 million of the notes drawn down have a scheduled maturity date for repayment on 15 July 2004, and \$100 million a scheduled maturity date for repayment on 15 June 2005. Interest is payable quarterly in arrears for floating rate notes and semi-annually for fixed rate notes. The issue of the notes replaced bank-funded debt and will provide longer-term maturity under the Group's borrowing program. The issue has assisted with reducing the cost of the combined entity's debt.

Implementation of tax consolidation legislation

Mirvac Limited and its wholly-owned Australian subsidiaries have decided to implement the tax consolidation legislation as of 1 July 2003. Refer to note 4 (c) for further information.

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 6 to 36:

- (a) comply with Accounting Standards and other mandatory professional reporting requirements;
and
- (b) give a true and fair view of the combined entity's financial position as at 30 June 2003 and of its performance, as represented by the results of its operations and cash flows, for the financial year ended on that date.

In the directors' opinion, there are reasonable grounds to believe that the combined entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors of Mirvac Limited and Mirvac Funds Limited as the Responsible Entity for Mirvac Property Trust.



A. J. LANE
Chairman

25 August 2003



D.J. BROIT
Director

Independent audit report to the stapled securityholders of The Mirvac Group

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report of The Mirvac Group for the financial year ended 30 June 2003 included on The Mirvac Group's web site. The directors of Mirvac Limited and Mirvac Funds Limited as responsible entity of Mirvac Property Trust are responsible for the integrity of The Mirvac Group's web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Audit opinion

In our opinion, the financial report of The Mirvac Group presents fairly, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, the financial position of The Mirvac Group as at 30 June 2003 and the results of its operations and cash flows for the year ended on that date.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report comprises the combined statement of financial position, combined statement of financial performance, combined statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for The Mirvac Group, for the year ended 30 June 2003. The Mirvac Group comprises both Mirvac Limited and its controlled entities and Mirvac Property Trust and its controlled entities.

The directors of Mirvac Limited and Mirvac Funds Limited as the responsible entity of Mirvac Property Trust are responsible for the preparation and presentation of the financial report. 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 stapled securityholders of The Mirvac Group. 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 Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of The Mirvac Group's financial position and the results of its 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.

When this audit report is included in a document containing the directors' report, our procedures include reading the directors' report to determine whether it contains any material inconsistencies with the financial report.

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.

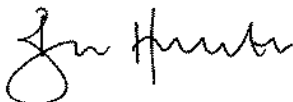
Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.



PricewaterhouseCoopers
Chartered Accountants



B K Hunter
Partner

Sydney
25 August 2003