METROLAND AUSTRALIA LIMITED

ABN 81 009 138 149

ASX CODE: (MTD)

APPENDIX 4D

Half Year report for the 6 months ended 31 December 2008

Results for announcement to the market

				$A'000
Revenues from ordinary activities	down	23%	to	8,319
Profit/(loss) from ordinary activities after tax attributable to members	Up	%	to	124
Net/(loss) profit for the period attributable to members	Up	%	to	124

Dividends (distributions)	Amount per security	Franked amount per security
No interim dividend is proposed	-	-
Previous corresponding period	-	-
Record date for determining entitlements to the dividend	-	

Earnings per security (EPS)	Current period	Previous corresponding period
Basic EPS	0.12 cents	(0.01) cents
Diluted EPS	0.12 cents	(0.01) cents

Net Tangible Assets Per Security	Current period	Previous corresponding Period
Net Tangible Assets	18.2 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.

Earnings reconciliation:	2008 $'000	2007 $'000
Net profit for basic earnings	124	(15)
Net profit for diluted earnings	-	-
Weighted average number of shares used as the denominator:	Number	Number
Ordinary shares for basic EPS	108,108,115	107,046,368
Ordinary shares for diluted EPS	-	-

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 2008.

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)*	-

METROLAND AUSTRALIA LIMITED

ABN 81 009 138 149

Condensed Financial Report
31 December 2008

DIRECTORS' REPORT

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 2008 and the Auditor's review report thereon.

Principal Activities

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

Consolidated Result

The consolidated profit after income tax for the half-year attributable to members of Metroland Australia Limited was $124,490 (2007 : loss of $15,244).

Dividends

No dividends were paid during the half-year to 31 December 2008.

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 management services.

Property Investments & Development

The Greenway SupaCenta
The construction of the Greenway SupaCenta by Metroland Constructions Pty ltd is 90% complete and within budget. It is now in the final stage of construction. The lessor's fit-out work for one of the tenants – Officeworks – has completed and the premises of 2,000sqm was handed over to Officeworks in the 2nd week of February 2009. Officeworks intends to commence trading in March 2009. The Greenway SupaCenta has also procured Fernwood Gym; a childcare centre; and a furniture store as tenants. It is anticipated that with stage 1 of the shopping centre opened, more prospective tenants will be attracted to the premises.

Wentworthville Mall
A fire in July 2008 led to the closure of part of the shopping centre, encompassing the food court area and Franklins supermarket. The damage to the premises and the loss of rent are fully covered by insurance. Refurbishment of part of the shopping centre has been completed and the food court area is being demolished and re-built. It is anticipated that the whole shopping centre will be fully operational in July 2009. As a result of the work carried out due to the fire, the shopping centre has undergone a complete upgrade and is attracting more patrons. TAB, one of the major tenants, has decided to re-locate to larger premises in the shopping centre. Franklins Supermarket has decided to re-fitout the shop during this time of closure. It is intended that a re-launch of the shopping centre be conducted when all works are complete.

Property Development
Metroland through a wholly –owned subsidiary has entered into a joint venture with a Chinese party to acquire a property in Haymarket, Sydney for a retail and residential development. It is anticipated that Metroland will act as the development manager.

Property-Related Services
Stratawide Management Pty Ltd is continuing to expand, now managing over 50 blocks of strata schem

DIRECTORS' REPORT

DK Metro Engineering Pty Ltd which specialises in steel supply and steel construction has had a successful start up to operations by securing 3 projects in steel construction throughout Sydney.

MetroBuild Associates Pty Ltd is continuing its trading of building materials.

Metroland is continuing to seek opportunities to further strengthen its revenue.

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 2008.

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
Eddie Lee *Chairman and Independent Non-Executive Director* B.E.Civil B.Sc.Dip.Bldg.Sc. (Sydney)	Director since 1994
Frank Shien *Deputy Chairman and Chief Executive Officer* *BA (Lon)*	Director since 1997
John Wardman *Independent Non-Executive Director* B.Econ, FAICD	Director since 1996
Steam Leung *Independent Non-Executive Director* LREA	Director since 1997
Mr Da Cheng Zhang *Independent Non-Executive Director*	Director since 2000

Dated at Sydney this 27th day of February 2009.

Signed in accordance with a resolution of directors.

Frank Shien
Director

GouldRalph
ASSURANCE

Chartered Accountants
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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 2008 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 ASSURANCE
Chartered Accountants

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

Dated at Sydney this 27th day of February 2009

Metroland Australia Limited and Controlled Entities
ABN 81 009 138 149

CONDENSED INCOME STATEMENT
for the half-year ended 31 December 2008

	Note	CONSOLIDATED 31 December 2008 $'000	2007 $'000
Continuing Operations:			
Revenue from property construction		5,909	7,984
Rental revenue		699	1,530
Proceeds from ISR Business Interruption insurance		963	-
Import sales revenue		205	106
Other revenue		543	615
Total revenue	2(a)	8,319	10,235
Cost of property construction		(5,097)	(6,883)
Cost of import sales		(212)	(99)
Borrowing costs	2(b)	(1,137)	(1,152)
Property investment expenses		(364)	(682)
Directors fees		(59)	(126)
Employee and consultancy expenses		(581)	(905)
Legal and professional fees		(87)	(89)
Other expenses		(371)	(373)
Share of net profit of joint ventures accounted for using the equity method	6	129	96
Profit before income tax expense		540	22
Income tax expense		(178)	(8)
Profit from continuing operations		362	14
(Profit)/Loss attributable to minority interests		(238)	(29)
Profit/(Loss) attributable to members of the parent entity		124	(15)
Continuing Operations:			
Basic earnings per share (cents per share)		0.12	(0.01)
Diluted earnings per share (cents per share)		0.12	(0.01)

The Condensed Income Statement s 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 2008

	Note	CONSOLIDATED 31 December 2008 $'000	CONSOLIDATED 30 June 2008 $'000
CURRENT ASSETS			
Cash and cash equivalents		2,274	2,955
Trade and other receivables		2,819	3,680
Inventories		426	68
Other current assets		71	86
Total current assets		5,590	6,789
NON – CURRENT ASSETS			
Trade and other receivables		581	401
Investment property under development		17,531	12,938
Property investment		39,272	37,935
Investments accounted for using the equity method	6	6,909	6,780
Financial assets		134	36
Property, plant and equipment		337	355
Deferred tax assets		651	438
Total non – current assets		65,415	58,883
TOTAL ASSETS		71,005	65,672
CURRENT LIABILITITIES			
Trade and other payables		2,722	3,586
Financial liabilities	9	17,184	1,408
Current tax liabilities		305	227
Short-term provisions		125	124
Total current liabilities		20,336	5,345
NON – CURRENT LIABILITIES			
Trade and other payables		-	705
Financial liabilities	9	28,103	37,712
Deferred tax liabilities		2,515	2,234
Long-term provisions		48	44
Total non-current liabilities		30,666	40,695
TOTAL LIABILITIES		51,002	46,040
NET ASSETS		20,003	19,632
EQUITY			
Issued capital		13,466	13,379
Retained earnings		6,153	6,029
Minority equity interests		384	224
TOTAL EQUITY		20,003	19,632

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 2008

	Notes	CONSOLIDATED 31 December 2008 $'000	2007 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		9,223	8,834
Payments to suppliers and employees		(7,920)	(8,202)
Interest received		96	58
Interest and other costs of finance paid		(2,002)	(1,950)
Income tax (paid)/refunded		(34)	-
Net cash flows from/ (used in) operating activities		(637)	(1,260)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment		(20)	(130)
Proceeds from loan repayments		-	230
Property acquisition deposits paid		(440)	-
Payments on properties held for development		(4,717)	(522)
Payments for property investment additions		(85)	(96)
Net (acquisition)/redemption of financial investments		(57)	145
Proceeds from/(repayments to) joint ventures		-	1,690
Net cash flows (used in) investing activities		(5,319)	1,317
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(424)	(5,524)
Dividends paid		(76)	(352)
Proceeds from issue of shares		87	-
Proceeds from borrowings		5,696	8,303
Net cash from/(used in) financing activities		5,283	2,427
Net increase/ (decrease) in cash held		(673)	2,484
Net cash at 1 July 2008		2,947	1,776
Net cash at 31 December 2008		2,274	4,260

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 2008

	$'000 Issued Capital	$'000 Retained Earnings	$'000 Minority equity	$'000 Total
Balance at 1 July 2007	13,197	4,950	-	18,147
Profit attributable to members of parent entity	-	(15)	-	(15)
Profit attributable to minority shareholders	-	-	29	29
Shares issued pursuant to dividend reinvestment plan	182	-	-	182
Dividends paid or provided for	-	(532)	-	(532)
Balance at 31 December 2007	13,379	4,403	29	17,810
Balance at 1 July 2008	13,379	6,029	224	19,632
Profit/(loss) attributable to members of parent entity	-	124	-	124
Profit attributable to minority shareholders	-	-	238	238
Shares issued pursuant to share purchase plan	87	-	-	87
Dividends paid or provided for	-	-	(78)	(78)
Balance at 31 December 2008	13,466	6,153	384	20,003

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

CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
for the half-year ended 31 December 2008

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 2008. 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 2008 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) Going Concern

At 31 December 2008, the group's current liabilities exceeded its current assets by $14,746k, due to the inclusion in current financial liabilities of the group's share of the development loan facility of $15,767k to finance the development and construction of the Greenway Supacenta at Wetherill Park, which expires in November 2009.

The ability of the group to continue, significantly unimpaired, its operations and to pay its debts as and when they fall due is dependent on the continued support by the financier and the refinancing of the development facility.

As disclosed in Note 9 to the Financial Statements, the financier has provided a term note facility to refinance the development facility at its expiry. The directors are confident that the various conditions of the facility will be acceptably negotiated by the parties, and the development facility refinanced by its expiry of November 2009.

Should the directors not achieve the matters set out above, there is inherent uncertainty whether the consolidated entity will be able to continue as a going concern.

If part or the whole of the consolidated entity is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities, which might be necessary should the consolidated entity not be able to continue as a going concern.

(c) 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 2008.

(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.

(i) Principles of Consolidation – cont'd

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.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interest held by persons outside the group, are shown separately within the equity section of the consolidated balance sheet and the consolidated income statement.

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.

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.

(c) Summary of Significant Accounting Policies

(ii) Income Tax – con'td

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.

(iii) Investment in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the group's share of post-acquisition reserves of its associates.

(iv) Investment Property

Investment property comprising freehold shopping complexes, is held to generate long-term rental yields and for capital appreciation. All tenant leases are on an arms length basis. Investment properties are carried at fair value determined annually by independent valuers. Change to fair value is recorded in the income statement.

(v) Inventories

Inventories, and properties under 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.

(vi) Construction Contracts and Work in Progress

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated they are provided for in full.

Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variances or claims allowable under the contract.

(vii) 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.

(vii) Depreciation and Amortisation – cont'd

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

Plant & equipment	17-40%

(viii) 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".

(ix) Trade and other Receivables

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

(x) 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.

(xi) 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.

(xii) 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.

(xiii) 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.

(xiv) 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.

(xiv) Revenue – cont'd

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

Construction Activities
Revenue recognised in relation to construction activities is detailed in Note b(vi).

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.

(xv) 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.

(xvi) 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.

(xvii) 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 2008.

(xviii) Comparative Figures

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

(xix) 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.

CONDENSED NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
for the half-year ended 31 December 2008

2. REVENUE AND EXPENSES

	CONSOLIDATED 31 December 2008 $'000	CONSOLIDATED 31 December 2007 $'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 property construction	5,909	7,984
Rental revenue	699	1,530
Proceeds from ISR Business Interruption insurance	963	-
Property management revenue	406	515
Import sales revenue	205	106
Interest received or due and receivable	96	58
Other revenue	41	42
Total Revenue	8,319	10,235
(b) Expenses		
Borrowing costs	1,768	1,917
Less: Interest capitalised	(631)	(765)
	1,137	1,152
Depreciation and amortisation	35	16
Loss on disposal of fixed assets	1	12
Impairment of loans and trade receivables	40	120

3. DIVIDENDS

Dividends paid:

	2008 $'000	2007 $'000
Fully franked interim dividend of 0.5 cents per share provided for at 30 June 2007, paid on 22 November 2007	-	533

4. SEGMENT INFORMATION
Primary Reporting

(a) Business segments

	Half Year Ended 31 December 2008				
	Property Sales and Development	**Property Rental and Management**	**Import Sales**	**Investment & Financial Services**	**Consolidated**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
External segment revenue	5,909	2,068	205	137	8,319
Segment result	630	499	(187)	(75)	867
Unallocated corporate expenses					(456)
Share of net profit of equity accounted joint venture entities					129
Profit from continuing operations before income tax					540
Income tax (expense)					(178)
Minority interest					(238)
Net profit attributable to parent entity					124

(a) Business segments

	Half Year Ended 31 December 2007				
	Property Sales and Development	**Property Rental and Management**	**Import Sales**	**Investment & Financial Services**	**Consolidated**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
External segment revenue	7,984	2,045	106	100	10,235
Segment result	744	2	(155)	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)
Minority interest					(29)
Net profit attributable to parent entity					(15)

5. ACQUISITION OF CONTROLLED ENTITIES

During the half-year, a wholly-owned subsidiary, Metro Development Fund Pty Limited was established to participate in a joint venture property development at 61-79 Quay Street, Haymarket, Sydney.

There were no disposals of controlled entities during the half-year.

6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	CONSOLIDATED	
	31 Dec 2008 $'000	30 Jun 2008 $'000
Equity accounted shares in joint venture entities	6,909	6,780

Details of material interest in associated entities are as follows

	% Ownership End of Period		Carrying Value		Contributions to net Profit/(Loss)	
	2008	2007	Dec 2008 $'000	June 2008 $'000	Dec 2008 $'000	June 2008 $'000
Metroland Investments Pty Ltd	50%	50%	-	-	-	-
Gaintak Investments Pty Ltd ATF Gaintak Investments Unit Trust	50%	50%	6,909	6,780	129	2,980
			6,909	6,780	129	2,980

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 2008, not recognised in the financial statements is $30,450,033 (2007: $28,090,479). The facility is secured over the development and investment properties of the consolidated entity and of the associated entity.

8. EVENTS SUBSEQUENT TO REPORTING DATE

On 18 February 2009, the company issued 15,000,000 ordinary shares pursuant to a share placement at 10 cents per share, raising equity of $1,500,000.

There has not arisen since the end of the financial period any other 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.

9. FINANCIAL LIABILITIES

	CONSOLIDATED	
	31 December 2008 $'000	30 June 2008 $'000
Current		
Bank overdraft	-	8
Bank loans – secured	15,848	64
Loans from other entities – unsecured	1,325	1,325
Hire purchase liabilities – secured	11	11
	17,184	1,408
Non-current		
Bank loans – secured	27,682	37,285
Loans from other entities – unsecured	400	400
Hire purchase liabilities – secured	21	27
	28,103	37,712

Included in current financial liabilities is the group's share of the development facility of $15,766,945 to finance the development and construction of the Greenway Supacenta at Wetherill Park. This facility expires in November 2009, and the financier has provided a Term Note facility to refinance the development facility at its expiry. The refinance facility Term Note is for a period of 5 years.

The refinance facility is subject to the parties acceptance of various conditions of the facility, including minimum interest cover and loan to valuation (LVR) ratio. The directors are currently involved in discussions with the financiers on the terms and conditions, and are confident that agreement will be reached and the development facility refinanced by its expiry date of November 2009.

10. CAPITAL COMMITMENTS

	CONSOLIDATED	
	31 December 2008 $'000	31 December 2007 $'000
Capital Commitments:		
Controlled entities have entered into capital expenditure commitments for property refurbishment and construction contracts. The balance of capital expenditure commitments contracted for and outstanding at 31 December 2008, payable not later than 12 months.	990	3,586
Commitments pursuant to a Put and Call Option for the acquisition of 61-79 Quay Street, Haymarket property of which the group has a 20% interest, payable not later than 12 months.	7,080	-

10. CAPITAL COMMITMENTS (Cont'd)

	CONSOLIDATED 31 December 2008 $'000	31 December 2007 $'000
Operating Lease Commitments:		
Non-cancellable operating lease contracted for and outstanding at 31 December 2008, payable:		
- not later than 12 months	146	-
- between 12 months and 5 years	146	-
Finance Lease Commitments:		
Payable – minimum lease payments		
- not later than 12 months	13	-
- between 12 months and 5 years	27	-
	40	-
Less: future finance charges	(7)	-
	33	-
Total Commitments	8,395	3,586

DIRECTORS' DECLARATION

In the opinion of the directors of Metroland Australia Limited:

1. the financial statements and notes set out on pages 4 to 17:-

   a) give a true and fair view of the financial position of the consolidated entity as at 31 December 2008 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 27th day of February 2009

Signed in accordance with a resolution of directors.

Frank Shien
Director

GouldRalph
ASSURANCE

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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF METROLAND AUSTRALIA LIMITED

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 2008, 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 2008 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 2008 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.

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF METROLAND AUSTRALIA LIMITED

Emphasis of Matter
Without qualification to the conclusion expressed above, attention is drawn to the following matter:

Inherent Uncertainty Regarding the Continuation as a Going Concern
As a consequence of the matters described in Note 1(b) and Note 9 to the financial report, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Dated at Sydney this 27th day of February 2009

GOULD RALPH ASSURANCE
Chartered Accountants

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