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 2009

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information		**2009**
		$'000
Revenue and other income	**Down 17% to**	**686,764**
Net (loss)/profit attributable to stapled securityholders	**Down 843% to**	**(298,240)**
Operating profit after tax[1]	**Down 31% to**	**120,204**

Dividends/Distributions	**Total Dividends/ Distributions**	**Distribution per unit**	**Dividend per share**	**Franked amount per share**
Interim dividend/distribution - June 2009 half year (paid on 4 August 2009)	**3.00 cents**	3.00 cents	-	-
Final dividend/distribution - December 2009 half year (paid on 8 February 2010)	**2.00 cents**	2.00 cents	-	-
Total	**5.00 cents**	5.00 cents	-	-

The Record Date for determining entitlements to the final distribution was 5.00pm, 31 December 2009.

EXPLANATION OF RESULTS

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

1. Net profit attributable to stapled securityholders before investment property revaluation losses, impairments of development and joint venture assets and other significant items (net of tax).

This preliminary final report constitutes the Appendix 4E prepared 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 full year to 31 December 2009 and to the date of this report.

AUSTRALAND FULL YEAR 2009 RESULTS HEADLINES

- Statutory loss after tax, which includes investment property revaluation losses, asset impairments and non-recurring finance costs, of $298.2 million.
- Operating profit after tax[1] of $120.2 million, down 31%.
- Full year distributions of 5.0 cents per stapled security, underpinned by the recurrent income from the Group's high quality investment portfolio.
- Revaluation of Investment Property assets resulting in a net reduction of $249.4 million.
- Impairment of development and joint venture assets of $148.4 million, net of tax.
- Significant strengthening of Australand's balance sheet through the raising of $475 million of additional capital.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS ('MD&A')

FINANCIAL RESULTS

The Group's statutory loss after tax for the year ended 31 December 2009 was $298.2 million. The following table summarises key reconciling items between the Group's statutory loss and operating profit after tax[1].

	2009	2008
	$'000	$'000
Net (loss)/profit attributable to stapled securityholders	**(298,240)**	40,155
Investment property revaluation losses	**249,351**	96,975
Impairments of development and joint venture assets (net of tax)	**148,365**	34,650
Non-recurring finance costs (net of tax)	**20,728**	-
Restructure costs (net of tax)	**-**	3,010
Operating profit after tax[1]	**120,204**	174,790

The Group's operating profit after tax[1] for the year ended 31 December 2009 was $120.2 million, down 31% on the prior year (FY08: $174.8 million).

Key aspects of the operating performance included:

- Investment Property earnings before interest and tax ('EBIT') of $153.9 million (FY08: $136.3 million), excluding property revaluation losses;
- Commercial & Industrial EBIT of $39.5 million (FY08: $96.5 million), excluding impairments of development and joint venture assets; and
- Residential EBIT of $67.9 million (FY08: $117.0 million), excluding impairments of development and joint venture assets.

Key financial metrics

- Earnings per stapled security[2] on operating profit after tax[1] of 5.4 cents;
- Distributions per stapled security[2] of 5.0 cents; and
- Net tangible assets per stapled security of $0.68 as at 31 December 2009.

1. Operating profit after tax reflects the Group's statutory result as adjusted to reflect the Directors' assessment of the ongoing business activities of Australand, in accordance with AICD/Finsia principles for reporting underlying profit. Operating profit after tax excludes investment property revaluation losses, asset impairments and non-recurring finance costs.

2. EPS and DPS include all interests of the stapled securityholders 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. The weighted average number of stapled securities included in the EPS calculation for the year ended 31 December 2009 has been adjusted in accordance with AASB 133 *Earnings per share* for the effect of the Entitlement Offer completed in September 2009.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS ('MD&A') (CONTINUED)

CAPITAL MANAGEMENT

Despite the difficult market conditions, Australand successfully delivered the following key components of its capital plan during the year:

- The extension of the maturity of the $950 million Multi Option Facility ('MOF') until June 2011. The facility was subsequently reduced to $750 million, at Australand's request, in November 2009;
- The repayment in full of the $563 million Series 2004-1 CMBS notes ('CMBS') in June 2009;
- The establishment of three Australian bank bilateral facilities, totalling $350 million, to partially fund the repayment of the CMBS. The remaining repayment amount was funded from available liquidity;
- The renewal of unsecured facilities totalling $100 million for a further year;
- The completion of a fully underwritten 7 for 10 Accelerated Non-Renounceable Entitlement Offer at $0.40 per security in September 2009 which resulted in the Group raising $475 million of additional capital;
- A reduction in the Group interest cover ratio (ICR) covenant from 2.5 times to 2.0 times; and
- The termination of $345 million of surplus interest rate swaps following the Entitlement Offer.

Capital Management metrics at 31 December 2009

At 31 December 2009 Australand had interest bearing debt, net of cash, of $852 million (31 December 2008: $1,437 million). Gearing (interest bearing debt to total tangible assets, cash adjusted) decreased during the period from 36.2% at 31 December 2008 to 25.4% at 31 December 2009. This decrease resulted from the repayment of debt from the proceeds of the Entitlement Offer together with the execution of a number of other ongoing capital management initiatives. Look-through gearing also fell from 38.0% at 31 December 2008 to 29.7% at 31 December 2009.

The average cost of debt increased to 7.6% for the year ended 31 December 2009 (FY08: 7.0%). This was a direct result of the increase in the cost of the debt facilities that were successfully refinanced during the course of 2009. The Group maintains a target hedging range of 70% - 90% to provide stability in a volatile interest rate environment. Accordingly, the Group did not fully benefit from the reduction in base rates during 2009.

At 31 December 2009, the interest rates on 89% of the Group's interest bearing debt (31 December 2008: 78%) were fixed by hedge instruments with a maturity profile of 3.4 years. After the completion of the Entitlement Offer, $345 million of interest rate swaps were terminated, ensuring the Group's hedged position remained within the Group's target range of 70% - 90%.

The weighted average debt maturity profile at 31 December 2009 was 2.0 years (31 December 2008: 1.2 years). The maturity profile improved as a result of the successful negotiation of the new bank bilateral facilities and the repayment of the CMBS.

At 31 December 2009, Australand had $100 million of facilities maturing in the next twelve months, comprising two unsecured facilities, both of which were undrawn at year end.

Australand continued to comply with all of its debt covenants during the period.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS ('MD&A') (CONTINUED)

REVIEW OF OPERATIONS

INVESTMENT PROPERTY

Business Overview

As at 31 December 2009, the Investment Property division had a total portfolio value of $2.0 billion comprising 70 properties, including two properties under development and two properties held for sale. The portfolio had a total lettable area of 1.2 million sqm and included a total of 169 tenancies. The Investment Property portfolio is diversified geographically with the majority of assets located within the major population centres along Australia's eastern seaboard.

Operational Overview

In 2009 the Investment Property division achieved an EBIT result of $153.9 million (before property revaluation losses of $249.4 million), a 13% increase on the prior year result of $136.3 million. The increase in recurrent income was driven by comparable rental growth of 3.3%, the leasing of previously vacant tenancies and the full year impact of new properties acquired in 2008.

In the year ended 31 December 2009, the key operational events included:

- A new lease to CSR over a 10,245 sqm industrial facility at Jets Court, Tullamarine, VIC, together with the successful renewal of a number of key tenancies including the 15,186 sqm warehouse facility leased to Amcor at Rocklea, QLD and the renewal of the 13,441 sqm warehouse facility to Sigma at Seven Hills, NSW;
- The acquisition of $129 million of assets, including the $43 million acquisition of a new 30,768 sqm warehouse in Northgate, QLD leased to Heinz for 10 years; and
- The sale of $152 million of assets during 2009 together with the unconditional exchange of contracts of sale for the Coles Goulburn facility for $64 million.

The following table summarises those properties sold during the year:

Property	Book Value As at Dec-08	Sale Price
PROPERTIES SOLD		
2-4 Butu Wargun Drive, Greystanes, NSW	$16,800,000	$14,700,000
Commercial Units (x5), Sydney, NSW	$1,860,000	$1,997,000
23 Wonderland Drive, Eastern Creek, NSW	$23,500,000	$23,634,000
108-110 Cross Keys Road, Salisbury, SA	$10,100,000	$10,100,000
16 Archimedes Place, Murarrie, QLD	$6,500,000	$6,500,000
34-78 South Park Drive, Dandenong South, VIC	$10,400,000	$8,940,000
2 Distribution Place, Seven Hills, NSW	$10,500,000	$9,150,000
Cnr Greens Road & South Park Drive, Dandenong South, VIC	$9,128,000	$8,000,000
17-23 Queensbridge Street, Southbank, VIC	$12,000,000	$9,775,000
811 Abernathy Road, Forrestfield, WA	$9,000,000	$8,100,000
44-60 Lockwood Road, Erskine Park, NSW	$52,000,000	$42,400,000
244-264 Greens Road, Dandenong South, VIC	$9,100,000	$8,250,000
	$170,888,000	**$151,546,000**

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS ('MD&A') (CONTINUED)

INVESTMENT PROPERTY (CONTINUED)

Property Valuations and Portfolio Metrics

Property valuations

All assets were independently valued during 2009 with approximately 55% of the assets (by value) being subject to independent valuations in the six months to 31 December 2009. The total portfolio valuation review, including Directors' assessments, resulted in a net loss from property revaluations of $249.4 million for the year (including $6.8 million, representing the Group's share of losses from property revaluations in its associate and joint ventures).

Investment Property Portfolio metrics[1]

The average capitalisation rate for the Investment Property portfolio, as at 31 December 2009, was 8.48% (31 December 2008: 7.54%). The quality of the portfolio's tenancy profile remained strong with 39% of income sourced from ASX listed companies, 41% from multi-national corporations and 8% from federal and state governments. The portfolio has only 9% of its income expiring in the next two years and over 45% of the portfolio's income under lease expires beyond December 2014. In addition, the portfolio has an average fixed increase of 3.4% over 89% of its income for the next twelve months.

	31 December 2009	31 December 2008
Portfolio Value	$2,023 million	$2,288 million
Weighted Average Lease Expiry (by Income)	5.8 years	6.6 years
Ave Market Capitalisation Rate – Portfolio	8.48%	7.54%
Ave Market Capitalisation Rate – Office	8.12%	7.28%
Ave Market Capitalisation Rate – Industrial	8.79%	7.75%
Occupancy	99.4%	98.8%[2]

1 The above metrics (except Portfolio Value) exclude assets held for sale.
2 Includes rental support provided for 8,117 sqm at Twenty8 Freshwater Place and 8,783 sqm at Cnr Greens Road and South Park Drive, Dandenong South, VIC.

Investment Property Division Outlook

The outlook for both the commercial and industrial property markets has improved over the past six months. Investment activity has increased with a number of transactions occurring particularly in the sub $20 million value range due to the re-adjustment of capital values and improvement in capital liquidity. The recent transaction activity has provided a level of guidance to market pricing and there is now evidence that property capitalisation rates are stabilising.

Due to limited new supply to the Australian industrial market there have been limited relocation options for tenants which has assisted landlords in retaining tenants. Vacancy rates for well located, efficient and modern facilities remain low and it is expected that, with the increase in yields over the last 12 months combined with tight credit markets, new supply will continue to remain constrained.

Commercial property face rents within all capital city CBDs have been under pressure and incentives have been rising over the past twelve to eighteen months, however, there is limited future supply of new commercial projects in Sydney and Melbourne as a result of subdued demand and capital constraints. Vacancy levels remain relatively low in both markets and with limited new supply forecast this is expected to continue.

Income for the Investment Property division for 2010 is expected to increase commensurately with the average fixed rental growth within the property portfolio and new acquisitions. It is expected that property values will stabilise in 2010 with the potential for capital growth through fixed rental increases and some firming in yields, particularly in the industrial sector.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS ('MD&A') (CONTINUED)

COMMERCIAL & INDUSTRIAL

Business Overview

The Commercial & Industrial division has strong competitive advantages in the Commercial and Industrial sectors due to its national presence, strong existing landbank, broad customer base and integrated delivery platform. Conditions remained challenging throughout 2009 with limited new development activity reflecting the capital constrained environment and market uncertainty. The division focussed on the successful completion of several projects that carried over from the prior year, the rationalisation of existing inventory to recycle capital and overhead reductions to reduce its operating cost base.

Operational Overview

In 2009 the Commercial & Industrial division achieved an EBIT result of $39.5 million (before asset impairments of $96.0 million), a 59% decrease on the prior year. Aggregate sales revenue for the year was $198.6 million (FY08: $610.0 million), which comprised revenue of $159.7 million from wholly owned projects and $38.9 million from joint venture projects.

In the year ended 31 December 2009, buildings with a total net lettable area of 104,000 sqm were delivered along with the development of 6 active land subdivision projects. In addition, several non-core industrial land holdings were either sold or identified for sale. This is in line with the division's strategy of monetising inventory, which resulted in the turning over of 720,000 sqm of land stock in the past year. At 31 December 2009 the division had a land bank of approximately 426 hectares.

Several major projects have contributed to the results for the year, including Twenty8 at Freshwater Place, Southbank in VIC and distribution facilities for Autonexus and Mazda in NSW, Smorgons and Heinz in QLD and DHL in VIC. Twenty8 at Freshwater Place, which reached practical completion in December 2008, is currently 95% leased with negotiations at advanced stages for the letting up of the remaining available space.

Impairments

As a result of a review of the carrying value of inventories, the divisional statutory result was impacted by a $96.0 million (before tax) impairment charge. The impairment charge recorded against the division's inventories was driven by a significant softening in market capitalisation rates over the past year. In addition, the current market conditions resulted in a number of projects being deferred, which has impacted upon project feasibilities. The impaired assets were located predominantly in Sydney and South East Queensland, which have suffered weak market conditions and historically high average land prices.

The table below shows an analysis of the impairments by state:

	NSW	VIC	QLD	WA	SA	Total
Impairment ($m)	51.8	12.2	31.5	-	0.5	96.0
% of total	54.0%	12.7%	32.8%	-	0.5%	100%

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS (‘MD&A’) (CONTINUED)

COMMERCIAL & INDUSTRIAL (CONTINUED)

Commercial & Industrial Division Outlook

At 31 December 2009, the Commercial & Industrial division had a pre-committed forward workload of 109,000 sqm. Whilst the pipeline is at historically low levels, there has been an increase in prelease inquiry in the industrial sector during the latter part of 2009, particularly from retail based occupiers, which will assist in rebuilding the division’s pipeline.

The industrial sector has not experienced over supply with development activities having been substantially curtailed over the past year. The expansion of capitalisation rates over the past twelve months has also seen renewed interest from private investors to provide the capital to fund and take-out new prelease projects.

Market conditions in the office sector appear to be stabilising and the division is in the process of evaluating its commercial land bank with a view to recommencing development activities in the second half of 2010. Vacancy levels are relatively low in all major markets and accordingly the office sector is expected to improve in 2011/2012.

Although the land markets across Australia remain challenging, several industrial estates have seen renewed interest due to the improved availability of finance for purchasers. It is anticipated that land sales will further improve throughout 2010, although trading margins will remain low due to sales prices being 10% - 20% below the rates achieved in 2008.

With the improved outlook and economic conditions, it is anticipated that development activity for Commercial & Industrial will strengthen during the course of 2010, leading to growth in 2011.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS ('MD&A') (CONTINUED)

RESIDENTIAL

Business Overview

The Residential division's development activities span Australia's major population centres of Melbourne, Sydney, Perth and South East Queensland and comprises land subdivisions, medium density developments and high density developments. The division undertakes a number of its developments in joint ventures with a select number of partners. As at 31 December 2009, the Residential division had approximately 23,200 lots under management in its development pipeline (Australand's share: 14,200 lots) with an end value of $8.7 billion (Australand's share: $5.7 billion).

Operational overview

In 2009 the Residential division achieved an EBIT result of $67.9 million (before impairments of $116.0 million), down 42% on the prior year result of $117.0 million. Revenue for the year was $588.0 million (FY08: $668.0 million), which comprised revenue of $411.8 million from wholly owned projects and $176.2 million from joint venture projects.

Operating margins remained under pressure during the year as the division continued to trade through impaired and non-core inventory.

Total capital employed reduced by $156.5 million (excluding asset impairments) to $840.9 million at 31 December 2009, primarily as a result of the monetisation of inventory relating to a number of low margin projects.

Sales volumes by product type for both wholly owned and joint venture projects were as follows:

	Lots No.	Houses No.	Apartments No.	Total No.	Change on 2008
Wholly owned projects	260	465	122	847	Down 18%
Joint venture projects*	519	97	94	710	Down 11%
Total	**779**	**562**	**216**	**1,557**	**Down 15%**

* Joint venture figures show Australand's share only.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS ('MD&A') (CONTINUED)

RESIDENTIAL (CONTINUED)

Impairments

Following a review of the carrying values of all inventories and a change in strategy on some projects, the division's full year statutory result was impacted by a $116.0 million (before tax) impairment of development and joint venture assets. Feasibilities for each project have been updated to reflect the latest market assumptions relating to sales realisations, sales rates, project costs and project duration.

The table below shows an analysis of the impairments by state:

	NSW	VIC	QLD	WA	Total
Impairment ($m)	56.5	12.3	40.9	6.3	116.0
% of total	49%	11%	35%	5%	100%

Impairments of $76.0 million were incurred as at 30 June 2009 with a further $40.0 million of impairments recorded in the second half. The further impairments were attributable to two projects, Cova on the Gold Coast and Discovery Point in Sydney. Both projects are long dated, in joint venture arrangements and forecast to produce sub-optimal returns. Accordingly, management has undertaken detailed reviews of the carrying value of the Group's investment in these projects, including consideration of all project assumptions.

Residential Division Outlook

While economic conditions are showing signs of stabilisation, the Group remains cautious about the outlook for the next twelve months. The fundamentals for the sector remain strong with population growth driving demand but this will be moderated in the short term by the expected pressure on affordability.

It is expected that the lower and middle market segment demand from homeowners upgrading and investors returning to the market will offset the decrease in first home owner volumes which were pulled forward in 2009 by the various federal and state government stimulus measures. As a result, overall sales volumes are expected to remain consistent in 2010.

Whilst expected price growth will drive improvement in some project margins in 2010, there will be continued focus on monetising under-performing and completed projects and hence contributions from the division are expected to remain in line with 2009.

The final development approvals on a number of key projects are expected to be obtained during 2010, allowing development activities to commence. These projects are not expected to make a material contribution to the divisional result until 2011.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE AND REVIEW OF OPERATIONS ('MD&A') (CONTINUED)

GROUP STRATEGY

Following a review of its strategy, the Group has established the following strategic objectives:

- Target 60% - 70% of Group EBIT from recurrent earnings;
- Improve development divisions' return on average capital employed to at least 12% over the next 3 years;
- Recycle underperforming capital in the development divisions to drive earnings growth; and
- Maintain gearing within a target range of 25% - 35%.

Successful implementation of the strategy will deliver a number of key benefits to the Group:

- Optimum balance between recurrent income from investment portfolio and growth from development;
- Increased weighting to Investment Property will improve access to capital;
- Potential A-REIT Index inclusion; and
- Operating leverage to improving economic conditions from development activities.

OUTLOOK

It is expected that Group operating profit will be similar in 2010 to that achieved in 2009. Market evidence indicates that investment property valuations are at, or near, trough levels in the cycle. We expect Investment Property earnings to grow steadily, primarily from embedded rental growth.

With the improved outlook and economic conditions, it is anticipated that development activity in the Commercial & Industrial Division will strengthen during the course of 2010, leading to growth in 2011.

Volumes and margins in the Residential division are expected to be similar in 2010 to that in 2009. Increased demand from second and third home buyers from improved consumer sentiment is anticipated to offset the expected softening in first home buyer demand. A number of new Residential projects will commence in 2010, which should lead to an improved performance from the division in 2011.

An improvement in both business and consumer confidence was seen in the last quarter of 2009 and, with a strengthened balance sheet, the Group is well-positioned to take advantage of the improving economic conditions in the commercial, industrial and residential markets.

The Group will continue to distribute 80% - 90% of realised operating trust income. No dividend will be paid in 2010 from corporate earnings. Distributions for 2010 are expected to be 4.1 cents per stapled security.

DIRECTORS' REPORT

Directors

The following persons were directors of the Board of Australand Holdings Limited, Australand Property Limited and Australand Investments Limited during the year ended 31 December 2009 and up to the date of this report:

Lui Chong Chee (Chairman)
James Glen Service, AO (Deputy Chairman)
Robert William Johnston (Managing Director)
Lt Gen (Ret'd) Winston Choo (retired 16 April 2009)
Ee Chee Hong
Ian Farley Hutchinson
Paul Dean Isherwood, AO
Olivier Lim
Stephen Eric Newton

Dividends/Distributions

Distributions paid or declared by Australand Property Trust, Australand Property Trust No.4 and Australand Property Trust No.5 to securityholders since the end of the previous financial year were:

Type	Payment per stapled security	Total amount $'000	Date of payment
Final for 2008	3.0 cents	50,895	6 February 2009
Interim for 2009	3.0 cents	50,895	4 August 2009
Final for 2009	2.0 cents	57,681	8 February 2010

Review of operations and results

Refer to the 'management discussion and analysis of financial performance and review of operations' ('MD&A') section on pages 2-10 for further explanation of the results.

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 directors' report and consolidated financial report. Amounts in the directors' report and consolidated financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Signed in accordance with a resolution of the Directors.

Bob Johnston
Managing Director

Sydney

9 February 2010

Consolidated income statement

For the year ended 31 December 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000
Revenue from continuing operations	2	**686,764**	831,577
Cost of properties sold		**(358,163)**	(436,856)
Provision for write-down of inventories		**(112,022)**	(41,150)
Development profit recognised through valuation of properties transferred to Australand Property Trusts		**14,505**	41,304
Share of net (losses)/profits of joint ventures and associates accounted for using the equity method		**(6,172)**	32,583
Impairment of other development and joint venture assets		**(71,884)**	-
Investment property expenses		**(36,657)**	(27,093)
Employee expenses		**(73,241)**	(99,691)
Depreciation		**(3,321)**	(3,560)
Other expenses		**(41,376)**	(49,169)
Finance costs		**(104,292)**	(68,561)
Net losses from fair value adjustments on investment property		**(242,511)**	(96,975)
(Loss)/profit before income tax		**(348,370)**	82,409
Income tax credit/(expense)		**72,624**	(13,698)
Net (loss)/profit		**(275,746)**	68,711
Net profit attributable to ASSETS hybrid equity holders (minority interest)		**(22,494)**	(28,556)
Net (loss)/profit attributable to stapled securityholders of Australand		**(298,240)**	40,155
Attributable to:			
Equity holders of AHL and APT		**(299,973)**	20,384
Equity holders of other stapled entities (minority interest):			
- Australand Property Trust No.4 (APT4)		**(99)**	17,577
- Australand Property Trust No.5 (APT5)		**1,832**	2,194
Net (loss)/profit attributable to stapled securityholders of Australand		**(298,240)**	40,155

Earnings per stapled security for profit attributable to the equity holders of AHL and APT (parent entity) :

	Notes	2009	2008 (restated)
Basic earnings per stapled security	3	**(13.5) cents**	1.4 cents
Diluted earnings per stapled security	3	**(13.5) cents**	1.4 cents

The above income statement should also be read in conjunction with the accompanying notes, including Note 3 which presents the following earnings per stapled security for profit attributable to the stapled securityholders:

	Notes	2009	2008
Basic earnings per stapled security	3	**(13.4) cents**	2.7 cents
Diluted earnings per stapled security	3	**(13.4) cents**	2.7 cents

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

Consolidated statement of comprehensive income

For the year ended 31 December 2009

	Consolidated	
	2009	2008
	$'000	$'000
Net (loss)/profit	**(275,746)**	68,711
Other comprehensive income:		
Changes in the fair value of cash flow hedges, net of tax	**75,134**	(116,061)
Share of associate and joint venture changes in the fair value of cash flow hedges, net of tax	**1,693**	(2,068)
Other comprehensive income for the financial year, net of tax	**76,827**	(118,129)
Total comprehensive (loss)/income for the financial year	**(198,919)**	(49,418)
Total comprehensive (loss)/income for the financial year is attributable to:		
Equity holders of AHL and APT	**(223,146)**	(97,745)
Equity holders of other stapled entities (minority interest):		
- Australand Property Trust No. 4 (APT4)	**(99)**	17,577
- Australand Property Trust No. 5 (APT5)	**1,832**	2,194
Other minority interests	**22,494**	28,556
	(198,919)	(49,418)

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

Consolidated balance sheet

As at 31 December 2009	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000
Current assets			
Cash and cash equivalents		**123,567**	129,806
Receivables		**178,360**	359,003
Inventories		**213,149**	349,974
Investment properties held for sale		**136,835**	-
Income tax receivable		**2,314**	-
Other		**18,020**	5,667
Total current assets		**672,245**	844,450
Non-current assets			
Receivables		**116,404**	-
Inventories		**576,234**	707,100
Investments accounted for using the equity method		**195,984**	221,388
Investment properties		**1,885,992**	2,288,330
Property, plant and equipment		**7,761**	8,814
Deferred tax assets		**28,587**	28,971
Total non-current assets		**2,810,962**	3,254,603
Total assets		**3,483,207**	4,099,053
Current liabilities			
Payables		**58,430**	49,480
Interest bearing liabilities		**-**	663,000
Derivative financial instruments		**1,250**	3,056
Current tax liabilities		**-**	28,768
Provisions		**109,204**	154,583
Land vendor liabilities		**62,484**	24,450
Total current liabilities		**231,368**	923,337
Non-current liabilities			
Interest bearing liabilities		**975,800**	904,250
Derivative financial instruments		**8,326**	113,854
Provisions		**12,598**	3,239
Land vendor liabilities		**12,200**	49,100
Total non-current liabilities		**1,008,924**	1,070,443
Total liabilities		**1,240,292**	1,993,780
Net assets		**2,242,915**	2,105,273
Equity			
Equity holders of AHL and APT:			
Contributed equity		**1,741,539**	1,364,679
Reserves		**(534)**	(77,851)
Retained (losses)/profits		**(160,859)**	216,806
		1,580,146	1,503,634
Equity holders of APT4 and APT5 (minority interest)		**394,111**	332,981
Stapled securityholders interest in the Group	5	**1,974,257**	1,836,615
ASSETS hybrid equity		**268,658**	268,658
Total equity		**2,242,915**	2,105,273

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

Consolidated cash flow statement

For the year ended 31 December 2009

	Consolidated	
	2009	**2008**
	$'000	**$'000**
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**733,904**	1,006,342
Payments to suppliers and employees (inclusive of goods and services tax)	**(328,232)**	(433,800)
Interest received	**5,232**	5,780
Interest paid	**(94,747)**	(117,021)
Income tax received/(paid)	**9,727**	(29,460)
Net cash inflow from operating activities	**325,884**	431,841
Cash flows from investing activities		
Payments for land acquisitions	**(52,103)**	(193,999)
Joint venture equity investments - net of distributions received	**(10,164)**	(3,427)
Net cash receipts relating to investment in AWPF6	**2,779**	6,672
Proceeds from sale of investment properties	**151,546**	1,297
Payments for development and acquisition of investment properties	**(122,828)**	(477,391)
Payments for plant and equipment	**(2,268)**	(6,513)
Net cash outflow from investing activities	**(33,038)**	(673,361)
Cash flows from financing activities		
Proceeds from borrowings	**913,500**	640,000
Repayment of borrowings	**(1,528,450)**	(635,000)
Payment on termination of derivatives	**(24,492)**	-
Dividends and trust distributions paid	**(101,639)**	(120,048)
Distributions to minority interests – ASSETS	**(24,994)**	(26,754)
Proceeds from issue of units/shares (net of equity raising costs)	**466,990**	457,286
Net cash inflow/(outflow) from financing activities	**(299,085)**	315,484
Net increase in cash held	**(6,239)**	73,964
Cash at the beginning of financial year	**129,806**	55,842
Cash at the end of financial year	**123,567**	129,806

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

Consolidated statement of changes in equity

For the year ended 31 December 2009

	Attributable to owners of Australand Holdings Limited					
	Contributed equity $000's	Reserves $000's	Retained profits $000's	Total $000's	Minority interest $000's	Total equity $000's
Balance at 1 January 2009	**1,364,679**	**(77,851)**	**216,806**	**1,503,634**	**601,639**	**2,105,273**
Total comprehensive income for the year	**-**	**76,827**	**(299,973)**	**(223,146)**	**24,227**	**(198,919)**
Transactions with equity holders:						
Contributions of equity, net of transaction costs	376,860	-	-	376,860	90,130	466,990
Security based payments	-	490	-	490	-	490
Dividends and distributions provided for or paid (Note 4)	-	-	(77,692)	(77,692)	(30,733)	(108,425)
Distributions provided for or paid to ASSETS hybrid equity holders (minority interests)	-	-	-	-	(22,494)	(22,494)
	376,860	490	(77,692)	299,658	36,903	336,561
Balance at 31 December 2009	**1,741,539**	**(534)**	**(160,859)**	**1,580,146**	**662,769**	**2,242,915**
Balance at 1 January 2008	**983,994**	**38,424**	**292,663**	**1,315,081**	**533,589**	**1,848,670**
Total comprehensive income for the year	**-**	**(118,129)**	**20,384**	**(97,745)**	**48,327**	**(49,418)**
Transactions with equity holders:						
Contributions of equity, net of transaction costs	380,685	-	-	380,685	76,601	457,286
Security based payments	-	1,854	-	1,854	-	1,854
Dividends and distributions provided for or paid (Note 4)	-	-	(96,241)	(96,241)	(28,322)	(124,563)
Distributions provided for or paid to ASSETS hybrid equity holders (minority interests)	-	-	-	-	(28,556)	(28,556)
	380,685	1,854	(96,241)	286,298	19,723	306,021
Balance at 31 December 2008	**1,364,679**	**(77,851)**	**216,806**	**1,503,634**	**601,639**	**2,105,273**

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

Notes to the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements 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 ('AHL') and its subsidiaries and controlled entities as defined in Note 1(b).

(a) Basis of preparation

This report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001.*

The financial report was authorised for issue by the Directors of AHL, Australand Property Limited ('APL') and Australand Investments Limited ('AIL') on 9 February 2010. AHL, APL and AIL have the power to amend and reissue the financial report.

Compliance with International Financial Reporting Standards ('IFRS')

The financial report of AHL also complies with IFRS as issued by the International Accounting Standards Board ('IASB').

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.

Prior year and current year reclassifications

Reclassifications of a number of immaterial balances have been made to the income statement and balance sheet in the current period to better reflect the underlying nature of these balances. Prior year reclassifications have been made where it improves comparability of amounts from period to period. The accounting policies adopted, except for as noted at 1(d), are consistent with those of the previous and interim reporting period and corresponding financial year.

Critical accounting estimates

The preparation of these financial statements requires the use of certain critical accounting estimates. 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 AHL, including Australand Property Trust ('APT'), Australand Property Trust No.4 ('APT4'), and Australand Property Trust No.5 ('APT5') as at 31 December 2009 and the results of all subsidiaries and controlled entities for the year then ended. AHL and its subsidiaries and controlled entities are referred to in this financial report as the Group or the consolidated entity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation (continued)

(ii) Subsidiaries and controlled entities (continued)

Subsidiaries and controlled entities 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 and controlled entities 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.

Investments in subsidiaries are carried at cost in the financial statements of the Parent entity.

(ii) Associates and joint venture entities

Associates and joint ventures are all entities (including unincorporated or incorporated companies, partnerships and trusts) over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in these entities are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after being initially recognised at cost.

Under this method, Australand's share of the entities profits or losses are recognised in the consolidated income statement, and its share of the entities movements in reserves is recognised in the consolidated reserves of the Group. The cumulative movements are adjusted against the carrying amount of the investment. Dividends/distributions receivable from associated entities and joint ventures are recognised in the parent entity's income statement, while in the consolidated financial statement they reduce the carrying amount of the investment.

When the Group's share of losses equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the entity.

Unrealised gains on transactions establishing joint ventures and transactions between the Group and its associated entities or joint ventures are eliminated to the extent of the Group's interest until such time as they are realised by the entity through consumption or sale. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(iii) Application of UIG 1013 Pre–Date-of-Transition Stapling Arrangements ('UIG 1013') and AASB Interpretation 1002 Post-Date-of-Transition Stapling Arrangements ('AASB 1002')

For the purposes of UIG 1013 and AASB 1002, AHL has been identified as the parent entity in relation to the pre-date of transition stapling with APT and the post-date of transition stapling with APT4 and 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 securityholders of AHL and APT are the same as the stapled securityholders of APT4 and APT5.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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. 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.

Interest income

Interest income is recognised under the effective interest rate method.

Dividends / Distributions

Dividends / distributions are recognised as revenue when the right to receive payment is established.

Development profit recognised through valuation of properties transferred to Australand Property Trusts

Revenue and profit from the development of Commercial and Industrial projects are based on arms length contractual agreements with customers, either external or the Australand Property Trusts. The agreed value included in these contracts is either based on a fixed price contract or an agreed on-completion value. The on-completion value is arrived at by obtaining an independent valuation of the expected market value of the property at practical completion. The profit on internal developments is disclosed separately in the consolidated income statement as development profit recognised through valuation of properties transferred to Australand Property Trusts.

(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. Any resultant revaluation gain or loss is shown separately in the consolidated income statement as net gains/(losses) from fair value adjustments on investment property.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investment properties (continued)

Initial application of amendments to AASB 140 *Investment Property*

AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* is applicable for periods beginning on or after 1 January 2009. Included in this standard are amendments to AASB 140 *Investment Property* which require investment property under construction to be measured at fair value (previously these assets were measured at the lower of cost and recoverable amount). In line with the requirements of the standard, the Group has applied the new requirements prospectively from 1 January 2009.

The effect of this change on the current period is as follows:

Income statement (for the financial year ended 31 December 2009)	**$'000**	**$'000**
	AASB 140 (revised)	AASB 140 (previous)
Development profit recognised through valuation of properties transferred to Australand Property Trusts[1]	**14,505**	15,156
Other expenses	**(41,376)**	(42,336)
Finance costs	**(104,292)**	(106,135)
Net losses from fair value adjustments on investment property	**(242,511)**[2]	(242,511)
Balance Sheet (at 31 December 2009)	**$'000**	**$'000**
	AASB 140 (revised)	AASB 140 (previous)
Investment properties	**1,885,992**[3]	1,869,727

1. Under the previous requirements, development profit recognised through valuation of properties transferred to Australand Property Trusts ('development profit') was recognised on practical completion as this was the point at which the properties were required to be measured at fair value. Under the revised requirements all investment properties are measured at fair value and therefore development profit is recognised throughout the construction process.

2. Includes net fair value adjustments on investment properties under construction.

3. Includes investment properties under construction measured at fair value.

(e) Property, plant and equipment

Property occupied by Australand, plant and equipment are carried at cost less accumulated depreciation. 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 year. The expected useful lives of plant and equipment are two to ten years (2008: two to ten years). The expected useful life of property is forty years (2008: 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. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Estimates of net realisable value are based on the most recent reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise and the estimate of costs to complete.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Cash and cash equivalents

For cash flow statement purposes, 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

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off by reducing the carrying amount directly. 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) Business combinations

The purchase method of accounting is used to account for all business combinations including business combinations involving entities or businesses under common control regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of the fair value and that other evidence and valuation methods provide a more reliable measure of fair value. 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 the Group's share of the fair value of the identifiable 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.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(j) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation or depreciation 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 payables

Trade and other payables 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 probable that 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.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

(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 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 twelve 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) Security-based payments

Security-based compensation benefits are provided to employees via the Australand Performance Rights Plan, Australand Tax Exempt Employee Security Plan and the Australand Employee Securities Ownership Plan. The fair value of options or rights 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Borrowing and borrowing costs

Borrowings are initially recognised at fair value including transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and redemption is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

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 its intended use or sale. Other borrowing costs are expensed. In extended periods where development of a qualifying asset is suspended borrowing costs are expensed as incurred.

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 7.6% (2008: 7.0%).

(q) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. 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 hedging 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 highly 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 within other income or expenses.

Amounts accumulated in equity are recycled in the income statement and disclosed as finance costs in the periods when the hedged item will affect profit or loss (for instance when the interest is payable on hedged variable rates borrowings). 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 cost of the asset or liability. The deferred amounts are ultimately recognised in the profit or loss as costs of goods sold in the case of inventory.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Foreign currency translation

(i) Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated and parent entity financial statements are presented in Australian dollars, which is the functional and presentational currency of AHL and its controlled entities.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

(s) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction 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 income 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Income tax (continued)

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.

(t) Earnings per stapled security

(i) Basic earnings per stapled security - consolidated

Basic earnings per stapled security is determined by dividing the net profit after income tax attributable to Australand stapled securityholders, 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 - consolidated

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 stapled 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 stapled securities, and the weighted average number of securities assumed to have been issued for no consideration in relation to the dilutive potential ordinary securities.

(v) Restatement of comparatives

The comparative amounts have been restated in accordance with AASB 133 *Earnings per share* for the effect of the Entitlement Offers completed in both September 2008 and September 2009. Refer to Note 3 for further details.

(u) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate. The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(v) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating lease. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

(x) Dividends and trust distributions

Provision is made for the amount of any dividend or trust distributions declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(y) Contributed equity

Australand is a stapled group in which the securityholders hold direct interests and an equal number of shares in Australand Holdings Limited ('AHL'), and units in each of Australand Property Trust ('APT'), Australand Property Trust No.4 ('APT4') and Australand Property Trust No.5 ('APT5').

For the purposes of UIG 1013 and AASB 1002, 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 APT4 and 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 securityholders of AHL and APT are the same as the stapled securityholders of APT4 and APT5.

Incremental costs directly attributable to the issue of new stapled securities are shown in equity as a deduction, net of tax, from the proceeds.

(z) Segment reporting

The Group has adopted AASB 8 *Operating Segments* ('AASB 8') from 1 January 2009. AASB 8 replaces AASB 114 *Segment Reporting.* The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.The following operating segments have been determined as separately reportable in accordance with AASB 8:

- Residential – development of land, housing & apartments.
- Commercial & Industrial – development of commercial, industrial and retail properties.
- Investment Property – investment in income producing commercial & industrial properties, property trust management and property management.

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, the nearest dollar.

New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 31 December 2009 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. REVENUE

	Consolidated 2009 $'000	Consolidated 2008 $'000
Sales revenue		
Property development sales	**445,686**	626,143
Rent from investment properties	**194,847**	166,661
	640,533	792,804
Other revenue		
Interest received or receivable	**5,232**	5,780
Management fees from joint venture entities	**10,987**	9,876
Other income from joint venture entities	**6,971**	4,353
Gain from investment properties sold	**-**	42
Gain from sale of property, plant and equipment	**-**	344
Sundry income	**23,041**	18,378
	46,231	38,773
Revenue from continuing operations	**686,764**	831,577

3. EARNINGS PER STAPLED SECURITY

	Consolidated 2009	Consolidated 2008
		(restated)
i. Basic and diluted earnings per stapled security	**(13.4) cents**	2.7 cents
ii. Basic and diluted earnings per stapled security (parent entity)	**(13.5) cents**	1.4 cents

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

Consolidated	**$'000**	**$'000**
(i) Basic and diluted earnings per stapled security		
Net (loss)/profit after tax	**(298,240)**	40,155
Earnings used in calculating basic and diluted earnings per stapled security	**(298,240)**	40,155
Parent Entity*		
(ii) Basic and diluted earnings per stapled security		
Net (loss)/profit after tax	**(299,973)**	20,384
Earnings used in calculating basic and diluted earnings per stapled security	**(299,973)**	20,384

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

3. EARNINGS PER STAPLED SECURITY (CONTINUED)

	Consolidated	
	2009	**2008**
(b) Weighted average number of stapled securities used	**No. of stapled securities**	**No. of stapled securities**
Weighted average number of ordinary securities used as the denominator in calculating basic and diluted earnings per stapled security	**2,218,528,356**	1,481,724,402

The weighted average number of securities has been adjusted for the effect of the Entitlement Offers completed in September 2008 and September 2009 in accordance with AASB 133 *Earnings per share*.

	No. of stapled securities	**No. of stapled securities**
Weighted average number of ordinary securities used as the denominator in calculating basic and diluted earnings per stapled security (before restatement)	2,125,093,374	1,329,475,435
Add: adjustment required by AASB 133 *Earnings per share*	93,434,982	152,248,967
Weighted average number of ordinary securities used as the denominator in calculating basic and diluted earnings per stapled security (restated)	2,218,528,356	1,481,724,402

4. DIVIDENDS/DISTRIBUTIONS

Dividends/distributions recognised in the current year by AHL, APT, APT4 and APT5 are:

2009	**Payment per stapled security**	**Total Amount $'000**	**Date of Payment**	**Tax Rate for Franking Credit or Tax Deferred %**	**Percentage Franked %**
Units					
Interim distribution	3.00 cents	**50,895**	4 August 2009	-	-
Final distribution	2.00 cents	**57,681**	8 February 2010	-	-
Total distribution	5.00 cents	**108,576**			

No dividends were paid in relation to the ordinary shares in the year ended 31 December 2009.

Total dividends and distributions shown above of $108,576,000 differs from the amount shown in Note 5 of $108,425,000. The difference relates to the ESOP dividends and distributions, which are applied against the outstanding loan balances under the ESOP scheme.

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

4. DIVIDENDS/DISTRIBUTIONS (CONTINUED)

2008	Payment per Share/Unit	Total Amount $'000	Date of Payment	Tax Rate for Franking Credit or Tax Deferred %	Percentage Franked %
Ordinary shares					
Interim dividend	1.68 cents	**15,586**	2 May 2008	30	100
Interim dividend	1.18 cents	**10,947**	1 August 2008	30	100
Final dividend	-	**-**	-	-	-
Total dividend	2.86 cents	**26,533**			
Units					
Interim distribution	2.32 cents	**21,524**	2 May 2008		
Interim distribution	2.82 cents	**26,162**	1 August 2008		
Final distribution	3.00 cents	**50,895**	6 February 2009		
Total distribution	8.14 cents	**98,581**			
TOTAL	11.00 cents	**125,114**			

Franking credits	Consolidated 2009 $'000	2008 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2008 : 30%)	**62,573**	94,033

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 and receipt of dividends receivable. The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. 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.

5. EQUITY

Australand is a stapled entity in which the securityholders hold direct interests and an equal number of securities in each of AHL, APT, APT4 and 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* ('AASB 1002') 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 nor 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 securityholders. Accordingly, whilst the results and equity of APT4 and APT5 are disclosed as minority interest, the stapled securityholders of AHL and APT are the same as the stapled securityholders of APT4 and APT5.

		Consolidated	
	Notes	2009	2008
		$'000	$'000
Equity			
Capital and reserves attributable to stapled securityholders as:			
Equity holders of AHL and APT:			
Contributed equity	5(c)	**1,741,539**	1,364,679
Reserves	5(a)	**(534)**	(77,851)
Retained profits	5(b)	**(160,859)**	216,806
Parent interest		**1,580,146**	1,503,634
Equity holders of other stapled entities – APT4 and APT5 (minority interest):			
Contributed equity	5(c)	**379,730**	289,600
Reserves	5(a)	**(10,601)**	(10,601)
Retained profits	5(b)	**24,982**	53,982
Equity holders of other stapled entities – APT4 and APT5 (minority interest)		**394,111**	332,981
Stapled securityholders interest in the Group		**1,974,257**	1,836,615

5. EQUITY (CONTINUED)

	Notes	Consolidated 2009 $'000	2008 $'000
(a) Reserves			
Hedging reserve			
Hedging reserve – cash flow hedges – AHL and APT	(i)	**(7,065)**	(83,892)
Share based payments reserve			
Share based payments reserve – AHL	(ii)	**6,531**	6,041
		(534)	(77,851)
Capital redemption reserve			
Capital redemption reserve – APT4 and APT5	(iii)	**(10,601)**	(10,601)
Total reserves – stapled securityholders		**(11,135)**	(88,452)

Movements in above stapled securityholders reserves comprise:

(i) Hedging reserve – cash flow hedges

	Notes	2009	2008
Balance 1 January		**(83,892)**	34,237
Share of changes in the fair value of cash flow hedges of joint ventures and associate		**1,693**	(2,068)
Changes in fair value of cash flow hedges		**107,334**	(165,802)
Deferred tax		**(32,200)**	49,741
Balance 31 December		**(7,065)**	(83,892)

(ii) Share-based payments reserve

	Notes	2009	2008
Balance 1 January		**6,041**	4,187
Expense relating to share based payments		**490**	1,854
Balance 31 December		**6,531**	6,041

(iii) Capital Redemption Reserve

	Notes	2009	2008
Balance 1 January and 31 December		**(10,601)**	(10,601)

(b) Retained profits

	Notes	2009	2008
Equity holders of AHL and APT:			
Retained profits		**(160,859)**	216,806
Other stapled entities:			
- Australand Property Trust No.4		**21,022**	41,467
- Australand Property Trust No.5		**3,960**	12,515
		24,982	53,982
Stapled securityholders interest in retained profits		**(135,877)**	270,788

Movements in above total stapled securityholders interest in retained profits:

	Notes	2009	2008
Balance 1 January		**270,788**	355,196
Net (loss)/profit attributable to the stapled securityholders of Australand		**(298,240)**	40,155
Dividends / distributions	4	**(108,425)**	(124,563)
Balance 31 December		**(135,877)**	270,788

5. EQUITY (CONTINUED)

(c) Contributed Equity

	2009 Stapled securities	2008 Stapled securities	2009 $'000	2008 $'000
Opening balance	**1,696,490,449**	927,598,937	**1,654,279**	1,196,993
Exercise of options	**-**	139,250	**-**	219
Australand Employee Securities Ownership Plan	**-**	-	**962**	1,417
Units/shares issued under the Entitlement Offer	**1,187,541,171**	768,752,262	**475,016**	461,251
Less: transaction costs	**-**	-	**(8,988)**	(5,601)
Balance at end of financial year	**2,884,031,620**	1,696,490,449	**2,121,269**	1,654,279

	2009 $'000	2008 $'000
Balance at end of financial year is attributable to:		
Equity holders of AHL and APT	**1,741,539**	1,364,679
Equity holders of other stapled entities (APT 4 and APT 5)	**379,730**	289,600
Total contributed equity	**2,121,269**	1,654,279

(d) Nature and purpose of reserves

(i) Hedging reserve – cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity. The gain or loss relating to the ineffective portion is recognised in the income statement within other income or other expenses.

(ii) Security-based payments reserve

The security-based payments reserve is used to recognise the fair value of options or performance rights granted.

(iii) Capital redemption reserve

The capital redemption reserve arises in APT4 and APT5 as a result of the redemption of units upon stapling with AHL and APT.

6. 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.

	2009 $'000	2008 $'000
Performance bank guarantees outstanding	**39,956**	53,746
Financial bank guarantees outstanding	**14,768**	9,443
Insurance bonds outstanding	**20,789**	15,677
	75,513	78,866

The Group has also provided commercial guarantees and indemnities to some of its joint venture entities. At 31 December 2009 the Group's share of financial and performance guarantees were $50,910,000 (December 2008: $83,077,000) and $11,950,000 (December 2008: $17,950,000), respectively.

(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. Based on the current lease commitments, as at the date of this report, 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 material to the Group.

7. SEGMENT INFORMATION

The consolidated entity operates wholly within Australia and is organised into a Residential, Commercial & Industrial and Investment Property divisions.

(a) SEGMENT RESULT

December 2009

Operating Segment Summary ($'000)	Residential	Commercial & Industrial	Total Developer	Investment Property	Unallocated	Elim	Consolidated
Revenue	**588,007**	**198,621**	**786,628**	**196,090**	**9,845**	**(105,456)**	**887,107**
Less: Property development sales revenue from joint venture entities	(176,230)	(38,932)	(215,162)	-	-	14,819	**(200,343)**
Segment Revenue	**411,777**	**159,689**	**571,466**	**196,090**	**9,845**	**(90,637)**[1]	**686,764**
Segment result before interest, equity accounted results and write-downs	48,182	29,676	77,858	151,053	-	(6,077)	**222,834**
Development profit through valuation of properties transferred to Australand Property Trusts	-	-	-	-	-	18,167[2]	**18,167**
Share of net profits of associates and joint ventures accounted for using the equity method[3]	19,689	9,816	29,505	2,878	-	(3,671)	**28,712**
Unallocated corporate costs	-	-	-	-	(24,438)	-	**(24,438)**
	67,871	39,492	107,363	153,931	(24,438)	8,419	**245,275**
Capitalised interest in cost of goods sold & other interest	(26,012)	(11,482)	(37,494)	(39,499)	(30,441)	(531)	**(107,965)**
Interest income	221	-	221	417	4,594	-	**5,232**
Other fees charged between developer and Trust[4]	-	-	-	29,161	-	(29,161)	**-**
	42,080	28,010	70,090	144,010	(50,285)	(21,273)	**142,542**
Unrealised gains/(losses) from property revaluations	-	-	-	(249,351)	-	-	**(249,351)**
Write-down of development and joint venture inventories	(67,279)	(72,787)	(140,066)	-	-	-	**(140,066)**
Impairment of other development and joint venture assets	(48,721)	(23,163)	(71,884)	-	-	-	**(71,884)**
Non-recurring finance costs[5]	-	-	-	-	(29,611)	-	**(29,611)**
Loss before income tax	(73,920)	(67,940)	(141,860)	(105,341)	(79,896)	(21,273)	**(348,370)**
Income tax credit							
- on operating activities							**156**
- relating to write-downs, impairments and non-recurring finance costs							**72,468**
Net loss							**(275,746)**

1. All revenue eliminated relates to the Commercial & Industrial division.

2. Interest relating to Development profit has been disclosed in "Capitalised interest in cost of goods sold and other interest".

3. Excludes write-down of joint venture inventories of $28,044,000 and property revaluation losses of $6,840,000.

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

5. Includes costs associated with the termination of interest rate swap contracts and other debt restructuring costs.

7. SEGMENT INFORMATION (CONTINUED)

December 2008

Operating Segment Summary ($'000)	Residential	Commercial & Industrial	Total Developer	Investment Property	Unallocated	Elim	Consolidated
Revenue	**668,010**	**610,015**	**1,278,025**	**170,553**	**6,642**	**(420,175)**	**1,035,045**
Less: Property development sales revenue from joint venture entities	(162,845)	(165,982)	(328,827)	-	-	125,359	**(203,468)**
Segment Revenue	**505,165**	**444,033**	**949,198**	**170,553**	**6,642**	**(294,816)[1]**	**831,577**
Segment result before interest, equity accounted results and write-downs	87,443	70,257	157,700	136,765	-	(26,701)	**267,764**
Development profit through valuation of properties transferred to Australand Property Trusts	-	-	-	-	-	48,180[2]	**48,180**
Share of net profits of associates and joint ventures accounted for using the equity method[3]	29,545	26,207	55,752	(454)	-	(14,366)	**40,932**
Unallocated corporate costs	-	-	-	-	(30,523)	-	**(30,523)**
	116,988	96,464	213,452	136,311	(30,523)	7,113	**326,353**
Capitalised interest in cost of goods sold & other interest	(22,534)	(18,766)	(41,300)	(30,390)	(27,764)	505	**(98,949)**
Interest income	144	439	583	372	4,825	-	**5,780**
Other fees charged between developer and Trust[4]	-	-	-	27,714	-	(27,714)	**-**
	94,598	78,137	172,735	134,007	(53,462)	(20,096)	**233,184**
Unrealised (losses)/gains from property revaluations	-	-	-	(96,975)	-	-	**(96,975)**
Write-down of development and joint venture inventories	(49,500)	-	(49,500)	-	-	-	**(49,500)**
Restructure costs	**-**	**-**	**-**	**-**	(4,300)	**-**	**(4,300)**
Profit before income tax	**45,098**	**78,137**	**123,235**	**37,032**	**(57,762)**	**(20,096)**	**82,409**
Income tax (expense) / credit:							
- on operating activities							**(29,838)**
- relating to write-downs and restructure costs							**16,140**
Net profit							**68,711**

1. All revenue eliminated relates to the Commercial & Industrial division.

2. Interest relating to Development profit has been disclosed in "Capitalised interest in cost of goods sold and other interest".

3. Excludes write-down of joint venture inventories of $8,350,000.

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

7. SEGMENT INFORMATION (CONTINUED)

(b) OTHER SEGMENT INFORMATION

December 2009

Operating Segment Summary ($'000)	Residential	Commercial & Industrial	Total Developer	Investment Property	Unallocated	Elim	Consolidated
Total segment assets	840,909	391,065	1,231,974	2,075,882	220,095	(44,744)	**3,483,207**
Total segment liabilities	69,367	67,995	137,362	91,114	1,011,816	-	**1,240,292**
Investments in associates and joint venture entities	134,724	24,790	159,514	40,739	-	(4,269)	**195,984**
Depreciation expense	-	-	-	-	3,321	-	**3,321**

December 2008

Operating Segment Summary ($'000)	Residential	Commercial & Industrial	Total Developer	Investment Property	Unallocated	Elim	Consolidated
Total segment assets	1,113,400	487,956	1,601,356	2,344,823	205,507	(52,633)	**4,099,053**
Total segment liabilities	57,489	116,461	173,950	80,237	1,739,593	-	**1,993,780**
Investments in associates and joint venture entities	169,010	15,788	184,798	41,697	-	(5,107)	**221,388**
Depreciation and amortisation expense	-	-	-	-	3,560	-	**3,560**

8. 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.

9. OTHER INFORMATION

a) Changes in control over entities having a material effect

There were no changes in the control of any entities which would have a material effect on the current period.

b) Details of aggregate share of profits of joint venture and associated entities:	**2009**	2008
	$'000	$'000
(Loss)/profit before income tax	**(6,172)**	32,583
Income tax credit/(expense)	**663**	(9,775)
Net (loss)/profit	**(5,509)**	22,808
Share of net (loss)/profit of associates and joint venture entities	**(5,509)**	22,808

9. OTHER INFORMATION (CONTINUED)

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

Equity accounted joint venture and associated entities	Percentage of ownership interest held at end of year or date of disposal		Contribution to profit/(loss) before income tax	
	Current period	Previous period	2009	2008
Name of entity	%	%	$'000	$'000
Australand Apartments No. 6 Pty Limited	50	50	(126)	2,097
Australand Holdings Limited and Morton Homestead Pty Ltd	50	50	5,031	7,276
Australand Land and Housing No.5 (Hope Island) Pty Limited	50	50	(17,014)	(8,482)
Australand Residential Trust	50	50	1,820	885
Australand Retail Trust	50	50	(2,098)	(152)
Australand Wholesale Property Fund No. 6	28	28	(1,864)	(301)
Baldi Unit Trust	50	50	-	21
Bowral Co-Venture	50	50	(997)	-
Chymont Unit Trust	50	50	40	-
CIP ALZ (BBP) Trust	50	50	89	152
CIP ALZ Goulburn Industrial Unit Trust	50	50	-	(210)
CIP ALZ Heatherton Road Co-Venture	50	50	2	514
CIP ALZ Horrie Miller Drive Industrial Unit Trust	50	50	80	3,974
CIP ALZ (MA) Trust	50	50	2,419	1,686
CIP ALZ (WA) Unit Trust	50	50	349	71
Commercial & Industrial Property (Pinkenba) Trust	50	50	3,194	-
Croydon Development Trust	50	50	1,417	-
Discovery Point Co-Venture	50	50	(4)	311
Giffnock North Ryde Co-Venture	50	50	-	(182)
Kellyville Construction Co-Venture	50	50	(1,861)	(111)
Lidcombe Co-Venture	50	50	685	498
Motorway Business Park Co-Venture	50	50	(40)	-
Parkinson Development Co-Venture	50	50	-	5,836
Port Coogee Co Venture	50	50	34	1,157
Seaspray Co-Venture	50	50	-	1,267
Stage 3 Eastern Creek Co-Venture	50	50	(5,000)	-
St. Andrews Field Co-Venture	50	50	3,288	1,716
Sunshine Co-Venture	50	50	2,453	(8)
The LMMBI Unit Trust	50	50	47	6,365
Torquay Co-Venture	50	50	2,197	3,199
Trust Project No.9 Unit Trust	50	50	31	1,529
Village Park Consortium	50	50	417	3,481
Wallan Co-Venture	50	50	1,548	13
Yanchep Co-Venture	50	50	728	(6)
Yatala Co-Venture	50	50	(3,044)	-
Total			**(6,179)**	32,596
Other material interests			**7**	(13)
Total			**(6,172)**	32,583

ANNUAL GENERAL MEETING

Details of the Annual General Meeting will be announced at a later date.

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 9th day of February 2010.

Bob Johnston
Managing Director