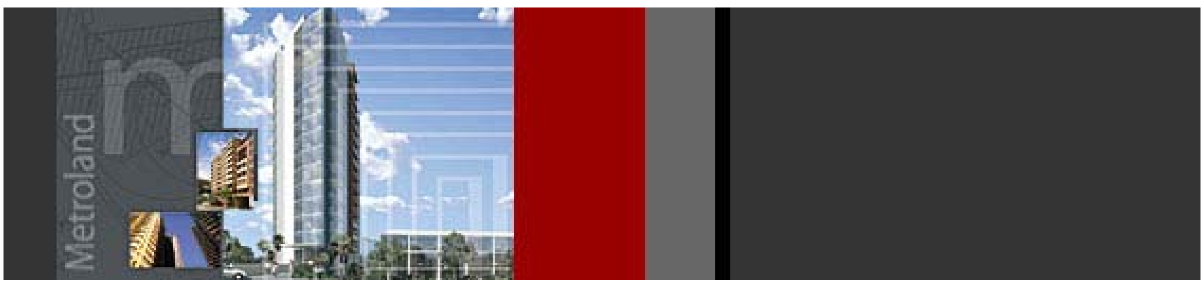
METROLAND AUSTRALIA LIMITED

ABN 81 009 138 149



Annual Financial Report

for the year ended 30 June 2010

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2010

The directors present their report together with the financial statements of Metroland Australia Limited and its controlled entities, for the year ended 30 June 2010 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:

Frank Shien (Chairman and Chief Executive Officer) Aged 58
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 14 years has been successfully developing commercial and residential property in Sydney.

Director since 1997.

John Wardman (Independent Non-Executive Director) Aged 50
B.Econ, FAICD

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

Member of Audit Committee. Director since 1996.

Steam Leung (Independent Non-Executive Director) Aged 51
LREA

Mr Leung has 21 years experience in real estate in Australia, is a Licensed Real Estate Agent and Auctioneer, and is a Director of Colliers International (NSW) Pty Limited. He has extensive experience in sales and marketing of commercial properties and residential projects.

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

Member of Audit Committee. Director since 1997.

Da Cheng Zhang (Independent Non-Executive Director) Aged 56

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 February 2000.

Shuqing Wang (Independent Non-Executive Director) Aged 57

Mr Wang has 14 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.

Appointed to the Board in September 2009.

Henry Tsang (Independent Non-Executive Director) Aged 68

B Architecture
OAM
The Honourable Henry Tsang OAM has recently retired after serving a long period in the Parliament.
He is now Chairman of NSW-Asia Business Council and continues to have strong ties with Asia Pacific countries including China.
The Honourable Henry Tsang has extensive and strong relationship with the local communities and organizations and is also widely know internationally.

Appointed to the Board in February 2010. Member of Audit Committee.

Eddie Lee (Chairman and Independent Non-Executive Director) Aged 63
B.E.Civil B.Sc.Dip.Bldg.Sc. (Sydney)

Mr Lee is a graduate of Sydney University majoring in Civil Engineering and has extensive experience in corporate management. He is the Australian representative of several substantial Asian investment groups and maintains a wide network in the Asian business area. Mr Lee is also a director of Gullewa Limited, a company listed on the ASX. He has wide experience in the fields of civil engineering, project management, construction, finance and equity markets.
Director since 1994. Resigned from the Board on 22 February 2010.

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

COMPANY SECRETARY

Ms Helen Lay was appointed to the position of company secretary in January 2005. Ms Lay is also employed in the administrative and accounting functions of the company.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were commercial property development and construction; property rental; residential strata management; and investment and financial services.

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

CONSOLIDATED RESULTS

The consolidated loss after income tax attributable to members of Metroland Australia Limited was $1,750,340 (2009: profit of $538,734).

REVIEW OF OPERATIONS

Review of Financial Results

During the 2010 financial year, the consolidated entity continued operations in property construction, development and management; property rental and management and investment and financial services.

The consolidated result for the year was a loss of $11,956,539 after tax and minority interests, comprising a $1.66 million loss from operations and a $10.8 million loss resulting from the fair-value write-down of the consolidated entity's investment properties following independent valuations at 30 June 2010.

The Group's operations during the past financial year have suffered the first after tax operating loss. Total revenue of the Group has seen a significant decrease, principally from construction sales following the completion of the Greenway SupaCenta development at the end of June 2009. Although property rental and management income has seen a small increase, the full rental income potential of the recently completed Greenway SupaCenta has been significantly subdued by the continuing adverse economic situation, with the securing of tenancy leases in the SupaCenta progressing at a much slower rate than originally anticipated. In its first year, the rental revenue from the SupaCenta has not been sufficient to meet its operating and finance costs. The Group's borrowing costs have increased by $1.9million during the year, and are the major component of the Group's loss from operations sustained during the year.

The Group's fair value write-down on it's investment properties of $10.8 million resulting from 30 June 2010 independent valuations, reflects the prevailing adverse property market conditions, together with the effects of the slower than anticipated tenancy situation in the Greenway SupaCenta. The current and prospective tenancies of the SupaCenta are discussed below. With the recognition of the write-down on the property at June 2010, and the brighter outlook for potential tenancies in the SupaCenta, the Company is looking forward to an improvement in the value of the Supacenta in the next financial year.

Property Investment and Rental

The Greenway Supacenta
Since the completion of the Greenway SupaCenta in June 2009, tenancy leases are slowly being secured. Officeworks, the first major tenant is operating successfully, and The Road & Traffic Authority (RTA) relocated from the adjacent Greenway Plaza to a large floor area in the SupaCenta. Other tenancies in the SupaCenta include Fernwood Gym and 2 furniture stores. Recently, Window of Shenzhen, a quasi government organisation from the State of Shenzhen in China, has taken up 2,500 sqm for the exhibition and sale of goods from Shenzhen. A Heads of Agreement has also been recently signed with Spotlight for a 7 year lease on 2,500sqm in the SupaCenta. It is to be noted that in order to secure these leases, the Group has had to incur substantial capital expenditure for lessors' fit out work, consequently adding to the cost of the SupaCenta. Of the total 30,000sqm net lettable area of the SupaCenta, approximately 8,000sqm still remains unleased. The Group is currently negotiating with another large retailer, and if successful, will greatly assist in the leasing up of the majority of the remaining area.

Wenthworthville Mall, Wentworthville
The Company received Development Approval in June 2010 for the construction of 67 apartments and the addition of approximately 500sqm of retail space. The Company has placed the property on the market, seeking Expressions of Interest, with a view of selling the property in the current financial year. The proceeds of the sale will be used to reduce the overall gearing of the Group, and to divert resources to residential development.

Campbelltown Square Shopping Centre
The 2010 financial year has seen improvement in the Campbelltown Shopping Centre with all vacant tenancies, except one, being leased, albeit at lower rentals than those enjoyed on previous tenancies. The Company has also commenced dialogue with Campbelltown Council to explore the viability of a joint development proposal, to include the Council's car park which adjoins the shopping centre.

Property Development

Metroland acquired an investment in a property development trust during the year. The Trust has purchased property in Haymarket, in Sydney's Chinatown for a retail and residential development. Metroland will act as the development manager. The DA for the development of 240 mixed residential apartments and approximately 7,000sqm of retail has been submitted to the City Council. The application is now in the process of being approved by SCPC (The Sydney Central Planning Committee) and it is expected that DA approval will be granted before the end of 2010 calendar year.

Property Related Services

Stratawide Management Pty Ltd continues to expand, and now manages over 50 blocks of strata schemes.

Financial Services

Metroland Funds Management Ltd, a wholly owned subsidiary of Metroland has recently been granted both a wholesale and a retail licence. Metroland Funds Management will commence investigating into opportunities for capital raising for property development projects.

Future Opportunities

Metroland continues to seek opportunities to strengthen it revenue base and achieve growth.

Review of Financial Condition

FINANCIAL HIGHLIGHTS

RESULTS	2010	2009	2008	2007	2006
	$'000	$'000	$'000	$'000	$'000
Revenue from sale of property & construction services	1,683	7,546	17,111	24,053	5,009
Rental and management revenue	6,495	5,785	4,766	3,344	3,654
Other revenue	50	134	217	87	35
Group Turnover	8,228	13,465	22,094	27,484	8,698
Net profit /(loss)after tax and minority interests	(11,956)	539	1,612	3,006	734
Total assets	76,923	85,843	85,843	65,672	56,563
Total liabilities	67,291	64,159	64,159	46,040	38,416
Contributed equity	15,113	14,966	14,966	13,379	13,197
Retained profit/(losses)	(5,481)	6,475	6,475	6,029	4,950
Minority interests	-	243	243	224	-
Total equity	9,632	21,684	21,684	19,632	18,147
Dividend paid	-	-	533	-	479
Income tax expense/(benefit)	(1,182)	(745)	903	1,553	282
PER SHARE					
Earning (cents)	(0.095)	0.47	1.50	3.08	0.77
Dividend (cents) -fully franked	-	-	-	0.5	0.5
Net tangible assets per share (cents)	7.6	19.0	18.2	17.00	14.2
STATISTICS					
Return on equity	(123%)	2.5%	8.21%	16.56%	5.38%
Net tangible assets per share (cents)	7.6	19.0	18.2	17.00	14.2
Number of shareholders	666	677	688	725	785
Employees	16	16	20	18	6
Group turnover per employee	514,285	841,563	1,104,700	1,526,888	1,449,667
SHARE PRICE (cents)					
Last sale	3.5	7	14.5	15	15.5
High for year	5.5	16.5	18.5	15.5	23.0
Low for year	3.5	7	12.0	10.0	14.0

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

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

The consolidated entity's total assets decreased by $8.92 million to $76.92 million (2009: $85.84 million) over the year. The decrease in total assets principally comprised:-

- Decrease in cash at bank by $1.31 million
- A write-down in investment property to independent valuations of $10.8 million
- Decrease in investment property held for development by $0.8 million, which was sold during the year
- Increase in investments accounted for under the equity method of $4.29million, resulting from the acquisition of a 11% interest in Metro Plaza Central Trust, an entity involved in property development.

Total liabilities of the consolidated entity have increased by $3.13 million during the year to $67.29 million (2009: $64.16 million). This increase is principally due to:-

- Increase in borrowings by $2.16 million to finance the acquisition of investment in associate
- Increase in payables of $2.2million.

The consolidated entity's equity decreased by $12.05 million over the year which is primarily as a result of the net loss sustained during the year of $11.96 million; payment of dividends to minority equity holders of $0.3 million; offset by an increase in contributed equity of $0.1m from capital raising.

EVENTS SUBSEQUENT TO REPORTING DATE

The agreement for loans secured over the Greenway SupaCenta and the Greenway Plaza investment properties include covenants which stipulate the Loan Valuation Ratio (LVR) must not exceed 70% at any time after 31 August 2010 (review date). Based on the independent property valuations at 30 June 2010, this covenant has likely been breached at the review date. In consequence, the lender may require the consolidated entity to either provide additional security or reduce the balance outstanding on the loans to comply with the LVR covenant. The directors are in discussion with the financier to further amend the loan agreement and do not anticipate any adverse consequence from this breach.

Apart from the issue discussed above, no matters or circumstances have arisen since 30 June 2010 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

The consolidated entity will continue to pursue opportunities in the rental and commercial property investment and development sectors, and to continue to pursue the company's policy of increasing revenue and profitability 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 are:

Director	Board Meetings		Audit Committee	
	Held	**Attended**	**Held**	**Attended**
Mr F Shien	6	6	-	-
Mr S Leung	6	6	2	2
Mr J Wardman	6	5	2	2
Mr D C Zhang	6	1	-	-
Mr S Wang (appointed 30/9/2009)	4	1	-	-
Mr H Tsang (appointed 22/2/2010)	-	-	1	1
Mr E Lee (resigned 22/2/2010)	6	6	1	1

AUDIT COMMITTEE

The members of the audit committee during the year comprised three independent non-executive directors, Mr Steam Leung, Mr John Wardman, Mr Eddie Lee (resigned 22 February 2010), and Mr Henry Tsang (appointed 22 February 2010).

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:-

	Base Remuneration (salary & fees) $		Superannuation Contributions $		Total Remuneration $	
	2010 $	**2009 $**	**2010 $**	**2009 $**	**2010 $**	**2009 $**
Directors						
Executive						
Frank Shien	119,409	119,409	-	-	119,409	119,409
Non-executive						
Eddie Lee – resigned 22 February 2010	12,000	12,000	-	-	12,000	12,000
John Wardman	10,920	12,000	1,080	-	12,000	12,000
Steam Leung	24,000	24,000	-	-	24,000	24,000
Da Cheng Zhang	-	-	-	-	-	-
Shuqing Wang – appointed 30 September 2009	-	-	-	-	-	-
Henry Tsang – appointed 22 February 2010	7,051	-	-	-	7,051	-
Executive Officers (excluding directors)						
Tjing Hong Ong	130,000	130,000	11,700	11,700	141,700	141,700
Anthony Maroon	140,000	154,567	12,600	12,600	152,600	167,167
Xavier Chen – appointed November 2009	53,333	-	4,800	-	58,133	-
	496,713	451,976	30,180	24,300	526,893	476,276

SHARE OPTIONS

Unissued shares under Option
At the date of this report, there are no unissued ordinary shares of the company under option. In the previous year 15,744,774 share options expired.

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:-

METROLAND AUSTRALIA LIMITED

	Ordinary Shares	**Options over Ordinary Shares**
Mr. E Lee	527,500	-
Mr. S Leung	1,960,547	-
Mr. F Shien	12,619,610	-
Mr. J Wardman	1,436,033	-
Mr D C Zhang	9,600,000	-
Mr. S Wang	1,500,000	-

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Since the end of the previous financial year, Metroland Australia Limited paid insurance premiums of $12,958 to insure the directors and officers of the company and its controlled entities. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance for legal costs and those relating to other liabilities.

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 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 non-audit 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 is included in the Directors' Report, at page 12.

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

	Consolidated	
	2010	**2009**
	$	**$**
Statutory audit:		
- Audit and review of financial statements	**82,980**	**93,678**
Services other than statutory audit		
Other services:		
- Taxation compliance services	**4,207**	**5,138**
- Share registry	**10,486**	**13,643**
	14,693	**18,781**

ROUNDING OFF

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors.
Dated at Sydney this 6th day of October 2010.

Frank Shien
Director

GouldRalph
ASSURANCE

Chartered Accountants
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6 October 2010

The Board of Directors
Metroland Australia Limited
Level 4, 45 Murray Street
PYRMONT NSW 2009

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Metroland Australia Limited for the year ended 30 June 2010, 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
- No contraventions of the code of professional conduct in relation to the audit.

GOULD RALPH ASSURANCE
Chartered Accountants

GREGORY RALPH M.Com., F.C.A.
Partner

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	Consolidated 2010 $'000	2009 $'000
Continuing operations:			
Revenue from sales	2	**1,683**	7,546
Property rental and management revenue	2	**6,495**	5,785
Other revenues	2	**50**	134
Total Revenue	2	**8,228**	13,465
Cost of sales		**(1,879)**	(7,610)
Borrowing costs	3(b)	**(4,359)**	(2,435)
Property expenses		**(1,679)**	(832)
Directors fees		**(126)**	(119)
Employee benefits expenses		**(1,224)**	(1,095)
Professional and consultancy fees		**(447)**	(340)
Loss on sale of investment property		**(167)**	-
Impairment of investment		**-**	(98)
Loss on disposal of fixed assets		**(80)**	-
Other expenses from ordinary activities		**(738)**	(802)
Net (loss) from changes in the fair value of investment properties		**(10,800)**	(360)
Share of net profit of joint venture entities accounted for using the equity method	26	**222**	114
(Loss) before income tax		**(13,049)**	(112)
Income tax benefit	4(a)	**1,182**	745
Profit/(loss) for the year		**(11,867)**	633
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the year		**(11,867)**	633
Total comprehensive income/(loss) attributable to:			
Owners of the company		**(11,956)**	539
Non-controlling interest		**89**	94
Total comprehensive income/(loss) for the year		**(11,867)**	633
Earnings per share attributable to the ordinary equity holders of the company:			
Basic earnings/(loss) per share	5	**($0.095)**	$0.005
Diluted earnings/(loss) per share	5	**($0.095)**	$0.005

The consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	Consolidated 2010 $'000	2009 $'000
CURRENT ASSETS			
Cash and cash equivalents	8	**607**	1,912
Trade and other receivables	9	**1,509**	3,812
Inventories	10	**21**	177
Current tax assets	4(b)	**-**	144
Other current assets	12	**197**	302
Asset classified as held for sale	16	**18,750**	-
Total Current Assets		**21,084**	6,347
NON-CURRENT ASSETS			
Trade and other receivables	9	**6,101**	3,605
Investment property under development	13	**-**	756
Investment property	14	**43,450**	73,000
Investments accounted for using the equity method	11	**359**	1,627
Financial assets	15	**5,599**	36
Property, plant & equipment	17	**189**	307
Deferred tax assets	4(d)	**141**	165
Total Non-Current Assets		**55,839**	79,496
TOTAL ASSETS		**76,923**	85,843
CURRENT LIABILITIES			
Trade and other payables	18	**2,314**	4,821
Financial liabilities	19	**20,039**	26,255
Current tax liabilities	4(b)	**45**	-
Short-term provisions	21	**108**	141
Total Current Liabilities		**22,506**	31,217
NON-CURRENT LIABILITIES			
Trade and other payables	18	**4,750**	-
Financial liabilities	19	**39,975**	31,596
Deferred tax liabilities	4(c)	**-**	1,296
Long-term provisions	21	**60**	50
Total Non-Current Liabilities		**44,785**	32,942
TOTAL LIABILITIES		**67,291**	64,159
NET ASSETS		**9,632**	21,684
EQUITY			
Contributed equity	22	**15,113**	14,966
Retained earnings		**(5,481)**	6,475
Minority equity interests		**-**	243
TOTAL EQUITY		**9,632**	21,684

The consolidated statement of financial position is to be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Contributed equity $'000	Retained earnings $'000	Minority equity interests $'000	Total equity $'000
Balance at 1 July 2008	**13,379**	**6,029**	**224**	**19,632**
Comprehensive income for the year				
Profit/(loss) for the year	-	539	94	633
Other comprehensive income for the year				
Transfer of reserves to joint venture partners	-	(93)	-	(93)
Total comprehensive income for the year	**-**	**446**	**94**	**540**
Transactions with owners in their capacity as owners:-				
Issue of shares	1,587	-	-	1,587
Dividends paid to equity-holders	-	-	(75)	(75)
Balance at 30 June 2009	**14,966**	**6,475**	**243**	**21,684**
Balance at 1 July 2009	**14,966**	**6,475**	**243**	**21,684**
Comprehensive income for the year				
Profit/(loss) for the year	-	(11,956)	89	(11,867)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	**-**	**(11,956)**	**89**	**(11,867)**
Transactions with owners in their capacity as owners:-				
Issue of shares	150	-	-	150
Share issue costs	(3)	-	-	(3)
Dividends paid to equity-holders	-	-	(332)	(332)
Balance at 30 June 2010	**15,113**	**(5,481)**	**-**	**9,632**

The consolidated statements of changes in equity are to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $'000	Consolidated 2009 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		**9,557**	18,516
Cash payments in the course of operations		**(5,748)**	(15,983)
Interest received		**29**	134
Borrowing costs paid		**(4,427)**	(3,497)
Income taxes (paid)/refunded		**125**	(293)
Net cash (used in) operating activities	7(a)	**(464)**	(1,123)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(20)**	(26)
Acquisition of investment		**(3,762)**	(1,766)
Payments for additions to property investments		**(397)**	-
Loans (to)/repayments from other entities		**(52)**	-
Net cash (used in) investing activities		**(4,231))**	(1,792)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans (to)/from related entities		**(1,916)**	(874)
Proceeds from borrowings		**6,373**	1,401
Repayment of borrowings		**(868)**	(364)
Dividends paid		**(194)**	(26)
Proceeds from issue of shares		**147**	1,587
Net cash provided by financing activities		**3,542**	1,724
Net (decrease)/increase in cash held		**(1,153)**	(1,191)
Cash at beginning of the financial year		**1,756**	2,947
Cash at the end of the financial year	7(b)	**603**	1,756

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

Going Concern

The consolidated entity incurred a significant loss for the year ended 30 June 2010 of $11,867,000 (including investment property write downs of $10.8 million) and at that date its current liabilities exceeded its current assets by $1.42 million.

The consolidated entity also has $19,496,000 of loans included in the Statement of Financial Position as current liabilities which are due for repayment in November 2010 and are proposed to be settled via the sale of the Wentworthville Mall shopping centre, which is held as an available for sale current asset.

Additionally, as disclosed in Note 35 Events Subsequent to Reporting Date, loans amounting to $24,485,085 included in the Statement of Financial Position at 30 June 2010 under non-current liabilities and secured on the 50% Joint Venture investment properties Greenway Supacenta and the Greenway Plaza, are considered to be in breach of the loan covenants as at the date of this report and consequently the lender may require $7 million to be repaid, of which the consolidated entity's share is $3.5 million, to facilitate compliance with the Loan Valuation Ratio (LVR) terms.

The ongoing operation of the consolidated entity is dependent upon the continued support by the financiers and the Joint Venture partners and the ability of the consolidated entity to generate positive cash flow from its operations.

Should the consolidated entity not achieve the matters set out above these conditions give rise to a 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.

(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, applicable Accounting Standards and other mandatory professional reporting requirements.

The consolidated financial statements of the company comprise of Metroland Australia Limited and its controlled entities, and interests in associates and joint ventures. Metroland Australia Limited is a listed 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 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.

(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 25 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.

Joint Venture Operations

The consolidated entity has an interest in a joint venture that is a jointly controlled operation. A joint venture is a contractual arrangement whereby two or more parties undertake an activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The consolidated entity

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

recognises its interest in jointly controlled operations by recognising the assets that it controls and the liabilities that it incurs. The consolidated entity also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

Interests in Joint Ventures

The consolidated group's share of the assets, liabilities, revenue and expenses of jointly controlled entities has been included in the appropriate line items of the consolidated financial statements. The consolidated group's interest in joint venture entities are brought to account using the proportionate consolidation method of accounting in the consolidated financial statements. Where the group contributes assets to the joint venture or if the group purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the group's share of the joint venture is recognised. The group however will recognise the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

Details of the consolidated entity's interests are shown at Note 24.

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) **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 income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

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

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.

(d) **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 income in the period in which they are incurred.

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

(e) **Investment in Associates**

Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements. An associate is an entity in which the controlled entity has significant influence and which is neither a subsidiary nor a joint venture operation.

The financial statements of each associate, which are adjusted to re-align the results to coincide with the controlled entity reporting date, are used by the controlled entity to apply the equity method.

The investment in associates are carried in the financial statements at cost plus post-acquisition changes in the controlled entity's share of net assets of the associate, less any impairment in value. The statement of comprehensive income reflects the controlled entity's share of the results of operations of the associates.

(f) **Investment Property**

Investment properties, comprising freehold shopping complexes, are held to generate long-term rental yields and for capital appreciation. All tenant leases are on an arms length basis. Investment properties are carried at fair value determined annually using both independent and directors valuations. Changes to fair value are recorded in the statement of comprehensive income.

(g) **Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amounts and fair value less costs to sell. For non-current assets to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

(h) **Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost includes the cost of acquisition and for property under development also includes development and holding costs such as borrowing costs, rates and taxes until the point of time that the property is ready for sale or use. Borrowing costs and other holding costs incurred after completion of development are expensed. Net realisable value is the estimated selling price in the course of business, less the estimated costs of completion and settling expenses.

(i) **Construction Contracts and Work in Progress**

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

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

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

(j) **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:

	2010	**2009**
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 balance sheet 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.

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

(k) **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.

(l) **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.

(m) **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".

(n) **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.

(o) **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.

(p) **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:-

Sale of Properties and Goods

Revenue from the sale of property is only recognised upon the completion of the project, when the unconditional contracts of sale are settled, and the substantial risks and rewards are passed to the buyer. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer for property sales and at the time the purchaser has control of the asset for other specific transactions.

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.

Investment Property Rental Revenue

Rental revenue comprises rent received from entities outside the consolidated entity. Rental income is accounted for on a straight line basis over the term of the leases.

Construction Activities

Revenue recognition in relation to construction activities is detailed in Note 1(h).

Interest Income

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

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

Dividend

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

(q) **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 balance sheet 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.

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.

(r) **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.

(s) **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.

Employee Benefits

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

Dividends

A provision for dividends payable is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount, regardless to the extent to which they will be paid in cash.

(t) **Trade and Other Receivables**

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

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

(u) **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.

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

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.

(v) **Comparative Figures**

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

(w) **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) Fair valuation of investment properties – refer Note 14

The directors assess the valuation of the investment properties based on valuations obtained annually by independent valuers. These valuations are based on expected rental yields and outgoings based on current and historical evidence as well as current market expectations.

(x) **Rounding of amounts**

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

The financial statements were authorised for issue on 6 October 2010 by the board of directors.

	Consolidated	
	2010	**2009**
	$'000	**$'000**
NOTE 2 REVENUE		
Revenue from sale of:		
- Construction services and goods	**1,493**	7,446
- Building accessories	**190**	100
	1,683	7,546
Rental revenue from investment properties	**5,319**	3,971
Property management and facilitation revenue	**1,176**	1,814
	6,495	5,785
Other revenues:-		
From operating activities		
Interest – other parties	**29**	134
Other	**21**	-
Total Other Revenues	**50**	134
Total Revenue	**8,228**	13,465

NOTE 3 PROFIT BEFORE INCOME TAX

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

	2010 $'000	2009 $'000
Share of net profit of associates	**(222)**	(114)
Net (gain)/loss from changes in the fair value of investment properties	**(10,800)**	360

(b) Profit/(loss) before income tax has been arrived at after charging/(crediting) the following items:

	2010 $'000	2009 $'000
Borrowing Costs:		
-Other parties	**4,866**	3,517
Less: Capitalised borrowing costs	**(507)**	(1,082)
	4,359	2,435

Borrowing costs were capitalised to property inventories and qualifying assets at a weighted average annual rate of 10.25% (2009: 5.97%).

	2010 $'000	2009 $'000
Amortisation and depreciation of:		
Plant and equipment	**57**	71
Net expense from movements in provisions for:		
- Employee entitlements expense	**(18)**	23
- Impairment of trade receivables	**5**	66
Investment loan written-off	**-**	98
Operating lease payments	**191**	49

	Consolidated 2010 $'000	2009 $'000

NOTE 4– TAXATION

(a) Income Tax Expense

	2010 $'000	2009 $'000
Prima facie tax payable on profit/(loss) before income tax at 30% (2009– 30%)	**(3,915)**	(34)
Increase/(decrease) in income tax expense due to:		
- Division 43 capital allowance	**-**	(41)
- Capital loss on sale of property	**50**	-
- Capitalised interest	**-**	(440)
- Recovery on project completion	**-**	(201)
- Fair value adjustment to investment property	**2,646**	
- Other	**51**	(29)
Over provision of income tax in the prior year	**(45)**	-
Tax losses of partially owned subsidiary not recognised in the accounts	**31**	-
Income tax benefit reported in the Statement of Comprehensive Income	**(1,182)**	(745)
The major components of Income tax benefit comprises:		
- current tax	**104**	83
- deferred tax	**(1,272)**	(627)
- recovery on project completion	**-**	(201)
- overprovision in respect of prior year	**(45)**	-
-tax losses not recognised	**31**	-
	(1,182)	(745)

(b) Current Tax (Asset)/Liabilities

	2010 $'000	2009 $'000
Refund due on project completion	**-**	(172)
Provision for Current Income Tax	**45**	28
	45	(144)

(c) Deferred Income Tax Liabilities

	2010 $'000	2009 $'000
Deferred income tax liabilities comprise the estimated expense at the applicable rate of 30% (2009: 30%) on the following items:		
Fair value gain adjustments	**(811)**	(217)
Tax allowances relating to properties	**601**	668
Income not currently assessable for tax	**983**	323
Expenditure currently deductible for tax but deferred for accounting purposes	**799**	838
Losses applied	**(699)**	(316)
Offset against deferred tax assets	**(873)**	-
	-	1,296

	Consolidated	
	2010	**2009**
	$'000	**$'000**
NOTE 4– TAXATION (Cont'd)		
(d) Deferred tax assets		
Deferred tax assets have been recognised in respect of the following items:		
Deductible temporary differences	**65**	165
Tax losses carried forward	**949**	-
Offset against deferred tax liabilities	**(873)**	-
	141	165
Income tax losses: The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefits from the deferred tax assets.	**31**	490

NOTE 5– EARNINGS PER SHARE

Earnings reconciliation		
Net profit/(loss) for basic and diluted earnings	**(11,956)**	539
Weighted average number of shares used as the denominator for the Calculation of basic and diluted earnings per share:	**Number**	**Number**
Ordinary shares	**125,909,271**	114,067,475

NOTE 6 – AUDITORS REMUNERATION	**$**	**$**
Auditors of the Company:		
Audit services		
Audit and review of financial statements	**82,980**	93,678
Other services		
Taxation compliance services	**4,207**	5,138
Share registry services	**10,486**	13,643
	14,693	18,781
	97,673	112,459

	Consolidated 2010 $	Consolidated 2009 $
NOTE 7 – NOTES TO THE CASH FLOW STATEMENT		
Operating profit/(loss) after income tax	**(11,867)**	633
Add/(less) items classified as investing/financing activities:		
Interest paid capitalised in property and investments	**(68)**	(1,082)
Fair value adjustment to investment property	**10,800**	360
Non-cash items		
Investment loan written off	**-**	98
Gain on equity investment dissolution	**(41)**	-
Depreciation	**57**	70
Loss on disposal of fixed assets	**80**	2
Loss on sale of investment property	**167**	-
Amounts set aside to provisions	**(34)**	33
Equity accounted share of joint venture entities' results	**(73)**	(72)
Changes in assets and liabilities:		
(Increase)/decrease in property inventories	**156**	(109)
(Increase)/decrease in receivables	**1,302**	207
Increase/(decrease) in payables	**121**	(1,298)
Increase/(decrease) in tax balances	**(1,169)**	(125)
(Increase)/decrease in prepayments	**105**	160
Net cash provided by / (used in) operating activities	**(464)**	(1,123)
(b) Reconciliation of Cash		
Cash	**213**	700
Short term deposits	**394**	1,213
Bank overdraft	**(4)**	(157)
	603	1,756

NOTE 8 – CASH AND CASH EQUIVALENT ASSETS

	2010 $	2009 $
Current		
Cash at bank and in hand	**213**	700
Bank short term deposits	**394**	1,212
	607	1,912

The effective interest rate on short-term bank deposits was 2.69% (2009: 3.9%)

		Consolidated	
		2010	**2009**
		$'000	**$'000**
NOTE 9 – TRADE AND OTHER RECEIVABLES			
Current			
Trade receivables		**491**	534
Less: Impairment of receivables		**(74)**	(85)
		417	449
Amount due from customers for construction contracts	9(a)	**395**	1,425
Receivable from sale of investment property		**600**	-
Project management fee receivable – joint venture		**-**	1,500
GST receivable		**-**	77
Other receivables		**14**	361
Loans to other entities		**83**	-
		1,509	3,812
Non-Current			
Loans to joint venture entities		**5,973**	3,555
Other receivables		**128**	50
		6,101	3,605

At 30 June, the aging analysis of trade receivables is as follows:

	0 – 30 days	*31 – 60 days*	*61 – 90 days*	*+90 days*	*Total*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
2010	**187**	**35**	**23**	**172**	**417**
2009	269	119	31	30	449

Trade receivables past due date but not considered impaired are $204,000 (2009: $30,000). Current trade receivables are non-interest bearing and are generally on 60 day terms. An allowance for doubtful debts is made where there is evidence that a trade receivable is impaired.
The receivable from the sale of investment property is due on 30 September 2010, the date of settlement.
All non-current loans are interest free. The loans are not repayable within the next 12 months.

(a) ***Construction Contracts***
Amounts due for construction contracts are receivable from a joint venture partner of a joint venture operation in which the Group is a 50% joint venture partner.

	2010	2009
Contracted costs incurred	-	12,098
Recognised (loss)/profit	-	(77)
	-	12,021
Progress billings	-	(12,021)
	-	-
Amounts due from customers for contract work	**395**	1,425
Retentions on construction contracts in progress	-	640
Progress billings received and receivable on completed construction contracts	**12,021**	11,381

		Consolidated	
		2010	**2009**
		$'000	**$'000**
NOTE 10 – INVENTORIES			
Current			
Finished goods held for resale, at lower of cost and net realisable value		**21**	177
NOTE 11 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD			
Non-current			
Associated entities	26	**359**	1,627
NOTE 12 – OTHER CURRENT ASSETS			
Current			
Prepayments		**197**	302
NOTE 13 – INVESTMENT PROPERTY UNDER DEVELOPMENT			
Non-Current			
Cost of acquisition		-	746
Development costs capitalised		-	5
Interest capitalised		-	5
		-	756

Borrowing costs were capitalised at a weighted average rate of Nil% (2009: 5.97%). The property was sold during the year, with settlement due on 30 September 2010.

NOTE 14 – INVESTMENT PROPERTY			
Non-Current			
Balance at beginning of the year		**73,000**	37,935
Transfer to assets currently held for sale		**(20,350)**	-
Transfer from equity accounted investment (i)		-	12,200
Transfer from Properties Held for Development		-	23,020
Expenditures capitalised		-	205
Fair value adjustment		**(9,200)**	(360)
		43,450	73,000

Investment properties comprise:

- The Campbelltown Square shopping complex at 218-240 Queens Street, Campbelltown which was acquired in May 2007.
- Greenway Supacenta, a shopping complex at Wetherill Park. Development work on the complex was completed in June 2009.
- Greenway Plaza shopping complex at Wetherill Park.

The fair value model is applied to all investment properties. Investment properties are valued at least annually. The investment properties listed above have all been valued by the directors, based on current updates of the independent valuations undertaken at 30 June 2010. The independent valuations at 30 June 2010 were assessed using the capitalisation of potential rental method using capitalisation rates between 8.5% and 9.5%, based on an active liquid market and were performed by a registered independent valuer.

(i) The asset transferred above relates to the groups' share of the Greenway Plaza investment property. This asset is held by Gaintak Investments Pty Ltd, a joint venture entity. The accounting treatment for this entity was changed to the proportionate consolidation method from the equity accounting method in the prior year.

NOTE 15 – FINANCIAL ASSETS

	Consolidated 2010 $'000	2009 $'000
Unlisted Investments in other entities		
Joint venture entity	**36**	36
Property trust	**5,563**	-
	5,599	36
Investments in Associates		
Unlisted shares at cost	**101**	101
Provision for diminution	**(101)**	(101)
	-	-
	5,599	36

NOTE 16 – ASSETS CURRENTLY HELD FOR SALE

Current		
Investment property	**18,750**	-

The Wentworthville Mall, a shopping complex at 42-44 Dunmore Street, Wentworthville has been made available for sale. The corresponding bank loan, which is secured over the asset, falls to maturity on 1 November 2010, and is classified in current financial liabilities. The directors expect the sale of Wentworthville Mall to be realised to repay the bank loan on maturity.

NOTE 17 – PROPERTY, PLANT & EQUIPMENT

Plant and equipment – at cost	**334**	446
Accumulated depreciation	**(145)**	(139)
	189	307

Movements in Carrying Amounts

Plant and equipment

Carrying amount at beginning of year	**307**	355
Additions	**19**	23
Disposals	**(80)**	-
Depreciation	**(57)**	(71)
Carrying amount at end of year	**189**	307

NOTE 18 – TRADE AND OTHER PAYABLES

Current		
Trade creditors	**790**	913
Other creditors and accruals	**1,466**	3,908
GST payable	**58**	-
	2,314	4,821
Non-current		
Owing to joint venture participants	**4,365**	-
Interest and commissions payable	**385**	-
	4,750	-

Amounts owing to joint venture participants are non-interest bearing and not due for repayment in the next 12 months. These payables may be offset against amounts owing by joint venture participants disclosed in Note 9. Interest and commissions payable on borrowings to fund the investment in a property development are due in October 2012, on the completion and subsequent realisation of the completed development.

NOTE 19 – FINANCIAL LIABILITIES

		Consolidated	
		2010 $'000	2009 $'000
Current			
Bank overdraft		**4**	157
Bank loans –secured	18(a)	**19,911**	23,966
Loans from other entities-unsecured	18(b)	**113**	2,121
Hire purchase liabilities - secured	18(c)	**11**	11
		20,039	26,255
Non-current			
Bank loans –secured	18(a)	**32,254**	27,692
Loans from other entities-unsecured	18(b)	**7,716**	3,888
Hire purchase liabilities - secured	18(c)	**5**	16
		39,975	31,596

(a) The bank loans are secured by registered first mortgages over properties of the controlled entities. The covenants for the bank loans require minimum interest cover ratios of between 1 to 1.25 times on the net passing rental of the mortgaged property and loan to valuation ratios (LVR) of between 70% to 75% of the fair valuation of the mortgaged investment property. The non-current portion of the bank loans of $7,769,000 is repayable by May 2012, and $24,485,000 is repayable by 29 February 2012.

Included in current liabilities is the loan facility of $13,125,000 secured over the Group's Wentworthville Mall investment property which has been placed on the market for sale. The facility is due for repayment by 1 November 2010. Also included in current financial liabilities is $6,371,000 being the portion of a loan facility which is cross-collateralised over this investment property, and which is required to be repaid to enable the continued compliance with the financier's required LVR.

During the year, the Group was in breach of the financier's required minimum interest cover covenant in relation to its loan facility of $24,485,000 in the Greenway SupaCenta investment property, which was completed in June 2009. Under the terms of the loan facility agreement:-

- the financier increased the interest rate charged on the facility, by adopting the increased margin % on the facility;
- the Group has provided to the financier detailed plans for the remedy of the breach, and a timeframe for such remedy. The Group is continuing discussions with the financer to this effect.

The above circumstances have resulted in a variation to the loan facility's repayment date to 29 February 2012 to provide the Group with a reasonable timeframe in which to pursue the implementation of its plans as provided to the financier.

The weighted average interest rate on these loans at 30 June 2010 is 9.19% (2009: 6.28%), and is paid monthly.

(b) Loans from other entities are unsecured. The current portion is repayable within the next 12 months. The non-current portion of $4,046,000 is repayable by October 2012, and the balance of $3,670,000 is not due within the next 12 months. The weighted average interest rate on these loans at 30 June 2010 is 9.77% (2009: 3.98%).

(c) Hire purchase liabilities are secured over the assets being financed. The non-current portion of $5,000 is due for repayment progressively until 2011. The weighted average interest rate of hire purchase liabilities at 30 June 2010 was 8.36% (2009:8.36%).

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

	Consolidated	
	2010 $'000	2009 $'000
Properties held for development	**-**	756
Investment properties	**43,450**	73,000
Investment property held for sale	**18,750**	-
Property settlement receivables	**600**	-
Fixed assets	**18**	26
	62,818	73,782

	Consolidated	
	2010	2009
NOTE 20 - FINANCING ARRANGEMENTS	$'000	$'000
The consolidated entity has access to the following lines of credit:		
Total facilities available:		
Bank loans	**52,165**	51,658
Other entity loans	**7,845**	6,035
	60,010	57,693
Facilities utilised at balance date:		
Bank loans	**52,165**	51,658
Other entity loans	**7,845**	6,035
	60,010	57,693
Facilities not utilised at balance date:		
Bank loans	**-**	-
Other entity loans	**-**	-
	-	-

NOTE 21 – SHORT-TERM AND LONG-TERM PROVISIONS

	2010	2009
Current		
Employee benefits	**108**	141
Non-current		
Employee benefits	**60**	50
Number of employees at year end	**18**	18

Movements in provisions

Movements in each class of provision during the current financial year are set out below:

	Current employee benefits	Non-current employee benefits
Carrying amount at the start of the year	141	50
Unused amounts reversed	(33)	-
Additional provisions recognised	-	10
Carrying amount at the end of the year	108	60

NOTE 22 – CONTRIBUTED EQUITY

	2010	2009
(a) *Share capital*		
126,283,244 (2009: 124,783,244) ordinary shares fully paid	**15,113**	14,966
Movements during the year:		
Balance at beginning of year: 124,783,244 shares (2009: 108,031,973 shares)	**14,966**	13,379
Shares issued:		
- Nil (2009: 1,751,271) Pursuant to the company dividend reinvestment plan	**-**	87
- 1,500,000 on 1 October 2009 for cash pursuant to a share placement	**150**	-
- 15,000,000 on 19 February 2009 for cash pursuant to a share placement	**-**	1,500
Less: Transaction costs of issue	**(3)**	-
Balance at end of the year: 126,283,244 shares (2009: 124,783,244 shares)	**15,113**	14,966

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, rank after creditors and are fully entitled to any proceeds of liquidation.

(b) *Options*
All options expired in the previous financial year. 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 a good debt to equity ratio; provide the shareholders with adequate returns and to ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. 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, and distributions to shareholders.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to ensure that the group's gearing ratio remains below the minimum loan covenanted Loan to Valuation Ratio of 70%. The gearing ratio for the year ended 30 June 2010 and 30 June 2009 are as follows:-

	Note	Consolidated	
		2010	2009
		$'000	$'000
Total borrowings	18,19	**67,078**	62,672
Less: cash and cash equivalents	8	**(607)**	(1,912)
Net Debt		**66,471**	60,760
Total Equity		**9,632**	21,684
Total Capital		**76,103**	82,444
Gearing Ratio		87%	72%

NOTE 23 – DIVIDENDS

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

Dividend Franking Account		
30% franking credits available to shareholders of Metroland Australia Limited for subsequent financial years	**1,433**	1,373

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 debits that will arise from the payment of dividends recognised as a liability at year-end;
(c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax-consolidated entity at year-end;
(d) 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 24 – INTEREST IN JOINT VENTURES

The consolidated entity holds a 50% interest in the Greenway Supacenta Joint Venture whose principal activity is the rental of the SupaCenta investment property at Elizabeth Street, Wetherill Park, and a 50% interest in both Gaintak Investment Unit Trust and Greenway Australia Properties Pty Limited. For the year ended 30 June 2010, the contribution of the joint ventures before tax of the consolidated entity was a loss of $10,702,235 (including $9,499,865 fair value write down to investment properties) (2009: a profit of $2,223,000).

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

Current Assets		
Cash	**55**	90
Receivables	**334**	365
Total Current Assets	**389**	455
Non Current Assets		
Investment Property	**30,078**	39,674
Total Assets	**30,078**	40,129
Current Liabilities		
Trade and other creditors	**501**	5,753
Total Current Liabilities	**501**	5,753
Non-Current Liabilities		
Interest bearing liabilities	**24,485**	28,674
Other creditors	**4,379**	-
Total Non-Current Liabilities	**28,864**	28,674
Total Liabilities	**29,365**	34,427
Net Assets	**1,102**	5,702

Refer Note 28 for details of contingent liabilities.

NOTE 25 – CONTROLLED ENTITIES

(a) Particulars in relation to controlled entities

NAME	**EQUITY INTEREST**	
	2010	**2009**
Parent entity	**%**	**%**
Metroland Australia Limited		
Controlled entities		
Metroland Properties Pty Limited	**100**	100
Kings Properties (Australia) Pty Limited	**100**	100
Greenway Australia Properties Pty Limited *	**50**	50
Metroland Homes Pty Limited	**100**	100
Stratawide Management Pty Limited	**55**	55
Goldwest Metro Pty Limited	**100**	100
MetroBuild Associates Pty Limited	**100**	100
Metro Facilities Management Pty Limited	**100**	100
Home at Metro Pty Limited	**100**	100
Gaintak Note Company Pty Limited	**100**	100
Campbelltown Metro Pty Limited	**100**	100
Metroland Constructions Pty Limited	**100**	60
Global Real Estate Assets Corporation Pty Limited	**100**	100
DK Metro Engineering Pty Limited	**100**	100
Gaintak Investments Pty Limited *	**50**	50
Metroland Management Services Pty Limited	**100**	100
Metroland Funds Management Limited	**100**	100
Metroland Investments Limited	**100**	100

All controlled entities are incorporated and carry on business in Australia.
* Jointly controlled entity accounted for on a proportionate consolidation method.

(b) *Acquisition of controlled entities*

No controlled entities were acquired in the current financial year.

In the previous financial year, wholly owned subsidiaries, Metroland Management Services Limited and Metroland Funds Management Limited were set up to further provide property and building related services and products to the industries.

(c) *Disposal of controlled entities*

No controlled entities were disposed of during the current year or previous financial year.

NOTE 26-INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	2010 $'000	2009 $'000
Share of net profit accounted for using the equity method included in the income statement:		
- Associates	**222**	114

Interest in Associates
Details of interests in associates are as follows:

Name	Principal Activities	Associate Reporting Date	Ownership Interest Held		Carrying Amount of Investment	
			2010 %	2009 %	2010 $'000	2009 $'000
Ausbao (NSW) Management Pty Ltd	Construction project management	31 Dec	**49**	-	**65**	-
Metro Plaza Chinatown JV	Investment in property development entity	30 June	**20**	20	**293**	1,627
MTC Engineering Pty Limited	Construction engineering services	30 June	**40**	-	**1**	-
					359	1,627

	Consolidated	
Results of Associates	2010 $'000	2009 $'000
Revenue from ordinary activities	**421**	114
Expenses from ordinary activities	**(162)**	-
Profit from ordinary activities before income tax	**259**	114
Income tax expenses relating to ordinary activities	**(37)**	-
	222	114

Balance Sheet

The consolidated entity's share of the joint venture entities assets and liabilities consists of:-

	2010 $'000	2009 $'000
Current assets	**92**	-
Non-current assets	**276**	1,627
Total assets	**368**	-
Current liabilities	**9**	-
Non-current liabilities	**-**	-
Total liabilities	**9**	-
Net assets – accounted for using the equity method	**359**	1,627

Refer to notes 27 and 28 for details of commitments and contingencies

	Consolidated	
	2010 $'000	2009 $'000
Share of post-acquisition profit attributable to associates equity accounted		
Share of associates' retained profit at beginning of year	**-**	3,696
Share of associates net profit	**222**	114
Elimination of unrealised profits on services provided to associates	**(139)**	-
Adjustment due to change in accounting treatment to that of a Joint Venture entity	**-**	(3,810)
Share of associates retained profit at end of year	**83**	-
Movements in carrying amount of associates and joint venture entities		
Carrying amount at beginning of the year	**1,627**	6,780
Transfer to investments in other entities	**(1,351)**	-
Cash contributions to associates during the year	**-**	1,668
Share of associates' net profit	**222**	114
Elimination of unrealised profits on services provided to associates	**(139)**	-
Transfer of assets & liabilities to those of consolidated entity	**-**	(6,935)
Carrying amount at beginning of year	**359**	1,627

NOTE 27-CAPITAL AND LEASING COMMITMENTS

Capital Expenditure Commitments		
Capital expenditure commitments under a put and call option, outstanding at 30 June 2009:	**-**	2,000
Operating Lease Commitments		
Non-cancellable operating lease contracted for but not capitalised in the financial statements:-		
Payable – minimum lease payments		
- not later than 12 months	**158**	146
- between 12 months and 5 years	**236**	365
	394	511

The property lease is a non-cancellable lease with a 5 year term, with rent payable monthly in advance. An option exists to renew the lease at the end of the 5 year term for an additional 3 years. The lease is subject to a CPI rental review at the end of the initial 5 year term.

Finance Lease Commitments		
Payable – minimum lease payments		
- not later than 12 months	**13**	13
- between 12 months and 5 years	**6**	20
	19	33
Less: future finance charges	**(3)**	(6)
Present value of minimum lease payments	**16**	27
Total Commitments	**410**	2,538

	Consolidated	
	2010	**2009**
	$'000	**$'000**
NOTE 28-CONTINGENT LIABILITIES		
Estimates of the potential financial effects of contingent liabilities that may become payable:-		
Share of Joint Venture Contingent Liabilities		
- Guarantee of joint venture loan facilities	**24,485**	47,857
- A controlled entity as a venturer in the Greenway Supacenta Joint Venture operation, is jointly and severally liable for 100% of all liabilities incurred by the joint venture. The assets of the joint venture are sufficient to meet such liabilities. The joint venture liabilities not already reflected in the statement of financial position are:	**1,865**	18,259
	26,350	66,116

NOTE 29- SEGMENT REPORTING

The Group has identified operating segments based on the internal reports that are reviewed and used by the executive management team in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature of the services provided and the origin and manner in which products sold are used. Financial information about each of these operating business segments is reported to the executive management team on at least a quarterly basis.

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

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

Business Segments

The consolidated entity comprises the following main business segments, based on the consolidated entity's management reporting system:-

Property construction, development and management:	For property under construction and constructions under management for external and other related entities.
Property rental and management:	Investment properties held for the generation of rental income and capital appreciation; and residential property management and facilitation management services.
Investment and financial services:	Investments in associate entities; cash investments and general loan borrowings.
Import and wholesaling:	Wholesale and sourcing of imported products.

NOTE 29- SEGMENT REPORTING (cont)

	Property Construction, Development & Management		Property rental & management		Investment & Financial Services		Import Sales		Consolidation	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
External segment revenue	1,821	7,255	6,174	5,785	43	134	190	291	8,228	13,465
Segment result before finance costs and impairment	(596)	(180)	3,978	4,733	9	215	(26)	(182)	3,365	4,586
Finance costs after capitalised interest	(3)	(3)	(4,117)	(2,230)	(239)	(202)	-	-	(4,359)	(2,435)
Impairment of receivables & investments	-	-	(7)	(50)	-	(98)	2	(17)	(5)	(165)
Segment result after finance costs and impairment	(599)	(183)	(146)	2,453	(230)	(85)	(24)	(199)	(999)	1,986
Gain from change in the fair value of investment properties									(10,800)	(360)
Loss on disposal of plant and equipment									(80)	-
Loss on sale of investment property									(167)	-
Interest revenue	3	19	4	24	22	101	-	-	29	144
Unallocated corporate expenses									(1,032)	(1,882)
Profit/(loss) from ordinary activities before tax									(13,049)	(112)
Income tax (expense)/benefit									1,182	745
Minority interest									(89)	(94)
Net profit/(loss) for the year									(11,956)	539
Depreciation	12	15	-	2	45	54	-	-	57	71
Assets										
Segment assets	2,488	1,906	63,256	76,632	10,578	6,860	31	8	76,353	85,406
Unallocated corporate assets									570	437
Consolidated total assets									76,923	85,843
Liabilities										
Segment liabilities	1,145	1,586	58,288	56,421	5,129	4,321	3	-	64,565	62,328
Unallocated corporate liabilities									2,726	1,831
Consolidated total liabilities									67,291	64,159
Acquisition of non-current assets	-	-	-	1,668	4,207	-	-	-	4,207	1,668

Secondary Reporting
Geographical Segments

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

NOTE 30-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 between $7,000 and $24,000 per annum. 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 the details of all directors 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 2010:-

	Primary salary & fees		**Post-employment superannuation & benefits**	
	2010 $	**2009 $**	**2010 $**	**2009 $**
Specified directors				
Non-executive				
Steam Leung	**24,000**	24,000	**-**	-
Eddie Lee	**12,000**	12,000	**-**	-
John Wardman	**10,920**	12,000	**1,080**	-
Da Cheng Zhang	**-**	-	**-**	-
Henry Tsang – appointed 22 February 2010	**7,051**	-	**-**	-
Shuqiang Wang – appointed 30 September 2009	**-**	-		
Executive				
Frank Shien	**119,409**	119,409	**-**	-
Total, all specified directors	**173,380**	167,409	**1,080**	-
Specified executives				
Anthony Maroon, CEO, Stratawide Management Pty Ltd	**140,000**	154,567	**12,600**	12,600
Tjing Hong Ong, CEO, Metroland Constructions Pty Ltd	**130,000**	130,000	**11,700**	11,700
Xavier Chen, General Counsel – appointed October 2009	**53,333**	-	**4,800**	-
	323,333	284,567	**29,100**	24,300

NOTE 30-KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

Equity Instruments

Equity holdings 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 2009	Purchases	Sales	Held at 30 June 2010
Specified directors				
Frank Shien	13,110,697	-	-	13,110,697
Steam Leung	1,960,547	-	-	1,960,547
Eddie Lee	527,500	-	-	527,500
John Wardman	1,436,033	-	-	1,436,033
Da Cheng Zhang	9,600,000	-	-	9,600,000
Shuqiang Wang	-	1,500,000		1,500,000
Specified executives				
Tjing Hong Ong	1,303,417	-	-	1,303,417
	27,938,194	1,500,000	-	29,438,194

Options and Rights Over Equity Instruments

All options of the company expired in the previous financial year. 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.

The aggregate amounts recognised during the year relating to specified directors, specified executives and their personally-related entities, were total expenses of $291,952 (2009: $148,716). Details of the transactions are as follows:

	Transaction	Note	2010 $	2009 $
Specified directors				
Frank Shien	Office rental and administration	(i)	190,596	148,716
	Property management	(ii)	14,740	-
	Loan interest expense	(iii)	57,873	-
			263,209	148,716
Steam Leung	Loan interest expense	(iv)	28,743	-

(i) The consolidated entity paid office rental to Tanesia Holdings Pty Ltd and NX Holdings Pty Limited, and administration service fees to Premier Realty Pty Ltd for office support services provided. Frank Shien is a director of Tanesia Holdings Pty Limited and NX Holdings Pty Limited; and Premier Realty Pty Ltd is controlled by a personally-related entity of Frank Shien.

(ii) During the year, Premier Realty Pty Ltd provided property management services, at normal market rates, for certain properties owned by the consolidated entity.

(iii) During the year, unsecured loans totalling $1,394,077 were made to the consolidated entity by entities related to Frank Shien. The weighted average interest rate on these loans was 8.5%.

(iv) Steam Leung advanced unsecured loans totalling $800,000 to the consolidated entity during the year. The weighted average interest rate on these loans was 8.5%.

NOTE 30-KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

Assets and liabilities ensuing from the above transactions:

	Consolidated	
	30 June 2010	**30 June 2009**
	$	**$**
Assets/(Liabilities):		
Loans from other entities	**(1,894,077)**	-
Trade debtors	**28,342**	-
Retentions receivable	**57,344**	-

NOTE 31-NON-DIRECTOR RELATED PARTIES

(a) ***Wholly-owned, partly-owned and joint venture entities***
Details of dealings with these non-director related parties are set out below:

Balances with non-director related entities
The aggregate amount receivable from and payable to non-director related entities at reporting date:

Receivables		
Associates	**43**	-
Joint venture parties	**1,500**	10,109
	1,543	10,109
Payables		
Associates	**(148)**	-
Joint venture parties	**(4,365)**	(1,500)
	(4,513)	(1,500)

Balances outstanding at year end are unsecured and interest free.

The total amount of transactions that were entered into with related parties for the relevant financial year:-

Associates		
Management fees revenue	**365**	-

Project management services are provided at arms length on normal commercial terms.

NOTE 32-PARENT ENTITY INFORMATION

Information relating to Metroland Australia Limited:

Financial Position		
Current assets	**414**	7,851
Non-current assets	**32,075**	20,650
Total assets	**32,489**	28,501
Current liabilities	**439**	4,051
Non-current liabilities	**8904**	712
Total liabilities	**9,343**	4,763
Issued capital	**15,113**	14,966
Retained earnings	**8,033**	8,772
Total shareholders' equity	**23,146**	23,738
Financial Performance		
Profit/(loss) of the parent entity	**(104)**	4,991
Total comprehensive income/(loss) of the parent entity	**(104)**	4,991

Details of contingent liabilities of the parent entity::

The Company has guaranteed the finance facilities of associates and all other wholly-owned subsidiaries.	**76,601**	47,857

NOTE 33 – FINANCIAL RISK MANAGEMENT

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

The main purpose of non-derivative financial instruments is to fund the Group's acquisition of and investment in investment property and property related investments.

The Group does not utilise derivatives for any hedging purposes.

(i) *Treasury Risk Management*
The Board of Directors meet on a regular basis 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 interest rate risk, liquidity risk and credit risk.

Interest Rate Risk
Interest rate exposure is monitored, and the corresponding interest rate risk is managed with a mixture of fixed and variable rate debt. At 30 June 2010, approximately 52% of group debt is fixed. It is the policy of the group to keep between 50% and 100% of debt on fixed interest rates. For further details on interest rate risk, refer Note 33(b)(i) and (iii).

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 monitoring forecast cash flows and ensuring that, where possible, adequate unutilised borrowing facilities are maintained, and refinance options are negotiated, and other detailed plans are in place, at least 3 months prior to the maturity of any borrowings.

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 2010 is detailed below:-

	Consolidated	
	2010	**2009**
	$'000	**$'000**
Trade and other receivables		
Counterparties not rated	**7,610**	7,414
AA rated counterparties	**-**	-
	7,610	7,414

NOTE 33 – 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**
2010	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**%**
(i) **Financial Assets**						
Cash assets	607	-	-	-	607	2.69
Receivables	-	-	-	7,610	7,610	-
Financial assets	-	-	-	36	36	-
Total Financial Assets	607	-	-	7,646	8,253	
(ii) **Financial Liabilities**						
Trade and other payables	-	-	-	2,699	2,699	
Amounts payable – related Parties	-	-	-	4,365	4,365	
Bank loans and overdraft	24,855	19,545	7,769	-	52,169	9.19
Loans from other entities	-	113	7,716	-	7,829	9.77
Total Financial Liabilities	24,855	19,658	15,485	7,064	67,062	
Net exposure	(24,248)	(19,658)	(15,485)	582	(58,809)	
2009	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**%**
(i) **Financial Assets**						
Cash assets	1,912	-	-	-	1,912	3.16
Receivables	-	-	-	7,414	7,414	-
Financial assets	-	-	-	36	36	-
Total Financial Assets	1,912	-	-	7,450	9,362	
(ii) **Financial Liabilities**						
Trade and other payables	-	-	-	4,806	4,806	-
Amounts payable – related parties	-	-	-	-	-	
Bank loans and overdraft	24,085	11	27,745	-	51,841	6.28
Loans from other entities	-	2,121	700	3,187	6,008	3.98
Total Financial Liabilities	24,085	2,132	28,445	7,993	62,655	
Net exposure	(22,173)	(2,132)	(28,445)	(543)	(53,293)	

NOTE 33 – FINANCIAL RISK MANAGEMENT (Cont'd)

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

	Consolidated	
	2010 **$'000**	2009 $'000
Less than 6 months	**1,029**	4,806
6 to 12 months	**480**	-
1 to 5 years	**6,101**	-
	7,610	4,806

(ii) ***Net Fair Values of Financial Assets and Liabilities***

Valuation approach
The group uses various methods in estimating the fair value of a financial instrument. The methods comprise:
- Level 1 – the fair value is calculated using quoted prices in active markets.
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below:

	2010		**2009**	
	Valuation technique – non market observable inputs (Level 3) $'000	**Total $'000**	**Valuation technique – non market observable inputs (Level 3) $'000**	**Total $'000**
Financial Assets				
Available-for-sale investments				
- Unlisted investments	5,599	5,599	36	36

For financial instruments not quoted in active markets, the group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

The fair value of unlisted debt and equity securities, as well as other investments that do not have an active market, are based on valuation techniques using market data that is not observable.

Reconciliation of Level 3 fair value movements

	Consolidated	
	2010 **$'000**	**2009** **$'000**
Opening balance	**36**	36
Purchases	**4,212**	-
Transfers from investment accounted for using the equity method	**1,351**	-
Closing balance	**5,599**	36
Total gain or loss stated in the table above for assets held at the end of the period	-	-

The group uses the discounted cash flow method in determining the fair value of unlisted investments. The potential effect of using reasonable possible alternative assumptions based on a change in the relevant input by 5% would not have a significant effect on the fair value of the investment.

NOTE 33 – FINANCIAL RISK MANAGEMENT (Cont'd)

(iii) ***Sensitivity Analysis***

Interest Rate Risk
The Group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

At 30 June 2010, the effect on profit and equity as a result of changes in the interest rate, with all other variable remaining constant would be as follows:-

	Consolidated	
	2010	**2009**
	$'000	**$'000**
Change in Profit		
- Increase in interest rate by 1%	**(245)**	**(261)**
- Decrease in interest rate by 1%	**245**	**261**
Change in Equity		
- Increase in interest rate by 1%	**(245)**	**(254)**
- Decrease in interest rate by 1%	**245**	**254**

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

NOTE 34 – NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

During the current year the group has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Metroland Australia Limited.

(i) **AASB 8 *Operating Segments***
In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting.

AASB 8 requires the 'management approach' to the identification, measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114 segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the 'management approach' to segment reporting is the same as the business segments previously identified under AASB 114.

Under AASB 8, operating segments are determined based on management reports, using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has resulted in changes to the presentation of segment results, with inter-segment sales and expenses such as depreciation and impairment now being reported for each segment rather than in aggregate for total group operations, as this is how they are reviewed by the chief operating decision maker.

AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

(ii) **AASB 101 *Presentation of Financial Statements***
In September 2007 the Australian Accounting Standards Board revised AASB 101, and as a result there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the group's financial statements.

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.
Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The

NOTE 34 – NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.
Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement. The group's financial statements now contain a statement of comprehensive income.
Other comprehensive income – The revised version of AASB 101 introduces the concept of "other comprehensive income" which comprises of income and expenses that not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

New Accounting Standards for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the group is as follows:

▪ *AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1,3,4,5,7,101,102,108,112,118,121,127,128,131,132,136,139,1023 & 1038 and Interpretations 10 & 12) applicable for reporting periods commencing on or after 1 January 2013.*

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The group has not yet determined any potential impact on the financial statements. The changes made to accounting requirements include:

- simplifying the classification of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate the fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument'
- financial assets will need to be reclassified where there is a change in an entity's business model as they are initially classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows.

▪ *AASB 124: Related Party Disclosures , applicable for annual reporting periods commencing on or after 1 January 2011.*

This standard removes the requirement for government related entities to disclose details of all transaction with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the group.

▪ *AASB 2009-4 "Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 2 and AASB 138 and AASB Interpretations 9 & 16) applicable for annual reporting periods commencing from 1 July 2009; and AASB 2009-5 "Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 5,8,101,107,117,118,136 & 139) applicable for annual reporting periods commencing from 1 January 2010).*

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvement project. No changes are expected to materially affect the group.

▪ *AASB 2009-8 "Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions (AASB 2), applicable for annual reporting periods commencing on or after 1 January 2010.*

These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence these two Interpretations are superseded by the amendments. These amendments are not expected to impact the group.

▪ *AASB 2009-10 "Amendments to Australian Accounting Standards – Classification of Rights Issues (AASB 132), applicable for annual reporting periods commencing on or after 1 February 2010.*

The amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments are not expected to impact the group.

▪ *AASB 2009-12 "Amendments to Australian Accounting Standards (AASB 5,8,108,110,112,119,133,137,139,1023 & 1031 and Interpretations 2,4,16,1039 & 1052), applicable for annual reporting periods commencing on or after 1 January 2011.*

The standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The standard also amends AASB 8 to require entities to exercise judgement in assessing whether a government and entities known to be under control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the group.

▪ *AASB 2009-13 "Amendments to Australian Accounting Standards arising from Interpretation 19 (AASB 1), applicable for annual reporting periods commencing on or after 1 July 2010.*

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This Interpretation is not expected to impact the group.

▪ *AASB 2009-14 "Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (AASB Interpretation 14) applicable for annual reporting periods commencing on or after 1 January 2011.*

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous requirements when an entity prepays future contributions into a defined benefit pension plan.

▪ AASB *Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments" applicable for annual reporting periods commencing from 1 July 2010.*

The Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the group.

The group does not anticipate early adoption of any of the above Australian Accounting Standards.

NOTE 35 – EVENTS SUBSEQUENT TO BALANCE DATE

The agreement for loans secured over the Greenway SupaCenta and the Greenway Plaza investment properties include covenants which stipulate the Loan Valuation Ratio (LVR) must not exceed 70% at any time after 31 August 2010 (review date). Based on the independent property valuations at 30 June 2010, this covenant has likely been breached at the review date. In consequence, the lender may require the consolidated entity to either provide additional security or reduce the balance outstanding on the loans to comply with the LVR covenant. The directors are in discussion with the financier to further amend the loan agreement and do not anticipate any adverse consequence from this breach.

Apart from the issue discussed above, no matters or circumstances have arisen since 30 June 2010 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.

NOTE 36 – COMPANY DETAILS

The registered office of the company is:
Metroland Australia Limited
Level 4, 45 Murray Street
Pyrmont NSW 2009

The principal place of the business is:
Metroland Australia Limited
Level 4, 45 Murray Street
Pyrmont NSW 2009

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 13 to 46 are in accordance with the *Corporations Act 2001*, and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2010 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.

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:

Frank Shien
Director

Dated at Sydney this 6th day of October 2010

GouldRalph
ASSURANCE

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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 2010, 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 and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in the notes to the financial statements, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial statements, comprising the financial statements and notes, complies 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 and 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.

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' OPINION

In our opinion:

1. the financial statements of Metroland Australia Limited are in accordance with:

(a) the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010, and of its performance for the year ended on that date; and

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

2. the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

EMPHASIS OF MATTER

Without qualification to the opinion expressed above, we draw attention to Note 1 'Going Concern' in the financial statements which identifies that the consolidated entity incurred a net loss of $11,867,000 for the year ended 30 June 2010; its current liabilities exceed its current assets by $1,422,000 at that date and it has significant loans of $24,485,085 which as a consequence of a breach of Loan Valuation Ratio covenants subsequent to balance date are potentially due for repayment in the current period. These conditions, along with other matters as set forth in Note 1, indicate the existence of a significant uncertainty which may cast doubt about the consolidated entity's ability to continue as a going concern.

GOULD RALPH ASSURANCE
Chartered Accountants

GREGORY RALPH, M.Com. FCA
Partner

Dated at Sydney this 6th day of October 2010

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 13 September 2010)

CATEGORY	NUMBER OF SECURITYHOLDERS
	Shares Ordinary
1 - 1,000	40
1,001 - 5,000	119
5,001 - 10,000	79
10,001 - 100,000	303
100,001 - Over	125
	666

(b) The number of shareholdings less than a marketable parcel at 13 September 2010 was 244.

(c) The number of shares held by the substantial shareholders at 13 September 2010 were:-

Shareholder	Number of Ordinary Shares
Xue Jun He	15,000,000
Da Cheng Zhang	9,600,000
Annie Duncan	8,220,000

(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 13 September 2010.

	Shareholders	Number of Ordinary Fully Paid Shares Held	% Held of Total Issued
1.	Xue Jun He	15,000,000	11.90
2.	Da Cheng Zhang	9,600,000	7.60
3.	Annie Duncan	8,220,000	6.51
4.	Tanesia Holdings Pty Ltd	5,041,642	4.00
5.	Shirley Tan	4,300,006	3.41
6.	LJL Capital Pty Ltd	3,638,906	2.88
7.	Formbell Pty Ltd	3,156,364	2.50
8.	Wincute International Development Limited	3,025,000	2.40
9.	Cheptsow Properties Limited	2,820,000	2.23
10.	Mr Peter Howells	2,816,601	2.23
11.	NX Holdings Pty Ltd	2,394,915	1.90
12.	Comm-Asia Limited	1,975,000	1.56
13.	Ms Lee Eng Qua	1,753,856	1.39
14.	MLD Holdings Pty Limited	1,664,300	1.32
15.	CN Investments Pty Limited	1,531,024	1.21
16	W S International Enterprises Group Pty Ltd	1,500,000	1.19
17.	Frank Teck Lun Shien	1,463,961	1.16
18.	John Wardman & Associates Pty Ltd	1,436,033	1.14
19.	Seow Hwee Tan	1,384,000	1.09
20.	G H Kluge & Sons Limited	1,375,000	1.08
		74,096,608	58.70

(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.

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

To assist in the execution of its responsibilities, the board, in September 2004 established an Audit Committee. The board has not established any Nomination or Remuneration Committees.

An Audit Committee was constituted in September 2004. The board is of the opinion that due to the size composition of the present board, that a separately constituted Nomination and Remuneration Committee is 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 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 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 six meetings during the year. The number of meetings the company's board of directors and each board committee held during the year ended 30 June 2010, 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 page 2.

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 Audit Committee has a documented charter, approved by the board. All members must be non-executive directors with a majority being independent. The committee advises on corporate risk management and compliance processes; the consolidated entity's compliance with all statutory and fiduciary requirements, and the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the consolidated entity.

The members of the Audit Committee are:

- John Wardman, B.Ecom, FAIC – Independent Non-Executive (Chairman)
- Steam Leung, LREA - Independent Non-Executive Director
- Henry Tsang - Independent Non-Executive Director (appointed 22 February 2010).

Details of these directors' qualifications and attendance at audit committee meetings are set out in the directors' report on page 6.

The audit committee has appropriate financial expertise and all members are financially literate and have an appropriate understanding of the industries in which the Group operates.

The external auditors and the CEO are invited to Audit Committee meetings at the discretion of the committee.

The audit committee does not have a formal charter as suggested by recommendation 4.3.

The responsibilities of the Audit Committee include reporting to the board on:-

- reviewing the annual and half-year financial statements before submission to the board, focusing on changes in accounting policies and practices, major judgemental areas, significant adjustments and ASX and legal requirements;
- monitoring corporate risk and compliance processes, including an on-going assessment of the adequacy of internal control systems;
- reviewing the company's accounting and financial reporting practices and controls, and compliance with the Corporations Act 2001 and ASX Listing Rules and all other regulatory requirements;
- reviewing the nomination and performance of the external auditor and assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence;
- addressing any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission and financial institutions.

The audit committee will review the performance of the external auditors on an annual basis and will normally meet with them during the year to:

- discuss external audit plans, identify any significant changes in structures, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed;
- finalise half-year and annual reporting to review the results and findings of the auditors, the adequacy of accounting and financial controls and to monitor the implementation of any recommendations made; and to review the draft financial statements and recommend board approval of the financial statements;
- as required, to organise, review and report on any special reviews or investigations deemed necessary by the board.

External Auditors

The company and audit committee 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 31.

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.