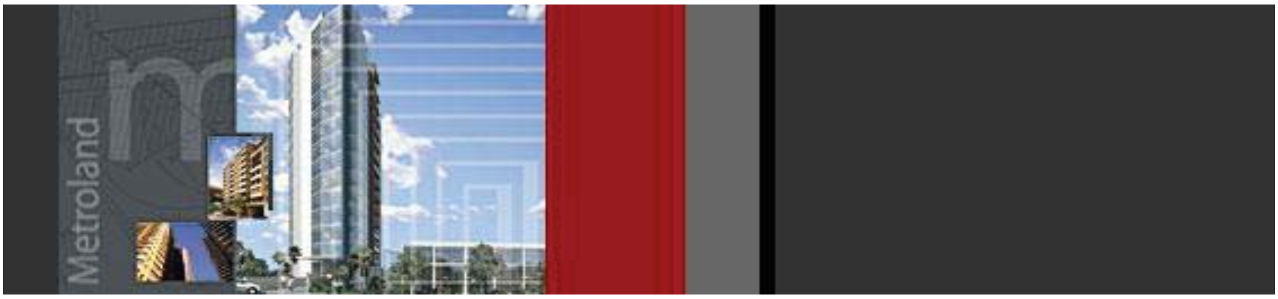
METROLAND AUSTRALIA LIMITED

ABN 81 009 138 149



Annual Financial Report

for the year ended 30 June 2015

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COMPANY INFORMATION

Directors
Xuejun He (Chairman and Executive Director)
Da Cheng Zhang (Non-Executive Director)
Shuqing Wang (Non-Executive Director)
Xiaofeng Wang (Non-Executive Director)
Yicheng Zhang (Non-Executive Director)
Wei Li (Alternate Director)

Company Secretary
Shirley Yang

Registered Office
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Telephone: 042 2919925

Share Registry
RB Registries
Level 29, 259 George Street
SYDNEY NSW 2000
Telephone: (02) 9032 3000
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Bankers
Australia and New Zealand Banking Group Limited
Chinatown Branch
665-669 George Street
HAYMARKET NSW 2000

Solicitors
Addisons Lawyers
Level 12
60 Carrington Street
SYDNEY
New South Wales

Auditors
Russell Bedford NSW
Level 29, 259 George Street
SYDNEY NSW 2000

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2015

The directors present their report together with the financial statements of Metroland Australia Limited and its controlled entities for the year ended 30 June 2015 and the independent audit report thereon.

DIRECTORS

The names and details of the company's directors in office during the year and until the date of this report are as follows:

Xuejun He (Chairman and Executive Director) Aged 43 – appointed 11 September 2014

Mr He holds a Master of Business Management degree. He was a director of China Sport Travel Service from 2004 to 2011. He was appointed general manager of China Travel Service (AUS) Pty Ltd since 2011.

Da Cheng Zhang (Independent Non-Executive Director) Aged 60

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. Mr Zhang is also the vice-principal of the Harbin Institute of Technology in Harbin, PRC.

Director since 2000.

Shuqing Wang (Independent Non-Executive Director) Aged 61

Mr Wang has 15 years experience in property development in China. He is involved in several property related companies in Shanghai, China, including Shanghai Forest Manor Real Estate Development Co., Ltd and Shanghai Manor Assets Management Co., Ltd. Mr Wang has extensive experience in real estate development; hotel and property management and in engineering.

Director since 2009.

Yicheng Zhang (Independent Non-Executive Director) Aged 27 – appointed 11 September 2014

Mr Zhang graduated from University of Technology, Sydney, with a major in Business & IT. He has been investments manager with Zeus Resources for 2 years. He has also been appointed general manager for Heng Ji Australia Investment, and has worked as a project developer for listed company VDM Limited.

Xiaofeng Wang (Independent Non-Executive Director) Aged 55 – appointed 11 September 2014

Mr Wang is a graduate of the Beijing Institute of Aeronautics. From 1995-2003, he was the marketing manager of Sino Mining, and currently he is the general manager of Alibaba Agriculture Australia Limited.

Wei Li (Alternate Director) Aged 42 – appointed 30 June 2015

Ms Li holds a Master's degree of Business Administration. She has held the position of Director of Corporate Communication of Lenovo Group Limited in Beijing, China.

Frank Shien (Chairman and Chief Executive Officer) Aged 62
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 17 years has been successfully developing commercial and residential property in Sydney.

Director since 1997. Resigned on 11 September 2014.

Michael Wong (Independent Non-Executive Director) Aged 55
B.Econ, CA

Mr Wong has an economics degree from Sydney University and qualified as a chartered accountant with Coopers & Lybrand. He has been an investment banker for over 28 years working for some of the world's premier investment banks such as Bain & Co (now Deutsche Bank), CIBC Wood Gundy, Standard Chartered and Merill Lynch. Mr Wong specialises in merger and acquisitions and raising equity. In 1999, he established his own boutique investment bank, Southland Group of Companies, specialising in the small to medium cap listed companies and large private enterprises.

Appointed 29 January 2013. Resigned on 11 September 2014.

Damian Bernard McAdam (Independent Non-Executive Director) Aged 57
B.Bus (Accounting), B Bus (Business Research), FCA, ACIS

Mr McAdam has been in private practice as a chartered accountant since 1988. Mr McAdam was previously a partner at Bruce J McAdam & Partners before branching out to establish his own firm with a substantial business network in Australia and South East Asia.

Appointed 18 March 2013. Resigned on 11 September 2014.

Zuwen Yuan (Independent Non-Executive Director) Aged 48 – appointed 11 September 2014. Resigned 9 January 2015

Mr Yuan is a director of ABC World Pty Ltd, a company involved in multi-industrial developments, including immigration, travelling, education, trading and property investment and media.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

Ms Shirley Yang was appointed Company Secretary on 11 September 2014. Mr Frank Shien, who was also Chairman of the Board of Directors and Chief Executive Officer resigned on 11 September 2014.

PRINCIPAL ACTIVITIES

The consolidated entity was not actively engaged in any business activity during the financial year.

CONSOLIDATED RESULTS

The consolidated loss after income tax attributable to members of Metroland Australia Limited was $104,223 (2014: loss of $213,925).

REVIEW OF OPERATIONS

The consolidated entity was not engaged in any significant business operations during the financial year. The Company remains listed on the Exchange, but its share trading is suspended until such time as it is re-capitalised and conducting a business.
The Board is now actively negotiating with a number of investors for the re-capitalisation and it is anticipated that the re-capitalisation will happen in the near future. Being a property company, it is looking at a number of development opportunities where it is hoped that when re-capitalisation happens, it will carry out those developments.

Review of Financial Condition

FINANCIAL HIGHLIGHTS

RESULTS	2015	2014	2013	2012	2011
	$'000	$'000	$'000	$'000	$'000
Revenue from sale of property & construction services	-	-	-	-	144
Rental and management revenue	-	-	522	3,811	5,583
Other revenue	131	124	99	284	365
Group Turnover	131	124	621	4,095	6,092
Net profit /(loss)after tax and minority interests	(104)	(214)	2,235	(11,049)	(1,087)
Total assets	88	36	63	9,588	56,962
Total liabilities	576	419	233	12,092	48,417
Contributed equity	15,213	15,213	15,213	15,113	15,113
Retained profit/(losses)	(15,700)	(15,596)	(15,382)	(17,617)	(6,568)
Total equity	(487)	(383)	(169)	(2,504)	8,545
Dividend paid	-	-	-	-	-
Income tax expense/(benefit)	-	-	26	710	(313)
PER SHARE					
Earning (cents)	(0.06)	(0.15)	1.8	(8.7)	(0.86)
Dividend (cents) -fully franked	-	-	-	-	-
Net tangible assets per share (cents)	(0.33)	(0.27)	(0.12)	(2.0)	6.0

STATISTICS					
Return on equity	-	-	-	-	(12.7%)
Net tangible assets per share (cents)	(0.33)	(0.27)	(0.12)	(2.0)	6.0
Number of shareholders	610	614	614	615	644
Employees	1	1	3	9	16
Group turnover per employee	131,000	124,000	207,000	455,000	380,750
SHARE PRICE (cents)					
Last sale	-	-	-	0.7	2.0
High for year	-	-	-	2.0	5.0
Low for year	-	-	-	0.5	1.8

DIVIDENDS

There were no dividends paid or declared by the company to members since the end of the previous financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The following significant changes in the state of affairs of the consolidated entity occurred during the financial year:-

The consolidated entity did not operate during the financial year. Total assets increased by $52,093, due mainly to loans received from related parties and the recovery of GST. Total liabilities increased by $156,317 due to an increase in trade creditors and unsecured and interest-free loans from directors.

The Company continues to be suspended from ASX trading, pending the Directors' successful re-capitalisation of the Company with new investment opportunities.

In February 2015, the company entered into a Binding Heads of Agreement ("**HOA**") with L L International Pty Ltd (A.C.N 074 347 667) ("**Investor**") in respect to a proposal to re-capitalise the Company and recommence its business ("**Proposal**") through the acquisition of a property in New Zealand ("**Property**"). That acquisition is proposed to be funded by placement to the Investor (or its nominee) and a general offer for the issue of new shares at a price to be agreed.

The Proposal also includes an issue of convertible bonds to the Investor (or its nominee) to fund the repayment of certain debts of the Company and costs of implementing the Proposal by the Company. It is proposed that the investor will become a majority shareholder in the company and the board of directors at completion of the property acquisition will comprise a majority of directors nominated by the Investor. The HOA, which is subject to due diligence, also provides the parties with 3 months exclusivity to advance the Proposal with due diligence to be completed within 45 days. The parties have since extended the due diligence period, and the due diligence is expected to be completed shortly.

EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since 30 June 2015 that have significantly affected, or may significantly affect:
(a) the consolidated entity's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS

As set out above, the consolidated entity plans to raise equity funding to pursue new property investment opportunities during the next financial year.

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, including meetings of committees of directors and number of meetings attended by each of the directors of the company during the financial year were:

Director	**Board Meetings**	
	Held	**Attended**
Mr X J He	3	3
Mr D C Zhang	3	1
Mr S Wang	3	-
Mr Y C Zhang	3	2
Mr X F Wang	3	3
Mr Z Yuan	3	-
Mr F Shien	3	1
Mr M Wong	3	-
Mr D McAdam	3	-
Ms W Li (alternate)	3	-

AUDIT COMMITTEE

Due to the limitation of size, the Directors have not constituted a separate Audit Committee.

ENVIRONMENTAL REGULATIONS

The consolidated entity's operations are not subject to any significant environmental regulation under either Commonwealth or 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.

REMUNERATION REPORT (AUDITED)

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 directors and senior executives' duties and responsibilities and level of performance.

There are currently no performance-based or equity-based remuneration to directors and senior executives 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 key management personnel of the consolidated entity are as follows:-

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2015

	Short-term benefits Base Remuneration (salary & fees) $		*Post-employment benefits* Superannuation Contributions $		Total Remuneration $	
	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $
Directors						
Executive						
Xuejun He	-	-	-	-	-	-
Frank Shien – resigned 11/9/2014	-	15,974	-	-	-	15,974
Non-executive						
Michael Wong – resigned 11/9/2014	-	5,000	-	-	-	5,000
Yicheng Zhang	-	-	-	-	-	-
Da Cheng Zhang	-	-	-	-	-	-
Shuqing Wang	-	-	-	-	-	-
Damian McAdam – resigned 11/9/2014	-	-	-	-	-	-
Xiaofeng Wang	-	-	-	-	-	-
Zuwen Yuan – resigned 9/1/2015	-	-	-	-	-	-
Wei Li – alternate	-	-	-	-	-	-
	-	20,974	-	-	-	20,974

Equity Instruments

Equity holding and transactions
The movement during the reporting period in the number of ordinary shares of Metroland Australia Limited held, directly, indirectly or beneficially, by each specified director and specified executive, including their personally related entities is as follows:-

	Held at 1 July 2014	Purchases	Sales	Held at 30 June 2015
Specified directors				
Frank Shien (resigned 11/9/2014)	8,711,087	-	7,693,736	1,017,351
Da Cheng Zhang	9,600,000	-	-	9,600,000
Shuqing Wang	1,500,000	-	1,500,000	-
Michael Wong (resigned 11/9/ 2014)	-	-	-	-
Damian McAdam (resigned 11/9/2014)	-	-	-	-
Xuejun He (appointed 11/9/2014)	-	-	-	-
Yicheng Zhang (appointed 11/9/2014)	-	-	-	-
Xiaofeng Wang (appointed 11/9/2014)	-	-	-	-
Zuwen Yuan (appointed 11/9/2014, resigned 9/1/2015)	-	-	-	-
Wei Li (alternate-appointed 30/6/2015)	-	-	-	-
	19,811,087	-	9,193,736	10,617,351

SHARE OPTIONS

Unissued shares under Option
At the date of this report, there are no unissued ordinary shares of the company under option.

DIRECTORS' INTERESTS

The relevant interest of each director in the shares of the company, as notified by the directors to the Australian Securities Exchange in accordance with section 205G(1) of the Corporations Act 2001, at the date of this report is as follows:-

	Ordinary Shares	Options over Ordinary Shares
Specified directors		
Da Cheng Zhang	9,600,000	-
Shuqing Wang	-	-
Xiaofeng Wang (appointed 11/9/2014)	-	-
Yicheng Zhang (appointed 11/9/2014)	-	-
Xuejun He (appointed 11/9/2014)	-	-
Wei Li (alternative-appointed 30/6/2015)	-	-
	9,600,000	-

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Since the end of the previous financial year, Metroland Australia Limited did not hold insurance for the directors and officers of the company and its controlled entities.

No indemnities have been given for the auditor of the company during or since the end of the financial year.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings.

NON-AUDIT SERVICES

During the year an associate of Russell Bedford NSW (previously called Gould Ralph Assurance), the company's auditor, performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those services by the auditor is compatible with, and did not compromise the auditor independence requirements of the Corporations Act 2001 for the reason that the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110: Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 follows the Directors' Report, at page 9.

Details of the amounts paid to the auditor of the company, Russell Bedford NSW and associated entities for non-audit services provided during the year are set out below.

	Consolidated	
	2015	**2014**
	$	**$**
Services other than statutory audit		
Other services:		
- Share registry	**13,144**	**11,800**
- Taxation services	**5,220**	-
	18,364	**11,800**

Signed in accordance with a resolution of the directors.
Dated at Sydney this 11th day of August 2015.

Xuejun He
Director

Russell Bedford NSW
Chartered Accountants

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11 August 2015

The Board of Directors
Metroland Australia Limited
Unit 801, 370 Pitt Street
SYDNEY NSW 2000

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

As lead auditor for the audit of Metroland Australia Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- the code of professional conduct in relation to the audit.

This declaration is in respect of Metroland Australia Limited and any entities it controlled during the year.

RUSSELL BEDFORD NSW
Chartered Accountants

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
AS AT 30 JUNE 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Revenue:			
Other revenues	2,3	**131,367**	123,556
Total Revenue	2	**131,367**	123,556
Directors fees		**-**	(20,974)
Professional and consultancy fees		**(155,364)**	(128,068)
Gain on liabilities forgiven		**-**	5,307
Administration and operating		**(80,227)**	(193,746)
(Loss) before income tax		**(104,224)**	(213,925)
Income tax (expense)/benefit	4(a)	**-**	-
(Loss) for the year		**(104,224)**	(213,925)
Other comprehensive income		**-**	-
Total comprehensive (loss) for the year		**(104,224)**	(213,925)
Total comprehensive (loss) attributable to:			
Owners of the company		**(104,224)**	(213,925)
Earnings per share attributable to the ordinary equity holders of the company:			
From continuing operations:			
Basic earnings/(loss) per share	5	**(0.06)cents**	**(0.15)cents**
Diluted earnings/(loss) per share	5	**(0.06)cents**	**(0.15)cents**

The accompanying notes form part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	**11,076**	**515**
Trade and other receivables	9	**60,581**	**15,273**
Total Current Assets		**71,657**	**15,788**
NON-CURRENT ASSETS			
Property, plant & equipment	10	**16,373**	**20,149**
Total Non-Current Assets		**16,373**	**20,149**
TOTAL ASSETS		**88,030**	**35,937**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	**200,002**	**138,996**
Financial liabilities	12	**375,512**	**280,201**
Total Current Liabilities		**575,514**	**419,197**
TOTAL LIABILITIES		**575,514**	**419,197**
NET ASSETS (DEFICIENCY)		**(487,484)**	**(383,260)**
EQUITY			
Contributed equity	14	**15,212,773**	**15,212,773**
Accumulated losses		**(15,700,257)**	**(15,596,033)**
TOTAL EQUITY (DEFICIENCY)		**(487,484)**	**(383,260)**

The accompanying notes form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Contributed equity $	Accumulated Losses $	Total equity (deficiency) $
Balance at 1 July 2013	**15,212,773**	**(15,382,108)**	**(169,335)**
Comprehensive income for the year			
Profit/(loss) for the year	-	(213,925)	(213,925)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	**-**	**(213,925)**	**(213,925)**
Balance at 30 June 2014	**15,212,773**	**(15,596,033)**	**(383,260)**
Balance at 1 July 2014	**15,212,773**	**(15,596,033)**	**(382,260)**
Comprehensive income for the year			
Profit/(loss) for the year	-	(104,224)	(104,224)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	**-**	**(104,224)**	**(104,224)**
Balance at 30 June 2015	**15,212,773**	**(15,700,257)**	**(487,484)**

The accompanying notes form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated 2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		**86,056**	123,550
Cash payments in the course of operations		**(170,810)**	(300,824)
Interest received		**3**	6
Net cash (used in) operating activities	7(a)	**(84,751)**	(177,268)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash provided by/(used in) investing activities		**-**	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans from related entities		**111,295**	168,011
Repayment of borrowings		**-**	(3,000)
Net cash provided by financing activities		**111,295**	165,011
Net increase/(decrease) in cash held		**26,544**	(12,257)
Cash at beginning of the financial year		**(20,203)**	(7,946)
Cash at the end of the financial year	7(b)	**6,341**	(20,203)

The accompanying notes form part of these Financial Statements.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of these financial statements are:

(a) **Basis of Preparation**

Reporting Basis and Conventions

These general purpose financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Accounting Standards.

The consolidated financial statements of the company comprise the parent entity, Metroland Australia Limited and its controlled entities. Metroland Australia Limited is a listed (but currently suspended) public company, incorporated and domiciled in Australia.

The financial statements of Metroland Australia Limited comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The consolidated financial statements are presented in Australian dollars.

(b) **Principles of Consolidation**

Controlled Entities
The consolidated financial statements are those of the consolidated entity, comprising Metroland Australia Limited (the parent entity) and the entities which Metroland Australia Limited controlled from time to time during the year. A list of controlled entities is contained in Note 16 to the financial statements.

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.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

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 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.

(c) **Going Concern**

The consolidated entity had a loss before tax for the year ended 30 June 2015 of $104,224, and a net outflow in cash flows from operations of $84,751 (2014 outflow of $177,268), and at that date had a net asset deficiency of $487,484 (2014: $383,260). Its current liabilities also exceeded its current assets by $503,857 (2014: $403,409).

The loss for the year was principally incurred for expenses in maintaining the Company's listing on the ASX, although suspended from trading; and also for costs incurred in seeking to recapitalise the company and investigate new development opportunities.

Subsequent to the Company's emergence out of the administration process in October 2012, the controlled entity has not engaged in any significant trading activities. At 30 June 2015, the consolidated entity has no trading or investment assets. The financing of the consolidated entity's working capital requirements is being funded by loans from director related entities.

The Directors are seeking new investment opportunities for the Group, and the lifting of the Company's trading suspension from the ASX.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The ongoing operation of the consolidated entity is dependent upon the ability of the Directors to raise further capital, to generate positive cash flows from the Company's operations and the continued financial support of the former Chairman of the entity, Mr Frank Shien and current Chairman and Executive Director, Mr Xuejun He who have each undertaken not to require repayment of the outstanding balance of their respective loans made to the Group prior to or since the reporting period, until at least August 2016.

These conditions give rise to significant uncertainty which may cast doubt upon the consolidated entity's ability to continue as a going concern and whether it will be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial statements.

The financial statements do 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.

(d) **Taxation**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially 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 or 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 statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

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

Capital gains tax, if applicable, is provided for in establishing period income tax expense when an asset is sold.

Tax Consolidation
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 for 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 Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2002. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(e) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare 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 profit or loss in the period in which they are incurred.

(f) **Plant and Equipment**

Plant and equipment are measured on the cost basis, less accumulated depreciation.

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

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

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

	2015	2014
Leasehold Improvements	20%	20%
Plant and Equipment	17 – 40%	17 – 40%

The asset's residual values and useful lives are reviewed and adjusted if applicable, at each financial position date. An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(g) **Impairment of Assets**

At each reporting date, the Group assesses 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 those assets, 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 assets carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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.

(h) **Trade and Other Payables**

Trade and other payables are carried at amortised cost using the effective interest rate method. Payables are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 90 days.

(i) **Interest Bearing Liabilities**

Interest bearing bank loans and borrowings are non-derivative financial liabilities and are initially recognised at the fair value of the consideration received. After initial recognition, interest bearing loans and borrowings are measured at amortised cost using the effective interest method. Interest expense is accrued at the contracted rate and is included in "Other creditors and accruals".

(j) **Cash and Cash Equivalents**

Cash and cash equivalents include 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 statement of financial position.

(k) **Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired.

(l) **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. The following specific recognition criteria must be met before revenue is recognised:-

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

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

(m) **Goods & Services Tax**

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 Tax 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 statement of financial position are shown inclusive of GST.

The net amount of GST receivable from or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

(n) **Earnings per share**

Basic earnings per share ("EPS") is calculated as net profit, adjusted to exclude any costs of servicing equity, divided by the weighted average number of ordinary shares, 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 ordinary shares adjusted for any bonus issue.

(o) **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 outflow of economic benefits will result and that outflow can be reliably measured.

(p) **Trade and Other Receivables**

The collectability of debts is assessed at reporting date and specific provision is made for any impairment.

(q) **Operating Segments**

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:
- nature of the products and services,
- type or class of customer for the products and services.

(r) **Comparative Figures**

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

(s) **Significant Accounting Judgement, Estimates and Assumptions**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates

(i) *Estimation of useful lives of assets*
The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover polices (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

The financial statements were authorised for issue on 11 August 2015 by the board of directors.

	Consolidated	
	2015	**2014**
	$	**$**
NOTE 2 - REVENUE		
From Continuing Operations:		
Consultancy Revenue	**18,000**	123,550
Recovery of legal costs	**113,364**	-
Other revenues: - interest from other parties	**3**	6
	131,367	123,556
Total Revenue	**131,367**	123,556

NOTE 3 - PROFIT BEFORE INCOME TAX

Individually significant (expense)/revenue included in profit before income tax:

	2015 $	2014 $
Recovery of legal costs	**113,364**	-

NOTE 4– TAXATION

(a) Income Tax Expense

	2015 $	2014 $
Prima facie tax payable on profit/(loss) from continuing operations before income tax at 30% (2014– 30%)	**(31,267)**	(64,177)
Increase/(decrease) in income tax expense due to:		
Deferred tax assets not recognised	**31,267**	64,177
Income tax expense reported in the Statement of Profit or Loss	**-**	-

(b) Deferred tax assets

The amount of deductible temporary differences and unused tax losses for which no deferred tax assets have been brought to account:

	2015 $	2014 $
Temporary differences	**10,000**	4,127
Revenue tax losses	**2,417,025**	2,175,262
Capital tax losses	**3,511,230**	4,583,244

These amounts have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	Consolidated 2015 $	2014 $
NOTE 5– EARNINGS PER SHARE		
Reconciliation of earnings to profit or loss:		
Profit	**(104,224)**	**(213,925)**
Earnings used to calculated basic and dilutive EPS	**(104,224)**	**(213,925)**
Weighted average number of shares used as the denominator for the Calculation of basic and diluted earnings per share:	**Number**	**Number**
Ordinary shares	**140,568,958**	**140,568,958**

NOTE 6 – AUDITORS REMUNERATION

Auditors of the Company:

	2015 $	2014 $
Audit services		
Audit and review of financial statements	**20,000**	38,766
Other services		
Share registry services	**13,144**	11,800
Taxation services	**5,220**	-
	38,364	50,566

NOTE 7 – NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash Flows from Operating Activities with Profit (Loss) after Income Tax

	2015 $	2014 $
Operating profit/(loss) after income tax	**(104,224)**	**(213,925)**
Non-cash items		
Gain on loans forgiven	**-**	**(6,211)**
Depreciation	**3,776**	**6,321**
Changes in assets and liabilities:		
(Increase)/decrease in receivables	**(45,308)**	**17,941**
Increase/(decrease) in payables	**61,005**	**16,231**
(Increase)/decrease in prepayments	**-**	**2,375**
Net cash (used in) operating activities	**(84,751)**	**(177,268)**

(b) Reconciliation of Cash

	2015 $	2014 $
Cash	**11,076**	**515**
Bank overdraft	**(4,735)**	**(20,718)**
	6,341	**(20,203)**

	Consolidated 2015 $	2014 $
NOTE 8 – CASH AND CASH EQUIVALENT ASSETS		
Current		
Cash at bank and in hand	11,076	515
	11,076	515

The effective interest rate on short-term bank deposits was Nil (2014: Nil)

	2015 $	2014 $
NOTE 9 – TRADE AND OTHER RECEIVABLES		
Current		
GST receivable	34,321	14,013
Other receivables	26,260	1,260
	60,581	15,273
NOTE 10 – PROPERTY, PLANT & EQUIPMENT		
Plant and equipment – at cost	92,877	92,877
Accumulated depreciation	(76,504)	(72,728)
	16,373	20,149
Movements in Carrying Amounts		
Plant and equipment		
Carrying amount at beginning of year	20,149	26,470
Depreciation	(3,776)	(6,321)
Carrying amount at end of year	16,373	20,149
NOTE 11 – TRADE AND OTHER PAYABLES		
Current		
Trade creditors	166,402	113,594
Other creditors and accruals	33,600	25,402
	200,002	138,996
NOTE 12 – FINANCIAL LIABILITIES		
Current		
Bank overdraft	4,735	20,718
Loans from director related and other entities-unsecured	370,777	259,483
	375,512	280,201

(a) Loans from director related and other entities are unsecured and interest-free.

		Consolidated 2015 $	Consolidated 2014 $

NOTE 13 - FINANCING ARRANGEMENTS

The consolidated entity has no access to any lines of credit, and is dependent on the continued financial support of the Chairman and former Chairman of the Company until re-capitalisation of the Company.

NOTE 14 – CONTRIBUTED EQUITY

	2015 $	2014 $
(a) *Share capital*		
140,568,958 (2014: 140,568,958) ordinary shares fully paid	**15,212,773**	15,212,773
Movements during the year:		
Balance at beginning of the year: 140,568,958 shares (2014: 140,568,958)	**15,212,773**	15,212,773
	-	-
Balance at end of the year: 140,568,958 shares	**15,212,773**	15,212,773

The Company does not have authorised capital nor par value in respect of its issued shares.

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

(b) *Options*
The company has no options over unissued shares at year end.

(c) *Capital Management*
Management's control over the capital of the group is to procure a level of capital in order to maintain an adequate debt to equity ratio; provide the shareholders with satisfactory returns and to ensure that the group can fund its operations and continue as a going concern. Following the favourable emergence of the Company out of voluntary administration, and with the Group currently having no trading assets and operations, the Directors are considering various opportunities to re-capitalise the Company and move the Group forward with the intention of restoring shareholders' value.

The group's debt and capital includes ordinary share capital and minimal financial liabilities. There are no externally imposed capital requirements.

In managing the group's capital, management assess the group's financial risks to determine the requirement of adjusting its capital structure in response to changes in these risks and in the market. The group's attempts to raise additional capital in the current market is not readily available, and management is conscious of the need to closely monitor and manage the group's debt levels.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year, although the focus is now placed on a total re-capitalisation of the Group with new investment opportunities. The gearing ratio for the years ended 30 June 2015 and 30 June 2014 are as follows:

	Note	2015 $	2014 $
Total borrowings	11,12	**575,514**	419,197
Less: cash and cash equivalents	8	**(11,076)**	(515)
Net Debt		**564,438**	418,682
Total Equity		**(487,484)**	(383,260)
Total Capital		**76,954**	35,422
Gearing Ratio		**733%**	1182%

	Note	Consolidated 2015 $	2014 $
NOTE 15 – DIVIDENDS			

No dividends were declared by the company in the current year.

Dividend Franking Account			
30% franking credits available to shareholders of Metroland Australia Limited for subsequent financial years		**1,529,219**	1,529,219

The above available credit amounts are based on the balance of the dividend franking account at year-end adjusted for:
(a) franking credits that will arise from the payment of the current tax liability;
(b) franking credits that will arise from the receipt of dividends recognised as receivables by the tax-consolidated entity at year-end;
(c) franking credits that the entity may be prevented from distributing in subsequent years.

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

NOTE 16 – CONTROLLED ENTITIES

(a) Particulars in relation to controlled entities

NAME	**EQUITY INTEREST 2015 %**	**2014 %**
Parent entity		
Metroland Australia Limited		
Controlled entities		
Metroland Management Services Pty Limited (i)	**-**	**-**
Metroland Funds Management Limited	**100**	**100**

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

(b) *Acquisition and Disposal of controlled entities*

No controlled entities were acquired in the current or previous financial year. The following entity was disposed of during the prior year:
(i) Metroland Management Services Pty Limited was voluntarily de-registered with the Australian Securities and Investments Commissions on 1 January 2014.

NOTE 17 - CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments
There were no operating or capital commitments contracted for by the consolidated entity.

NOTE 18 – CONTINGENT LIABILITIES
The directors are not aware of any potential contingent liability which may become payable.

NOTE 19 - SEGMENT REPORTING

The Group ceased all significant active operating activity in the December 2012 quarter. Apart from a small-scale Investment & Financial Services operating segment, no other operating segments were identified by the management team during the years ended 30 June 2015 or 2014.

The income and expenses during the current year were otherwise in the nature of corporate administrative and overhead types. Assets and liabilities mainly comprise corporate assets and liabilities.

Business Segments

During the years ended 30 June 2015 and 2014, the consolidated entity did not have any significant business segments.

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 19 - SEGMENT REPORTING (cont'd)

	Investment & Financial Services		Consolidation	
	2015 $	2014 $	2015 $	2014 $
External segment revenue	131,367	123,556	131,367	123,556
Total Group Revenue	131,367	123,556	131,367	123,556
Segment result before finance costs	(104,224)	(213,925)	(104,224)	(213,925)
Finance costs	-	-	-	-
Segment result after finance costs	(104,224)	(213,925)	(104,224)	(213,925)
(Loss) from ordinary activities before tax			(104,224)	(213,925)
Income tax (expense)/benefit			-	-
Net (loss) for the year			(104,224)	(213,925)
Depreciation	3,776	6,321	3,776	6,321
Assets				
Segment assets	-	337	-	337
Unallocated corporate assets			88,030	35,600
Consolidated total assets			88,030	35,937
Liabilities				
Segment liabilities	-	300	-	300
Unallocated corporate liabilities			575,514	418,897
Consolidated total liabilities			575,514	419,197

Secondary Reporting
Geographical Segments

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

NOTE 20 - KEY MANAGEMENT PERSONNEL DISCLOSURES

Remuneration of specified directors and specified executives by the consolidated entity

Remuneration levels are set to attract and retain appropriately qualified and experienced directors and senior executives. Remuneration packages only include fixed remuneration. There are currently no performance-based or equity-based remuneration for directors and executives.

The remuneration structures are designed to attract suitably qualified candidates, and to achieve the broader outcome of increasing the consolidated entity's net profit attributable to members of the parent entity. The remuneration structures took into account:-
- the overall level of remuneration for each director and executive; and
- the executives' ability to control performance.

Fees for non-executive directors during the year were $Nil. Director's fees cover all main board activities and the membership of other committees, where applicable. The company does not have any Retirement or Redundancy Schemes in operation for directors and senior executives.

The following table provides a summary of the company and key management personnel of the consolidated entity in office at any time during the financial year with the greatest authority, and the nature and amount of the elements of their remuneration for the year ended 30 June 2015.

	Short term salary, bonus, fees and leave	Post-employment benefits	Other long term benefits	Total
	$	$	$	$
2015	-	-	-	-
2014	20,974	-	-	20,974

Short-term salary, bonus, fees and leave
These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other key management personnel.

Post-employment benefits
These amounts are the current-year's estimated cost of providing for superannuation contributions made during the year and post-employment life insurance benefits.

Other long term benefits
These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Further information in relation to key management personnel remuneration can be fund in the directors' report.

Options and Rights Over Equity Instruments
The company did not have any options over unissued shares at reporting date.

Loans and other Transactions with Specified Directors and Specified Executives

Other transactions with the company or its controlled entities
A number of specified directors and executives, or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial or reporting policies of those entities.

A number of these entities transacted with the consolidated entity in the reporting period. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available in similar transactions to unrelated entities on an arm's length basis.

NOTE 20-KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

The aggregate amounts recognised during the year relating to specified directors, specified executives and their personally-related entities, were total expenses of Nil (2014: $45,000). Details of the transactions are as follows:

			Consolidated	
			2015	2014
	Transaction	Note	$	$
Specified directors				
Michael Wong	Consulting fee expense	(i)	-	**45,000**

(i) During the 2014 year, consulting fees for sourcing recapitalisation opportunities for the Company were paid to 376 Pty Limited, an entity related to director Michael Wong (resigned 11/9/2014).

(ii) During the 2015 year, unsecured and interest-free loans totalling $168,750 were made to the consolidated entity by Xuejun He, to provide working capital for the consolidated entity's administrative requirements and the outstanding balance as at 30 June 2015 was $168,750.

(iii) During the 2015 year, unsecured and interest-free loans totalling $57,455 were partly repaid by the consolidated entity to entities related to Frank Shien and the outstanding balance as at 30 June 2015 was $179,856.

Assets and liabilities ensuing from the above transactions:

Assets/(Liabilities):		
Loans from director related entities	**(348,606)**	(237,311)

NOTE 21-PARENT ENTITY INFORMATION

Information relating to Metroland Australia Limited:	2015	2014
Financial Position		
Current assets	**104,286**	15,502
Non-current assets	**16,373**	20,149
Total assets	**120,659**	35,651
Current liabilities	**556,600**	418,897
Total liabilities	**556,600**	418,897
Issued capital	**15,212,773**	15,212,773
Accumulated losses	**(15,648,714)**	(15,596,019)
Total shareholders' equity (deficiency)	**(435,941)**	(383,246)
Financial Performance		
(Loss) of the parent entity	**(87,185)**	(248,268)
Total comprehensive (loss) of the parent entity	**(87,185)**	(248,268)

NOTE 22 – FINANCIAL RISK MANAGEMENT

(a) *Financial Risk Management*
The Group's financial instruments consists mainly of deposits with banks, accounts receivable and payable, bank overdraft, loans to and from subsidiaries and other loans.

The main purpose of non-derivative financial instruments is to fund the Group's working capital requirements.

The Group does not utilise derivatives for any hedging purposes.

(i) *Treasury Risk Management*
The Board of Directors meet as required to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts and operational results; and the impact these may have on the Group's operations in the light of the debt levels within the Group. The overall risk management strategy seeks to assist the consolidated group in meeting its financial target, whilst minimising potential adverse effect on financial performance. The risk management policies include credit risk policies and future cash flow requirements.

(ii) *Financial Risk Exposures and Management*
The main risks the Group is exposed to through its financial instruments are liquidity risk and credit risk.

Liquidity Risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.
The Group manages liquidity risk by closely monitoring its expenditure requirements and related forecast cash flows and ensuring that adequate related entity funding is available during this current period before active re-capitalisation of the Company and group commences.

Credit Risk
The Group's credit rate risk arises from the potential defaulting of the counter-party with the maximum exposure equal to the carrying amount of those assets, as disclosed in the Statement of financial position and notes to the financial statements.

Credit risk is managed on a group basis and is reviewed regularly by the Board. It arises from exposures to customers, both external and related and deposits with financial institutions.

The Board monitors credit risk by assessing the rating quality and liquidity of counterparties, where only banks with an 'A' rating are utilised; and all potential external customers are rated for credit worthiness taking into account their size, market position and financial standing. The Group's investments in other entities are not rated by external credit agencies. The amount of investments in these entities is limited by the Board to an acceptable amount based on the Board's assessment of the projected return of the investment and the size and financial standing of the investee.

The credit risk for counterparties included in trade and other receivables at 30 June 2015 is detailed below:-

	Consolidated	
	2015	**2014**
	$	**$**
Trade and other receivables		
Counterparties not rated	**60,581**	15,273
AA rated counterparties	**-**	-
	60,581	15,273

NOTE 22 – FINANCIAL RISK MANAGEMENT (Cont'd)

(b) ***Financial Instruments***

(i) *Financial Instrument Composition and Maturity Analysis*
The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the Statement of financial position.

Consolidated Group		**Floating Interest Rate**	**Fixed Interest Rate Maturing** **1 Year or Less**	**1 to 5 years**	**Non-Interest Bearing**	**Total**	**Weighted Average Interest Rate**
	2015						
		$	**$**	**$**	**$**	**$**	
(i)	**Financial Assets**						
	Cash assets	11,076	-	-	-	11,076	
	Receivables	-	-	-	60,581	60,581	-
	Total Financial Assets	11,076	-	-	60,581	71,657	
(ii)	**Financial Liabilities**						
	Trade and other payables	-	-	-	200,002	200,002	
	Amounts payable – related Parties	-	-	-	370,777	370,777	
	Bank loans and overdraft	4,735	-	-	-	4,735	
	Total Financial Liabilities	4,735	-	-	570,779	575,514	
	Net exposure	6,341	-	-	(510,198)	(503,857)	
	2014						
		$	**$**	**$**	**$**	**$**	**%**
(i)	**Financial Assets**						
	Cash assets	515	-	-	-	515	1.1
	Receivables	-	-	-	15,273	15,273	-
	Total Financial Assets	515	-	-	15,273	15,788	
(ii)	**Financial Liabilities**						
	Trade and other payables	-	-	-	138,996	138,996	
	Amounts payable – related Parties	-	-	-	259,483	259,483	4.5
	Bank loans and overdraft	20,718	-	-	-	20,718	
	Total Financial Liabilities	20,718	-	-	398,479	419,197	
	Net exposure	(20,203)	-	-	(383,206)	(403,409)	

NOTE 22 – FINANCIAL RISK MANAGEMENT (Cont'd)

Trade and other payables are expected to be paid as follows:-

	Consolidated	
	2015	2014
	$	$
Less than 6 months	**200,002**	28,569
6 to 12 months	**-**	110,427
	200,002	138,996

NOTE 23 – NEW AND AMENDED ACCOUNTING POLICIES ADOPTED BY THE GROUP

The Group adopted the following Australian Accounting Standards and Interpretation from the mandatory application date of 1 January 2014:

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities

AASB Interpretation 21 Levies

The adoption of these new accounting standards and interpretation has not had a significant impact on the Group's financial statements.

The Group adopted the following Australian Accounting Standards from the mandatory application date of 1 July 2014:

AASB 2014-1: Amendments to Australian Accounting Standards (Parts A, B and C)

Part A of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and makes the following significant amendments:

- revises/adds the definitions of the terms "market condition", "performance condition" and "service condition" in AASB 2*: Share-based Payment;*

- clarifies that contingent considerations arising in a business combination should be accounted for as items of equity or liability and not as provisions in accordance with AASB 137: *Provisions, Contingent Liabilities and Contingent Assets;*

- requires additional disclosures when an entity aggregates its operating segments into one reportable segment in accordance with AASB 8: *Operating Segments*; and

- includes an entity that provides key management personnel services (a "management entity") to a reporting entity (or a parent of the reporting entity) within the definition of a "related party" in AASB 124: *Related Party Disclosures.*

This part also makes other editorial corrections to various Australian Accounting Standards; however, it is not expected to have a significant impact on the Group's financial statements.

Part B of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and permits an entity to recognise the amount of contributions from employees or third parties in a defined benefit plan as a reduction in service cost for the period in which the related service is rendered, if the amount of contributions is independent of the number of years of service. This part is not expected to have a significant impact on the Group's financial statements.

Part C of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and deletes the reference to AASB 1031: *Materiality* in particular Australian Accounting Standards. This part is not expected to have a significant impact on the Group's financial statements.

NOTE 24 – NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

– AASB 2014-1: Amendments to Australian Accounting Standards (Parts D and E)

Part D of this Standard is applicable to annual reporting periods beginning on or after 1 January 2016 and makes amendments to AASB 1: *First-time Adoption of Australian Accounting Standards*, which arise from the issuance of AASB 14: *Regulatory Deferral Accounts* in June 2014. AASB 14 permits first-time adopters to continue to account for amounts related to rate regulation in accordance with their previous GAAP when they adopt Australian Accounting Standards. In line with management's assessment of AASB 14, this part is not expected to have a significant impact on the Group's financial statements.

Part E of this Standard is applicable to annual reporting periods beginning on or after 1 January 2015 and defers the application date of AASB 9 (December 2010) to annual reporting periods beginning on or after 1 January 2018. This part also makes consequential amendments to hedge accounting disclosures set out in AASB 7: *Financial Instruments: Disclosures*, and to AASB 132: *Financial Instruments: Presentation* to permit irrevocable designation of "own use contracts" as measured at fair value through profit or loss if the designation eliminates or significantly reduces an accounting mismatch. Management believes that there will not be any significant impact on the Group's financial statements on adoption of this part of the Standard.

***– AASB 9: Financial Instruments and associated Amending Standards* (applicable to annual reporting periods beginning on or after 1 January 2018).**

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group’s financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact

***– AASB 15: Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2018).**

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;

- identify the performance obligations in the contract(s);

- determine the transaction price;

- allocate the transaction price to the performance obligations in the contract(s); and

- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

– AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations

This Standard is applicable to annual reporting periods beginning on or after 1 January 2016. It amends AASB 11: *Joint Arrangements* to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisition of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Group's financial statements.

NOTE 25 – EVENTS SUBSEQUENT TO BALANCE DATE

The directors are not aware of any matters or circumstances that have arisen since 30 June 2015 that have significantly affected, or may significantly affect:

(f) the consolidated entity's operations in future financial years, or
(g) the results of those operations in future financial years, or
(h) the consolidated entity's state of affairs in future financial years.

NOTE 26– COMPANY DETAILS

The registered office of the company is:
Metroland Australia Limited
Unit 801, 370 Pitt Street
Sydney NSW 2000

The principal place of business is:
Metroland Australia Limited
Unit 801, 370 Pitt Street
Sydney NSW 2000

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Metroland Australia Limited, the directors of the Company declare that:

1. the financial statements and notes, as set out on pages 10 to 31 are in accordance with the *Corporations Act 2001*, and:

   (a) comply with Australian Accounting Standards; and

   (b) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the consolidated entity;

   (c) comply with International Financial Reporting Standards as disclosed in Note 1(a).

2. in the directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

3. The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors:

Xuejun He
Director

Dated at Sydney this 11th day of August 2015

Russell Bedford NSW
Chartered Accountants

ABN 74 632 161 298
Level 29, Suncorp Place
259 George Street
Sydney NSW 2000
Australia

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W: www.rbnsw.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF METROLAND AUSTRALIA LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Metroland Australia Limited entity, which comprises the consolidated statement of financial position as at 30 June 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial statements and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements,that the financial statements comply with International Financial Reporting Standards.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Matters Relating to Electronic Publication of the Audited Financial Report

This audit report relates to the financial report of Metroland Australia Limited for the year ended 30 June 2015 included on the website of Metroland Australia Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on this integrity. This audit report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

Independence
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.*We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial statements we were engaged to undertake services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion
In our opinion:

1. the financial statements of Metroland Australia Limited are in accordance with *the Corporations Act 2001*, including:

    (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015, and of its performance for the year ended on that date; and

    (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

2. the financial statements also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Emphasis of Matter
Going Concern
Without qualification to the opinion expressed above, we draw attention to Note 1(c) - Going Concern in the financial statements which indicates that the consolidated entity incurred a net loss after tax of $104,224 and a net outflow in cash flows from operations of $84,751 (2014: $177,268) for the year ended 30 June 2015 and, as of that date, the consolidated entity's liabilities exceed its assets by $487,484 (2014: $383,260) and the consolidated entity's current liabilities exceeded its current assets by $503,857 (2014:$403,409). These conditions, together with other matters as set forth in Note 1(c) indicate the existence of significant material uncertainties which may cast doubt about the Company's and consolidated entity's ability to continue as a going concern.

REPORT ON THE REMUNERATION REPORT
We have audited the remuneration report included in page 6-7 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion of the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion
In our opinion the remuneration report of Metroland Australia Limited for the year ended 30 June 2015 complies with s 300A of the *Corporations Act 2001.*

RUSSELL BEDFORD NSW
Chartered Accountants

MALCOLM BEARD M.Com. FCA
Partner

Dated at Sydney this 11th day of August 2015

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 31 July 2015

CATEGORY	NUMBER OF SECURITYHOLDERS
	Shares Ordinary
1 - 1,000	39
1,001 - 5,000	117
5,001 - 10,000	79
10,001 - 100,000	266
100,001 - Over	109
	610

(b) The number of shareholdings less than a marketable parcel at 31 July 2015 was 466.

(c) The number of shares held by the substantial shareholders at 31 July 2015 were:-

Shareholder	Number of Ordinary Shares
Guo Jian He	15,000,000
Qiang Sun	14,500,776
Selina Xiaoyang Zhou	14,285,714
Da Cheng Zhang	9,600,000

(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 31 July 2015.

	Shareholders	Number of Ordinary Fully Paid Shares Held	% Held of Total Issued
1.	Guo Jian He	15,000,000	10.67
2.	Qiang Sun	14,500,776	10.32
3.	Selina Xiaoyang Zhou	14,285,714	10.16
4.	Da Cheng Zhang	9,600,000	6.83
5.	NX Holdings Pty Ltd	8,220,000	5.85
6.	Peter Howells	4,716,601	3.36
7.	Bruce Walker	4,470,934	3.18
8.	Shirley Tan	4,300,006	3.06
9.	Xiao Ping Chen	3,269,042	2.33
10.	Wincute International Development Limited	3,025,000	2.15
11.	Chepstow Properties Limited	2,820,000	2.01
12.	Comm-Asia Limited	1,975,000	1.41
13.	Ms Lee Eng Qua	1,753,856	1.25
14.	CN Investments Pty Limited	1,531,024	1.09
15.	W S International Enterprises Group Pty Ltd	1,500,000	1.07
16.	Lee Eng Qua	1,438,547	1.02
17.	John Wardman & Associates Pty Ltd	1,436,033	1.02
18.	G H Kluge & Sons Ltd	1,375,000	0.98
19.	Dawes Investment Group Ltd	1,300,000	0.92
20.	Trevor McNally Family Superannuation Fund	1,248,316	0.89
		97,765,849	69.55

(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.

CORPORATE GOVERNANCE STATEMENT

Metroland Australia Limited (the company) and the board are committed to achieving and demonstrating the highest standards of corporate governance. The board continues to review the framework and practices to ensure they meet the interests of shareholders. The company and its controlled entities together are referred to as the Group in this statement.

The relationship between the board and senior management is critical to the Group's long-term success. The directors are responsible to the shareholders for the performance of the company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the board to the Managing Director and senior executives. These delegations are reviewed on an annual basis.

A description of the company's main corporate governance practices is set out below. The company has adopted the best practice recommendations of the ASX Corporate Governance Council as set out in the Revised Corporate Governance Principles and Recommendations and all these practices were in place for the entire year, unless otherwise stated.

Board of Directors

Role of the Board

The board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the board is responsible for the overall corporate governance of the consolidated entity including formulating its strategic directions, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems. It is also responsible for approving and monitoring financial and other reporting.

The board has delegated responsibility for the operation and administration of the company to the Chief Executive Officer and executive management.

Board Processes

An Audit Committee was constituted in September 2004 and was de-constituted in August 2013. The board is of the opinion that due to the significant reduction in the Company's activities, and the size composition of the present board, that a separately constituted Audit Committee; and a Nomination and Remuneration Committee are currently not required. The company has not followed the best practice recommendations 2.4 and 8.1 of the ASX Corporate Governance Council which recommend that the board establish an Audit Committee; and a Nomination and Remuneration Committee, respectively. The overseeing of the appointment and induction process for directors and committee members, and the selection, appointment and succession planning process of the company's Chief Executive Officer "CEO", including the setting of remuneration levels for directors and senior executives is taken by the full board.

The Audit Committee, when in existence has a written charter and mandate, which is subject to regular review. The board has also an established framework, cognisant of the staff and operational size of the consolidated entity, for the management of the consolidated entity including an appropriate system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The full board held one meeting during the year. The number of meetings the company's board of directors and each board committee held during the year ended 30 June 2015, and the number of meetings attended by each director is disclosed on page 6.

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 consultation with the Chairman, may seek independent professional advice from a suitably qualified adviser at the consolidated entity's expense. A copy of the advice received by the director is made available to all other members of the board.

Composition of the Board

The names of the directors of the company in office at the date of this report are set out in the Directors' Report on pages 3-4.

The composition of the board is determined using the following principles:-

- a minimum of five directors, with a broad range of expertise, both nationally and internationally;
- a majority of independent non-executive directors;
- a majority of directors having extensive knowledge of the company's industries, and those which do not, have extensive experience in significant aspects of financial management, or risk management of similar sized companies;
- have a non-executive independent director as Chairperson;

An independent director is a director who is not a member of management (a non-executive director) and who:-

- holds less than five % of the voting shares of the company and is not an officer of, or otherwise associated, directly or indirectly, with a shareholder who holds more than five % of the voting shares of the company;
- has not within the last three years been an employee in an executive capacity by the company or another group member;
- within the last three years has not been a principle or employee of a material professional adviser or a material consultant to the company or another group member;
- is not a material supplier or customer of the company or another group member, or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer;
- has no material contractual relationship with the company or another group member other than as a director of the company;
- is free from any interest and any business or other relationships which could, or could reasonably be perceived to, materially interfere with the directors ability to act in the best interests of the company;

Chairman and Chief Executive Officer (CEO)
The Chairman is responsible for leading the board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and managing the board's relationship with the company's senior executives.

The CEO is responsible for implementing Group strategies and policies.

Nomination Process

The full board oversees the appointment and induction process for directors, and the selection, appointment and succession planning process of the company's CEO. When a vacancy exists or there is a need for particular skills, the board determines the selection criteria based on the skills deemed necessary. The board identifies potential candidates, and appoints the most suitable candidate, and if required, with advice from an external consultant. Board candidates must stand for election at the next general meeting of shareholders.

Performance Assessment

The board annually reviews the effectiveness of the individual directors. The review generates recommendations on the individual directors which are voted on by the full board. Directors displaying unsatisfactory performance are required to retire.

The full board with the exception of the CEO also conducts an annual review on the performance of the CEO, and the senior executives reporting directly to the CEO and the results are discussed at a board meeting.

The performance assessments above were carried out during the year.

Remuneration Process

The full 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.

Remuneration levels are set to attract and retain appropriately qualified and experienced directors and senior executives, and takes into account given trends in comparative companies locally. Remuneration packages are currently of fixed remuneration, but may also include performance-based and equity-based remuneration.

The remuneration structures are designed to attract suitably qualified candidates and to affect the broader outcome of maintaining and increasing the consolidated entity's net profit attributable to members of the parent entity. The remuneration structures take into account:-

- overall level of remuneration for each director and executive;
- the executives' ability to control the relevant segment's performance; and
- the amount of incentives within each executive's remuneration.

There are currently no remuneration based on the achievement of specific performance hurdles or targets for executive directors and senior executives. Non-executive directors also do not receive any performance related remuneration.

The board considers that the above remuneration structure is generating the desired outcome, with the strong growth in profits in recent years. The board will also consider performance-based and equity-based remuneration for executive directors and senior executives as incentives in enhancing the company's performance.

Further information on directors' and executives' remuneration, including principles used to determine remuneration, is set out in the directors' report under the heading "Remuneration report".

The board does not have a Retirement Scheme for non-executive directors or a Redundancy Scheme for senior executives.

Audit Committee

The company does not have an audit committee as suggested by recommendation 4.1. The board takes responsibility for verification and the safeguarding of the integrity of its financial reporting.

External Auditors

The company policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the directors' report and in note 6 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the audit committee.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Risk Management

The board oversees the establishment, implementation and annual review of the company's risk management system which assesses, monitors and manages operational, financial reporting and compliance risks for the consolidated entity. The CEO has declared in writing to the board, that the financial reporting risk management and associated compliance and control have been assessed and found to be operating efficiently and effectively. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively. All risk assessments covered the whole financial year and up to the signing of the annual financial statements for all material operations in the consolidated entity, and material joint ventures.

Risk Management and Compliance Control

The board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities. The board's policy on internal control comprises the company's internal compliance and control systems, including:-

- Investment Appraisal – Guidelines for capital expenditure include budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses and property investments are being acquired or divested;

Comprehensive practices, have been established to ensure:-

- capital expenditure and revenue commitments above a certain size obtain prior board approval;
- financial exposures are controlled including the use of interest rate and credit risk management;
- business transactions are properly authorised and executed;
- management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- the quality and integrity of personnel;
- financial reporting, accuracy and compliance with the financial reporting regulatory framework;
- environmental regulation compliance.

Financial Reporting

The CEO has made the following certifications to the board:

- that the company's financial statements are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and Group and are in accordance with relevant accounting standards
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Environmental Regulation

The consolidated entity's operations are not subject to any significant environmental regulations under either the Commonwealth or State legislation. However, the board believes that the consolidated entity has adequate systems in place for the management of its environment requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.

Ethical Standards

All directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity. The directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities.

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. Details of director related entities transactions with the company and consolidated entity are set out in Note 20.

Trading in General Company Securities by Directors and Employees

The following are key elements of the company's policy in the trading in the company's securities by directors and employees:-

- identification of those restricted from trading – directors and senior executives may acquire shares in the company, but are prohibited from dealing in the company's shares or exercising options:
  - except between seven and 14 days after either the release of the company's half-year and annual results to the Australian Stock Exchange ("ASX"), the annual meeting or any major announcement;
  - whilst in possession of price sensitive information not yet released to the market.
- raising the awareness of legal prohibitions including transactions with colleges and external advisors;
- requiring details to be provided in intended trading in the company's shares;
- requiring details to be provided of the subsequent confirmation of the trade

Continuous Disclosure and Communication with Shareholders

The board provides shareholders with information using the Continuous Disclosure Policy which includes identifying matter that may have a material effect on the price of the company's securities and notifying them to the ASX.

In summary, the Continuous Disclosure policy operates as follows:

- the CEO is responsible for all communication with the ASX. Such matters are advised to the ASX on the day they are discovered;
- the full annual report is available to all shareholders should they request it;
- the half-yearly report contains summarised financial information and a review of the operations of the consolidated entity during the period. The half-year reviewed financial statements are lodged with the ASIC and the ASX, and sent to any shareholder who requests it;
- proposed major changes in the consolidated entity which may impact on the share ownership rights are submitted to a vote of shareholders;
- the external auditor is requested to attend the annual general meetings to answer any questions concerning the audit and the content of the auditor's report;

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

The shareholders are requested to vote on the appointment and any changes to the aggregate remuneration of directors, the granting of any options and shares to directors and changes to the Constitution. Copies of the Constitution are available to any shareholder who requests it.