

RESULTS ANNOUNCEMENT

Abacus Property Group Half Year Results to 31 December 2003

Abacus Property Group has delivered a strong operating and financial result for the half year ended 31 December 2003, reporting a net profit after tax of \$15.47 million.

Managing Director, David Bastian, said "The result for the December 2003 half year is very pleasing, with solid performance from all core activities of the Group." He said the slight decrease from the record profit of \$16.75 million earned during the six months ended 31 December 2002 was due primarily to the time lag in redeployment of cash generated from recent asset sales, which has reduced gearing to 21.9%.

Subject to unforeseen circumstances, the Board anticipates that the Group's performance for the second half of the financial year ending 30 June 2004 will exceed the level achieved in the December 2003 half year.

Key achievements for the period include:

- Assets under management increased to over \$650 million from \$550 million at June 2003.
- Total equity increased to \$299.2 million from \$290.6 million
- Net tangible assets per security increased to 98 cents per security from 95 cents at 30 June 2003 and 91 cents at 31 December 2002
- Gearing has been reduced to 21.9% from 26.2% at 30 June 2003.
- The distribution increased more than 3% to 5.425 cents from 5.25 cents for the six months ended 30 June 2003.

The distribution continues to be paid in full by the Abacus Trust from current earnings. The forecast distribution for the full year is 11.025 cents per security, a 5% increase on the distribution paid for the year ended 30 June 2003.

Results in brief	Half year 31 Dec 2003
Total equity (\$'000)	299,183
Total assets (\$'000)	415,563
Net profit after tax (\$'000)	15,474
Number of stapled securities on issue ('000)	270,420
Earnings per stapled security (cents)	5.72
Distribution per stapled security (cents)	5.425
Net tangible assets per stapled security (\$)	0.98
Gearing (%)	21.9

Abacus Property Group specialises in investing in property-based assets which are actively managed to enhance income and capital growth.

Abacus Property Group is made up of the Abacus Trust and Abacus Group Holdings Limited. The Abacus Trust holds an investment portfolio of commercial, industrial and retail properties and operates a mortgage lending business. Abacus Group Holdings Limited operates funds management and property management businesses and earns transaction and project income.

Diversification of property-based income streams is a major strength of the Group:

- rental income from the property portfolio;
- interest and fee income from secured loans;
- fee income from funds management;
- fee income from property management; and
- income from transactions and development projects.

Within the funds management business, a key focus in the past six months has been to foster the growth of the unlisted Abacus Diversified Income Fund which has grown from \$62 million to over \$170 million in assets.

Abacus Property Group

Appendix 4D – Half year report

For the six months ended 31 December 2003

Previous corresponding period the six months ended 31 December 2002

Abacus Property Group comprising Abacus Group Holdings Limited (ABN 31 080 604 619) and Abacus Trust (ABN 27 921 263 285) managed by Abacus Funds Management Limited (ABN 66 007 415 590)

Results for Announcement to the Market

	% change from pcp	\$'000
Revenues from ordinary activities	up 11.0%	to 56,171
Net profit from ordinary activities after tax attributable to members	down 7.6%	to 15,475
Net profit for the period attributable to members	down 7.6%	to 15,475

Explanation

Key factors underpinning the increase in revenue include:

- proceeds from the sale of investment properties - Central Brunswick, Queensland for \$20.25 million and commercial office suites at 109 Pitt Street, Sydney for \$12.87 million.
- increase in fee income from funds management activities.
- increase in interest income from investment loans.

The decrease in net profit relative to the first six months of the previous year is the result of timing differences in property sales and other transactions. It is expected that the results for the second six months will achieve full year results for the Group generally in line with that achieved in the year ended 30 June 2003.

Distributions

Distributions were paid in full by the Abacus Trust which does not pay tax, hence there were no franking credits attached.

	cents per security	\$'000
Interim distribution (September quarter) paid 12 November 2003	2.625	7,098
Interim distribution (December quarter) paid 12 February 2004	2.800	7,572

The record date for determining entitlements to the December distribution was 30 December 2003.

Net tangible assets per security

	Dec 2003	Dec 2002
Net tangible assets per security	\$0.98	\$0.91

The increase in the net tangible assets per security relative to the previous corresponding period reflects the decrease in gearing, increase in retained earnings and increase in asset revaluation reserve.

Associated entities

	% Ownership
The Mascot Unit Trust	50%
Abacus Private Equity Neutral Bay	50%
Lismor Bondi Pty Ltd	50%
Abacus Rosebery Property Trust	50%
Hornsby Joint Venture	50%
Willoughby Development Trust	50%

Income from the sale of the Mascot residential development site derived a profit of \$2.06 million for the Abacus Property Group. During August 2003, Abacus Group Holdings Limited increased its equity in the Hornsby joint venture from 33% to 50%. No contribution was made to net profit by any of the above entities in the previous corresponding period.

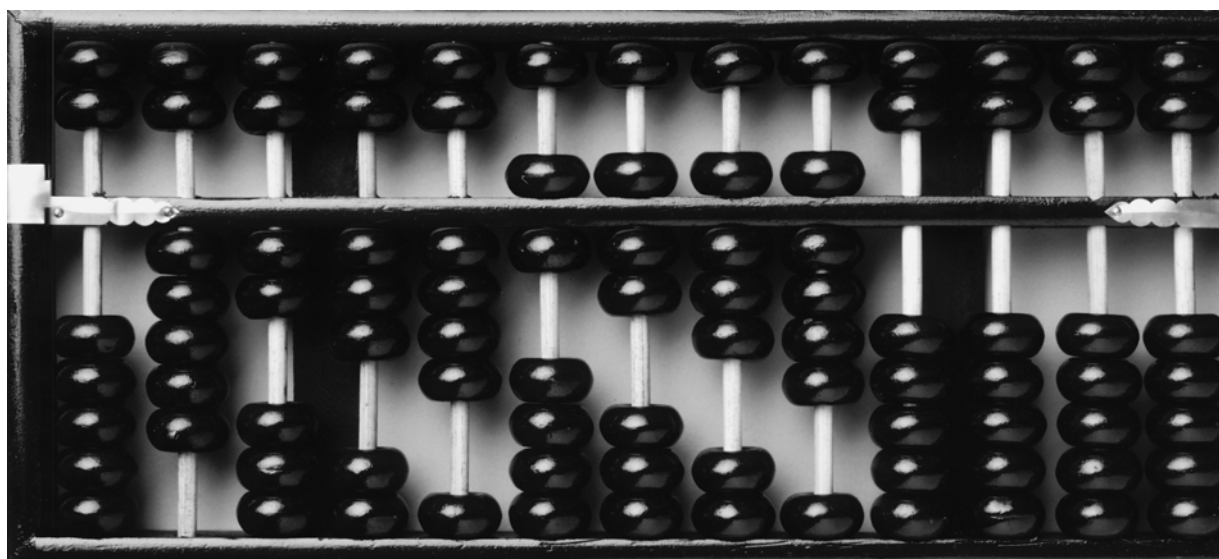
ABACUS PROPERTY GROUP

Abacus Group Holdings Limited

ABN 31 080 604 619

Abacus Trust

ABN 27 921 263 285



HALF-YEAR FINANCIAL REPORT

For the half-year ended 31 December 2003

HALF-YEAR FINANCIAL REPORT**31 DECEMBER 2003****Directory****Responsible Entity:**

Abacus Funds Management Limited
Level 34, Australia Square
264-278 George Street
SYDNEY NSW 2000
Tel: (02) 9253 8600
Fax: (02) 9253 8616
Website: www.abacusproperty.com.au

Directors of Responsible Entity:

John Thame, Chairman
Frank Wolf, Deputy Chairman
David Bastian, Managing Director
Dennis Bluth
Phillip Green
Malcolm Irving

Directors of Abacus Group Holdings Limited:

John Thame, Chairman
Frank Wolf, Deputy Chairman
David Bastian, Managing Director
Dennis Bluth
Phillip Green
Malcolm Irving
Len Lloyd

Company Secretary:

Robert Hill

Custodian:

Perpetual Trustee Company Limited
Level 8
9 Castlereagh Street
SYDNEY NSW 2000

Share Registry:

Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street
SYDNEY NSW 2000
Tel: (02) 1800 635 323 Toll free
Fax: (02) 8234 5050

Auditor:

Ernst & Young
321 Kent Street
SYDNEY NSW 2000

Compliance Plan Auditor:

Deloitte Touche Tohmatsu
Level 9, Grosvenor Place
225 George Street
SYDNEY NSW 2000

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DIRECTORS' REPORT

The Directors of Abacus Funds Management Limited, the Responsible Entity of Abacus Property Group (the Group) comprising of Abacus Trust and Abacus Group Holdings Limited submit their report for the Group for the half-year ended 31 December 2003.

DIRECTORS

The Directors of the Responsible Entity in office during the half-year and until the date of this report are as below:

John Thame FCPA	Chairman
Frank Wolf PhD, BA Hons	Deputy Chairman
David Bastian CPA	Managing Director
Dennis Bluth BA, LLB, LLM	Non-executive Director
Phillip Green BCom, LLB	Non-executive Director
Malcolm Irving AM, FCPA, FSIA, Bcom, Hon DLitt	Non-executive Director
Len Lloyd FAPI, LREA	Executive Director (AGHL)

REVIEW AND RESULTS OF OPERATIONS

The Abacus Property Group consists of the Abacus Trust and Abacus Group Holdings Limited. An Abacus Property Group security consists of a unit in the Abacus Trust stapled to a share in Abacus Group Holdings Limited.

The Abacus Trust holds an investment portfolio of commercial, industrial and retail properties and mortgage loans. Abacus Group Holdings Limited has funds management and property management businesses and participates in property refurbishment and development to add value to the assets within its portfolio. Abacus Group Holdings Limited also participates in joint venture projects with a number of experienced partners in NSW, Queensland and Victoria.

The Group earned an after tax profit of \$15.47 million in the six months ended 31 December 2003. This is slightly less than the \$16.75 million earned during the six months ended 31 December 2002 due primarily to the time lag in redeployment of cash generated from recent asset sales, which has reduced gearing to 21.9%. The total half-year distribution of 5.425 cents per security represents an increase of 3.3% on the 5.25 cents per security paid in the previous six months. This distribution was paid in full by the Abacus Trust.

During the six months under review, the Abacus Trust sold the Central Brunswick Town Square and Convenience Centre located in Fortitude Valley in Brisbane for \$20.25 million. After the deduction of agent's commission and other selling expenses, the Trust realised a net loss of \$97,000 on the written down value of \$20.0 million. The Abacus Mortgage Fund increased the size of its mortgage portfolio from \$29.3 million as at 31 December 2002 to \$45.5 million as at 31 December 2003. Interest income on the portfolio for the relative six-month periods increased from \$2.6 million to \$3.2 million. In addition, the Abacus Trust advanced funds to Abacus Group Holdings Limited to support the growth of its funds and property management arms, where assets under management have grown from \$550 million to more than \$650 million during the past six months, and its other business activities.

The Abacus Trust took advantage of the strength of the market during the past twelve months to reposition its property portfolio and reduce the Group's gearing to 21.9% as at 31 December 2003. It is now well placed to rebuild its property portfolio as suitable assets with prospects for capital growth become available. In the meantime the Trust is utilising its surplus funds in short-term loans and the development of the Group's fund management activities.

DIRECTORS' REPORT continued

Total equity increased from \$290.6 million to \$299.2 million with net tangible assets per security increasing from 95 cents at 30 June 2003 to 98 cents as at 31 December 2003.

Signed in accordance with a resolution of the directors.
Abacus Funds Management Limited (ABN 66 007 415 590)
Abacus Group Holdings Limited (ABN 31 080 604 619)



John Thame
Chairman



David J Bastian
Managing Director

Sydney, 27 February 2004

COMBINED STATEMENTS OF FINANCIAL PERFORMANCE AND DISTRIBUTION

HALF-YEAR ENDED 31 DECEMBER 2003

		AGGREGATED	
	Notes	Dec-03 \$'000	Dec-02 \$'000
STATEMENT OF FINANCIAL PERFORMANCE			
REVENUES FROM ORDINARY ACTIVITIES	2	53,969	50,607
Depreciation and amortisation expenses	3	(927)	(707)
Carrying amount of investment properties disposed		(30,026)	(19,980)
Borrowing costs expense	3	(3,700)	(5,484)
Salaries and employee benefits expense		(2,021)	(932)
Provision for doubtful debts		(175)	(125)
Other expenses from ordinary activities	3	(3,848)	(4,230)
Share of net profits of joint ventures accounted for using the equity method	2	2,202	-
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		15,474	19,149
Income tax expense relating to ordinary activities		1	(2,395)
NET PROFIT ATTRIBUTABLE TO STAPLED SECURITY HOLDERS OF THE GROUP		15,475	16,754
Increase in asset revaluation reserve	5	7,797	3,787
TOTAL REVENUES, EXPENSES, AND VALUATION ADJUSTMENTS ATTRIBUTABLE TO STAPLED SECURITY HOLDERS OF THE GROUP AND RECOGNISED DIRECTLY IN EQUITY		7,797	3,787
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH STAPLED SECURITY HOLDERS AS OWNERS		23,272	20,541
STATEMENT OF DISTRIBUTION			
Net operating profit from ordinary activities		15,475	16,754
Net transfer of non-distributable income (to)/from stapled security-holders' funds		(805)	(5,051)
Distributions paid and payable	4	14,670	11,703
Distribution per stapled security (cents per unit)		5.43	5.25
Basic and diluted earnings per stapled security (cents) (a)		5.72	7.74

(a) Earnings per stapled security (EPSS) decreased from 7.74 cents in December 2002 to 5.72 cents in December 2003. The decrease is not a reflection of the Group's profit performance but rather is largely due to the lower average number of stapled securities used in the EPSS calculation in December 2002, resulting mainly from capital raisings in the latter part of the period.

COMBINED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2003

	Notes	AGGREGATED	
		Dec-03 \$'000	Jun-03 \$'000
CURRENT ASSETS			
Cash assets		8,429	29,166
Receivables		6,104	17,810
Investment properties	5	31,212	37,013
Other financial assets		48,009	31,137
Other		1,193	1,035
TOTAL CURRENT ASSETS		94,947	116,161
NON - CURRENT ASSETS			
Property, plant and equipment		159	177
Investment properties	5	216,961	224,881
Investments accounted for using the equity method		2,651	4,504
Other financial assets		66,339	34,114
Deferred tax assets		522	172
Intangible assets		33,281	34,169
Other		703	17
TOTAL NON-CURRENT ASSETS		320,616	298,034
TOTAL ASSETS		415,563	414,195
CURRENT LIABILITIES			
Payables		3,085	4,274
Interest-bearing liabilities		14,000	40,975
Current tax liabilities		-	3,223
Provisions		7,824	7,314
TOTAL CURRENT LIABILITIES		24,909	55,786
NON-CURRENT LIABILITIES			
Interest-bearing liabilities		91,100	67,500
Provisions		371	328
TOTAL NON-CURRENT LIABILITIES		91,471	67,828
TOTAL LIABILITIES		116,380	123,614
NET ASSETS		299,183	290,581
EQUITY			
Contributed equity		266,334	266,334
Asset revaluation reserve	6	26,820	14,462
Retained earnings	6	6,029	9,785
TOTAL EQUITY		299,183	290,581

COMBINED STATEMENT OF CASH FLOWS

HALF-YEAR ENDED 31 DECEMBER 2003

	AGGREGATED	
	Dec-03	Dec-02
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	27,589	10,764
Bank interest received	429	428
GST received/(paid)	(2,236)	(542)
Income tax expense paid	(3,571)	(500)
Borrowing costs	(3,717)	(3,098)
Merger and listing costs	-	(765)
Operating payments	(15,706)	(693)
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,788	5,594
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments	(98,677)	(16,080)
Proceeds from settlement of investments	50,656	648
Purchase of controlled entities	-	(4,308)
Purchase of plant and equipment	(19)	-
Purchase of investment properties	-	(8,252)
Disposal of investment properties	42,350	30,233
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	(5,690)	2,241
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of stapled securities	-	69,263
Payment of establishment fees	-	(3,470)
Repayments of borrowings	(29,599)	(40,931)
Proceeds from borrowings	25,961	2,824
Distributions paid	(14,197)	(12,381)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	(17,835)	15,305
NET INCREASE/(DECREASE) IN CASH HELD	(20,737)	23,140
Add opening cash brought forward	29,166	2,715
CLOSING CASH CARRIED FORWARD	8,429	25,855

NOTES TO THE FINANCIAL STATEMENTS**HALF-YEAR ENDED 31 DECEMBER 2003****1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT**

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Abacus Property Group as at 30 June 2003. It is also recommended that the half-year financial report be considered together with any public announcements made by Abacus Property Group during the half-year ended 31 December 2003 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting", and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The half-year financial report has been prepared in accordance with the historical cost convention except for investment properties which are carried at fair value. The accounting policies adopted are consistent with those applied in the 30 June 2003 annual financial reports subject to the change in accounting policies described below.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Principles of aggregation

The combined financial statements include the aggregated financial statements of Abacus Trust and its controlled entities and Abacus Group Holdings Limited and its controlled entities referred to collectively throughout these financial statements as the "Abacus Property Group" or the "Group".

Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current period disclosures.

Rounding

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Group under ASIC Class Order 98/0100. The Group is an entity to which the Class Order applies.

NOTES TO THE FINANCIAL STATEMENTS

HALF-YEAR ENDED 31 DECEMBER 2003

	AGGREGATED	
	Dec-03	Dec-02
	\$'000	\$'000
2. REVENUE FROM ORDINARY ACTIVITIES		
Revenues from operating activities		
Property rental income	11,911	15,797
Income from investments	5,487	2,894
Revenue from sale of investment properties	33,121	30,233
Fund and property management fees	735	298
Consulting and other fees	2,087	957
Total revenues from operating activities	53,341	50,179
Revenues from non-operating activities		
Distributions from other entities	180	-
Bank interest	448	428
	628	428
Total revenues from ordinary activities	53,969	50,607
Share of net profits of joint ventures accounted for using the equity method		
Share of joint venture profits	2,202	-

NOTES TO THE FINANCIAL STATEMENTS
HALF-YEAR ENDED 31 DECEMBER 2003

	AGGREGATED	
	Dec-03	Dec-02
	\$'000	\$'000
3. EXPENSES		
Depreciation of non-current assets		
Plant and equipment	25	-
Total depreciation of non-current assets	25	-
Amortisation of non-current assets		
Finance costs	6	-
Goodwill	888	707
Software	8	-
Total amortisation of non-current assets	902	707
Total depreciation and amortisation expenses	927	707
Borrowing costs expensed		
Interest expense	3,700	5,484
Total borrowing costs expensed	3,700	5,484
Other expenses		
Property outgoings	2,116	1,970
Expenses on sales of investment properties	834	271
Responsible entity's remuneration	-	330
Other expenses	898	1,659
Total other expenses	3,848	4,230
4. DISTRIBUTIONS PAID OR PROVIDED FOR ON STAPLED SECURITIES		
(a) Distributions proposed and recognised as a liability		
Distribution (2.80c per stapled security) (2002: 2.63c)	7,572	3,597
(b) Distributions paid during the year		
<i>(i) Current year interim</i>		
Distribution (2.63c per stapled security) (2002: 2.63c)	7,098	8,106
	14,670	11,703
<i>(ii) Previous year final</i>		
Distribution (2.63c per stapled security)	7,099	4,144

The distributions were paid from the Abacus Trust which does not pay tax, hence there were no franking credits attached.

NOTES TO THE FINANCIAL STATEMENTS

HALF-YEAR ENDED 31 DECEMBER 2003

5. INVESTMENT PROPERTIES

Property	Acquisition date	Cost incl all additions \$'000	Independent valuation date	\$'000	Aggregated value	
					Dec-03	Jun-03
					note (a) \$'000	\$'000
(a) Current asset						
109 Pitt Street, Sydney, NSW (see note (b) below)	22-Jun-99	31,212			31,212	37,013
Current asset - Investment properties					31,212	37,013
(b) Non-current assets						
244 Liverpool Road, Ashfield, NSW (i)	26-Mar-98	2,507				
252 Liverpool Road, Ashfield, NSW (i)	2-Mar-00	1,107				
254 Liverpool Road, Ashfield, NSW (i)	31-Aug-01	2,662				
256 Liverpool Road, Ashfield, NSW (i)	29-Sep-98	820				
Project development costs		451				
		7,547	31-Dec-03	7,851	7,851	8,746
Construction progress, Hornsby Crescent		4,396	-	-	4,396	-
4-8 Jacobs Street, Bankstown (iii)	2-Dec-02	5,147	26-Sep-02	4,765	5,147	5,147
Properties owned by AGHL and its controlled entities					17,394	13,893
10 Market Street, Brisbane, QLD (i)	22-Apr-02	20,065	31-Jan-02	18,700	20,065	20,059
66 Christina Road, Villawood, NSW (ii)	28-May-02	8,002	1-Jan-02	7,500	8,002	8,028
CSIRO, Limestone Ave., Campbell, ACT (v)	21-Jun-02	12,685	31-Dec-03	14,000	14,000	12,685
Central Brunswick, Fortitude Valley, QLD	Note (c)	-	-	-	-	20,000
4 Ray Road, Epping, NSW (iii)	30-Apr-97	26,844	31-Dec-03	40,000	40,000	35,242
431 Glebe Point Road, Glebe, NSW (iv)	23-Sep-97	10,523	31-Dec-03	12,500	12,500	11,074
Ashfield Mall, Ashfield, NSW (v)	15-Sep-97	69,662	30-Jun-03	89,000	89,000	89,000
10-12 Pike Street, Rydalmere, NSW (v)	1-Oct-98	14,262	31-Dec-03	16,000	16,000	14,900
Properties owned by Abacus Trust and its controlled entities					199,567	210,988
Non-current - Investment properties					216,961	224,881
Total investment properties					248,173	261,894

(i) As valued by Landmark White Pty Limited

(ii) As valued by Knight Frank Pty Limited

(iii) As valued by Colliers International Consultancy and Valuation Pty Ltd

(iv) As valued by Urbis Property Consultants

(v) As valued by FPD Savills (NSW) Pty Limited

Notes:

(a) The consolidated value at 31 December 2003 includes capital expenditure after the last valuation date.

(b) The property at 109 Pitt Street is currently under refurbishment and has been subdivided into strata units. The retail component and the leasehold interest in the car park were sold during the year ended 30 June 2003 while the sales of the commercial units are in progress.

(c) The property in Central Brunswick, Fortitude Valley was sold on 28 November 2003.

(d) The bank loans are secured over the investment properties.

NOTES TO THE FINANCIAL STATEMENTS

HALF-YEAR ENDED 31 DECEMBER 2003

	AGGREGATED	
	Dec-03	6 months to Jun-03
	\$'000	\$'000
6. ADDITIONAL INFORMATION		
Reconciliation of asset revaluation reserve:		
Balance at the beginning of period	14,462	5,199
Net revaluation increment/(decrement)	7,797	11,253
Realised (profits)/losses transferred to retained earnings	4,561	(1,990)
Balance at end of period	26,820	14,462
Reconciliation of retained earnings:		
Balance at the beginning of year	9,785	4,939
Net profit attributable to stapled security holders	15,475	17,053
Realised (profits)/losses transferred from asset revaluation reserve	(4,561)	1,990
Total available for appropriation	20,699	23,982
Distributions provided for or paid	(14,670)	(14,197)
Balance at end of period	6,029	9,785

(i) Central Brunswick Town Square and Convenience Centre in Fortitude Valley, Brisbane was sold for \$20.25 million during November 2003. The value of this property had previously been written down by \$5.049 million against the Asset Revaluation Reserve. The sale of the property has resulted in a credit of \$5.049 million to the Asset Revaluation Reserve and a debit to Retained Earnings. The sale of commercial strata suites in 109 Pitt Street, Sydney during the period resulted in the realisation of a surplus of \$0.488 million which has been credited to Retained Earnings.

7. SEGMENT INFORMATION

Business segments

	Property		Financing		Funds Management		Total	
	Dec-03	Dec-02	Dec-03	Dec-02	Dec-03	Dec-02	Dec-03	Dec-02
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue:								
Revenues from customers outside the Group	45,032	46,030	7,869	2,714	2,822	1,435	55,723	50,179
Interest revenue							448	428
Total aggregated revenue							56,171	50,607
Segment results:								
Segment result	9,691	20,968	7,283	2,587	1,753	650	18,727	24,205
Interest income							448	428
Income tax							1	(2,395)
Borrowing costs							(3,701)	(5,484)
Group net profit							15,475	16,754

NOTES TO THE FINANCIAL STATEMENTS

HALF-YEAR ENDED 31 DECEMBER 2003

8. COMMITMENTS AND CONTINGENCIES

The Group has commitments to pay the balance of contracted refurbishment works in 109 Pitt Street to an aggregate amount of \$5.9 million and the unused portion of the loan facilities to outside parties in the amount of \$24.5 million (2002: \$13.424 million).

9. SUBSEQUENT EVENTS

Since 31 December 2003 there has not been any matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Group.

NOTES TO THE FINANCIAL STATEMENTS

HALF-YEAR ENDED 31 DECEMBER 2003

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Abacus Funds Management Limited, Responsible Entity of Abacus Trust, and the Directors of Abacus Group Holdings Limited, we state that:

in the opinion of the Directors:

- (a) the financial statements and notes of the Abacus Property Group :
 - (i) give a true and fair view of the Group's financial position as at 31 December 2003 and of the performance for the half-year ended on that date; and
 - (ii) comply with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board



John Thame
Chairman



David J Bastian
Managing Director

Sydney, 27 February 2004



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Australia

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Sydney NSW 2001

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Independent review report to stapled security-holders of Abacus Property Group

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements for the aggregated financial statements of Abacus Group Holdings Limited and Abacus Trust and the entities they controlled during the half-year ('the aggregated entity'), and the directors' declaration for the aggregated entity, for the period ended 31 December 2003.

The directors of the aggregated entity are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the aggregated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the stapled security-holders of the aggregated entity, and in order for the aggregated entity to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the aggregated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of aggregated entity personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the aggregated entity, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW)



Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the aggregated entity, comprising the aggregated financial statements of Abacus Group Holdings Limited and Abacus Trust and the entities they controlled during the half-year is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the aggregated entity at 31 December 2003 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink, likely belonging to Mark O'Sullivan.

Mark O'Sullivan
Partner
Sydney
27 February 2004

HALF-YEAR FINANCIAL REPORT**31 DECEMBER 2003****Directory****Responsible Entity:**

Abacus Funds Management Limited
Level 34, Australia Square
264-278 George Street
SYDNEY NSW 2000
Tel: (02) 9253 8600
Fax: (02) 9253 8616
Website: www.abacusproperty.com.au

Directors of Responsible Entity:

John Thame, Chairman
Frank Wolf, Deputy Chairman
David Bastian, Managing Director
Dennis Bluth
Phillip Green
Malcolm Irving

Company Secretary:

Robert Hill

Custodian:

Perpetual Trustee Company Limited
Level 8
9 Castlereagh Street
SYDNEY NSW 2000

Auditor:

Ernst & Young
321 Kent Street
SYDNEY NSW 2000

Compliance Plan Auditor

Deloitte Touche Tohmatsu
Level 9, Grosvenor Place
225 George Street
SYDNEY NSW 2000

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DIRECTORS' REPORT

The Directors of Abacus Funds Management Limited, the Responsible Entity of Abacus Trust (the Trust) submit their report for the Trust for the half-year ended 31 December 2003.

DIRECTORS

The Directors of the Responsible Entity in office during the half-year and until the date of this report are as below:

John Thame FCPA	Chairman
Frank Wolf PhD, BA Hons	Deputy Chairman
David Bastian CPA	Managing Director
Dennis Bluth BA, LLB, LLM	Non-executive Director
Phillip Green BCom, LLB	Non-executive Director
Malcolm Irving AM, FCPA, FSIA, Bcom, Hon DLitt	Non-executive Director

REVIEW AND RESULTS OF OPERATIONS

The Abacus Property Group consists of the Abacus Trust and Abacus Group Holdings Limited. An Abacus Property Group security consists of a unit in the Abacus Trust stapled to a share in Abacus Group Holdings Limited.

During the period under review, the Abacus Trust continued with its primary activities of investing in property assets for rental income and investing in secured loans for interest income. Net profit for the Abacus Trust was \$16.15 million for the six months ended 31 December 2003. The distribution for the period was \$14.67 million.

Total assets of the Abacus Trust increased from \$371 million at 30 June 2003 to \$393 million as at 31 December 2003. These assets include \$199.6 million in investment properties, \$45.5 million in loans advanced by the Abacus Mortgage Fund and \$121.8 million loaned to Abacus Group Holdings Limited for the acquisition of Abacus Funds Management Limited in October 2002, the purchase of the properties at 109 Pitt Street Sydney and 4-8 Jacobs Street Bankstown and for use in the ongoing development of funds management activities.

During the six months under review, the Trust sold the Central Brunswick Town Square and Convenience Centre in Fortitude Valley, Brisbane for \$20.25 million.

The Trust has taken advantage of the strength of the market over the past twelve months to reposition its property portfolio. It is now well-placed to rebuild its property portfolio as suitable assets with prospects for ongoing capital growth become available.

Signed in accordance with a resolution of the directors.
Abacus Funds Management Limited (ABN 66 007 415 590)



John Thame
Chairman



David J Bastian
Managing Director

Sydney, 27 February 2004

STATEMENTS OF FINANCIAL PERFORMANCE AND DISTRIBUTION

HALF-YEAR ENDED 31 DECEMBER 2003

		CONSOLIDATED	
	Notes	Dec-03 \$'000	Dec-02 \$'000
STATEMENT OF FINANCIAL PERFORMANCE			
REVENUES FROM ORDINARY ACTIVITIES	2	42,100	33,050
Carrying amount of investment properties disposed		(20,002)	(13,350)
Borrowing costs expense	3	(3,395)	(4,964)
Provision for doubtful debts		(175)	(125)
Other expenses from ordinary activities	3	(2,377)	(2,856)
PROFIT FROM ORDINARY ACTIVITIES BEFORE AND AFTER INCOME TAX EXPENSE		16,151	11,755
NET PROFIT ATTRIBUTABLE TO UNITHOLDERS OF ABACUS TRUST		16,151	11,755
Increase in asset revaluation reserve	6	8,694	54
TOTAL REVENUES, EXPENSES, AND VALUATION ADJUSTMENTS ATTRIBUTABLE TO UNITHOLDERS AND RECOGNISED DIRECTLY IN EQUITY		8,694	54
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH UNITHOLDERS AS OWNERS OF ABACUS TRUST		24,845	11,809
Basic and diluted earnings per unit (cents)		5.97	5.43
STATEMENT OF DISTRIBUTION			
Net operating profit from ordinary activities		16,151	11,755
Net transfer of non-distributable income (to)/from unitholders' funds		(1,481)	(52)
Distributions paid and payable	4	14,670	11,703
Distribution per unit (cents per unit)		5.43	5.25

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2003

	Notes	CONSOLIDATED	
		Dec-03 \$'000	Jun-03 \$'000
CURRENT ASSETS			
Cash assets		1,833	23,520
Receivables		2,376	15,676
Other financial assets		20,828	23,287
Other		996	834
TOTAL CURRENT ASSETS		26,033	63,317
NON - CURRENT ASSETS			
Investment properties	5	199,567	210,988
Other financial assets		168,262	96,261
Other		654	-
TOTAL NON-CURRENT ASSETS		368,483	307,249
TOTAL ASSETS		394,516	370,566
CURRENT LIABILITIES			
Payables		1,314	1,612
Interest-bearing liabilities		14,000	24,000
Provisions		7,572	7,099
TOTAL CURRENT LIABILITIES		22,886	32,711
NON-CURRENT LIABILITIES			
Interest-bearing liabilities		88,000	64,400
TOTAL NON-CURRENT LIABILITIES		88,000	64,400
TOTAL LIABILITIES		110,886	97,111
NET ASSETS		283,630	273,455
UNITHOLDERS' FUNDS			
Contributed equity		259,672	259,672
Asset revaluation reserve	6	24,745	11,002
Retained earnings/(accumulated losses)	6	(787)	2,781
TOTAL UNITHOLDERS' FUNDS		283,630	273,455

STATEMENT OF CASH FLOWS
HALF-YEAR ENDED 31 DECEMBER 2003

	CONSOLIDATED	
	Dec-03	Dec-02
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	10,845	11,960
Bank interest received	297	402
GST received/(paid)	(587)	(429)
Borrowing costs	(3,411)	(4,779)
Operating payments	(1,656)	(885)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	5,488	6,269
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments	(117,715)	(37,275)
Proceeds from settlement of investments	70,887	-
Purchase of controlled entities	-	517
Purchase of investment properties	-	(1,014)
Proceeds from disposal of investment properties	20,250	14,250
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	(26,578)	(23,522)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of units	-	66,629
Payment of establishment fees	-	(3,470)
Repayments of borrowings	(19,000)	(29,776)
Proceeds from borrowings	32,600	2,824
Distributions paid	(14,197)	(12,381)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	(597)	23,826
NET INCREASE/(DECREASE) IN CASH HELD	(21,687)	6,573
Add opening cash brought forward	23,520	2,662
CLOSING CASH CARRIED FORWARD	1,833	9,235

NOTES TO THE FINANCIAL STATEMENTS**HALF-YEAR ENDED 31 DECEMBER 2003****1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT**

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the trust as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Abacus Trust as at 30 June 2003. It is also recommended that the half-year financial report be considered together with any public announcements made by the Abacus Property Group during the half-year ended 31 December 2003 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting", other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the requirements of the Trust Constitution dated 18 April 2001.

The half-year financial report has been prepared in accordance with the historical cost convention except for investment properties which are carried at fair value.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Principles of consolidation

The consolidated financial statements include the financial statements of the parent entity, Abacus Trust, and its controlled entities enumerated below, referred to collectively throughout these financial statements as the "consolidated entity" or the "Trust":

Abacus Mortgage Fund	Abacus Glebe Property Trust
Abacus Ashfield Mall Property Trust	Abacus Glebe Trust
Abacus Industrial Property Trust	Abacus Central Brunswick Property Trust
Abacus Epping Park Property Trust	Abacus Central Brunswick Trust
Abacus Epping Trust	Abacus Campbell Property Trust

Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current period disclosures.

Rounding

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Trust under ASIC Class Order 98/0100. The Trust is an entity to which the Class Order applies.

NOTES TO THE FINANCIAL STATEMENTS
HALF-YEAR ENDED 31 DECEMBER 2003

	CONSOLIDATED	
	Dec-03	Dec-02
	\$'000	\$'000
2. REVENUE FROM ORDINARY ACTIVITIES		
Revenues from operating activities		
Property rental income	10,417	13,323
Income from investments	11,136	5,075
Revenue from sale of investment properties	20,250	14,250
Total revenues from operating activities	41,803	32,648
Revenues from non-operating activities		
Bank interest	297	402
Total revenues from non-operating activities	297	402
Total revenues from ordinary activities	42,100	33,050
3. EXPENSES		
Borrowing costs expensed		
Interest expense	3,395	4,964
Total borrowing costs expensed	3,395	4,964
Other expenses		
Property expenses	1,831	1,321
Expenses on sale of investment properties	344	-
Responsible entity's remuneration	-	562
Other	202	973
Other expenses	2,377	2,856
4. DISTRIBUTIONS PAID OR PROVIDED FOR ON UNITS		
(a) Distributions proposed and recognised as a liability		
Distribution (2.80c per unit) (2002: 2.63c)	7,571	3,597
(b) Distributions paid during the year		
<i>(i) Current year interim</i>		
Distribution (2.63c per unit) (2002: 2.63c)	7,099	8,106
	14,670	11,703
<i>(ii) Previous year final</i>		
Distribution (2.63c per unit)	7,099	4,144

NOTES TO THE FINANCIAL STATEMENTS
HALF-YEAR ENDED 31 DECEMBER 2003

5. INVESTMENT PROPERTIES

Property	Acquisition date	Cost including all additions \$'000	Independent valuation date	\$'000	Consolidated value (note a) Dec-03 \$'000	Jun-03 \$'000
10 Market Street, Brisbane, QLD (i)	22-Apr-02	20,065	31-Jan-02	18,700	20,065	20,059
66 Christina Road, Villawood, NSW (ii)	28-May-02	8,002	1-Jan-02	7,500	8,002	8,028
Properties owned by the parent entity, Abacus Trusts					28,067	28,087
Central Brunswick, Fortitude Valley, QLD	Note (b)	-	-	-	-	20,000
4 Ray Road, Epping, NSW (iii)	30-Apr-97	26,844	31-Dec-03	40,000	40,000	35,242
431 Glebe Point Road, Glebe, NSW (iv)	23-Sep-97	10,523	31-Dec-03	12,500	12,500	11,074
Ashfield Mall, Ashfield, NSW (v)	15-Sep-97	69,662	30-Jun-03	89,000	89,000	89,000
10-12 Pike Street, Rydalmere, NSW (v)	1-Oct-98	14,262	31-Dec-03	16,000	16,000	14,900
CSIRO, Limestone Ave., Campbell, ACT (v)	21-Jun-02	12,685	31-Dec-03	14,000	14,000	12,685
Properties owned by Abacus Trust and its controlled entities					199,567	210,988

(i) As valued by Landmark White Pty Limited

(ii) As valued by Knight Frank Pty Limited

(iii) As valued by Colliers International Consultancy and Valuation Pty Ltd

(iv) As valued by Urbis Property Consultants

(v) As valued by FPD Savills (NSW) Pty Limited

Notes:

(a) The consolidated value at 31 December 2003 includes capital expenditure after the last valuation date.

(b) The property in Central Brunswick, Fortitude Valley was sold on 28 November 2003.

(c) The bank loans are secured over the investment properties.

6. ADDITIONAL INFORMATION

	CONSOLIDATED	
	Dec-03 \$'000	6 months to Jun-03 \$'000
Reconciliation of asset revaluation reserve:		
Balance at the beginning of period	11,002	3,998
Net revaluation increment	8,694	7,520
Realised(profits)/losses transferred to retained earnings (i)	5,049	(516)
Balance at end of period	24,745	11,002

NOTES TO THE FINANCIAL STATEMENTS

HALF-YEAR ENDED 31 DECEMBER 2003

6. ADDITIONAL INFORMATION continued

	CONSOLIDATED	
	Dec-03	6 months to Jun-03
	\$'000	\$'000
Reconciliation of retained earnings:		
Balance at the beginning of period	2,781	102
Net profit attributable to unitholders	16,151	16,360
Realised (profits)/losses transferred from asset revaluation reserve (i)	(5,049)	516
Total available for appropriation	13,883	16,978
Distributions provided for or paid	(14,670)	(14,197)
Balance at end of period	(787)	2,781

(i) Central Brunswick Town Square and Convenience Centre in Fortitude Valley, Brisbane was sold for \$20.25 million during November 2003. The value of this property had previously been written down by \$5.049 million against the Asset Revaluation Reserve. The sale of the property has resulted in a credit of \$5.049 million to the Asset Revaluation Reserve and a debit to Retained Earnings.

7. SEGMENT INFORMATION

Business segments

	Property		Financing		Total	
	Rental & Sales					
	Dec-03	Dec-02	Dec-03	Dec-02	Dec-03	Dec-02
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue:						
Revenues from customers outside the consolidated entity	30,667	27,573	11,136	5,075	41,803	32,648
Interest revenue					297	402
Total consolidated revenue					42,100	33,050
Segment results:						
Segment result	8,288	11,369	10,961	4,948	19,249	16,317
Interest income					297	402
Borrowing costs					(3,395)	(4,964)
Total consolidated results					16,151	11,755

8. COMMITMENTS AND CONTINGENCIES

The consolidated entity has an outstanding commitment in the form of the unused portion of loan facilities to outside parties amounting to \$3.2 million at 31 December 2003.

9. SUBSEQUENT EVENTS

Since 31 December 2003 there has not been any matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the consolidated entity.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Abacus Funds Management Limited, we state that:

in the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity :
 - (i) give a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of their performance for the half-year ended on that date; and
 - (ii) comply with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the consolidated 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 the Abacus Funds Management Limited as Responsible Entity of the Abacus Trust.

On behalf of the Board



John Thame
Chairman



David J Bastian
Managing Director

Sydney, 27 February 2004



■ The Ernst & Young Building
321 Kent Street
Sydney NSW 2000
Australia

GPO Box 2646
Sydney NSW 2001

■ Tel 61 2 9248 5555
Fax 61 2 9262 6565
DX Sydney Stock
Exchange 10172

Independent review report to unitholders of Abacus Trust

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements for the consolidated entity comprising both Abacus Trust (the Trust) and the entities it controlled during the half-year, and the directors' declaration for the Trust, for the period ended 31 December 2003.

The directors of the Responsible Entity are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the unitholders of the Trust, and in order for the Trust to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of Responsible Entity personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the Trust, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW)



Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Abacus Trust and the entities it controlled during the half-year is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2003 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



Mark O'Sullivan
Partner
Sydney
27 February 2004

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2003

Directory

Abacus Group Holdings Limited
Level 34, Australia Square
264-278 George Street
SYDNEY NSW 2000
Tel: (02) 9253 8600
Fax: (02) 9253 8616
Website: www.abacusproperty.com.au

Directors

John Thame, Chairman
Frank Wolf, Deputy Chairman
David Bastian, Managing Director
Dennis Bluth
Phillip Green
Malcolm Irving
Len Lloyd

Company Secretary:

Robert Hill

Share Registry:

Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street
SYDNEY NSW 2000
Tel: (02) 1800 635 323 Toll free
Fax: (02) 8234 5050

Auditor:

Ernst & Young
321 Kent Street
SYDNEY NSW 2000

Compliance Plan Auditor

Deloitte Touche Tohmatsu
Level 9, Grosvenor Place
225 George Street
SYDNEY NSW 2000

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DIRECTORS' REPORT

The Directors of Abacus Group Holdings Limited (the Company) submit their report for the Company for the half-year ended 31 December 2003.

DIRECTORS

The Directors of Abacus Group Holdings Limited at any time during the financial year and until the date of this report are as below:

John Thame FCPA	Chairman
Frank Wolf PhD, BA Hons	Deputy Chairman
David Bastian CPA	Managing Director
Dennis Bluth BA, LLB, LLM	Non-executive Director
Phillip Green BCom, LLB	Non-executive Director
Malcolm Irving AM, FCPA, FSIA, Bcom, Hon DLitt	Non-executive Director
Len Lloyd FAPI, LREA	Executive Director

REVIEW AND RESULTS OF OPERATIONS

The Abacus Property Group consists of the Abacus Trust and Abacus Group Holdings Limited. An Abacus Property Group stapled security consists of a unit in the Abacus Trust stapled to a share in Abacus Group Holdings Limited.

During the period under review, Abacus Group Holdings Limited achieved strong growth in its key business activities of funds management, property and project management and participation in property joint venture activities.

In addition to funds and property management income, Abacus Group Holdings Limited realised profits from the sale of its interest in a residential development site at Mascot in Sydney's inner southern suburbs and the ongoing sale of commercial office strata at 109 Pitt Street, Sydney.

Assets under management have increased from \$550 million to over \$650 million in the six months under review.

Abacus Group Holdings Limited lost \$676,332 during the six months under review. No dividend has been declared, paid or recommended for the half-year.

Signed in accordance with a resolution of the directors.
Abacus Group Holdings Limited (ABN 31 080 604 619)



John Thame
Chairman



David J Bastian
Managing Director

Sydney, 27 February 2004

ABACUS GROUP HOLDINGS LIMITED

STATEMENT OF FINANCIAL PERFORMANCE

HALF-YEAR ENDED 31 DECEMBER 2003

	Notes	CONSOLIDATED	
		Dec-03 \$'000	Dec-02 \$'000
STATEMENT OF FINANCIAL PERFORMANCE			
REVENUES FROM ORDINARY ACTIVITIES	2	20,070	20,492
Depreciation and amortisation expenses	3	(927)	(444)
Carrying amount of investment properties disposed		(10,024)	(6,630)
Borrowing costs expense	3	(8,010)	(3,113)
Salaries and employee benefits expense		(1,866)	(828)
Other expenses from ordinary activities	3	(2,122)	(2,083)
Share of net profits (losses) of associate and joint venture accounted for using the equity method	2	2,202	-
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		(677)	7,394
Company income tax expense		1	(2,395)
NET PROFIT ATTRIBUTABLE TO MEMBERS OF ABACUS GROUP HOLDINGS LIMITED		(676)	4,999
Increase/(decrease) in asset revaluation reserve	5	(897)	3,733
TOTAL REVENUES, EXPENSES, AND VALUATION ADJUSTMENTS ATTRIBUTABLE TO MEMBERS AND RECOGNISED DIRECTLY IN EQUITY		(897)	3,733
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH MEMBERS AS OWNERS		(1,573)	8,732
Basic and diluted earnings per share (cents)		-	2.31

ABACUS GROUP HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2003

		CONSOLIDATED	
	Notes	Dec-03 \$'000	Jun-03 \$'000
CURRENT ASSETS			
Cash assets		6,596	5,646
Receivables		3,728	11,717
Investment properties	4	31,212	37,013
Other financial assets		11,612	7,850
Other		197	202
TOTAL CURRENT ASSETS		53,345	62,428
NON – CURRENT ASSETS			
Property, plant and equipment		159	177
Investment properties	4	17,394	13,893
Investments accounted for using the equity method		2,651	4,504
Other financial assets		55,482	27,925
Deferred tax assets		193	172
Intangible assets		33,281	34,169
Other		378	18
TOTAL NON-CURRENT ASSETS		109,538	80,858
TOTAL ASSETS		162,883	143,286
CURRENT LIABILITIES			
Payables		2,459	2,664
Current tax liabilities		-	3,223
Interest bearing liabilities		-	16,975
Provisions		252	215
TOTAL CURRENT LIABILITIES		2,711	23,077
NON-CURRENT LIABILITIES			
Interest bearing liabilities		144,248	102,755
Provisions		371	328
TOTAL NON-CURRENT LIABILITIES		144,619	103,083
TOTAL LIABILITIES		147,330	126,160
NET ASSETS		15,553	17,126
EQUITY			
Contributed equity		6,662	6,662
Asset revaluation reserve	5	2,075	3,460
Retained earnings	5	6,816	7,004
TOTAL EQUITY		15,553	17,126

ABACUS GROUP HOLDINGS LIMITED

STATEMENT OF CASH FLOWS HALF-YEAR ENDED 31 DECEMBER 2003

	CONSOLIDATED	
	Dec-03	Dec-02
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Income receipts	17,372	1,675
Interest received	132	26
GST received/(paid)	(1,649)	(113)
Income tax expense paid	(3,571)	(500)
Borrowing costs	(306)	(912)
Operating payments	(14,678)	(851)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	(2,700)	(675)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments	(70,246)	(12,982)
Proceeds from sale/settlement of investments	37,382	648
Purchase of controlled entities	-	(4,825)
Purchase of plant and equipment	(19)	(6)
Purchase of investment properties	-	(7,232)
Disposal of investment properties	22,100	15,983
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	(10,783)	(8,414)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	2,634
Repayments of borrowings	(68,212)	(11,155)
Proceeds from borrowings	82,645	34,177
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	14,433	25,656
NET INCREASE/(DECREASE) IN CASH HELD	950	16,567
Add opening cash brought forward	5,646	53
CLOSING CASH CARRIED FORWARD	6,596	16,620

NOTES TO THE FINANCIAL STATEMENTS

HALF-YEAR ENDED 31 DECEMBER 2003

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Abacus Group Holdings Limited as at 30 June 2003. It is also recommended that the half-year financial report be considered together with any public announcements made by the Abacus Property Group during the half-year ended 31 December 2003 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The half-year financial report has been prepared in accordance with the historical cost convention except for investment properties which are carried at fair value.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Principles of consolidation

The consolidated financial statements include the financial statements of the parent entity, Abacus Group Holdings Limited, a joint venture operation in Hornsby, and its controlled entities enumerated below, referred to collectively throughout these financial statements as the "consolidated entity" or the "Company":

Abacus Funds Management Limited
Abacus Property Services Pty Limited
Abacus Finance Pty Limited

Abacus Pitt Street Property Trust
Abacus Bankstown Property Trust
Abacus Hornsby Pty Limited

Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current period disclosures.

Rounding

The amounts contained in this report and in the annual financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

NOTES TO THE FINANCIAL STATEMENTS

HALF-YEAR ENDED 31 DECEMBER 2003

	CONSOLIDATED	
	Dec-03	Dec-02
	\$'000	\$'000
2. REVENUE FROM ORDINARY ACTIVITIES		
Revenues from operating activities		
Revenue from rental receipts	1,494	2,474
Income from investments	2,056	412
Revenue from sale of investment properties	12,871	15,984
Fund and property management fees	1,231	640
Fees and other income	2,087	956
Total revenues from operating activities	19,739	20,466
Revenues from non-operating activities		
Distributions from other entities	180	-
Bank interest	151	26
Total revenues from non-operating activities	331	26
Total revenues from ordinary activities	20,070	20,492
Share of net profits of joint ventures accounted for using the equity method		
Share of joint venture profits	2,202	-

NOTES TO THE FINANCIAL STATEMENTS

HALF-YEAR ENDED 31 DECEMBER 2003

	CONSOLIDATED	
	Dec-03	Dec-02
	\$'000	\$'000
3. EXPENSES		
Depreciation of non-current assets		
Plant and equipment	25	-
Total depreciation of non-current assets	25	-
Amortisation of non-current assets		
Finance costs	6	-
Goodwill	888	444
Software	8	-
Total amortisation of non-current assets	902	444
Total depreciation and amortisation expenses	927	444
Borrowing costs expensed		
Interest expense	8,010	3,113
Total borrowing costs expensed	8,010	3,113
Other expenses		
Property outgoing	619	816
Expenses on sales of investment properties	490	271
Merger expenses	-	394
ASX fees	34	221
Other	979	381
Other expenses from ordinary activities	2,122	2,083

ABACUS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

HALF-YEAR ENDED 31 DECEMBER 2003

4. INVESTMENT PROPERTIES

Property	Acquisition date	Cost including all additions \$'000	Independent valuation date	\$'000	Consolidated value note (a) Dec-03 \$'000	Jun-03 \$'000
(a) Current:						
109 Pitt Street, Sydney, NSW (see note (b) below)	22-Jun-99	31,212			31,212	37,013
(b) Non-Current:						
244 Liverpool Road, Ashfield, NSW (i)	26-Mar-98	2,507				
252 Liverpool Road, Ashfield, NSW (i)	2-Mar-00	1,107				
254 Liverpool Road, Ashfield, NSW (i)	31-Aug-01	2,662				
256 Liverpool Road, Ashfield, NSW (i)	29-Sep-98	820				
Project development costs		451				
Property Revaluation						
- 244/256 Liverpool Rd		304				
Properties owned by parent entity		7,547	31-Dec-03	7,851	7,851	8,746
Construction in progress, Hornsby Crescent		4,396	-	-	4,396	-
4-8 Jacobs Street, Bankstown (ii)	2-Dec-02	5,147	26-Sep-02	4,765	5,147	5,147
Properties owned by AGHL and its subsidiaries - non-current					17,394	13,893
Total investment properties					48,606	50,906

(i) As valued by Landmark White

(ii) As valued by Colliers International Consultancy and Valuation Pty Ltd

Notes:

(a) The consolidated value at 31 December 2003 includes capital expenditure after the last valuation date.

(b) The property at 109 Pitt Street is currently under refurbishment and has been subdivided into strata units. The retail component and the leasehold interest in the car park were sold during the year ended 30 June 2003 while the sales of the commercial units are in progress.

(c) The bank loans are secured over the investment properties.

ABACUS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

HALF-YEAR ENDED 31 DECEMBER 2003

	CONSOLIDATED	
	6 months to	
	Dec-03	Jun-03
	\$'000	\$'000
5. ADDITIONAL INFORMATION		
Reconciliation of asset revaluation reserve:		
Balance at the beginning of period	3,460	1,201
Net revaluation increment/(decrement)	(897)	3,733
Realised profits transferred to retained earnings (i)	(488)	(1,474)
Balance at end of period	2,075	3,460
Reconciliation of retained earnings:		
Balance at the beginning of period	7,004	4,837
Net profit attributable to shareholders	(676)	693
Realised profits transferred from asset revaluation reserve (i)	488	1,474
Balance at end of period	6,816	7,004

(i) The sale of commercial strata suites in 109 Pitt Street, Sydney during the period resulted in the realisation of a surplus of \$0.488 million which has been credited to Retained Earnings.

6. SEGMENT INFORMATION

Business segments	Property		Financing		Funds		Consolidated	
	Rental & Sales				Management			
	Dec-03	Dec-02	Dec-03	Dec-02	Dec-03	Dec-02	Dec-03	Dec-02
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue:								
Revenues from customers outside the consolidated entity	14,365	18,457	4,438	232	3,318	1,777	22,121	20,466
Interest revenue							151	26
Total revenue							22,272	20,492
Segment results:								
Segment result	1,355	9,599	3,860	232	1,967	650	7,182	10,481
Interest income							151	26
Income tax							1	(2,395)
Borrowing costs							(8,010)	(3,113)
Total results							(676)	4,999

7. COMMITMENTS AND CONTINGENCIES

The consolidated entity has commitments to pay the balance of contracted refurbishment works in 109 Pitt Street to an aggregate amount of \$5.9 million and the unused portion of loan facilities to outside parties amounting to \$21.3 million (2002: \$13.424 million).

8. SUBSEQUENT EVENTS

Since 31 December 2003 there has not been any matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the consolidated entity.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Abacus Group Holdings Limited, we state that:

in the opinion of the Directors:

- (a) the financial statements and notes of the Company :
 - (i) give a true and fair view of the Company's financial position as at 31 December 2003 and of their performance for the half-year ended on that date; and
 - (ii) comply with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



John Thame
Chairman



David J Bastian
Managing Director

Sydney, 27 February 2004



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Independent review report to shareholders of Abacus Group Holdings Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements for the consolidated entity comprising both Abacus Group Holdings Limited (the company) and the entities it controlled during the half-year, and the directors' declaration for the company, for the period ended 31 December 2003.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the shareholders of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Abacus Group Holdings Limited and the entities it controlled during the half-year is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2003 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

A handwritten signature in blue ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink, appearing to read 'Mark O'Sullivan'.

Mark O'Sullivan
Partner
Sydney
27 February 2004