ABN: 48 004 289 730

MEDIA RELEASE
26 August 2003

Directors Operational Review

The continuing robust growth of Australia's housing market, strong export woodchip sales, further improvements in the Auspine Prefab business at Gillman in Adelaide and strong sales of preservation products were keys to a solid year of growth for Auspine.

Key performance indicators show a positive story:
- Return on shareholders funds increased by 50% from 5.1% to 7.6%.
- Dividend per share rose from 14 cents (50% franked) to 17 cents (fully franked).
- Basic earnings per share were up from 17.7 cents per share to 26.7 cents per share.
- Net Tangible Asset value per share grew from $3.48 to $3.61.

While debt to equity rose from 30.7% in 2001-02 to 35.9% last financial year, this was a result of the capital expansion program, the recommencement of tax payments, a share buy-back and increased payments to investors for logs purchased.

Total radiata sales reached record levels during the year.

Structural product sales were 20% up on last year, while preservation product sales were higher, boosted by a 50% increase in palings for urban fencing in Melbourne and a substantial rise in outdoor preservation products for the DIY and renovation markets.

Growth in this market appears to have been significantly boosted by numerous Lifestyle programs on television.

However, sales of rounds to the wine industry were down as a result of a decrease in the number of new vineyards being planted.

Auspine's Prefab business at Gillman in Adelaide made further advances during the year, with total sales up 16%. While sales of prefabricated roof trusses have been growing well, further opportunities exist for prefabricated housing frames.

Woodchip exports were up 33% on the previous period at 576,000 tonnes although this was tempered by reductions in selling prices. The outlook for 2003-04 is for minimum contract volumes to be achieved plus previous year's shortfalls to be remedied. This should result in a small improvement in sales volumes. It is anticipated that prices will increase although this may be partially offset by an increase in the $A against the $US.

Standing timber valuation revenue increased to $4.0 million in line with price movements for forest products. Non cash expenses of $4.5 million were included in cost of goods sold for log royalties harvested from Company plantations. This non-cash expense is expected to increase in future years as the Company's plantation matures.

Strategic Direction

Auspine's greatest asset is its 44,000 hectares of plantation at various stages of maturity.

Achieving greater returns from these assets remains a strategic priority for the Company. As part of this strategy, Auspine has a process in place to simplify its operations and maximise returns from its two principal income sources – house framing timber and woodchip.

To help achieve this, the Company has embarked on a substantial capital expansion program that will, during the next three years, result in the upgrade of Auspine's manufacturing facilities.

By 2005, the main Tarpeena mill will be processing significantly more raw material, using better, more accurate high-speed equipment.

This will substantially boost the volume of wood produced and is likely to result in Auspine increasing the number of products it sells.

Auspine has substantially curtailed purchases of external log supplies within the Green Triangle region and is pushing its own assets harder.

The Company is not far from achieving a sustainable yield from its own forests. At the moment, the Company plants 1,500 hectares a year to radiata pine and clearfells between 1,400 and 1,500 hectares each year on a 28 year cycle.

In the Green Triangle region Auspine is now self-sufficient in log supply and does not draw from external areas, which is improving returns for investors and from Company plantations.

In Tasmania, Auspine is totally dependent on externally supplied raw material.

Green Energy

The development of a proposed biomass-fueled green energy plant potentially opens a third source of revenue from Auspine's plantations, with material presently discarded as waste gaining economic value as a fuel for the generation of electricity.

Steps to determine the costs of such a plant and identify potential builders and operators are currently underway. Should the plant proceed, initial planning is for construction of a ~30-Megawatt plant with capacity to expand beyond that. The Tarpeena sawmill would purchase its power requirements from the plant (approximately 6 megawatts), with the balance being sold off.

Occupational Health and Safety

Auspine is an exempt employer under WorkCover SA legislation, self-insuring its Occupational Health and Safety commitments.

This resulted in significant cash savings in 2002-03, based on recent WorkCover SA levy increases.

Total workplace injuries and claims have continued to fall with risk mitigation playing a substantial part in this success.

Human Resources

Work to eliminate excess overheads from the organisation continued during the year with areas being targeted including employee costs, purchasing and raw materials procurement and harvesting.

The Company's comprehensive training program was further expanded to ensure all staff have the necessary skills to undertake their work.

A new round of workplace agreement negotiations was completed during the year and new arrangements made with independent harvesting contractors.

For further information contact:

Michael Lloyd – Chairman
Mobile: 0417 080 688

Michael McGlone – Company Secretary
Phone: 08 8721 5548

Appendix 4E

Preliminary final report
Period ending on or after 30 June 2003

ABN or equivalent company reference	Financial year ended ('current period')	Previous corresponding period - year ended
48 004 289 730	**30 June 2003**	**30 June 2002**

A U S P I N E L I M I T E D

HIGHLIGHTS

Results for Announcement to the Market

				$'000
Revenues from ordinary activities	up/~~down~~	10.7%	to	231,898
Profit (loss) from ordinary activities after tax attributable to members	up/~~down~~	47.6%	to	14,911
Net profit (loss) for the period attributable to members	up/~~down~~	47.6%	to	14,911

Dividends	Amount per security	Franked amount per security
Current Period		
Final dividend *(payable 10 October 2003)*	9.0 cents	9.0 cents
Interim dividend *(paid 04 April 2003)*	8.0 cents	8.0 cents
Previous Corresponding Period		
Final dividend *(paid 4 October 2002)*	7.0 cents	7.0 cents
Interim dividend *(paid 05 April 2002)*	7.0 cents	Nil

Date Final Dividend is payable	10th October 2003
Record date for determining entitlement to dividend	26th September 2003
Ex dividend date – last day of ASX trading with dividend entitlement	22nd September 2003

Brief explanation of any of the figures reported above:

- Increased self sufficiency for log and chip supplies led to significant cost and cashflow savings.
- Continued high levels of housing resulted in strong structural timber sales.
- Woodchip volumes increased 33%, although prices declined marginally.

Statement of Financial Performance – Refer attached.
Statement of Financial Position – Refer attached.
Statement of Cash Flows – Refer attached.
Dividend Amount – Refer attached Note 6.
Earnings Per Share - Refer Statement of Financial Performance and Note 7.
Retained Earnings - Refer Note 29.

Ratios	Current period	Previous corresponding period
Profit before tax / revenue Operating profit (loss) from ordinary activities before tax as a percentage of revenue.	9.3	7.1
Profit after tax / equity Operating net profit (loss) from ordinary activities after tax attributable to members as a percentage of equity at the end of the period	7.6	5.1
Gearing Ratio Net debt as a percentage of equity	35.9	30.7
Interest Cover EBIT / Interest expense (times)	6.4	4.9
NTA backing per share	$3.61	$3.48

Discontinuing operations
None.

Control gained over entities having material effects
None

Loss of control of entities having material effect
None

Segment Reporting
The Company operates almost exclusively as a vertically integrated forest and forest products group. There is no segment reporting capable of providing additional information.

Annual General Meeting
The Annual General Meeting will be held at the Southgate Motel, Mount Gambier at 10:00 a.m. on 18th November 2003.

Commentary on Results
Commentary on the results is contained in the Media Release dated 26th August 2003 accompanying this statement.

Audit
The Financial Statements on which this report is based are in the process of being audited.

Sign here: .... Date: 26 August 2003
Company Secretary
Print name: Michael McGlone

Directors' Declaration:

1. In the opinion of the Directors of Auspine Limited:

   (a) the financial statement and notes set out in the Australian Stock Exchange Appendix 4E are in accordance with the Corporations Act 2001 including:

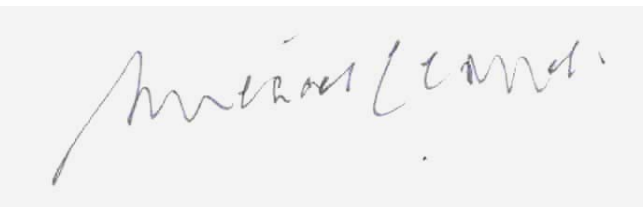
      i. giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2003 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

      ii. complying with Accounting Standards 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.

2. There are reasonable grounds to believe that the Company and the subsidiaries identified in the Australian Stock Exchange Appendix 4E will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to ASIC Class Order 98/1418.

Dated at Tarpeena this 26th day of August 2003.



M J Lloyd
Chairman of Directors

Statement of Financial Performance

For the financial year ended 30th June 2003

		CONSOLIDATED		AUSPINE LIMITED	
	Note	**2003 $'000**	2002 $'000	**2003 $'000**	2002 $'000
Revenue from sale of goods		**223,657**	**194,000**	**212,958**	**186,457**
Revenue from rendering of services		**3,319**	**3,124**	**2,417**	**1,616**
Increment in net market value of standing timber	14	**4,016**	**1,382**	**5**	**273**
Other revenues from ordinary activities		**907**	**11,065**	**13,443**	**11,515**
Total Revenue from Ordinary Activities	2	**231,899**	**209,571**	**228,823**	**199,861**
Log, timber & other raw material consumed		**89,601**	**79,146**	**80,083**	**72,877**
Employee & related expenses		**37,552**	**37,906**	**36,979**	**37,307**
Depreciation & amortisation expenses		**8,870**	**8,390**	**6,512**	**6,175**
Log harvest & chipping contractors		**22,607**	**16,823**	**22,470**	**16,496**
Freight & distribution expenses		**15,301**	**13,282**	**15,244**	**12,941**
Energy expenses		**2,484**	**2,387**	**2,478**	**2,382**
Insurance expenses		**2,363**	**2,109**	**2,319**	**2,062**
Chemical & fertiliser expenses		**4,266**	**4,295**	**4,266**	**4,295**
Repairs & maintenance expenses		**9,606**	**8,497**	**10,224**	**8,487**
Book value of fixed assets sold		**532**	**1,974**	**13,132**	**1,774**
Borrowing costs		**4,001**	**3,839**	**3,996**	**3,836**
Other expenses from ordinary activities		**13,230**	**16,103**	**3,529**	**16,331**
Profit from ordinary activities before income tax	3	**21,486**	**14,820**	**27,590**	**14,898**
Income tax expense relating to ordinary activities	5	**6,575**	**4,720**	**8,053**	**2,827**
Net Profit attributable to members of the parent entity	29	**14,911**	**10,100**	**19,538**	**12,071**
Non-owner transaction changes in equity					
Fair value increase/(decrease) in asset revaluation reserve	28	**(2,675)**	**(400)**	**(3,274)**	**-**
Net exchange difference relating to self-sustaining foreign operations	28	**(123)**	**(186)**	**-**	**(39)**
Total revenues, expenses and valuation adjustments attributable to members of the parent entity recognised directly in equity		**(2,798)**	**(586)**	**(3,274)**	**(39)**
Total changes in equity from non-owner related transactions attributable to members of the parent entity	30	**12,113**	**9,514**	**16,264**	**12,032**
Basic earnings per share	7	**26.7**	**17.7**		
Diluted earnings per share	7	**26.7**	**17.0**		

The Statements of Financial Performance are to be read in conjunction with the attached Notes to the financial statements.

Statements of Financial Position

For the financial year ended 30th June 2003

	Note	CONSOLIDATED		AUSPINE LIMITED	
		2003 $'000	2002 $'000	**2003 $'000**	2002 $'000
CURRENT ASSETS					
Cash		**2,073**	**3,071**	**1,205**	**2,042**
Receivables	8	**36,016**	**31,935**	**167,666**	**52,037**
Inventories	9	**24,887**	**29,538**	**24,887**	**29,538**
Standing Timber	14	**9,458**	**3,759**	**-**	**1,377**
Total current assets		**72,434**	**68,303**	**193,758**	**84,994**
Non-current assets					
Receivables	10	**1,225**	**1,645**	**1,156**	**1,054**
Investments	11	**7,039**	**65**	**71,514**	**66,473**
Property, plant and equipment	12	**148,799**	**144,433**	**51,308**	**59,069**
Intangibles	13	**-**	**160**	**-**	**-**
Standing timber	14	**105,971**	**111,173**	**2,980**	**85,953**
Timber access rights	15	**10,335**	**11,124**	**-**	**-**
Deferred tax assets	16	**5,165**	**5,498**	**4,348**	**4,664**
Total non-current assets		**278,534**	**274,098**	**131,306**	**217,213**
Total assets		**350,968**	**342,401**	**325,064**	**302,207**
Current liabilities					
Payables	17	**25,618**	**23,495**	**72,799**	**63,614**
Interest bearing liabilities	18	**2,324**	**1,736**	**2,311**	**1,704**
Current tax liabilities	19	**3,232**	**984**	**3,197**	**967**
Provisions	20	**4,007**	**2,899**	**4,007**	**2,899**
Other	21	**477**	**485**	**-**	**-**
Total current liabilities		**35,658**	**29,599**	**82,314**	**69,184**
Non-current liabilities					
Payables	22	**8,278**	**9,854**	**-**	**173**
Interest bearing liabilities	23	**69,725**	**62,253**	**69,661**	**62,162**
Deferred tax liabilities	24	**39,303**	**39,162**	**29,154**	**27,510**
Provisions	25	**2,698**	**2,675**	**2,698**	**2,675**
Other	26	**366**	**494**	**-**	**-**
Total non-current liabilities		**120,370**	**114,438**	**101,513**	**92,520**
Total liabilities		**156,028**	**144,037**	**183,827**	**161,704**
Net assets		**194,940**	**198,364**	**141,237**	**140,503**
Shareholders' equity					
Contributed equity	27	**93,392**	**98,757**	**93,392**	**98,757**
Reserves	28	**55,215**	**63,040**	**3,425**	**12,594**
Retained profits	29	**46,333**	**36,567**	**44,420**	**29,152**
Total shareholders' equity	30	**194,940**	**198,364**	**141,237**	**140,503**

The Statements of Financial Position are to be read in conjunction with the attached Notes to the financial statements.

Statements of Cash Flows

For the financial year ended 30th June 2003

		CONSOLIDATED		AUSPINE LIMITED	
	Note	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Cash flows from operating activities					
Cash receipts in the course of operations		240,788	214,207	229,879	205,434
Cash payments in the course of operations		(202,531)	(190,585)	(198,458)	(181,508)
Interest received		37	27	28	9
Dividend received		3	1	3	891
Income taxes paid		(3,853)	(91)	(3,863)	11
Net Cash provided by operating activities	42(b)	34,444	23,559	27,589	24,837
Cash flows from investing activities					
Payments for equity investments		(2,168)	-	(241)	-
Proceeds on disposal of equity investments		74	92	74	-
Proceeds on disposal of fixed assets		426	737	217	383
Payments for fixed assets		(15,477)	(8,625)	(15,127)	(8,438)
Investment in standing timber		(6,635)	(4,771)	(1,593)	(4,771)
Net Cash used in investing activities		(23,780)	(12,567)	(16,670)	(12,826
Cash flows from financing activities					
Dividends paid		(8,305)	(7,406)	(8,305)	(7,406)
Interest paid		(4,118)	(2,988)	(3,673)	(3,392)
Finance lease & hire purchase payments		(2,295)	(1,947)	(2,262)	(1,937)
Share buy-back		(7,225)	-	(7,225)	-
Repayment of borrowings		(15)	(142)	-	(157)
Proceeds from borrowings		9,929	1,772	9,929	1,649
Loans repaid by staff		60	60	60	60
Loans repaid to other entities		(314)	(1,043)	(314)	(1,043)
Loans repaid by other entities		621	-	36	-
Net Cash used in financing activities		(11,662)	(11,694)	(11,754)	(12,226)
Net increase/(decrease) in cash held		(998)	(702)	(837)	(215)
Cash at the beginning of the financial year		3,071	3,773	2,042	2,257
Cash at end of the financial year	42(a)	2,073	3,071	1,205	2,042

The Statements of Cash Flows are to be read in conjunction with the attached Notes to the financial statements.

Notes to the Financial Statements

For the financial year ended 30th June 2003

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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

These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy noted, are consistent with those of the previous year.

(b) Application of revised accounting standards

Employee Benefits

The consolidated entity has applied the revised AASB 1028 *Employee Benefits* for the first time from 1st July 2002. The liability for wages and salaries, annual leave and sick leave is now calculated using the remuneration rates the Company expects to pay as at each reporting date, not wage and salary rates current at reporting date.

The initial adjustments to the consolidated financial report as at 1 July 2002 as a result of this change are:

- $60,309 (the Company $60,309) increase in the provision for employee benefits
- $42,217 (the Company $42,217) decrease in profits in the Statement of Financial Performance.
- $18,092 (the Company $18,092) increase in future income tax benefits.

Foreign currency translation

The consolidated entity has applied the revised AASB 1012 “Foreign Currency Translation” for the first time from 1 July 2002.

For hedges of specific purchases or sales, the gains or costs on entering the hedge and the exchange differences up to the date of the purchase or sale are now deferred and recognized as assets or liabilities on the statement of financial position from the inception of the hedge contract, not when the specific purchase or sale occurs.

At 1 July 2002, the consolidated entity recognized for foreign currency hedge contracts:

- Deferred costs of $28,692 (the Company $28,692)
- Deferred exchange gains of $101,237(the Company $101,237); and
- A net foreign currency gain of $72,545 (the Company $72,545) on foreign currency hedge contracts.

There was no impact on opening retained profits at 1 July 2002 or on net profit for the current year to 30 June 2003.

(c) Principles of Consolidation

The financial statements of controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases. Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

(d) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST).

Sale of goods

Revenue from sale of goods is recognised (net of returns, discounts and allowances) when control passes to the customer.

Rendering of services
Revenue from rendering services is recognised in proportion to the stage of completion of the contract.

Standing timber
Increases in net market value of standing timber are brought to account as revenue.

Interest revenue
Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Sale of non-current assets
The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal. Any related balance in the asset revaluation reserve is transferred to retained earnings on disposal.

Other revenue
Revenue from controlled entities is recognized by the parent entity when they are declared by the controlled entities. Revenue from dividends and other investments is recognized when dividends are received. Unearned development income is described in Note 21.

(e) Goods & Services Tax
Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

(f) Foreign Currency
Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at reporting date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement financial performance in the financial year in which the exchange rates change, except where hedging specific anticipated transactions or net investments in self-sustaining operations.
The assets and liabilities of foreign operations that are self-sustaining are translated at the rates of exchange ruling at reporting date. Equity items are translated at historical rates. The statements of financial performance are translated at a weighted average rate for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

(g) Derivatives
The consolidated entity is exposed to changes in interest rates, foreign exchange rates and commodity prices from its activities. The consolidated entity uses the following derivative financial instruments to hedge these risks: interest rate swaps, forward rate agreements, forward foreign exchange contracts and foreign exchange options. Derivative instruments are not held for speculative purposes.

Transactions are designated as a hedge of the anticipated specific purchase or sale of goods or services or an anticipated interest transaction only when they are expected to reduce exposure to the risks being hedged, are designated prospectively so that it is clear when an anticipated transactions has or has not occurred and it is probable the anticipated transaction will occur as designated. Gains or losses, on the hedge arising up to the date of the anticipated transaction, together with any costs or gains arising at the time of entering into the hedge, are deferred and included in the measurement of the anticipated transaction when the transaction has occurred as designated. Any gains or losses on the hedge transaction after that date are included in the statement of financial performance.

The net amounts receivable or payable under forward foreign exchange contracts and the associated deferred gains or losses are recorded on the statement of financial position from the date of inception of the hedge transaction. When recognized, the net receivables or payables are revalued using the foreign currency current at reporting date. Refer to Note 45.

The net amounts receivable or payable under derivative financial instruments and the associated deferred gains or losses are not recorded in the statement of financial position until the hedge transaction occurs.

When the anticipated transaction is no longer expected to occur as designated, the deferred gains and losses relating to the hedged transaction are recognised immediately in the statement of financial performance.

Where a hedge transaction is terminated early and the anticipated transaction is still expected to occur as designated, the deferred gains or losses that arose on the hedge prior to its termination continue to be deferred and are included in the measurement of the purchase or sale or interest transaction when it occurs. Where a hedge transaction is terminated early because the anticipated transaction is no longer expected to occur as designated, deferred gains or losses that arose on the hedge prior to its termination are included in the statement of financial performance for the period.

Where a hedge is redesignated as a hedge of another transaction, gains or losses arising on the hedge prior to its redesignation are only deferred where the original anticipated transaction is still expected to occur as designated. When the original anticipated transaction is no longer expected to occur as designated, any gains or losses relating to the hedge instrument are included in the statement of financial performance for the period.

Gains and losses that arise prior to and upon the maturity of transactions entered into under hedge rollover strategies are deferred and included in the measurement of the hedge anticipated transaction if the transaction is still expected to occur as designated. If the anticipated transaction is no longer expected to occur as designated, the gains or losses are recognised immediately in the statement of financial performance.

(h) Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in conjunction with arrangement of borrowings. Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings. Borrowing costs are expensed as incurred.

(i) Taxation

The consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt or relating to tax losses when realisation is virtually certain. The tax effects of capital losses are not recorded unless realisation is virtually certain.

(j) Earnings per Share
Basic earnings per share (EPS) is calculated by dividing the net profit attributable to members of the parent entity for the reporting period by the weighted average number of ordinary shares of the Company.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect on financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue.

(k) Acquisition of Assets
All assets acquired including property, plant and equipment are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to acquisition.

The cost of assets constructed or internally generated include the cost of materials and direct labour. Directly attributable overheads and other incidental costs are also capitalised to the asset.
Expenditure, including that on internally generated assets other than research and development costs, (refer Note 1(u) for research and development) is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred that are probable and can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

(l) Revisions of Accounting Estimates
Revisions to accounting estimates are recognised prospectively in current and future periods only.

(m) Receivables
The collectibility of debts is assessed at reporting date and specific provision is made for any doubtful accounts.

(n) Inventories
Inventories are carried at the lower of cost and net realisable value. Cost includes direct materials, direct labour, other direct variable costs and allocated production overheads necessary to bring inventories to their present location and condition, based on normal operating capacity of the production facilities.

The cost of manufacturing inventories and work in progress are assigned on a first in, first out basis. Costs arising from exceptional wastage are expensed as incurred.

Net realisable value is determined on the basis of each inventory line's normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

(o) Investments
Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount.

Investments in other listed and unlisted entities are carried at the lower of cost and recoverable amount.

(p) Leased Assets
Leases under which the consolidated entity assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.
A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed.

Payments made under operating leases are expensed on a straight line basis over the term of the lease.

(q) Goodwill
Goodwill is amortised on a straight line basis over 10 years.

The unamortised balance of goodwill is reviewed at least each reporting date. Where the balance exceeds the value of expected future benefits, the difference is expensed.

(r) Revaluation of Non-Current Assets

The consolidated entity has applied AASB 1041 *Revaluation of non-current assets* to all classes of property, plant and equipment and timber access rights. These assets are revalued with sufficient regularity to ensure the carrying amount does not differ materially from fair value at reporting date. Independent valuations are obtained at least every three years. The most recent independent valuation was completed in November 2002 by Edward Rushton Australia Pty Ltd.

Revaluation increments on a class of assets basis are recognised in the asset revaluation reserve except for amounts reversing a decrement previously recognised as an expense, which are recognised as revenues. Revaluation decrements are only offset against revaluation increments relating to the same class of asset and any excess is recognised as an expense. Potential capital gains tax is only taken into account if the asset is held for sale.

AASB 1041 does not apply to inventories, foreign currency monetary assets, goodwill, deferred tax assets and other assets measured at net market value where the market value movements are recognized in the statement of financial performance.

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at each reporting date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount.
In assessing the recoverable amounts of non-current assets, the relevant cash flows have not been discounted to their present value, other than for Standing Timber.

(s) Depreciation and Amortisation

Depreciation and amortisation on buildings, plant and equipment at the Tarpeena and Scottsdale sawmill sites is calculated on the basis of production volume. An expected volume throughput for the full life of these assets is calculated at the time of acquisition and depreciation or amortisation recognized on the basis of actual production levels.
Buildings, plant and equipment at other sites are depreciated or amortised on a straight line basis.

Goodwill and roads are depreciated or amortised on a straight line basis.
Depreciation and amortisation is charged from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready to use.
Depreciation and amortisation rates and methods are reviewed annually for appropriateness. Useful lives of assets are reviewed in conjunction with independent valuation and/or fair value assessment. When changes are made, adjustments are reflected prospectively in current and future periods only. Rates used for the current financial year average:

	2003	***2002***
Buildings	7%	6%
Plant & equipment	20%	18%
Roads	11%	10%
Finance lease plant & equip	19%	16%

(t) Standing Timber

Standing timber is valued based on net market value in accordance with accounting standard AASB1037 *Self-Generating and Regenerating Assets*. Standing Timber planned for harvest within 12 months, in accordance with operational cutting plans, is reported as a current asset. The remainder is reported as a non-current asset.

(u) Research & Development Costs

Research and Development expenditure is expensed as incurred except to the extent that its recoverability is assured beyond any reasonable doubt, in which case it is deferred and amortised on a straight line basis over the period in which the related benefits are expected to be realised.

(v) Employee Entitlements

(i) Wages, Salaries, Annual & Sick Leave

Liabilities for employee benefits for wages, salaries, annual leave and sick leave expected to be settled within 12 months of the year-end represent present obligations resulting from employees' services provided up to reporting date, calculated at undiscounted amounts based on current wage and salary rates and include related on-costs.

(ii) Long Service Leave
The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.
The provision is calculated using expected future increases in wage and salary rates including related oncosts, and expected settlement dates based on staff turnover history and is discounted using the rates attaching to national government bonds at reporting date, which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

(iii) Superannuation Plan
The Company and other controlled entities contribute to several defined contribution Superannuation plans. Contributions are recognised as an expense as they are made. Further information is set out in Note 34.

(w) Provisions
A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, being risk free rates on government bonds most closely matching the expected future payments, except where noted below. The unwinding of the discount is treated as part of the expense related to the particular provision.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the recovery receivable is recognised as an asset when it is probable that that the recovery will be received and is measured on a basis consistent with the measurement of the related provision. In the statement of financial performance, the expense recognised in respect of a provision is presented net of the recovery. In the statement of financial position, the provision is recognised net of the recovery receivable only when the entity has a legally recognised right to set-off the recovery receivable and the provision, and intends to settle on a net basis, or to realise the asset and settle the provision simultaneously.

(i) Dividends
A provision for dividends payable is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash

(ii) *Self Insurance Provision*

Auspine Ltd became an exempt employer under the workers rehabilitation and compensation act 1986 on the 1st September 2002. Auspine is now responsible for estimating liabilities for reported and unreported SA Workers Compensation claims. The provision was assessed by actuaries Brett & Watson Pty Ltd at 30 June 2003, Note 20.

	Note	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	AUSPINE LIMITED 2003 $'000	AUSPINE LIMITED 2002 $'000
2 REVENUE FROM ORDINARY ACTIVITIES					
Sale of goods revenue from operating activities		223,657	194,000	212,958	186,457
Rendering of services revenue from operating activities		3,319	3,124	2,417	1,616
Increment in the net market value of standing timber	14	4,016	1,382	4	273
Other revenue from operating activities					
Interest:					
Related parties		-	-	-	-
Other parties		50	30	28	9
Dividends:					
Related parties		-	-	-	890
Other parties		3	1	3	1
Rents		51	102	51	102
Other Revenue from outside operating activities					
Gross proceeds from sale of non-current assets		672	2,651	13,225	2,204
Other		131	8,281	137	8,309
Total revenue form operating activities		**231,899**	**209,571**	**228,823**	**199,861**
3 PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE					
Profit from ordinary activities before income tax expense has been arrived at after charging / (crediting) the following items:					
Cost of goods sold		184,476	162,461	173,283	153,578
Write down in value of inventories		1,350	1,394	1,350	1,394
Borrowing costs:					
Related parties		-	-	-	-
Other parties – bank loans & overdraft		3,444	3,223	3,441	3,222
Other parties – finance leases & hire purchase		557	616	554	614
Net bad and doubtful debts		109	(109)	109	(109)
Depreciation of:					
Buildings		688	632	418	369
Plant & equipment		6,315	5,970	5212	4,950
Roads		397	310	343	256
Amortisation of:					
Timber access rights		789	717	-	-
Goodwill		160	160	-	-
Leased plant & equipment		538	599	538	599
Net loss/(gain) on sale of non-current assets		(82)	(621)	(49)	(430)
Operating lease rental expenses		1,578	1,674	1,574	1,669
Foreign exchange gain on translation of earnings from overseas operations		56	15	61	43
Research & development costs					
Expenses inccured		315	207	315	207
R&D capitalised		-	900	-	900

	Note	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	AUSPINE LIMITED 2003 $	AUSPINE LIMITED 2002 $
4 AUDITORS' REMUNERATION					
Audit services:					
Auditors of the Company					
KPMG Australia:					
- audit and review of financial reports		186,165	161,143	186,165	161,143
- other regulatory audit services		3,980	4,866	3,980	4,866
		190,145	166,009	190,145	166,009
Other auditors					
Audit and review of financial reports		23,118	25,143	15,800	17,231
		213,263	191,152	205,945	183,240
Other services:					
Auditors of the Company					
KPMG Australia:					
- other assurance services		-	9,721	-	9,721
- taxation services		109,256	134,254	109,256	125,254
		109,256	143,975	109,256	134,975

5 INCOME TAX	**2003 $'000**	2002 $'000	**2003 $'000**	2002 $'000
Prima facie income tax expense calculated at 30% (2002: 30%) on operating profit	6,446	4,446	8277	4,469
Increase in income tax expense due to:				
Research and development amendment	(196)	-	(196)	-
Depreciation on buildings	69	69	42	38
Amortisation of goodwill	48	48	-	-
Tax losses transferred from controlled entities	-	-	(13)	(1,058)
Amortisation of timber access rights	236	215	-	-
Depreciation and amortisation of revalued assets	210	308	121	216
Intercorporate dividends	-	-	-	(267)
Carried forward capital losses recouped	-	(330)	-	(330)
Sundry items	(44)	(2)	15	(207)
Add under (over) provision of income tax in previous year	(193)	(34)	(193)	(34)
Income tax expense attributable to profit from ordinary activities	6,575	4,720	8,053	2,827
Income tax expense (revenue) attributable to profit from ordinary activities is made up of:				
Current income tax provision	6,101	986	6,093	968
Future income tax benefit	333	2,065	316	331
Deferred income tax provision	141	1,669	1,644	1,528
	6,575	4,720	8,053	2,827

	Note	CONSOLIDATED 2003 $'000	2002 $'000	AUSPINE LIMITED 2003 $'000	2002 $'000
6 DIVIDENDS					
Dividends paid or payable during the financial year:					
Interim 2003 dividend of $0.08 per share (2002: $0.07)		4,315	3,988	4,315	3,988
Final 2002 dividend of $0.07 per share (final 2001 $0.06)		3,997	3,418	3,997	3,418
		8,312	7,406	8,312	7,406

A fully franked final dividend of $0.09 per share ($4,855,000) has been subsequently declared for payment on 10th October 2003. The financial effect of these dividends has not been brought to account in the financial statements for the year ended 30 June 2003 and will be recognised in subsequent financial reports.

Dividend franking account

The ability to utilize the franking credits is dependent upon there being sufficient available profits to declare dividends.

Change in measurement of dividend franking account

In accordance with the New Business Tax System (Imputation) Act 2002, the measurement basis of the dividend franking account changed on 1 July 2002 from after-tax profits basis to an income tax paid basis.

The amount of franking credits available to shareholders disclosed as at 30 June 2003 has been measured under the new legislation and represents income tax paid amounts available to frank distributions of $3,310,130.

The change in the basis of measurement does not change the underlying value of franking credits or tax offsets available to shareholders from the franking account.

7 EARNINGS PER SHARE

	Number	***Number***
Weighted average number of ordinary shares used in the calculation of basic earnings per share	55,759,341	56,967,284
Share Options issued January 1998 for expiry December 2002 and classified as potential ordinary shares for calculation of diluted earnings per share	-	18,598,602
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	55,759,341	75,565,886

Shares options lapsed on 31st December 2002. An on-market buyback of ordinary shares was conducted during the year and a total of 3,020,061 were purchased and cancelled. No shares or options were issued, converted or called during the reporting period. No adjustments have been required to net profit in deriving earnings per share.

The following Share Options have not been included in the calculation of diluted EPS as they are not dilutive:

Share Options	***Number***	***Number***
Issue date January 1998	18,599,135	-

Full details of these options are set out in Note 28

Effect of change in accounting policies on comparatives

Basic and diluted earnings per share for the comparative financial year ended 30 June 2002 have been adjusted to the amounts that would have been determined had the changes in accounting policies noted in Note 1 been applied in 2002.

	Note	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	AUSPINE LIMITED 2003 $'000	AUSPINE LIMITED 2002 $'000
8 CURRENT RECEIVABLES					
Trade Debtors		27,610	24,725	27,012	24,091
Less: Provision for doubtful trade debtors		(215)	(214)	(214)	(214)
		27,395	24,511	26,798	23,877
Finance receivables and covenant debtors		1,043	1,043	318	-
Less: Provision for doubtful debts		(724)	(664)	-	-
		319	379	318	-
Receivables from associated companies		-	-	131,807	21,230
Sundry debtors and prepayments		8,302	7,045	8,743	6,930
		36,016	31,935	167,666	52,037
9 INVENTORIES					
Raw materials and stores at cost		3,024	3,266	3,024	3,266
Work in progress:					
At cost		4,069	4,744	4,069	4,744
At net realisable value		1,261	762	1,261	762
Finished goods:					
At cost		13,701	18,080	13,701	18,080
At net realisable value		2,832	2,686	2,832	2,686
		24,887	29,538	24,887	29,538
10 NON-CURRENT RECEIVABLES					
Finance receivables and covenant debtors		163	503	163	-
Staff loans		993	1,052	993	1,052
Trustee maintenance accounts		69	87	-	-
Loans to managed trusts		-	2	-	2
		1,225	1,645	1,156	1,054
Staff are provided with loans for the purpose of purchasing the Company's shares					
11 NON-CURRENT INVESTMENTS					
Shares in controlled entities	41	-	-	66,437	66,456
Shares in non-related companies and units in trusts		7,039	65	5,077	17
		7,039	65	71,514	66,473

	Note	CONSOLIDATED		AUSPINE LIMITED	
		2003 $'000	2002 $'000	2003 $'000	2002 $'000
12 PROPERTY, PLANT AND EQUIPMENT					
Freehold land:					
At fair value		95,306	94,637	922	13,467
Less: Covenant holder investment in land		(5,285)	(5,285)	-	-
		90,021	89,352	922	13,467

The consolidated entity has historically issued Covenants entitling the holders to a contractual interest in a revenue stream based on yields from specific forestry developments. Some Covenant holders also invested in the movement of land values (for land owned by the consolidated entity and used for forest development under the Covenant schemes) whereby an amount equivalent to the market value of the land is payable upon clearfell of the forest. An estimate of future amounts payable is included as a reduction in the carrying value of land.

	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Buildings and site improvements:				
At fair value	10,772	11,361	7,310	7,449
Less: accumulated depreciation	(344)	(907)	(209)	(517)
	10,428	10,454	7,101	6,932
Plant and equipment:				
At fair value	34,626	41,585	29,297	34,585
Less: accumulated depreciation	(3,228)	(8,617)	(2,568)	(7,114)
	31,398	32,968	26,729	27,471
Plant and equipment under finance lease:				
At fair value	3,066	4,651	3,066	4,651
Less: accumulated depreciation	(226)	(848)	(226)	(848)
	2,840	3,803	2,840	3,803
Roads:				
At fair value	3,829	3,624	3,406	3,083
Less: accumulated depreciation	(211)	(440)	(184)	(359)
	3,618	3,184	3,222	2,724
Capital work in progress:				
Buildings at fair value	-	2	-	2
Plant & equipment at fair value	9,186	3,315	9,186	3,315
Biomass Project	1,159	1,159	1,159	1,159
Roads	149	196	149	196
	10,494	4,672	10,494	4,672
Total property, plant and equipment	148,799	144,433	51,308	59,069
RECONCILIATION OF CARRYING AMOUNTS				
Freehold land:				
Carrying amount at beginning of year	89,352	88,874	13,467	12,448
Additions	755	1,019	384	1,019
Revaluation	230	(400)	(27)	-
Disposals	(316)	(141)	(12,902)	-
Carrying amount at end of year	90,021	89,352	922	13,467

	Note	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	AUSPINE LIMITED 2003 $'000	AUSPINE LIMITED 2002 $'000
12 PROPERTY, PLANT AND EQUIPMENT cont …					
Buildings and site improvements:					
Carrying amount at beginning of year		10,454	9,910	6,932	6,125
Additions		372	1,189	372	1,189
Revaluation		418	-	343	-
Depreciation		(688)	(632)	(418)	(369)
Disposals		(128)	(13)	(128)	(13)
Carrying amount at end of year		10,428	10,454	7,101	6,932
Plant and equipment:					
Carrying amount at beginning of year		32,968	33,148	27,471	26,796
Additions		8,202	5,380	8,202	5,194
Transfers from leased assets		-	508	-	508
Revaluations		(3,001)	-	(3,278)	-
Depreciation		(6,315)	(5,970)	(5,212)	(4,950)
Disposals		(456)	(98)	(454)	(77)
Carrying amount at end of year		31,398	32,968	26,729	27,471
Plant and equipment under finance lease:					
Carrying amount at beginning of year		3,803	4,946	3,803	4,946
Additions		-	-	-	-
Revaluations		(425)	-	(425)	-
Depreciation		(538)	(599)	(538)	(599)
Transfer to owned assets		-	(508)	-	(508)
Disposals		-	(36)	-	(36)
Carrying amount at end of year		2,840	3,803	2,840	3,803
Roads:					
Carrying amount at beginning of year		3,184	2,523	2,724	2,009
Additions		728	971	728	971
Revaluation		103	-	113	-
Depreciation		(397)	(310)	(343)	(256)
Disposals		-	-	-	-
Carrying amount at end of year		3,618	3,184	3,222	2,724
Capital works in progress:					
Carrying amount at beginning of year		4,672	4,762	4,672	4,762
Additions		15,879	8,848	15,508	8,662
Transfers to property, plant and equipment		(10,057)	(8,559)	(9,686)	(8,373)
Transfers to non-property, plant & equipment		-	(379)	-	(379)
Carrying amount at end of year		10,494	4,672	10,494	4,672

Property plant and equipment is measured on a fair value basis, being the amount for which the assets could be exchanged between knowledgeable and willing parties in an arm's-length transaction, having regard to the highest and best use of the asset for which parties would be willing to pay. The Directors have adopted the values arrived at by independent valuation firm, Edward Rushton Australia Pty Ltd, who performed and completed valuations in November 2002.

Capital gains tax has not been recognised in determining the revaluation of fair value.

	Note	CONSOLIDATED		AUSPINE LIMITED	
		2003 $'000	2002 $'000	**2003 $'000**	2002 $'000
13 INTANGIBLE ASSETS					
Goodwill at cost		1,467	1,467	-	-
Less: Accumulated amortisation		(1,467)	(1307)	-	-
		-	160	-	-
14 STANDING TIMBER					
At historic cost		6,034	1,387	2,980	1,387
At net present value		173,424	167,820	-	85,943
		179,458	169,207	2,980	87,330
Less: trust interests in net proceeds upon realisation *Note (a)*		(64,029)	(54,275)	-	-
		115,429	114,932	2,980	87,330
Planned for harvest within 12 months		9,458	3,759	-	1,377
Planned for harvest after 12 months		105,971	111,173	2,980	85,953
		115,429	114,932	2,980	87,330
Pine plantations (net of trust interests)					
At historic cost					
Hectares (ha)		2,850	1,510		
At net present value					
Hectares (ha)		21,911	22,009		
Volume ('000m^3)		12,928	12,386		
Increment in NMV ($'000) – *Note* (b)		4,016	1,382		
NMV of harvested logs ($'000) – *Note* (c)		4,595	3,909		

Trust interests: The consolidated entity has historically issued Covenants entitling the holders to a contractual interest in a revenue stream based on yields from specific forestry developments. Covenant holders income is based on the volume and grade of forest products harvested under an agreed pricing mechanism. An estimate of the net present value of future amounts payable is included as a reduction in the carrying value of standing timber.

Increment in NMV: the increment in the net market value of trees recognised as revenue is determined as the difference between the net market value of trees at the beginning of the financial year, add back the value of trees harvested, less the cost of ongoing plantation management and less the value of plantations acquired and planted during the financial year.

The NMV of harvested logs: the net market value of harvested logs recognised as an expense is the Company's interest in the net market value of logs harvested during the financial year less the Company's portion of harvest costs.

While an intermittently active market exists for small pine plantations, there is no suitable market evidence available to value the entity's plantations by reference to equivalent sales. Consequently, the best indicator of net market value is net present value.

14 STANDING TIMBER (continued)

The net market value of the standing timber is a directors' valuation based on net present value of future cash flows. Significant assumptions made in determining net market value:

(i) Cost of establishment is the most appropriate measure of market value for plantations up to and including two years of age.

(ii) Plantations are valued based on expected volumes of log that can be obtained from existing stands, given current management strategies.

(iii) Values are applied to logs harvested based on commercial rates paid to forestry investors.

(iv) Values applied to chip harvested are based on current export prices net of harvest and process costs.

(v) The cost of growing the trees is deducted in determining the net cash flows.

(vi) Costs associated with the land on which plantations are grown are deducted in determining net cash flows. These include rent (or notional rent where land is owned), rates, and land tax.

(vii) The valuation assumes the continuation of existing practices with regard to silviculture and harvesting.

(viii) A before tax discount rate of 10% per annum is applied to the estimated cash flows. This discount rate takes into account the risk associated with future cash flows.

(ix) The entity's interest in future cash flows from plantations owned by other parties and managed by the entity are included in the valuation where that interest is virtually certain.

	Note	CONSOLIDATED		AUSPINE LIMITED	
		2003 $'000	2002 $'000	**2003 $'000**	2002 $'000
15 TIMBER ACCESS RIGHTS					
At fair value		15,000	15,000	-	-
Less: accumulated amortisation		(4,665)	(3,876)	-	-
		10,335	11,124	-	-

The value of Timber Access Rights relates to long term availability of timber resource to the Company's sawmill operations from external sources. The Timber Access Rights were valued at 30th June 1993 by directors, reviewed in detail in May 2001 and determined again in May 2003 to represent fair value.

The directors' valuation is substantially less than independent valuation conducted in May 1993 by Margules Groome Poyry Pty Ltd.

Timber Access Rights are being amortised on a systematic basis over the period in which the benefits are expected to be realised, being twenty years.

	Note	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	AUSPINE LIMITED 2003 $'000	AUSPINE LIMITED 2002 $'000
16 DEFERRED TAX ASSETS					
Deferred tax assets attributable to:					
Timing differences		5,165	5,498	4,348	4,664
		5,165	5,498	4,348	4,664
17 CURRENT ACCOUNTS PAYABLE					
Trade creditors and accruals		25,618	23,495	14,817	14,673
Payable to associated companies		-	-	57,982	48,941
		25,618	23,495	72,799	63,614

	Note	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	AUSPINE LIMITED 2003 $'000	AUSPINE LIMITED 2002 $'000
18 CURRENT INTEREST BEARING LIABILITIES (secured)					
Bank overdraft		-	15	-	-
Finance lease liability	31	1,993	1,407	1,993	1,407
Hire purchase liability	32	331	314	318	297
		2,324	1,736	2,311	1,704
19 CURRENT TAX LIABILITIES					
Income tax payable		3,232	984	3,197	967
20 CURRENT PROVISIONS					
Employee entitlements		2,961	2,899	2,961	2,899
Self Insurance	1(w)	1,046	-	1,046	-
		4,007	2,899	4,007	2,899

Reconciliations of the carrying amounts of each class of provision, except for employee benefits and restoration provision, are set out below:

Self Insurance Provisions				
Opening balance of provision	-	-	-	-
Payments received from SA WorkCover	866	-	866	-
Payments made during the period	(429)	-	(429)	-
Provisions made during the year	655	-	655	-
Payment made during the period against the provision	(46)	-	(46)	-
Carrying amount at the end of year	1,046	-	1,046	-

21 OTHER CURRENT LIABILITIES				
Unearned development income	477	485	-	-

Agreements have been entered into by controlled entities with client growers to establish and / or develop their trees over a number of years. The unearned development income recognizes the obligation of the group to maintain investors' trees under the agreements entered into.

Payments received in advance were initially credited to the unearned development income account and are brought to account based on the difference between the estimated obligation to maintain investors' trees and advances paid.

	Note				
22 NON-CURRENT ACCOUNTS PAYABLE					
Trade creditors and accruals		8,278	9,854	-	173
23 NON-CURRENT INTEREST BEARING LIABILITIES (secured)					
Bank loan		66,929	57,000	66,929	57,000
Finance lease liabilities	31	1,304	3,365	1,304	3,365
Hire purchase liabilities	32	957	1,302	894	1,211
Loans from managed trusts		534	586	534	586
		69,724	62,253	69,661	62,162
24 DEFERRED TAX LIABILITIES					
Deferred income tax		39,303	39,162	29,154	27,510

	Note	CONSOLIDATED		AUSPINE LIMITED	
		2003 $'000	2002 $'000	**2003 $'000**	2002 $'000
25 NON-CURRENT PROVISIONS					
Employee entitlements		2,698	2,675	2,698	2,675
26 OTHER NON-CURRENT LIABILITIES					
Unearned development income		366	494	-	-
27 CONTRIBUTED EQUITY					
53,947,223 (2002: 56,967,284) – fully paid ordinary shares		93,392	98,757	93,392	98,757
Ordinary Share Equity					
Movements during the year					
Balance at beginning of year		98,757	98,757	98,757	98,757
Share buy back		(7,225)	-	(7,225)	-
Options expired	28(b)	1,860	-	1,860	-
		93,392	98,757	93,392	98,757

Share buy-back
During the year the Company completed the buy-back of 3,020,061 ordinary shares, representing 5.3% of issued capital, under the terms of the Buy-Back Agreement dated on 28th August 2002. The total consideration of shares bought back on market was $7,225,000 being an average, including incidental costs of $2.39 per share.

Terms and conditions
Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Shareholder's meetings.

In the event of winding up the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Notes:
(i) On 26 February 1999 directors suspended the Dividend and Share Investment Plans and the Share Top-Up Plan, to be reviewed at a future date.

(ii) 18,599,135 options issued in January 1998 at a premium of $0.10 with an exercise price of $4.00 each and expired 31 December 2002.

	Note	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	AUSPINE LIMITED 2003 $'000	AUSPINE LIMITED 2002 $'000
28 RESERVES					
Asset revaluation		55,335	61,177	3,425	10,734
Foreign currency translation		(120)	3	-	-
Option premium		-	1,860	-	1,860
		55,215	63,040	3,425	12,594
Movements during the year:					
(a) Asset revaluation:					
Balance at beginning of year		61,177	63,585	10,734	11,361
Increment / (decrement) on revaluation of:					
land & buildings		648	(400)	316	-
roads		103	-	113	-
plant & equipment		(3,426)	-	(3,703)	-
Transfer (to) / from retained profits of revaluation increments amortised over the useful life of plant & equipment	29	(3,167)	(1,892)	(1063)	(603)
Transfer (to) / from retained profits of amounts realized on disposal of property, plant & equipment	29	-	(116)	(2,972)	(24)
Balance at the end of year		55,335	61,177	3,425	10,734
(b) Option Premium Reserve:					
Balance at beginning of year	27	1,860	1,860	1,860	1,860
Options expired 31st December 2002		(1,860)	-	(1,860)	-
Balance at end of year		-	1,860	-	1,860
(c) Foreign currency translation:					
Balance at beginning of year		3	189	-	39
Translation adjustment on self-sustaining foreign entities' financial statements		(123)	(186)	-	(39)
Balance at end of year		(120)	3	-	-

Nature and purpose of reserves:

Asset revaluation

The asset revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of non-current assets in accordance with AASB 1041.

Foreign currency translation

The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations (refer to accounting policy note 1 (f)).

Option premium

The option premium reserve records the contributed capital received from issues in January 1998 of ordinary share options (refer note 27). These options expired on the 31st December 2002 in accordance with the Company Law Review Act 1998 the balance was transferred to Contributed Equity.

	Note	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	AUSPINE LIMITED 2003 $'000	AUSPINE LIMITED 2002 $'000
29 RETAINED PROFITS					
Retained profits at beginning of year		36,567	28,446	29,152	20,442
Net profit attributed to members of the Company		14,911	10,100	19,538	12,071
Transfer from asset revaluation reserve		3,167	2,009	4,035	627
Dividends provided for or paid		(8,312)	(3,988)	(8,305)	(3,988)
Retained profits at end of year		46,333	36,567	44,420	29,152
30 TOTAL EQUITY RECONCILIATION					
Total equity at beginning of year		198,364	192,837	140,503	132,456
Total changes in parent entity interest in equity recognised in statement of financial performance		12,113	9,515	16,264	12,032
Transactions with owners as owners					
Share buy-back	27	(7,225)	-	(7,225)	-
Dividends	6	(8,312)	(3,988)	(8,305)	(3,988)
Total equity at end of year		194,940	198,364	141,237	140,503
31 FINANCE LEASE LIABILITY					
Commitments for expenditure contracted for:					
Not later than 1 year		2,159	1,783	2,159	1,783
Later than 1 year and not later than 2 years		1,333	2,159	1,333	2,159
Later than 2 years and not later than 5 years		-	1,349	-	1,349
Minimum finance lease payments		3,492	5,291	3,492	5,291
Deduct: Future finance charges		195	519	195	519
Finance lease liability		3,297	4,772	3,297	4,772
Included in the accounts as:					
Borrowings					
Current	18	1,993	1,407	1,993	1,407
Non-current	23	1,304	3,365	1,304	3,365
		3,297	4,772	3,297	4,772

The consolidated entity leases production plant and equipment under finance leases expiring from one to two years. At the end of the lease term, the consolidated entity has the obligation to purchase the equipment at residual value.

	Note	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	AUSPINE LIMITED 2003 $'000	AUSPINE LIMITED 2002 $'000
32 HIRE PURCHASE LIABILITY					
Commitments for expenditure contracted for:					
Not later than 1 year		408	409	390	390
Later than 1 year but not later than 2 years		408	409	390	390
Later than 2 years but not later than 5 years		635	1,033	584	973
Later than 5 years		8	29	-	-
Minimum hire purchase payments		1,459	1,880	1,364	1,753
Deduct: Future finance charges		171	264	152	245
Hire purchase liability		1,288	1,616	1,212	1,508
Included in the accounts as:					
Borrowings					
Current	18	331	314	318	297
Non-current	23	957	1,302	894	1,211
		1,288	1,616	1,212	1,508

	Note	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	AUSPINE LIMITED 2003 $'000	AUSPINE LIMITED 2002 $'000
33 OPERATING LEASES					
Commitments for expenditure contracted for:					
Not later than 1 year		2,924	4,109	2,924	4,109
Later than 1 year but not later than 2 years		1,812	2,672	1,812	2,672
Later than 2 years but not later than 5 years		3,230	3,306	3,230	3,306
Later than 5 years		3,201	3,697	3,201	3,697
		11,167	13,783	11,167	13,783

34 SUPERANNUATION

No benefits were given to directors and executive officers by way of contributions to a superannuation fund or otherwise in connections with the retirement of directors and executive officer other than amounts included in the aggregate remuneration disclosed in Notes 36 and 37.

Auspine Limited provides employees a limited choice of deferred contribution superannuation funds. If employees make no choice the default fund is the Mercer Super Trust except for employees covered by the Tarpeena EBA, who as a group, elected to join the Timber Industry Superannuation Scheme.

Auspine and member contributions are specified in the rules of the Fund and meet SIS legislation requirements; not all Auspine contributions are legally enforceable.

Funds are available to satisfy all benefits that would have vested under the Fund in the event of termination of the Fund or the voluntary or compulsory termination of employment of each employee.

35 EMPLOYEE ENTILEMENTS		CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	AUSPINE LIMITED 2003 $'000	AUSPINE LIMITED 2002 $'000
Aggregate liability for employee benefits including oncosts					
Current					
Other creditors and accruals	17	263	129	263	129
Employee benefits provision	20	2,961	2,899	2,961	2,899
Non-current					
Employee benefits provision	25	2,698	2,675	2,698	2,675
		5,922	5,703	5,922	5,703

The present values of employee entitlements not expected to be settled within twelve months of reporting date have been calculated using the following weighted averages.

	CONSOLIDATED 2003	CONSOLIDATED 2002	AUSPINE LIMITED 2003	AUSPINE LIMITED 2002
Assumed rate of increase in wages and salary rates	3.5%	2.8%	3.5%	2.8%
Discount rate	4.7%	5.5%	4.7%	5.5%
Settlement term (years)	10-15	10-15	10-15	10-15
Number of employees				
Number of employees at year end	572	589	564	581

Directors retirement scheme

The Auspine Limited Directors Retirement Scheme provides retiring non-executive directors with the following benefits:

- less than three years service – the actual fees paid during period in office.
- more than three years' service – actual fees paid during past three years.

The Company's liability for directors retirement benefits, which is based on the number of years service provided at the reporting date, is included in employee benefits, and in directors' remuneration as all directors are presently entitled to payments under this scheme.

	CONSOLIDATED		AUSPINE LIMITED	
	2003	2002	**2003**	2002
36 EXECUTIVES' REMUNERATION				
The number of executive (including executive directors) working mainly in Australia whose total income falls within the following bands, commencing at $100,000:				
$100,000 - $109,999	-	7	-	7
$110,000 - $119,999	2	3	2	3
$120,000 - $129,999	4	4	4	4
$130,000 - $139,999	3	2	3	2
$140,000 - $149,999	1	1	1	1
$150,000 - $159,999	-	-	-	-
$160,000 - $169,999	-	1	-	1
$180,000 - $189,999	-	1	-	1
$210,000 - $219,999	1	1	1	1
$220,000 - $229,999	-	-	-	-
$270,000 - $279,999	-	1	-	1
$510,000 - $519,999	1	1	1	1
	$	**$**	**$**	**$**
Total income received or due & receivable from the consolidated entity & related entities by executives working mainly in Australia whose income is $100,000 or more	2,008,513	3,332,566	2,008,513	3,332,566

37 DIRECTORS' REMUNERATION

a. The names of each person holding the position of director during the financial year are: Mr G G Hill, Mr A de Bruin, Mr P D Teisseire, Mr M J Lloyd and Mr D S Kerr.

	CONSOLIDATED 2003	CONSOLIDATED 2002	AUSPINE LIMITED 2003	AUSPINE LIMITED 2002
b. The number of directors of the Company whose total income falls within the following bands:				
$30,000 - $39,999			2	3
$40,000 - $49,999			-	1
$50,000 - $59,999			1	-
$130,000 - $139,999			1	-
$510,000 - $519,999			1	1
	$	$	**$**	**$**
Total income paid, payable or otherwise made available to all directors of the Company & controlled entities from the Company or any related party (includes directors' fees of $273,343 (2002 $152,440)).	681,967	669,100	673,200	661,100
c. Loans to directors				
A de Bruin	641,000	641,000	641,000	641,000

The loan to Mr A de Bruin arises from share issues made in 1988, 1989 & 1993 under the Auspine Employee Incentive Scheme as approved by Special Resolution of shareholders on 5th May 1988.

Loans to directors are interest free and repayable at any time prior to termination of employment. No loans were made to directors during the year.

d. Directors' Holdings of Shares and Share Options

The interests of directors of Auspine Limited and their director related entities in shares and share options in Auspine Limited at year end are set out below:

Type	Holding at 30 June 2003	Holding at 30 June 2002
Ordinary Shares	15,002,873	15,105,433
Share Options	-	5,065,080

38 RELATED PARTY TRANSACTIONS

During the year Geoffrey Hill & Associates Pty Ltd, a company affiliated with Mr G G Hill, received fees of $25,000 (2002 $60,000) for consultancy services on commercial terms.

During the year the Company made timber sales of $47,780 (2002 $27,297) to the Managing Director at terms no more favourable than those available to other employees.

During the year Southern Silvicultural Management Pty Ltd, a company affiliated with the Managing Director engaged the consolidated entity to perform afforestation work for an annual charge of $14,646 (2002 $8,736) and received proceeds from plantation thinning of nil (2002 Nil).

For the year ended June 2003 the consolidated entity rented premises for a total of $481,446 (2002 $405,333) owned by De Bruin Nominees Pty Ltd, a company affiliated with the Managing director.

During the year Mr P D Teisseire engaged the consolidated entity to perform afforestation work for an annual charge of $2,768 (2002 $2,330) and received proceeds from plantation thinning of $10,546 (2002 Nil).

During the year Mr D S Kerr engaged the consolidated entity to perform afforestation work for an annual charge of $2,963 (2002 $2,468) & received proceeds from plantation thinning of nil (2002 Nil).

From time-to-time the directors of the Company or its controlled entities, or their direct related entities, may purchase goods from the consolidated entity. These purchases are on the same terms and conditions as those entered into by other consolidated entity employees or customers and are trivial or domestic in nature.

39 CONTINGENT ASSETS AND LIABILITIES

a. Contingent liabilities

i Non-related corporations

A claim for unspecified damages has been received from a former supplier. No quantification of damages claimed is expected in the near future. The company accepts no liability in this matter and has a strong defence against this action. In the directors opinion, disclosure of any further information about this matter would be prejudicial to the interest of the Company.

ii. Related corporations

Pursuant to the Australian Securities and Investment Commission (ASIC) Class Order 98/1418 (as amended) dated 13 August 1998 the wholly owned subsidiaries are relieved from the Corporations Act requirements for preparation, audit and lodgement of financial reports. The consolidated entity has entered into deeds of indemnity with certain subsidiary companies (refer Note 42) in relation to a deed of cross guarantee lodged with and approved by the ASIC whereby Auspine Limited guarantees the debts of the subsidiary companies. It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up. At balance date, the subsidiaries which are a party to the deed have aggregate assets of $349,529,000 (2002 $340,475,000) aggregate liabilities of $154,650,000 (2002 $143,020,000) and contributed $14,964,000 (2002 $10,198,000) to consolidated operating profit after tax.

A consolidated statement of financial performance and consolidated statement of financial position, comprising the Company and subsidiaries which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2003 is set out below.

	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000
39 CONTINGENT ASSETS AND LIABILITIES (cont)		
Statement of Financial Performance		
Operating profit before income tax	21,507	14,951
Income tax attributable to operating profit	(6,543)	(4,753)
Net profit attributable to members of the Company	14,964	10,198
Retained profits at beginning of year	36,186	27,078
Aggregate of amounts transferred from reserves	3,167	2,009
	54,317	39,285
Dividends provided for or paid	(8,312)	(3,099)
Retained profits at end of year	46,005	36,186
Statement of Financial Position		
Cash	1,384	2,221
Receivables	35,379	31,225
Inventories	24,887	29,538
Standing timber	9,458	3,759
Total current assets	71,108	66,743
Receivables	1,225	1,645
Investments	7,039	65
Property, plant and equipment	148,686	144,248
Intangibles	-	-
Standing timber	105,971	111,173
Timber access rights	10,335	11,124
Future income tax benefit	5,165	5,477
Total non-current assets	278,421	273,732
Total assets	349,529	340,475
Accounts payable	25,020	22,607
Interest bearing liabilities	2,311	1,704
Current tax liabilities	3,208	978
Provisions	4,007	2,899
Other	477	485
Total current liabilities	35,023	28,673
Accounts payable	8,277	9,854
Interest bearing liabilities	69,661	62,162
Deferred tax liabilities	38,625	39,162
Provisions	2,698	2,675
Other	366	494
`	119,627	114,347
Total liabilities	154,650	143,020
Net assets	194,879	197,455
Contributed equity	92,891	98,237
Reserves	55,331	63,032
Retained profits	46,657	36,186
Total Shareholders' equity	194,879	197,455

b. Contingent assets
   A significant asset will accrue to the Company if and when trading in carbon credits reaches fruition.

40 FINANCIAL REPORTING BY SEGMENTS

a. Industry segments
Auspine Limited operates predominantly in the forestry and forest products industry, involved in the growing, management, processing and wholesaling of radiata pine. Other operations include a timber import and export business in Singapore.

Segments	*Forest & Fo rest Products*	*Forest & Forest Products*	*Other Operations*	*Other Operations*	*Elimination*	*Elimination*	*Consolidated*	*Consolidated*
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002
Operating Revenue	221,202	199,067	14,307	13,514	3,610	3,010	231,899	209,571
Sales to customers outside the economic entity	221,202	199,067	10,697	10,504	-	-	231,899	209,571
Inter-segment sales	-	-	3,610	3,010	3,610	3,010	-	-
Unallocated revenue		-		-		-		-
Total revenue	221,202	199,067	14,307	13,514	3,610	3,010	231,899	209,571
Segment result	21,507	15,225	(20)	(405)	-	-	21,487	14,820
Unallocated expenses	-	-	-	-	-	-	-	-
Consolidated profit (loss) from ordinary activities before tax	21,507	15,225	(20)	(405)	-	-	21,487	14,820
Non-cash revenue	4,016	1,382	-	-	-	-	4,016	1,382
Depreciation & amortisation	8,811	8,174	59	216	-	-	8,870	8,390
Other non-cash expenses	6,610	8,110	-	-	-	-	6,610	8,110
External Sales by customer location								
Australia	182,126	165,748	5,133	5,484	-	-	187,259	171,232
Japan	39,076	33,319	-	-	-	-	39,076	33,319
Other	-	-	5,564	5,020	-	-	5,564	5,020
Segment assets by location								
Australia	349,496	340,623	-	-	-	(33)	349,496	340,656
Singapore	-	-	1,472	1,745	-	-	1,472	1,745
Total	349,496	340,623	1,472	1,745	-	(33)	350,968	342,401
Assets acquired by asset location								
Australia	15,473	8,438	-	-	-	-	15,473	8,438
Singapore	-	-	4	187	-	-	4	187
Total	15,473	8,438	4	187		-	15,477	8,625
Segment liabilities	155,293	143,050	735	987	-	-	156,028	144,037

Inter segment pricing is determined on an arm's length basis.

	Place of Incorporation	% of Shares Held 2003	2002
41 DETAILS OF CONTROLLED ENTITIES			
Auspine Limited	VIC*		
Auspine Tree Farms Pty Ltd	SA*	100%	100%
Auspine Tree Farms Partnership	SA#	-	-
Auspine Plantations Partnership	SA#	-	-
Auspine Green Energy Pty Ltd	VIC*	100%	100%
Willdana Pty Ltd	VIC*	100%	100%
Timbersales Pty Ltd	VIC*	100%	100%
Maritime Timbers Pty Ltd	VIC#	-	100%
Timbersales Kalangadoo Pty Ltd	SA*	100%	100%
South East Afforestation Services Pty Ltd	SA*	100%	100%
S.E.A.S. Securities Pty Ltd	SA*	100%	100%
S.E.A.S. Plantations Pty Ltd	VIC*	100%	100%
S.E.A.S. Estates Pty Ltd	SA*	100%	100%
Manna Holdings Pty Ltd	SA*	100%	100%
S.E.A.S. Sapfor Investment Services Pty Ltd	SA*	100%	100%
Tasmanian Softwoods Pty Ltd	TAS*	100%	100%
Taspine Pty Ltd	TAS*	100%	100%
North East Afforestation Pty Ltd	TAS#	-	100%
S.E.A.S. Sapfor Forests Pty Ltd	SA*	100%	100%
Sapfor Trading Pty Ltd	SA*	100%	100%
S.E.A.S. Sapfor Harvesting Pty Ltd	SA*	100%	100%
S.E.A.S. Export International Pty Ltd	SA*	100%	100%
Cowells Pty Ltd	SA*	100%	100%
Cowells Investments Limited	SA*	100%	100%
Cowells Group Limited	SA*	100%	100%
Auspine Plantations Limited	NSW*	100%	100%
AUSPINE International Pte Ltd	SINGAPORE	100%	100%

* These Companies are a party to the deed of cross guarantee (refer Note 39) and except for Auspine Limited are not subject to audit.
# These Entities were de-registered during 2003 .

	CONSOLIDATED		AUSPINE LIMITED	
	2003 $'000	2002 $'000	**2003 $'000**	2002 $'000
42 NOTES TO STATEMENT OF CASH FLOWS				
(a) Reconciliation of Cash				
Cash	2,073	3,071	1,205	2,042
Bank Overdraft	-	-	-	-
	2,073	3,071	1,205	2,042
(b) Reconciliation of Operating Profit after income Tax to net cash provided by operating activities				
Operating Profit after income tax	14,911	10,100	19,538	12,071
Add (less) items classified as investing/financing activities:				
Loss (profit) on sale of fixed assets	(598)	(621)	(49)	(430)
Loss (profit) on sale of investments	442	(56)	(74)	-
Interest paid	4,118	2,988	3,673	3,392
Finance lease charges	386	444	383	442
	4,348	2,727	3,902	2,504
Add (less) non-cash items:				
Income tax timing differences	2,723	4,629	4,189	2,839
Employee entitlements	1,130	(180)	1,130	(180)
Provision for doubtful debts	-	(227)	-	(227)
Depreciation and amortisation	8,870	8,390	6,513	6,174
Unearned development income	(137)	111	-	-
Net foreign exchange differences	(129)	(194)	-	(39)
Increment in standing timber	(4,016)	(1,382)	(5)	(273)
Royalty on standing timber harvested	3,697	3,971	-	3,971
	12,138	15,118	11,827	12,265
Add (less) change in assets and liabilities:				
(Increase)/decrease in receivables	(3,252)	(3,905)	(3,420)	(4,404)
(Increase)/decrease in inventories	4,651	1,290	4,651	1,422
Increase/(decrease) in creditors and accruals	2,322	(728)	398	(2,500)
(Increase)/decrease in other operating assets	(674)	(1,071)	(9,338)	2,579
	3,047	(4,414)	(7,709)	(2,903)
Net cash provided by operating activities	**34,444**	**23,559**	**27,589**	**24,837**

(c) Non-cash financing and investing activities

During the financial year, the consolidated entity did not acquire any property, plant and equipment by means of finance leases (aggregate fair value in 2002 nil). Acquisitions by means of finance leases are not reflected in the statements of cash flows.

Financing arrangements

Bank loans and bank overdraft are secured by fixed and floating charges over the assets of the consolidated entity. Finance lease and hire purchase liabilities are secured on the relevant leased asset. Due to vendor liabilities are secured by a charge over the relevant property and or bank guarantee.

	CONSOLIDATED		AUSPINE LIMITED	
	2003 $'000	2002 $'000	**2003 $'000**	2002 $'000
43 NOTES TO STATEMENT OF CASH FLOWS (cont)				
As at balance date, the following lines of credit were available to the consolidated entity:				
Facilities:				
Bank overdraft	2,350	2,227	2,200	2,050
Bank loans	71,000	70,000	71,000	70,000
Development loans	4,000	53,000	4,000	53,000
Letter of credit facilities/Bank guarantees	8,494	6,266	5,198	2,371
	85,844	131,493	82,398	127,421
Used at Balance Date:				
Bank overdraft	-	110	-	-
Bank loans	65,000	57,000	65,000	57,000
Development loans	1,929	-	1,929	-
Letter of credit facilities	2,439	2,971	1,745	2,012
	69,368	60,081	68,674	59,012
Unused at Balance Date				
Bank overdraft	2,350	2,117	2,200	2,050
Bank loans	6,000	13,000	6,000	13,000
Development loans	2,071	53,000	2,071	53,000
Letter of credit facilities/Bank guarantees	6,055	3,295	3,453	359
Total surplus facilities	16,476	71,412	13,724	68,409
Cash and term deposit balances	1,968	3,071	1,274	3,042
Total Facilities Available	**18,444**	**74,483**	**14,998**	**70,451**

The facilities are subject to annual review by the banks concerned and have been extended to dates after 30th June 2004.

Bank Facilities
The bank overdraft of a controlled entity is secured by a guarantee from the Company.

All bank loans are denominated in Australian dollars.

The bank loans are secured by a fixed and floating mortgage over the properties of the Company and certain of its controlled entities. Bank facilities are subject to annual review.

44 ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

a. Interest rate risk

i. Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out on the following table:

	Notes	Floating Int Rate $'000	Fixed Interest Maturing in: 1 Year or Less $'000	Over 1 to 5 Years $'000	More than 5 Years $'000	Non-Int Bearing $'000	Total $'000	Weighted Avg Interest Rate %
2003 Financial assets								
Cash & deposits	(i)	2,052	16	44	9	21	2,142	4.15%
Receivables	(ii)	-	-	-	-	35,868	35,868	0.00%
Investments		-	-	-	-	7,039	7,039	0.00%
		2,052	16	44	9	42,928	45,049	
Financial liabilities								
Bank overdraft & loans		38,429	4,500	20,000	4,000	-	66,929	5.52%
Trade & other creditors	(iii)	-	-	-	-	33,722	33,722	0.00%
Other loans		534	-	-	-	-	534	8.70%
Lease & hire purchase liabilities		-	2,324	2,262	-	-	4,586	7.03%
Dividends payable		-	-	-	-	-	-	0.00%
Employee entitlements		-	675	761	1,649	2,573	5,658	6.00%
		38,963	7,499	23,023	5,649	36,295	111,429	
Net financial assets (liabilities)		(36,911)	(7,483)	(22,979)	(5,640)	6,633	(66,380)	
2002 Financial assets								
Cash & deposits	(i)	3,051	18	55	14	20	3,158	4.17%
Receivables	(ii)	2	379	503	-	31,378	32,262	0.21%
Investments		-	-	-	-	65	65	0.00%
		3,053	397	558	14	31,463	35,485	
Financial liabilities								
Bank overdraft & loans		23,000	18,000	8,000	8,000	-	57,000	5.70%
Trade & other creditors	(iii)	-	-	-	-	33,020	33,020	0.00%
Other loans		586	-	-	-	-	586	8.70%
Lease & hire purchase liabilities		-	1,720	4,667	-	-	6,387	7.03%
Dividends payable		-	-	-	-	-	-	0.00%
Employee entitlements		-	810	839	1,468	2,457	5,574	6.00%
		23,586	20,530	13,506	9,468	35,477	102,567	
Net financial assets (liabilities)		(20,533)	(20,133)	(12,948)	(9,454)	(4,014)	(67,082)	

(i) Includes Trustee maintenance fund deposit of $69,000 (2002 $87,000) held by Tower Trust Limited.

(ii) Excludes prepayments of $1,304,000, (2002 $1,229,000) which are included in current receivables in the statement of financial position.

(iii) Excludes unearned development income.

	CONSOLIDATED	
	2003 $'000	2002 $'000
Reconciliation of net financial assets to net assets		
Net financial assets as above	(66,380)	(67,082)
Non-financial assets & liabilities:		
Inventories	24,887	29,538
Property, plant & equipment	148,799	144,433
Standing timber	115,429	114,932
Intangibles	-	160
Other assets	16,803	17,852
Provisions	(42,907)	(40,145)
Other liabilities	(1,016)	(1,324)
Net assets	195,615	198,364

(ii) Interest rate swaps
The consolidated entity enters into interest rate swap agreements under which it substitutes floating rate borrowings for fixed rates. The contracts are settled on a net basis and the net amount receivable or payable at the reporting date is included in receivables or payables.
The contracts require settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Swaps are currently in place, which cover approximately 43% of the Bank Bills outstanding. The fixed interest rates range between 5.66% and 6.24%.

At 30 June 2003, the notional principal amounts and period of expiry of the interest rate swap contracts are as follows:

	2003 $'000	**2002 $'000**
0 – 2 years	4,500	18,000
3 – 5 years	20,000	8,000
6 – 8 years	4,000	8,000
	28,500	34,000

b. Foreign exchange risk
The consolidated entity's policy is to enter into forward foreign exchange contracts and options to hedge a proportion of anticipated sales denominated in USD$'s expected over the following 6 months within Board approved limits. The amount of anticipated future purchases and sales are forecast in light of current conditions in foreign markets, commitments for customers and experience.

The following tables set out the gross value to be received under foreign currency contracts and options, the weighted average contracted exchange rates and the settlement periods of outstanding contracts for the consolidated entity.

At balance date, the details of outstanding contracts are (Australian dollar equivalents):

			AVERAGE EXCHANGE RATE	
	2003 $'000	2002 $'000	**2003**	2002
SELL US Dollars				
0 – 12 months	4,596	17,745	0.6527	0.5386

As these contracts are hedging anticipated future purchases and sales, any unrealized gains and losses on the contracts, together with the cost of the contracts, are deferred and will be recognized in the measurement of the underlying transaction.

Amounts received and payable on open contracts are included in other debtors and other creditors respectively.

The following gains and losses have been deferred:

	2003 $'000	2002 $'000
Unrealised gains	101	824
Unrealised losses	-	-
Net unrealized gains / (loss)	101	824

At balance date, the details of outstanding foreign exchange options are (Australian dollar equivalents):

	2003 $'000	**2002 $'000**	**2003 FLOOR**	**2003 CEILING**	**2002 FLOOR**	**2002 CEILING**
SELL US Dollars						
0 – 12 months	-	6,000	-	-	0.5450	0.5900

As these option contracts are hedging anticipated future purchases and sales, any unrealized gains and losses on the contracts, together with the cost of the contracts, are deferred and will be recognized in the measurement of the underlying transaction.

Amount receivable and payable on open option contracts are included in other debtors and other creditors respectively.

The following gains and losses have been deferred:

	2003 $'000	2002 $'000
Unrealised gains	-	-
Unrealised losses	-	-
Net unrealised gains / (loss)	-	-

c. Credit Risk
Credit risk represents the loss that would be recognized if counter parties failed to perform as contracted.

Recognised financial instruments
The credit risk on financial assets of the consolidated entity which have been recognized on the statement of financial position, other than investments in shares, is generally the carrying amount, net of any provisions for doubtful debts.
The consolidated entity minimizes concentrations of credit risk by undertaking transaction with a large number of customers and counter parties. The consolidated entity is not materially exposed to any individual customer or individual overseas country.

Unrecognised financial instruments
Credit risk on derivative contracts which have not been recognized on the statement of financial position, is minimized as counter parties are recognized financial intermediaries with acceptable credit ratings, determined by a recognized ratings agency.

Interest rate swaps and foreign exchange options and contracts are subject to credit risk in relation to the relevant counter parties, which are principally large banks. The maximum credit risk exposure on foreign currency contracts is the full amount of the foreign currency the consolidated entity pays when settlement occurs, should the counter party fail to pay the amount which it is committed to pay the consolidated entity. The full amount of the exposure is disclosed above.

The credit risk on swap contracts is limited to the net amount to be received from counter parties on contracts that are favourable to the consolidated entity. There are no amounts receivable by the consolidated entity at 30 June 2003 (2002: Nil).

d. **Net fair value of financial assets & liabilities**

(i) Recognised financial instruments

Monetary financial assets and financial liabilities not readily traded in an organized financial market are determined by valuing them at the present value of expected future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of the cash flows. The carrying amounts of bank term deposits, trade debtors, term debtors, other debtors, bank overdrafts, accounts payable, bank loans, lease liabilities, dividends payable and employee benefits approximate net fair value.
The net fair value of investments in unlisted shares in other corporations is determined by reference to the underlying net assets of the respective corporations.

	2003		2002	
	Carrying Amount $'000	**Net Fair Value $'000**	Carrying Amount $'000	Net Fair Value $'000
Financial assets				
Trade debtors (net of doubtful debts provision)	27,395	27395	24,511	24,511
Finance receivables (net of doubtful debts provision)	481	481	882	882
Trustee maintenance fund deposit	69	68	87	83
Loans to managed funds	-	-	2	2
Other debtors	7,991	7,991	6,868	6,868
Trade investments	7,039	7,047	64	68
Cash & bank deposits	2,073	2,073	3,071	3,071
	45,048	45,055	35,485	35,485
Financial liabilities				
Bills payable	-	-	-	-
Bank loans and bank overdraft	66,929	66,363	57,000	56,409
Other loans	534	534	601	601
Lease liabilities	4,586	4,586	6,388	6,388
Other liabilities	40,427	40,427	38,579	38,579
	112,476	111,910	102,568	101,977

(ii) Unrecognised financial instruments

The net fair value of financial assets or financial liabilities arising from interest rate swap agreements has been determined as the amount currently receivable or payable at the reporting date, calculated based on forward rates with similar maturity profiles.

On forward exchange contracts, the net fair value is taken to be the unrealized gain or loss at balance date calculated by reference to the current forward rates for contracts with similar maturity profiles.

The carrying amounts and net fair value of financial assets and liabilities at balance date are:

	2003		2002	
	Carrying Amount $'000	**Net Fair Value $'000**	Carrying Amount $'000	Net Fair Value $'000
Financial assets				
Interest rate swaps	-	-	-	-
Forward exchange contracts	-	101	-	824
Forward exchange options contracts	-	-	-	-
	-	101	-	824

	2003		2002	
Financial liabilities	**Carrying Amount $'000**	**Net Fair Value $'000**	Carrying Amount $'000	Net Fair Value $'000
Interest rate swaps	-	233	-	112
Forward exchange contracts	-	-	-	-
Forward exchange option contracts	-	-	-	-
	-	233	-	112

45 EVENTS SUBSEQUENT TO BALANCE DATE

The directors have determined that the Company will be the head entity in a tax-consolidated group comprising the Company and all of its Australian wholly-owned subsidiaries, from the implementation date of 1 July 2003.

The financial effect of this change has not been brought to account in the consolidated or company financial statements for the year ended 30 June 2003.

The net of deferred tax liabilities over deferred tax assets of the subsidiaries will be transferred to the Company as at 1 July 2003 for no consideration.

The deferred tax assets and deferred tax liabilities of the Company and consolidated entity will then be remeasured in accordance with UIG 52 *Income Tax Accounting under the Tax Consolidation System.* UIG 52 requires the Company and the consolidated entity to recognize the deferred tax assets and liabilities of the subsidiaries measured as the consolidated entity carrying amounts of the subsidiary assets and liabilities less the reset tax bases. The determination of the reset tax bases if any has not been finalised. The consolidated carrying amounts less existing tax bases may result in a decrease in consolidated deferred tax liabilities

No other events of a material nature have occurred since 30th June 2003 that would impact on the financial position or performance of the consolidated entity.