

# METROLAND AUSTRALIA LIMITED

ABN 81 009 138 149

ASX CODE: (MTD)

## APPENDIX 4D

Half Year report for the 6 months ended 31 December 2007

Results for announcement to the market

\$A'000

Revenues from ordinary activities	down	22%	to	10,235
Profit/(loss) from ordinary activities after tax attributable to members		%	to	(15)
Net/(loss) profit for the period attributable to members		%	to	(15)
<b>Dividends (distributions)</b>		<b>Amount per security</b>		<b>Franked amount per security</b>
No interim dividend is proposed		-		-
Previous corresponding period		-		-
Record date for determining entitlements to the dividend				-

<b>Earnings per security (EPS)</b>	<b>Current period</b>	<b>Previous corresponding period</b>
Basic EPS	(0.01) cents	2.31 cents
Diluted EPS	(0.01) cents	2.13 cents

<b>Net Tangible Assets Per Security</b>	Current period	Previous corresponding Period
Net Tangible Assets	16.5 cents	16.5 cents

Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 19 of AASB 133: *Earnings Per Share* are as follows.

<u>Earnings reconciliation:</u>	<u>2007</u> \$'000	<u>2006</u> \$'000
Net profit for basic earnings	(15)	2,244
Net profit for diluted earnings	-	2,410
<u>Weighted average number of shares used as the denominator:</u>	<u>Number</u>	<u>Number</u>
Ordinary shares for basic EPS	107,046,368	97,193,793
Ordinary shares for diluted EPS	-	112,938,567

Potential ordinary shares from the exercise of options are not considered dilutive as their conversion to ordinary shares would not decrease Earnings per Share from continuing operations at 31 December 2007.

## Dividends

Date the dividend is payable

-

+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)

-

If it is a final dividend, has it been declared?  
(Preliminary final report only)

-

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**METROLAND AUSTRALIA LIMITED**

ABN 81 009 138 149

**Condensed Financial Report  
31 December 2007**

# Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

## DIRECTORS' REPORT

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The directors present their report on the consolidated entity consisting of Metroland Australia Limited ("the Company") and the entities it controlled during the half-year ended 31 December 2007 and the Auditor's review report thereon.

### Principal Activities

The principal activities of the consolidated entity are property development and sales; property investment and rental; strata and facilities management and financial services.

### Consolidated Result

The consolidated result after income tax for the half-year attributable to members of Metroland Australia Limited was a loss of \$15,244 (2006 : profit of \$2,244,149).

### Dividends

A 2007 fully franked interim dividend of \$533,773 being 0.5 cents per share in respect of ordinary shares was paid on 22 November 2007.

### Review of Operations

The consolidated entity is continuing its direction in property development, management and related property management services.

During the 6 months period to 31 December 2007, the consolidated entity commenced and continued the following significant business activities:-

#### ***Property Sales, Development and Rental***

##### *The Greenway Supacentra*

The construction of the Greenway Supacentra by Metroland Constructions Pty Ltd is actively underway. The development earthworks have now been completed. The structure of steel is approximately 60% complete. It is anticipated that the hand over of the premises will commence in August 2008 to the first incoming tenant – OfficeWorks , who has committed to lease 2,000sq.m for a 10 year period.

##### *Building X, Ultimo*

The building works for the refurbishment is progressing well and is anticipated to complete in August 2008.

##### *Campbelltown Square Shopping Centre*

A 5 year lease with the Department of Corrective Services has been negotiated, following the re-location of the previous tenant, NAB. The Centre is all leased, except for two shops.

#### ***Property Related Services***

The controlled entities, Stratawide Management Pty Ltd, Metro Facilities Management Pty Ltd and Metro Associates Pty Ltd, involved in related property service operations, are on target providing both products (building materials) and services to the property industries.

Metroland is continuing to seek opportunities to further strengthen its revenue base and to achieve further growth.

# Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

## DIRECTORS' REPORT

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### Auditor's Independence Declaration

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 3, and forms part of the Directors' Report for the half-year ended 31 December 2007.

### Rounding

The consolidated entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and in the directors' report have been rounded off to the nearest \$1,000.

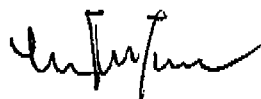
### Directors

The directors of the Company in office during or since the end of the half-year are:

Name	Period of Directorship
<b>Eddie Lee</b> <i>Chairman</i> B.E.Civil B.Sc.Dip. Bldg. Sc. (Sydney)	Director since 1994
<b>Frank Shien</b> <i>Deputy Chairman and Managing Director</i>	Director since 1997
<b>John Wardman</b> <i>Non-Executive Director</i> B.Econ, FAICD	Director since 1996
<b>Stearn Leung</b> <i>Non-Executive Director</i> LREA	Director since 1997
<b>Mr Da Cheng Zhang</b> <i>Non-Executive Director</i>	Director since 2000
<b>Ray Kellerman</b> <i>Non-Executive Director</i>	Director since July 2007
<b>Andrew Tooch</b> <i>Executive Director and Chief Executive Officer</i>	Director since July 2007

Dated at Sydney this 29th day of February 2008.

Signed in accordance with a resolution of directors.



Frank Shien  
Director

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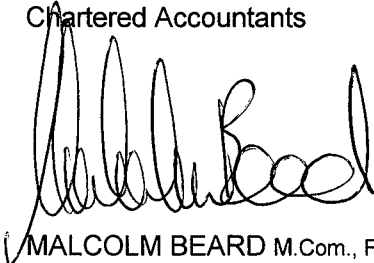
**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

To: The directors of Metroland Australia Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2007 there have been:

- No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- No contraventions of any applicable code of professional conduct in relation to the review.

GOULD RALPH & COMPANY  
Chartered Accountants



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

Dated at Sydney this 29<sup>th</sup> day of February 2008

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# Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

## CONDENSED INCOME STATEMENT

for the half-year ended 31 December 2007

		CONSOLIDATED 31 December	
	Note	2007 \$'000	2006 \$'000
<b>Continuing Operations:</b>			
Revenue from sale of properties		-	11,590
Revenue from property construction		8,090	-
Rental revenue		1,530	1,270
Other revenue		615	336
<b>Total revenue</b>	2(a)	10,235	13,196
Cost of properties sold		-	(7,956)
Cost of property construction		(6,883)	-
Borrowing costs	2(b)	(1,152)	(752)
Property investment expenses		(682)	(308)
Directors fees		(126)	(59)
Employee and consultancy expenses		(905)	(395)
Legal and professional fees		(89)	(49)
Other expenses		(472)	(262)
Share of net profit of joint ventures accounted for using the equity method	6	96	64
Profit before income tax expense		22	3,476
Income tax expense		(8)	(1,236)
<b>Profit from continuing operations</b>		14	2,243
(Profit)/Loss attributable to minority interests		(29)	1
<b>Profit/(Loss) attributable to members of the parent entity</b>		(15)	2,244
Continuing Operations:			
Basic earnings per share (cents per share)		(0.01)	2.31
Diluted earnings per share (cents per share)		(0.01)	2.13

The Condensed Income Statement is to be read in conjunction with the Notes to the Financial Statements.

# Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

## CONDENSED BALANCE SHEET

As at 31 December 2007

	Note	CONSOLIDATED	
		31 December 2007 \$'000	30 June 2007 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		4,260	1,776
Trade and other receivables		1,768	792
Inventories		434	421
Other current assets		40	234
<b>Total current assets</b>		<b>6,502</b>	<b>3,223</b>
<b>NON – CURRENT ASSETS</b>			
Trade and other receivables		89	370
Properties held for development		10,717	9,302
Property investment		37,911	37,763
Investments accounted for using the equity method	6	3,894	5,489
Financial assets		81	183
Property, plant and equipment		344	181
Deferred tax assets		48	52
<b>Total non – current assets</b>		<b>53,084</b>	<b>53,340</b>
<b>TOTAL ASSETS</b>		<b>59,586</b>	<b>56,563</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,708	992
Interest bearing liabilities		990	6,293
Current tax liabilities		414	309
Short-term provisions		76	67
<b>Total current liabilities</b>		<b>3,188</b>	<b>7,661</b>
<b>NON – CURRENT LIABILITIES</b>			
Trade and other payables		8,167	203
Interest bearing liabilities		29,188	29,392
Deferred tax liabilities		1,210	1,132
Long-term provisions		23	28
<b>Total non-current liabilities</b>		<b>38,588</b>	<b>30,755</b>
<b>TOTAL LIABILITIES</b>		<b>41,776</b>	<b>38,416</b>
<b>NET ASSETS</b>		<b>17,810</b>	<b>18,147</b>
<b>EQUITY</b>			
Contributed equity		13,378	13,197
Retained earnings		4,432	4,950
<b>TOTAL EQUITY</b>		<b>17,810</b>	<b>18,147</b>

The Condensed Balance Sheet is to be read in conjunction with the Notes to the Financial Statements.



# Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

## CONDENSED CASH FLOW STATEMENT

for the half-year ended 31 December 2007

Notes	CONSOLIDATED 31 December	
	2007 \$'000	2006 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	8,834	13,159
Payments to suppliers and employees	(8,202)	(1,518)
Interest received	58	27
Interest and other costs of finance paid	(1,950)	(1,160)
Income tax (paid)/refunded	-	145
<b>Net cash flows from/ (used in) operating activities</b>	<b>(1,260)</b>	<b>10,653</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of plant and equipment	(130)	(4)
Proceeds from loan repayments	230	-
Proceeds from the sale of plant and equipment	-	6
Payments on properties held for development	(522)	(2,759)
Payments for property investment additions	(96)	-
(Acquisition)/redemption of financial investments	145	-
Proceeds from/(repayments to) joint ventures	1,690	80
<b>Net cash flows (used in) investing activities</b>	<b>1,317</b>	<b>(2,677)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(5,524)	(9,719)
Dividends paid	(352)	(229)
Proceeds from borrowings	8,303	2,303
<b>Net cash from/(used in) financing activities</b>	<b>2,427</b>	<b>(7,645)</b>
<b>Net increase/ (decrease) in cash held</b>	<b>2,484</b>	<b>331</b>
<b>Net cash at 1 July 2007</b>	<b>1,776</b>	<b>189</b>
<b>Net cash at 31 December 2007</b>	<b>4,260</b>	<b>520</b>

The Condensed Cash Flow Statement is to be read in conjunction with the Notes to the Financial Statements.

# Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

## CONDENSED STATEMENT OF CHANGE IN EQUITY

for the half-year ended 31 December 2007

	\$'000 Issued Capital	\$'000 Retained Earnings	\$'000 Total
<b>Balance at 1 July 2006</b>	11,692	1,944	13,636
Profit attributable to members of parent entity	-	2,244	2,244
Shares issued pursuant to dividend reinvestment plan	183	-	183
<b>Balance at 31 December 2006</b>	<u>11,875</u>	<u>4,188</u>	<u>16,063</u>
<b>Balance at 1 July 2007</b>	13,197	4,950	18,147
Profit/(loss) attributable to members of parent entity	-	(15)	(15)
Profit attributable to minority shareholders	-	29	29
Shares issued pursuant to dividend reinvestment plan	181	-	181
Dividends paid or provided for	-	(532)	(532)
<b>Balance at 31 December 2007</b>	<u>13,378</u>	<u>4,432</u>	<u>17,810</u>

The Condensed Statement of Change in Equity is to be read in conjunction with the Notes to the Financial Statements.

# Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

## CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

for the half-year ended 31 December 2007

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

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

The half-year report should be read in conjunction with the Annual Financial Report of Metroland Australia Limited at 30 June 2007. It is also recommended that the interim financial report be considered together with any public announcements made by Metroland Australia Limited and its controlled entities during the half year ended 31 December 2007 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

#### (a) Basis of Accounting

The interim financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared in accordance with the historical cost convention. For the purpose of preparing the interim financial report, the half-year has been treated as a discrete reporting period.

#### (b) Summary of Significant Accounting Policies

The accounting policies applied in the half-year financial report are the same as those applied by the consolidated entity in the Financial Report of Metroland Australia Limited for the year ended 30 June 2007.

##### (i) Principles of Consolidation

###### **Controlled entities**

A controlled entity is any entity Metroland Australia Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities. The consolidated interim financial statements are those of the consolidated entity, comprising Metroland Australia Limited (the parent entity) and the entities it controlled from time to time during the year.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Where controlled entities have entered or left the economic entity during the six month period, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

###### **Joint Ventures**

A joint venture is either an entity or operation that is jointly controlled by the consolidated entity.

The economic entity's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated interim financial statements. The economic entity's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated interim financial statements. The parent's interest in joint venture entities are brought to account using the cost method.

# Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

## CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

for the half-year ended 31 December 2007

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### (b) Summary of Significant Accounting Policies

#### (i) Principles of Consolidation (cont'd)

##### *Changes in Ownership Interest*

*Loss of control, joint control or significant influence retained.*

When control ceases but significant influence or joint control is retained, the carrying amount at the date of the change in status of the investment is determined as if it had been an associate/joint venture entity since the acquisition date, opening equity amounts are restated and any remaining effect of the change in status is recognised as a revenue or expense.

#### (ii) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit and loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Metroland Australia Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Each entity in the group recognises its own current and deferred tax liabilities, except any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the ATO that it has formed an income tax consolidated group to apply from 1 July 2002. The tax consolidated group has entered into tax sharing agreement whereby each company in the group contributes to the net payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

## CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS for the half-year ended 31 December 2007

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### (b) Summary of Significant Accounting Policies

#### (iii) Inventories

Property inventories, and properties held for development are carried at the lower of cost and net realisable value. Cost includes the cost of acquisition and for property inventories also includes, development and holdings costs such as borrowing costs, rates and taxes until the point of time that the property is ready for sale. Borrowing costs and other holdings costs incurred after completion of development are expensed. Profits are only brought to account upon the completion of the development project, when the unconditional contracts of sale is settled, with the substantial risk and rewards being passed to the purchaser.

#### (iv) Depreciation and Amortisation

##### *Useful Lives*

All assets have limited useful lives and are depreciated using the straight line or diminishing value method over their estimated useful lives taking into account estimated residual values. Assets are depreciated from the date of acquisition. Depreciation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation is expensed.

The depreciation rates used for each class of depreciable assets are:

Plant & equipment	17-40%
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#### (v) Financial Liabilities

Bank loans are recognised at their principal amount, subject to set-off arrangements, less any principal repayments. Interest expense is accrued at the contracted rate and is included in "Other creditors and accruals".

#### (vi) Trade and other Receivables

The collectibility of debts is assessed at reporting date and specific provision is made for any doubtful amount. Trade debtors to be settled within 90 days are carried at amounts due.

#### (vii) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs

## CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

for the half-year ended 31 December 2007

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### (b) Summary of Significant Accounting Policies

#### (viii) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

#### (ix) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an overflow of economic benefits will result and that outflow can be reliably measured.

#### (x) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

#### (xi) Revenue

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

##### ***Sale of property***

Revenue from the sale of property is only recognised upon the completion of the project, when the unconditional contracts of sale is settled, and the substantial risk and rewards is passed to the purchaser of the property.

##### ***Rendering of services***

Revenue from the rendering of property management services is recognised when the service is rendered and the revenue is receivable.

##### ***Rental income***

Rental income is accounted for on a straight line basis over the term of the lease.

##### ***Interest***

Revenue is recognised as the interest accrues, taking into account the effective yield on the financial asset.

##### ***Dividend***

Dividend revenue is recognised net of any franking credits. Revenue from dividends from controlled entities is recognised by the parent entity when they are declared by the controlled entities. Revenue from dividends and distributions from joint venture entities is recognised when they are declared by the joint venture entities.

# Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

## CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

for the half-year ended 31 December 2007

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### (b) Summary of Significant Accounting Policies

#### (xii) Borrowing Costs

Borrowing costs directly attributable to the acquisition and construction of assets that necessarily take a substantial period of time for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

#### (xiii) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### (xiv) Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2007.

#### (xv) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### (xvi) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest \$1,000.

# Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

## CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

for the half-year ended 31 December 2007

### 2. REVENUE AND EXPENSES

	CONSOLIDATED 31 December	
	2007 \$'000	2006 \$'000
Profit from ordinary activities before income tax includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:		
(a) Revenue from Ordinary Activities		
Revenue from sale of properties	-	11,590
Revenue from property construction	8,090	-
Rental revenue	1,530	1,270
Property management revenue	515	295
Interest received or due and receivable	58	27
Other revenue	42	14
Total Revenue	<u>10,235</u>	<u>13,196</u>
(b) Expenses		
Borrowing costs	1,917	1,176
Less: Interest capitalised	<u>(765)</u>	<u>(424)</u>
	<u>1,152</u>	<u>752</u>
Depreciation and amortisation	16	9
Loss on disposal of fixed assets	12	-
Loans written-off	<u>120</u>	<u>-</u>

### 3. DIVIDENDS

Dividends paid:

Fully franked interim dividend of 0.5 cents per share provided for at 30 June 2007, paid on 22 November 2007

	<u>533</u>	<u>479</u>
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# Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

## CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

for the half-year ended 31 December 2007

### 4. SEGMENT INFORMATION Primary Reporting

#### (a) Business segments

	Half Year Ended 31 December 2007			Consolidated \$'000
	Property Sales and Development	Property Rental and Management	Investment & Financial Services	
	\$'000	\$'000	\$'000	
External segment revenue	8,090	2,045	100	10,235
Segment result	589	2	19	610
Unallocated corporate expenses				(684)
Share of net profit of equity accounted joint venture entities				96
Profit from continuing operations before income tax				22
Income tax (expense)				(8)
<b>Net profit from continuing operations</b>				<b>14</b>

#### (a) Business segments

	Half Year Ended 31 December 2006			Consolidated \$'000
	Property Sales and Development	Property Rental and Management	Investment & Financial Services	
	\$'000	\$'000	\$'000	
External segment revenue	11,590	1,565	41	13,196
Segment result	3,573	323	(139)	3,757
Unallocated corporate expenses				(342)
Share of net profit of equity accounted joint venture entities				64
Profit from continuing operations before income tax				3,479
Income tax (expense)				(1,236)
<b>Net profit from continuing operations</b>				<b>2,243</b>

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# Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

## CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

for the half-year ended 31 December 2007

### 5. ACQUISITION OF CONTROLLED ENTITIES

During the half-year, there were no acquisition or disposal of controlled entities by Metroland Australia Limited:-

### 6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	CONSOLIDATED	
	31 Dec 2007 \$'000	30 Jun 2007 \$'000
Equity accounted shares in joint venture entities	3,894	5,489

Details of material interest in associated entities are as follows

	% Ownership End of Period		Carrying Value		Contributions to net Profit/(Loss)	
	2007	2006	Dec 2007 \$'000	June 2007 \$'000	Dec 2007 \$'000	June 2007 \$'000
Metroland Investments Pty Ltd	50%	50%	-	-	-	-
Gaintak Investments Pty Ltd ATF						
Gaintak Investments Unit Trust	50%	50%	3,894	5,489	96	64
			<u>3,894</u>	<u>5,489</u>	<u>96</u>	<u>64</u>

### 7. CONTINGENT LIABILITIES

The company, and certain controlled entities have jointly and severally guaranteed the loan facilities of the associated entity, Gaintak Investments Pty Ltd, ATF Gaintak Investments Unit Trust. The loan facility balance at 31 December 2007, not recognised in the financial statements is \$28,090,479. The facility is secured over the development and investment properties of the consolidated entity and of the associated entity.

# Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

## CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

for the half-year ended 31 December 2007

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### 8. CAPITAL COMMITMENTS

A controlled entity has entered into a building refurbishment sub-contract for property that was sold during the 2007 year. The balance of the capital expenditure commitments contracted for and outstanding at 31 December 2007, payable not later than 12 months is \$3,585,515.

### 9. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen since the end of the financial period any matter or circumstance which, in the opinion of the directors of the company, significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of the company in subsequent financial years.

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**Metroland Australia Limited and Controlled Entities**  
ABN 81 009 138 149

**DIRECTORS' DECLARATION**

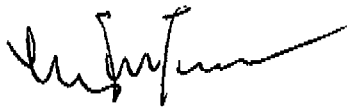
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In the opinion of the directors of Metroland Australia Limited:

1. the financial statements and notes set out on pages 4 to 16:-
  - a) give a true and fair view of the financial position of the consolidated entity as at 31 December 2007 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
  - b) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 29th day of February 2008

Signed in accordance with a resolution of directors.



Frank Shien  
Director

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# Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

## INDEPENDENT REVIEW REPORT TO THE MEMBERS OF METROLAND AUSTRALIA LIMITED

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### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Metroland Australia Limited and Controlled Entities (the consolidated entity), which comprises the consolidated condensed balance sheet as at 31 December 2007, the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Metroland Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. As a review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Metroland Australia Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001.

Dated at Sydney this 29th day of February 2008

GOULD RALPH & COMPANY  
Chartered Accountants

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