Australand Property Group

Australand Property Group 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 4D and Financial Report for the half year ended 30 June 2013

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information		June 2013 $'000
Revenue and other income	**Down 9% to**	**391,510**
Net profit attributable to stapled securityholders	**Down 1% to**	**88,415**
Operating profit after tax[1]	**Down 9% to**	**62,357**

Dividends/Distributions	Total Dividends/ Distributions	Distribution per unit	Dividend per share	Franked amount per share
Interim distribution - June 2013 half year (payable on 7 August 2013)	**10.5 cents**	10.5 cents	-	-
Total	**10.5 cents**	10.5 cents	-	-

The Record Date for determining entitlements to the interim distribution was 5.00pm, 28 June 2013.

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

[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. This measure of profit is in line with Funds From Operations (FFO) as defined within the Property Council of Australia's guidelines issued in June 2013. Operating profit after tax excludes investment property revaluation gains, unrealised gains/(losses) on derivative financial instruments and corporate activity expenses.

This half year financial report constitutes the Appendix 4D prepared in accordance with the Australian Securities Exchange Listing Rules and the half year financial report in accordance with the *Corporations Act 2001*. This report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the financial report for the year ended 31 December 2012 and any public announcements made by Australand during the period and up to the date of this report in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The non-IFRS information contained within this half year financial report is disclosed in accordance with ASIC regulatory guidelines.

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

FINANCIAL RESULTS

The Group's statutory profit after tax for the half year ended 30 June 2013 was $88.4 million (HY12: $89.7m) and the Group's operating profit after tax for the half year ended 30 June 2013 was $62.4 million (HY12: $68.2m).

The following table summarises the reconciling items between the Group's statutory profit and operating profit after tax[1].

	June 2013 $'000	June 2012 $'000
Operating profit after tax	62,357	68,154
Investment property revaluation gains	17,204	33,764
Unrealised gains/(losses) on derivative financial instruments	9,666	(12,246)
Corporate activity expenses	(812)	-
Statutory profit attributable to stapled securityholders	88,415	89,672

Key aspects of the Group's performance

- Investment Property operating earnings before interest and tax ('EBIT') of $96.2 million (HY12: $87.8m);
- Commercial & Industrial operating EBIT of $9.9 million (HY12: $9.9m[2]); and
- Residential operating EBIT of $22.3 million (HY12: $39.5m[2]).

Key financial metrics

- Earnings per stapled security on statutory profit after tax of 15.3 cents;
- Earnings per stapled security on operating profit after tax of 10.8 cents;
- Distributions per stapled security of 10.5 cents; and
- Net tangible assets per stapled security of $3.57 as at 30 June 2013.

[1] The operating profit included in the table above has not been subject to specific review procedures by our auditor but has been extracted from Note 3 of the accompanying half year financial report.

[2] Restated for AASB11

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

REVIEW OF OPERATIONS

INVESTMENT PROPERTY

Business Overview

As at 30 June 2013, the Investment Property division had a total portfolio value of $2.3 billion comprising 69 investment properties, including 1 property under development. The portfolio is diversified across the industrial (50% by value) and office (50% by value) sectors and comprises 1.2 million sqm of lettable space. The total portfolio occupancy is 95.3% (by income, excluding properties held for sale or under development).

Operational Overview

The Investment Property division achieved an operating EBIT result of $96.2 million (HY12: $87.8m) before net property revaluation gains of $17.2 million (HY12: $33.8m) for the half year. The increase in operating EBIT reflects comparable rental growth of approximately 3.1% during the half year and the contribution from properties developed and completed in the prior year.

During the half year ended 30 June 2013 approximately 79,700 sqm of leasing activity has been undertaken, including:

- 15,200 sqm to Amcor at Rocklea, QLD for a term of 6.5 years;
- 14,000 sqm to L&L Products at Dandenong, VIC for a term of 10 years; and
- 12,350 sqm to Sumitomo at Epping, VIC for a term of 3 years.

Since the end of the half year, the 61,300 sqm facility leased to Coles at Smeaton Grange, NSW was extended for a further term of 5 years.

The sale of the Crest Hotel was completed during the period, and it is expected that the sale of 80 Alfred Street, Milsons Point, NSW will be completed before year end.

The Rhodes F office building in Sydney was completed in January 2013. The building is currently 63% leased with both Citigroup and Hewlett Packard committing to space. While tenant enquiry remains limited, the division is now targeting to have the building fully leased during the first half of 2014.

The 357 Collins Street office building in Melbourne was completed in December 2012, is currently 74% leased and is anchored by the Commonwealth Bank of Australia. Conditions in the Melbourne office market have softened over the last 12 months and while face rents are holding, incentives have increased. Despite the challenging leasing environment the division is now targeting to lease up the balance of the space over the next 6-9 months.

The Australand Wholesale Property Fund No.6 ('the Fund') was established in May 2007 as an unlisted Fund with a review event after 5 years. The Fund is managed by the Investment Property division and the Group owns approximately 28% of the vehicle. In June 2013, investors in the Fund voted to defer a wind up of the Fund and to seek alternate exit strategies.

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

INVESTMENT PROPERTY (CONTINUED)

Operational Overview (continued)

The Responsible Entity of the Fund is currently engaged in marketing the Fund and its portfolio of 8 commercial and industrial properties to provide unit holders with an opportunity to exit their investment in the Fund for cash.

It is currently expected that any sale of the Fund and its properties should be completed before the end of the fourth quarter of 2013.

Property Valuations and Portfolio Metrics

Property Valuations

The Investment Property portfolio was revalued at 30 June 2013, resulting in a net gain of $17.2 million for the period (including a net gain of $1.0 million, representing the Group's share of property revaluations in its associates and joint ventures). During the half year, independent valuations were undertaken on approximately 30% of the Investment Property portfolio (by value) in accordance with the Group's policy to independently revalue each investment property asset at least every two years.

Investment Property Portfolio Metrics

The average capitalisation rate for the Investment Property portfolio, as at 30 June 2013, was 8.06% (December 2012: 8.09%). The portfolio occupancy has decreased from 97.6% at 31 December 2012 to 95.3% at 30 June 2013 primarily due to the vacant space remaining at Rhodes F following its completion in January 2013 and a vacancy arising from a tenant default at an industrial facility in Dandenong during the half year.

The table below provides further detail on the portfolio metrics:

	30-Jun-13	31-Dec-12
Portfolio Value	$2.3 billion	$2.3 billion
Weighted Average Lease Expiry (by income)	5.4 years	5.5 years
Average Market Capitalisation Rate - Industrial	8.53%	8.59%
Average Market Capitalisation Rate - Office	7.59%	7.58%
Average Market Capitalisation Rate - Portfolio	8.06%	8.09%
Occupancy (by Income)	95.3%	97.6%

Note: The above metrics (except portfolio value) exclude assets held for sale or under development.

Outlook

The second half result is expected to be at least in line with the first half operating EBIT result as there are minimal lease expiries remaining in 2013. The second half result is expected to benefit from further leasing activity completed on the residual space at 357 Collins Street, Melbourne (currently 74% leased) and Rhodes F (currently 63% leased).

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

COMMERCIAL & INDUSTRIAL

Business Overview

The Commercial & Industrial division has a competitive advantage due to its national presence, well positioned landbank, broad customer base and integrated delivery platform. The division has a significant industrial land holding in the major markets of Melbourne, Sydney and Brisbane, which is 100% zoned.

Operational Overview

The Commercial & Industrial division achieved an operating EBIT result of $9.9 million for the half year (HY12: $9.9m[1]). Aggregate sales revenue for the half year was $108.2 million (HY12: $65.2m) due to the higher proportion of projects delivered to third parties rather than being retained by the Investment Property division. Buildings with a total net lettable area of 99,100 sqm were delivered along with land sales of 81,500 sqm.

Several major projects contributed to the result for the half year, including distribution facilities for Fastline at Derrimut in VIC, CEVA at Berrinba in QLD, Clifford Hallam Healthcare at Eastern Creek in NSW and Schenker at Altona in VIC.

During the period, the Australand Logistics Joint Venture with GIC committed to acquire $42 million of assets comprising the Clifford Hallam Healthcare and Office Max facilities at Eastern Creek in NSW, which are currently under development. This brings the total commitment of the joint venture to $378 million out of a targeted investment of $450 million. Discussions are currently underway with GIC to increase the targeted investment size of the joint venture.

Outlook

As at 30 June 2013, the Commercial & Industrial division had a forward workload of 146,000 sqm with the majority of the facilities being developed expected to be completed in the second half of 2013. Despite business conditions remaining challenging, further demand is expected from the major retailers and third party logistics providers given the level of enquiry currently in the market. In addition, investor appetite for prime well leased assets remains strong which is expected to underpin asset values in the medium term.

The division expects earnings to be stronger in the second half, given the projects currently underway that are expected to be completed before year end.

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[1] Restated for AASB11

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. The Group's Residential portfolio is diversified between land development activity and medium/high density infill developments where the Group's built form capabilities play an integral role in the development process.

Operational Overview

In the first half of 2013, the Residential division achieved an operating EBIT result of $22.3 million (HY12: $39.5m[1]). Aggregate sales revenue for the half year was $191.8 million (HY12: $259.5m).

Earnings were lower due to a reduced contribution from high margin land projects (Greenhills Beach, NSW and Greenvale, VIC) and a lower level of built form settlements in the first half. Sales activity for the period was up approximately 20% on first half 2012 which has led to a significant increase in contracts on hand.

Outlook

As at 30 June 2013, the Residential division held 1,793 sales contracts on hand with 51% of these expected to be recognised in the second half of 2013. The division's top twelve projects are expected to contribute approximately 80% of targeted Residential earnings for 2013 with sales targets for these projects 76% secured as at 30 June 2013.

2013 Top 12 Projects

	Type[2]	State	FY13 target lot sales[3]	Lot sales secured at 30 June 13	Expected average price
Burwood	H/MD	VIC	41	100%	$520k
Carlton	H/MD	VIC	123	95%	$550k
Clemton Park (JA)	H/MD	NSW	154	100%	$475k
Clyde North (JA/PDA)	Land	VIC	190	52%	$245k
Cockburn Central	H/MD	WA	78	115%	$440k
Cranbourne West	Land	VIC	130	38%	$205k
Greenhills Beach	Land	NSW	72	61%	$850k
Greenvale	Land	VIC	120	48%	$240k
Hamilton	H/MD	QLD	72	106%	$740k
Kangaroo Point	HD	QLD	21	43%	$1,140k
Lidcombe (JA)	H/MD	NSW	90	100%	$700k
Port Coogee	Land	WA	29	97%	$560k

Earnings for the Residential division are anticipated to be significantly stronger in the second half of the year with the expected completion and settlement of approximately $330 million of built form product before year end. Overall, full year EBIT from the division is expected to be similar to 2012.

[1] Restated for AASB11
[2] H/MD – housing/medium density, HD – high density
[3] Figures include 100% of Joint Arrangements ('JA') and PDAs

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

CAPITAL MANAGEMENT

As at 30 June 2013, the Group’s interest bearing debt was $1,466 million (31 December 2012: $1,393m[1]) and gearing[2] was 33.0%, which is within the Group’s target range of 25% - 35%.

The average cost of debt for the half year ended 30 June 2013 was 7.5% (FY12: 7.7%). As at 30 June 2013, interest rates on 78% of the Group’s interest bearing debt were fixed by hedge instruments. The market value of the derivative book represented a liability of $95.5 million (31 December 2012: liability of $122.5m) reflecting the movement in the forward yield curve since 31 December 2012. $17.3 million of the reduction in this liability has been credited to reserves and $9.7 million has been recognised as an unrealised gain in the income statement for the half year. This is in accordance with Australian Accounting Standards.

In addition to the above derivative liability, a derivative asset of $37.8 million (31 December 2012: $21.7m) has been recognised in relation to the cross currency interest rate swap associated with the USPP debt.

A $100 million tranche of the Group’s corporate debt facilities is maturing in September 2013 and will be repaid from undrawn facilities and cash, which as at 30 June 2013 totalled $420 million.

[1] Restated for AASB11.

[2] Gearing is defined as interest bearing debt to total tangible assets, cash adjusted, based on the drawn amount of debt excluding fair value adjustments and associated derivative financial instruments.

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

CORPORATE UPDATE

In December 2012 the Group announced that it had received a highly conditional proposal from GPT to acquire the Group's Investment Property and C&I businesses. After detailed consideration, the proposal was rejected by the Australand Board. Subsequently, CapitaLand Limited, which owns 59.3% of the Group announced in January 2013 that it was undertaking a strategic review of its investment in Australand.

Given the proposal from GPT and CapitaLand's strategic review, the Group decided to make confidential information available to selected parties.

Several indicative proposals were received for parts and all of the business during the process. However, no proposal was able to be developed that was superior to business as usual. Accordingly, the Australand Board decided to conclude the process and continue with the execution of the Group's previously stated strategic objectives.

CapitaLand has announced that it has completed its strategic review and that Australand will continue as a key investment for CapitaLand.

OUTLOOK

While market conditions are expected to remain challenging, the Group currently expects to deliver growth in operating earnings per security of 3-4% for the full year 2013. This outlook is supported by:

- Fixed increases in rental income from the Investment Property portfolio and full year contributions from internal developments;
- A solid forward workload in the Commercial & Industrial division, including 9 projects with an end value of approximately $235 million due to reach practical completion in the second half; and
- A significant number of contracts on hand in the Residential division which are expected to be recognised in the second half of the year.

An interim distribution of 10.5 cents per stapled security will be paid on 7 August 2013. The Group currently expects to pay a final distribution of 11.0 cents per stapled security for the second half, resulting in full year distributions of 21.5 cents per stapled security. This is in line with previous guidance.

DIRECTORS' REPORT

Directors

The following persons were directors of the Boards of Australand Holdings Limited, Australand Property Limited and Australand Investments Limited during the half year ended 30 June 2013 and up to the date of this report:

Olivier **Lim** (Chairman)
Paul Dean **Isherwood**, AO (Deputy Chairman and Lead Independent Director)
Robert William **Johnston** (Managing Director)
Beth May **Laughton**
Lui Chong Chee
Nancy Jane **Milne**, OAM
Stephen Eric **Newton**
Robert Edward **Prosser**

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 - 2012	11.0 cents	63,453	8 February 2013
Interim - 2013	10.5 cents	60,724	7 August 2013

Review of operations and results

Refer to the 'management discussion and analysis of financial performance and review of operations' (MD&A) section on pages 3-9 for further explanation of the results.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

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, 24 July 2013

pwc

Auditor's Independence Declaration

As lead auditor for the review of Australand Holdings Limited for the half-year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Australand Holdings Limited and the entities it controlled during the period.

N R McConnell
Partner
PricewaterhouseCoopers

Sydney
24 July 2013

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Consolidated income statement
For the half year ended 30 June 2013

	Notes	June 2013 $'000	June 2012 $'000
Revenue from continuing operations	2	**391,510**	430,483
Cost of properties sold		**(208,061)**	(246,713)
Share of net profits of joint ventures and associates accounted for using the equity method		**2,929**	3,915
Investment property expenses		**(21,911)**	(19,227)
Management and administration expenses		**(35,990)**	(38,548)
Depreciation		**(2,604)**	(1,854)
Finance costs	3(c)(iii)	**(21,795)**	(40,354)
Other expenses		**(21,167)**	(19,434)
Amortisation of lease incentives		**(2,048)**	(1,567)
Net gains from fair value adjustments on investment property		**18,238**	35,465
Profit before income tax		**99,101**	102,166
Income tax expense		**-**	-
Net profit		**99,101**	102,166
Net profit attributable to ASSETS hybrid equity holders (non- controlling interest)		**(10,686)**	(12,494)
Net profit attributable to stapled securityholders of Australand		**88,415**	89,672
Attributable to:			
Equity holders of AHL and APT		**70,509**	59,466
Equity holders of other stapled entities (non-controlling interest):			
- Australand Property Trust No. 4 (APT4)		**12,591**	24,543
- Australand Property Trust No. 5 (APT5)		**5,315**	5,663
Net profit attributable to stapled securityholders of Australand		**88,415**	89,672
Earnings per stapled security for profit attributable to ordinary equity holders of AHL and APT:			
Basic and diluted earnings per stapled security (parent entity)	4	**12.2 cents**	10.3 cents
The above income statement should also be read in conjunction with the accompanying notes, including Note 4 which presents the following earnings per stapled security for profit attributable to the stapled securityholders:			
Basic and diluted earnings per stapled security	4	**15.3 cents**	15.5 cents

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

Consolidated statement of comprehensive income
For the half year ended 30 June 2013

	June 2013 $'000	June 2012 $'000
Net profit	**99,101**	102,166
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Changes in the fair value of cash flow hedges	**20,824**	(29,018)
Share of associate and joint venture changes in the fair value of cash flow hedges	**76**	332
Other comprehensive income for the half year	**20,900**	(28,686)
Total comprehensive income for the half year	**120,001**	73,480
Total comprehensive income for the half year is attributable to:		
Equity holders of AHL and APT	**91,409**	30,780
Equity holders of other stapled entities (non-controlling interest):		
- Australand Property Trust No. 4 (APT4)	**12,591**	24,543
- Australand Property Trust No. 5 (APT5)	**5,315**	5,663
Other non-controlling interests (ASSETS)	**10,686**	12,494
	120,001	73,480

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

Consolidated balance sheet
As at 30 June 2013

	Note	June 2013 $'000	Dec 2012 $'000
Current assets			
Cash and cash equivalents		**110,124**	92,222
Receivables		**149,492**	158,174
Inventories		**331,218**	358,206
Other assets		**8,192**	8,040
		599,026	616,642
Investment properties held for sale		**49,000**	114,000
Total current assets		**648,026**	730,642
Non-current assets			
Receivables		**63,159**	57,166
Inventories		**872,298**	792,882
Investments accounted for using the equity method		**118,685**	126,489
Investment properties		**2,337,122**	2,286,043
Derivative financial instruments		**37,769**	21,715
Plant and equipment		**31,494**	33,692
Deferred tax assets		**30,212**	30,212
Other assets		**4,203**	5,069
Total non-current assets		**3,494,942**	3,353,268
Total assets		**4,142,968**	4,083,910
Current liabilities			
Payables		**106,012**	123,067
Borrowings		**129,076**	116,812
Derivative financial instruments		**25,380**	33,764
Provisions		**87,854**	93,083
Land vendor liabilities		**36,662**	50,801
Total current liabilities		**384,984**	417,527
Non-current liabilities			
Borrowings		**1,336,965**	1,276,356
Derivative financial instruments		**70,137**	88,695
Provisions		**6,140**	5,942
Land vendor liabilities		**11,724**	11,564
Total non-current liabilities		**1,424,966**	1,382,557
Total liabilities		**1,809,950**	1,800,084
Net assets		**2,333,018**	2,283,826
Equity			
Equity holders of AHL and APT:			
Contributed equity		**1,745,150**	1,741,986
Reserves		**(62,956)**	(80,405)
Accumulated losses		**(64,880)**	(86,809)
		1,617,314	1,574,772
Equity holders of APT4 and APT5 (non-controlling interest)		**447,046**	440,396
Stapled security holders interest in the Group	**6**	**2,064,360**	2,015,168
ASSETS hybrid equity		**268,658**	268,658
Total equity		**2,333,018**	2,283,826

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

AUSTRALAND HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
HALF YEAR REPORT: 30 JUNE 2013

Consolidated statement of cash flows
For the half year ended 30 June 2013

	June 2013 $'000	June 2012 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**393,004**	381,130
Payments to suppliers and employees (inclusive of goods and services tax)	**(318,356)**	(211,059)
Interest received	**847**	2,512
Interest paid	**(51,475)**	(49,890)
Income tax paid	**-**	-
	24,020	122,693
Distributions received from joint venture entities	**483**	318
Distributions received from associate entities	**4,423**	3,503
Payment for land acquisitions	**(31,008)**	(15,478)
Net cash (outflows)/inflow from operating activities	**(2,082)**	111,036
Cash flows from investing activities		
Net investment in joint venture entities	**11,304**	200
Net investment in associate entities	**(6,489)**	(17,979)
Proceeds from sale of investment properties	**72,030**	72,065
Payments for development and acquisition of investment properties	**(42,481)**	(63,673)
Payments for plant and equipment	**(406)**	(7,128)
Net cash inflow/(outflow) from investing activities	**33,958**	(16,515)
Cash flows from financing activities		
Proceeds from borrowings	**165,367**	720,361
Repayment of borrowings	**(105,000)**	(740,942)
Dividends and trust distributions paid	**(63,453)**	(63,453)
Distributions to non-controlling interests (ASSETS)	**(10,888)**	(12,904)
Payment to satisfy vested PRP entitlements	**-**	(3,905)
Proceeds from issue of stapled securities (net of transaction costs)	**-**	(23)
Net cash outflow from financing activities	**(13,974)**	(100,866)
Net increase/(decrease) in cash	**17,902**	(6,345)
Cash at the beginning of the half year	**92,222**	100,198
Cash at the end of the half year	**110,124**	93,853

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

Consolidated statement of changes in equity
For the half year ended 30 June 2013

Consolidated	Contributed equity $000's	Reserves $000's	Accumulated losses $000's	Total $000's	Non-controlling interest* $000's	Total equity $000's
	Attributable to owners of Australand Holdings Limited					
Balance at 1 January 2013	1,741,986	(80,405)	(86,809)	1,574,772	709,054	2,283,826
Total comprehensive income for the half year attributable to:						
AHL and APT (parent)	-	20,900	70,509	91,409	-	91,409
APT4 and APT5 (non-controlling interest)	-	-	-	-	17,906	17,906
Other non-controlling interest	-	-	-	-	10,686	10,686
Total comprehensive income for the half year	-	20,900	70,509	91,409	28,592	120,001
Represented by:						
Profit for the half year	-	-	70,509	70,509	28,592	99,101
Other comprehensive income	-	20,900	-	20,900	-	20,900
Total comprehensive income for the half year	-	20,900	70,509	91,409	28,592	120,001
Transactions with equity holders:						
Contributions of equity, net of transaction costs	3,164	-	-	3,164	885	4,049
Security based payments	-	(3,451)	-	(3,451)	-	(3,451)
Dividends and distributions provided for or paid (Note 5)	-	-	(48,579)	(48,579)	(12,145)	(60,724)
Distributions provided for or paid to ASSETS hybrid equity holders (non-controlling interest)	-	-	-	-	(10,686)	(10,686)
	3,164	(3,451)	(48,579)	(48,866)	(21,946)	(70,812)
Balance at 30 June 2013	1,745,150	(62,956)	(64,880)	1,617,314	715,704	2,333,018
Balance at 1 January 2012	1,742,001	(42,306)	(107,748)	1,591,947	674,057	2,266,004
Total comprehensive income for the half year attributable to:						
AHL and APT (parent)	-	(28,686)	59,466	30,780	-	30,780
APT4 and APT5 (non-controlling interest)	-	-	-	-	30,206	30,206
ASSETS (other non-controlling interest)	-	-	-	-	12,494	12,494
Total comprehensive income for the half year	-	(28,686)	59,466	30,780	42,700	73,480
Represented by:						
Profit for the half year	-	-	59,466	59,466	42,700	102,166
Other comprehensive income	-	(28,686)	-	(28,686)	-	(28,686)
Total comprehensive income for the half year	-	(28,686)	59,466	30,780	42,700	73,480
Transactions with equity holders:						
Contributions of equity, net of transaction costs	(15)	-	-	(15)	(8)	(23)
Security based payments	-	(3,350)	-	(3,350)	-	(3,350)
Dividends and distributions provided for or paid (Note 5)	-	-	(49,033)	(49,033)	(11,536)	(60,569)
Distributions provided for or paid to ASSETS hybrid equity holders (non-controlling interest)	-	-	-	-	(12,494)	(12,494)
	(15)	(3,350)	(49,033)	(52,398)	(24,038)	(76,436)
Balance at 30 June 2012	1,741,986	(74,342)	(97,315)	1,570,329	692,719	2,263,048

* Non-controlling interest includes Australand Property Trust No. 4, Australand Property Trust No. 5 and ASSETS.

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

Notes to the financial statements

1. Basis of preparation of half year report

This condensed consolidated interim financial report for the half year reporting period ended 30 June 2013 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Australand's half year financial report represents the consolidated half year financial report of Australand Holdings Limited and its controlled entities.

This condensed financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2012 and any public announcements made by Australand during the interim reporting period and up to the date of this report in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Prior period reclassifications have been made where it improves comparability of amounts from period to period. The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period, except as set out below.

(a) Changes in accounting policy

Several new or revised accounting standards became effective for the annual reporting period commencing on 1 January 2013. The affected policies and standards are set out below.

AASB 10 *Consolidated Financial Statements* (AASB 10) and AASB 11 *Joint Arrangements* (AASB 11) impact the policy dealing with the principles of consolidation.

AASB 13 *Fair Value Measurement* has been adopted for the first time in the June 2013 half-year report. This standard has introduced new disclosures for the interim report and has not affected the Group's carrying amounts recognised in these financial statements.

(i) Principles of consolidation – subsidiaries and joint arrangements

AASB 10 was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements* and in Interpretation 112 *Consolidation – Special Purpose Entities*. Under the new principles, the Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group has reviewed its investments in other entities to assess whether the consolidation conclusion in relation to these entities is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

Under AASB 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. Australand has assessed the nature of its joint arrangements and determined it has both joint operations and joint ventures.

The accounting for the Group's joint ventures has not changed as a result of the adoption of AASB 11. The Group continues to account for these using the equity method. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

1. Basis of preparation of half year report (continued)

(a) Changes in accounting policy (continued)

(i) Principles of consolidation – subsidiaries and joint arrangements (continued)

The Group has arrangements, however, that are now accounted for as joint operations (recognising its share of assets, liabilities, revenue and expenses) which have been previously accounted for using the equity method. These operations are now accounted for by combining the Group's share of the jointly controlled entities' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements.

As required under AASB 11, the change in policy has been applied retrospectively and, as a consequence, adjustments were recognised in the balance sheet as of 1 January 2012.

The tables below show the effect of the change in accounting policy on individual line items in the financial statements.

	Prior half-year restatement		
Income Statement (extract)	**30 Jun 12 (Previously stated) $000**	**Profit Increase/ (Decrease) $000**	**30 Jun 12 (Restated) $000**
Revenue from continuing operations	392,915	37,568	430,483
Cost of properties sold	(212,675)	(34,038)	(246,713)
Share of net profits of joint ventures and associates accounted for using equity method	7,445	(3,530)	3,915
Profit for the period	**102,166**	**-**	**102,166**
Other comprehensive income for the period	(28,686)	-	(28,686)
Total comprehensive income for the period	**73,480**	**-**	**73,480**

	Prior half-year restatement		
Statement of cash flows (extract)	**30 Jun 12 (Previously stated) $000**	**Cash Increase/ (Decrease) $000**	**30 Jun 12 (Restated) $000**
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)	355,012	26,118	381,130
Payments to suppliers and employees (inclusive of goods and services tax)	(184,412)	(26,647)	(211,059)
Interest paid	(48,013)	(1,877)	(49,890)
Distribution received from joint venture entities	3,700	(3,382)	318
Payment for land acquisitions	(9,528)	(5,950)	(15,478)
Net cash flows from operating activities	**122,774**	**(11,738)**	**111,036**
Cash flows from investing activities			
Net investment in Joint venture entities	(5,587)	5,787	200
Net cash flows from investing activities	**(22,302)**	**5,787**	**(16,515)**
Cash flows from financing activities			
Proceeds from borrowings	684,400	35,961	720,361
Repayment of borrowings	(710,000)	(30,942)	(740,942)
Net cash flows from financing activities	**(105,885)**	**5,019**	**(100,866)**
Net movements in cash flows	**(5,413)**	**(932)**	**(6,345)**

1. Basis of preparation of half year report (continued)

(a) Changes in accounting policy (continued)

(i) Principles of consolidation – subsidiaries and joint arrangements (continued)

	Prior period restatement					
Balance Sheet (extract)	**31 Dec 12 (Previously stated) $000**	**Increase/ (Decrease) $000**	**31 Dec 12 (Restated) $000**	**1 Jan 12 (Previously stated) $000**	**Increase/ (Decrease) $000**	**1 Jan 12 (Restated) $000**
Current assets						
Cash and cash equivalents	76,059	16,163	92,222	93,286	6,912	100,198
Receivables	143,282	14,892	158,174	142,456	10,010	152,466
Inventories	308,893	49,313	358,206	372,802	53,025	425,827
Other assets	7,049	991	8,040	9,787	104	9,891
Non-current assets						
Receivables	57,166	-	57,166	48,001	12,689	60,690
Inventories	628,381	164,501	792,882	724,268	156,324	880,592
Investments accounted for using the equity method	271,992	(145,503)	126,489	234,067	(121,692)	112,375
Total assets	**3,983,553**	**100,357**	**4,083,910**	**3,953,338**	**117,372**	**4,070,710**
Current liabilities						
Payables	80,339	42,728	123,067	72,038	40,704	112,742
Land vendors	33,451	17,350	50,801	32,723	5,950	38,673
Borrowings	100,000	16,812	116,812	-	21,027	21,027
Non-current liabilities						
Land vendors	11,564	-	11,564	27,088	17,350	44,438
Borrowings	1,252,889	23,467	1,276,356	1,381,810	32,341	1,414,151
Total liabilities	**1,699,727**	**100,357**	**1,800,084**	**1,687,334**	**117,372**	**1,804,706**
Net assets	**2,283,826**	**-**	**2,283,826**	**2,266,004**	**-**	**2,266,004**

2. Revenue

	June 2013 $'000	**June 2012 $'000**
Sales revenue		
Property development sales	**236,428**	299,442
Rent from investment properties	**116,156**	105,689
	352,584	405,131
Other revenue		
Interest received or receivable	**847**	2,512
Management fees from joint arrangements	**9,139**	8,147
Other income from joint arrangements	**9,852**	4,222
Sundry income	**19,088**	10,471
	38,926	25,352
Revenue from continuing operations	**391,510**	430,483

3. Segment information

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

(a) SEGMENT RESULT

June 2013

Operating Segment Summary ($'000)	Residential	Commercial & Industrial	Total Developer	Investment Property	Corporate	Consolidated
Revenue	**191,789**	**108,156**	**299,945**	**120,799**	**4,328**	**425,072**
Less: Property development sales revenue from joint ventures	(26,911)	(6,651)	(33,562)	-	-	**(33,562)**
Segment Revenue	**164,878**	**101,505**	**266,383**	**120,799**	**4,328**	**391,510**
Segment result before interest and equity accounted results	24,753	9,692	34,445	92,044	-	**126,489**
Share of net (losses)/profits of associates and joint ventures accounted for using the equity method	(2,406)	214	(2,192)	4,107	-	**1,915**
Unallocated corporate costs	-	-	-	-	(9,362)	**(9,362)**
Earnings Before Interest and Tax	**22,347**	**9,906**	**32,253**	**96,151**	**(9,362)**	**119,042**
Capitalised interest in cost of goods sold & other interest						**(46,846)**
Interest income						**847**
Operating Profit Before Tax						**73,043**
Income tax expense on operating activities						**-**
Net profit attributable to ASSETS hybrid equity holders (non-controlling interest)						**(10,686)**
Net Operating Profit After Tax[1]						**62,357**
Revaluation gains on investment properties held[2]						**16,560**
Revaluation gains on investment properties under construction[3]						**2,692**
Amortisation of lease incentives						**(2,048)**
Unrealised gain on interest rate derivatives						**9,666**
Corporate activity expenses						**(812)**
Net Profit Attributable to Stapled Securityholders of Australand						**88,415**

[1] Net Operating Profit After Tax reflects the Group's statutory result adjusted to reflect its operating performance after finance costs and taxes. This measure of profit is in line with Funds From Operations (FFO) as defined within the Property Council of Australia's guidelines.

[2] Includes $1,014,000 relating to share of joint venture and associate's revaluation gains.

[3] The revaluation gains on investment properties under construction are included in the return on average capital employed calculation for the Commercial & Industrial division

3. Segment information (continued)

June 2012

Operating Segment Summary ($'000)	Residential	Commercial & Industrial	Total Developer	Investment Property	Corporate	Consolidated
Revenue	**259,511**	**65,208**	**324,719**	**112,779**	**2,140**	**439,638**
Less: Property development sales revenue from joint ventures	(6,832)	(2,323)	(9,155)	-	-	**(9,155)**
Segment Revenue	**252,679**	**62,885**	**315,564**	**112,779**	**2,140**	**430,483**
Segment result before interest and equity accounted results	39,045	9,516	48,561	84,620	-	**133,181**
Share of net profits of associates and joint ventures accounted for using the equity method	489	396	885	3,164	-	**4,049**
Unallocated corporate costs	-	-	-	-	(12,626)	**(12,626)**
Earnings Before Interest and Tax	**39,534**	**9,912**	**49,446**	**87,784**	**(12,626)**	**124,604**
Capitalised interest in cost of goods sold & other interest						**(46,468)**
Interest income						**2,512**
Operating Profit Before Tax						**80,648**
Income tax expense on operating activities						**-**
Net profit attributable to ASSETS hybrid equity holders (non-controlling interest)						**(12,494)**
Net Operating Profit After Tax[1]						**68,154**
Revaluation gains on investment properties held[2]						**25,331**
Revaluation gains on investment properties under construction[3]						**10,000**
Amortisation of lease incentive						**(1,567)**
Unrealised losses on interest rate derivatives						**(12,246)**
Net Profit Attributable to Stapled Securityholders of Australand						**89,672**

1. Net Operating Profit After Tax reflects the Group's statutory result adjusted to reflect its operating performance after finance costs and taxes. This measure of profit is in line with Funds From Operations (FFO) as defined within the Property Council of Australia's guidelines.
2. Includes $134,000 relating to share of joint venture and associate's revaluation losses.
3. The revaluation gains on investment properties under construction are included in the return on average capital employed calculation for the Commercial & Industrial division.

3. Segment information (continued)

(b) SEGMENT BALANCE SHEET

June 2013

Operating Segment Summary ($'000)	Residential	Commercial & Industrial	Total Developer	Investment Property	Corporate	Consolidated
Total segment assets[1]	1,037,593	391,135	1,428,728	2,563,471	150,769	**4,142,968**
Total segment borrowings	761,709	284,579	1,046,288	419,753	-	**1,466,041**
Total liabilities	879,715	298,579	1,178,294	613,668	17,988	**1,809,950**
Investments in associate and joint venture entities	(393)[2]	8,968	8,575	110,110	-	**118,685**

December 2012

Operating Segment Summary ($'000)	Residential	Commercial & Industrial	Total Developer	Investment Property	Corporate	Consolidated
Total segment assets[1]	1,014,071	392,506	1,406,577	2,546,370	130,963	**4,083,910**
Total segment borrowings	671,327	274,520	945,847	447,321	-	**1,393,168**
Total liabilities	812,051	290,985	1,103,036	676,837	20,211	**1,800,084**
Investments in associate and joint venture entities	14,180[2]	9,401	23,581	102,908	-	**126,489**

1. Total segment assets include investments in associates and joint venture entities.
2. Includes deferred income associated with the establishment of joint ventures.

(c) OTHER SEGMENT INFORMATION

	June 2013 $'000	June 2012 $'000
(i) Depreciation expense (Corporate)	**(2,604)**	(1,854)
(ii) Share of net profits of joint ventures and associates		
Share of operating profits (segment note)	**1,915**	4,049
Share of property revaluations gains/(losses)	**1,014**	(134)
Share of net profits of associates and joint ventures accounted for using the equity method (income statement)	**2,929**	3,915
(iii) Finance costs		
Capitalised interest in cost of goods sold and other interest (segment note)	**46,846**	46,468
Interest previously capitalised expensed in cost of properties sold	**(15,385)**	(18,360)
Unrealised (gains)/losses on interest rate derivatives	**(9,666)**	12,246
Finance costs (income statement)	**21,795**	40,354

4. Earnings per stapled security

	June 2013	June 2012
(i) Basic and diluted earnings per stapled security	**15.3 cents**	15.5 cents
(ii) Basic and diluted earnings per stapled security (parent entity)	**12.2 cents**	10.3 cents

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

	$'000	$'000
Consolidated		
(i) Basic and diluted earnings per stapled security		
Net profit after tax	**88,415**	89,672
Earnings used in calculating basic earnings per stapled security	**88,415**	89,672
Parent Entity*		
(ii) Basic and diluted earnings per stapled security		
Net profit after tax	**70,509**	59,466
Earnings used in calculating basic earnings per stapled security	**70,509**	59,466

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

(b) Weighted average number of stapled securities used	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	**577,810,203**	576,846,597

5. Distributions

Distributions recognised in the current period by AHL, APT, APT4 and APT5 are:

June 2013	Payment per Share/Unit	Total Amount $'000	Date of Payment	Tax Rate for Franking Credit or Tax Deferred %	Percentage Franked %
Units					
Interim distribution	**10.5 cents**	**60,724**	7 August 2013	-	-
Total distribution	**10.5 cents**	**60,724**			

No dividends were paid in relation to the ordinary shares in the half year ended 30 June 2013.

The Australand Dividend/Distribution Reinvestment Plan (DRP) is currently suspended.

5. Distributions (continued)

June 2012	Payment per Share/Unit	Total Amount $'000	Date of Payment	Tax Rate for Franking Credit or Tax Deferred %	Percentage Franked %
Units					
Interim distribution	10.5 cents	60,569	7 August 2012	-	-
Total distribution	10.5 cents	60,569			

Franking credits	June 2013 $'000	June 2012 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (HY12: 30%)	**58,519**	60,060

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. 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 any 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.

6. 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 (collectively Australand Property Group).

AHL is identified as the acquirer of APT 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 IFRS, APT has been identified as the acquirer and the results and equity of APT4 and APT5 are presented as non-controlling 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 AHL 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 non-controlling interest, the stapled securityholders of AHL and APT are the same as the stapled securityholders of APT4 and APT5.

6. Equity (continued)

	Notes	June 2013 $'000	December 2012 $'000
Capital and reserves attributable to stapled securityholders as:			
Equity holders of AHL and APT			
Contributed equity		**1,745,150**	1,741,986
Reserves	6(a)	**(62,956)**	(80,405)
Accumulated losses	6(b)	**(64,880)**	(86,809)
Parent interest		**1,617,314**	1,574,772
Equity holders of other stapled entities – APT4 and APT5 (non-controlling interest)			
Contributed equity		**380,743**	379,855
Reserves	6(a)	**(10,601)**	(10,601)
Retained profits	6(b)	**76,904**	71,142
Equity holders of other stapled entities – APT4 and APT5 (non-controlling interest)		**447,046**	440,396
Stapled securityholders interest in the Group		**2,064,360**	2,015,168

(a) Reserves

	Notes	June 2013 $'000	December 2012 $'000
Hedging reserve			
Hedging reserve (cash flow hedges) – AHL and APT	(i)	**(66,995)**	(87,895)
Security-based payments reserve			
Security-based payments reserve – AHL	(ii)	**4,039**	7,490
		(62,956)	(80,405)
Capital redemption reserve			
Capital redemption reserve – APT4 and APT5	(iii)	**(10,601)**	(10,601)
Total reserves – stapled securityholders		**(73,557)**	(91,006)

6. Equity (continued)

	June 2013 $'000	December 2012 $'000
Movements in above stapled securityholders reserves comprise (December comparatives are full year movements):		
(i) Hedging reserve – cash flow hedges		
Opening balance	**(87,895)**	(52,712)
Share of changes in the fair value of cash flow hedges of associates	**76**	627
Changes in fair value of cash flow hedges	**20,824**	(35,810)
Closing balance	**(66,995)**	(87,895)
(ii) Security-based payments reserve		
Opening balance	**7,490**	10,406
Securities issued to satisfy vested PRP entitlements	**(4,049)**	(3,905)
Expense relating to share based payments	**598**	989
Closing balance	**4,039**	7,490
(iii) Capital redemption reserve		
Opening and closing balance	**(10,601)**	(10,601)
(b) Accumulated losses		
Equity holders of AHL and APT	**(64,880)**	(86,809)
Other stapled entities:		
- Australand Property Trust No. 4	**65,410**	60,915
- Australand Property Trust No. 5	**11,494**	10,226
	76,904	71,142
Stapled securityholders interest in retained earnings/(accumulated losses)	**12,024**	(15,667)
Movements in above total stapled securityholders interests in retained earnings/(accumulated losses):		
Opening balance	**(15,667)**	(71,611)
Net profit attributable to the stapled securityholders of Australand	**88,415**	179,966
Dividends/distributions	**(60,724)**	(124,022)
Closing balance	**12,024**	(15,667)

6. Equity (continued)

(c) 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 in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the income statement.

(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.

(d) Movements in contributed equity

	2013 No. of stapled securities	2012 No. of stapled securities	2013 $'000	2012 $'000
At 1 January	576,846,597	576,846,597	2,121,841	2,121,864
Securities issued during the period	1,478,073	-	4,049	-
Australand Employee Securities Ownership Plan (including costs)	-	-	-	(23)
At 30 June	578,324,670	576,846,597	2,125,890	2,121,841

7. Fair Value Measurement of Financial Instruments

(a) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement purposes. The Group uses a variety of methods to calculate the value of financial instruments and makes assumptions that are based on market conditions existing at each balance date. The fair value of interest rate derivatives is calculated as the present value of the estimated future cash flows. The carrying value of trade and other receivables (less impairment provisions), payables and financial liabilities is a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(b) Fair Value Hierarchy

AASB 13: Fair Value Measurement (AASB 13) requires disclosure of fair values, for each of the following measurement categories:

(i) where the fair value is measured using quoted prices (unadjusted in active markets for identical assets or liabilities (level 1));
(ii) where the fair value is measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
(iii) where the fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The fair value of the Group's derivatives (interest rate derivatives and cross currency swaps) as at 30 June 2013 is a net liability of $57.7 million (Dec 2012: $100.7 million). These are classified as level 2 financial liabilities.

8. 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.

	June 2013 $'000	December 2012 $'000
Performance bank guarantees outstanding	**50,921**	36,158
Financial bank guarantees outstanding	**1,327**	1,553
Insurance bonds outstanding	**58,199**	54,809
	110,447	92,520

The Group has also provided commercial guarantees and indemnities in relation to its joint arrangements. At 30 June 2013 the Group's share of financial and performance guarantees were $17,580,000 (December 2012: $17,580,000) and $nil (December 2012: $nil), 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 to be material to the Group.

(d) Due to the nature of the Group's operations, which can involve complex financing structures and joint venture arrangements, the Australian Tax Office (ATO) periodically reviews and queries the taxation treatment of various transactions, which could result in additional tax being levied. The Group is currently in discussions with the ATO in relation to a number of such transactions but no assessments have been issued and no additional taxes have been levied in relation to such transactions. The Group is confident that past taxation treatments are sound and in accordance with tax law.

In December 2012, the Group lodged an objection in relation to the amended assessments of $4.3 million received from the ATO in November 2012 with regard to the 2003 – 2008 tax periods. As at 30 June 2013, the objections process has progressed, but is yet to be finalised.

9. Events occurring after the balance sheet date

There have been no significant events or transactions that have arisen since 30 June 2013 which, in the opinion of the directors, would affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity.

10. Other information

(a) 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 associates and joint venture entities:

	June 2013 $'000	June 2012 $'000
Revenues	**44,515**	15,452
Expenses	**(41,586)**	(11,537)
Profit	**2,929**	3,915

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

Equity accounted joint venture and associated entities Name of entity	Percentage of ownership interest held at end of period or date of disposal Current period %	Previous period[1] %	Contribution to profit/(loss) before income tax June 2013 $'000	June 2012[1] $'000
Australand Apartments No. 6 Pty Limited	**50**	50	**-**	(28)
Australand Logistics JV	**19.9**	19.9	**2,167**	2,096
Australand Residential Trust	**50**	50	**(2,142)**	237
Australand Retail Trust	**50**	50	**143**	(514)
Australand Wholesale Property Fund No. 6	**28**	28	**2,810**	1,447
CIP ALZ (BBP) Trust	**50**	50	**-**	64
CIP ALZ (MA) Trust	**50**	50	**214**	324
Croydon Development Trust	**50**	50	**(126)**	137
Torquay Co-Venture	**-**	50	**-**	179
Total			**3,066**	3,942
Other			**(137)**	(27)
Total			**2,929**	3,915

[1] Restated for AASB11

Directors' declaration

For the half year ended 30 June 2013

In the directors' opinion:

(a) the financial statements for Australand Holdings Limited and its controlled entities for the half year ended 30 June 2013 and notes to the financial statements set out on pages 12 to 29 are in accordance with the *Corporations Act 2001*, and:

(i) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the half year ended on that date; and

(b) there are reasonable grounds to believe that Australand Holdings Limited and its controlled entities will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Bob Johnston
Managing Director

Sydney, 24 July 2013

Independent auditor's review report to the members of Australand Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australand Holdings Limited , which comprises the consolidated balance sheet as at 30 June 2013, and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Australand Holdings Limited Group (the consolidated entity). The consolidated entity comprises both Australand Holdings Limited and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australand Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Independent auditor's review report to the members of Australand Holdings Limited (continued)

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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N R McConnell
Partner

Sydney
24 July 2013