



Australand

Australand is a stapled entity that comprises Australand Holdings Limited (ABN 12 008 443 696), Australand Property Trust (ARSN 106 680 424), Australand Property Trust No.4 (ARSN 108 254 413) and Australand Property Trust No.5 (ARSN 108 254 771) and their respective controlled entities.

Appendix 4E

Preliminary Final Report for the year ended 31 December 2006

This preliminary final report constitutes the Appendix 4E prepared in accordance with the Australian Stock Exchange Listing Rules and does not include all of the notes normally included in an annual financial report. Accordingly, it is recommended that this report be read in conjunction with any public announcements made by Australand during the year to 31 December 2006 and up to the date of this report.

AUSTRALAND COMPRISES AUSTRALAND HOLDINGS LIMITED, AUSTRALAND PROPERTY TRUST, AUSTRALAND PROPERTY TRUST No.4 AND AUSTRALAND PROPERTY TRUST No.5.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

		Consolidated	
		2006	2005
		\$'000	\$'000
Revenue from continuing operations ¹	Down 31.0% to	1,058,354	1,533,138
Net profit attributable to stapled security holders	Up 20.9% to	243,050	201,002

Dividends/Distributions	Total Dividends/ Distributions	Distribution per trust units	Dividend per share	Franked amount per share
March quarter – paid	4.00	1.59	2.41	2.41
June quarter – paid	4.00	2.45	1.55	1.55
September quarter – paid	4.00	1.86	2.14	2.14
December quarter – payable 9 February 2007	4.50	3.50	1.00	1.00
Total	16.50	9.40	7.10	7.10

Record date for determining entitlements to the dividend / distribution

5.00pm, 29 December 2006

Explanation of results

¹ The comparative revenue for the twelve months ended 31 December 2005 includes one-off AIFRS adjustments, including \$342.0 million in respect to the Commercial and Industrial sale of properties into the Australand Wholesale Property Trust No.4 (AWPT No.4).

Please refer to the attached commentary for further explanation of the results.

AUSTRALAND ANNOUNCES NET PROFIT OF \$243.1 MILLION FOR THE YEAR ENDED 31 DECEMBER 2006

Australand today announced a net profit after tax and minority interests of \$243.1 million for the year ended 31 December 2006 that was 20.9% above the 2005 result of \$201.0 million. The major components of the Group's 2006 result were:

- Higher net income from the Investment Property Division of \$96.0 million, 37.9% higher than the 2005 net income of \$69.6 million;
- Increased profit of \$40.0 million generated by the Commercial and Industrial Division, up 26.1% on the 2005 result of \$31.7 million;
- Profit of \$27.5 million from the sale of industrial investment properties located on leasehold land adjacent to Brisbane, Melbourne and Adelaide airports which had been contemplated for some time to recycle capital for reinvestment into higher yielding income producing assets (2005: \$1.6m);
- An unrealised net gain of \$87.8 million from fair value adjustments of investment property which was 63.4% above the 2005 net fair value adjustment of \$53.7 million;
- A profit of \$105.7 million from the Residential Division, which was 22.0% below the 2005 result of \$135.5 million, as foreshadowed by the Group in early August 2006;

A significant lift in the pre-tax profit contribution from non-residential property activities to \$251.3 million (2005: \$156.7 million) under-pinned the improved Group result. This was partially offset by a \$16.4 million increase in distributions to holders of the ASSETS hybrid security;

Earnings per stapled security rose 16.3% to 27.1 cents and Dividends / Distributions have been maintained at 16.5 cents per stapled security;

Net tangible assets per stapled security increased 10.6% to \$1.56.

FINANCIAL RESULTS SUMMARY

Year ended December 2006:	2006	2005	Change
Total revenue (\$'000)	1,266,320	1,749,195	(27.6%)
Less: Property development sales revenue from joint venture entities (\$'000)	207,966	216,057	(3.7%)
Gross revenue, wholly owned (\$'000)	1,058,354	1,533,138	(31.0%)
Net profit attributable to stapled security holders (\$'000)	243,050	201,002	20.9%
Key Metrics:			
Earnings per stapled security ¹ (cents)	27.1	23.3	16.3%
Distribution/dividend per stapled security ¹ (cents)	16.5	16.5	-
Return on shareholders funds ² (%)	18.8	17.2	9.3%
Net tangible asset backing per stapled security	\$1.56	\$1.41	10.6%

¹ EPS and DPS calculation includes all interests of the stapled security holders in the Australand Group. This includes APT4 and APT5 which technically are treated as minority interests pursuant to accounting standards

² Net profit after tax ÷ Total stapled group equity interest (weighted average)

REVIEW OF OPERATIONS

FINANCE

A number of strategic acquisitions during the year that increased the C&I asset base, and the continued weakness in the New South Wales residential market which slowed turnover, have contributed towards development assets increasing from \$1,603.9 million at 31 December 2005 to \$1,824.3 million at 31 December 2006.

Gearing (total liabilities to total assets, cash adjusted) has reduced from 51.2% at 31 December 2005 to 51.0% at 31 December 2006 and is in line with the Group's gearing strategy. In the second half of 2006 the sale of 11 leasehold industrial investment properties generated additional capital for reinvestment into higher yielding opportunities during 2007. In March 2006, the second instalment of the ASSETS hybrid equity was received (\$96.2 million). The Group continued to source debt funding from its Commercial Mortgage Backed Securities during the year with a new pricing benchmark set for the March 2006 issue, resulting in a reduction in the cost of debt. In addition, the Multi Option facility of \$600 million was renegotiated for a further two years. The Group has hedged its interest bearing debt against interest rate volatility with 82% of the debt portfolio at 31 December 2006 covered by fixed interest rates. The above capital management initiatives resulted in an annual average margin over 90 day bills of 0.50%, a reduction of 0.40% margin compared with the previous period.

COMMERCIAL & INDUSTRIAL

The Commercial and Industrial Division generated a pre-tax profit of \$40.0 million, which was 26.1% higher than the prior year (2005: \$31.7 million). Revenue, excluding joint ventures, was \$177.8 million. Whilst prima facie this was 70% below the wholly owned revenue for the corresponding period (2005: \$596.7 million), the prior year included an AIFRS adjustment of \$342.0 million in respect of sale of properties into AWPT4. A sharp reduction in the level of capitalised interest written off as part of the cost of goods sold during 2006 reflected the shorter construction lives of the wholly owned projects and a material interest cost in 2005 associated with AIFRS adjustments.

Construction in 2006 comprised: 27 industrial properties (50% wholly owned, 50% JV), 4 suburban commercial offices (100% JV) and 6 land subdivision projects (83% wholly owned, 17% JV). Overall, 70.3% of the Division's profitability was contributed by wholly owned projects and the remaining 29.7% was generated from joint venture activities.

The year's operational highlights were:

- Buildings with a total net lettable area of 301,000 square metres were delivered to clients;
- New pre-commitments totalling 384,000 square metres with a completed value of \$501.0 million were negotiated during the year;
- The completion of 7 industrial projects valued at \$152.1 million were delivered to the Investment Property Division as well as expansions valued at \$13.1 million;
- The completion of 11 industrial facilities and 2 commercial office projects with an aggregate value of \$160.7 million for third party investors and owner occupiers;
- The sale of wholly owned and joint venture industrial subdivisional land with an aggregate area of 40.0 hectares compared to 32.0 hectares during 2005.

The following table compares the Division's 2006 and 2005 activity as well as the forward workloads at the end of each year:

	2006	2005
Construction work completed during year	301,000 sqm	258,900 sqm
Pre-committed forward workload at year end	376,000 sqm	211,060 sqm

INVESTMENT PROPERTY

The Investment Property Division generated a net profit before tax of \$211.3 million including recurrent investment property income of \$96.0 million, a realised gain of \$27.5 million from the sale of 11 industrial income producing properties located on leasehold land adjacent to Brisbane, Melbourne and Adelaide airports and an unrealised net gain from fair value adjustments of the investment property portfolio of \$87.8 million.

The Investment Property Division's result included the following:

- The division delivered a 37.9% increase in annual net income to \$96.0 million. This was driven by a full year's income from the stapling of Australand Property Trust No. 4 and Australand Property Trust No.5 in October 2005 (13 properties worth approximately \$400 million) and through structured rental growth across the entire portfolio;
- The profit of \$27.5 million from the sale of 11 industrial properties located on leasehold land adjacent to the three previously mentioned airports, arose from a decision made in early 2006 to recycle the associated capital into higher yielding investment properties either completed during the latter half of 2006 or still under construction, after taking into account the substantial investment property pipeline that could be delivered by the Commercial & Industrial Division to Australand Property Trust (APT) during 2007;
- The increased unrealised net gain from fair value adjustments was a function of the larger portfolio, increased rental income and a small conservative reduction in the cap rates (portfolio average passing rental yield of 7.3%) adopted by the panel of independent valuers who assessed the market values of all 48 properties held by APT during 2006.

Details of new income producing properties are summarised in the following table:

Properties Completed or Acquired during 2006						
Property	Suburb	State	Tenant	Property Type	Lettable Area m²	Value \$m
120 Link Road	Tullamarine	VIC	The Reject Shop	Industrial	26,517	16.8
23 Scanlon Drive	Epping	VIC	Sumitomo Australia Ltd	Industrial	12,361	13.0
34-78 South Park Drive	Dandenong South	VIC	Clifford Hallam Healthcare Pty Ltd	Industrial	10,998	10.3
10 Butler Boulevard	Adelaide Airport	SA	Toll Holdings Limited	Industrial	8,461	7.4
91 Transport Avenue ¹	Adelaide Airport	SA	LG Electronics Pty Ltd	Industrial	2,142	3.0
468 Boundary Road	Derrimut	VIC	Brambles Australia Limited	Industrial	24,732	22.0
98-126 South Park Drive	Dandenong South	VIC	Gregory's Transport	Industrial	21,020	17.8
100-114 Cross Keys Rd	Salisbury	SA	Coles Myer Logistics Pty Ltd	Industrial	20,340	9.8
Lot A, 302 Hume Hwy	Goulburn	NSW	Coles Myer Limited	Industrial	42,532	69.7
80-96 South Park Drive	Dandenong South	VIC	Capelle Australia	Industrial	10,004	8.8
Total					179,107	178.6

¹ Expansion of existing facility

Australand's investment property portfolio, after the sale of airport leasehold assets, comprises 47 properties with a total market value of \$1,452.4 million. The portfolio has a weighted average lease expiry of 7.4 years, a total lettable area of 847,863 square metres, an average age of 4.1 years and an occupancy rate of 99.5%. Major tenants include PwC, Nestle, Coles, Commonwealth Government, NAB, Qantas, Toll and Cadbury.

Although the pipeline of income producing assets being developed by the Commercial and Industrial Division continues to be large and Australand is still committed to increasing its income producing property portfolio over time until its recurrent income is approximately twice the net income that it generates from development, the following factors can't be ignored:

- The Group's Weighted Average Cost of Capital (WACC) may be higher than the WACC of wholesale property funds, at least in the short term;
- Australand will consider establishing a series of wholesale funds to warehouse approximately 50% of the investment properties to be delivered by the C&I Division in the future, so that in the longer term, a much larger portfolio can be created. This strategy is based on the assumption that Australand will ultimately be able to regain control of the assets held by the wholesale funds it establishes at an appropriate time and replicates the arrangements whereby Australand established and subsequently regained control of 5 wholesale property trusts between 2000 and 2005;
- The substantial deal and construction pipeline that the Group currently has, suggests that the first of the new wholesale property trusts will be launched during the first half of 2007.

The outlook for the Group's current investment property portfolio remains favourable and reflects stable rental growth, a financially sound tenant base, minimal short term lease expiry and negligible vacancy for the foreseeable future.

RESIDENTIAL

The Residential Division's profit before tax, as foreshadowed, was \$105.7 million, 22.0% below the 2005 record result of \$135.5 million. The following table summarises sales by product type as well as sales revenue on an aggregate basis between wholly owned and joint venture entities:

	Lots No.	Houses No.	Apartments No.	Total Revenue \$m
Wholly Owned Projects	968	688	251	783.0 – down 17.4%
Joint Venture Projects*	283	81	84	166.1 – down 10.8%
Total	1,251	769	335	949.1

* Joint Venture figures are Australand's share of unit sales and revenue

Operational highlights for 2006 included:

- The commencement of Port Coogee development works and the successful sales launch of Stage 1;
- The launch of 13 small to medium size new residential projects across Australia;
- Satisfactory margins from the Queensland business unit;
- A strong profit contribution by the Victorian business unit in terms of both revenue and margins;
- Significantly better than forecast profit margins on all of the Group's Perth projects.

Three interest rate increases and higher fuel prices contributed to a significant decline in consumer confidence during 2006, which had a bigger negative impact on residential projects in Sydney, than in other capital cities.

While residential margins were close to those achieved in the previous year, project margins in all cities other than Perth are at historical lows and could be expected to return to "normal" levels during the next two years.

During the year the amount of capital deployed in the Residential Division was reduced from \$1.4 billion to \$1.3 billion as part of a broader plan to reduce the Group's exposure to the apartment sector and re-invest the capital in better performing land and housing projects. It is anticipated that the amount of capital utilised by the Residential Division will be reduced to approximately \$1.2 billion during the next 12 – 18 months with a view to achieving higher levels of inventory turnover and a better return on capital as a consequence of the Group's progressive diversification away from the apartment sector. Nevertheless, the Group will maintain a prudent level of exposure to the apartment sector so that it will be in a position to take advantage of the inevitable recovery in demand for apartments triggered by historically low rental vacancies and apartment production.

During 2006 the Division allocated \$146.1 million to the acquisition of new development sites with the majority of the capital allocated to Perth projects to ensure that the Group can maintain sales volumes in a market that is anticipated to be strong for the foreseeable future.

The following table discloses the longer term yield and sales revenue from projects which are controlled by Australand and its related entities.

Residential Division: Future yields and revenue (existing projects)

	No. of projects	Land Lots	Future Yield		Future Revenue \$'m			Trading life
			Houses	Apartments	Land	Houses	Apartments	
1. Split By State								
New South Wales	34	168	1,047	916	54	615	707	Up to 5 years
Victoria	35	1,960	2,154	657	306	695	473	Up to 6 years
Queensland	15	466	727	490	132	431	367	Up to 5 years
Western Australia	18	3,549	370	1,402	925	128	906	Up to 10 years
Total	102	6,143	4,298	3,465	1,417	1,869	2,453	
2. Split between wholly owned and joint ventures								
Wholly Owned	75	4,541	3,098	2,270	1,102	1,233	1,627	
Australand share of Joint Ventures	27	1,602	1,200	1,195	315	636	826	
Total	102	6,143	4,298	3,465	1,417	1,869	2,453	

Note: The above table reflects the number of lots and revenue for joint ventures based on Australand's 50% entitlement to revenue and profits associated therewith. Australand's entitlements to project management fees and minority profit shares from Project Development Agreements have not been included in the table.

OUTLOOK

The increased capital allocations to the Investment Property Division and to Commercial and Industrial projects will further diversify Australand's future profitability. In particular, the 78% increase in the size of the Commercial and Industrial Division's pre-committed forward workload should enable higher profits to be achieved by this division.

Because of the size of the pre-committed forward workload of the Commercial and Industrial Division, it is likely that a series of Australand managed wholesale funds will be formed to accommodate approximately 50% of the division's output, in the expectation that control of these wholesale property trusts will ultimately revert to Australand after the passage of time, in line with the arrangements that Australand made with a series of wholesale property trusts between 2000 and 2005.

An improvement in the profitability of Australand's Residential Division will be dependent on a recovery in the Sydney residential real estate market and a reversal of the 2006 upward trend in interest rates, which may not occur during 2007.

It is anticipated that 2007 contributions from both the Commercial and Industrial and Investment Property Divisions will be higher than 2006. This should ensure that profits will continue to support total annual Dividends/Distributions per stapled security at the current level of 16.5 cents.

DIVIDENDS / DISTRIBUTIONS

Dividends paid or declared by Australand Holdings Limited and distributions paid or declared by Australand Property Trust, Australand Property Trust No.4 and Australand Property Trust No.5 to stapled security holders since the end of the previous financial year are detailed in Note 3 to the financial statements contained in this preliminary final report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of Australand during the financial year.

Dated at Sydney this 5th day of February 2007.

Signed in accordance with a resolution of the Directors.



Brendan Crotty
Managing Director

CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 December 2006

	Notes	Consolidated	
		2006 \$'000	2005 \$'000
Revenue from continuing operations	5	1,058,354	1,533,138
Cost of properties sold		(664,509)	(1,201,537)
Development profit recognised through valuation of properties transferred to Australand Property Trusts		9,877	11,280
Share of net profits of joint ventures accounted for using the equity method		32,587	40,129
Investment property expenses		(21,319)	(9,173)
Employee expenses		(89,286)	(92,532)
Depreciation		(3,416)	(2,735)
Finance cost – net		(56,714)	(44,448)
Other expenses		(56,777)	(50,853)
Net gains from fair value adjustments on investment property		87,751	53,709
Profit before income tax		296,548	236,978
Income tax expense		(32,966)	(30,852)
Net profit		263,582	206,126
Net profit attributable to other equity holders of development projects (minority interest)		-	(967)
Net profit attributable to ASSETS hybrid equity holders (minority interest)		(20,532)	(4,157)
Profit attributable to stapled security holders of Australand		243,050	201,002
Attributable to:			
Equity holders of AHL and APT		186,332	195,383
Equity holders of other stapled entities (minority interest):			
- Australand Property Trust No.4 (APT4)		38,546	4,145
- Australand Property Trust No.5 (APT5)		18,172	1,474
Profit attributable to stapled security holders of Australand		243,050	201,002
Earnings per stapled security for profit attributable to the ordinary equity holders of AHL and APT (parent entity)			
Basic earnings per stapled security	2	20.8 cents	22.7 cents
Diluted earnings per stapled security	2	20.7 cents	22.5 cents
The above income statement should also be read in conjunction with the accompanying notes, including note 2 which presents the following earnings per stapled security for profit attributable to the stapled security holders:			
Basic earnings per stapled security	2	27.1 cents	23.3 cents
Diluted earnings per stapled security	2	27.0 cents	23.1 cents

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

As at 31 December 2006

	Notes	Consolidated	
		2006 \$'000	2005 \$'000
Current Assets			
Cash and cash equivalents		9,594	17,640
Receivables		256,922	272,598
Inventories		702,086	484,964
Investment properties under contracts for sale		150,500	-
Derivative financial instruments		22,918	-
Other		5,606	6,036
Total Current Assets		1,147,626	781,238
Non-Current Assets			
Inventories		648,734	707,949
Investments accounted for using the equity method		216,999	226,380
Investment properties		1,452,373	1,318,605
Property, plant and equipment		36,828	38,796
Deferred tax assets		-	8,297
Total Non-Current Assets		2,354,934	2,300,027
Total Assets		3,502,560	3,081,265
Current Liabilities			
Payables		123,824	138,074
Interest bearing liabilities		-	335,482
Derivative financial instruments		-	4,193
Current tax liabilities		18,790	27,116
Provisions		87,049	68,817
Land vendor liabilities		104,200	46,785
Total Current Liabilities		333,863	620,467
Non-Current Liabilities			
Interest bearing liabilities		1,400,663	898,000
Provisions		13,188	8,481
Land vendor liabilities		18,352	57,826
Deferred tax liabilities		24,353	-
Total Non-Current Liabilities		1,456,556	964,307
Total Liabilities		1,790,419	1,584,774
Net Assets		1,712,141	1,496,491
Equity			
Equity holders of AHL and APT			
Contributed equity		980,334	899,820
Reserves		18,743	(2,306)
Retained profits		207,740	144,558
		1,206,817	1,042,072
Equity holders of APT4 and APT5 (minority interest)		236,666	185,761
Stapled security holders interest in the Group	4	1,443,483	1,227,833
ASSETS hybrid equity		268,658	268,658
Total Equity		1,712,141	1,496,491

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2006

	Consolidated	
	2006	2005
	\$'000	\$'000
Total equity at the beginning of the financial year	1,496,491	1,142,127
Net profit for the financial year	263,582	206,126
Changes in the fair value of cash flow hedges, net of tax	20,049	(3,993)
Net income / (expense) recorded directly in equity	20,049	(3,993)
Total profit for the year and net income recorded directly in equity	283,631	202,133
Pre acquisition reserves - APT5	-	992
Capital redemption reserve	-	(10,601)
	-	(9,609)
Transactions with equity holders		
Contributions of equity, net of transaction costs	100,438	42,112
Security based payments	1,000	1,687
Dividends and distributions provided for or paid (note 3)	(148,887)	(143,888)
Capital distribution / dividend to stapled security holders in respect of the stapling of APT4 and APT5	-	(184,475)
Capital distribution / dividend compulsorily applied to staple APT4 and APT5 with the Australand Group	-	184,475
ASSETS hybrid equity and minority interest in development projects	(20,532)	261,929
	(67,981)	161,840
Total equity at the end of the financial year	1,712,141	1,496,491
Total profit for the year and net income recorded directly in equity is attributable to:		
Equity holders of AHL and APT	206,381	191,390
Equity holders of other stapled entities (minority interest):		
- Australand Property Trust No.4 (APT4)	38,546	4,145
- Australand Property Trust No.5 (APT5)	18,172	1,474
Other minority interests	20,532	5,124
	283,631	202,133

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 31 December 2006

	Consolidated	
	2006	2005
	\$'000	\$'000
Cash Flows from Operating Activities		
Receipts from customers (inclusive of goods and services tax)	994,995	1,696,423
Payments to suppliers and employees (inclusive of goods and services tax)	(860,008)	(1,462,700)
Interest received	6,635	7,911
Dividends and trust distributions received	-	826
Interest paid	(92,093)	(73,587)
Income tax paid	(15,517)	(18,527)
	34,012	150,346
Cash Flows from Investing Activities		
Joint venture equity investments - net of distributions	(68,886)	(20,542)
Payments for stapling of APT4 and APT5	-	(187,636)
Cash acquired on stapling of APT4 and APT5	-	10,161
Proceeds from sale of investment property	-	14,400
Payments for acquisition and improvement to investment properties	(169,037)	(305,726)
Payments for plant and equipment	(1,447)	(2,268)
	(239,370)	(491,611)
Cash Flows from Financing Activities		
Proceeds from borrowings	870,903	1,291,056
Repayment of borrowings	(703,722)	(1,029,901)
Dividends and trust distributions paid	(147,331)	(106,277)
Distributions to minority interests – ASSETS	(18,809)	-
Net contribution from ASSETS raising	95,143	174,894
Proceeds from issue of units/shares (net of equity raising costs)	101,128	21,347
	197,312	351,119
Net (decrease) / increase in cash held	(8,046)	9,854
Cash at the beginning of financial year	17,640	7,786
Cash at the end of financial year	9,594	17,640

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes financial statements for the consolidated entity consisting of Australand Holdings Limited and its subsidiaries as defined in Note 1(b).

(a) BASIS OF PREPARATION

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRS

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the consolidated financial statements and notes of Australand comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(b) PRINCIPLES OF CONSOLIDATION**(i) Subsidiaries and controlled entities**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries and controlled entities of Australand Holdings Limited, including Australand Property Trust, Australand Property Trust No.4 and Australand Property Trust No.5 as at 31 December 2006 and the results of all subsidiaries and controlled entities for the year then ended. Australand and its subsidiaries and controlled entities are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-entity transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Associated entities and partnerships

Investments in associated entities and partnerships are accounted for in the consolidated financial statements using the equity method. Under this method, Australand's share of the profits or losses of associates and partnerships is recognised in the consolidated income statement, and its share of movements in reserves is recognised in consolidated reserves. Associates are those entities over which the Group exercises significant influence, or joint control, but not control.

Unrealised gains/(losses) resulting from transactions with associates are eliminated to the extent of the Group's interest.

(iii) Joint ventures

The interest in a joint venture entity is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet.

Profits or losses on transactions establishing the joint venture entity and transactions with the joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture entity on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

(iv) Application of UIG 1013 Pre date of transition stapling arrangements and AASB 1002 Post date of transition stapling arrangements

For the purposes of UIG 1013 and AASB 1002, Australand Holdings Limited ('AHL') has been identified as the Parent Entity in relation to the pre date of transition stapling with Australand Property Trust ('APT') and the post date of transition stapling with Australand Property Trust No.4 ('APT4') and Australand Property Trust No.5 ('APT5'). In accordance with UIG 1013 the results and equity of AHL and APT have been combined in the financial statements. In accordance with AASB 1002 however the results and equity, not directly owned by AHL or APT, of APT4 and APT5 have been treated and disclosed as minority interest. Whilst the results and equity of APT4 and APT5 are disclosed as minority interest, the stapled security holders of AHL and APT are the same as the stapled security holders of APT4 and APT5.

(c) REVENUE RECOGNITION*Real Estate Asset Sales*

Revenue is recognised on Real Estate Asset Sales when the significant risks and rewards have passed to the buyer and it is probable the economic benefits will flow to the Group and can be reliably measured. Revenue on property development sales are recognised on settlement and land sales where there is a signed unconditional contract for sale.

Construction Contracting

Contract revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where it is probable that a loss will arise from a construction contract, the excess of total costs over revenue is recognised as an expense immediately. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Rental Income

Rental income from operating leases is recognised in income on a straight-line basis over the lease term. Rental income relating to straight lining is included as a component of the net gain from fair value adjustments on investment property. An asset is recognised to represent the portion of operating lease income in a reporting period relating to fixed increases in operating lease rentals in future periods. Such assets are recognised as a component of the carrying amount of investment properties in the balance sheet.

(d) INVESTMENT PROPERTIES

Investment properties comprise investment interests in land and buildings held for long term rental yields and not occupied by the Group. Investment properties are carried at fair value, representing open market value determined annually by external valuers, with approximately 50% of properties valued in the first half of each year and the balance in the second half.

The carrying amount of investment properties recorded in the balance sheet includes components relating to lease incentives and assets relating to fixed increases in operating lease rentals in future periods. Changes in fair values are recorded in the income statement as part of other income.

Investment properties under development

Investment properties under development are valued at the lower of cost and recoverable amount. An independent valuation is undertaken at practical completion of each investment property in order to assess a property's completion value. Any resultant revaluation gain or loss made while the property is under development is shown separately on the consolidated income statement from fair value gains from existing investment properties held.

(e) PROPERTY, PLANT AND EQUIPMENT

Property occupied by Australand is carried at cost. Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method. Net gains and losses on disposal of plant and equipment are brought to account in determining the results for the period. The expected useful lives of plant and equipment are two to five years (2005: two to five years). The expected useful life of property is forty years (2005: forty years).

(f) VALUATION OF INVENTORIES

Inventories comprising land, land and housing, integrated land and housing, medium density, high-rise developments and commercial and industrial developments are carried at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and borrowing costs incurred during development. When development is completed, borrowing costs are expensed as incurred.

(g) CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(h) TRADE RECEIVABLES

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

(i) ACQUISITIONS OF ASSETS

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than fair value of net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

(j) IMPAIRMENT OF ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(k) TRADE AND OTHER CREDITORS

Trade and other creditors represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) LAND VENDOR LIABILITIES

Where the consolidated entity enters into unconditional contracts with land vendors to purchase properties for future development that contain deferred payment terms, these liabilities are discounted to their present value using a discount rate at 31 December 2006 of 8.0% (2005: 7.50%).

(m) PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events it is more likely than not an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(n) LEASE INCENTIVES

Prospective lessees may be offered incentives as an inducement to enter into non-cancellable operating leases. These incentives may take various forms including, up front cash payments, rent free periods, or a contribution to certain lessee costs such as fit out costs or relocation costs. As these incentives are repaid out of future lease payments, they are recognised as an asset in the consolidated balance sheet as a component of the carrying amount of investment properties and amortised over the lease period.

(o) EMPLOYEE BENEFITS**(i) Wages, salaries and annual leave**

Liabilities for employee entitlements to wages and salaries, annual leave and other current employee entitlements are accrued at non-discounted amounts calculated on the basis of future wage and salary rates including on-costs.

(ii) Long service leave

Liabilities for other employee entitlements which are not expected to be paid or settled within 12 months of balance date are accrued in respect of all employees at present values of future amounts expected to be paid, based on a projected weighted average increase in wage and salary rates. Expected future payments are discounted using interest rates on national government securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

Contributions to the Australand Superannuation Plan are charged as an expense as the contributions are paid or become payable.

(iv) Share-based payments

Share-based compensation benefits are provided to employees via the Australand Share Option Plan and the Australand Securities Ownership Plan. The fair value of options granted is determined at grant date and recognised as an expense with a corresponding increase in equity over their vesting period. For share options granted before 7 November 2002 and/or vested before 1 January 2005 no expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

(p) BORROWINGS AND BORROWING COSTS

Borrowings are initially recognised at fair value including transaction costs incurred. Any difference between proceeds (net of transaction costs) and redemption is recognised in the income statement over the period of the borrowings using effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Borrowing costs incurred for construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for intended use or sale. Other borrowing costs are expensed.

The capitalisation rate used to determine the amount of borrowing costs to capitalise is the weighted average interest rate applicable to the entity's outstanding borrowings during the year, in this case 7.0% (2005 – 6.6%).

(q) DERIVATIVES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be effective in offsetting changes in cash flows of hedged items.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(r) TAXATION

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Australand Holdings Limited and its wholly owned entities implemented the tax consolidation legislation from 1 January 2003.

Australand Holdings Limited and the wholly owned entities in the tax consolidation group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidation group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Australand Holdings Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from the unused tax losses and unused tax credits assumed from controlled entities in the tax-consolidated group.

Assets or liabilities arising under tax funding agreements with the tax-consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement is recognised as a contribution to (or distribution from) wholly owned tax-consolidated entities.

Australand Property Trusts

Under current income tax legislation, Australand Property Trust, Australand Property Trust No.4 and Australand Property Trust No.5 are not liable for income tax, provided that the taxable income is fully distributed each year including any taxable capital gain derived from the sale of an asset.

(s) EARNINGS PER SECURITY

(i) Basic earnings per stapled security

Basic earnings per stapled security is determined by dividing the net profit after income tax attributable to Australand stapled security holders, excluding any costs of servicing equity other than ordinary securities, by the weighted average number of stapled securities outstanding during the year, adjusted for bonus elements in stapled securities, if any, issued during the year.

(ii) Diluted earnings per stapled security

Diluted earnings per stapled security adjusts the figures used in the determination of basic earnings per stapled security by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary securities and the weighted average number of securities assumed to have been issued for no consideration in relation to the dilutive potential ordinary securities.

(iii) Basic earnings per stapled security – parent entity

Basic earnings per stapled security is determined by dividing the net profit after income tax attributable to Australand Holdings Limited and APT (excluding minority interest of APT4 and APT5), excluding any costs of servicing equity other than ordinary securities, by the weighted average number of stapled securities outstanding during the year, adjusted for bonus elements in stapled securities, if any, issued during the year.

(iv) Diluted earnings per stapled security – parent entity

Diluted earnings per stapled security adjusts the figures used in the determination of basic earnings per stapled security by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary securities and the weighted average number of securities assumed to have been issued for no consideration in relation to the dilutive potential ordinary securities.

(t) INTEREST INCOME

Interest income is recognised under the effective interest rate method.

(u) ROUNDING OF AMOUNTS

Australand is an entity of the kind referred to in Class Order 98/100 dated 10 July 1998 issued by the Australian Securities and Investments Commission, relating to the rounding off of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

2. EARNINGS PER STAPLED SECURITY

		Consolidated	
		2006	2005
i.	Basic earnings per stapled security	27.1 cents	23.3 cents
ii.	Diluted earnings per stapled security	27.0 cents	23.1 cents
iii.	Basic earnings per stapled security (Parent Entity)	20.8 cents	22.7 cents
iv.	Diluted earnings per stapled security (Parent Entity)	20.7 cents	22.5 cents

(a) Reconciliation of earnings used in calculating earnings per stapled security

Consolidated	\$'000	\$'000
(i) Basic earnings per stapled security		
Net profit after tax	243,050	201,002
Earnings used in calculating basic earnings per stapled security	243,050	201,002
(ii) Diluted earnings per stapled security		
Net profit after tax	243,050	201,002
Earnings used in calculating diluted earnings per stapled security	243,050	201,002

Parent Entity*

(iii) Basic earnings per stapled security		
Net profit after tax	186,332	195,383
Earnings used in calculating basic earnings per stapled security	186,332	195,383
(iv) Diluted earnings per stapled security		
Net profit after tax	186,332	195,383
Earnings used in calculating diluted earnings per stapled security	186,332	195,383

*For the purpose of earnings per stapled security, the parent entity is defined as AHL and APT

(b) Weighted average number of stapled securities used

The weighted average number of stapled securities on issue used in the calculation of basic earnings per stapled security was 896,286,467 stapled securities (2005: 861,314,508).

The weighted average number of stapled securities on issue used in the calculation of diluted earnings per stapled security was 901,399,904 stapled securities (2005: 868,895,902).

Weighted average number of ordinary securities used as the denominator in calculating basic earnings per stapled security	896,286,467	861,314,508
Australand Employee Securities Ownership Plan	5,113,437	7,581,394
Weighted average number of ordinary securities and potential ordinary securities used as the denominator in calculating diluted earnings per stapled security	901,399,904	868,895,902

(c) Information concerning the classification of securities

Securities granted to employees under the Australand Employee Securities Ownership Plan are considered to be potential ordinary securities and have been included in the determination of diluted earnings per stapled security to the extent to which they are dilutive. The securities have not been included in the determination of basic earnings per stapled security.

3. DIVIDENDS / DISTRIBUTIONS

Dividends / distributions recognised in the current year by Australand Holdings Limited and Australand Property Trust, Australand Property Trust No.4 and Australand Property Trust No.5 are:

2006	Payment per Share/Unit	Total Amount \$'000	Date of Payment	Tax Rate for Franking Credit	Percentage Franked %
Ordinary shares					
Interim dividend	2.4 cents	21,340	04-05-06	30%	100%
Interim dividend	1.6 cents	13,449	03-08-06	30%	100%
Interim dividend	2.1 cents	20,085	02-11-06	30%	100%
Final dividend	1.0 cents	9,271	09-02-07	30%	100%
Total dividend	7.1 cents	64,145			
Units					
Interim distribution	1.6 cents	14,079	04-05-06		
Interim distribution	2.4 cents	22,477	03-08-06		
Interim distribution	1.9 cents	16,614	02-11-06		
Final distribution	3.5 cents	32,449	09-02-07		
Total distribution	9.4 cents	85,619			

The Australand Distribution Reinvestment Plan (“DRP”) is not in operation for the final 2006 dividend / distribution. The Record Date to determine entitlements to the final 2006 dividend / distribution was 5.00pm, 29 December 2006. The final 2006 dividend / distribution of 4.5 cents per stapled security (comprising a 1.0 cent per share fully franked dividend from Australand Holdings Limited, a 2.37 cent per unit distribution from Australand Property Trust, a 0.55 cent per unit distribution from Australand Property Trust No.4 (tax deferred to approximately 78%) and a 0.58 cent per unit distribution from Australand Property Trust No.5), is payable on 9 February 2007.

2005	Payment per Share/Unit	Total Amount \$'000	Date of Payment	Tax Rate for Franking Credit	Percentage Franked %
Ordinary shares					
Interim dividend	2.2 cents	19,122	04-05-05	30%	100%
Interim dividend	2.3 cents	20,076	03-08-05	30%	100%
Interim dividend	2.4 cents	20,952	04-11-05	30%	100%
Final dividend	2.5 cents	21,823	08-02-06	30%	100%
Total dividend	9.4 cents	81,973			
Units					
Interim distribution	1.8 cents	15,645	04-05-05		
Interim distribution	1.7 cents	14,839	03-08-05		
Interim distribution	1.6 cents	13,967	04-11-05		
Final distribution – APT	1.1 cents	9,482	08-02-06		
Final distribution – APT4	0.8 cents	7,281	08-02-06		
Final distribution – APT5	0.1 cents	701	08-02-06		
Total distribution	7.1 cents	61,915			
Special dividend – Stapling of APT4 & APT5	1.0 cents	8,730	14-10-05	30%	100%

3. DIVIDENDS / DISTRIBUTIONS (continued)

Franking credits	Consolidated	
	2006 \$'000	2005 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2005 – 30%)	79,473	89,396

Franking credits are available at the 30% corporate tax rate after allowing for tax payable in respect of the current period's profit, payment of proposed dividends/distributions and receipt of dividends receivable. The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends / distributions. The above amounts represent the balances of the franking accounts as at the end of the financial period, 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 the reporting date; and
- (c) franking credits that may be prevented from being distributed in subsequent financial years.

4. EQUITY

Australand is a stapled entity in which the security holders hold direct interests and an equal number of securities in each of Australand Holdings Limited (AHL), Australand Property Trust (APT), Australand Property Trust No.4 (APT4) and Australand Property Trust No.5 (APT5).

As the securities of AHL and APT were stapled before the introduction of AIFRS, UIG 1013 *Pre date of transition stapling arrangements* applies. This deems that AHL is identified as the acquirer and the parent and the results and net assets of AHL and APT are combined when presenting the consolidated financial statements.

However, as the stapling of APT4 and APT5 occurred after the introduction of AIFRS, AASB Interpretation 1002 *Post date of transition stapling arrangements* applies. For the purposes of AASB 1002, APT has been identified as the acquirer and the results and equity of APT4 and APT5 are presented as minority interest in the consolidated financial statements on the basis that neither APT or AHL has obtained an ownership interest as a result of the stapling.

Whilst the results and equity of APT4 and APT5 are disclosed as minority interest, the stapled security holders of AHL and APT are the same as the stapled security holders of APT4 and APT5.

4. EQUITY (CONTINUED)

	Notes	Consolidated	
		2006 \$'000	2005 \$'000
Equity			
Capital and Reserves attributable to stapled security holders as:			
<i>Equity holders of AHL and APT</i>			
Contributed equity		980,334	899,820
Reserves	4(a)	18,743	(2,306)
Retained profits	4(b)	207,740	144,558
Parent interest		<u>1,206,817</u>	<u>1,042,072</u>
<i>Equity holders of other stapled entities – APT4 and APT5 (minority interest)</i>			
Contributed equity		212,270	192,346
Reserves	4(a)	(10,601)	(10,601)
Retained profits	4(b)	34,997	4,016
Equity holders of other stapled entities – APT4 and APT5 (minority interest)		<u>236,666</u>	<u>185,761</u>
Stapled security holders interest in the Group		<u>1,443,483</u>	<u>1,227,833</u>
(a) Reserves			
<i>Hedging reserve</i>			
Hedging reserve – cash flow hedges – AHL and APT		16,056	(3,993)
Total Hedging reserve – cash flow	i)	<u>16,056</u>	<u>(3,993)</u>
<i>Share based payments reserve</i>			
Share based payments reserve – AHL	ii)	2,687	1,687
<i>Capital redemption reserve</i>			
Capital redemption reserve – APT4 and APT5	iii)	(10,601)	(10,601)
Total reserves – stapled security holders		<u>8,142</u>	<u>(12,907)</u>

4. EQUITY (CONTINUED)

	Consolidated	
	2006 \$'000	2005 \$'000
Movements in above stapled security holders reserves comprise:		
<i>(i) Hedging reserve – cash flow hedges</i>		
Balance 1 January	(3,993)	(5,380)
Changes in fair value of cash flow hedges	26,924	1,387
Deferred tax	(6,875)	-
Balance 31 December	16,056	(3,993)
<i>(ii) Share-based payments reserve</i>		
Balance 1 January	1,687	1,687
Expense relating to share based payments	1,000	-
Balance 31 December	2,687	1,687
<i>(iii) Capital Redemption Reserve</i>		
Balance 1 January	(10,601)	-
Capital redemption reserve – stapling of APT4 and APT5	-	(10,601)
Closing Balance 31 December	(10,601)	(10,601)
(b) Retained Profits		
<i>Equity holders of AHL and APT</i>		
Retained profits	207,740	144,558
<i>Other stapled entities</i>		
- Australand Property Trust No.4	23,420	918
- Australand Property Trust No.5	11,577	3,098
	34,997	4,016
Stapled security holders interest in retained profits	242,737	148,574
<i>Movements in above total stapled security holder's interest in retained profits:</i>		
Balance 1 January	148,574	98,077
Pre acquisition adjustment - Australand Property Trust No.5	-	992
Net profit attributable to the stapled security holders of Australand	243,050	201,002
Dividends / distributions	(148,887)	(151,497)
Balance 31 December	242,737	148,574

5. REVENUE

	Consolidated	
	2006	2005
	\$'000	\$'000
Sales revenue		
Property development sales	861,780	1,421,504
Rent from investment properties	128,922	70,966
	990,702	1,492,470
Other revenue		
Interest received or receivable from:		
- Trade receivables	800	1,555
- Other	5,835	5,957
Management fees from joint venture entities	9,572	14,530
Other income from joint venture entities	6,280	4,773
Gain from investment properties under contracts for sale / sold	27,480	1,611
Sundry income	17,685	11,416
Distributions from investments in unlisted trusts	-	826
	67,652	40,668
Revenue (excluding share of equity accounted net profits of associates and joint ventures)	1,058,354	1,533,138

Contracts for sale for 11 investment properties were signed on 15 December 2006. These sales were subject only to approval by the respective Government bodies of the transfers of leases held over Crown land on which the properties are situated. The Commonwealth consent for the assignment of the ground leases to the purchaser, SAITeysMcMahon Property Limited, was provided on 23 January 2007, and settlement is due to occur in February 2007. The properties have been disclosed as 'Investment properties under contracts for sale' in current assets in the balance sheet and a net gain of \$27.5m recognised.

6. COMPARISON OF HALF YEAR PROFITS

	Consolidated	
	2006 \$'000	2005 \$'000
Consolidated profit from ordinary activities after tax attributable to security holders reported for the first half year	89,256	89,821
Consolidated profit from ordinary activities after tax attributable to security holders reported for the second half year	153,794	111,181
Consolidated profit from ordinary activities after tax attributable to security holders	<u>243,050</u>	<u>201,002</u>

7. CONTINGENCIES

Details and estimated maximum amounts of contingent liabilities (for which no amounts are recognised in the financial statements) are as follows:

- (a) The Group has given indemnities for land development contract performance in the form of bank guarantees and insurance bonds.

	2006 \$'000	2005 \$'000
Performance bank guarantees outstanding	59,302	42,342
Financial bank guarantees outstanding	7,151	14,868
Insurance bonds outstanding	23,813	26,560
	<u>90,266</u>	<u>83,770</u>

- (b) In the ordinary course of business, the Group provides rental guarantees to tenants and owners of various commercial, industrial and residential buildings, which the Group is developing or has completed. These arrangements require the Group to guarantee the rental income of these properties for certain periods of time. As at the date of this report, the Directors are of the opinion that based on the current lease commitments, together with the allowances made within the development budgets for these property developments adequate allowance has been made in the financial statements for these potential obligations.
- (c) In the ordinary course of business, the Group becomes involved in litigation, some of which falls within the Group's insurance arrangements. Whilst the outcomes are uncertain, these contingent liabilities are not considered to be material to the Group.

8. SEGMENT REPORTING

The consolidated entity operates wholly within Australia and is organised into the following divisions:

- Residential
- Commercial and Industrial;
- Investment Property

December 2006

Business Segment Summary (\$'000)	Residential	Commercial & Industrial	Total Developer	Investment Property	Unallocated	Elim	Consolidated
Revenue	949,059	262,189	1,211,248	162,119	2,765	(109,812)	1,266,320
Less: Property development sales revenue from joint venture entities	(166,054)	(84,420)	(250,474)	-	-	42,508	(207,966)
Segment Revenue	783,005	177,769	960,774	162,119	2,765	(67,304)¹	1,058,354
Segment result before interest expense and interest in cost of goods	131,887	32,054	163,941	130,121	(6,521)	(10,261)	277,280
Development profit through valuation of properties transferred to Australand Property Trusts	-	-	-	-	-	9,877	9,877
Capitalised interest in cost of goods sold & other interest	(46,453)	(3,925)	(50,378)	(18,058)	(16,954)	-	(85,390)
Revaluation of Investment Property	-	-	-	87,751	-	-	87,751
Other fees charged between developer and Trust	-	-	-	11,500	-	(11,500)	-
Net segment result after interest expense	85,434	28,129	113,563	211,314	(23,475)	(11,884)	289,518
Interest revenue	-	-	-	-	-	-	-
Share of net profits of associates and partnerships joint ventures accounted for using the equity method	20,235	11,888	32,123	-	-	464	32,587
Unallocated corporate costs	-	-	-	-	(25,557)	-	(25,557)
Profit before income tax	105,669	40,017	145,686	211,314	(49,032)	(11,420)	296,548
Income tax expense	-	-	-	-	-	-	(32,966)
Net Profit	-	-	-	-	-	-	263,582

¹ All revenue eliminated relates to the commercial and industrial division.

Business Segment Summary (\$'000)	Residential	Commercial & Industrial	Total Developer	Investment Property	Unallocated	Elim	Consolidated
Total segment assets	1,310,052	514,230	1,824,282	1,651,791	77,870	(51,383)	3,502,560
Depreciation and amortisation expense	1,345	625	1,970	-	-	1,446	3,416

8. SEGMENT REPORTING (CONTINUED)

December 2005

Business Segment Summary (\$'000)	Residential	Commercial & Industrial	Total Developer	Investment Property	Unallocated	Elim	Consolidated
Revenue	1,133,789	663,783	1,797,572	75,389	-	(123,766)	1,749,195
Less: Property development sales revenue from joint venture entities	(186,074)	(67,121)	(253,195)	-	-	37,138	(216,057)
Segment Revenue	947,715	596,662	1,544,377	75,389	-	(86,628)¹	1,533,138
Segment result before interest expense and interest in cost of goods sold	156,090	51,331	207,421	62,546	(6,869)	(10,513)	252,585
Development profit through valuation of properties transferred to Australand Property Trusts	-	-	-	-	-	11,280	11,280
Capitalised interest in cost of goods sold & other interest	(44,566)	(38,973)	(83,539)	(1,340)	(17,529)	-	(102,408)
Revaluation of Investment Property	-	-	-	53,709	-	-	53,709
Interest & other fees charged between developer and Trust ²	-	-	-	10,023	-	(10,023)	-
Net segment result after interest expense	111,524	12,358	123,882	124,938	(24,398)	(9,256)	215,166
Interest revenue	-	-	-	-	1,541	-	1,541
Share of net profits of associates joint ventures partnerships accounted for using the equity method	23,954	19,376	43,330	-	-	(3,201)	40,129
Unallocated corporate costs	-	-	-	-	(19,858)	-	(19,858)
Profit before income tax	135,478	31,734	167,212	124,938	(42,715)	(12,457)	236,978
Income tax expense							(30,852)
Net Profit							206,126

¹ All revenue eliminated relates to the commercial and industrial division.

² Inter-segment interest and fees have not been allocated to divisions within the developer.

Business Segment Summary (\$'000)	Residential	Commercial & Industrial	Total Developer	Investment Property	Unallocated	Elim	Consolidated
Total segment assets	1,374,843	229,013	1,603,856	1,462,669	62,615	(47,875)	3,081,265
Depreciation and amortisation expense	1,164	541	1,705	-	-	1,030	2,735

9. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no significant events or transactions that have arisen since the end of the financial year, which in the opinion of the Directors would affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity.

10. OTHER INFORMATION

a) Control gained over entities having material effect:

Name of entity	Date gained
Glebe Finance Pty Limited	7 Mar 06
Glenwood Land Pty Ltd	25 May 06
Camden Green Pty Limited	25 May 06
Glenwood Land Unit Trust	10 May 06
Land and Housing No. 1 Unit Trust	17 May 06
Freshwater Residential Unit Trust	12 May 06

b) Control lost over entities having material effect:

During the year the interest in the following material entities (and their wholly owned subsidiaries) were disposed of:

Name of entity	Date of disposal	Ownership interest disposed of	Profit recognised on disposal \$'000
Property Investment Management Limited	27 Jun 06	100%	-
Australand Management Services (NSW) Pty Ltd	5 Oct 06	100%	3,262
Australand Management Services (VIC) Pty Ltd	5 Oct 06	100%	1,232
Australand Apartments No.6 Pty Limited	20 Dec 06	50%	-

c) Details of aggregate share of profits of associates and joint venture entities:

	2006 \$'000	2005 \$'000
Profit before income tax	32,587	40,129
Income tax expense	(9,776)	(12,039)
Net profit	22,811	28,090
Share of net profit of associates and joint venture entities	22,811	28,090

d) Material interests in entities which are not controlled entities:

Name of entity	Note	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
		Current period %	Previous corresponding period %	2006 \$'000	2005 \$'000
Equity accounted associates and joint venture entities					
111 Darlinghurst Road Unit Trust	(a)	50	-	-	-
118 Alfred Street Finance Pty Ltd	(a)	50	-	-	-
Australand Apartments No.6 Pty Limited	(a)	50	100	-	-
Australand Holdings Limited & BMD Constructions Pty Ltd		50	50	200	1,486
Australand Land and Housing No.5 (Hope Island) Pty Limited		50	50	(24)	-
Australand Land and Housing No.7 (Hope Island) Pty Limited		50	50	-	-
Australand Land and Housing No.8 (Hope Island) Pty Limited		50	50	-	-
Australand United Pty Limited	(b)	-	50	-	-

10. OTHER INFORMATION (CONTINUED)

Name of entity	Note	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
		Current period	Previous corresponding period	2006	2005
Equity accounted associates and joint venture entities		%	%	\$'000	\$'000
Avon Road Pymble Pty Ltd		50	50	-	-
Baldi Unit Trust		50	50	191	-
Brisun Pty Ltd		50	50	3	-
Camden Green Pty Limited	(c)	100	50	-	944
Chymont Pty Limited		50	50	643	2,379
Chymont Unit Trust		50	50	-	-
Port Melbourne Unit Trust		50	50	-	-
CIP ALZ (BBP) Trust		50	50	464	-
CIP ALZ Goulburn Industrial Unit Trust		50	50	-	-
CIP ALZ (Horrie Miller Drive) Pty Limited	(a)	50	-	-	-
CIP ALZ Horrie Miller Drive Industrial Unit Trust	(a)	50	-	-	-
CIP ALZ (MA) Trust		50	50	3,078	-
CIP ALZ (BBP) Pty Ltd		50	50	-	462
CIP ALZ (WA) Pty Limited	(a)	50	-	-	-
CIP ALZ (WA) Unit Trust	(a)	50	-	-	-
Commercial & Industrial Property (MT Waverley) Trust		50	50	2,655	4,784
Commercial & Industrial Property (Pinkenba) Trust		50	50	-	-
Commercial & Industrial Property (Port Melbourne) Trust		50	50	-	1,124
Croydon Development Trust		50	50	-	-
Deer Park Development Trust No. 1		100	100	1,194	-
Discovery Point Pty Limited and Landcom		50	50	2,249	-
Giffnock North Ryde Co Venture	(a)	50	-	182	-
Glebe Finance Pty Limited	(c)	100	50	-	-
Glebe Harbour Unit Trust		50	50	-	1,007
Glenwood Land Pty Ltd	(c)	100	50	-	-
Glenwood Land Unit Trust	(c)	100	50	-	1,622
Kellyville Construction Partnership		50	50	520	143
Land and Housing No.1 Unit Trust	(c)	100	50	-	-
LMMBI Pty Ltd		50	50	-	-
LMMBI Unit Trust		50	50	-	-
Minto Industrial Developments Trust		50	50	-	-
Australand Holdings Limited and Morton Homestead Pty Ltd		50	50	2,250	3,767
Motorway Business Park Pty Ltd		50	50	5,333	7,427
Parkinson Development Co Venture	(a)	50	-	-	-
Port Coogee Co Venture		50	50	4,003	-
Stage 3 Eastern Creek Co Venture	(a)	50	-	-	-
St. Andrews Field Co Venture	(a)	50	-	-	-
Sur-Mer (Cronulla) Pty Ltd		50	50	-	-
Torquay Nominee Pty Limited		50	50	2,610	468
Lincoln Health Estate Pty Ltd		50	50	-	-
Trust Project No.9 Unit Trust		50	50	2,582	10,058
Village Park Consortium		50	50	3,139	4,458
Woolloomooloo Unit Trust		50	50	-	-
Total				31,272	40,129
Other material interests				1,315	-
Total				32,587	40,129

(a) Joint venture entities created during the year.

(b) Joint venture entities disposed of during the year.

(c) Joint venture interest acquired during the year.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held as follows:

Place: Sofitel Wentworth, Sydney

Date: 19 April 2007

Time: 10.00am

Approximate date the annual report will be available: 20 March 2007

COMPLIANCE STATEMENT

1. This report has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board, Corporations Act 2001 and other standards acceptable to the Australian Stock Exchange.
2. This report and the financial statements upon which the report is based, use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed.
4. This report is based on financial statements that are in the process of being audited, and therefore, no audit report has been attached.
5. Australand has a formally constituted audit committee.

Dated at Sydney this 5th day of February 2007.



Brendan Crotty
Managing Director