

19
99

ANNUAL REPORT

ACTIVE
MANAGEMENT



DRIVING STRONG
RETURNS



THAKRAL HOLDINGS GROUP



THAKRAL HOLDINGS GROUP

THAKRAL HOLDINGS GROUP
IS A PROPERTY OWNER,
MANAGER AND DEVELOPER
WITH INVESTMENTS IN ALLIED
BUSINESSES THAT ARE ACTIVELY
MANAGED TO DELIVER
SUPERIOR AND RELIABLE
SHAREHOLDER RETURNS.

DIVERSE
HOTELS
COMMERCIAL,
AND
DEVELOPMENT
PORTFOLIO.

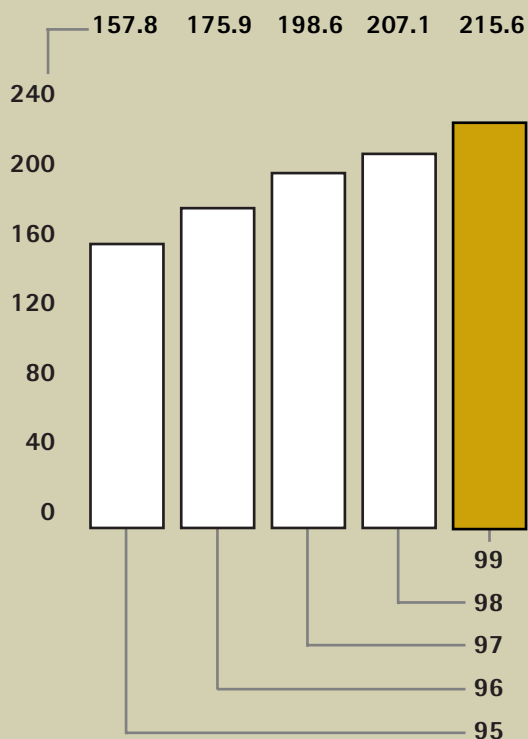
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KEY FINANCIAL INDICATORS

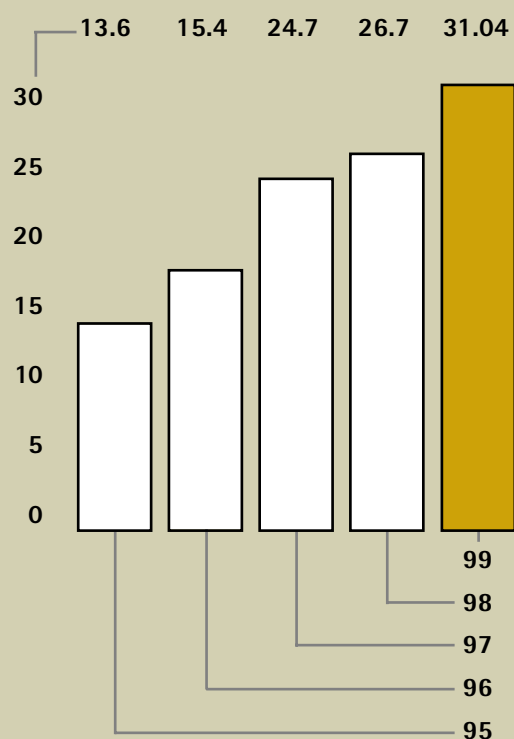
Revenue

Millions (\$)



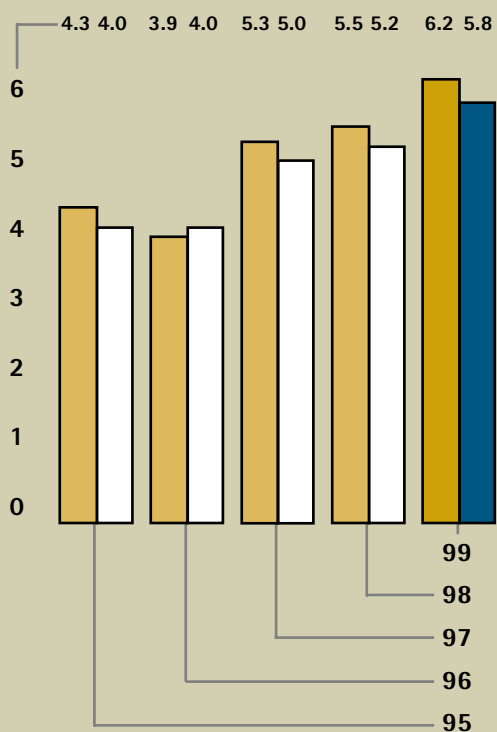
Net Profit (after tax)

Millions (\$)



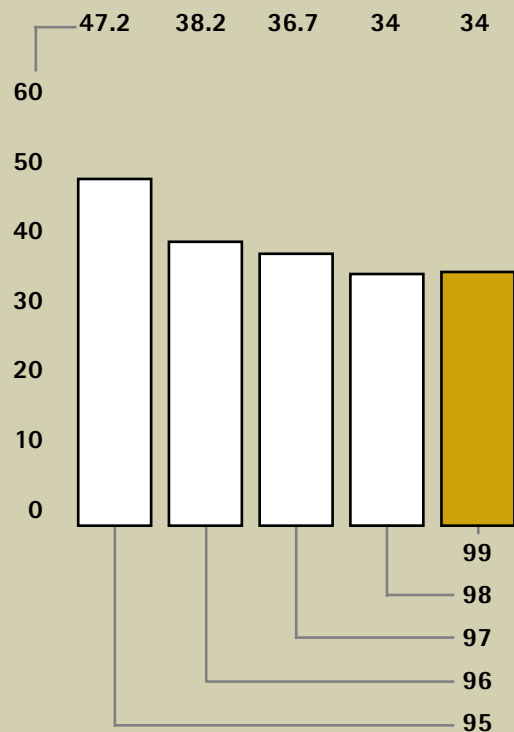
Earnings and Distribution

Cents Per Stapled Security



Gearing

Percent



- Earnings per Share
- Distribution per Share
- Distribution per Share 1999

THE YEAR'S HIGHLIGHTS AT A GLANCE



8/98
 END YEAR
 FINANCIAL RESULTS
 \$26.7 MILLION
 10.3% INCREASE ON
 PREVIOUS YEAR



10/98
 DAY SPA OPENED
 AT THE HILTON
 ON THE PARK,
 MELBOURNE



11/98
 ROOM REFURBISHMENT
 COMPLETED AT NOVOTEL
 BRIGHTON BEACH
 TOTAL COST \$5.5 MILLION

JULY

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER



7/98
 PACIFIC TERRACES VILLAS
 COMMENCE CONSTRUCTION
 AT PACIFIC BAY



10/98
 PURCHASE OF 60
 GAMING LICENCES
 UNDER NSW
 GOVERNMENT
 AUCTION



11/98
 ALL SEASONS
 DARLING HARBOUR AND
 BAROSSA MANAGEMENT
 AGREEMENTS SIGNED —
 TOTAL MANAGED ROOMS
 NOW 3,866





2/99
9 HOLE RESORT GOLF COURSE OPENED AT PACIFIC BAY RESORT COFFS HARBOUR



3/99
HALF YEAR FINANCIAL RESULTS \$16.2 MILLION NOP 6.4% INCREASE ON PREVIOUS PERIOD



5/99
COMPLETED REFURBISHMENT AND REBRANDING OF ALL SEASONS ESPLANADE HOTEL, CAIRNS



5/99
TREASURE COVE GAMING LOUNGE OPENED AT NOVOTEL NORTHBEACH, WOLLONGONG

6/99
PCH OWNED WESTEND HOTEL, SYDNEY SOLD FOR \$9 MILLION

JANUARY

FEBRUARY

MARCH

APRIL

MAY

JUNE



2/99
SOLD LAST BLOCK OF LAND AT DIGGERS BEACH LAND SUBDIVISION AND 50% OF "PACIFIC HORIZONS" NORTHERN LAND SUBDIVISION SOLD AT PACIFIC BAY, COFFS HARBOUR.



2/99
100TH BLOCK SOLD AT GLENWOOD ESTATE, SYDNEY



4/99
SOLD FIRST LUXURY APARTMENT AND MARINA BERTH AT NEWPORT ANCHORAGE, NEWPORT, SYDNEY



5/99
COMMENCED REFURBISHMENT OF NOVOTEL ATRIUM, DARWIN



6/99
ALL SEASONS PREMIER MENZIES HOTEL WON THE 1999 TOURISM AWARD FOR EXCELLENCE IN TOURISM IN THE CATEGORY OF DELUXE ACCOMMODATION - METROPOLITAN. EL QUESTRO, FRONTIER DARWIN AND ALEXANDRA BEACH RESORT ALSO WON STATE TOURISM AWARDS

JOINT CHAIRMEN & MANAGING DIRECTOR'S REVIEW

DRIVE PR

THIS IS THE HIGHEST PROFIT
RECORDED BY THE GROUP.
IT REFLECTS THE
IMPORTANCE TO THE
GROUP OF ITS DIVERSIFIED
SPREAD OF ASSETS.

We are pleased to announce that the Thakral Holdings Group achieved an after tax profit of \$31.040 million for the year ended 30 June 1999 compared to \$26.664 million in the previous period. This is an increase of \$4.376 million or 16%.

Total revenue was \$215.6 million compared to \$207.1 million for the previous year – an increase of 4%.

A final dividend of 3.2 cents per stapled security has been declared. This is an increase of 0.5 cents per stapled security over the final distribution last year. The total distribution for the year is 5.8 cents, an increase of 11.5%.

This is the highest profit recorded by the Group. It reflects the importance to the Group of its diversified spread of assets.

The profit increase was achieved in the face of difficult trading conditions for the Hotel Division principally in the Sydney, Darwin and Gold Coast markets.

The operating profit of the Hotel Division was \$33.3 million which was 3% below last year. The average room rate fell slightly across the Group's properties from \$127 to \$126. Occupancy remained constant at 74%.

Hotel operations benefited by significant increases in gaming income in those hotels where gaming equipment has been installed. The hotel market in Australia has experienced varying trends around the country. Owner's return improved at the Novotel on Collins, Novotel Brighton Beach and All Seasons Premier Pacific Bay Resort. All Seasons Premier Menzies in Sydney and Novotel Atrium Darwin suffered from increased supply in the Sydney and Darwin markets.

The Retail and Commercial Division which control 50,000 square metres of office and retail space, achieved a profit of \$14.6 million, which was an increase of 7% on the previous year. Vacancies at all Thakral properties are below 1%. During the year, construction was substantially completed on 1,351 square metres of new retail space along The Esplanade Cairns, to complement the refurbished All Seasons Esplanade Hotel. This new retail area which recently opened has been fully leased to a variety of quality restaurants and tourism related operators.

The Group's hotel management subsidiary, All Seasons Hotels, made an operating profit of \$2.3 million compared to \$1.3 million in 1998. All Seasons now manage 28 hotels with 3,866 rooms. Since year-end, the All Seasons Barossa Valley opened, and the 234 room All Seasons Darling Harbour (Pumphouse) Hotel, Sydney will open in October 1999. The All Seasons Rosehill, Sydney is scheduled for completion in mid 2000 and will join the All Seasons Premier Menzies (an Olympic Family Hotel), Darling Harbour and All Seasons on Crown in providing facilities for the Olympics.

As reported last year Thakral has continued with the successful development of residential apartments at Pacific Bay. All 12 Southern Townhouses, which overlook the Pacific Bay Resort, have been sold at an average price of \$345,000 and construction of an additional 11 units has commenced with completion scheduled for November 1999.

Thakral is now proceeding to construct the first stage of premium villas on the northern ridge of the Pacific Bay Resort with future development planned in stages to meet demand. Additionally, construction and sale of the joint venture land subdivision at



ING OFITABILITY



THAKRAL'S INITIATIVE
IN DIVERSIFYING
INCOME SPREAD
TO A BROADENED
RANGE OF ACTIVITIES
INCLUDING LIMITED
DEVELOPMENT AND
GAMING IS NOW
STARTING TO
BEAR FRUIT.

JOINT CHAIRMEN & MANAGING DIRECTOR'S REVIEW

CONTINUED

DRIVING PRO

“THESE DEVELOPMENT ACTIVITIES, A GROWING AREA OF OUR BUSINESS, ARE ALL BEING UNDERTAKEN IN A STRUCTURED FORM WITH EMPHASIS ON MINIMISING RISKS TO THE GROUP.”

Glenwood, in Sydney's west, is nearing completion with all of the 163 lots sold. The average price for lots was \$138,000 and Thakral's profit share is expected to be in excess of \$3 million.

Additional joint venture residential developments are under construction at Newport on Pittwater, comprising 7 residential apartments, 5 commercial units and a 64 berth marina. Also construction and sale of Stage 1 of a 225 residential unit development in the inner Sydney suburb of Newtown has commenced.

These development activities, a growing area of our business, are all being undertaken in a

structured form with emphasis on minimising risks to the Group.

Gaming activity has increased during the year with new gaming facilities now trading under the Thakral brand "Treasure Cove". Gaming contributed over \$2.5 million to gross profit made during the year.

New lounges which have been specifically designed and constructed to improve facilities at Brighton, Wollongong and the Grand Mercure Broadbeach hotels were recently opened. A new Treasure Cove lounge at Lone Star Tavern, Mermaid Waters is scheduled to open in December and the All Seasons Premier Menzies will be converted shortly.



PRITHVI RAJ AHUJA
Director

GRAEME SAMUEL
Director

RIKHIPAL SINGH THAKRAL
Director

PETER MCGOVERN
Director

G FITABILITY

Additional strong revenue from these facilities is expected to continue to enhance the overall performance of those properties.

Thakral's associated trust, Pacific Century Hotels (PCH), a 50% joint venture with Thakral Corporation Limited, a Singapore listed company, made a strong contribution to the Group's results contributing \$3.3 million to operating profits, up from \$2.7 million in 1998. The PCH owned Westend Hotel was sold at year-end for \$9 million which resulted in a book profit of \$789,000. The Westend Hotel did not fit in with the overall group asset and strategic mix and is being converted to a backpacker facility by the new owners.

Interest expense was down significantly during the year reflecting the lower interest rate environment coupled with the effect of the Group's refinancing. The Group's interest exposure is currently 47% hedged. Net borrowings to total tangible assets remained at 34%.

Thakral's property portfolio is revalued annually. Valuations increased from \$493 million to \$512 million. This result is particularly pleasing as it comes against a backdrop of a weaker hotel market and reflects the added value of our refurbishment programmes and gaming activities.



TED HARRIS
Joint Chairman

KARTAR SINGH THAKRAL
Joint Chairman

JAGINDER SINGH PASRICHA
Director

JOHN SCHAAP
Managing Director

JOHN ROWE
Director

JOINT CHAIRMEN & MANAGING DIRECTOR'S REVIEW

CONTINUED

IN SUMMARY, 1999 HAS BEEN ANOTHER SUCCESSFUL YEAR FOR THE GROUP. THE STRATEGY ADOPTED SEVERAL YEARS AGO BY THE BOARD TO DIVERSIFY INTO AREAS OF PROPERTY DEVELOPMENT TOGETHER WITH INCREASING CONTRIBUTIONS OF THE GAMING FACILITIES HAS ENABLED THAKRAL TO PRODUCE A SATISFACTORY PROFIT RESULT.

The distribution reinvestment plan was reactivated by Directors for the distribution/dividend paid in March 1999 resulting in the issue of 21.6 million new stapled securities. This new capital is being used to reduce debt and fund the ongoing refurbishment program at the group properties.

The managers of all operating units have been tasked with the responsibility of ensuring compliance of all operating systems with issues surrounding the Year 2000 Millennium Bug. This comprehensive program is supported by and supervised by a central Y2K project team. The objective of the program is to ensure that all of the businesses are able to operate throughout the date change process involved and that our customers, employees and shareholders, are not affected.

An Environment Committee of the Board has been reviewing and overseeing compliance in terms of the operations of the business and also the occupational health and safety issues at each of the properties.

In summary, 1999 has been another successful year for the Group. The strategy adopted several years ago by the Board to diversify into areas of property development together with increasing contributions of the gaming facilities has enabled Thakral to produce a satisfactory profit result in a tourist market which is volatile and a hotel environment which in some markets is experiencing considerable oversupply.

On behalf of our fellow Directors we take this opportunity of conveying our appreciation for the efforts of our management team and all our employees whose combined efforts contributed to the results for the year.

38 PROPERTY

Thakral thrives on diversity

Emily Pettafior

Thakral Holdings' property diversification insulated it from the difficult hotel market, enabling a 4 per cent hike in interim net profit and a 4 per cent boost in dividend.

Profit increases from Thakral's commercial and development arms offset falling hotel revenue, for a \$16.2 million net profit in the December 1998 half.

Its interim dividend rose 4 per cent to 2.6 per stapled security.

A raft of new competing hotel stock in Sydney, the Gold Coast and Darwin dragged the group's hotel profitability down 8 per cent, to \$17.6 million before tax.

The average room rate across the Thakral stable dropped \$1 to \$127 per night while occupancy slipped 1 per cent to 74 per cent.

But its retail and commercial division boosted pre-tax profit by 4 per cent, to \$7 million, while its development arm almost doubled profit to \$2.45 million.

Our diversification will mitigate tough trading in some markets.

Thakral has been building its development portfolio - undertaking work at Coffs Harbour, Sydney's Glenwood, Newtown and Newport - in a bid to spread the risk from the volatile hotel market.

Hotels accounted for 58 per cent of Thakral's net profit in the December 1998 half, down from 65 per cent previously.

Looking forward, Mr Ted Harris, the company's joint chairman, said the group still anticipated "a number of it being

THAKRAL HOLDINGS
HALF-YEAR
1998 (\$m) 1997 (\$m)

Sales	104.6	105.3
Pre-tax Profit	16.2	15.2
After-tax Profit	16.2	15.2
EPS (Mar 31)	2.6	2.5
EPS (Dec 31)	3.08	2.88
Share Yield	+16	6%

The group's hotel management arm, All Seasons Hotels, benefited from a growing portfolio - with operating profit up from \$600,000 in December 1997 to \$1.1 million.

All Seasons now manages 27 properties, spanning 3,591 rooms, and has contracted to manage a further three hotels under construction, including Mulpha's Pump-house hotel at Sydney's Darling Harbour.

Diversification would mitigate the problems Thakral was on track to better last year's profit performance, he said.

\$1.4 million in the previous corresponding period.

The trust, a 50 per cent joint venture with Singapore's Thakar Corporation, recorded an "exceptional performance" from the Melbourne Hilton, which has "significantly ahead of its share" following a refurbish, and the opening of the Hepburn Day Spa.

Sydney's All Seasons on Crow also improved its trading as

Thakral's All Seasons management arm will take over Mulpha's Pump-house hotel on completion. PHOTO: MICHELLE LOWINGS

A E (TED) HARRIS
JOINT CHAIRMAN

KARTAR SINGH THAKRAL
JOINT CHAIRMAN

JOHN SCHAAP
MANAGING DIRECTOR

MANAGING AS A TEAM

ANDREW HORNE
Company Secretary and Legal Counsel



JOHN SCHAAP
Managing Director



JOHN ADAMSON
General Manager Property



ANTHONY STORY
Financial Controller



JOHN HUDSON
Chief Financial Officer



BOB TEAGUE
General Manager Hotels



MICHAEL WHITE
Acquisitions and Managing Director
Pacific Century Hotels



PETER FRAWLEY
Managing Director All Seasons Hotels



GERALD LEAVEY
Group Development Manager



TONY HARVEY
Engineering Manager

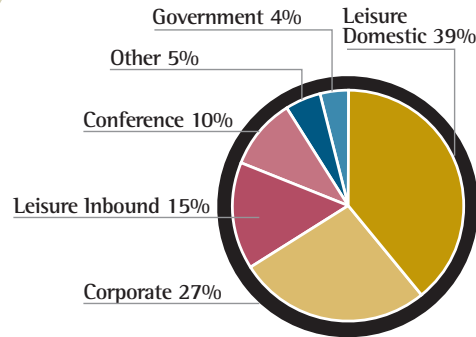
THAKRAL HOLDINGS GROUP HOTEL PORTFOLIO

DIVERSE PORTFOLIO

THAKRAL'S HOTELS ARE
LOCATED AROUND
AUSTRALIA AND ARE
OPERATED BY FOUR
DIFFERENT HOTEL
MANAGEMENT GROUPS.

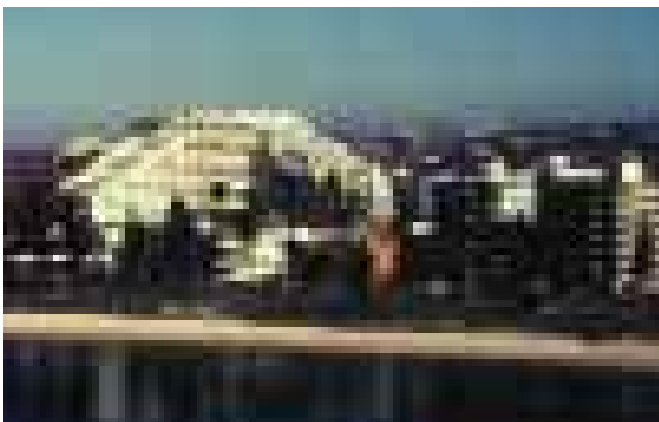
Thakral hotels are located around Australia and are operated by four different hotel management groups. Our hotels benefit from a variety of users ranging from inbound tour groups, domestic leisure, corporate and conference business.

Hotel Rooms Market Mix, 1999.



Maximising the return from this diversity is the challenge for our hotel asset managers.

Thakral's hotel asset management division comprises 3 senior analysts all with extensive and differing hotel backgrounds reporting to Bob Teague, General Manager Hotels. They are assisted by Thakral's in house engineering and environmental compliance manager.



NOVOTEL BRIGHTON BEACH HOTEL, SYDNEY.

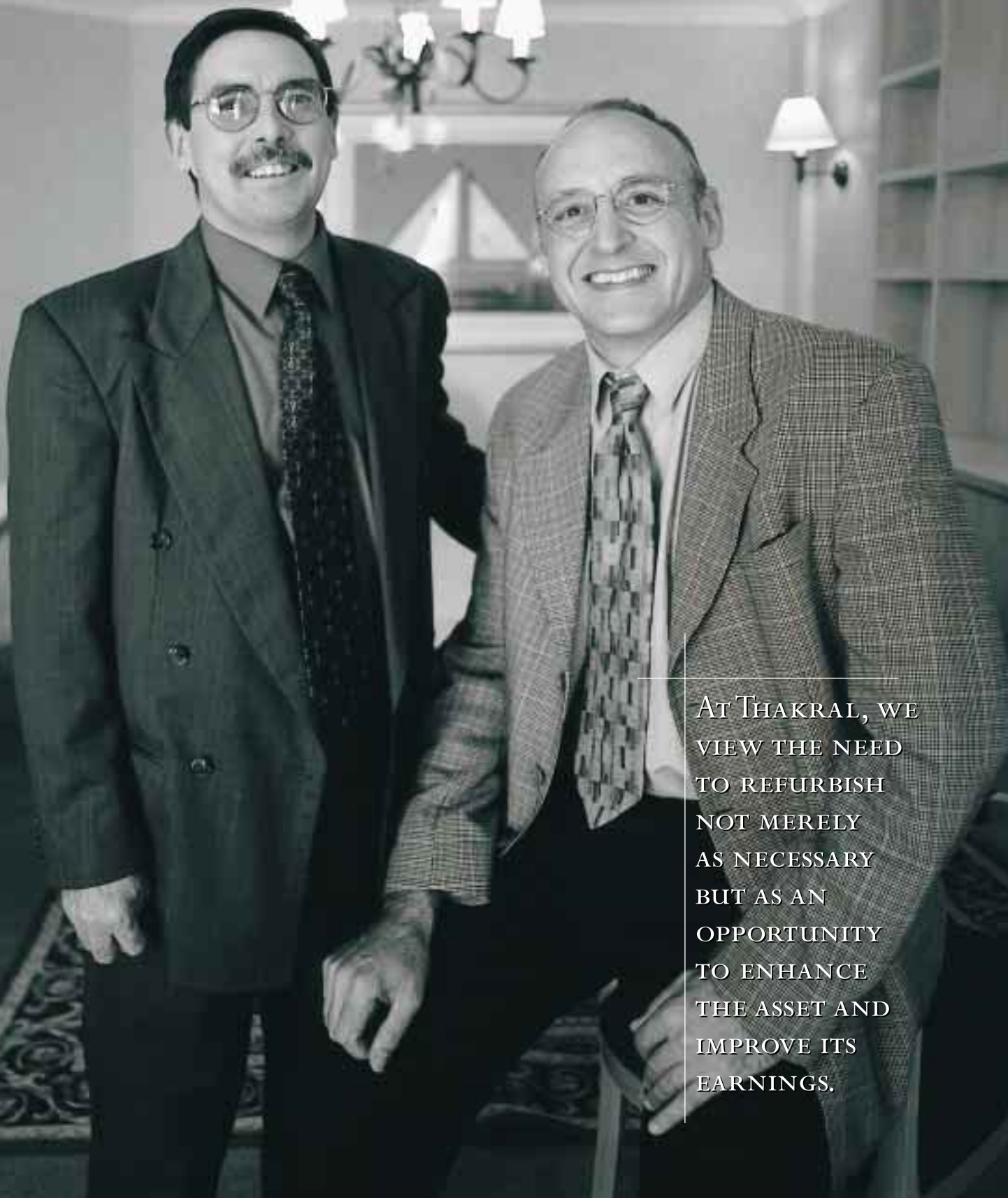
Together, they have over 90 years experience in the hotel business. The combination of skills which, apart from extensive asset management, encompass finance, hotel management, food and beverage and engineering is used by Thakral to maximise returns from the hotel properties. Thakral's asset managers have a close working relationship with the hotel executive team in guiding strategy, major decisions and ensuring appropriate governance.

One of the major challenges for the hotel assets is decisions surrounding capital and refurbishment expenditure. At Thakral, we view the need to refurbish not merely as necessary but as an opportunity to enhance the asset and improve its earnings. The recently completed refurbishment programme at the Novotel Brighton Beach illustrates this. At Brighton, where a \$5.5 million refurbishment has recently been completed the hotel has been able to adjust its customer mix to cater for the higher yielding business and conference markets. As a result, profitability has improved substantially, mainly through increased room rates, despite a highly competitive market.

As stated above, Thakral's hotels are managed by Australia's leading hotel managers being: Accor through its Novotel and Grand Mercure brands; Hilton, SPHC under the Parkroyal brand and by our own subsidiary All Seasons Hotels. The job of managing the manager is an interesting challenge. Asset managers have to motivate, challenge and negotiate with the operators to enhance the ultimate performance of the investment.

It is through this constant effective working relationship with our external management companies that long term profitability is maintained and capital value is enhanced.

SIFIED RTFOLIO

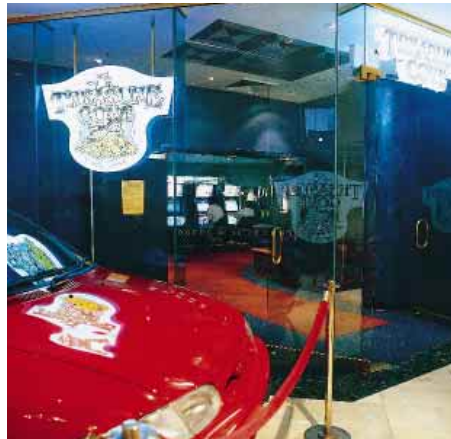


AT THAKRAL, WE
VIEW THE NEED
TO REFURBISH
NOT MERELY
AS NECESSARY
BUT AS AN
OPPORTUNITY
TO ENHANCE
THE ASSET AND
IMPROVE ITS
EARNINGS.

THAKRAL HOLDINGS GROUP HOTEL PORTFOLIO

FOCUS POINT

“ WE EXPECT FURTHER
SIGNIFICANT GROWTH IN
GAMING PROFITS. ”



“TREASURE COVE” AT NOVOTEL BRIGHTON BEACH.

Gaming

Thakral is constantly reviewing its assets to get more from what we already own.

In early 1998, the New South Wales government amended legislation, enabling increased gaming from NSW licensed premises. Thakral was successful in its tender for its full entitlement of 60 gaming machine permits.

Furthermore, Queensland has also moved to allow expanded gaming on licensed premises.

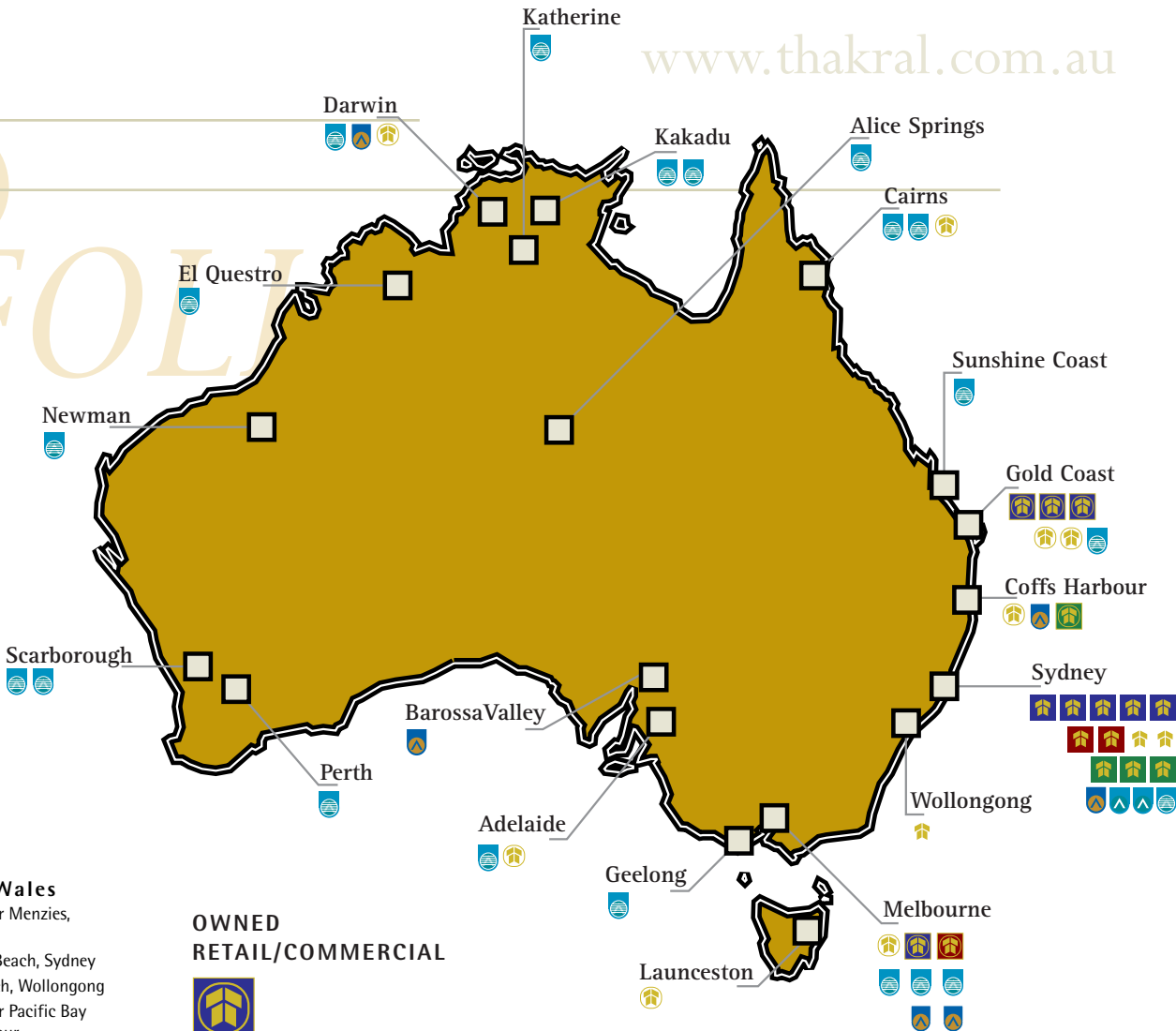
Responding to these initiatives, Thakral is developing Treasure Cove Gaming Lounges in a number of its premises. The table below illustrates the number and location of gaming machines in Thakral properties.

Gaming contributed over \$2.5 million to gross profits during the year. We expect further significant growth in gaming profits in the year ahead as new lounges are opened.



Hotel	Date of Opening with optimum number of machines	Machine Numbers		
		31 Dec 1999	30 June 1999	1 Sept 1999
All Seasons Premier Menzies (NSW)	December 1998	30	30	30
Novotel Brighton Beach (NSW)	June 1999	10	30	30
Hilton on the Park (VIC)	1994	70	70	70
Grand Mercure Broadbeach (QLD)	September 1999	0	10	35
Lone Star Tavern (QLD)	September 1999	20	20	35
Novotel Northbeach (NSW)	June 1999	5	30	30
Total		135	190	230
Additional Licences in NSW currently unused		30	30	30
Total		165	220	260

AS PORTFOLIO



OWNED HOTELS



New South Wales
 All Seasons Premier Menzies, Sydney
 Novotel Brighton Beach, Sydney
 Novotel Northbeach, Wollongong
 All Seasons Premier Pacific Bay Resort, Coffs Harbour

Victoria
 Novotel Melbourne on Collins

Tasmania
 Novotel Launceston

South Australia
 Hindley Parkroyal Adelaide

Northern Territory
 Novotel Atrium Darwin

Queensland
 Grand Mercure Hotel Broadbeach, Gold Coast
 All Seasons Mermaid Waters Hotel Esplanade Hotel, Cairns

DEVELOPMENT PROPERTIES



New South Wales
 Pacific Bay, Coffs Harbour
 Glenwood Estate, Glenwood, Sydney
 Newtown Square, Newtown, Sydney
 The Anchorage, Newport, Sydney

OWNED RETAIL/COMMERCIAL



New South Wales
 Thakral House, Sydney
 Wynyard Centre/Retail, Sydney
 Bayside Plaza, Brighton
 Thakral Bayside Commercial, Brighton
 Secure Car Park, Wynyard, Sydney

Victoria
 Australia on Collins, Melbourne

Queensland
 Oasis Retail Centre, Broadbeach, Gold Coast
 Monorail, Broadbeach, Gold Coast
 Lone Star Tavern, Gold Coast

PACIFIC CENTURY OWNED PROPERTIES



New South Wales
 All Seasons on Crown, Sydney
 161-167 Castlereagh Street, Sydney

Victoria
 Hilton on the Park, Melbourne

MANAGED HOTELS



New South Wales
 All Seasons on Crown, Sydney
 Rose Hill Hotel, Rose Hill
 Darling Harbour Hotel, Sydney

Victoria
 Welcome Hotel, Melbourne
 Crossley Hotel, Melbourne
 Ambassador Hotel, Geelong
 Paragon Hotel, Melbourne

South Australia
 Adelaide Meridien

Western Australia
 Observation Rise Apartments, Scarborough
 El Questro Resort, Kimberley
 Newman Hotel, Newman
 Sorrento Beach Hotel, Perth
 Chateau Hotel, Perth

Northern Territory
 Frontier Darwin
 Frontier Katherine
 Frontier Oasis Alice Springs
 Frontier Kakadu Village
 Frontier Kakadu Lodge

Queensland
 The Esplanade Hotel, Cairns
 Sunshine Tower, Cairns
 Mermaid Waters Hotel
 Alexandra Beach Resort



Victoria
 Grand Hotel, Melbourne
 Swanston Hotel, Melbourne

New South Wales
 Menzies Hotel, Sydney
 Pacific Bay Resort, Coffs Harbour

Northern Territory
 Darwin Central Hotel

South Australia
 Barossa Valley

COMMERCIAL & RETAIL PROPERTY

FOCUS
PORTFOLIO

“THE PORTFOLIO IS MANAGED IN-HOUSE AND THE VACANCY HAS REDUCED TO LESS THAN 1% WHILE RENTS HAVE INCREASED ON AVERAGE 37% SINCE 1994.”

Thakral own 4 retail centres, 2 office buildings, Queensland's largest liquor outlet and a commercial carpark. When Thakral acquired these properties they were mostly being managed by external real estate agents and had a vacancy rate of over 15%.

The portfolio is managed in-house and the vacancy has reduced to less than 1% while rents have on average increased by 37% since 1994.



BAYSIDE PLAZA, BRIGHTON.

At each centre, Thakral has in place its own property management team responsible for every aspect of the property from changing the light bulbs to major marketing campaigns.

The division is headed by John Adamson, General Manager Property and is complemented by a team of some 9 people who look after the differing needs of our 370 tenants in 3 States.

A recent example of the Division's innovative and proactive approach, in co-operation with tenants, was the relocation of Country Road

Women's Wear to the ground floor at the Australia On Collins Shopping complex, Melbourne (a swap with their Men's Wear store). This has resulted in increased turnover of 41% for the Women's store with no detrimental impact to Men's wear.

Further, the Lincraft store at Australia On Collins was expanded by 30 per cent into the common area of the upper Collins Street level to provide a full line Lincraft outlet similar to new outlets in major regional centres and provide city shoppers with a full range.

At the Oasis Shopping Centre, Broadbeach on the Gold Coast, the previously unused second floor was converted to a commercial/retail corporate centre with tenants such as stockbrokers, solicitors, regional bank headquarters, etc, and is now fully occupied.



AUSTRALIA ON COLLINS, MELBOURNE.



WYNYARD RETAIL, SYDNEY.

SALLY-ANNE BAILEY, MANAGER COUNTRY ROAD
AND JEANETTE BENNETT,
MANAGER AUSTRALIA ON COLLINS RETAIL.

SED RTFOLIO



THE RELOCATION
OF COUNTRY
ROAD RESULTED
IN INCREASED
TURNOVER OF 41%.

“RECOGNISING THE CYCLICAL NATURE OF ITS CORE BUSINESSES, APPROXIMATELY TWO YEARS AGO THAKRAL DECIDED TO EXPAND ITS PROPERTY DEVELOPMENT ACTIVITIES.”

Property Development

Following the acquisition of Pacific Bay, Thakral recruited experienced property development personnel to manage the development and sale of land surrounding the Pacific Bay Resort. This proved highly successful generating average returns of \$3 million over the past three years.

Recognising the cyclical nature of its core businesses and its balance sheet strength, approximately two years ago Thakral decided to expand its property development activities.

The Board has determined that Thakral's exposure is to be strictly controlled and limited. Our involvement is generally through joint ventures with risks covered by such arrangements as: pre-sales; limited recourse finance, higher than normal profit

margins and preferred profit arrangements. Further, we do not intend property development to dominate our investment activities and exposure is currently limited to no more than 15% of assets.

Thakral has 3 development and project managers and a finance manager reporting to the Group Development Manager, Gerald Levey.



ARTIST'S IMPRESSION OF NEWTOWN SQUARE, STAGE 2 RESIDENTIAL APARTMENT DEVELOPMENT.

GLENWOOD JOINT VENTURE TEAM (L TO R):
ALAN KNIGHT (CMF PROJECT FINANCE)
GERALD LEVEY, GROUP DEVELOPMENT MANAGER
JOHN MELLEN (ARGOLLA PROPERTIES)

CLASSIFIED PORTFOLIO



THE 146-LOT
GLENWOOD
LAND SUBDIVISION
WAS SOLD OUT
PRIOR TO
COMPLETION.

THAKRAL HOLDINGS GROUP ALL SEASONS HOTELS

CONTINUED

“
ALL SEASONS SLEEPS
OVER 1.2 MILLION
GUESTS EACH YEAR
”

All Seasons Hotels

All Seasons Hotels manage 28 properties with 3866 rooms and employs over 1500 full and part time staff.

The group is Australia's fourth largest hotel manager. All Seasons manage five hotels for Thakral with the balance owned by independent parties.

All Seasons hotels are primarily 3 and 4 star properties and are located throughout the country. The group is the largest supplier of rooms to the coach industry and second largest to the airlines.



ALL SEASONS PREMIER PACIFIC BAY RESORT, COFFS HARBOUR.

All Seasons sleeps over 1.2 million guests each year and has recently introduced the Accolades™ customer rewards program. Accolades™ rewards customers by providing free and discount accommodation as well as meal discounts.

Apart from a satisfactory return on investment, All Seasons provides the group with the unique benefit of having the skills in house to assist our asset managers in assessing new acquisitions plus the capability of operating any properties should the need arise.



EL QUESTRO RESORT, KIMBERLY, WA.



ALL SEASONS HOTELS



ALL SEASONS PREMIER HOTEL MENZIES, SYDNEY.

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CONCISE FINANCIAL REPORT



FOR THE YEAR ENDED 30 JUNE 1999

A copy of the full Thakral Holdings Limited and its Controlled Entities 1999 Annual Financial Report, including the independent audit report, is available to all shareholders, and will be sent to shareholders without charge upon request.

The full 1999 Annual Financial Report can be requested by telephone 61 2 9272 8888, by email at andrew_horne@thakral.com.au or is available on our website at www.thakral.com.au.

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 30 JUNE 1999

This Statement outlines the main Corporate Governance practices that were in place throughout the financial year, unless otherwise stated.

BOARD OF DIRECTORS AND ITS COMMITTEES

The Thakral Holdings Limited Board is responsible for the overall Corporate Governance of the Group including its strategic direction, establishing goals for management and monitoring the achievement of these goals. To assist in the execution of its responsibilities, the Board has established a number of Board Committees including an Audit Committee, an Environmental Committee and a Remuneration Committee.

Composition of the Board

The composition of the Board is determined using the following principles:

- the Chairman of the Board should be a non-executive director;
- the Board should comprise a majority of non-executive directors; and
- the Board should comprise directors with a broad range of expertise both nationally and internationally.

The composition of the Board is reviewed on an annual basis by a Committee of the Joint Chairmen.

The Joint Chairmen also review the performance of all directors of the Board each year.

Independent Professional Advice

Each director has the right to seek independent professional advice at the consolidated entity's expense. However, prior approval of either Joint Chairman is required, which is not to be unreasonably withheld.

Remuneration Committee

The role of the Remuneration Committee, comprising Messrs A E Harris (Chairman) and P R Ahuja, is to review and make recommendations to the Board on remuneration policies and packages applicable to the Chief Executive Officer, senior executives and directors themselves.

Details of directors' and senior executives' remuneration packages are set out in the Directors' Report.

Audit Committee

The Audit Committee is responsible for ensuring that an effective internal control framework exists across the Thakral Group. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes. The Audit Committee reviews accounting policies, management controls, reporting practices, and financial statements. The Committee also considers internal risk assessments, internal and external audit reports and taxation matters of the Group. The external auditors are invited to attend all audit committee meetings and members of the management or others may be in attendance, as the Committee deems desirable.

The members of the Audit Committee during the year were Messrs P J McGovern (Chairman), A E Harris, and G J Samuel.

Environmental Committee

Thakral's properties and operations are conducted under a wide variety of Environmental Protection Acts and Regulations. Thakral has established environmental policies to ensure its properties and operations comply with all applicable regulations. The Group's properties and operations hold all relevant environmental licenses and permits and have implemented monitoring procedures to ensure that they comply with license conditions. Over the past year there have been no material breaches of the Group's license conditions and the Group did not experience any significant environmental incidents.

Throughout Australia, Thakral's properties and operations are progressively implementing environmental risk management systems designed to minimise environmental pollution and environmental impairment risks and to ensure that each employee within the Group becomes fully capable of meeting their environmental responsibilities.

All properties and operations undergo an annual environmental survey and audit. These are conducted both internally by management and externally by independent risk consultants. Any major breach of Environmental Protection Acts and Regulations is immediately reported to Thakral senior management and directors.

The members of the Environmental Committee during the year were Messrs J S Rowe (Chairman), P J McGovern, and P R Ahuja.

CORPORATE GOVERNANCE (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 1999

RISK MANAGEMENT

The Board monitors the operational and financial performance of all business units through regular reports from each unit. This ensures that the relevant senior executives are fully informed of the performance of the Group. Where appropriate external professional advice is obtained to evaluate and assess the impact of any financial or operational risks within the Group.

ETHICAL STANDARDS

All directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity. The directors have adopted a code of ethics that is included in the employee handbook distributed to all employees and directors. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment.

Directors' Meetings

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year are:

DIRECTOR	Directors' Meetings		Audit Committee Meetings		Other Specific Committees	
	NO OF MEETINGS ATTENDED	NO OF MEETINGS HELD	NO OF MEETINGS ATTENDED	NO OF MEETINGS HELD	NO OF MEETINGS ATTENDED	NO OF MEETINGS HELD
KARTAR SINGH THAKRAL	2	9	-	-	-	-
A E (TED) HARRIS	9	9	4	4	10	11
JOHN W SCHAAP	9	9	4	4	9	9
PRITHVI R AHUJA	7	9	-	-	6	6
PETER J MCGOVERN	9	9	4	4	12	12
JAGINDER S PASRICHA	7	9	-	-	4	4
JOHN S ROWE	9	9	-	-	2	2
GRAEME J SAMUEL	8	9	3	4	1	1
RIKHIPAL SINGH THAKRAL	7	9	-	-	2	2

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 1999

Directors' Report

The directors present their report together with the concise financial report of the consolidated entity, being Thakral Holdings Limited ("the Company") and its controlled entities ("the Group"), for the year ended 30 June 1999 and the auditor's report thereon.

Directors

The directors of the Company at any time during or since the financial year are as follows:

Kartar Singh Thakral

Joint Chairman, Non Executive Director. Aged 65.

Mr Kartar Singh Thakral is the Joint Chairman of the Company. Mr Thakral was a Director of Singapore Trade Development Board appointed by the Minister of Trade & Industry for a period of 4 years until 31 December 1998. He is Chairman of Thakral Corporation Limited, a company listed on the Stock Exchange of Singapore. Mr Thakral is a Trustee of the Singapore Indian Development Association Sikh Education Foundation. Mr Thakral is the current Chairman of the Thakral family companies. Appointed March 1994.

Albert Edward (Ted) Harris AC AO FID FAIM FAICD

Joint Chairman, Non Executive Director. Aged 72.

Mr Harris was Managing Director of Ampol Limited and Ampol Exploration Limited from 1970 to 1987 and Chief Executive Officer from 1977 to 1987. He was Chairman of Australian Airlines from 1987 - 1992.

Mr Harris is currently Chairman of British Aerospace Australia Holdings, Gazal Corporation, Arena Management (Sydney Entertainment Centre), Pacific Century Hotels Group and Australian Radio Network. He is Deputy Chairman of APN News & Media Limited and Davids Limited. He is a Director of Capital Theatre Management, Blake Dawson Waldron Advisory Board, St. Vincent's Hospital Sydney and a life Governor of the Melanoma Foundation. Appointed March 1994 and appointed Joint Chairman in May 1996.

John Willebrordus Schaap

Managing Director. Aged 53.

Mr Schaap is Managing Director and CEO of Thakral Holdings Limited. Mr Schaap's previous experience is predominantly in the airline industry. He was employed by Qantas for over 25 years with a secondment to Air Pacific as CEO during that time. He held a variety of roles in Qantas, most notably Sales Director for Australia, Director of Airline Operations, General Manager Passenger Service. Mr Schaap was appointed Managing Director and CEO of Australian Airlines in 1990 and following the merger of Qantas and Australian Airlines in September 1992, he was appointed General Manager, Australia, for Qantas. In 1994, Mr Schaap left Qantas and was appointed Chief Operating Officer and Senior Vice President for American Express, Australia, New Zealand, and South Pacific. He is also the current Chairman of Tourism Council Australia. Appointed December 1997.

Prithvi Raj Ahuja

Non Executive Director. Aged 65.

Mr Ahuja is Chairman and Managing Director of Express Leasing Pte Limited, Singapore, Managing Director of Hanover Management Consultants Pte Ltd, Singapore, Director of Thakral Corporation Ltd, Singapore, a company listed on the Stock Exchange of Singapore and director of several Thakral family companies in various countries. He was a Director of the Singapore Indian Chamber of Commerce and Industry for over 10 years. Appointed March 1994.

Peter John McGovern

ACA (NZ) CMA (NZ) ACIS FAICD

Non Executive Director. Aged 56.

Mr McGovern was with Macquarie Bank Limited and its predecessor, Hill Samuel Australia Limited, from 1970 - 1990 including 1978 - 1990 as an Executive Director. He is currently a Director of Pacific Century Hotels Group, and a number of other companies including several private family owned businesses in Australia and New Zealand. He is also active in community affairs. Appointed March 1994.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 1999

Jaginder Singh Pasricha LL.M.

Non Executive Director. Aged 51.

Mr Pasricha has been resident in Australia since 1975. A graduate of Kings College, London University and a member of the Inner Temple, Mr Pasricha is a barrister and solicitor of the Supreme Court of Victoria. After a period as a Barrister in Victoria, he became senior tax consultant with Touche Ross and subsequently was a Partner at Phillips Fox, solicitors in Melbourne. He established his own practice as Pasricha Partners in June 1998.

Mr Pasricha has extensive experience in corporate structuring, tax planning, mergers and acquisitions, company flotations, international cross border transactions and undertaking negotiations of the most complex transactions. He is also a director of Thakral Corporation Pty Ltd, a Thakral family company, and also the Australian subsidiary of Johan Holdings Berhad, a Malaysian public company. Appointed October 1993.

John Scott Rowe AM

Non Executive Director. Aged 68.

Mr Rowe has extensive experience in the airline and tourism industries. He is currently Chairman of the Northern Territory Tourist Commission. His previous appointments include Regional Director Australia with Qantas Airways, Director of Tourism in Victoria, Managing Director of the Australian Tourist Commission, Managing Director of the Sydney Convention and Tourism Bureau, Deputy Chairman Australian Tourist Industry Association and President and Chairman of the Pacific Asian Travel Association. Appointed March 1994.

Graeme Julian Samuel AO LL.B, LL.M.

Non Executive Director. Aged 53.

Mr Samuel is a company director and corporate strategic consultant. He is Chairman of Opera Australia, the Inner & Eastern Health Care Network, the Melbourne & Olympic Parks Trust, President of the National Competition Council, a Commissioner of the Australian Football League and a director of the Melbourne Docklands Authority. He is a director of a number of other companies. Appointed March 1994.

Rikhipal Singh Thakral

Non Executive Director. Aged 37.

Mr Rikhipal Singh Thakral holds various appointments within the Thakral family companies worldwide, appointed as an Executive Director of the family companies since 1979. He oversees trading and distribution activities in Vietnam, Myanmar, Cambodia and Laos as the Managing Director of Thakral (Indo-China) Pty Ltd. He also manages the Thakral family companies' real estate and property portfolio as the Managing Director of Thakral Land Pte Ltd. Appointed 31 October 1996.

Principal Activities

The principal activities of the Group are the investment in hotel, retail and commercial properties; the management of hotels, retail centres and commercial properties; and the development and sale of residential land and buildings.

There were no significant changes in the nature of the activities of the consolidated entity during the year.

Consolidated Results

The consolidated operating profit after income tax was \$31,040,000 (1998: \$26,664,000).

Review of Operations

A detailed review of the consolidated entity's operations is contained elsewhere in the annual report.

State of Affairs

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

Dividends/Distributions

At 30 June 1999 a final dividend/distribution of \$16,258,000, being 3.2 cents (0.032 cents per partly paid security), has been provided for by the Group. Total dividends/distributions provided for or paid in respect of the year ended 30 June 1999 were \$29,057,692 (1998: \$25,234,231). Refer Note 2 for further details.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 1999

Events subsequent to balance date

In the opinion of the directors, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

Likely Developments

Other than items disclosed in this report, additional information as to the likely developments in the operation of the Group and the expected results of those operations in subsequent financial years has not been included in this report because, in the opinion of the directors, it would prejudice the Group.

Directors' and Senior Executives' Emoluments

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to members of the Board and to the senior executives of the Company.

Fees paid to directors are based on the size and complexity of the Group, the achievements of the Group and the responsibilities and workload requirements of Board members. The total fees paid to the Board are periodically proposed to shareholders at Annual General Meetings for approval. Non-executive directors do not receive any performance related remuneration.

Thakral's remuneration policy is to ensure the remuneration package properly reflects the executive's duties and responsibilities: and that remuneration is competitive in attracting, retaining, and motivating people of the highest quality. Senior executives may receive bonuses based on the achievement of specific goals related to the performance of the Group.

Details of the nature and the amount of each major element of the emoluments of each director of the Company and of the five named senior executives of the consolidated entity receiving the highest emolument are:

DIRECTOR	BASE EMOLUMENT \$	BONUSES ⁽¹⁾ \$	SUPER CONTRIBUTIONS \$	TOTAL \$
MR KARTAR SINGH THAKRAL	85,000		5,950	90,950
MR A E (TED) HARRIS	90,950		-	90,950
MR JOHN W SCHAAP	444,329	200,000	6,854	651,183
MR PRITHVI R AHUJA	60,000		4,200	64,200
MR PETER J MCGOVERN	70,000		4,900	74,900
MR JAGINDER S PASRICHA	60,000		-	60,000
MR JOHN S ROWE	60,000		4,200	64,200
MR GRAEME J SAMUEL	60,000		4,200	64,200
MR RIKHIPAL SINGH THAKRAL	60,000		4,200	64,200
SENIOR EXECUTIVES				
MR JOHN ADAMSON - GM PROPERTY ⁽²⁾	191,512	35,000	6,854	233,366
MR PETER FRAWLEY - MD - ALL SEASONS	203,747	40,000	6,854	250,601
MR JOHN HUDSON - CHIEF FINANCIAL OFFICER	223,465	56,000	6,854	286,319
MR GERALD LEAVEY - GROUP DEVELOPMENT MANAGER	150,000	20,000	6,854	176,854
MR ROBERT TEAGUE - GM HOTELS ⁽²⁾	205,000	35,000	6,854	246,854

⁽¹⁾The bonuses relate to the year ended 30 June 1999 and were accrued in the accounts.

⁽²⁾Mr Teague (150,000) and Mr Adamson (150,000) were both issued stapled securities at 53cents in 1995 under the Thakral Executive Stapled Securities Plan. These have now vested.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 1999

Directors' Interests and Benefits

The relevant interest of each director in the securities issued by the Group as at the date of this report is:

	FULLY PAID STAPLED SECURITIES
MR KARTAR SINGH THAKRAL	239,200,031
MR RIKHIPAL SINGH THAKRAL	239,200,031
MR A E HARRIS	300,000
MR P R AHUJA	901,624
MR P J MCGOVERN	1,283
MR J S PASRICHA	28,929
MR J S ROWE	85,967
MR G J SAMUEL	NIL

In addition, Mr Kartar Singh Thakral and Mr Rikhipal Singh Thakral have a relevant interest in 40,000,000 partly paid stapled securities.

Directors and Officers' Indemnity

The Company's Constitution provides that every officer and past officer of the Company is indemnified by the Company against a liability for costs and expenses incurred by that person as an officer:

- in defending any proceedings, whether civil or criminal, in which judgement is given in favour of the person or in which the person is acquitted; or
- in connection with any application in relation to those proceedings in which the Court grants relief to the person under the Corporation Law.

Every officer and past officer of the Company is indemnified against a liability incurred by that person as an officer to a person other than the Company or a related body corporate, except a liability which arises from conduct that involves a lack of good faith.

Insurance premiums

The Company may pay the premium on a contract insuring a person who is or has been an officer of the Company against:

- a liability for costs and expenses incurred by the person in defending proceedings arising out of the person's conduct as an officer, whether civil or criminal and whatever their outcome; and

- other liability incurred by the person as an officer of the Company except a liability which arises from conduct that involves a wilful breach of duty in relation to the Company or a contravention of subsections 232(5) and (6) of the Corporations Law.

Officers, who are not named in the insurance contract, include all personnel who are involved in management and administration of the Company and its controlled entities. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors and officers liability insurance as such disclosure is prohibited under the terms of the contract.

Rounding Off

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

Dated at Sydney this 17 September 1999.

Signed in accordance with a resolution of directors:

A E Harris
Director

J W Schaap
Director

FINANCIAL STATEMENTS - COMMENTARY

FOR THE YEAR ENDED 30 JUNE 1999

Profit & Loss Statement

- Total revenue increased by 4.1% from \$207.1 million to \$215.6 million
- Net profit after tax increased by 16% to \$31 million from \$26.7 million.
- Earnings per share increased by 13% to 6.2cents.
- Final distribution increased by 18.5% to 3.2 cents.
- Annual distribution increased by 11.5% to 5.8 cents.

The operating profit of the Hotel Division was \$33.3 million, which was 3% below last year. Across the Group's hotel properties, average room rate fell slightly from \$127 to \$126 while occupancy remained constant at 74%.

The Retail and Commercial Division achieved an operating profit of \$14.6 million which was an increase of 7.7% on the previous year. Vacancies at all our retail and commercial properties are below 1%.

The Development Division increased revenue by 51% to \$10.4 million and operating profit by 55% to \$4.8 million. This was due to the ongoing successful development at Pacific Bay and the joint venture land subdivision at Glenwood.

All Seasons Hotels profit contribution was up 75% to \$2.3 million.

Interest expense of \$13.8 million was down \$3.1 million compared to the previous year, reflecting the lower interest rate environment coupled with the effect of the Group's refinancing.

Balance Sheet & Statement of Cash Flows

- Net assets of the Group increased by 7% to \$347 million
- Retained earnings increased to \$7.9 million (1.5 cents per security).
- Net Debt to Tangible Assets decreased from 34.3% to 33.9%.
- Net Tangible Assets increased from 64.7 cents to 67.2 cents.
- Investment Properties after capital expenditure increased by \$15 million to \$487.8 million.
- Total investment and capital expenditure on properties plant and equipment totalled \$20.8 million.

Debt for the Group has decreased by \$10.5 million to \$212,347,000. The Group has a total loan facility of \$300 million and at year end has an unused facility of \$74.5 million.

Share capital increased during the year by \$51,490,000 due to the transfer of \$42,729,000 from the share premium reserve in accordance with a change in Corporations Law and the issue of 21,635,841 securities from the Dividend/Distribution Reinvestment Plan. The share buy-back of 6,403,836 securities reduced share capital by \$3,986,000.

During the year the Group received two refunds totalling \$6,313,000 plus interest from the Queensland Office of State Revenue in relation to the acquisition of Thakral Holdings Trust in 1994. The Group is currently awaiting a reassessment on the second part of the acquisition. This is expected to be substantially less than the original assessment. The Group is seeking the recovery of costs and additional interest. The refunds have been credited to the asset revaluation reserve as they represented a reduction in the cost base of investment properties.

PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 30 JUNE 1999

	NOTE	Consolidated	
		1999 \$'000	1998 \$'000
REVENUE			
SALES REVENUE		207,851	202,768
OTHER REVENUE		7,754	4,338
TOTAL REVENUE		215,605	207,106
OPERATING PROFIT BEFORE INCOME TAX		31,040	26,664
INCOME TAX EXPENSE ATTRIBUTABLE TO OPERATING PROFIT		—	—
OPERATING PROFIT AFTER INCOME TAX		31,040	26,664
RETAINED PROFITS AT THE BEGINNING OF THE FINANCIAL YEAR		5,957	4,527
TOTAL AVAILABLE FOR APPROPRIATION		36,997	31,191
DIVIDENDS/DISTRIBUTIONS PROVIDED FOR OR PAID	2	29,058	25,234
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		7,939	5,957
BASIC EARNINGS PER STAPLED SECURITY		6.2 CENTS	5.5 CENTS
DILUTED EARNINGS PER STAPLED SECURITY		5.8 CENTS	5.2 CENTS
DIVIDEND/DISTRIBUTION PER STAPLED SECURITY		5.8 CENTS	5.2 CENTS

The profit and loss statement is to be read in conjunction with the commentary on page 28 and the notes to the financial statements set out on pages 32 to 34.

BALANCE SHEET

AS AT 30 JUNE 1999

	NOTE	Consolidated	
		1999 \$'000	1998 \$'000
CURRENT ASSETS			
CASH		8,721	23,127
RECEIVABLES		15,242	15,859
INVENTORIES		14,359	5,707
OTHER		3,330	2,339
TOTAL		41,652	47,032
NON-CURRENT ASSETS			
PLANT AND EQUIPMENT		29,174	23,414
INVESTMENTS		25,061	20,777
INVESTMENT PROPERTIES		487,846	472,789
RECEIVABLES		2,356	1,993
INVENTORIES		13,908	14,442
INTANGIBLES		2,370	2,526
OTHER		919	1,528
TOTAL		561,634	537,469
TOTAL ASSETS		603,286	584,501
CURRENT LIABILITIES			
ACCOUNTS PAYABLE		21,826	18,753
PROVISIONS		19,765	16,457
TOTAL		41,591	35,210
NON-CURRENT LIABILITIES			
BORROWINGS		212,347	222,874
PROVISIONS		1,776	1,668
TOTAL		214,123	224,542
TOTAL LIABILITIES		255,714	259,752
NET ASSETS		347,572	324,749
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	3	265,963	214,473
RESERVES		73,670	104,319
RETAINED PROFITS		7,939	5,957
TOTAL SHAREHOLDERS' EQUITY		347,572	324,749

The balance sheet is to be read in conjunction with the commentary on page 28 and the notes to the financial statements set out on pages 32 to 34.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 1999

	NOTE	Consolidated	
		1999 \$'000	1998 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH RECEIPTS IN THE COURSE OF OPERATIONS		211,413	204,265
CASH PAYMENTS IN THE COURSE OF OPERATIONS		(171,018)	(160,577)
INTEREST RECEIVED		1,168	1,447
INTEREST PAID		(13,396)	(14,427)
NET CASH PROVIDED BY OPERATING ACTIVITIES		28,167	30,708
CASH FLOWS FROM INVESTING ACTIVITIES			
PROCEEDS FROM SALE OF ASSETS		50	52
PAYMENT FOR INVESTMENT PROPERTY, PLANT & EQUIPMENT		(20,826)	(10,662)
INVESTMENT IN LISTED ENTITIES		–	(45)
INVESTMENT IN RELATED ENTITIES		(49)	(566)
INVESTMENT IN PACIFIC CENTURY HOTELS		(352)	(3,500)
REFUND OF STAMP DUTY		6,313	–
NET CASH USED IN INVESTING ACTIVITIES		(14,864)	(14,721)
CASH FLOWS FROM FINANCING ACTIVITIES			
PROCEEDS FROM ISSUE OF SHARES/UNITS		12,747	19,415
SHARE BUYBACK		(3,986)	(857)
OTHER FINANCING COSTS		–	466
PROCEEDS FROM BORROWINGS		–	258,484
REPAYMENT OF BORROWINGS		(10,527)	(262,950)
DIVIDEND/DISTRIBUTION PAID	2	(25,993)	(23,662)
LOAN EMPLOYEE SHARE PLAN		50	156
NET CASH PROVIDED BY FINANCING ACTIVITIES		(27,709)	(8,948)
NET INCREASE/(DECREASE) IN CASH HELD		(14,406)	7,039
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		23,127	16,088
CASH AT THE END OF THE FINANCIAL YEAR		8,721	23,127

The statement of cash flows is to be read in conjunction with the commentary on page 28 and with the notes to the financial statements set out on pages 32 to 34.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999

Note 1: Basis of preparation of concise financial report

The concise financial report has been prepared in accordance with the Corporations Law, Accounting Standard AASB 1039 "Concise Financial Reports" and applicable Urgent Issues Group Consensus Views. The financial statements and specific disclosures required by AASB 1039 have been derived from the consolidated entity's full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report. The concise financial report does not, and 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.

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

The accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

Note 2: Dividends / Distributions

Dividends / Distributions proposed or paid by the Group are a combination of distributions by Thakral Holdings Trust and dividends by the Company.

TYPE	CENTS PER STAPLED SECURITY	TOTAL AMOUNT \$'000	DATE OF PAYMENT	TAX STATUS
1999				
INTERIM				
DISTRIBUTION	1.95	9,600	31 MARCH 1999	16.5% TAX FREE 83.5% TAX DEFERRED
DIVIDEND	0.65	3,200	31 MARCH 1999	UNFRANKED
	2.60	12,800		
FINAL				
DISTRIBUTION	1.75	8,806	24 SEPTEMBER 1999	18.25% TAX FREE 81.75% TAX DEFERRED
DIVIDEND	1.45	7,452	24 SEPTEMBER 1999	UNFRANKED
	3.20	16,258		
TOTAL	5.80	29,058		
1998				
INTERIM				
DISTRIBUTION	2.5	12,041	31 MARCH 1998	13.4% TAX FREE 86.6% TAX DEFERRED
FINAL				
DISTRIBUTION	2.7	13,193	29 SEPTEMBER 1998	12% TAX FREE 88% TAX DEFERRED
TOTAL	5.2	25,234		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 1999

Note 3: Share Capital

	Consolidated	
	1999 \$'000	1998 \$'000
ISSUED AND PAID UP CAPITAL		
THAKRAL HOLDINGS LIMITED		
SHARES STAPLED TO THAKRAL HOLDINGS TRUST UNITS		
513,539,509 ORDINARY SHARES (1998: 498,307,504 ORDINARY SHARES)	147,649	99,662
40,000,000 ORDINARY SHARES PARTLY PAID TO 0.27 CENTS (1998: 40,000,000 PAID TO 0.27 CENTS)	108	108
	147,757	99,770
THAKRAL HOLDINGS TRUST		
UNITS STAPLED TO THAKRAL HOLDINGS LIMITED SHARES		
513,539,509 UNITS (1998: 498,307,504 UNITS)	118,114	114,611
40,000,000 UNITS PARTLY PAID TO 0.23 CENTS (1998: 40,000,000 UNITS PAID TO 0.23 CENTS)	92	92
	118,206	114,703
TOTAL SHARE CAPITAL	265,963	214,473
MOVEMENT IN ORDINARY SHARE CAPITAL.		
BALANCE AT THE BEGINNING OF THE FINANCIAL YEAR	214,473	202,608
BALANCE OF SHARE PREMIUM RESERVE	42,729	-
STAPLED SECURITIES ISSUED 21,635,841 (1998: 28,982,009)	12,747	12,462
STAPLED SECURITIES BOUGHT BACK 6,403,836 (1998: 1,387,755)	(3,986)	(597)
	265,963	214,473

The Group currently has on issue 40 million partly paid stapled securities which are owned by Thakral Investments Pty Limited (a Company controlled by the Thakral Family). The partly paid securities could be converted to fully paid securities by paying up the uncalled capital of 49.5 cents - a total of \$19.8 million - at any time until June 11, 1999 being the 5th anniversary of their issue. On the 11th June 1999, the Group reached an agreement with Thakral Investments to extend the conversion date for a period of five years to June 11, 2004.

In consideration of the above the Group will now have a call option, up to 11 June 2019, subject to giving three months notice requiring Thakral Investments to pay up the outstanding capital.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 1999

Note 4: Statement Of Operations By Segment

	Hotel Investment		Retail & Commercial Investment		Developments		Other		Elimination		Consolidated	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
SEGMENT REVENUE												
REVENUE OUTSIDE THE CONSOLIDATED ENTITY	151,510	149,642	46,869	44,184	10,381	6,870	5,538	4,792	-	-	214,298	205,488
INTERSEGMENT REVENUE	-	-	1,634	1,722	-	-	1,082	1,387	(2,716)	(3,109)	-	-
UNALLOCATED REVENUE	-	-	-	-	-	-	-	-	-	-	1,307	1,618
TOTAL REVENUE											215,605	207,106
SEGMENT OPERATING PROFIT												
SEGMENT PROFIT	33,322	34,336	14,605	13,567	4,794	3,099	5,551	4,023	-	-	58,272	55,025
DEPRECIATION	(4,306)	(4,045)	(1,414)	(1,194)	(21)	(17)	(72)	(139)			(5,813)	(5,395)
UNALLOCATED EXPENSES											(21,419)	(22,966)
NET OPERATING PROFIT	29,016	30,291	13,191	12,373	4,773	3,082	5,479	3,884			31,040	26,664
SEGMENT ASSETS	367,980	352,920	166,038	166,494	26,603	18,195	26,830	26,330	-	-	587,451	563,939
UNALLOCATED ASSETS											15,835	20,562
TOTAL ASSETS											603,286	584,501

Other operations include hotel management, and the investment in Pacific Century Hotel Group.

Unallocated depreciation of \$265,000 (1998: \$255,000) and interest expense is included in unallocated expenses.

The consolidated entity acted solely within Australia.

DIRECTORS' DECLARATION & INDEPENDENT AUDIT REPORT

FOR THE YEAR ENDED 30 JUNE 1999

In the opinion of the directors of Thakral Holdings Limited the accompanying concise financial report of the consolidated entity, comprising Thakral Holdings Limited and its controlled entities for the year ended 30 June 1999 set out on pages 28 to 34:

- (a) has been derived from or is consistent with the full financial report for the financial year; and
- (b) complies with Accounting Standard AASB 1039 "Concise Financial Reports".

Dated at Sydney 17 September, 1999

Signed in accordance with a resolution of the directors:



A E Harris
Director



J W Schaap
Director

INDEPENDENT AUDIT REPORT

Independent Audit Report on Concise Financial Report to The Members of Thakral Holdings Limited

Scope

We have audited the concise financial report of Thakral Holdings Limited and its controlled entities for the financial year ended 30 June 1999, as set out on pages 28 to 34 in order to express an opinion on it to the members of the company. The Company's directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of Thakral Holdings Limited and its controlled entities for the year ended 30 June 1999. Our audit report on the full financial report was signed on 17 September 1999, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 "Concise Financial Reports".

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion the concise financial report of Thakral Holdings Limited and its controlled entities for the year ended 30 June 1999 complies with AASB 1039 "Concise Financial Reports".



KPMG
Chartered Accountants



G K Hoare
Partner
Sydney, 17 September 1999

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 30 JUNE 1999

Additional shareholder information is set out below:-

Shareholdings

Substantial Shareholders

The number of shares held by the substantial shareholders listed in the Company's register of substantial shareholders as at 1 September, 1999 were:

SHAREHOLDERS	FULLY PAID ORDINARY SHARES	PERCENTAGE OF TOTAL
THAKRAL INVESTMENTS PTY LIMITED AND ASSOCIATES.	230,200,031	46.8%
GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION	71,742,173	14.0%
LEND LEASE CORPORATION LIMITED (AS AT 14 JULY 1999)	35,106,671	6.48%
	PARTLY PAID ORDINARY SHARES	PERCENTAGE OF TOTAL
THAKRAL INVESTMENTS PTY LIMITED	40,000,000	100.00%

Class of Shares and Voting Rights

At 1 September, 1999 there were 3,763 holders of the ordinary shares of the Company. The voting rights attaching to the ordinary shares, set out in Article 45 of the Company's Articles of Association are:

"Subject to these Articles and to any rights or restrictions attaching to any class of shares:

every Member is entitled to be present at a meeting and may vote;

on a show of hands every Member has one vote;

on a poll every Member has:

(a) one vote for each fully paid share; and

(b) voting rights pro rata to the amount paid up on the issue price of each partly paid share held by the Member."

Distribution of Shareholders (as at 1 September, 1999)

CATEGORY	NO. OF SHAREHOLDERS FULLY PAID ORDINARY	NO. OF SHAREHOLDERS PARTLY PAID ORDINARY
1 - 1,000	729	
1,001 - 5,000	1,459	
5,001 - 10,000	689	
10,001 & OVER	886	1
	3,763	1

The number of shareholders holding less than a marketable parcel of 500 at 1 September, 1999 was 427.

TWENTY LARGEST SHAREHOLDERS

FOR THE YEAR ENDED 30 JUNE 1999

RANK	NUMBER OF ORDINARY FULLY PAID SHARES HELD	PERCENTAGE OF TOTAL
1. WESTPAC CUSTODIAN NOMINEES LIMITED	99,388,533	19.44
2. SHARE DIRECT NOMINEES PTY LIMITED	73,313,783	14.34
3. THAKRAL INVESTMENTS PTY LIMITED	63,448,108	12.41
4. THAKRAL INVESTMENTS HOLDING PTE LIMITED	25,358,236	4.96
5. ANZ NOMINEES LIMITED	19,330,330	3.78
6. THAKRAL INVESTMENTS LIMITED	15,872,923	3.10
7. MLC LIMITED	14,804,621	2.90
8. QUEENSLAND INVESTMENT CORPORATION	12,068,418	2.36
9. OCBC NOMINEES (AUSTRALIA) PTY LIMITED	12,059,210	2.36
10. NATIONAL NOMINEES LIMITED	9,448,998	1.85
11. FALCON ENTERPRISE & CONSULTANCY LIMITED	9,352,664	1.83
12. HKBA NOMINEES LIMITED	8,432,853	1.65
13. NAVICO SALES CORPORATION	7,562,781	1.48
14. PRESTIGE WEALTH LIMITED	7,410,000	1.45
15. CHASE MANHATTAN NOMINEES LIMITED	6,613,518	1.29
16. MLC LIFETIME COMPANY LIMITED	5,819,102	1.14
17. COMMONWEALTH CUSTODIAL SERVICES LIMITED	5,160,259	1.01
18. TRANSPORT ACCIDENT COMMISSION	5,159,253	1.01
19. MERCANTILE MUTUAL LIFE INSURANCE COMPANY	4,096,514	0.80
20. THAKRAL AUSTRALIA PTE LTD	3,683,658	0.72
NAME	NUMBER OF ORDINARY PARTLY PAID SHARES HELD	
THAKRAL INVESTMENTS PTY LIMITED	40,000,000	

The 20 largest shareholders hold 79.88% of the ordinary fully paid shares of the Company, and 100% of the ordinary partly paid shares of the Company.

INVESTOR RELATIONS & CORPORATE DIRECTORY

FOR THE YEAR ENDED 30 JUNE 1999

Thakral Stapled Securities

Investors in the Thakral Holdings Group are issued with an ordinary share in Thakral Holdings Limited and a non-voting unit in the Thakral Holdings Trust. The share and non-voting unit cannot be traded separately and are quoted on the official list of the Australian Stock Exchange (ASX) as Stapled Securities under the code THG.

Thakral Stapled Securities issued as a result of investors electing to participate in the Dividend or Distribution Reinvestment Plans (when available) will be issued with new Thakral Stapled Securities which have a pro rata entitlement to any distribution from the trust during the period in which they are issued. These new Stapled Securities are quoted separately on the Australian Stock Exchange under the code THGN until the next distribution when they are automatically converted to and rank equally with existing ordinary Stapled Securities.

Income Payments

An interim distribution from the Thakral Holdings Trust and dividend from Thakral Holding Limited is normally paid in March for the half-year ending on the 31 December and a final distribution/dividend is normally paid in September for the year ending 30 June.

There are three ways in which these payments can be made:

- by cheque mailed to your postal address,
- direct credit to your bank, building society or credit union account, or
- reinvestment in additional Thakral Stapled Securities under the Distribution/Dividend Reinvestment Plan, subject to availability.

Please contact the Securities Registry if you wish to either confirm or vary your current distribution payment arrangements.

Tax Status

The distribution payable from the Thakral Holdings Trust is currently part tax free and part tax deferred. Thakral securities holders will not be taxed on the tax free

element. No tax is immediately payable on the tax deferred element. Tax only arises when the units are sold. At this time the amount of the tax deferred distributions reduce the securities holders' cost base for Capital Gains Tax payable when the securities are sold.

Dividends payable by Thakral Holdings Limited are currently unfranked and should be included in security holders' taxable income.

Uncertificated Holdings

All Thakral Stapled Securities holders are now either issuer sponsored or broker sponsored through CHES. Certificates are no longer issued. Please refer to your current holder statement for the Securities holder Reference Number (SRN).

The SRN is similar to a bank PIN and should be kept in a secure place and not provided to unauthorised persons. A different SRN may be issued for each issuer sponsored holding. The relevant SRN must be quoted to an ASX broker when placing an order to sell securities from an issuer sponsored holding or to buy securities that will accumulate to an existing issuer sponsored holding.

Securities Registry

If you need information about your Thakral securities please contact the Thakral Registry at National Registry Services Pty Limited, including enquiries regarding;

- your securities holding – including confirmation of number of securities held and sale of securities,
- amendments to securities holder details – including change of name or address, consolidation of separate holdings into one holding, and new distribution/dividend payment instructions, and
- requests for duplicate copies of distribution/dividend advice and annual distribution/dividend statements.

Removal from Annual Report Mailing List

If you do not wish to receive our annual report and interim reports, please notify National Registry Services by letter or fax.

CORPORATE DIRECTORY

Share Registry

National Registry Services
Pty Limited
Level 1, Grosvenor Place
225 George Street,
Sydney NSW 2000
G.P.O Box 5284,
Sydney NSW 2001
Telephone: (02) 9372 6060
Facsimile: (02) 9372 6011

Annual General Meeting

The Annual General Meeting of Thakral Holdings Limited will be held at the All Seasons Premier Menzies Hotel at 10am on 28th October 1999.

Registered Office

Level 12, Thakral House
301 George Street,
Sydney NSW 2000
Telephone: (02) 9272 8888
Facsimile: (02) 9272 8799

Stock Exchange Listing

Australian Stock
Exchange Limited
Home Exchange, Sydney