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ASX Announcement
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14 February 2008

FULL YEAR RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

Please find attached copies of the following documents:

- Media Release
- Preliminary Final Report (Appendix 4E)

Issued by:

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14 February 2008

AUSTRALAND DELIVERS INCREASED PROFIT AND PLATFORM FOR FURTHER GROWTH

Australand today announced a strong result for the year ended 31 December 2007, delivering a statutory profit of \$269.2 million, including unrealised gains in property revaluations.

The Group's full-year operating profit after tax, excluding unrealised gains in property revaluations, was \$163.2 million, up 5% on the prior year.

Key highlights included:

- Improved full-year operating profit before tax ("PBT") from all businesses:
 - Commercial & Industrial PBT up 75% to \$70.1 million;
 - Investment Property PBT up 11% to \$106.7 million; and
 - Residential PBT up 1% to \$106.3 million.
- Full-year Dividends/Distributions up 3% to 17.0 cents per stapled security.
- Earnings per Stapled Security, on operating profit after tax, up 2% to 17.6 cents.
- Net tangible assets per stapled security up 9% to \$1.70.

Group Operating Highlights

In announcing the result, Australand's Managing Director and CEO, Bob Johnston, said, "We are pleased with the full year result. Momentum established in the first half maintained through the second half of the year to deliver an increased operating profit after tax.

"The Commercial & Industrial business delivered an outstanding result with an operating profit before tax of \$70.1 million for the 2007 financial year, up 75% on the prior year," said Mr Johnston.

The Commercial & Industrial (C&I) business delivered \$583.8 million in revenue, consisting of \$528.7 million of revenue from 385,000 sqm of commercial and industrial space and \$55.1 million of revenue from five land subdivisions. At the same time, C&I increased its forward workload by 13% and expects to deliver 424,000 sqm of commercial and industrial space in 2008.

Mr Johnston said the Investment Property business also delivered strong operating income of \$106.7 million, up 11% on the prior year. A gain on sale of property of \$10.7 million and property revaluations of \$106.0 million were also achieved. Year-on-year recurrent income growth was 3.5%, excluding properties sold during the 2007 financial year.

“The investment portfolio grew 26% to \$1.9 billion and is well positioned to generate further recurrent income growth from its existing high quality portfolio with a 99.9% occupancy profile.”

Mr Johnston said operating profit before tax for the Residential business increased 1% to \$106.3 million, with strong contributions from Western Australia and Victoria which, together with a solid result from Queensland, offset the tougher Sydney residential market which remained challenging throughout 2007.

“The Residential development pipeline increased 11% from the prior year to an estimated end value of \$6.8 billion, comprising 17,352 lots,” said Mr Johnston.

“Additions to the Residential pipeline had been made in key growth corridors to further diversify the geographic and product profile and position Australand well for growth in the medium term.”

Capital Management

Australand had net debt at 31 December 2007 of \$1.5 billion and a gearing level of 40.4%.

Australand’s Chief Financial Officer, Tiernan O’Rourke, said the Group maintained an optimal capital structure during the 2007 financial year, which provided financial flexibility for its operations.

“Our debt had a maturity profile of 1.7 years and was 79% protected by fixed interest rate hedges, which protects the business against interest rate volatility,” said Mr O’Rourke.

The average cost of debt for the 2007 financial year was approximately 6.6% and the interest cover ratio was 3.3 times.

Mr O’Rourke stated that, as at 31 December 2007, Australand had a total of \$152 million of debt facilities maturing this year, of which 74% had already been renewed since the start of 2008.

“Australand is well positioned with 97% of total debt secured by our portfolio of high quality assets, strong operating cash flows and solid banking relationships. Australand’s financial fundamentals were strong and well supported by a strong balance sheet”, said Mr O’Rourke.

Strategy

Mr Johnston said Australand's focus was on delivering sustainable growth in earnings for security holders and outlined the following key areas of focus to deliver growth over the medium term:

- Leveraging its existing strong Residential and C & I developer platforms to create organic growth;
- Growing its existing funds management platform and capital partnering relationships to launch a new fund for C & I assets and a residential development fund in 2008;
- Expanding its footprint selectively into the industrial and logistic sectors in Asia; and
- Being prudent with its capital management by recycling capital and managing gearing levels.

Outlook

The recent volatility in capital markets creates some uncertainty in providing profit guidance for the 2008 full year.

Providing market conditions do not deteriorate significantly, Australand expects to deliver 2-3% earnings per security growth in operating profit after tax, excluding property revaluations, for the year ending 31 December 2008. The Group expects to maintain distributions at the 2007 increased rate of 17.0 cents per stapled security.

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Australand Holdings Limited

Australand is a stapled entity that comprises the parent entity, 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 financial year ended 31 December 2007*

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information		Consolidated	
		2007	2006
		\$'000	\$'000
Revenue from continuing operations	Up 10% to	1,159,059	1,058,354
Net profit attributable to stapled security holders	Up 11% to	269,226	243,050

Dividends/Distributions	Total Dividends/ Distributions	Distribution per units	Dividend per share	Franked amount per share
March 2007 quarter – paid	4.00 cents	3.75 cents	0.25 cents	30%
June 2007 quarter – paid	4.00 cents	2.95 cents	1.05 cents	30%
September 2007 quarter – paid	4.00 cents	2.10 cents	1.90 cents	30%
December 2007 quarter – paid 8 February 2008	5.00 cents	2.07 cents	2.93 cents	30%
Total	17.00 cents	10.87 cents	6.13 cents	

The record date for determining entitlements to the final Dividend/Distribution was 5.00pm, 31 December 2007

EXPLANATION OF RESULTS

Please refer to the attached “management discussion and analysis of financial performance and review of operations”(“MD&A”) for further explanation of the results.

*This preliminary final report constitutes the Appendix 4E prepared based upon a business combination of the above-named entities in accordance with applicable Accounting Standards and Australian Securities Exchange Listing Rules. It does not include all the notes in an annual financial report. Accordingly, this report should be read in conjunction with public announcements made by Australand during the 2007 year and to the date of this report

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS (MD&A)
RESULTS IN BRIEF

Australand today announced a strong result for the year ended 31 December 2007, delivering a statutory profit of \$269.2 million, including unrealised gains in property revaluations.

The Group's full-year operating profit after tax, excluding unrealised gains in property revaluations, was \$163.2 million, up 5% on the prior year.

Key highlights included:

- Improved full-year operating profit before tax ("PBT") from all businesses:
 - Commercial & Industrial PBT up 75% to \$70.1 million;
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 - Residential PBT up 1% to \$106.3 million.
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- Net tangible assets per stapled security up 9% to \$1.70.

FINANCIAL RESULTS SUMMARY

\$'000	2007	2006	Change
REVENUE			
Group Revenue	1,448,277	1,266,320	14%
Less: Property development revenue from Joint Ventures	289,218	207,966	39%
Gross revenue, wholly owned	1,159,059	1,058,354	10%
PROFIT ATTRIBUTABLE TO SECURITY HOLDERS			
Operating Profit after tax	163,176	155,299	5%
Add: Unrealised gains in property revaluations	106,050	87,751	21%
Statutory Profit	269,226	243,050	11%
Full Year Dividends/Distributions per stapled security (cents)	17.0	16.5	3%

SECURITY HOLDER RETURNS

Basic earnings per stapled security were 29.0 cents (2006: 27.1 cents). Basic earnings per stapled security before unrealised gains in property revaluations were 17.6 cents (2006: 17.3 cents). Australand's dividends/distributions per stapled security for the full year ended 31 December 2007 was 17.0 cents, reflecting a 96.1% payout ratio on operating profit after tax attributable to security holders (i.e. operating profit before unrealised gains in property revaluations) (2006: 16.5 cents, reflecting a 95.9% payout ratio).

	2007	2006	Change
Earnings per stapled security on operating profit¹ after tax (cents)	17.6	17.3	2%
Earnings per stapled security on statutory profit ¹ (cents)	29.0	27.1	7%
Return on equity (ROE) on statutory profit ²	18.2%	18.8%	(3)%

1 EPS and DPS calculation includes all interests of the stapled security holders in Australand. This includes interests in Australand Property Trust No. 4 (APT4) and Australand Property Trust No. 5 (APT5) which under Accounting Standards are required to be treated as minority interests

2 Net profit after tax attributable to stapled security holders ÷ Total stapled group equity interest (weighted average)

CAPITAL MANAGEMENT

At 31 December 2007, Australand had interest bearing debt, net of cash, of \$1.5 billion and a gearing ratio of 40.4%. This debt had a maturity profile of 1.7 years and is 79% protected by fixed interest rate hedging. Australand's average cost of debt for the 2007 financial year was approximately 6.6% and the interest cover ratio was 3.3 times.

Australand's principal sources of debt are its two series of Commercial Mortgage Backed Securities ("CMBS") which are rated by Standard and Poor's and its Multi Option Facility ("MOF") with a syndicate of banks. These sources account for approximately 90% of the debt at 31 December 2007. The first CMBS series (64% of total CMBS debt) matures at the end of June 2009 and the second series at the end of June 2011. Each series has a 5 year term. The MOF is a 2 year evergreen facility which matures in mid-June 2009 but is negotiated each year for the next two years.

As at 31 December 2007, Australand's debt maturity profile was 1.7 years with \$151.8 million of the total \$1.5 billion interest bearing debt due for renewal during 2008. At the date of this report, Australand has renewed \$111.8 million or 74% of this debt through negotiations in 2008. The remaining facilities which are due to mature between April and September 2008 will be negotiated in coming months. As the two CMBS series mature in mid-2009 and mid-2011, Australand will commence negotiations with debt providers at an appropriate time. In addition to its debt facilities, Australand has strong operating cash flows which provided support for investing activities throughout the 2007 year. Discussions with the Group's banks have indicated their strong willingness to continue to support the Group in the future.

Australand's gearing was 40.4% at 31 December 2007 (interest bearing debt to total assets, cash adjusted), which is within Australand's target range. The comparable gearing at 30 June 2007 was 40.7% and at 31 December 2006 was 39.8%. Look-through gearing which is calculated by including Australand's interest bearing debt (\$1.5 billion) plus its share of Joint Venture and external fund debt was 40.8% at 31 December 2007 (31 December 2006: 39.4%). It should be noted that only \$58.4 million, or 21%, of Joint Venture debt has recourse to Australand.

Australand's fixed interest rate hedge maturity profile was 4.6 years at 31 December 2007 (31 December 2006: 3.9 years). This profile is longer than the debt maturity profile as the Group maintains a portfolio of hedges some of which are forward start swaps to protect future debt balances which will arise on renewal of existing facilities.

The Group is currently reviewing its options in relation to its \$275m hybrid equity securities.

Australand will continue to follow a prudent financial strategy which will include:

- Actively managing its debt capital and its relationships with debt providers;
- Optimising the use and turnover of capital to support the strategic plan including asset sales, Joint Venture arrangements, the issue of equity and equity-linked instruments and the appropriate use of debt;
- Ensuring that debt balances continue to be supported by a strong balance sheet;
- Maintenance of optimal gearing, hedging and debt maturity profiles appropriate to the business; and
- Proactive management of the cost of capital.

REVIEW OF OPERATIONS

COMMERCIAL & INDUSTRIAL

BUSINESS OVERVIEW

Australand's Commercial and Industrial business is one of the largest national industrial developers and builders in Australia.

The business has seven core product offerings, which contributed to the strong profit growth in 2007. The core product offerings are: industrial pre-leases, commercial pre-leases, multi-tenanted industrial projects, land subdivisions, land and build packages, office and industrial speculative projects and asset repositioning projects.

The diverse exposure to these market segments and the multi-faceted development approach allows the business to cater for niche submarkets and provides a solid growth platform for 2008.

FINANCIAL RESULTS

The Commercial and Industrial business achieved an operating profit before tax of \$70.1 million, a 75% increase on the prior year result of \$40.0 million. Aggregate sales revenue for the full-year was \$583.8 million (2006: \$262.2 million), which comprised revenue of \$434.9 million from wholly owned projects and \$148.9 million from Joint Venture projects.

Operational highlights for the 2007 financial year included:

- Buildings with a total net lettable area of 385,000 sqm were delivered, comprising 355,000 sqm of industrial projects and 30,000 sqm of commercial projects;
- Construction in the full-year comprised 25 industrial properties and 4 commercial office projects. There was also 5 active land subdivision projects;
- Continued expansion of the geographic footprint into the Queensland, West Australian and South Australian markets with total projects valued at over \$300 million under construction as at the full-year;
- Continued expansion of the underlying industrial land bank, totalling 566 hectares at 31 December 2007.

OUTLOOK

The following table compares the Commercial and Industrial activity as well as the forward workload for the year ended 31 December 2007 compared with the half year ended 30 June 2007 and the year ended 31 December 2006:

	Full-Year Ended December 2007	Half-Year Ended June 2007	Full-Year Ended December 2006
Construction work delivered during period	385,000 sqm	158,000 sqm	301,000 sqm
Pre-committed forward workload at period end	424,000 sqm	445,000 sqm	376,000 sqm

INVESTMENT PROPERTY
BUSINESS OVERVIEW

During the financial year 2007, the assets of the investment portfolio increased 26% to \$1,882 million. This increase included the following investment properties outlined in the table below, including assets from the Commercial and Industrial pipeline, external acquisitions and revaluations in accordance with Accounting Standards. The portfolio now totals 56 investment properties, located predominantly along the eastern seaboard.

FINANCIAL RESULTS

The Investment Property business result comprises the following:

- Operating income of \$106.7 million, an 11% increase on the prior year result of \$96.1 million. The year-on-year recurrent income growth was 3.5%, excluding properties sold during the financial year. This was driven by portfolio growth delivered by the Commercial and Industrial pipeline, acquisitions (less properties sold) and through comparative rental growth across the entire portfolio;
- Profit of \$10.7 million from the sale of assets to AWP6, primarily 1C Homebush Bay Drive, Rhodes;
- Unrealised gains in property revaluations of \$106.0 million on the Investment Property portfolio, an increase of 21% on the corresponding 2006 unrealised revaluation gain of \$87.8 million.

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

Properties Acquired/Under Construction during full-year ended 31 December 2007:						
Property	Suburb	State	Tenant	Property Type	Lettable Area m²	\$m
Lot 14 Powers Road	Seven Hills	NSW	Sigma Company Ltd	Industrial	13,526	21.00
Lot A, 302 Hume Street	Goulburn	NSW	Coles Group	Industrial	42,826	16.15
4 Butu Wargun Drive	Greystanes	NSW	Aristocrat	Industrial	10,948	18.50
44 Cambridge Street	Rocklea	QLD	Mitre 10	Industrial	11,001	17.14
97 School Street	Spring Hill	QLD	Queensland Health	Commercial	2,255	13.73
Vanessa Road	Campbellfield	VIC	Amcor	Industrial	9,530	9.55
18-20 Butler Bld	Adelaide Airport	SA	Thermo Fischer	Industrial	6,966	8.16
17-23 Queensbridge St	Melbourne	VIC	Carrick Education	Commercial	2,876	12.46
2 Douglas Street, Port Melbourne *	Port Melbourne	VIC	Speculative	Industrial	3,244	4.00
25-29 Jets Court	Tullamarine	VIC	Boeing and Speculative Unit	Industrial	14,890	12.39
610 Heatherton Road *	Clayton	VIC	Alinta	Industrial	8,463	16.75
South Centre Road *	Tullamarine	VIC	ADR	Industrial	46,107	2.00
28 Freshwater Place (50%) *	Southbank	VIC	Speculative	Commercial	33,953	67.77
Beaundesert Road *	Parkinson	QLD	Coles Group	Industrial	41,828	41.80
111 Darlinghurst Road	Sydney	NSW	The Crest Hotel	Hotel	17,613	66.77
Various Commercial Units	Various	NSW	Multi tenanted	Commercial	2,364	12.78
Total					268,390	341.0

* Assets under construction in Commercial & Industrial business at 31 December 2007

The following properties were disposed of to AWP6 during the 2007 financial year:

Properties Disposed of during full-year ended 31 December 2007:

Property	Suburb	State	Tenant	Property Type	Lettable Area m ²	Disposal Value \$m
Building C, 1 Homebush Bay Drive	Rhodes	NSW	Australand	Commercial	10,827	47.00
80-96 South Park Drive	Dandenong South	VIC	Capelle	Industrial	10,004	17.89
Total					20,831	64.89

OUTLOOK

The portfolio continues to expand via the Commercial and Industrial development pipeline whilst rental cash flow, security and lease terms remain at or above industry benchmarks as shown in the table below:

	Australand December 2007	LPT averages ¹ June 2007	
		Office	Industrial
Income growth (yoy)	3.5%	3.8%	3.0%
Portfolio occupancy	99.9%	97.3%	97.8%
Average lease expiry	6.9 yrs	5.8 years	4.9 years
Average cap rate	6.9%	6.3%	7.3%

¹Source: UBS estimates

Australand's mix of assets, based on portfolio asset value, is split 47% Office, 48% Industrial and 5% other as at 31 December 2007 (2006: 47% Office, 48% Industrial and 5% other).

RESIDENTIAL
BUSINESS OVERVIEW

Australand has over 85 years experience in Residential development. With projects located in four major capital cities and numerous regional areas, Australand is one of the largest developers in Australia, both in terms of revenue and controlled future lots. The Residential business has a strong and diversified future pipeline and an experienced management team, providing a solid platform for growth in the medium term.

FINANCIAL RESULTS

The Residential business achieved an operating profit before tax of \$106.3 million, a 1% increase on the prior year result of \$105.7 million. The result was a reflection of strong Perth and Melbourne markets and an improved Brisbane market. The Sydney market remained challenging throughout 2007 and whilst some areas have shown improvement, a recovery is not anticipated until beyond 2008.

Apartment settlements were down 44% from 2006 as the business continued to concentrate more on Residential community development than on the apartment sector. Land only sales were lower by 4% as we increased housing sales by a corresponding 4% as more developed lots were built on to match consumer demand and address affordability constraints. Despite total revenue being 6% lower than the previous year, operating margins and profit before tax both increased.

The following table depicts sales by product type and sales revenue on an aggregate basis between wholly owned and Joint Venture projects.

	Lots No.	Houses No.	Apartments No.	Total Revenue \$m	Change on FY 06
Wholly Owned Projects	811	700	130	715.4	Down 9%
Joint Venture Projects*	393	102	59	174.5	Up 5%
Total	1,204	802	189		

* Joint Venture figures show Australand's share of number of lots and revenue.

Operational highlights for 2007 included:

- Strong profit contribution from Western Australia, including the Port Coogee and Bassendean projects;
- Improved profit and margins from Victoria, with land and housing sales above expectations;
- Solid contribution from Queensland, including the successful launch of Ambience Stage 2 at Burleigh Heads, the Solito apartments at Carindale and improved land and housing sales in Brisbane; and
- Launch of Second Ponds Creek and Belrose (NSW) projects with strong land and housing sales.

OUTLOOK

Strong population and employment growth in the major states, coupled with significantly lagging supply of stock in the market, resulted in an improvement in selling prices and a reduction in sales incentives in 2007. Whilst these fundamental drivers and economic conditions are expected to prevail through 2008, any further interest rate rises will place further pressure on the sector. Affordability constraints remain an impediment to a full recovery of the Residential sector, with Sydney and Perth affected more so than other capital cities.

The Residential business is expected to marginally increase contributions to the Group result in 2008 and will continue to invest in growth corridors and select in-fill areas through capital efficient means to provide growth in the future.

During 2007, the business acquired new development entities (joint venture and wholly owned) yielding around 4341 lots for \$172 million. The total number of future lots was 17,352 lots at 31 December 2007, representing a forward workload that exceeds 10 years. In 2008, our acquisition focus is on Queensland, concentrating on both our traditional markets and far north regional markets.

The following table provides 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	Future Yield			Future Revenue \$'m			Trading life
		Land	Housing	Apartments	Land	Housing	Apartments	
1. Split By State								
New South Wales	32	1,452	765	838	502	441	580	Up to 9 years
Victoria	34	5,108	1,125	550	1,051	522	376	Up to 17 years
Queensland	12	637	639	449	179	344	272	Up to 7 years
Western Australia	24	3,662	468	1,659	1,010	193	1,324	Up to 10 years
Total	102	10,859	2,997	3,496	2,742	1,500	2,552	
2. Split between wholly owned and Joint Venture								
Wholly Owned	72	5,848	1,982	2,309	1,584	990	1,799	
Australand share of Joint Ventures	30	5,011	1,015	1,187	1,158	510	753	
Total	102	10,859	2,997	3,496	2,742	1,500	2,552	

Note: The above table reflects the number of lots and revenue for wholly owned, Joint Venture and Project Development Agreements to the extent of Australand's interests.

AWPF6

Australand successfully established Australand Wholesale Property Fund No. 6 (AWPF6) during the 2007 financial year. AWPF6 acquired from Australand a portfolio of 8 high quality Commercial and Industrial properties located in NSW, Victoria and South Australia. The on completion value of the portfolio was approximately \$220 million.

As at 31 December 2007, Australand had sold approximately \$110 million of the \$155 million AWPF6 equity on issue. Therefore, as at 31 December 2007, Australand held a 30% stake in AWPF6. Given ongoing investor interest, Australand intends to ultimately reduce its stake to between 10% and 19.9%. The financial statements included in this report have recognised this transaction on an equity accounting basis.

GROUP STRATEGY and OUTLOOK

Australand's focus is on delivering sustainable growth in earnings for security holders and outlined below are the key areas of focus to deliver growth over the medium term:

- Leveraging its existing strong Residential and C & I developer platforms to create organic growth;
- Growing its existing funds management platform and capital partnering relationships to launch a new fund for C & I assets and a residential development fund in 2008;
- Expanding its footprint selectively into the industrial and logistic sectors in Asia; and
- Being prudent with its capital management by recycling capital and managing gearing levels.

The recent volatility in capital markets creates some uncertainty in providing profit guidance for the 2008 full year.

Providing market conditions do not deteriorate significantly, Australand expects to deliver 2-3% earnings per security growth in operating profit after tax, excluding property revaluations, for the year ending 31 December 2008. The Group expects to maintain distributions at the 2007 increased rate of 17.0 cents per stapled security.

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 14th day of February 2008.

Signed in accordance with a resolution of the Directors.



Bob Johnston
Managing Director

**CONSOLIDATED INCOME STATEMENT
For the Year Ended 31 December 2007**

	Notes	Consolidated	
		2007 \$'000	2006 \$'000
Revenue	5	1,159,059	1,058,354
Cost of properties sold		(743,235)	(664,509)
Development profit recognised through valuation of properties transferred to Australand Property Trusts		11,842	9,877
Share of net profits of Joint Ventures and Associates accounted for using the equity method		51,812	32,587
Investment property expenses		(27,174)	(21,319)
Employee expenses		(106,450)	(89,286)
Depreciation		(2,516)	(3,416)
Finance costs		(63,395)	(56,714)
Other expenses		(61,657)	(56,777)
Net gains from fair value adjustments on investment property		106,050	87,751
Profit before income tax		324,336	296,548
Income tax expense		(30,770)	(32,966)
Net profit		293,566	263,582
Net profit attributable to ASSETS hybrid equity holders (minority interest)		(24,340)	(20,532)
Net profit attributable to stapled security holders of Australand		269,226	243,050
Attributable to:			
Equity holders of AHL and APT		220,484	186,332
Equity holders of other stapled entities (minority interest):			
- Australand Property Trust No.4 (APT4)		35,923	38,546
- Australand Property Trust No.5 (APT5)		12,819	18,172
Net profit attributable to stapled security holders of Australand		269,226	243,050
Earnings per stapled security for profit attributable to the ordinary equity holders of AHL and APT (parent entity)			
Basic earnings per stapled security	2	23.8 cents	20.8 cents
Diluted earnings per stapled security	2	23.8 cents	20.7 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	29.0 cents	27.1 cents
Diluted earnings per stapled security	2	29.0 cents	27.0 cents

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

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Notes	Consolidated	
		2007	2006
		\$'000	\$'000
Current Assets			
Cash and cash equivalents		55,842	9,594
Receivables		426,722	256,922
Inventories		376,656	702,086
Investment properties under contracts for sale		-	150,500
Derivative financial instruments		1,311	734
Other		2,929	5,606
Total Current Assets		863,460	1,125,442
Non-Current Assets			
Inventories		735,096	648,734
Investments accounted for using the equity method		255,169	216,999
Investment properties		1,881,965	1,452,373
Property, plant and equipment		5,861	36,828
Derivative financial instruments		47,581	22,184
Total Non-Current Assets		2,925,672	2,377,118
Total Assets		3,789,132	3,502,560
Current Liabilities			
Payables		105,013	123,824
Interest bearing liabilities		151,750	-
Current tax liabilities		31,820	18,790
Provisions		107,976	87,049
Land vendor liabilities		43,215	104,200
Total Current Liabilities		439,774	333,863
Non-Current Liabilities			
Interest bearing liabilities		1,410,500	1,400,663
Provisions		34,563	13,188
Land vendor liabilities		22,145	18,352
Deferred tax liabilities		33,480	24,353
Total Non-Current Liabilities		1,500,688	1,456,556
Total Liabilities		1,940,462	1,790,419
Net Assets		1,848,670	1,712,141
Equity			
Equity holders of AHL and APT			
Contributed equity		983,994	980,334
Reserves		38,424	18,743
Retained profits		292,663	207,740
		1,315,081	1,206,817
Equity holders of APT4 and APT5 (minority interest)		264,931	236,666
Stapled security holders interest in the Group	4	1,580,012	1,443,483
ASSETS hybrid equity		268,658	268,658
Total Equity		1,848,670	1,712,141

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 2007**

	Consolidated	
	2007	2006
	\$'000	\$'000
Total equity at the beginning of the financial year	1,712,141	1,496,491
Net profit for the financial year	293,566	263,582
Changes in the fair value of cash flow hedges net of tax	18,181	20,049
Net income recorded directly in equity	18,181	20,049
Total profit for the year and net income recorded directly in equity	311,747	283,631
Transactions with equity holders		
Contributions of equity, net of transaction costs	4,389	100,438
Security based payments	1,500	1,000
Dividends and distributions provided for or paid (note 3)	(156,767)	(148,887)
ASSETS hybrid equity - distributions	(24,340)	(20,532)
	(175,218)	(67,981)
Total equity at the end of the financial year	1,848,670	1,712,141
Total profit for the year and net income recorded directly in equity is attributable to:		
Equity holders of AHL and APT	238,665	206,381
Equity holders of other stapled entities (minority interest):		
- Australand Property Trust No.4 (APT4)	35,923	38,546
- Australand Property Trust No.5 (APT5)	12,819	18,172
Other minority interests	24,340	20,532
	311,747	283,631

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 2007**

	Consolidated	
	2007	2006
	\$'000	\$'000
Cash Flows from Operating Activities		
Receipts from customers (inclusive of goods and services tax)	1,076,460	994,982
Payments to suppliers and employees (inclusive of goods and services tax)	(477,861)	(696,447)
Interest received	4,414	6,635
Interest paid	(101,554)	(92,093)
Income tax paid	(16,406)	(15,517)
Net cash flows provided by operating activities	485,053	197,560
Cash Flows from Investing Activities		
Payments for land acquisitions	(280,963)	(163,547)
Joint Venture equity investments - net of distributions	26,801	(68,886)
Payments for investment in AWPf6	(45,665)	-
Proceeds from sale of investment property	168,390	-
Payments for acquisition and improvement to investment properties	(341,120)	(169,037)
Proceeds from sale of property, plant and equipment	47,000	-
Payments for plant and equipment	(3,247)	(1,448)
Net cash flows (used in) investing activities	(428,804)	(402,918)
Cash Flows from Financing Activities		
Proceeds from borrowings	746,750	870,903
Repayment of borrowings	(585,163)	(703,722)
Dividends and trust distributions paid	(152,107)	(147,331)
Distributions to minority interests - ASSETS	(23,870)	(18,809)
Net contribution from ASSETS raising	-	95,143
Proceeds from issue of units/shares (net of equity raising costs)	4,389	101,128
Net cash flows (used in) / provided by financing activities	(10,001)	197,312
Net increase / (decrease) in cash held	46,248	(8,046)
Cash at the beginning of financial year	9,594	17,640
Cash at the end of financial year	55,842	9,594

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.

Critical accounting estimates

The preparation of these financial statements, in conformity with AIFRS, requires the use of certain accounting estimates and assumptions concerning the future. It also requires management to exercise its judgement in the process of applying Australand's accounting policies. The resulting estimates will, by definition, seldom equal the related actual results. The material estimates and assumptions in these financial statements include:

- (i) Estimate of fair value of investment properties. All investment properties have an independent valuation performed each calendar year.
- (ii) Profit recognised on property development projects is determined based on the forecasted outcomes of projects. Forecasts are updated at each reporting date to determine the appropriateness of profit recognised on projects and the value of inventory.

(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 2007 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. The accounting policies adopted by the subsidiaries, Joint Ventures and Associates are consistent with those of 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 of APT4 and APT5, not directly owned by AHL or APT, 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

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

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 is 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 on completion 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 ten years (2006: two to ten years).

(F) Valuation of inventories

Inventories from Residential, 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. Receivables which are known to be uncollectible are written off. A provision for any impairment of trade 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. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(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 disclosed at their present value.

(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; Australand Performance Rights 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 6.6% (2006 – 6.5%).

(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 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.

(V) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 31 December 2007 reporting periods. The Group's assessment of the impact of these new standards and interpretations is that there is not expected to be any material effect on the Group in future reporting periods.

2. Earnings Per Stapled Security

		Consolidated	
		2007	2006
i.	Basic earnings per stapled security	29.0 cents	27.1 cents
ii.	Diluted earnings per stapled security	29.0 cents	27.0 cents
iii.	Basic earnings per stapled security (Parent Entity)	23.8 cents	20.8 cents
iv.	Diluted earnings per stapled security (Parent Entity)	23.8 cents	20.7 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	269,226	243,050
Earnings used in calculating basic earnings per stapled security	269,226	243,050
(ii) Diluted earnings per stapled security		
Net profit after tax	269,226	243,050
Earnings used in calculating diluted earnings per stapled security	269,226	243,050

Parent Entity*

(iii) Basic earnings per stapled security		
Net profit after tax	220,484	186,332
Earnings used in calculating basic earnings per stapled security	220,484	186,332
(iv) Diluted earnings per stapled security		
Net profit after tax	220,484	186,332
Earnings used in calculating diluted earnings per stapled security	220,484	186,332

*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

Weighted average number of ordinary securities used as the denominator in calculating basic earnings per stapled security	927,318,369	896,286,467
Australand Employee Securities Ownership Plan	-	5,113,437
Weighted average number of ordinary securities and potential ordinary securities used as the denominator in calculating diluted earnings per stapled security	927,318,369	901,399,904

(c) Information concerning the classification of securities

Securities granted to employees in previous years under the Australand Employee Securities Ownership Plan (ESOP) 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.

3. Dividends / Distributions

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

2007	Payment per Share/Unit	Total Amount \$'000	Date of Payment	Tax Rate for Franking Credit or Tax Deferred %	Percentage Franked %
Ordinary shares					
Interim dividend	0.25 cents	2,318	04-05-07	30	100
Interim dividend	1.05 cents	9,744	03-08-07	30	100
Interim dividend	1.90 cents	17,614	02-11-07	30	100
Final dividend	2.93 cents	27,189	08-02-08	30	100
Total dividend	6.13 cents	56,865			
Units					
Interim distribution	3.75 cents	34,771	04-05-07		
Interim distribution	2.95 cents	27,346	03-08-07		
Interim distribution	2.10 cents	19,485	02-11-07		
Final distribution	2.07 cents	19,192	08-02-08		
Total distribution	10.87 cents	100,794			

Total dividends and distributions shown above total \$157,659,000. The total amount of dividends and distributions for the year as shown in note 4 is \$156,767,000. The difference between these amounts relates to the ESOP dividends and distributions, which are applied against ESOP loans.

The Australand Dividend/Distribution Reinvestment Plan (DRP) has been suspended since the final 2006 dividend/distribution.

2006	Payment per Share/Unit	Total Amount \$'000	Date of Payment	Tax Rate for Franking Credit Or Tax Deferred %	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			

3. Dividends / Distributions (Continued)

Franking credits	Consolidated	
	2007 \$'000	2006 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2006 – 30%)	76,045	65,381

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.

All benefits and risks of ownership and operations of APT, APT4 and APT5 flow through to the consolidated result of Australand Holdings Limited and its controlled entities and form part of the profit attributable to stapled security holders. Accordingly, 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	
		2007 \$'000	2006 \$'000
Equity			
Capital and Reserves attributable to stapled security holders as:			
<i>Equity holders of AHL and APT</i>			
Contributed equity		983,994	980,334
Reserves	4(a)	38,424	18,743
Retained profits	4(b)	292,663	207,740
Parent interest		1,315,081	1,206,817
<i>Equity holders of other stapled entities – APT4 and APT5 (minority interest)</i>			
Contributed equity		212,999	212,270
Reserves	4(a)	(10,601)	(10,601)
Retained profits	4(b)	62,533	34,997
Equity holders of other stapled entities – APT4 and APT5 (minority interest)		264,931	236,666
Stapled security holders interest in the Group		1,580,012	1,443,483
(a) Reserves			
<i>Hedging reserve</i>			
Hedging reserve – cash flow hedges – AHL and APT	i)	34,237	16,056
<i>Share based payments reserve</i>			
Share based payments reserve – AHL	ii)	4,187	2,687
<i>Capital redemption reserve</i>			
Capital redemption reserve – APT4 and APT5	iii)	(10,601)	(10,601)
Total reserves – stapled security holders		27,823	8,142

4. Equity (continued)

	Consolidated	
	2007 \$'000	2006 \$'000
Movements in above stapled security holders reserves comprise:		
<i>(i) Hedging reserve – cash flow hedges</i>		
Balance 1 January	16,056	(3,993)
Changes in fair value of cash flow hedges	25,974	26,924
Deferred tax	(7,793)	(6,875)
Balance 31 December	34,237	16,056
<i>(ii) Share-based payments reserve</i>		
Balance 1 January	2,687	1,687
Expense relating to share based payments	1,500	1,000
Balance 31 December	4,187	2,687
<i>(iii) Capital Redemption Reserve</i>		
Balance 1 January and 31 December	(10,601)	(10,601)
(b) Retained Profits		
<i>Equity holders of AHL and APT</i>		
Retained profits	292,663	207,740
<i>Other stapled entities</i>		
- Australand Property Trust No.4	43,829	23,420
- Australand Property Trust No.5	18,704	11,577
	62,533	34,997
Stapled security holders interest in retained profits	355,196	242,737
<i>Movements in above total stapled security holder's interest in retained profits:</i>		
Balance 1 January	242,737	148,574
Net profit attributable to the stapled security holders of Australand	269,226	243,050
Dividends / distributions	(156,767)	(148,887)
Balance 31 December	355,196	242,737

5. Revenue

	Consolidated	
	2007 \$'000	2006 \$'000
Sales revenue		
Property development sales	964,150	861,780
Rent from investment properties	142,444	128,922
	1,106,594	990,702
Other revenue		
Interest received or receivable from:		
- Trade receivables	-	800
- Other	4,414	5,835
Management fees from Joint Venture entities	7,855	9,572
Other income from Joint Venture entities	4,620	6,280
Gain from investment properties under contracts for sale / sold	-	27,480
Gain from sale of property, plant and equipment	10,691	-
Sundry income	24,885	17,685
	52,465	67,652
Revenue (excluding share of equity accounted net profits of Associates and Joint Ventures)	1,159,059	1,058,354

6. Comparison Of Half Year Profits

	Consolidated	
	2007 \$'000	2006 \$'000
Consolidated profit from ordinary activities after tax attributable to security holders reported for the first half year	119,596	89,256
Consolidated profit from ordinary activities after tax attributable to security holders reported for the second half year	149,630	153,794
Consolidated profit from ordinary activities after tax attributable to security holders	269,226	243,050

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.

	2007 \$'000	2006 \$'000
Performance bank guarantees outstanding	69,370	59,302
Financial bank guarantees outstanding	33,586	7,151
Insurance bonds outstanding	23,694	29,437
	126,650	95,890

- (b) 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 businesses:

- Residential
- Commercial and Industrial;
- Investment Property

December 2007

Business Segment Summary (\$'000)	Residential	Commercial & Industrial	Total Developer	Investment Property	Unallocated	Elim	Consolidated
Revenue	889,967	583,772	1,473,739	160,834	2,908	(189,204)	1,448,277
Less: Property development sales revenue from Joint Venture entities	(174,533)	(148,837)	(323,370)	-	-	34,152	(289,218)
Segment Revenue	715,434	434,935	1,150,369	160,834	2,908	(155,052)¹	1,159,059
Segment result before interest expense and interest in cost of goods sold	125,302	44,427	169,729	126,473	-	(19,774)	276,428
Development profit through valuation of properties transferred to Australand Property Trusts	-	-	-	-	-	11,842	11,842
Capitalised interest in cost of goods sold & other interest	(43,337)	(8,192)	(51,529)	(23,394)	(20,179)	-	(95,102)
Revaluation of Investment Property	-	-	-	106,050	-	-	106,050
Interest & other fees charged between developer and Trust ²	-	-	-	12,344	-	(12,344)	-
Net segment result after interest expense	81,965	36,235	118,200	221,473	(20,179)	(20,276)	299,218
Share of net profits of Joint Ventures and Associates accounted for using the equity method	24,337	33,818	58,155	1,955	-	(8,298)	51,812
Unallocated corporate costs	-	-	-	-	(26,694)	-	(26,694)
Profit before income tax	106,302	70,053	176,355	223,428	(46,873)	(28,574)	324,336
Income tax expense							(30,770)
Net Profit							293,566

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	1,333,745	409,091	1,742,836	1,951,162	155,730	(60,596)	3,789,132
Depreciation and amortisation expense	109	202	311	110	2,095	-	2,516

8. Segment Reporting (Continued)

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 sold	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
Interest & other fees charged between developer and Trust ²	-	-	-	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 Joint Ventures and Associates 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.

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	1,310,052	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

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
Nil	

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)
Australand Wholesale Property Trust No. 6 (formerly Rhodes No. 5 Unit Trust)	28 June 2007	70%	-
Australand Wholesale Property Trust No. 6A (formerly Rhodes No. 2 Unit Trust)	28 June 2007	70%	-

During the current reporting period, Australand Wholesale Property Fund No. 6 (AWPF6) was established, comprising the stapled units of Australand Wholesale Property Trust No. 6 (formerly Rhodes No. 5 Unit Trust) and Australand Wholesale Property Trust No. 6A (formerly Rhodes No. 2 Unit Trust).

The transaction included the sale of 1C Homebush Bay Drive, Rhodes, Sydney. This investment property has been reclassified in previous Group accounts as property, plant and equipment in accordance with AIFRS as it is occupied by Australand. As a result, in the Group accounts the gain of \$10.7m has been included in revenue as a gain on sale of property, plant and equipment. In the APT accounts, this building is classified as an Investment Property.

As at 31 December 2007, Australand held a 30% stake in AWPF6. The net investment of \$42.9m has been included in 'Investments accounted for using the equity method' in the Balance Sheet.

c) Details of aggregate share of profits of Joint Venture and Associates entities:

	2007	2006
	\$'000	\$'000
Profit before income tax	51,812	32,587
Income tax expense	(15,544)	(9,776)
Net profit	36,268	22,811
Share of net profit of Joint Venture and Associates entities	36,268	22,811

10. Other Information (Continued)
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 %	2007 \$'000	2006 \$'000
Equity accounted Joint Venture and Associates entities					
118 Alfred Street Finance Pty Ltd		50	50	-	-
Australand Apartments No.6 Pty Limited		50	50	1,423	-
Australand Holdings Limited & BMD Constructions Pty Ltd		50	50	-	200
Australand Holdings Limited and Morton Homestead Pty Ltd		50	50	3,199	2,250
Australand Industrial Investment Trust	(a)	50	-	-	-
Australand Industrial No. 139 Pty Limited & Urbex No. 101 Pty. Ltd.	(a)	50	-	-	-
Australand Land and Housing No.5 (Hope Island) Pty Limited		50	50	70	(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 Retail Portfolio Pty Limited	(a)	50	-	-	-
Australand Retail Trust	(a)	50	-	62	-
Australand Wholesale Property Fund No.6		30	-	1,893	-
Avon Road Pymble Pty Ltd		50	50	-	-
Baldi Unit Trust		50	50	(246)	191
Balmain Shores Pty Ltd		50	50	-	-
Brisun Pty Ltd		50	50	-	3
Chymont (Port Melbourne) Pty Limited		50	50	-	-
Chymont Pty Limited		50	50	-	643
Chymont Unit Trust		50	50	341	-
CIP ALZ (BBP) Pty Ltd		50	50	-	-
CIP ALZ (BBP) Trust		50	50	1,261	464
CIP ALZ (Horrie Miller Drive) Pty Limited		50	50	-	-
CIP ALZ (MA) Trust		50	50	5,799	3,078
CIP ALZ (WA) Pty Limited		50	50	-	-
CIP ALZ (WA) Unit Trust		50	50	350	-
CIP ALZ (Wellington Road) Unit Trust	(a)	50	-	-	-
CIP ALZ Goulburn Industrial Unit Trust		50	50	-	-
CIP ALZ Horrie Miller Drive Industrial Unit Trust		50	50	11,679	-
CIP ALZ Treasury Trust	(a)	50	-	-	-
Commercial & Industrial Property (MT Waverley) Trust		50	50	-	2,655
Commercial & Industrial Property (Pinkenba) Trust		50	50	-	-
Commercial & Industrial Property (Port Melbourne) Trust		50	50	-	-
Croydon Development Trust		50	50	-	-
Deer Park Development Trust No. 1		100	100	-	1,194
Discovery Point Pty Limited and Landcom		50	50	1,971	2,249
Freshwater Residential Unit Trust		50	50	-	-
Giffnock North Ryde Co Venture		50	50	-	182
Glebe Harbour Unit Trust		50	50	-	-
Kellyville Construction Partnership		50	50	(410)	520
Lidcombe Co-Venture		50	50	343	-
Lincoln Health Estate Pty Ltd		50	50	-	-
LMMBI Pty Ltd		50	50	-	-
LMMBI Unit Trust		50	50	-	-
Minto Industrial Developments Trust		50	50	-	-
Motorway Business Park Pty Ltd		50	50	6,090	5,333
Parkinson Development Co Venture		50	50	-	-
Point Cook Construction Partnership		50	50	-	-
Port Coogee Co Venture		50	50	13,501	4,003
Port Coogee Finance Pty Limited	(a)	50	-	-	-
Port Melbourne Unit Trust		50	50	-	-
Quakers Hill Project Joint Venture	(b)	50	50	86	-
Soncal Pty Limited		50	50	-	-
St. Andrews Field Co Venture		50	50	(164)	-
Stage 3 Eastern Creek Co Venture		50	50	-	-
Sunshine Co-Venture		50	50	(10)	-
Sur-Mer (Cronulla) Pty Ltd		50	50	-	-
Torquay Nominee Pty Limited		50	50	304	2,610

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 %	2007 \$'000	2006 \$'000
Equity accounted Joint Venture and Associate entities					
Trust Project No.9 Unit Trust		50	50	2,425	2,582
Village Park Consortium		50	50	1,845	3,139
Woolloomooloo Unit Trust		50	50	-	-
Total				51,812	31,272
Other material interests				-	1,315
Total				51,812	32,587

- (a) Joint Venture entities created during the year.
(b) Joint Venture entities disposed of during the year.

Annual GENERAL Meeting

The Annual General Meeting will be held as follows:

Place: Radisson Plaza Hotel, Sydney

Date: 17 April 2008

Time: 10.00am

Approximate date the annual report will be available: 11 March 2008

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 14th day of February 2008.



Bob Johnston
Managing Director