

METROLAND AUSTRALIA LIMITED

ABN 81 009 138 149

ASX CODE: (MTD)

APPENDIX 4E

Preliminary final report for the year ended 30 June 2008

Results for announcement to the market

				\$A'000
Revenues from ordinary activities	down	19.4%	to	22,136
Profit from ordinary activities after tax attributable to members	down	42.8%	to	1,718
Net profit for the period attributable to members	down	42.8%	to	1,718
Adjust percentages for changes in disclosure				
Dividends (distributions)	Amount per security		Franked amount per security	
Final dividend	The company does not propose to pay dividends for FY08		n/a	
Previous corresponding period	0.5¢		0.5¢	
Record date for determining entitlements to the dividend	n/a			

Earnings per security (EPS)	Current period	Previous corresponding period
Basic EPS	1.60 cents	3.08 cents
Diluted EPS	1.55 cents	2.80 cents

Net Tangible Assets Per Security	Current period	Previous corresponding Period
Net Tangible Assets	18.3 cents	17.0 cents

Dividends

Date the dividend is payable

n/a

⁺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 ⁺CHES approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if ⁺securities are ⁺CHES approved)

n/a

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

No

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METROLAND'S PERFORMANCE

The consolidated entity is continuing its strategic direction in property development, management and related property management services. The profit before tax for the 2008 financial year is \$2.78 million, compared to the previous year's profit of \$4.56million. Profit after tax and minority interest is \$1.72 million.

The main activities of the Company for the financial year have been that of the improvement of the management of the shopping centers, the construction of the joint venture Greenway SupaCenta and the completion of the refurbishment of Building X at 16-20 Mountain Street, Ultimo following the sale of the building to the Australian Performing Rights Association Limited in 2007. The revenue from the Company's core activities, i.e. property rental and management, has increased by 42.5% from \$3.3 million to \$4.7 million.

Due to various negative economic factors such as the global credit crunch and the downturn of the property and financial market, the Company has carried out a cost reduction program and decided to fully utilize its unique position in terms of the close relationship that it has with China businesses and its understanding of the Chinese business. As the result, the Company has restructured and redirected the focus of its property management services which led to some positions being made redundant. The total employee expense of \$1.97 million for the year which included one-off redundancy cost is expected to decrease by approximately \$800,000 in the following year.

As part of the restructuring, the Company has increased its ownership in Metro Facilities Management Pty Limited and Metro Associates Pty Limited from 51% and 95%, respectively to 100%. A new wholly owned subsidiary known as DK Engineering Pty Limited was set up to further provide property and building related services and products to the industries.

Through this restructuring and better utilisation of its human resources, the Company is confident that it will produce a better result in the year to come.

Metroland Australia Limited

INCOME STATEMENT
For the year ended 30 June 2008

	Notes	Consolidated	
		2008 \$'000	2007 \$'000
Continuing operations:			
Revenue from sales		17,111	24,053
Property rental and management revenue		4,766	3,344
Other revenues from ordinary activities	2	<u>259</u>	<u>87</u>
Total revenue from ordinary activities		22,136	27,484
Cost of sales		(14,556)	(20,485)
Borrowing costs	3	(2,321)	(1,721)
Property expenses		(1,533)	(723)
Directors fees		(202)	(119)
Employee expenses		(1,971)	(657)
Professional & consultancy fees		(565)	(524)
Bad & doubtful debts		(157)	(243)
Other expenses from ordinary activities		(608)	(519)
Net (loss) gain resulting from changes in the fair value of investment properties		(422)	1,973
Share of net profit of joint venture entities accounted for using the equity method	8	<u>2,980</u>	<u>93</u>
Profit before income tax		2,781	4,559
Income tax expense relating to ordinary activities	4	<u>(780)</u>	<u>(1,553)</u>
Profit from continuing operations		2,001	3,006
Profit attributable to minority interests		<u>(283)</u>	<u>-</u>
Profit attributable to members of the parent entity		<u>1,718</u>	<u>3,006</u>

Metroland Australia Limited

BALANCE SHEET

As at 30 June 2008

	Notes	Consolidated	
		2008 \$'000	2007 \$'000
CURRENT ASSETS			
Cash assets	6(i)	2,947	1,776
Trade and other receivables		3,680	792
Inventories		68	421
Other current assets		86	234
Total current assets		6,781	3,223
NON-CURRENT ASSETS			
Trade and other receivables		401	370
Properties held for development		13,157	9,302
Investment property		37,935	37,763
Investments accounted for using the equity method	8	6,780	5,489
Financial assets		36	183
Property, plant and equipment		355	181
Deferred tax assets		238	52
Total non-current assets		58,902	53,340
Total assets		65,683	56,563
CURRENT LIABILITIES			
Trade and other payables		3,586	992
Interest bearing liabilities		4,400	6,293
Current tax liabilities		81	309
Provisions		124	67
Total current liabilities		8,191	7,661
NON-CURRENT LIABILITIES			
Trade and other payables		705	203
Interest bearing liabilities		34,712	29,392
Deferred tax liabilities		2,234	1,132
Provisions		44	28
Total non-current liabilities		37,695	30,755
Total liabilities		45,886	38,416
Net assets		19,797	18,147
EQUITY			
Contributed equity	9	13,378	13,197
Retained profits		6,136	4,950
Minority interests		283	-
Total equity		19,797	18,147

Metroland Australia Limited

STATEMENT OF CHANGES IN EQUITY

As at 30 June 2008

	Consolidated			
	Issued Capital \$'000	Retained Earnings \$'000	Minority Interests \$'000	Total \$'000
At 1 July 2006	11,692	1,944	-	13,636
Profit for the year	-	3,006	-	3,006
Shares issued – Private placements	1,322	-	-	1,322
Dividends paid or provided for	183	-	-	183
At 30 June 2007	<u>13,197</u>	<u>4,950</u>	<u>-</u>	<u>18,147</u>
At 1 July 2007	13,197	4,950	-	18,147
Profit attributable to members of parent entity	-	1,718	-	1,718
Profit attributable to minority shareholders	-	-	283	283
Shares issued pursuant to dividend reinvestment plan	181	-	-	181
Dividends paid or provided for	-	(532)	-	(532)
At 30 June 2008	<u>13,378</u>	<u>6,136</u>	<u>283</u>	<u>19,797</u>

Metroland Australia Limited

STATEMENT OF CASH FLOWS

For the year ended 30 June 2008

	Notes	Consolidated	
		2008 \$'000	2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		24,107	27,175
Cash payments in the course of operations		(21,797)	(5,569)
Interest received		184	87
Interest and other finance costs paid		(3,527)	(1,976)
Dividends received		33	-
Income tax (paid)/refunded		92	145
Net cash (used in)/provided by operating activities	6(ii)	<u>(908)</u>	<u>19,862</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property plant and equipment		(327)	(166)
Proceeds from disposal of property, plant and equipment		71	-
Proceeds from investment redemption and loan repayments		311	265
Acquisition of investment property		(594)	(15,815)
(Payments) for property investments under development		(2,649)	(252)
Proceeds from/(payments to) joint venture investment		1,689	(104)
Net cash used in investing activities		<u>(1,499)</u>	<u>(16,072)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans (to)/ from related parties		502	(2,687)
Proceeds from borrowings		9,579	15,606
Repayment of borrowings		(6,151)	(16,208)
Dividends paid		(351)	(426)
Proceeds from issue of shares		-	1,511
Net cash provided by/(used in) financing activities		<u>3,579</u>	<u>(2,204)</u>
Net increase in cash held		1,172	1,586
Cash at beginning of the year		<u>1,775</u>	<u>189</u>
Cash at the end of the year	6(i)	<u><u>2,947</u></u>	<u><u>1,775</u></u>

Metroland Australia Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

1. BASIS OF PREPARATION

(a) Basis of preparation

The preliminary final report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The preliminary final report should be read in conjunction with the half-year financial report of Metroland Australia Limited as at 31 December 2007. It is also recommended that the financial report be considered together with any public announcements made by Metroland Australia Limited and its controlled entities during the year ended 30 June 2008 in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

This preliminary final report has been prepared in accordance with the requirements of the Australian Stock Exchange listing rules.

This preliminary final report does not constitute the full financial report for the year ended 30 June 2008.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

2. OTHER REVENUES FROM ORDINARY ACTIVITIES

From operating activities

Interest:

- Other parties

Dividends – joint venture entity

Gain on sale of shares

Total other revenues

	Consolidated	
	2008	2007
	\$'000	\$'000
	184	87
	33	-
	42	-
	<u>259</u>	<u>87</u>

Metroland Australia Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

3. PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX

	Consolidated	
	2008 \$'000	2007 \$'000
(a) <i>Individually significant (expenses)/revenues included in profit from ordinary activities before income tax expense:</i>		
Proceeds from sale of property	-	23,695
Costs of property sold	-	(20,188)
Net profit	<u>-</u>	<u>3,507</u>
(b) <i>Profit from ordinary activities before income tax has been arrived at after charging/(crediting) the following items:</i>		
Depreciation of:		
Plant and equipment	55	28
	<u>55</u>	<u>28</u>
Borrowing costs:		
Other parties	3,527	2,438
Less capitalised borrowing costs	(1,206)	(717)
	<u>2,321</u>	<u>1,721</u>
Net expense from movements in provision for:		
Employee entitlements	73	45
Doubtful debts	25	15
	<u>98</u>	<u>60</u>
Investment loan written-off	132	228
Operating lease rental expense	49	36

4. TAXATION

Income Tax Expense		
<i>Prima facie income tax expense calculated at 30% (2007:30%) on the profit from ordinary activities:-</i>	834	1,368
<i>Decrease in income tax expense due to:</i>		
Div 40 and 43 building allowances	(134)	(7)
Share of joint venture entities net profit	(894)	(28)
Other	(62)	(15)
Over provision for income tax in prior year	(82)	-
<i>Increase in income tax expense due to:</i>		
Transfer of income from joint venture entities to equity accounted investments	894	28
Tax losses of partially owned subsidiaries not recognised in the accounts	224	207
Income tax expense attributable to operating profit	<u>780</u>	<u>1,553</u>

Metroland Australia Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

		Consolidated	
		2008	2007
		\$'000	\$'000
5.	DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES		
(a)	Dividends proposed and recognised as a liability Franked dividends	-	-
(b)	Dividends paid during the year Franked dividends	532	479

On 26 November 2007, the Company paid a fully franked dividend of 0.5cents per share with respect to the 2007 financial year of \$532,000. Shareholders are able to elect to receive dividends from the Company as new shares in the company in accordance with the Metroland Australia Limited Dividend Reinvestment Plan.

6. NOTES TO THE STATEMENT OF CASH FLOWS

(i) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand, cash at bank and short term deposits at call, net of outstanding bank overdraft, if any. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the balance sheet as follows:

Cash	184	151
Deposits at call	2,763	1,625
Bank overdraft	-	(1)
	2,947	1,775

Metroland Australia Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

	Consolidated	
	2008 \$'000	2007 \$'000
6. NOTES TO THE STATEMENT OF CASH FLOWS (cont)		
(ii) Reconciliation of profit from ordinary activities to net cash provided by/(used in) operating activities		
Profit from ordinary activities after income tax	1,718	3,006
<i>Add/(less) items classified as investing/financing activities:</i>		
Interest capitalised in loans and property	(1,206)	(941)
Fair value adjustment to investment property	422	(1,973)
Minority interests	283	-
<i>Non-cash items</i>		
Investment loan written-off	132	228
Depreciation	55	28
Loss on disposal of fixed assets	26	2
Amounts set aside to provisions	98	60
Share of joint venture entities net (profit)/ loss	(2,980)	(93)
<i>Changes in assets and liabilities</i>		
Decrease in property inventories	353	17,575
Increase in receivables	(3,240)	(366)
Increase in payables	2,595	343
Increase in tax balances	688	2,005
Decrease/(increase) in prepayments	148	(12)
<i>Net cash (used in)/provided by operating activities</i>	(908)	19,862
7. EARNINGS PER SHARE		
	Cents	Cents
Basic earnings per share	1.60	3.08
Diluted earnings per share	1.55	2.80
	\$'000	\$'000
<i>Earnings used in calculation of:</i>		
Basic earnings per share	1,718	3,006
Diluted earnings per share	1,913	3,172
	No.	No.
<i>Weighted average number of ordinary shares used in the calculation of:</i>		
Basic earnings per share	107,537,820	97,679,370
Diluted earnings per share	123,282,594	113,424,144

Potential ordinary shares from the exercise of options were not considered dilutive at 30 June 2008 as their conversion to ordinary shares would not decrease earnings per share from continuing operations.

Metroland Australia Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

	Consolidated	
	2008 \$'000	2007 \$'000
8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Equity accounted shares in joint venture entities	6,780	5,489

(i) Details of material interest in associated entities are as follows:-

	% Ownership End of Period		Carrying Value		Contributions to net Profit	
	2008	2007	2008	2007	2008	2007
Metroland Investments Pty Ltd	50%	50%	-	-	-	-
Gaintak Investments Pty Ltd ATF						
Gaintak Investments Unit Trust	50%	50%	6,780	5,489	2,980	93
			<u>6,780</u>	<u>5,489</u>	<u>2,980</u>	<u>93</u>

(ii) Carrying amount of investment in associates:-

	2008 \$'000	2007 \$'000
Balance at the beginning of the year	5,489	5,292
Cash contributions to joint venture entities during the year	-	104
Share of joint venture entity's net profit	2,980	93
Repayment of intercompany loan by the joint venture entity	(1,689)	-
Carrying amount at end of the year	<u>6,780</u>	<u>5,489</u>

9. CONTRIBUTED EQUITY

Share capital		
108,031,983 (2007: 106,779,433) ordinary shares fully paid	<u>13,378</u>	<u>13,197</u>

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

10. CONTROLLED ENTITIES ACQUIRED DURING THE YEAR

The following controlled entities were acquired during the year:

	Date Acquired	Company's interest(%)	Consideration \$	Net tangible assets at acquisition (\$)
2008				
Metro Facilities Pty Limited	30/05/2008	49	490	490
Home at Metro Pty Limited	8/04/2008	40	400	400

Metroland Australia Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

11. Segment Reporting

Primary reporting
Business segments

	Property sales & Development		Property rental & management		Investment & Financial Services		Import Sales		Consolidation	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External segment revenue	16,785	23,695	4,766	3,344	259	87	326	358	22,136	27,484
Segment result	1,256	3,766	893	67	3,216	(97)	(367)	(297)	4,998	3,439
Gain from change in the fair value of investment properties	-	-	-	-	-	-	-	-	(422)	1,973
Unallocated corporate expenses	-	-	-	-	-	-	-	-	(1,796)	(853)
Profit from ordinary activities before tax	-	-	-	-	-	-	-	-	2,780	4,559
Income tax expense	-	-	-	-	-	-	-	-	(780)	(1,553)
Minority interest	-	-	-	-	-	-	-	-	(263)	-
Net profit	-	-	-	-	-	-	-	-	1,718	3,006
Depreciation	14	7	4	8	26	6	11	7	55	28
Individually significant items:										
Proceeds on sale of property	-	23,695	-	-	-	-	-	-	-	23,695
Costs of property sold	-	(20,188)	-	-	-	-	-	-	-	(20,188)
	-	3,507	-	-	-	-	-	-	-	3,507
Assets										
Segment assets	15,829	9,612	38,801	36,543	9,261	7,575	179	90	64,069	55,820
Unallocated corporate assets	-	-	-	-	-	-	-	-	1,614	743
Consolidated total assets	-	-	-	-	-	-	-	-	65,683	56,563
Liabilities										
Segment liabilities	12,423	4,932	28,971	28,318	1,725	3,139	85	119	43,204	36,508
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	2,682	1,908
Consolidated total liabilities	-	-	-	-	-	-	-	-	45,886	38,416
Acquisition of non-current assets	2,732	69	627	15,764	-	-	-	90	3,359	15,923

Segment reporting
Geographical Segments

The consolidated entity operates in the Sydney region of New South Wales, Australia.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributed 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 segments, based on the consolidated entity's management reporting system:-

Property sales and development:-

Sales of properties which were previously held for development; and for properties under construction 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 properties facilities management services.

Investment and financial services:-
Import and wholesaling:

Investments in joint venture entities; cash investments and general loan borrowings.
Wholesaling and sourcing of imported products.

12. SUBSEQUENT EVENTS

No matters or circumstances have arisen since 30 June 2008 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.

Compliance statement

1. This preliminary report has been prepared in accordance with Australian Accounting Standards which includes Australian equivalents to International Financial Reports Standards (AIFRS). Compliance with AIFRS ensures compliance with International Financial Reporting Standards (IFRS). The preliminary report is also in accordance with other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.
2. This preliminary report, and the accounts upon which the report is based (if separate), use the same accounting policies.
3. This preliminary report does give a true and fair view of the matters disclosed.
4. The accounts are in the process of being audited, no audit report is attached.
5. The entity has a formally constituted audit committee.

Sign here: Date: 29 August 2008
(Director)

Print name: Frank Shien