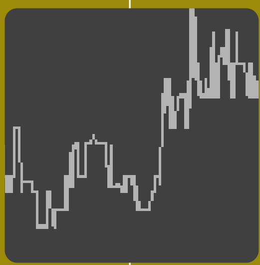
NURTURING RELATIONSHIPS

SHAREHOLDER WEALTH

CUSTOMER SATISFACTION

DESIGN EXCELLENCE

Metroland Australia Ltd



03

Annual Shareholder Report

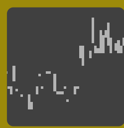
Metroland Australia Ltd

NURTURING RELATIONSHIPS

SHAREHOLDER WEALTH

CUSTOMER SATISFACTION

DESIGN EXCELLENCE



contents

03

CHAIRMAN & CEO'S ADDRESS

Dear Shareholders,

Metroland is pleased to report a buoyant 2002-2003 financial year in its property development business with the staged completion of its Zenix 224 Apartment development in Newtown/Erskineville, Sydney, showing very good profits.

Subsequently, in keeping with its goal of increasing returns to its shareholders, the Company was pleased to increase its dividend to shareholders by one third. The dividend is up from a partially franked 1.5 cents per share in 2001-2002, to a fully franked 2.0 cents per share dividend for the 2002-2003 financial year.

This pleasing result follows a substantial lift in gross profits from $3.172 million to $4.413 million, which also translated to an increase in the Company's after tax profit to $3.068 million. There is also a significant increase in the Company's reported net asset backing per share from 9.7 cents per share to 13.5 cents per share.

It may be noted that the Company's coming 2004 financial year will be underpinned by further development profits from the Zenix project.

In the interim, the Company's existing well located property portfolio, including the Bay Plaza Retail complex on Military Road, Neutral Bay and its Gladesville shop-house properties provides a strong foundation to the Company's equity base.

In June 2003, Metroland announced a conditional Joint Venture to develop up to 200 townhouses in a proposed lifestyle golf resort in Sydney's North West at Cattai, Windsor. Metroland has contributed $6.5 million to the Joint Venture, initially as loan funds, but able to be converted to a 50% equity in the project. The project has the potential to return high earnings to the Company.

Metroland continues to steadily investigate other development proposals and property related activities which have the size and scale to deliver earnings to the Company, and the Board and management of Metroland wishes to thank all of its shareholders for their support as the Company continues to grow.

Eddie Lee
Chairman

Frank Shien
Deputy Chairman & CEO

The directors present their report together with the financial report of Metroland Australia Limited ("the Company") and of the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2003 and the auditor's report thereon.

Directors

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

Eddie Lee (Chairman) Aged 56
B.E.Civil B.Sc.Dip.Bldg.Sc. (Sydney)

Mr Lee is a graduate of Sydney University majoring in Civil Engineering. He has extensive experience in corporate management and is the Australian representative of several substantial Asian investment groups and maintains a wide networking in the Asian business area. He is also director of Allegiance Mining NL and Gullewa Limited, both companies listed on the ASX. He has wide experience in the fields of civil engineering, project management, construction, finance and equity markets.

Director since 1994.

Frank Shien (Deputy Chairman and Chief Executive Officer) Aged 51
BA (Lon)

Mr Shien has extensive construction and property development experience and has business associates in Indonesia, Malaysia, Hong Kong and China. Mr Shien is a director of a number of property companies and during the last eleven years has been successfully developing commercial and residential property in Sydney. He is also a director of Xenolith Gold Limited, a company involved in mining and oil exploration listed on the ASX.

Director since 1997.

John Wardman (Non-Executive Director) Aged 43
B.Econ, FAICD, SIA(Aff.)

Mr Wardman has extensive experience in finance, including capital markets and corporate development, and stockbroking. He holds a Degree in Economics from Macquarie University, is an Affiliate of the Securities Institute of Australia and a Fellow of the Australian Institute of Company Directors.

Director since 1996.

Steam Leung (Non-Executive Director) Aged 44
LREA

Mr Leung has 15 years experience in real estate in Australia, is a Licensed Real Estate Agent and Auctioneer, and is a Director of Colliers Jardine Pty Limited. He has extensive experience in sales and marketing of commercial properties and residential projects.

Mr Leung has an extremely strong involvement with the local Chinese community and is well connected to overseas Asian investors and developers. He is also one of the founders of the Australian NSW Chinese Real Estate Agent Society and is an important senior member of Colliers Jardine's International team.

Director since 1997.

Da Cheng Zhang (Non-Executive Director) Aged 49

Mr Zhang is of Chinese nationality. He is president of the HIT Group, which has two companies listed on the China Stock Exchange, one in Shanghai and the other in Shenzhen. The market capitalisation of the two companies is approximately $600m. Mr Zhang is also the vice-principal of the Harbin Institute of Technology in Harbin.

Director since February 2000.

Principal Activities

The principal activities of the consolidated entity during the financial year continued to be in property development and investment, and financial services. During the year, the consolidated entity also commenced residential property management activities through a controlled entity.

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

Operating Results

The consolidated profit from ordinary activities after tax was $3,068,318.

Review of Operations

The consolidated entity is continuing its direction in property management, development and related property management services. Profit has been realised from the successful completion of the Sydney Park Joint Venture development. The entity is looking at development opportunities, some of which may be carried out on joint venture basis, which may result in the participation in a number of developments and investments to widen income.

Sydney Park Joint Venture
Stage 1 of the development comprising 92 units was completed in August 2003 and Stage 2 comprising the balance of 132 units was completed in September 2003. Construction of the project commenced in December 2001 and was completed in September 2003 as was previously planned. All 216 units were settled and there remains 8 units to be sold. The construction loan from Credit Agricole Indosuez has been repaid.

Bay Plaza, Neutral Bay
The purchase of 4 Rangers Road, adjoining to Bay Plaza, was completed during the year. The Council has approved our re-zoning application of the site to that of the adjoining Bay Plaza. Plan for the combined 2,400 sqm site has been completed and submitted to Council. Bay Plaza is fully leased and 4 Rangers Road has also been leased on short-term basis.

Gladesville Property
During the year, the Company commenced negotiations with the adjoining church to explore the possibility of a joint development on that part of the church which now houses a church hall. Preliminary drawings for the site and the church hall site has been completed and the proposed plan for the development of the hall has been submitted to the church for their consideration. It is the view of the Company that should a joint development be carried out, greater benefits will be derived for the Company, the church and the community.

The Ridge, Cattai at Windsor
The involvement in the development of a golf course and the construction of 200 homesteads on the golf course is structured in a manner in which a secured loan of $6.5million is granted to the owner of the land, Lifestyle Investment Company Pty Ltd. Within or at the end of 10 months, Metroland may convert the loan into equity in which event Metroland will become a 50% partner and will participate in the development and hence the sharing of responsibilities and rewards.

Related Property Services
Stratawide Management Pty Limited, which Metroland has a 55% interest, has commenced operations during the year. Stratawide is to provide the services of a strata manager to the owners of residential, commercial and industrial buildings.

During the year, Stratawide has spent much time in setting up systems and putting in place the necessary training. Stratawide is now managing 6 strata schemes (i.e 6 buildings) since its commencement of operations.

Other
Metroland is looking into the possibilities of expanding its capital by inviting more investors/shareholders through private placements.

Dividends

Dividends paid or declared by the Company to members since the end of the previous financial year were:

Type	Cents Per Share	Total Amount $	Date of Payment	Tax Rate for Franking Credit
As proposed and provided for in last year's report: - Final – Ordinary shares	1.5	1,181,080	6/09/02	30% Partially Franked
In respect of the current financial year: Declared after end of year - Final – Ordinary shares	2.0	1,574,769	20/09/03	30% Fully Franked

State of Affairs

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:-

- The consolidated entity extended its borrowings by $24,375,000. The borrowed funds were used for the completion of the consolidated entity's Sydney Park joint venture development for $21,147,000; acquisition of development property at 4 Rangers Road, Neutral Bay for $2,040,000, and for investment of $1,188,000.

- The construction finance for the development of the Sydney Park joint venture development was repaid subsequent to balance date from the proceeds of sales.

Events Subsequent to Balance Date

(i) On 6 August 2003, a controlled entity entered into a convertible loan agreement with The Lifestyle Investment Company Pty Limited, and advanced $6.5million for the development of "The Ridge Resort" at Wisemans Ferry Road, Cattai in New South Wales. The loan is secured by a registered mortgage over the development land at Cattai, and a fixed and floating charge over the assets of The Lifestyle Investment Company Pty Limited. The loan bears interest at 7% per annum.

The Ridge Resort development will comprise a golf course, hotel/resort complex with conference and resort facilities and approximately 200 community golf homesteads. Metroland has a period of 10 months in which to exercise their option of converting a part or the whole of the loan into equity. On the exercise of the option to convert the advance to equity, Metroland will have the right to participate in the management of Lifestyle, to be involved in the project management of the Ridge Resort development and to share proportionately in the net proceeds of the sale of the golf homesteads and the resort upon completion.

Metroland has also entered into a put and call option deed with Jacink Pty Limited, whereby Metroland has the option to put its interest in the development upon completion to Jacink Pty Limited, with the intention that this will enable Metroland to exit the development completely with all the funds that it has invested, together with its proportionate entitlements to the net assets of Lifestyle.

(ii) The construction of Metroland's joint venture Zenix project development at Sydney Park, Erskineville was completed at the end of August 2003. Only 9 units remained unsold at balance date. With the significant settlements of units being received the project's development finance with Credit Agricole Indosuez Australia Limited was repaid in September 2003. The Company's convertible note loan of $1million has also been repaid subsequent to balance date.

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

Likely Developments

The consolidated entity will continue to pursue opportunities in the property investment and development sectors, including the expansion of its financial sector services to include vendor financing.

Further information as to likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years has not been included in this report because, the directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the company.

Meetings of Directors

The number of directors' meetings and number of meetings attended by each of the directors of the company during the financial year are:

	Meetings Attended	Meetings Held
Mr E Lee	6	6
Mr S Leung	6	6
Mr F Shien	6	6
Mr J Wardman	6	6
Mr D C Zhang	1	6

Audit Committee

Due to the limitations imposed by size, the company does not have a separately constituted audit committee.

Environmental Regulations

The consolidated entity's operations are subject to significant environmental regulation both under Commonwealth and State legislation in relation to its property development activities. The directors are not aware of any significant breaches during the period covered by this report.

Directors' and Senior Executives' Emoluments

As provided by the Constitution of the Company, the remuneration of Directors is determined by shareholders. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and level of performance.

There are currently no performance based incentives to directors based on the performance of the consolidated entity.

Details of the nature and amount of each major element of the emoluments of each director of the Company and each of the five named officers of the Company and the consolidated entity receiving the highest emoluments are as follows:-

Director	Base Emoluments $	Superannuation Contributions $	Total Emoluments $
Executive			
Frank Shien	70,800	-	70,800
Non-executive			
Eddie Lee	12,000	-	12,000
John Wardman	12,000	-	12,000
Steam Leung	24,000	-	24,000
Executive Officers			
Consolidated			
Anthony Maroon	80,000	7,200	87,200

Options

During or since the end of the financial year the Company did not grant any options over unissued ordinary shares. No shares have been issued by virtue of the exercise of an option during the year or to the date of this report and there are no unissued ordinary shares for which options are outstanding at the date of this report.

Directors' Interests

The relevant interest of each director in the shares of the companies within the consolidated entity and other related body corporates, as notified by the directors to the Australian Stock Exchange in accordance with section S205G(1) of the Corporations Act 2001, at the date of this report is as follows:-

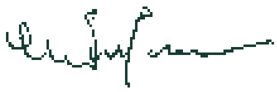
METROLAND AUSTRALIA LIMITED	Ordinary Shares
Mr E Lee	527,500
Mr S Leung	855,000
Mr F Shien	8,353,245
Mr J Wardman	1,200,000
Mr D C Zhang	9,600,000

Indemnification and Insurance of Officers

During the financial year, the Company's insurance on directors' indemnification and liability expired and was not renewed.

Dated at Sydney this 30 day of September 2003.

Signed in accordance with a resolution of the directors.



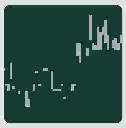
Frank Shien
Director

STATEMENT OF FINANCIAL PERFORMANCE

AS AT 30 JUNE 2003

	Note	Consolidated 2003	Consolidated 2002	The Company 2003	The Company 2002
		$	$	$	$
Revenue from sale of property		42,169,226	7,750,000	42,169,226	-
Rental revenue		785,988	728,449	-	77,489
Other revenues from ordinary activities		207,965	66,823	633,060	3,734,364
Total Revenue	3	43,163,179	8,545,272	42,802,286	3,811,853
Cost of property sold	4(a)	(35,733,099)	(4,077,622)	(35,801,202)	-
Employee expenses		(237,392)	(137,782)	(144,306)	(371,239)
Borrowing costs	4(b)	(1,802,922)	(517,448)	(1,379,246)	(143,076)
Property expenses		(237,501)	(255,946)	-	(49,963)
Directors fees		(118,800)	(139,183)	(118,800)	(139,183)
Legal and professional fees		(240,196)	(89,252)	(72,770)	(28,902)
Other expenses from ordinary activities		(380,064)	(156,019)	(326,145)	(322,387)
Profit from ordinary activities before related income tax expense		4,413,205	3,172,020	4,959,817	2,757,103
Income tax (expense) relating to ordinary activities	5(a)	(1,344,887)	(243,606)	(1,379,397)	(147,054)
Net profit attributable to members of the parent entity		**3,068,318**	**2,928,414**	**3,580,420**	**2,610,049**
Total changes in equity from non-owner related transactions attributable to the members of the parent entity	22	3,068,318	2,928,414	3,580,420	2,610,049
Ordinary Shares:					
Basic earnings per share	6	$0.039	$0.038		
Diluted earnings per share	6	$0.039	$0.038		

The statements of financial performance are to be read in conjunction with the notes to the financial statements set out on page 9 to 29.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2003

	Note	Consolidated 2003	Consolidated 2002	The Company 2003	The Company 2002
		$	$	$	$
CURRENT ASSETS					
Cash	8(b)	4,017,247	5,525,185	3,970,158	5,519,259
Receivables	9	39,284,967	125,204	39,147,665	293,085
Property inventories	10	7,827,950	-	7,925,018	-
Other	11	59,650	77,727	-	6,015
Total Current Assets		**51,189,814**	**5,728,116**	**51,042,841**	**5,818,359**
NON-CURRENT ASSETS					
Receivables	9	256,751	-	4,138,259	1,865,019
Properties held for development	12	9,754,689	14,141,849	-	12,087,194
Other financial assets	13	11,260	-	6,326	101
Property investments	14	-	7,457,882	-	-
Property, plant & equipment	15	59,360	31,366	36,662	31,366
Deferred tax assets	5(d)	405,335	-	370,743	
Total Non-Current Assets		**10,487,395**	**21,631,097**	**4,551,990**	**13,983,680**
TOTAL ASSETS		**61,677,209**	**27,359,213**	**55,594,831**	**19,802,039**
CURRENT LIABILITIES					
Payables	16	9,175,326	2,734,808	9,119,266	244,254
Interest bearing liabilities	17	35,398,874	3,232,261	32,117,178	5,304
Current tax liabilities	5(b)	511,924	128,641	511,924	6,145
Provisions	19	5,885	1,197,994	-	1,197,994
Total Current Liabilities		**45,092,009**	**7,293,704**	**41,748,368**	**1,453,697**
NON-CURRENT LIABILITIES					
Interest bearing liabilities	17	4,547,474	12,338,886	1,573,884	10,898,886
Deferred tax liabilities	5(c)	1,402,925	160,140	1,402,843	160,140
Total Non-Current Liabilities		**5,950,399**	**12,499,026**	**2,976,727**	**11,059,026**
TOTAL LIABILITIES		**51,042,408**	**19,792,730**	**44,725,095**	**12,512,723**
NET ASSETS		**10,634,801**	**7,566,483**	**10,869,736**	**7,289,316**
EQUITY					
Contributed equity	20	8,361,962	8,361,962	8,361,962	8,361,962
Retained profits/(accumulated losses)	21	2,272,839	(795,479)	2,507,774	(1,072,646)
Total Equity	22	**10,634,801**	**7,566,483**	**10,869,736**	**7,289,316**

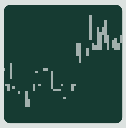
The statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 9 to 29.

STATEMENT OF CASH FLOWS

AS AT 30 JUNE 2003

	Note	Consolidated 2003	Consolidated 2002	The Company 2003	The Company 2002
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		3,830,931	9,259,484	2,992,693	109,233
Cash payments in the course of operations		(24,934,759)	(7,342,992)	(23,597,830)	(6,679,360)
Dividends received		-	-	-	2,500,000
Interest received		272,272	6,720	268,317	5,757
Borrowing costs paid		(1,202,994)	(722,936)	(796,178)	(348,564)
Income taxes (paid)/refunded		(124,154)	47,026	(1,658)	31,585
Net cash provided by/(used in) operating activities	8(a)	**(22,158,704)**	**1,247,302**	**(21,134,656)**	**(4,381,349)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of non-current assets		-	63,826	-	63,826
Purchase of property, plant and equipment		(38,098)	(12,035)	(14,659)	(452)
Acquisition of investments		(928)	-	-	-
Acquisition of property held for development		(2,020,602)	(2,671,311)	-	-
Loan to other entities		(130,000)	-	-	-
Net cash provided by/(used in) investing activities		**(2,189,628)**	**(2,619,520)**	**(14,659)**	**63,374**
CASH FLOWS FROM FINANCING ACTIVITIES					
Loans (to)/from related entities		(218,700)	(18,284)	(1,870,546)	2,695,348
Proceeds from borrowings		24,223,012	10,453,865	22,646,957	9,013,865
Repayment of borrowings		-	(4,016,677)	-	(2,316,677)
Hire purchase repayments		(5,309)	(6,264)	(5,309)	(6,264)
Dividends paid		(1,170,888)	-	(1,170,888)	-
Net cash provided by/(used in) financing activities		**22,828,115**	**6,412,640**	**19,600,214**	**9,368,272**
Net increase/(decrease) in cash held		(1,520,217)	5,040,422	(1,549,101)	5,068,297
Cash at beginning of the financial year		5,518,228	477,806	5,519,259	450,962
Cash at the end of the financial year	8(b)	**3,998,011**	**5,518,228**	**3,970,158**	**5,519,259**

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 9 to 29.

NOTE 1 – Statement of Significant Accounting Policies

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

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. It has been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, fair values of non-current assets. These accounting policies have been consistently applied by each entity in the consolidated entity, except where there is a change in accounting policy, and are consistent with those of the previous year.

(b) Principles of Consolidation

Controlled Entities
The financial statements of controlled entities are included from the date control commences until the date control ceases. Outside interests in the equity and results of entities that are controlled by the Company are shown as a separate item in the consolidated financial statements.

Joint Venture Operation
The consolidated entity's interest in an unincorporated joint venture is brought to account by including its proportionate share of the joint venture's assets, liabilities and expenses and the consolidated entity's revenue from the sale of its output on a line-by-line basis, from the date joint control commences to the date joint control ceases.

Transactions Eliminated on Consolidation
Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation. Unrealised gains and losses resulting from transactions with joint ventures are eliminated to the extent of the consolidated entity's interest.

(c) Taxation

The consolidated entity adopts the income statement liability method of tax-effect accounting whereby the income tax expense shown in the statement of financial performance is based on the operating profit before income tax adjusted for any permanent differences.

The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried in the statement of financial position as either a provision for deferred income tax or an asset described as future income tax benefit.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are only brought to account when their realisation is virtually certain.

(d) Recoverable Amount of Non-Current Assets Valued on Cost Basis

The carrying amounts of non-current assets valued on the cost basis, are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs.

Current valuations for land and building valued on the cost basis are carried out at least once every three years.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

(e) Borrowing Costs

Borrowing costs include interest relating to borrowings and for lease finance charges. Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the asset. Where funds are borrowed specifically for the acquisition or construction of the qualifying asset, the amount of borrowing costs capitalised are those incurred in relation to that borrowing.

(f) Acquisition of Assets

All assets acquired, including property, plant and equipment are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years. Costs that do not meet the criteria for capitalisation are expensed as incurred.

NOTE 1 – Statement of Significant Accounting Policies (cont.)

(g) Investments

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

Associates
In the Company's financial statements, investments in unlisted shares of associates are carried at the lower of costs and recoverable amount.

(h) 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 holding costs such as borrowing costs, rates and taxes until the point of time that the property is ready for sale. Borrowing costs and other holding costs incurred after completion of development are expensed.

(i) 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. Assets are depreciated from the date of acquisition. Depreciation rates are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation is expensed.

The depreciation rate used for each class of asset is as follows:

	2003	2002
Plant and Equipment	17 – 40%	17 – 40%

(j) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 90 days.

(k) Interest bearing Liabilities

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

(l) Cash

For the purpose of the statement of cash flows, cash includes:

(i) cash on hand, and at call deposits with banks or financial institutions, net of bank overdrafts; and,
(ii) investments in money market instruments with less than thirty days to maturity.

(m) Receivables

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

Trade debtors
Trade debtors to be settled within 90 days are carried out at amounts due.

(n) Revenue Recognition

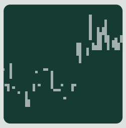
Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

Sale of Property
Revenue from the sale of property is recognised when an unconditional contract of sale is exchanged and a significant non-refundable deposit is received.

Where properties are sold prior to completion of development, income and the corresponding receivable are recognised on an individual project basis using the percentage of completion method. In these circumstances, income is only recognised when:

- The stage of project completion can be reliably measured;
- The cost to date can be clearly identified; and
- Total project revenues and costs to complete can be reliably measured.

Recognition of Emerging Revenues
For reasons of comparability, sales revenue with respect to unconditional sale contracts are disclosed proportionately, based upon the percentage completion of the development, consistent with the recognition of emerging profits. Percentage completion is determined by reference to actual costs incurred as a proportion of total projected development costs.

NOTE 1 – Statement of Significant Accounting Policies (cont.)

Rental Revenue
Rental revenue comprises rent received from entities outside the consolidated entity and is recognised when the rental is receivable.

Interest Income
Interest income is recognised as it accrues.

Dividend
Revenue from dividends from controlled entities is recognised by the parent entity when they are declared by the controlled entities.

(o) Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. 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 are stated with the amount of GST included.

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

(p) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

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

(q) Employee Benefits

Liabilities for employee benefits for annual leave expected to be settled within 12 months of the year-end represent present obligations resulting form employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs.

NOTE 2 – Changes in Accounting Policy

(a) Employee Benefits

The consolidated entity has adopted the revised Accounting Standard AASB 1028 “Employee Benefits” which has resulted in a change in the accounting policy for the measurement of employee benefit liabilities. Previously, the consolidated entity measured the provision for employee benefits based on remuneration rates at the date for recognition of the liability. In the accordance with the requirements of the revised Standard, the provision for employee benefits is now measured based on the remuneration rates expected to be paid when the liability is settled. There was no initial adjustment to the Financial Report at 1 July 2002 as a result of this change as the amounts were not material.

(b) Provision for Dividends

The consolidated entity has adopted the new Accounting Standard AASB 1044 “Provisions, Contingent Liabilities and Contingent Assets” which has resulted in a change in the accounting for dividends provision. In accordance with requirements of the new AASB 1044, a provision for dividends will only be recognised at the reporting date where the dividends have been declared, determined or publicly recommended prior to the reporting date. In accordance with the new Standard, no provision for dividend has been recognised for the year ended 30 June 2003.

NOTE 3 – Revenue from Ordinary Activities

	Consolidated		The Company	
	2003	2002	2003	2002
	$	$	$	$
Revenue from operating activities				
Rental revenue	785,988	728,449	-	77,489
Sale of property revenue	42,169,226	7,750,000	42,169,226	-
Total revenue from operating activities	42,955,214	8,478,449	42,169,226	77,489
Other revenues:-				
From operating activities				
Dividends – related parties	-	-	-	2,500,000
Interest – other parties	177,907	6,761	173,952	5,798
– related parties	26,262	48,244	459,108	1,228,566
Property management fees	3,796	-	-	-
From outside operating activities				
Gross proceeds from sale of non-current assets	-	11,818	-	-
Total Other Revenues	**207,965**	**66,823**	**633,060**	**3,734,364**
Total Revenue from Ordinary Activities	**43,163,179**	**8,545,272**	**42,802,286**	**3,811,853**

NOTE 4 – Profit from Ordinary Activities before Income Tax

		Consolidated		The Company	
		2003	2002	2003	2002
		$	$	$	$
(a)	Individually significant expense/(revenue) included in profit from ordinary activities before income tax				
	Proceeds from sale of property	(42,169,226)	(7,750,000)	(42,169,226)	-
	Cost of property sold	35,733,099	4,077,622	35,801,202	-
	Net gain	(6,436,127)	3,672,378	(6,368,024)	-
	Interest income on loans to related parties	-	-	(459,108)	(1,228,566)
	Dividend income from controlled entity	-	-	-	(2,500,000)
(b)	Profit from ordinary activities before income tax has been arrived at after charging/(crediting) the following items:				
	Borrowing Costs:				
	- Other parties	2,049,770	891,811	1,626,094	517,439
	- Related parties	4,640	20,313	4,640	20,313
	Less: Capitalised borrowing costs	(251,488)	(394,676)	(251,488)	(394,676)
		1,802,922	517,448	1,379,246	143,076
	Borrowing costs were capitalised to property inventories at a weighted average annual rate of 6.4% (2002: 7.9%)				
	Amortisation and depreciation of:				
	Plant and equipment	25,164	23,575	9,364	9,673
	Deferred expenditure	9,423	14,062	-	-
		34,587	37,637	9,364	9,673
	Net bad and doubtful debts expense including movements in provision for doubtful debts	-	20,000	-	371,239
	Net expense from movements in provisions for:				
	- Employee entitlement	13,916	15,701	8,031	15,701
	Minimum operating lease payments	27,100	18,000	27,000	18,000
	Net (profit)/loss on disposal of:				
	- property, plant and equipment	-	(11,818)	-	-

NOTE 5 – Taxation

		Consolidated		The Company	
		2003	2002	2003	2002
		$	$	$	$
(a)	Income Tax Expense				
	Prima facie income tax expense calculated at 30% (2002 – 30%) on the profit from ordinary activities	1,323,962	951,606	1,487,945	827,131
	Increase/(decrease) in income tax expense due to:				
	- Rebateable dividend income	-	-	-	(750,000)
	- Division 43 capital allowance	(17,322)	(17,322)	-	-
	- Other	600	545	600	545
	Tax losses not recognised as future income tax benefit	37,647	-	-	-
	Recovery of tax losses not previously brought to account	-	(691,223)	-	(664,541)
	Tax expense on losses transferred from controlled entities	-	-	(109,148)	733,919
	Income tax expense attributable to operating profit	**1,344,887**	**243,606**	**1,379,397**	**147,054**
(b)	Provision for Current Income Tax				
	Movements during the year:				
	Balance at beginning of the year	128,641	(37,709)	6,145	(22,267)
	Current year's income tax expense on operating profit	507,437	119,324	507,437	-
	Income tax (paid)/refunded – operating activities	(124,154)	47,026	(1,658)	28,412
		511,924	**128,641**	**511,924**	**6,145**
(c)	Provision for Deferred Income Tax				
	Provision for deferred income tax comprises the estimated expense at the applicable rate of 30% (2002:30%) on the following items:				
	Expenditure currently deductible for tax but deferred for accounting purposes	33,484	166,714	33,402	166,714
	Income currently not assessable for tax but recognised for accounting purposes.	1,369,441	-	1,369,441	-
	Future income tax benefit on provisions and accrued employee entitlements not currently deductible offset against deferred income tax	-	(6,574)	-	(6,574)
		1,402,925	**160,140**	**1,402,843**	**160,140**
(d)	Future income tax benefit				
	Future income tax benefit comprises the estimated future benefit at the applicable rate of 30% (2002:30%)on the following items:				
	Income currently assessable for tax but deferred for accounting purposes	360,600	-	360,600	-
	Expenditure deducted for accounting, but deferred for taxation purposes	44,735	-	10,143	-
		405,335	**-**	**370,743**	**-**

NOTE 6 – Earnings per Share

	Consolidated		The Company	
	2003	2002	2003	2002
	$	$	$	$
Classification of securities as potential ordinary shares				

The following securities were classified as potential ordinary shares and included in diluted earnings per shares in the comparative period. They were not considered dilutive at reporting date as the market price of shares were less than the exercise price for conversion, and the convertible loan was fully repaid subsequent to reporting date.

(a) redeemable convertible notes

	Consolidated 2003	Consolidated 2002	The Company 2003	The Company 2002
Earnings reconciliation				
Basic earnings			3,068,318	2,928,414
After-tax effect of interest on convertible notes			-	56,000
Diluted earnings			3,068,318	2,984,414
Weighted average number of shares used as the denominator				
Number for basic earnings per share:				
Ordinary Shares			78,738,449	77,738,449
Number for diluted earnings per share:				
Ordinary shares			78,738,449	79,381,950

NOTE 7 – Auditors Remuneration

	Consolidated		The Company	
	2003	2002	2003	2002
	$	$	$	$
Auditors of the company:				
Audit services	29,989	29,255	29,989	29,255
Other services (including share registry and taxation)	24,894	9,465	24,894	9,645
	54,883	**38,720**	**54,883**	**38,702**

NOTE 8 – Notes to the Statement of Cash Flow

	Consolidated		The Company	
	2003	2002	2003	2002
	$	$	$	$
Operating profit/(loss) after income tax	3,068,318	2,928,414	3,580,420	2,610,049
Add (less) items classified as investing/financing activities:				
Interest paid capitalised	242,278	108,256	176,358	(36,955)
Non-cash items				
Interest income capitalised	-	-	(298,823)	(1,083,358)
Depreciation	25,164	23,575	9,364	9,673
Provision for employee entitlements	(11,028)	7,840	(16,914)	7,840
Bad debt written off	-	-	-	351,204
Provision for doubtful debts	-	20,000	-	20,000
Changes in assets and liabilities:				
(Increase)/decrease in property held for development	4,155,920	(2,820,419)	4,155,920	(6,453,583)
(Increase)/decrease in receivables	(39,115,733)	6,028	(39,147,666)	14,122
Increase/(decrease) in payables	8,246,980	731,878	9,022,931	(28,728)
Increase/(decrease) in tax balances	1,220,743	242,387	1,377,739	178,639
(Increase)/decrease in prepayments	8,654	(657)	6,015	29,712
Net cash provided by / (used in) operating activities	**(22,158,704)**	**1,247,302**	**(21,134,656)**	**(4,381,349)**
(b) Reconciliation of Cash				
Cash	634,438	291,177	587,349	285,251
Short term deposits	3,382,809	5,234,008	3,382,809	5,234,008
Bank overdraft	(19,236)	(6,957)	-	-
	3,998,011	**5,518,228**	**3,970,158**	**5,519,259**

NOTE 9 – Receivables

	Consolidated		The Company	
	2003	2002	2003	2002
	$	$	$	$
Current				
Trade debtors	39,147,781	-	39,147,665	-
Other receivables from related entity	-	85,971	-	214,016
Loans to other entities	130,000	-	-	-
Rent receivable	7,186	39,233	-	-
GST receivable	-	-	-	79,069
	39,284,967	125,204	39,147,665	293,085
Non-Current				
Loans to related entities	256,751	-	256,751	-
Loans to controlled entities	-	-	3,881,508	1,865,019
	256,751	-	4,138,259	1,865,019

The weighted average effective interest rate on loans to controlled and related entities is 9% and is repayable at call. The loans are not repayable within the next twelve months.

NOTE 10 – Property Inventories

	Consolidated		The Company	
	2003	2002	2003	2002
	$	$	$	$
Current				
Development properties, at lower of cost and net realisable value	7,827,950	-	7,925,018	-
Development properties held for sale comprises:				
Cost of acquisition	790,827	-	790,827	-
Development costs capitalised	6,745,073	-	6,745,073	-
Borrowing costs capitalised	292,050	-	389,118	-
	7,827,950	-	7,925,018	-

NOTE 11 – Other Current Assets

	Consolidated		The Company	
	2003	2002	2003	2002
	$	$	$	$
Prepayments	59,650	68,303	-	6,015
Deferred expenditure	-	9,424	-	-
	59,650	77,727	-	6,015

NOTE 12 – Properties held for Development

	Consolidated		The Company	
	2003	2002	2003	2002
	$	$	$	$
Non-Current				
Cost of acquisition	9,362,607	6,558,524	-	4,503,869
Development costs capitalised	392,082	7,148,312	-	7,148,312
Interest capitalised	-	435,013	-	435,013
	9,754,689	14,141,849	-	12,087,194

Borrowing costs were capitalised at a weighted average rate of Nil% (2002:7.88 %)

Properties held for development and resale comprise:-

- A shopping complex known as Bay Plaza, located at 199-207 Military Road, Neutral Bay, and an adjoining property at 4 Rangers Road, Cremorne. Development plans have been lodged with Council for this joint property complex, although development is not expected to commence until after 2005. An independent valuation of the Bay Plaza in June 20003 was carried out by CB Richard Ellis Pty Ltd on a "highest-and-best-use" basis assuming vacant possession at $9million. The book value of the property at 30 June 2003 is $5,238,920.
- A commercial property at 265 Victoria Road, Gladesville.

The consolidated entity's 72.17% interest in the development property of an unincorporated joint venture at 221-229 Sydney Park Road, Alexandria which was included in the comparatives, was completed subsequent to reporting date and has been transferred to current Property Inventories.

NOTE 13 – Other Financial Assets

	Consolidated		The Company	
	2003	2002	2003	2002
	$	$	$	$
Non-Current				
Investments in controlled entities				
Unlisted shares at cost	-	-	156	101
Corporate formation costs	5,090	-	-	-
Investment in Joint Venture Operation	6,170	-	6,170	-
Investments in Associates				
Unlisted shares at cost	101,106	-	101,106	101,106
Provision for diminution	(101,106)	-	(101,106)	(101,106)
	-	-	-	-
	11,260	**-**	**6,326**	**101**

NOTE 14 – Property Investments

	Consolidated		The Company	
	2003	2002	2003	2002
	$	$	$	$
Land and building at cost	-	7,271,430	-	-
Plant and equipment at cost	-	232,228	-	-
Less: Accumulated depreciation	-	(45,776)	-	-
	-	**7,457,882**	**-**	**-**

At 30 June 2002, included in Property Investments were the shopping complex known as Bay Plaza, located at 199-207 Military Road, Neutral Bay and a commercial property at 265 Victoria Road, Gladesville. There were transferred to Properties held for Development at 30 June 2003, as during the year development plans have been lodged with Council, although development is not expected to commence until after 2005.

Reconciliations

Reconciliations of the carrying amounts for each class of non-current property investments is set out below:

Balance at beginning of year	7,457,882	5,090,589	-	-
Acquisition of property	-	2,255,565	-	-
Additions	180,802	124,630	-	-
Depreciation	(15,060)	(13,902)	-	-
Transfer to Properties Held for Development	(7,623,624)	-	-	-
	-	**7,457,882**	**-**	**-**

NOTE 15 – Property, Plant & Equipment

	Consolidated		The Company	
	2003	**2002**	**2003**	**2002**
	$	**$**	**$**	**$**
Plant and equipment – At cost	86,368	48,270	62,930	48,270
Accumulated depreciation	(27,008)	(16,904)	(26,268)	(16,904)
	59,360	**31,366**	**36,662**	**31,366**

Reconciliations
Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:-

Plant and equipment				
Carrying amount at beginning of year	31,366	40,588	31,366	40,558
Additions	38,098	452	14,660	452
Depreciation	(10,104)	(9,674)	(9,364)	(9,674)
Carrying amount at end of year	**59,360**	**31,366**	**36,662**	**31,366**

NOTE 16 – Payables

	Consolidated		The Company	
	2003	**2002**	**2003**	**2002**
	$	**$**	**$**	**$**
Current				
Trade creditors	7,109,324	69,443	7,106,415	32,509
Sundry creditors	2,021,028	126,102	1,975,115	103,840
GST payable	44,974	669,115	37,736	-
Property creditors	-	1,870,148	-	-
Owing to related entity	-	-	-	107,905
	9,175,326	2,734,808	9,119,266	244,254

NOTE 17 – Interest-bearing Liabilities

	Note	Consolidated 2003	Consolidated 2002	The Company 2003	The Company 2002
		$	$	$	$
Current					
Construction debt facility –secured	17(d)	29,242,078	-	29,242,078	-
Redeemable convertible notes–unsecured	17(a)	1,000,000	-	1,000,000	-
Loans from other entities–unsecured	17(b)	1,869,791	-	1,869,791	-
Bank loans–secured	17(c)	3,262,460	3,220,000	-	-
Hire purchase liabilities–secured		5,309	5,304	5,309	5,304
Bank overdraft		19,236	6,957	-	-
		35,398,874	**3,232,261**	**32,117,178**	**5,304**
Non-current					
Construction debt facility–secured	17(d)	-	8,095,190	-	8,095,190
Bank loans–secured	17(c)	2,973,590	1,440,000	-	-
Loan from other entities–unsecured	17(b)	1,565,920	1,790,417	1,565,920	1,790,417
Redeemable convertible notes–unsecured	17(a)	-	1,000,000	-	1,000,000
Hire purchase liabilities–secured		7,964	13,279	7,964	13,279
		4,547,474	**12,338,886**	**1,573,884**	**10,898,886**

(a) The convertible notes bear interest at 8% per annum and is paid quarterly in arrears. The convertible notes were fully redeemed subsequent to reporting date.

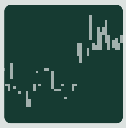
(b) Loans from other entities are unsecured. The loan amounts in current liabilities are due for repayment in December 2003. The non-current loans are due for repayment in January 2006. The weighed average interest rate on these loans at 30 June 2003 is 10.97% (2001: 12.17%)

(c) The bank loans are secured by registered first mortgages over properties of the controlled entities. The current portion of the bank loans of $3,220,000 was repaid in August 2003. The non-current portion of the bank loans of $1,440,000 is payable by 30 April 2012, and the balance of $1,533,590 is repayable monthly over 20 years. The weighted average interest rate is 7.14% at 30 June 2003 (2002:7.0%).

(d) The construction debt facility to finance the development at Sydney Park Road has been fully repaid by September 2003. The weighted average interest rate at 30 June 2003 is 6% (2002:7%)

The carrying amount of the pledged properties at reporting date are as follows:

	Consolidated 2003	Consolidated 2002	The Company 2003	The Company 2002
Properties held for development	9,754,689	7,475,882	-	-
Property inventories	7,827,950	14,141,849	7,925,018	12,081,024
Property receivable	39,006,356	-	-	-
	56,588,995	**21,617,731**	**7,925,018**	**12,081,024**

NOTE 18 – Financing Arrangements

	Consolidated		The Company	
	2003	2002	2003	2002
	$	$	$	$
The consolidated entity has access to the following lines of credit:				
Total facilities available:				
Construction debt facility	29,242,078	28,146,540	29,242,078	28,146,540
Bank loans	12,760,000	4,660,000	6,500,000	-
	42,002,078	**32,806,540**	**35,742,078**	**28,146,540**
Facilities utilised at bank date:				
Construction debt facility	29,242,078	8,095,190	29,242,078	8,095,190
Bank loans	6,236,050	4,660,000	-	-
	35,478,128	**12,755,190**	**29,242,078**	**8,095,190**
Facilities not utilised at balance date:				
Construction debt facility	-	20,051,350	-	20,051,350
Bank loans	6,523,950	-	6,500,000	-
	6,523,950	**20,051,350**	**6,500,000**	**20,051,350**

NOTE 19 – Provisions

	Consolidated		The Company	
	2003	2002	2003	2002
	$	$	$	$
Current				
Employee entitlements	5,885	16,914	-	16,914
Dividends	-	1,181,080	-	1,181,080
	5,885	**1,197,994**	**-**	**1,197,994**
Number of employees at year end	**3**	**2**	**2**	**2**

NOTE 20 – Contributed Equity

	Consolidated		The Company	
	2003	2002	2003	2002
Issued and paid-up share capital 78,738,449 (2002:78,738,449) ordinary shares fully paid	**8,361,962**	**8,361,962**	**8,361,962**	**8,361,962**

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

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

NOTE 21 – Retained Profits

	Consolidated		The Company	
	2003	2002	2003	2002
	$	$	$	$
Accumulated losses at beginning of the year	(795,479)	(2,542,813)	(1,072,646)	(2,501,615)
Net profit attributable to members of the parent entity	3,068,318	2,928,414	3,580,420	2,610,049
Dividends paid	-	(1,181,080)	-	(1,181,080)
Retained profits at the end of the year	**2,272,839**	**(795,479)**	**2,507,774**	**(1,072,646)**

NOTE 22 – Total Equity Reconciliation

		Consolidated		The Company	
	Note	2003	2002	2003	2002
		$	$	$	$
Total equity at beginning of the year		7,566,483	5,819,149	7,289,316	5,860,347
Total changes in parent entity interest in equity recognised in statement of financial position		3,068,318	2,928,414	3,580,420	2,610,049
Transactions with owners as owners:					
Dividends paid	23	-	(1,181,080)	-	(1,180,080)
Total equity at end of the year		**10,634,801**	**7,566,483**	**10,869,736**	**7,289,316**

NOTE 23 – Dividends

In accordance with AASB 1044 “Provisions, Contingent Liabilities and Contingent Assets” the final dividend for 2003 has not been recognised at reporting date as the dividend had not been declared, determined or publicly recommended prior to reporting date. Since the end of the financial year, the directors declared the following dividends:

	Cents per share	Total amount in $	Date of payment	Tax rate for franking credit	Percentage franked
2003					
Final – Ordinary	2.0	1,574,769	19 September 2003	30%	100%

The 2002 partially franked final dividend of 1.5 cents per share of $1,181,080 which was declared and recognised at 30 June 2002 was paid on 6 September 2002.

NOTE 24 – Interest in Joint Venture Operation

The company holds a 72.17% (2002: 72.17%) interest in a joint venture, named Sydney Park Management Venture, whose principal activity is the development of the property at 221-229 Sydney Park Road, Alexandria which was substantially completed at reporting date. For the year ended 30 June 2003 the contribution of the joint venture to the operating result before tax of the Company and consolidated entity was a profit of $5,181,869 (2002: $23,099 loss).

Included in the assets and liabilities of the Company and the consolidated entity are the following items which represent the Company's and consolidated entity's interests in the assets and liabilities employed in the joint venture, recorded in accordance with the accounting policies described in Note 1(b).

	Consolidated		The Company	
	2003	2002	2003	2002
	$	$	$	$
Current Assets				
Cash	496,396	4,234	496,396	4,234
Property inventories	7,827,950	-	7,925,018	-
Receivables	39,147,781	203,174	39,147,665	203,174
Total Current Assets	47,472,127	207,408	47,569,079	207,408
Non-Current Assets				
Property held for development	-	12,081,024	-	12,081,024
Total Non-Current Assets	-	12,081,024	-	12,081,024
Total Assets	**47,472,127**	**12,288,432**	**47,569,079**	**12,288,432**
Current Liabilities				
Trade and other creditors	9,043,015	90,270	9,043,015	90,270
Interest bearing liabilities	30,861,869	-	30,861,869	-
	39,904,884	90,270	39,904,884	90,270
Non-Current Liabilities				
Interest bearing liabilities	-	9,635,606	-	9,635,606
Total Liabilities	**39,904,884**	**9,725,876**	**39,904,884**	**9,725,876**

NOTE 25 – Controlled Entities

(a) Particulars in relation to controlled entities

	ORDINARY SHARE CONSOLIDATED ENTITY INTEREST	
NAME	**2003**	**2002**
Parent entity	**%**	**%**
Metroland Australia Limited		
Controlled entities		
Metroland Properties Pty Limited	100	100
Kings Properties (Australia) Pty Limited	100	100
Crossingham Pty Limited	100	100
Pacific Metronet Limited	51	51
Metroland Homes Pty Limited	100	100
Metroland Investments Pty Limited (formerly Pacific Metrocom Pty Limited)	100	100
Stratawide Management Pty Limited	55	-

All controlled entities are incorporated and carry on business in Australia.

NOTE 25 – Controlled Entities (cont.)

(b) Acquisition of controlled Entities

During the financial year the consolidated entity acquired 55% of a newly incorporated company, Stratawide Management Pty Limited on 3 October 2002. Details of the acquisition are:

	Consolidated 2003 $	The Company 2003 $
Consideration	55	55
Fair value of net assets acquired		
Cash	55	55

Those were no acquisitions of controlled entities in the previous financial year.
No controlled entities were disposed of in the current or previous year.

NOTE 26 – Contingent Liabilities

	Consolidated		The Company	
	2003	2002	2003	2002
	$	$	$	$
Joint and several liability				
The company as a 72.17% venturer in the Sydney Park Joint Venture operation is jointly and severally liable for 100% of all liabilities incurred by the joint venture; and has also guaranteed the construction debt facility of the joint venture. The assets of the joint venture operation are sufficient to meet such liabilities. The joint venture liabilities not already reflected in the statement of financial position are	**15,404,863**	**3,750,349**	**15,404,863**	**3,750,349**

NOTE 27 – Segment Reporting

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business Segments
The consolidated entity comprises the following main business segments:

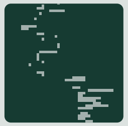
Property sales and development:	Development and sale of property.
Property rentals and management:	Rental from commercial property and management of residential properties.
Other	Investment and financial activities.

NOTE 27 – Segment Reporting (cont.)

Primary Reporting **<u>Business Segments</u>**	**Property Sales & Development**		**Property Rental & Management**		**Investment & Financial Services**		**Consolidated**	
	2003 **$**	**2002** **$**	**2003** **$**	**2002** **$**	**2003** **$**	**2002** **$**	**2003** **$**	**2002** **$**
External segment revenue	42,169,226	7,761,818	789,784	728,449	204,169	55,005	43,163,179	8,545,272
Segment result	5,155,832	3,684,196	(45,039)	(48,240)	(205,016)	6,102	4,905,777	3,642,058
Unallocated corporate expenses							(492,572)	(470,038)
Profit from ordinary activities before income tax							4,413,205	3,172,020
Income tax expense							(1,344,887)	(243,606)
Net profit							**3,068,318**	**2,928,414**
Depreciation	-	-	15,800	13,902	9,364	9,673	25,164	23,575
Individually significant items:								
Proceeds on sale of property	(42,169,226)	(7,750,000)	-	-	-	-	(42,169,226)	(7,750,000)
Costs of property sold	35,733,099	4,077,622	-	-	-	-	35,733,099	4,077,622
	6,436,127	(3,672,378)	-	-	-	-	6,436,127	(3,672,378)
Segment assets	53,585,300	19,868,785	7,528,332	7,448,730	427,478	10,332	61,541,110	27,327,847
Unallocated corporate assets							136,099	31,366
Consolidated total assets							61,677,209	27,359,213
Liabilities								
Segment liabilities	43,287,773	13,906,033	4,850,799	4,737,420	2,829,289	-	50,967,861	18,643,453
Unallocated corporate liabilities							74,547	1,149,277
Consolidated total liabilities							51,042,408	19,792,730
Acquisition of non-current assets	-	2,250,741	23,438	2,225,565	14,659	-	38,097	4,476,306

Secondary Reporting
<u>Geographical Segments</u>

The company operates in the Sydney Region of New South Wales, Australia.

NOTE 28 – Directors' Remuneration

	Consolidated		The Company	
	2003	2002	2003	2002
	$	$	$	$
Directors' Income				
The number of directors of the Company whose income from the Company or any related party falls within the following bands:				
$0 - $9,999			1	3
$10,000 - $19,999			2	-
$20,000 - $29,999			1	3
$70,000 - $79,999			1	1
Total income paid or payable, or otherwise made available to all directors of the Company and controlled entities from the Company or any related party	**206,000**	**148,358**	**118,800**	**148,358**

NOTE 29 – Related Parties

(a) **Directors**

The names of each person holding the position of director of Metroland Australia Limited during the financial year are Messrs E Lee, F Shien, J Wardman, S Leung, and D C Zhang.

Details of directors' remuneration are set out in Note 28.

Apart from the details disclosed in this note, no directors has entered into a material contract with the company or the consolidated entity since the end of the previous year and there were no material contracts involving directors' interests subsisting at year end.

Directors' Holdings of Shares

The interests of directors of the Company and their director-related entities in shares of the Company at year end are set out below:

	2003 Number Held	2002 Number Held
Metroland Australia Limited - Ordinary Shares	17,447,500	23,635,745

During the year, directors and their director related entities disposed of 200,000 shares, and acquired 100,000 shares in the Company on the open market.

There are no unissued ordinary shares for which options are outstanding at the end of the year.

(b) **Directors' Transactions with the Company or its Controlled Entities**

(i) Premier Realty Pty Limited and Tanesia Holdings Pty Limited are entities associated with Frank Shien and provided serviced office premises to Metroland Australia Limited and property management services for properties owed by the consolidated entity. During the year ended 30 June 2003, rental and management fees totalling $51,100 (2002:$31,000) were paid.

(ii) The company has entered into a joint venture arrangement with Contases Pty Limited, a company controlled by Frank Shien, to develop the property situated at 221-229 Sydney Park Road, Alexandria. The company's investment of $1,816,624 provides a 72.17% interest in the unincorporated joint venture (Refer also note 24). At year end, the amount receivable from Contases Pty Limited was $256,706. The loan carries interest at 9% and is unsecured. During the year interest of $26,261 (2002:$20,908) was charged on the loan.

(c) Non-Director Related Parties

Wholly-owned controlled entities
Details of interests in wholly-owned controlled entities are set out at Note 25.
Details of dealings with these entities are set out below:

Loans
Loans between entities in the wholly-owned group is charged interest at 9% on the balance outstanding and is not repayable within the next twelve months.

Balances with entities within the wholly-owned group
The aggregate amount receivable from wholly-owned controlled entities by the company at reporting date:

	The Company	
	2003	**2002**
Receivables	**$**	**$**
Non-current		
Wholly owned controlled entities	3,731,427	1,865,019
Partly owned controlled entities	150,081	-
	3,881,508	**1,865,019**

The aggregate amounts included in the profit from ordinary activities before income tax expense that resulted from transactions with non-director related parties are:

Interest revenue		
Wholly – owned controlled entities	358,195	883,350
Partly – owned controlled entities	6,548	345,216
Dividend revenue		
Wholly-owned controlled entities	-	2,500,000

Percentage of equity interest
Details of equity interests held in classes of related parties are set out in Note 25.

NOTE 30 – Financial Instrument Disclosure

(a) **Interest Rate Risk**
The consolidated entity's exposure to interest rate risk and the effective weighted average interest rates for classes of financial assets and financial liabilities is set out below:

		Fixed Interest Rate Maturing				
2003	Floating Interest Rate $	1 Year or Less $	1 to 5 Years $	Non-Interest Bearing $	Total $	Weighted Average Interest Rate %
(i) **Financial Assets**						
Cash assets	4,017,247	-	-	-	4,017,247	3.82
Receivables – Other	-	-	-	39,284,967	39,284,967	-
Related entity	-	-	256,751	-	256,751	9.0
Total Financial Assets	**4,017,247**	**-**	**256,751**	**39,284,967**	**43,558,965**	

NOTE 30 – Financial Instrument Disclosure (cont.)

	2003	Floating Interest Rate $	Fixed Interest Rate Maturing 1 Year or Less $	1 to 5 Years $	Non-Interest Bearing $	Total $	Weighted Average Interest Rate %
(ii)	**Financial Liabilities**						
	Payables	-	-	-	9,175,326	9,175,326	-
	Bank loans	3,016,050	3,220,000	-	-	6,236,050	7.14
	Construction debt facility	29,242,078	-	-	-	29,242,078	6.0
	Loans from other entities	-	1,869,791	1,565,920	-	3,435,711	10.97
	Redeemable convertible note	-	1,000,000	-	-	1,000,000	8.0
	Hire purchase liabilities	-	5,309	7,964	-	13,273	7.0
	Total Financial Liabilities	**32,258,128**	**6,095,100**	**1,573,884**	**9,175,326**	**49,102,438**	

	2002	Floating Interest Rate $	Fixed Interest Rate Maturing 1 Year or Less $	1 to 5 Years $	Non-Interest Bearing $	Total $	Weighted Average Interest Rate %
(i)	**Financial Assets**						
	Cash assets	5,525,185	-	-	-	5,525,185	4.6
	Receivables – Other	-	-	-	39,233	39,233	-
	Receivables – related entity	-	85,971	-	-	85,971	9.0
	Investments	-	-	-	7,457,882	7,457,882	-
	Total Financial Assets	**5,525,185**	**85,971**	**-**	**7,497,115**	**13,108,271**	

	2002	Floating Interest Rate $	Fixed Interest Rate Maturing 1 Year or Less $	1 to 5 Years $	Non-Interest Bearing $	Total $	Weighted Average Interest Rate %
(ii)	**Financial Liabilities**						
	Payables	-	-	-	2,734,808	2,734,808	-
	Bank loans	-	3,220,000	1,440,000	-	4,660,000	7.48
	Bank overdraft	6,957	-	-	-	6,957	10.97
	Loans from other entities	-	-	1,790,417	-	1,790,417	11.0
	Construction debt facility	8,095,190	-	-	-	8,095,190	7.0
	Redeemable convertible note	-	-	1,000,000	-	1,000,000	8
	Hire purchase liabilities	-	5,304	13,279	-	18,583	7.0
	Dividends payable	-	-	-	1,181,080	1,181,080	-
	Total Financial Liabilities	**8,102,147**	**3,225,304**	**4,243,696**	**3,915,888**	**19,487,035**	

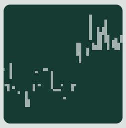
(b) **Credit Risk Exposure**

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

Recognised financial instruments.

The credit risk on financial assets excluding investments of the consolidated entity, which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

The consolidated entity minimise concentrations of credit risk by undertaking transactions with a large number of customers and counterparties. Concentration of credit risk on trade debtors are: Property sales and development segment – 100%

(c) **Net Fair Values of Financial Assets and Liabilities**
Valuation approach

Net fair values of financial assets and liabilities are determined by the consolidated entity on the following basis:

Recognised financial instruments.

Monetary financial assets are liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers or due to suppliers. The carrying amounts of bank term deposits, trade debtors, other debtors, bank overdrafts, accounts payable, bank loans and employee benefits approximate net fair value.

The valuation of financial instruments reflects the estimated amounts which the consolidated entity expects to pay or receive to terminate the contracts, or replace the contracts at their current market rates as at reporting date. This is based on independent market quotations and determined using standard valuation techniques.

(d) **Net Fair Values**
Recognised Financial Instruments

The carrying amounts and net fair values of financial assets and liabilities as at the reporting date are as follows:

		2003		**2002**
	Carrying Amount	**Net Fair Value**	**Carrying Amount**	**Net Fair Value**
Financial Assets	**$**	**$**	**$**	**$**
Cash assets	4,017,247	4,017,247	5,525,185	5,525,185
Receivables	39,541,718	39,541,718	125,204	125,204
Properties held for development	9,754,689	13,515,769	12,004,155	12,004,155
Property investments	-	-	9,595,576	13,056,565
Financial liabilities				
Payables	9,175,326	9,175,326	2,734,808	2,734,808
Bank overdraft and loans	38,946,348	38,946,348	14,571,147	14,571,147
Redeemable convertible notes	1,000,000	809,524	1,000,000	880,952
Employee benefits	5,885	5,885	16,914	16,914
Dividends payable	-	-	1,181,080	1,181,080

(i) On 6 August 2003, a controlled entity entered into a convertible loan agreement with The Lifestyle Investment Company Pty Limited, and advanced $6.5million for the development of "The Ridge Resort" at Wisemans Ferry Road, Cattai in New South Wales. The loan is secured by a registered mortgage over the development land at Cattai, and a fixed and floating charge over the assets of The Lifestyle Investment Company Pty Limited. The loan bears interest at 7% per annum.
The Ridge Resort development will comprise a golf course, hotel/resort complex with conference and resort facilities and approximately 200 community golf homesteads. Metroland has a period of 10 months in which to exercise their option of converting a part or the whole of the loan into equity. On the exercise of the option to convert the advance to equity, Metroland will have the right to participate in the management of Lifestyle, to be involved in the project management of the Ridge Resort development and to share proportionately in the net proceeds of the sale of the golf homesteads and the resort upon completion. Metroland has also entered into a put and call option deed with Jacink Pty Limited, whereby Metroland has the option to put its interest in the development upon completion to Jacink Pty Limited, with the intention that this will enable Metroland to exit the development completely with all the funds that it has invested, together with its proportionate entitlements to the net assets of Lifestyle.

(ii) The construction of Metroland's joint venture Zenix project development at Sydney Park, Erskineville was completed at the end of August 2003. Only 9 units remained unsold at balance date. With the significant settlements of units being received the project's development finance with Credit Agricole Indosuez Australia Limited was repaid in September 2003. The Company's convertible note loan of $1million has also been repaid subsequent to balance date.

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

DIRECTORS' DECLARATION & INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF METROLAND AUSTRALIA LIMITED

Directors' Declaration

In the opinion of the directors of Metroland Australia Limited ("the Company"):

1. the financial statements and notes as set out on pages 6 to 29 are in accordance with the Corporations Act 2001, including:

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

(b) complying with Accounting Standards in Australia 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.

Signed in accordance with a resolution of the directors:

Frank Shien
Director
Dated at Sydney this 30th day of September 2003

Independent Audit Report

SCOPE

The financial report and directors' responsibility
The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Metroland Australia Limited and the consolidated entity, for the year ended 30 June 2003. The consolidated entity comprises both the Company and the entities it controlled during the year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach
We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.
We formed our audit opinion on the basis of these procedures, which included:
- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

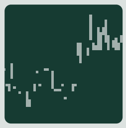
Independence
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion
In our opinion, the financial report of Metroland Australia Limited is in accordance with:
(a) the Corporations Act 2001, including:
  (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2003, and of their performance for the year ended on that date; and
  (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
(b) other mandatory professional reporting requirements in Australia.

GOULD RALPH & COMPANY
Chartered Accountants

Greg Ralph M.Com. F.C.A.
Partner

Dated at Sydney this 30th day of September 2003
Liability is limited by the Accountants Scheme pursuant to the NSW Professional Standards Act 1994

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report.

1. Shareholding

(a) Distribution of shareholders (as at 12 September 2003)

Category	Number of Shareholders
	Ordinary
1 – 1,000	9
1,001 – 5,000	164
5,001 – 10,000	97
10,001 – 100,000	231
100,001 – over	101
	602

(b) The number of shareholdings less than a marketable parcel at 12 September 2003 was 14.

(c) The number of shares held by the substantial shareholders at 12 September 2003 were:-

Shareholder	Number of Ordinary Shares
Da Cheng Zhang	9,600,000
Tanesia Holdings Pty Limited	4,500,000

(d) Voting Rights

On a show of hands

- every member present in person or by proxy or attorney or being a corporation by its authorised representative shall have one vote.

On a poll

- every member who is present in person or by proxy or attorney or being a corporation by its authorised representative shall have one vote for every share held.

(e) Twenty largest shareholders as at 12 September 2003.

	Shareholders	No. of Ordinary Fully Paid Shares Held	% Held of Total Issued
1.	Da Cheng Zhang	9,600,000	12.19
2.	Tanesia Holdings Pty Ltd	4,500,000	5.72
3.	Formbell Pty Limited	3,699,711	4.70
4.	LJL Capital Pty Limited	3,081,833	3.91
5.	Gainfield Consultants Limited	2,250,000	2.86
6.	NX Holdings Pty Limited	2,124,495	2.70
7.	G H Kluge & Sons Limited	1,375,000	1.75
8.	Pauline C Y Chen	1,325,000	1.68
9.	Dawes Investment Group Limited	1,300,000	1.65
10.	Dr Frederick Chen	1,260,000	1.60
11.	Wincute International Development Ltd	1,175,000	1.49
12.	Comm-Asia Limited	1,170,000	1.49
13.	Moey Soi Quek	1,150,500	1.46
14.	Janie Teo	1,110,000	1.41
15.	Seow Hwee Tan	1,064,000	1.35
16.	Bee Eng Hoon	1,035,500	1.32
17.	MLD Holdings Pty Limited (Superannuation Fund)	1,028,750	1.31
18.	Mr Hsue Ying Chen	900,000	1.14
19.	John Wardman & Associates Pty Ltd (The Wardman Super Fund A/C)	900,000	1.14
20.	Chepston Properties Limited	860,000	1.09
		40,909,789	**51.96**

(f) Stock Exchange

The company is listed on the Australian Stock Exchange.

The Home Exchange is Brisbane.

(g) On-market Buy-Back

There is no current on-market buy-back.

Board of Directors

Role of the Board
The board is responsible for the overall corporate governance of the Company including its strategic direction, the establishment of objectives for management and monitoring the achievement of those objectives, and management of its business risk. The CEO is responsible for the maintenance of adequate internal controls and appropriate ethical standards.

The corporate governance of the Company is maintained by all directors of the Company and monitored by non-executive directors, comprising of highly experienced directors in the public company area who maintain high ethical standards.

The board is responsible for determining and reviewing compensation arrangements for the directors themselves, and the remuneration of each director is governed by contract wherein each director provides a specific service for a fee and the reimbursement of expenses as disclosed in the Directors' Report and Note 28 to the financial statements for the year ended 30 June 2002.

The managing director is responsible for direct liaison with the external auditors including discussion of the audit plan, any control problems that warrant attention, the impact of any changes in accounting standards, any other matters materially affecting or likely to affect the entity's business, and proposed fees for audit work to be performed.

The board reviews with the CEO comments by the external auditors after any audit or review, and the proforma half-year and preliminary final financial statements prior to lodgement with the Australian Securities & Investments Commission and the Australian Stock Exchange.

The Board's responsibilities include the overseeing and monitoring of the Company's internal controls, accounting systems, the Public Company reporting process including statutory financial reporting, reviewing the Company's activities in relation to the day to day management and liaising with the Company's auditors.

The entity is of a size and scope that matters of significant business risk can and are dealt with by the board directly.

Composition of the Board

Non-executive directors comprise the predominance of the Board members and monitor the Company's activities at frequent Board Meetings and has the experience and breadth to input criteria into business decisions of the Company; including business risks, appropriate decision making mechanisms, assessing investment and strategy decisions of the Company and to maintain relations with the Company's shareholders, including compliance with legal and statutory matters.
Board members are recruited to provide additional expertise in specific areas, both nationally and internationally, or where an outstanding candidate is available.

The terms and conditions of the appointment and retirement of non-executive directors are in the first instance set out in the entity's articles and secondly in a letter of appointment wherein the board's expectations, procedures for dealing with conflicts of interest, and the availability of independent advice at the entity's expense are communicated.

Conflict of Interest

Directors must keep the Board advised, on an ongoing basis of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Independent Professional Advice and access to Company Information

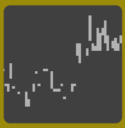
Each director has the right of access to all relevant company information and to the company's executives and, subject to prior consultations with the Chairman, may seek independent professional advice at the consolidated entity's expense. A copy of advice received by the directors is made available to all other members of the Board.

The Company's external solicitors frequently assist the board on matters of Australian Securities & Investments Commission and Australian Stock Exchange compliance.

The Role of Shareholders

Shareholders can ultimately determine the appointment or removal of directors, and it is a fundamental of the entity's corporate governance polices that shareholders be fully and regularly informed of the entity's progress and the related performance of its directors. This is achieved by the issue with comment of financial results twice annually, and specific communication and/or requests for approval when any major development is under review.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as single resolutions.



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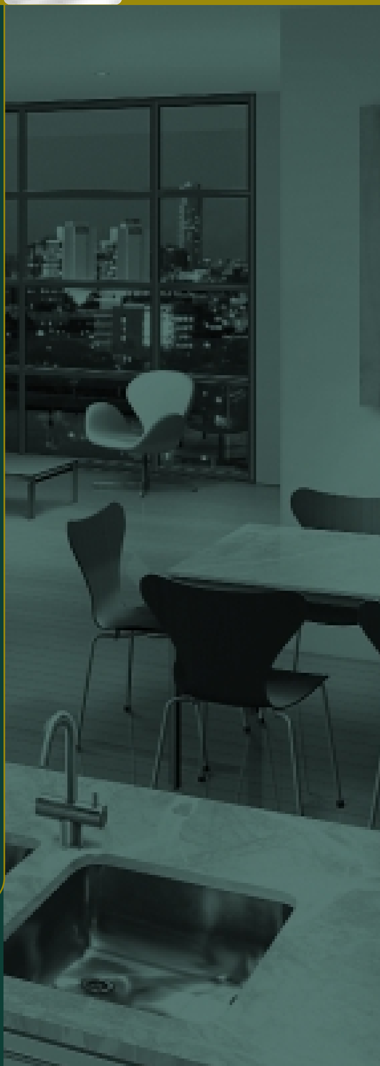

Board of Directors
Eddie Lee (Chairman)
B.E.Civil B.Sc.Dip.Bldg.Sc. (Syd.)
Frank Shien (Deputy Chairman
& CEO) *BA (Lon)*
John Howard Robert Wardman
B.Econ, FAICD, SIA(Aff.)
Steam Leung *LREA*
Mr Da Cheng Zhang

Company Secretary
Winnie Yeung

Registered Office
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Pyrmont NSW 2009
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Share Registry
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Sydney NSW 2000
Tel (02) 9032 3000
Fax (02) 9032 3088

Solicitors to the Company
Hemming and Hart
Level 2, 307 Queen Street
Brisbane QLD 4000

Gye Associates Lawyers
Level 5, 6-10 O'Connell Street
Sydney NSW 2000

Auditors
Gould Ralph & Company
Level 42, AAP Centre
259 George Street
Sydney NSW 2000

Home Stock Exchange
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Brisbane QLD 4000
ASX Code: MTD

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Metroland Australia Ltd