

METROLAND AUSTRALIA LIMITED

ABN 81 009 138 149

ASX CODE: (MTD)

APPENDIX 4D

Half Year report for the 6 months ended 31 December 2011

Results for announcement to the market

The Interim financial report incorporating Appendix 4D is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3 and should be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2011, together with any public announcements made during the half-year.

				\$A'000
Revenues from ordinary activities	down	15%	to	2,500
(Loss) from ordinary activities after tax attributable to members	Up	89%	to	(5,724)
Net (loss) for the period attributable to members	Up	89%	to	(5,724)
Dividends (distributions)		Amount per security		Franked amount per security
No interim dividend is proposed		-		-
Previous corresponding period		-		-
Record date for determining entitlements to the dividend				-

Net Tangible Assets Per Security	Current period	Previous corresponding Period
Net Tangible Assets	2.2 cents	5.1 cents

Investment in Associates and Joint Ventures

	Half-year ended 31 December 2011	Half-year ended 31 December 2010
Material investment in associates and joint ventures are as follows:		
Greenway Supacenta Property Joint Venture	25.05%	50%
Metro Plaza Chinatown Joint Venture	-%	20%
Ausbao (NSW) Management Pty Limited	-%	49%

The joint venture was wound up, and interest in Ausbao (NSW) Management Pty Limited was redeemed following the Company's sale of its investment in the MetroPlaza Central Unit Trust, following the sale of the Trust's underlying property asset in August 2011.

Dividends

Date the dividend is payable

-

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

-

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

-

METROLAND AUSTRALIA LIMITED

ABN 81 009 138 149

**Condensed Half-Yearly Financial Report
31 December 2011**

Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

DIRECTORS' REPORT

The directors present their report on the consolidated entity consisting of Metroland Australia Limited ("the Company") and the entities it controlled during the half-year ended 31 December 2011 and the Auditor's review report thereon.

Principal Activities

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

Consolidated Result

The consolidated loss after income tax for the half-year attributable to members of Metroland Australia Limited was \$5,724,573 (2010: loss of \$3,031,793).

Review of Operations

The consolidated entity incurred a loss of \$4,480,977 before tax, for the half-year ended 31 December 2011, including a \$2,849,384 provision for impairment made against loans to the Greenway SupaCenta joint venture entities; and a \$2,636,291 impairment of investment properties following independent valuation of the Greenway Plaza and Greenway SupaCenta properties at 31 December 2011. The Company has a 25.05% interest in these properties.

The Greenway SupaCenta

In the six months since the last financial year, major new tenants who had signed lease agreements previously have completed fit-outs and commenced trading. The Good Guys opened their store in October 2011, followed by SuperCheap Auto and BCF in November 2011. Since the last financial year, there has not been any new lease signed, as the economy continues to experience further deterioration in consumer confidence and spending. The lessor's contribution to the cost of fit-outs which is essential to the leasing of the premises has been financed by additional secured loan facilities from financial institutions.

The Greenway SupaCenta and Greenway Plaza investment properties were independently valued at 31 December 2011, resulting in a further diminution in their fair values. The Company's 25.05% interest in the diminution is recognised in the Group's Statement of Comprehensive Income.

An impairment provision against the Company's joint venturer loans to the entities of the Greenway SupaCenta Joint Venture of \$6.1million was made at 31 December 2011, reflecting the significant impairment of the joint ventures underlying investment properties following independent valuation.

Campbelltown Shopping Centre

As last reported, the Department of Corrective Services has leased approximately 1,000sqm of office space for a term of 5 years. Lessor's fit-out of the premises which cost \$650,000 was completed in February 2012 and the premises is being handed over to the tenant.

The Company intends to sub-divide the Campbelltown property whereby that part of the shopping centre premises which is occupied by the Department of Corrective Services, located on Lithgow Street, will be separately titled, and be sold through an auction. The proceeds of this sale will be utilised to further reduce the secured bank loan and reduce the Company's financial exposure in these very difficult times.

Financial Services

There is currently no funds under management. The Company continues looking for opportunities.

Property Related Services

The property strata management operations of Stratawide Management Pty Limited continue to expand and grow.

Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

DIRECTORS' REPORT

Auditor's Independence Declaration

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 3, and forms part of the Directors' Report for the half-year ended 31 December 2011.

Rounding

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

Directors

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

Name	Period of Directorship
Frank Shien <i>Chairman and Chief Executive Officer</i> BA (Lon)	Director since 1997
John Wardman <i>Independent Non-Executive Director</i> B.Econ, FAICD	Director since 1996
Mr Da Cheng Zhang <i>Independent Non-Executive Director</i>	Director since 2000
Mr Shuqing Wang <i>Independent Non-Executive Director</i>	Director since 2009
Hon. Henry Tsang <i>Independent Non-Executive Director</i> B Architecture, OAM	Director since 2010
Ms Wei Li <i>Independent Non-Executive Director</i> MBA	Director since March 2011
Steam Leung <i>Independent Non-Executive Director</i> LREA	Resigned 29 November 2011

Dated at Sydney this 29th day of February 2012.



Signed in accordance with a resolution of directors.
Frank Shien
Director

Chartered Accountants

ABN 74 632 161 298

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The Board of Directors
Metroland Australia Limited
Level 5, 45 Murray Street
PYRMONT NSW 2009

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2011 there have been:

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

GOULD RALPH ASSURANCE
Chartered Accountants



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

Dated at Sydney this 29th day of February 2012

Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the half-year ended 31 December 2011

	Note	CONSOLIDATED 31 December	
		2011 \$'000	2010 \$'000
Continuing Operations:			
Rental revenue		1,709	2,301
Property management revenue		565	484
Fund management revenue		100	-
Consultancy revenue		84	-
Import sales revenue		-	11
Other revenue		42	146
Total revenue	2(a)	2,500	2,942
Borrowing costs	2(b)	(1,190)	(2,872)
Profit/(Loss) on sale of investments		47	(1,025)
Property expenses		(464)	(816)
Employee benefits expenses		(532)	(592)
Administration and operating		(215)	(279)
Impairment of trade and related receivables	2(b)	(2,881)	-
Impairment of investment properties	2(b)	(2,636)	-
Professional and consultancy fees		(86)	(106)
Directors fees		(107)	(57)
Reversal of provision for income guarantee		1,191	-
Other expenses		(108)	(113)
Share of net profit/(loss) of joint ventures accounted for using the equity method	5	-	(24)
(Loss) before income tax expense		(4,481)	(2,942)
Income tax (expense)	6	(1,158)	(47)
(Loss) for the half-year		(5,639)	(2,989)
Other comprehensive income		-	-
Total comprehensive (loss) for the half-year		<u>(5,639)</u>	<u>(2,989)</u>
Total comprehensive (loss) attributable to:			
Owners of the company		(5,724)	(3,032)
Non-controlling interest		85	43
Total comprehensive (loss) for the half-year		<u>(5,639)</u>	<u>(2,989)</u>
<i>Earnings per share attributable to the ordinary equity holders of the company:</i>			
Basic earnings per share (cents per share)		(4.53)	(2.40)
Diluted earnings per share (cents per share)		<u>(4.53)</u>	<u>(2.40)</u>

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Note	CONSOLIDATED	
		31 December 2011 \$'000	30 June 2011 \$'000
CURRENT ASSETS			
Cash and cash equivalents		211	202
Trade and other receivables		399	17,754
Financial assets		-	1,626
Other current assets		43	266
Total current assets		653	19,848
NON – CURRENT ASSETS			
Trade and other receivables		5,644	8,475
Investment property	9	25,779	27,291
Investments accounted for using the equity method	5	-	34
Financial assets		36	36
Property, plant and equipment		179	204
Deferred tax assets		-	1,074
Total non – current assets		31,638	37,114
TOTAL ASSETS		32,291	56,962
CURRENT LIABILITIES			
Trade and other payables		1,234	3,131
Financial liabilities	10	10,929	36,545
Current tax liabilities		66	35
Short-term provisions		152	465
Total current liabilities		12,381	40,176
NON – CURRENT LIABILITIES			
Trade and other payables		1,652	1,007
Financial liabilities	10	15,334	6,262
Long-term provisions		28	900
Deferred tax liabilities		72	72
Total non-current liabilities		17,086	8,241
TOTAL LIABILITIES		29,467	48,417
NET ASSETS		2,824	8,545
EQUITY			
Contributed equity		15,113	15,113
Accumulated losses		(12,292)	(6,568)
Minority equity interests		3	-
TOTAL EQUITY		2,824	8,545

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

Metroland Australia Limited and Controlled Entities

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CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2011

		CONSOLIDATED	
	Notes	31 December	
		2011	2010
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		2,017	2,853
Cash payments in the course of operations		(1,682)	(2,493)
Interest received		11	21
Borrowing costs paid		(1,116)	(1,969)
Income tax (paid)		(53)	(37)
		<u> </u>	<u> </u>
Net cash flows (used in) operating activities		<u>(823)</u>	<u>(1,625)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment		(14)	(12)
Proceeds from sale of fixed assets		9	-
Proceeds from sale of investment		1,644	360
Proceeds from sale of investment property		16,958	1,515
Payments for investment property additions		(1,097)	(455)
Investment monies held in trust		-	1,200
		<u> </u>	<u> </u>
Net cash flows from investing activities		<u>17,500</u>	<u>2,608</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(26,168)	(406)
Dividends paid		(82)	(42)
Loans from/(to) related entities		(42)	382
Proceeds from borrowings		9,635	-
		<u> </u>	<u> </u>
Net cash (used in) financing activities		<u>(16,657)</u>	<u>(66)</u>
Net increase in cash held		20	917
Net cash at 1 July 2011		<u>186</u>	<u>603</u>
Net cash at 31 December 2011	3	<u>206</u>	<u>1,520</u>

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

Metroland Australia Limited and Controlled Entities

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2011

	\$'000 Contributed equity	\$'000 Accumulated losses	\$'000 Minority equity interests	\$'000 Total
Balance at 1 July 2010	15,113	(5,481)	-	9,632
(Loss) attributable to members of parent entity	-	(3,032)	-	(3,032)
Profit attributable to minority shareholders	-	-	43	43
Dividends paid or provided for	-	-	(42)	(42)
Balance at 31 December 2010	<u>15,113</u>	<u>(8,513)</u>	<u>1</u>	<u>6,601</u>
Balance at 1 July 2011	15,113	(6,568)	-	8,545
(Loss) attributable to members of parent entity	-	(5,724)	-	(5,724)
Profit attributable to minority shareholders	-	-	85	85
Dividends paid or provided for	-	-	(82)	(82)
Balance at 31 December 2011	<u>15,113</u>	<u>(12,292)</u>	<u>3</u>	<u>2,824</u>

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

Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

for the half-year ended 31 December 2011

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

The general purpose financial statements for the interim half-year reporting period ending 31 December 2011 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Metroland Australia Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2011, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

Going Concern

The consolidated entity incurred a loss for the half-year ended 31 December 2011 of \$5.64million and at that date its current liabilities exceeded its current assets by \$ 11.7million.

Included in current liabilities are the following bank and other entity loans totalling \$10.9million:-

- (i) A secured bank loan facility totalling \$10.3million secured over the Campbelltown Square property. The loan is due for repayment by May 2012. The directors are considering the subdivision and sale of part of the Campbelltown Square property, with the proceeds of the sale to be applied in partial repayment of the loan. The directors expect that following this partial repayment, the balance of the loan will comply with the financiers LVR conditions, and will look into refinance options available with various financial institutions. Discussions are continuing with the financier on the Company's plans in relation to the partial repayment and refinancing of the loan.
- (ii) Unsecured loans from other entities amounting to \$579k. Although these loans have no set date due for full repayment, the directors anticipate a gradual full repayment within the next 12 months from funds available from operations.

At 31 December 2011, the Joint Venture has available a bank finance facility of \$960k for the payment of tenancy fit-outs at Greenway SupaCenta. Included in current payables is fit-outs totalling \$673k which will be repaid through the draw-down on this facility.

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

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.

Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

for the half-year ended 31 December 2011

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT – cont'd

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.

2. REVENUE AND EXPENSES

CONSOLIDATED
31 December
2011 **2010**
\$'000 **\$'000**

(Loss) from ordinary activities before income tax includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:

(a) Revenue from Ordinary Activities

Rental revenue	1,709	2,301
Property management revenue	565	484
Fund management revenue	100	-
Consultancy revenue	84	-
Import sales revenue	24	11

Other revenue:

Revenue from property construction and management	-	113
Interest received or due and receivable	11	21
Sundry income	7	12

Total Revenue	<u>2,500</u>	<u>2,942</u>
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(b) Expenses

Borrowing costs	1,190	3,004
Less: Borrowing costs capitalised	-	(132)

	<u>1,190</u>	<u>2,872</u>
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Depreciation and amortisation	<u>25</u>	<u>22</u>
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3. CASH AND CASH EQUIVALENT ASSETS

Current

Cash at bank and in hand	211	1,701
Bank overdraft	(5)	(181)

	<u>206</u>	<u>1,520</u>
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Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

for the half-year ended 31 December 2011

4. OPERATING SEGMENTS

(i) Segment performance

	Half Year Ended 31 December 2011			
	Property Construction and Management \$'000	Property Rental and Management \$'000	Investment & Financial Services \$'000	Consolidated \$'000
External sales revenue	108	2,283	109	2,500
Segment net (loss) before tax	33	(2,120)	(1,885)	(3,972)
<i>Reconciliation of segment result to group net (loss) before tax</i>				
Amounts not included in segment results but reviewed by the Board:				
Unallocated items:				
• Corporate charges				
				(509)
Net (loss) from continuing operations before income tax				(4,481)

Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

for the half-year ended 31 December 2011

4. OPERATING SEGMENTS – cont'd

(i) Segment performance

	Half Year Ended 31 December 2010				
	Property Construction and Management \$'000	Property Rental and Management \$'000	Import Sales \$'000	Investment & Financial Services \$'000	Consolidated \$'000
External sales revenue	174	2,740	11	17	2,942
Segment net profit/(loss) before tax	(34)	(2,270)	(3)	(232)	(2,539)
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>					
Amounts not included in segment results but reviewed by the Board:					
• Equity accounted profits of associates	(24)				(24)
Unallocated items: • Corporate charges					(379)
Net (loss) from continuing operations before income tax					<u>(2,942)</u>

Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

for the half-year ended 31 December 2011

4. OPERATING SEGMENTS (cont'd)

(ii) Reconciliation of Segment Assets

	As at 31 December 2011				Consolidated \$'000
	Property Construction and Management \$'000	Property Rental and Management \$'000	Import Sales \$'000	Investment & Financial Services \$'000	
Segment assets					
Opening balance at 30 June 2011	3,059	44,295	20	9,145	56,519
Additions	-	1,124	-	-	1,124
Fair value adjustments	-	(3,145)	-	(2,849)	(5,994)
Disposals	(49)	(18,098)	(20)	(1,635)	(19,802)
Segment assets at 31 December 2011	3,010	24,176	-	4,661	31,847
<i>Reconciliation of segment assets to group assets:</i>					
• Unallocated corporate assets					444
Total group assets from continuing operations					32,291

5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	CONSOLIDATED	
	31 Dec 2011 \$'000	30 Jun 2011 \$'000
Equity accounted shares in joint venture entities	-	34

Details of material interest in associated entities are as follows

	% Ownership End of Period		Carrying Value		Contributions to net Profit/(Loss)	
	2011	2010	Dec 2011 \$'000	June 2011 \$'000	Dec 2011 \$'000	Dec 2010 \$'000
Metro Plaza Chinatown Joint Venture	-%	20%	-	13	-	-
Ausbao (NSW) Management Pty Ltd	-%	49%	-	21	-	(24)
			-	34	-	(24)

The Metro Plaza Chinatown Joint Venture was wound up and the interest in Ausbao (NSW) Management Pty Ltd was redeemed on the Company's sale of its investment in the MetroPlaza Central Unit Trust, following the sale of the Trust's underlying property asset in August 2011.

Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

for the half-year ended 31 December 2011

6. INCOME TAX EXPENSE

	CONSOLIDATED 31 December	
	2011 \$'000	2010 \$'000
Prima facie tax benefit on loss before income tax at 30% (2010: 30%)	1,344	882
<i>(Increase)/decrease in income tax expense due to:</i>		
Capital loss on sale of investment property	-	(927)
Deferred tax losses de-recognised	(1,047)	-
Tax losses not recognised	(1,451)	-
Other	(4)	(2)
	<u>(1,158)</u>	<u>(47)</u>
Income tax (expense)	<u>(1,158)</u>	<u>(47)</u>

7. CONTINGENT LIABILITIES

Share of Joint Venture Contingent Liabilities

(i) A controlled entity as a venturer in the Greenway Supacentra 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 is \$ 3,160,327 (2010: \$2,659,906).

8. EVENTS SUBSEQUENT TO REPORTING DATE

On 14 February 2012, the company consented to a revised joint venture finance facility with GVL HK Limited regarding the Greenway Supacentra wherein the joint venturers agreed to:

- limit repayment of joint venture party loans to amounts defined by their joint venture interest rather than proportionate loans; and
- a "waterfall payment" arrangement regarding settlement of the joint venture liabilities, providing an effective subordination of accrued development management fees payable.

The financial effect of the revisions to the facility to the company is that if the Supacentra was sold at the 31 December 2011 carrying value, the company's Supacentra joint venture interest would be impaired by \$3.46million before income tax, potentially resulting in a technical net asset deficiency of \$639k, before recognition of the value of the Stratawide Management and Metroland Funds Management businesses.

Apart from the issue discussed above, no matters or circumstances have arisen since 31 December 2011 that have significantly affected, or may significantly affect:

- the consolidated entity's operations in future financial years, or
- the results of those operations in future financial years, or
- the consolidated entity's state of affairs in future financial years.

Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

for the half-year ended 31 December 2011

9. INVESTMENT PROPERTY

		CONSOLIDATED	
		31 December 2011	30 June 2011
		\$'000	\$'000
<i>Non-current</i>			
Campbelltown Square		12,580	12,000
Greenway SupaCenta	8(a)	7,763	9,341
Greenway Plaza	8(a)	5,436	5,950
		<u>25,779</u>	<u>27,291</u>

- (a) These investment properties are held in the Greenway SupaCenta Joint Venture entities, and represent the Company's 25.05% interest in the joint venture. These properties were valued by the directors based on independent valuation undertaken at 31 December 2011 by a registered independent valuer.

10. FINANCIAL LIABILITIES

<i>Current</i>			
Bank overdraft		5	16
Bank loans – secured	8(a)	10,345	27,310
Loans from other entities – unsecured	8(b)	579	9,214
Hire purchase liabilities – secured		-	5
		<u>10,929</u>	<u>36,545</u>
<i>Non-current</i>			
Bank loans – secured	8(c)	6,648	-
Loans from other entities – unsecured		8,686	6,262
		<u>15,334</u>	<u>6,262</u>

- (a) Included in current financial liabilities is the loan facility of \$10,331,720 secured over the Group's Campbelltown Square investment property. The loan is due for repayment by 1 May 2012.

The directors are considering the sub-division and sale of part of the Campbelltown Square property, with the proceeds of the sale to be applied in partial repayment of the loan. The directors expect that following this partial repayment, the balance of the loan will comply with the financiers LVR conditions, and will look into refinance options available with various financial institutions. Discussion are continuing with the financier on the Company's plans in relations to the partial repayment and refinancing of the loan.

- (b) Unsecured loans from other entities amounting to \$579k have no set date due for full repayment. However, the directors anticipate a gradual full repayment within the next 12 months from funds available from operations.

- (c) Secured by mortgage over the Greenway Supacenta properties.

11. RELATED PARTY TRANSACTIONS

Material transactions with related parties during the 6 months to 31 December 2011 include:

Transaction with directors and director related entities:-

- Office rental and property management service fees totalling \$85,787 were paid to entities controlled by Frank Shien and by a personally-related entity of Frank Shien.
- Loan funds advanced by an entity related to Frank Shien for working capital purposes. At 31 December 2011 the amount owed was \$176,000 (2010: \$140,000)

Metroland Australia Limited and Controlled Entities

ABN 81 009 138 149

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DIRECTORS' DECLARATION

In the opinion of the directors of Metroland Australia Limited:

1. the financial statements and notes set out on pages 4 to 14:
 - a) give a true and fair view of the financial position of the consolidated entity as at 31 December 2011 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - b) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 29th day of February 2012

Signed in accordance with a resolution of the directors.



Frank Shien
Director

Chartered Accountants

ABN 74 632 161 298

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Sydney NSW 2000

Australia

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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF METROLAND AUSTRALIA LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Metroland Australia Limited and Controlled Entities (the consolidated entity), which comprises the consolidated Statement of Financial Position as at 31 December 2011, the consolidated Statement of Comprehensive Income, consolidated Statement of Changes in Equity and consolidated Statement of Cash Flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Metroland Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001.

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF METROLAND AUSTRALIA LIMITED

Emphasis of Matter

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

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, we draw attention to Note 1 'Going Concern' in the financial report which identifies that the Group incurred a loss of \$5.6million during the half-year and its current liabilities exceeded its current assets by \$11.7million as at 31 December 2011. Accordingly there is significant uncertainty as to whether the Company and the economic entity will be able to continue as a going concern and whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Dated at Sydney this 29th day of February 2012

GOULD RALPH ASSURANCE
Chartered Accountants



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