APPENDIX 4D
GOODMAN GROUP
(comprising Goodman Limited, Goodman Industrial Trust and Goodman Logistics (HK) Limited)
RESULTS FOR ANNOUNCEMENT TO THE MARKET
For the half year ended 31 December 2013

The Appendix 4D should be read in conjunction with the annual report of Goodman Limited for the year ended 30 June 2013. The information included in the Appendix 4D and the interim financial report for the half year ended 31 December 2013 comprises all the information required by ASX Listing Rule 4.2A.

Highlights of results	31 Dec 13	31 Dec 12	Change	
Revenue and other income ($M)	788.8	507.9	**up**	55.3%
Operating profit (before specific non-cash and other significant items) attributable to Securityholders ($M)	296.0	265.7	**up**	11.4%
Profit (statutory) attributable to Securityholders ($M)	160.4	154.6	**up**	3.8%
Total comprehensive income (statutory) ($M)	433.9	200.8	**up**	116.1%
Diluted operating profit per security (cents)	17.2	16.1	**up**	6.9%
Interim distribution per GMG security (cents)	10.35	9.70	**up**	6.7%
Interim distribution ($M)	177.9	166.2	**up**	7.0%
Franked amount per security/share (cents)	-	-	-	0.0%
Conduit foreign income	-	-	-	0.0%
Record date for determining entitlements to the distributions	31 Dec 13	31 Dec 12		
Date interim distribution is payable	21 Feb 2014	28 Feb 2013		

Distribution reinvestment plan
Goodman Group’s Distribution Reinvestment Plan (DRP) will operate in respect to the interim 2014 distribution.

	31 Dec 13	31 Dec 12	Change	
Total assets ($M)	9,358.8	8,412.7	**up**	11.2%
Total liabilities ($M)	3,361.0	2,763.2	**up**	21.6%
Net assets ($M)	5,997.8	5,649.5	**up**	6.2%
Net tangible assets per security/share (cents)	273.0	264.0	**up**	3.4%
Total borrowings to net assets ratio (%)	38.5	38.1	**up**	1.1%
Contributed equity ($M)	7,804.8	7,806.2	**down**	(0.0%)
Security price ($)	4.730	4.330	**up**	9.2%
Number of securities on issue on the ASX (M)	1,718.7	1,713.2	**up**	0.3%
Market capitalisation ($M)	8,129.7	7,418.2	**up**	9.6%
Number of Securityholders	17,061	17,207	**down**	(0.8%)

Controlled entities acquired or disposed
There were no material acquisitions or disposals of controlled entities during the half year.

Associates and joint venture entities
Goodman's Group's associates are set out in note 9 to the financial statements.

Goodman Group's joint venture entities are set out below:

- KWASA Goodman Industrial Trust
- KWASA Goodman Germany
- Goodman Australia Development Fund
- Goodman Princeton Holdings (Lux) Sàrl
- Goodman Princeton Holdings (Jersey) Ltd
- Colworth Park Ltd Partnership
- BGA1 Pty Limited
- Toll Goodman Property Services Pty Ltd
- GGGAIF Huntingwood East
- GGGAIF Bungarribee No.3
- BGMG1 Oakdale South Trust
- Langfang Goodman Vast Park Service Company
- Goodman China Logistics Holdings Limited
- Goodman Japan Development Partnership
- Üllő One 2008 Kft
- Üllő Two 2008 Kft
- WMP NV
- BL Goodman LLP
- Pochin Rosemound (Deeside) Ltd
- B Logistics Ltd
- Goodman North America Partnership
- WT Goodman IBP Participacoes S.A

Goodman Limited
ABN 69 000 123 071
and its controlled entities
Interim financial report for the half year ended 31 December 2013

Contents	**Page**

Goodman Limited and its controlled entities
Directors' report
for the half year ended 31 December 2013

The directors (Directors) of Goodman Limited (Company) present their Directors' report together with the interim financial report of the consolidated entity consisting of the Company and the entities it controlled (Goodman or Consolidated Entity) at the end of, or during, the half year ended 31 December 2013 (half year) and the review report thereon.

Directors

The Directors at any time during, or since the end of, the half year were:

Director	Appointment date
Mr Ian Ferrier, AM (Independent Chairman)	1 September 2003
Mr Gregory Goodman (Group Chief Executive Officer)	7 August 1998
Mr Philip Fan (Independent Director)	1 December 2011
Mr John Harkness (Independent Director)	23 February 2005
Ms Anne Keating (Independent Director)	23 February 2005
Ms Rebecca McGrath (Independent Director)	3 April 2012
Mr Philip Pearce (Executive Director)	1 January 2013
Mr Danny Peeters (Executive Director)	1 January 2013
Mr Phillip Pryke (Independent Director)	13 October 2010
Mr Anthony Rozic (Executive Director)	1 January 2013
Mr Jim Sloman, OAM (Independent Director)	1 February 2006

Company Secretary

The Company Secretary at any time during, or since the end of, the half year was:

Company Secretary	Appointment date
Mr Carl Bicego	24 October 2006

Overview of statutory results

The performance of Goodman, as represented by the results of its operations for the half year, was as follows:

	Consolidated	
	2013	**2012**
Revenue and other income before fair value adjustments on investment properties ($M)	685.4	516.6
Fair value adjustments on investment properties including share of the adjustments for associates and joint venture entities ($M)	103.4	(8.7)
Revenue and other income ($M)	**788.8**	**507.9**
Profit attributable to Securityholders ($M)	**160.4**	**154.6**
Total comprehensive income attributable to Securityholders ($M)	**423.1**	**189.7**
Basic profit per security (¢)	9.3	9.5
Dividends and distributions in relation to the financial year ($M)[1]	177.9	166.2
Weighted average number of securities on issue (M)	1,716.9	1,631.0

	31 Dec 2013	**30 Jun 2013**
Total equity attributable to Securityholders ($M)	5,672.0	5,504.2
Number of securities on issue (M)	1,718.7	1,713.2
Net tangible assets per security ($)[2]	2.73	2.69
Net assets per security ($)[2]	3.30	3.21
Gearing (%)[3]	19.5	18.5

1. Amount excludes a fully franked dividend of $88.7 million declared by the Company on 15 August 2013 relating to performance in the prior financial year.
2. Net tangible assets and net assets per security are stated after deducting amounts due to other non-controlling interests.
3. Gearing is calculated as total interest bearing liabilities over total assets, both net of cash and the asset component of the fair values of cross currency swaps used to hedge foreign liabilities denominated in currencies other than those to which the proceeds are applied equating to $35.3 million – refer to note 6 of the financial statements.

Operational performance

Operating profit available for distribution comprises profit attributable to Securityholders adjusted for property valuations, non-property impairment losses, derivative and foreign currency mark to market movements and other non-cash adjustments or non-recurring items. Whilst operating profit available for distribution is not an income measure under International Financial Reporting Standards, the Directors consider it is a useful means through which to examine the underlying performance of the Consolidated Entity.

Reconciliation of operating profit available for distribution to profit attributable to Securityholders
The reconciliation of operating profit available for distribution to profit attributable to Securityholders for the half year can be summarised in the table below:

		Consolidated	
		2013	2012
	Note	$M	$M
Operating profit available for distribution		**296.0**	**265.7**
Adjustments for:			
Property valuation gains/(losses)			
- Net gain from fair value adjustments on investment properties	8	46.8	20.8
- Deferred tax on fair value adjustments on investment properties		-	(0.2)
- Share of net gains/(losses) from fair value adjustments attributable to investment properties in associates and joint venture entities	5	56.6	(29.5)
- Impairment losses	5	(4.5)	(30.5)
Total property valuation gains/(losses)		**98.9**	**(39.4)**
Derivative mark to market and unrealised foreign exchange movements			
- Fair value movements on derivative financial instruments	6	(182.2)	(80.7)
- Share of fair value movements on interest rate swaps in associates and joint venture entities	5	(2.9)	(5.8)
- Unrealised foreign exchange movements	6	(34.2)	34.2
Total derivative mark to market and unrealised foreign exchange movements		**(219.3)**	**(52.3)**
Other non-cash adjustments or non-recurring losses			
- Share based payments expense		(14.4)	(13.9)
- Capital profits not distributed		0.5	0.4
- Straight lining of rent		(1.3)	0.8
- Transaction related costs for strategic initiatives		-	(5.9)
- Non-property impairment losses	5	-	(0.8)
Total other non-cash adjustments or non-recurring losses		**(15.2)**	**(19.4)**
Profit attributable to Securityholders		**160.4**	**154.6**

Goodman's operational performance is analysed into investment earnings, development earnings and management earnings. This is analysed below:

	Consolidated	
	2013	**2012**
	$M	**$M**
Analysis of operating profit available for distribution		
Investment	186.6	190.4
Development	102.3	83.1
Management	57.5	56.0
Unallocated operating expenses	(28.0)	(22.1)
Operating profit before net finance expense and income tax expense	**318.4**	**307.4**
Net finance expense[1]	(6.6)	(19.9)
Income tax expense[2]	(5.0)	(10.7)
	306.8	**276.8**
Less: Attributable to non-controlling interests	(10.8)	(11.1)
Operating profit available for distribution	**296.0**	**265.7**
Operating profit per security[3] (cents)	17.2	16.2
Interest cover[4] (times)	5.9	4.8

1. Net finance expense excludes derivative mark to market and unrealised foreign exchange movements.
2. Income tax expense excludes the deferred tax movements relating to investment property valuations.
3. Operating profit per security (operating EPS) is the operating profit divided by the weighted average number of securities on issue during the half year, including securities relating to performance rights that have not yet vested but where the performance hurdles have been achieved.
4. Interest cover is operating profit before interest and tax (EBIT) divided by net interest expense.

Investment earnings comprise gross property income, net of property expenses, the Consolidated Entity's share of the results of equity accounted investments (before asset revaluations) for those investments in entities whose principal activity is property investment and distributions the Consolidated Entity receives from its investments in other financial assets.

Development earnings comprise development income (including development management fees), income from sales of properties (primarily inventories but also including disposals of special purpose entities in certain jurisdictions) and the Consolidated Entity's share of the results of equity accounted investments (before asset revaluations) for those investments in entities whose principal activity is property development, net of development expenses, inventory cost of sales and employee and administrative expenses.

Management earnings comprise fund management and property services fees, net of employee and administrative expenses.

Review of operational performance
Goodman reported an operating profit available for distribution of $296.0 million for the half year ended 31 December 2013, representing a 11.4% increase on the prior half year. This equates to operating EPS of 17.2 cents, which is up 6.2% compared with the prior half year.

Goodman's profit attributable to Securityholders for the current half year was $160.4 million. This includes a loss of $219.3 million from the fair value movements on derivative financial instruments and unrealised foreign exchange movements on interest bearing liabilities which is offset in the statement of comprehensive income by $261.9 million of foreign currency translation differences for foreign operations booked in reserves and not recognised in profit attributable to Securityholders.

During the current half year, Goodman declared an interim distribution of 10.35 cents per security. Total dividends and distributions per security that relate to the current half year performance are up 6.7% compared to the dividends and distributions in the prior half year of 9.7 cents per security.

The key operational highlights for the half year ended 31 December 2013 are set out below.

Investment

+ Increased total assets under management to $26.0 billion, up 11% from 30 June 2013
+ Leased 1.4 million square metres of space across the Consolidated Entity and managed funds.
+ Maintained occupancy at 96% across the Consolidated Entity and managed funds, achieving a weighted average lease expiry of 4.9 years.

Development

+ Achieved development work in progress of $2.6 billion across 63 projects, with increased development capital allocated to China, Japan, North America and Brazil.
+ Secured $1.2 billion of new development projects in the half year, of which 69% were pre-committed and 76% pre-sold.
+ Completed $1.0 billion of development projects in the half year.

Management

+ Increased external assets under management to $21.6 billion.
+ Raised $2.0 billion of new third party equity in the half year.
+ Established new investment partnership with Malaysia's Employees Provident Fund in Germany.

Capital management

At 31 December 2013, gearing is 19.5% (30 June 2013:18.5%). Available liquidity is $1.9 billion with debt maturities covered up to December 2018. Interest cover has increased to 5.9 times (30 June 2013: 5.0 times).

Dividends and distributions

On 15 August 2013, the Company declared a fully franked dividend of 5.2 cents per share amounting to $88.7 million (2012: $nil) relating to performance in the prior financial year, which was paid on 26 August 2013.

Distributions declared/announced by a controlled entity, Goodman Industrial Trust, directly to Securityholders during the half year totalled 10.35 cents per security, amounting to $177.9 million (2012: $166.2 million).

Goodman Logistics (HK) Limited, a controlled entity of the Company, did not declare any dividends during the half year (2012: $nil).

Events subsequent to balance date

In the opinion of the Directors, there were no events subsequent to balance date, and up to the date of signature of this interim financial report, which would require adjustment or disclosure in the interim financial report.

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001*

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' report for the half year.

Rounding

Goodman is an entity of a kind referred to in Australian Securities & Investments Commission Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the interim financial report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

The Directors' report is made in accordance with a resolution of the Directors.

Ian Ferrier, AM
Independent Chairman

Sydney, 13 February 2014

Gregory Goodman
Group Chief Executive Officer

KPMG

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To: the directors of Goodman Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2013 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

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

KPMG

John Teer
Partner

Sydney

13 February 2014

Goodman Limited and its controlled entities
Consolidated interim statement of financial position
as at 31 December 2013

		Consolidated	
		31 Dec 2013	30 Jun 2013
	Note	$M	$M
Current assets			
Cash		565.7	645.4
Receivables		248.0	338.7
Inventories		327.9	156.8
Current tax receivables		2.5	3.0
Other assets		13.9	33.4
Total current assets		**1,158.0**	**1,177.3**
Non-current assets			
Receivables		150.8	309.3
Inventories		888.4	792.7
Other assets		5.0	21.1
Investment properties	8	2,502.4	2,405.9
Investments accounted for using the equity method	9	3,624.7	3,243.1
Deferred tax assets		12.3	13.4
Other financial assets		17.7	15.7
Plant and equipment		20.5	20.8
Intangible assets	10	979.0	891.4
Total non-current assets		**8,200.8**	**7,713.4**
Total assets		**9,358.8**	**8,890.7**
Current liabilities			
Payables		291.2	271.0
Current tax payables		40.0	39.0
Employee benefits		10.7	52.9
Provisions		181.6	81.2
Total current liabilities		**523.5**	**444.1**
Non-current liabilities			
Payables		479.7	314.4
Interest bearing liabilities	11	2,309.6	2,249.8
Deferred tax liabilities		6.7	6.5
Employee benefits		30.0	28.7
Provisions		11.5	11.5
Total non-current liabilities		**2,837.5**	**2,610.9**
Total liabilities		**3,361.0**	**3,055.0**
Net assets		**5,997.8**	**5,835.7**
Equity attributable to Goodman Limited (GL)			
Issued capital	12	457.0	457.0
Reserves	13	(260.4)	(249.0)
Accumulated losses/(retained earnings)	14	(19.1)	9.3
Total equity attributable to GL		**177.5**	**217.3**
Equity attributable to Goodman Industrial Trust (GIT) (non-controlling interests)			
Issued capital	12	6,741.7	6,741.7
Reserves	13	(1,167.5)	(1,468.6)
Accumulated losses	14	(862.5)	(679.8)
Total equity attributable to GIT		**4,711.7**	**4,593.3**
Equity attributable to Goodman Logistics (HK) Limited (GLHK) (non-controlling interests)			
Issued capital	12	606.1	606.1
Reserves	13	133.1	63.1
Retained earnings	14	43.6	24.4
Total equity attributable to GLHK		**782.8**	**693.6**
Total equity attributable to Securityholders		**5,672.0**	**5,504.2**
Other non-controlling interests		325.8	331.5
Total equity		**5,997.8**	**5,835.7**

The consolidated interim statement of financial position is to be read in conjunction with the accompanying notes.

Goodman Limited and its controlled entities
Consolidated interim income statement
for the half year ended 31 December 2013

		Consolidated	
		2013	**2012**
	Note	**$M**	**$M**
Revenue			
Gross property income		105.6	112.4
Management income		97.4	86.7
Development income		238.7	80.5
Income from disposal of inventories		67.1	103.4
Distributions from investments		1.3	1.8
		510.1	**384.8**
Property and development expenses			
Property expenses		(29.7)	(30.5)
Development expenses		(179.9)	(13.5)
Inventory cost of sales		(62.5)	(101.3)
		(272.1)	**(145.3)**
Other income			
Net gain from fair value adjustments on investment properties	8	46.8	20.8
Net gain on disposal of investment properties		0.8	8.3
Net gain on disposal of controlled entities		5.5	24.2
Share of net results of equity accounted investments	5	225.0	72.9
Net gain/(loss) on disposal of equity investments	5	0.6	(3.1)
		278.7	**123.1**
Other expenses			
Employee expenses		(63.1)	(43.4)
Share based payments expense		(14.4)	(14.0)
Administrative and other expenses		(35.5)	(30.9)
Impairment losses	5	(4.5)	(31.3)
		(117.5)	**(119.6)**
Profit before interest and tax		**399.2**	**243.0**
Net finance income/(expense)			
Finance income	6	3.9	40.0
Finance expense	6	(226.9)	(106.4)
Net finance expense		**(223.0)**	**(66.4)**
Profit before income tax		**176.2**	**176.6**
Income tax expense		(5.0)	(10.9)
Profit for the half year		**171.2**	**165.7**
Profit attributable to GL		71.7	20.4
Profit attributable to GIT (non-controlling interests)		61.8	121.4
Profit attributable to GLHK (non-controlling interests)		26.9	12.8
Profit attributable to Securityholders		**160.4**	**154.6**
Profit attributable to other non-controlling interests		10.8	11.1
Profit for the half year		**171.2**	**165.7**
Basic profit per Company share (¢)	3	**4.2**	**1.3**
Diluted profit per Company share (¢)	3	**4.1**	**1.2**

The consolidated interim income statement is to be read in conjunction with the accompanying notes.

Goodman Limited and its controlled entities
Consolidated interim statement of comprehensive income
for the half year ended 31 December 2013

		Consolidated	
		2013	**2012**
	Note	**$M**	**$M**
Profit for the half year		**171.2**	**165.7**
Other comprehensive income for the half year			
Items that will not be reclassified to profit or loss			
Actuarial losses on defined benefit superannuation funds	13(e)	(0.8)	-
Effect of foreign currency translation	13(e)	(2.4)	(0.4)
		(3.2)	**(0.4)**
Items that may be reclassified subsequently to profit or loss			
Decrease due to revaluation of other financial assets	13(a)	(0.2)	(0.7)
Cash flow hedges:			
- Change in value of financial instruments	13(b)	0.4	2.2
- Transfers from cash flow hedge reserve	13(b)	1.4	6.6
Effect of foreign currency translation		264.3	27.4
		265.9	**35.5**
Other comprehensive income for the half year, net of income tax		**262.7**	**35.1**
Total comprehensive income for the half year		**433.9**	**200.8**
Total comprehensive income attributable to GL		31.9	25.4
Total comprehensive income attributable to GIT		303.1	151.3
Total comprehensive income attributable to GLHK		88.1	13.0
Total comprehensive income attributable to Securityholders		**423.1**	**189.7**
Other non-controlling interests		10.8	11.1
Total comprehensive income for the half year		**433.9**	**200.8**

The consolidated interim statement of comprehensive income is to be read in conjunction with the accompanying notes.

Goodman Limited and its controlled entities
Consolidated interim statement of changes in equity
for the half year ended 31 December 2013

Half year ended 31 December 2012

Consolidated		Attributable to Securityholders					
		Issued capital	Reserves	Accumulated losses	Total	Other non-controlling interests	Total equity
	Note	$M	$M	$M	$M	$M	$M
Balance at 1 July 2012		**7,363.4**	**(2,373.0)**	**(134.6)**	**4,855.8**	**318.8**	**5,174.6**
Total comprehensive income for the half year							
Profit for the half year	14	-	-	154.6	**154.6**	11.1	**165.7**
Other comprehensive income for the half year, net of income tax		-	35.1	-	**35.1**	-	**35.1**
Total comprehensive income for the half year, net of income tax		**-**	**35.1**	**154.6**	**189.7**	**11.1**	**200.8**
Transfers		-	322.4	(322.4)	**-**	-	**-**
Contributions by and distributions to owners							
- Issue of securities under the Institutional Placement	12	400.0	-	-	**400.0**	-	**400.0**
- Issue of securities under the Security Purchase Plan	12	49.1	-	-	**49.1**	-	**49.1**
- Issue costs due to stapled securities		(6.3)	-	-	**(6.3)**	-	**(6.3)**
- Transfers to accumulated losses on modification of Goodman PLUS Trust hybrid securities (Goodman PLUS)		-	-	(8.1)	**(8.1)**	8.1	**-**
- Distributions declared on stapled securities	7	-	-	(166.2)	**(166.2)**	-	**(166.2)**
- Distributions declared on Goodman PLUS	7	-	-	-	**-**	(11.1)	**(11.1)**
- Issue costs arising on modification of Goodman PLUS		-	-	-	**-**	(1.1)	**(1.1)**
- Equity settled share based payments expense recognised in the income statement	13(d)	-	9.7	-	**9.7**	-	**9.7**
Balance at 31 December 2012		**7,806.2**	**(2,005.8)**	**(476.7)**	**5,323.7**	**325.8**	**5,649.5**

Half year ended 31 December 2013

Consolidated		Attributable to Securityholders					
		Issued capital	Reserves	Accumulated losses	Total	Other non-controlling interests	Total equity
	Note	$M	$M	$M	$M	$M	$M
Balance at 1 July 2013		**7,804.8**	**(1,654.5)**	**(646.1)**	**5,504.2**	**331.5**	**5,835.7**
Total comprehensive income for the half year							
Profit for the half year	14	-	-	160.4	**160.4**	10.8	**171.2**
Other comprehensive income for the half year, net of income tax		-	262.7	-	**262.7**	-	**262.7**
Total comprehensive income for the half year, net of income tax		**-**	**262.7**	**160.4**	**423.1**	**10.8**	**433.9**
Transfers		-	85.7	(85.7)	**-**	-	**-**
Contributions by and distributions to owners							
- Dividends/distributions declared on stapled securities	7	-	-	(266.6)	**(266.6)**	-	**(266.6)**
- Distributions paid on Goodman PLUS	7	-	-	-	**-**	(16.5)	**(16.5)**
- Equity settled share based payments expense recognised in the income statement	13(d)	-	11.3	-	**11.3**	-	**11.3**
Balance at 31 December 2013		**7,804.8**	**(1,294.8)**	**(838.0)**	**5,672.0**	**325.8**	**5,997.8**

The consolidated interim statement of changes in equity is to be read in conjunction with the accompanying notes.

Goodman Limited and its controlled entities
Consolidated interim cash flow statement
for the half year ended 31 December 2013

	Consolidated	
	2013	**2012**
	$M	**$M**
Cash flows from operating activities		
Property income received	107.8	106.6
Cash receipts from development activities	464.9	434.1
Other cash receipts from services provided	99.2	91.6
Property expenses paid	(26.8)	(17.0)
Payments for development activities	(431.6)	(324.1)
Other cash payments in the course of operations	(130.9)	(102.1)
Dividends/distributions received	90.4	77.2
Interest received	12.2	6.9
Finance costs paid	(43.6)	(43.8)
Net income taxes paid	(3.2)	(3.1)
Net cash provided by operating activities	**138.4**	**226.3**
Cash flows from investing activities		
Proceeds from disposal of investment properties	14.5	2.0
Proceeds from disposal of equity investments	253.9	9.9
Payments for intangible assets	-	(4.8)
Payments for equity investments	(227.9)	(216.2)
Payments for investment properties	(27.2)	(27.2)
Payments for plant and equipment	(0.9)	(2.4)
Net cash provided by/(used in) investing activities	**12.4**	**(238.7)**
Cash flows from financing activities		
Proceeds from issue of ordinary securities	-	449.1
Issue costs due to stapled securities	-	(6.3)
Issue costs arising on modification of Goodman PLUS	-	(1.1)
Net cash flows from/(to) loans to related parties	17.8	(43.3)
Proceeds from borrowings	195.7	719.2
Repayments of borrowings	(261.3)	(882.4)
Dividends/distributions paid	(182.7)	(155.5)
Net cash (used in)/provided by financing activities	**(230.5)**	**79.7**
Net (decrease)/increase in cash held	(79.7)	67.3
Cash at the beginning of the half year	645.4	310.8
Cash at the end of the half year	**565.7**	**378.1**

The consolidated interim cash flow statement is to be read in conjunction with the accompanying notes.

1. Statement of significant accounting policies

The Company is a company domiciled in Australia. The interim financial statements for the half year comprise the Company and its controlled entities and the Consolidated Entity's interest in associates and joint venture entities.

Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The interim financial report is presented in Australian dollars and was authorised for issue by the Directors on 13 February 2014.

The interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the annual report of the Consolidated Entity as at and for the year ended 30 June 2013.

Except as described below, the accounting policies applied in the interim financial statements are the same as those applied by the Consolidated Entity in the annual report for the year ended 30 June 2013. The following changes in accounting policies are also expected to be reflected in the Consolidated Entity's annual report for the year ending 30 June 2014:

+ AASB 10 *Consolidated Financial Statements* introduces a new approach to determining which investees should be consolidated. This standard introduces a new control model that is applicable to all investees, by focusing on whether the Consolidated Entity has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In accordance with the transitional provisions of AASB 10, the Consolidated Entity reassessed the control conclusion for its investees at 1 July 2013 and concluded that the application of AASB 10 did not result in any material change to those investees that are consolidated. This conclusion arises because for the majority of Goodman's managed funds, the power to direct the activities that significantly affect the returns of the managed funds lies with either an investor committee, comprised of a majority of non-Goodman investor representatives, or an independent board;
+ AASB 11 *Joint Arrangements* includes new requirements for the classification and disclosures of joint ventures and replaces AASB 131 *Interests in Joint Ventures*. The Australian Accounting Standards Board has also issued AASB 128 *Investments in Associates and Joint Ventures* (2011), which supersedes AASB 128 *Investments in Associates* (2008). The Consolidated Entity re-evaluated its involvement in its joint arrangements and concluded that that adoption of AASB 11 has no significant impact on the classification of joint arrangements and no significant impact on the Consolidated Entity's results;
+ AASB 12 *Disclosure of Interests in Other Entities* sets out the required disclosures for interests in entities that are subsidiaries, associates and joint ventures. Application of this standard by the Consolidated Entity will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Consolidated Entity's investments;
+ AASB 13 *Fair Value Measurement* defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. In accordance with the transitional provisions of AASB 13, the Consolidated Entity has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. The change had no significant impact on the measurements of the Consolidated Entity's assets and liabilities; and
+ Revised AASB 119 *Employee Benefits* introduces new requirements for the classification and measurement of defined benefit plans. The application of AASB 119 had no significant impact on the Consolidated Entity's results.

Rounding

In accordance with Australian Securities & Investments Commission Class Order 98/100 dated 10 July 1998, the amounts shown in this interim financial report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

2. Critical accounting estimates used in the preparation of the financial statements

The preparation of consolidated financial statements requires estimates and assumptions concerning the application of accounting policies in the future, to be made by the Consolidated Entity. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The accounting impacts of revisions to estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(a) Investment properties

Stabilised investment properties

Stabilised investment properties refer to investment properties which are not under development. Stabilised investment properties are carried at their fair value. Fair value is based on current prices in an active market for similar properties in the same location and condition and subject to similar lease and other contracts. The current price is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgably, prudently and without compulsion.

Approach to determination of fair value
The approach to determination of fair value of investment properties is applied to both Goodman's directly held properties and properties within funds managed by Goodman.

Valuations are determined based on assessments and estimates of uncertain future events, including upturns and downturns in property markets and availability of similar properties, vacancy rates, market rents and capitalisation and discount rates. Recent and relevant sales evidence and other market data are taken into account. Valuations are either based on an external, independent valuation or on an internal valuation.

External valuations are undertaken only where market segments were observed to be active. In making the determination of whether a market segment is active, the following characteristics are considered:

+ function of the asset (distribution/warehouse or suburban office);
+ location of asset (city, suburb or regional area);
+ carrying value of asset (categorised by likely appeal to private investors (including syndicates), and national and institutional investors); and
+ categorisation as primary or secondary based on a combination of location, weighted average lease expiry, quality of tenant covenant (internal assessment based on available market evidence) and age of construction.

Each property asset is assessed and grouped with assets in the same or similar market segments. Information on all relevant recent sales is also analysed using the same criteria to provide a comparative set. Unless three or more sales are observed in an individual market segment (taken together with any comparable market segments as necessary), that market segment is considered inactive.

Where a market segment is observed to be active, then external, independent valuations are performed for stabilised investment properties where there has been more than a 25 basis point movement in capitalisation rates and/or there has been a material change in tenancy profile and/or there has been significant capital expenditure and/or it has been three years since the previous external, independent valuation. For all other stabilised investment properties in an active market segment, an internal valuation is performed based on observable capitalisation rates and referenced to independent market data.

Where a market segment is observed to be inactive, then no external, independent valuations are performed and internal valuations are undertaken based on discounted cash flow (DCF) calculations. The DCF calculations are prepared over a 10 year period. The key inputs considered for each individual calculation are rental growth rates, discount rates, market rental rates and letting up incentives. Discount rates are computed using the 10 year bond rate or equivalent in each jurisdiction plus increments to reflect country risk, tenant credit risk and industry risk. Where possible, the components of the discount rate are benchmarked to available market data.

2. Critical accounting estimates used in the preparation of the financial statements (cont)

(a) Investment properties (cont)

Market assessment
At 31 December 2013 and 30 June 2013, all markets in which Goodman operated were observed to be active and no adjustments were made to the carrying value of stabilised investment properties arising from internal valuations using DCF calculations.

At 31 December 2013, the overall weighted average capitalisation rates for the divisional portfolio (including funds managed by Goodman) are set out in the table below:

	Total portfolio weighted average capitalisation rate	
	31 Dec 2013	**30 Jun 2013**
Division	**%**	**%**
Australia	**7.9**	8.0
New Zealand	**8.1**	8.1
Hong Kong	**6.2**	6.4
China	**8.6**	8.7
Japan	**5.5**	5.5
Logistics - Continental Europe	**7.6**	7.6
Logistics - United Kingdom	**8.2**	8.4
Business Parks - United Kingdom	**8.0**	8.7

At 31 December 2013, the carrying value of stabilised investment properties held by the Consolidated Entity was $2,169.5 million (30 June 2013: $2,090.4 million).

Investment properties under development

External valuations are generally not performed for investment properties under development, but instead valuations are determined using the Consolidated Entity's feasibility studies supporting the properties under development. The end values of the developments in the feasibility studies are based on assumptions regarding capitalisation rates, letting up periods and incentives that are consistent with those observed in the relevant market adjusted for a profit and risk factor. This profit and risk factor is dependent on the function, location and size of the development and is generally in a market range of 10.0% to 17.5%.

At 31 December 2013, the carrying value of investment properties under development held by the Consolidated Entity was $332.9 million (30 June 2013: $315.5 million).

(b) Inventories

Inventories relate to land and property developments that are held for sale or development and sale in the normal course of the Consolidated Entity's business.

External valuations are not performed for inventories but instead valuations are determined using the Consolidated Entity's feasibility studies supporting the land and property developments. The end values of the developments in the feasibility studies are based on assumptions such as capitalisation rates, letting up periods and incentives that are consistent with those observed in the relevant market. Where the feasibility study calculations indicate that the forecast cost of a completed development will exceed the net realisable value, then the inventory is impaired.

At 31 December 2013, the carrying value of inventories held by the Consolidated Entity was $1,216.3 million (30 June 2013: $949.5 million).

(c) Intangible assets

The Consolidated Entity recognised both goodwill and indefinite life management rights in its statement of financial position at 31 December 2013. Details of key assumptions are set out in note 10.

(d) Derivative financial instruments

The fair values of derivative financial instruments are determined using generally accepted pricing models which discount estimated future cash flows based on the terms and maturity of each contract and current market interest rates and/or foreign currency rates. Fair values also reflect the current creditworthiness of the derivative counterparties.

3. Earnings per Company share/security

	Note	2013 ¢	2012 ¢
Profit per Company share			
Basic profit per Company share	3(a)	4.2	1.3
Diluted profit per Company share	3(a)	4.1	1.2
Profit per security			
Basic profit per security	3(a)	9.3	9.5
Diluted profit per security	3(a)	9.2	9.3
Dividends/distributions per security	3(b)	**10.35**	**9.70**

(a) Basic and diluted earnings per Company share/per security

	Note	2013 $M	2012 $M
Profit per Company share			
Profit after tax used in calculating basic and diluted profit per Company share	14	**71.7**	**20.4**
Profit per security			
Profit after tax used in calculating basic and diluted profit per security	14	**160.4**	**154.6**

Weighted average number of securities

	2013 Number of securities	2012 Number of securities
Weighted average number of securities used in calculating basic profit per security and distribution per security	**1,716,909,827**	**1,630,967,234**
Effect of performance rights on issue	27,931,774	23,661,731
Weighted average number of securities used in calculating diluted profit per security	**1,744,841,601**	**1,654,628,965**

3. Earnings per Company share/security (cont)

(a) Basic and diluted earnings per Company share/per security (cont)

As at 31 December 2013, the following performance rights and contingently issuable securities are potentially dilutive in future periods:

+ 43,384,681 (2012: 36,919,489) equity settled performance rights granted to employees under the Long Term Incentive Plan; and
+ securities contingently issuable on conversion of Goodman PLUS.

(b) Dividends and distributions per security

Dividends and distributions used in calculating the dividends/distributions per security includes those dividends and distributions that relate to the current half year's performance. This includes the distribution of 10.35 cents per unit (2012: 9.7 cents per unit) declared by GIT during the half year, but excludes the dividend of 5.2 cents per security declared and paid by the Company during the half year, which related to performance in the prior financial year. Details of the dividends and distributions are set out in note 7.

4. Segment reporting

The Consolidated Entity is based in Australia and has separately managed divisions in Asia Pacific (primarily Australia, New Zealand, Greater China and Japan), Europe (Continental Europe and the United Kingdom) and the Americas. The activities and services undertaken by the divisions include:

+ direct and indirect ownership of investment properties;
+ fund management and property services; and
+ development.

Information regarding the operations of each reportable segment is included on the following page.

4. Segment reporting (cont)

Information about reportable segments

	Australia and New Zealand		Asia		Continental Europe		United Kingdom		Americas		Total	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Income statement	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
External revenues												
Gross property income	89.0	96.7	1.3	1.6	6.1	3.2	9.2	10.9	-	-	105.6	112.4
Management income	42.9	36.2	26.2	23.2	17.0	14.2	11.3	12.8	-	0.3	97.4	86.7
Development income	100.6	7.9	7.8	46.3	125.8	23.7	3.5	2.6	1.0	-	238.7	80.5
Income from disposal of inventories	28.4	7.8	-	-	13.6	-	25.1	-	-	95.6	67.1	103.4
Distributions from investments	-	-	-	-	1.3	0.8	-	1.0	-	-	1.3	1.8
Total external revenues	**260.9**	**148.6**	**35.3**	**71.1**	**163.8**	**41.9**	**49.1**	**27.3**	**1.0**	**95.9**	**510.1**	**384.8**
Reportable segment profit/(loss) before tax	**190.3**	**173.0**	**74.6**	**93.1**	**55.3**	**43.0**	**37.2**	**24.1**	**4.4**	**(3.1)**	**361.8**	**330.1**
Share of net results of equity accounted investments:												
Operating results after tax (before revaluations) - included in reportable segment profit/(loss) before tax	75.3	62.8	45.0	18.9	19.4	14.6	24.4	11.9	7.2	-	171.3	108.2
Fair value adjustments - not included in reportable segment profit/(loss)	27.0	2.8	27.5	8.0	(2.8)	(6.3)	2.0	(39.8)	-	-	53.7	(35.3)
Other material non-cash items not included in reportable segment profit/(loss) before tax												
Net gain/(loss) from fair value adjustments on investment properties	51.4	25.1	-	-	-	(4.3)	(4.6)	-	-	-	46.8	20.8
Impairment losses	(1.5)	(13.4)	-	-	(3.0)	(2.9)	-	(15.0)	-	-	(4.5)	(31.3)
	31 Dec 2013	**30 Jun 2013**	**31 Dec 2013**	**30 Jun 2013**	**31 Dec 2013**	**30 Jun 2013**	**31 Dec 2013**	**30 Jun 2013**	**31 Dec 2013**	**30 Jun 2013**	**31 Dec 2013**	**30 Jun 2013**
Statement of financial position	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Reportable segment assets	**4,201.6**	**4,041.1**	**1,321.4**	**1,121.8**	**1,529.2**	**1,644.9**	**1,582.5**	**1,377.0**	**241.1**	**166.3**	**8,875.8**	**8,351.1**
Included in reportable segment assets are:												
Investment properties	2,161.9	2,101.2	-	-	91.6	82.4	248.9	222.3	-	-	2,502.4	2,405.9
Investments in equity accounted investments	1,766.0	1,657.5	756.5	569.7	466.2	522.0	406.5	338.3	229.5	155.6	3,624.7	3,243.1
Total non-current assets	4,089.7	3,968.2	1,099.7	928.7	1,427.0	1,349.5	1,221.8	1,168.7	236.5	160.6	8,074.7	7,575.7
Reportable segment liabilities	**113.0**	**93.9**	**66.9**	**66.1**	**54.4**	**80.0**	**55.8**	**41.4**	**59.1**	**36.8**	**349.2**	**318.2**

4. Segment reporting (cont)

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	2013 $M	2012 $M
Revenues		
Total revenue for reportable segments	510.1	384.8
Consolidated revenues	**510.1**	**384.8**
Profit or loss		
Total profit before tax for reportable segments	**361.8**	**330.1**
Corporate expenses not allocated to reportable segments	(43.4)	(22.6)
Operating profit before interest and tax	**318.4**	**307.5**
Valuation and other adjustments not included in reportable segment profit before tax:		
- Net gain from fair value adjustments on investment properties	46.8	20.8
- Impairment losses	(4.5)	(31.3)
- Fair value adjustments relating to associates and joint venture entities	53.7	(35.3)
- Share based payments expense	(14.4)	(14.0)
- Capital profits not distributed	0.5	0.4
- Straight lining of rent	(1.3)	0.8
- Transaction related costs for strategic initiatives	-	(5.9)
Profit before interest and tax	**399.2**	**243.0**
Net finance expense - refer to note 6	(223.0)	(66.4)
Consolidated profit before income tax	**176.2**	**176.6**

	31 Dec 2013 $M	30 Jun 2013 $M
Assets		
Assets for reportable segments	8,875.8	8,351.1
Other unallocated amounts	483.0	539.6
Consolidated total assets	**9,358.8**	**8,890.7**
Liabilities		
Liabilities for reportable segments	349.2	318.2
Interest bearing liabilities	2,309.6	2,249.8
Provisions for distributions to Securityholders	177.9	77.5
Other unallocated amounts	524.3	409.5
Consolidated total liabilities	**3,361.0**	**3,055.0**

5. Profit before income tax

	Consolidated	
	2013	**2012**
	$M	**$M**
Profit before income tax has been arrived at after crediting/(charging) the following items:		
Share of net results of investments in associates - refer to note 9(a)		
- Operating results after tax (before revaluations)	116.0	95.3
- Fair value adjustments attributable to investment properties	46.8	(31.0)
- Fair value adjustments on derivative financial instruments	(2.7)	(5.0)
Share of net results of investments in joint venture entities - refer to note 9(b)		
- Operating results after tax (before revaluations)	55.3	12.9
- Fair value adjustments attributable to investment properties	9.8	1.5
- Fair value adjustments on derivative financial instruments	(0.2)	(0.8)
Share of net results of equity accounted investments	**225.0**	**72.9**
Net consideration from disposal of equity investments[1]	250.1	64.5
Carrying value of equity investments disposed	(249.7)	(66.9)
Gain/(loss) on dilution of investment in associate - refer to note 9(a)	0.2	(0.7)
Net gain/(loss) on disposal of equity investments	**0.6**	**(3.1)**
Impairment of receivables	(1.3)	(11.9)
Impairment of inventories	(1.5)	(14.7)
Impairment of equity accounted investments - refer to note 9(b)	-	(2.8)
Impairment of other financial assets	(1.7)	(1.9)
Impairment losses	**(4.5)**	**(31.3)**

1. During the half year, the Consolidated Entity disposed of units in Goodman Australia Industrial Fund (GAIF) for consideration of $53.1million, Goodman Japan Core Fund TMKs for consideration of $31.9million and Goodman European Logistics Fund (GELF) for consideration of $165.1million. In the prior half year, the Consolidated Entity disposed of its 25% interest in Highbrook Development Limited for consideration of $54.6 million.

6. Finance income and expense

	Consolidated	
	2013	**2012**
	$M	**$M**
Finance income		
Interest income from:		
- Related parties	1.3	3.7
- Other parties	2.6	2.1
Foreign exchange gain[1]	-	34.2
	3.9	**40.0**
Finance expense		
Interest expense from third party loans, overdrafts and derivatives	(45.9)	(66.4)
Other borrowing costs	(10.6)	(6.7)
Fair value adjustments on derivative financial instruments[2]	(182.2)	(80.7)
Foreign exchange loss[1]	(34.5)	-
Capitalised borrowing costs	46.3	47.4
	(226.9)	**(106.4)**
Net finance expense	**(223.0)**	**(66.4)**

1. Foreign exchange gain/(loss) includes an unrealised loss of $34.2 million (2012: unrealised gain of $34.2 million) on translation of the United States senior notes (refer to note 11(c)) and the Japanese yen denominated private placement (refer to note 11(d)).
2. Includes both the fair value movements on derivatives where the hedge relationship has not been designated and amortisation from the cash flow hedge reserve of gains or losses on derivative contracts that were previously hedge accounted (refer to note 13(b)). The remaining balance included in the cash flow hedge reserve that relates to derivative contracts that were previously hedge accounted will be amortised over future periods.
3. At 31 December 2013, the fair values of the Consolidated Entity's cross currency interest rate swaps entered into to hedge the United States senior notes (refer to note 11(c)) included a $35.3 million asset (30 June 2013: $94.2 million asset).

7. Dividends and distributions

(a) Dividends declared by the Company

On 15 August 2013, the Company declared a fully franked dividend of 5.2 cents per share amounting to $88.7 million relating to performance in the prior financial year. The dividend was paid on 26 August 2013. No dividends were declared or paid in the prior half year.

(b) Distributions declared and paid by GIT

	Distribution cpu	Total amount $M	Date of payment
Distributions for the half years ended			
- 31 Dec 2013	10.35	177.9	21 Feb 2014
- 31 Dec 2012	9.70	166.2	28 Feb 2013

(c) Dividends declared by GLHK

No dividends were declared or paid by GLHK during the half year and up to the date of this interim financial report (2012: $nil).

(d) Distributions declared and paid by Goodman PLUS Trust

Goodman PLUS Trust, a controlled entity of the Consolidated Entity, has hybrid securities on issue which have been accounted for as equity. The distribution for the quarter ended 30 June 2013 amounting to $5.7 million was paid during the current half year.

	Distribution cpu	Total amount $M	Date of payment
Distributions for the half year ended 31 December 2013			
- 30 Sep 2013	169.1	5.5	30 Sep 2013
- 31 Dec 2013	162.7	5.3	31 Dec 2013
	331.8	**10.8**	
Distributions for the half year ended 31 December 2012			
- 21 Sep 2012	136.7	4.5	21 Sep 2012
- 31 Dec 2012	201.6	6.6	31 Dec 2012
	338.3	**11.1**	

8. Investment properties

	Consolidated	
	2013	**2012**
	$M	**$M**
Carrying amount at the beginning of the half year	2,405.9	2,674.5
Cost of acquisition:		
Capital expenditure	25.9	26.4
Disposals:		
- Carrying value of properties sold	(13.7)	(195.5)
- On disposal of interests in controlled entities	-	(20.4)
Transfers to inventories	-	(5.0)
Net gain from fair value adjustments	46.8	20.8
Effect of foreign currency translation	37.5	4.1
Carrying amount at the end of the half year	**2,502.4**	**2,504.9**
Analysed as:		
Stabilised investment properties	2,169.5	2,136.9
Investment properties under development	332.9	368.0
	2,502.4	**2,504.9**

In addition to the Consolidated Entity's investments in managed funds (refer to note 9), a number of industrial properties are owned directly by Goodman, predominately in Australia. At 31 December 2013, the weighted average capitalisation rate applied to the Australian investment properties held directly by Goodman is 7.69%.

9. Investments accounted for using the equity method

		Consolidated	
		31 Dec 2013	30 Jun 2013
	Note	$M	$M
Share of net assets accounted for using the equity method			
Associates	9(a)	2,651.9	2,688.0
Joint venture entities (JVEs)	9(b)	972.8	555.1
Total		**3,624.7**	**3,243.1**

(a) Investments in associates

	Consolidated	
	2013	2012
Movement in carrying amount of investments in associates	$M	$M
Carrying amount at the beginning of the half year	2,688.0	2,522.2
Share of net results after tax (before revaluations)	116.0	95.3
Share of fair value adjustments attributable to investment properties	46.8	(31.0)
Share of fair value adjustments on derivative financial instruments	(2.7)	(5.0)
Share of net results	160.1	59.3
Share of movements in reserves	0.2	2.1
Gain/(loss) on dilution of investment	0.2	(0.7)
Transfers to investments in JVEs	(68.0)	-
Acquisitions	115.3	92.6
Disposals	(249.7)	(2.5)
Capital return	(3.0)	-
Distributions received and receivable	(92.5)	(72.1)
Effect of foreign currency translation	101.3	13.0
Carrying amount at the end of the half year	**2,651.9**	**2,613.9**

The Consolidated Entity's associates are set out below:

		Consolidated share of associate's result recognised		Consolidated ownership interest		Consolidated investment carrying amount	
Name	Country of establishment/ incorporation	31 Dec 2013 $M	31 Dec 2012 $M	31 Dec 2013 %	30 Jun 2013 %	31 Dec 2013 $M	30 Jun 2013 $M
Property investment associates							
Goodman Australia Industrial Fund	Australia	**49.0**	33.0	**26.7**	26.6	**867.6**	818.0
Goodman Australia Development Fund (GADF)[1]	Australia	**-**	2.1	**-**	20.0	**-**	47.8
Goodman Trust Australia (GTA)	Australia	**31.0**	20.0	**19.9**	19.9	**389.8**	372.3
Goodman Property Trust (GMT)	New Zealand	**11.0**	4.6	**17.4**	17.6	**203.4**	181.8
Goodman Hong Kong Logistics Fund	Cayman Islands	**28.2**	16.1	**20.0**	20.0	**399.1**	370.5
Goodman China Logistics Holding Limited (GCLH)[1]	China	**-**	4.7	**-**	20.0	**-**	20.2
Goodman Japan Core Fund TMKs	Japan	**2.8**	-	**20.0**	30.9	**69.3**	92.0
Goodman European Logistics Fund	Luxembourg	**15.3**	7.6	**20.4**	30.8	**359.5**	484.9
Arlington Business Parks Partnership (ABPP)	United Kingdom	**22.8**	(28.8)	**43.1**	43.1	**363.2**	300.5
		160.1	**59.3**			**2,651.9**	**2,688.0**

1. During the half year, the investments in GADF and GCLH were reclassified from investments in associates to investments in JVEs. The investments continue to be accounted for using the equity method and therefore this reclassification does not have any significant impact on the financial position and the financial result of the Consolidated Entity.

9. Investments accounted for using the equity method (cont)

(b) Investments in JVEs

	Consolidated	
Movement in carrying amount of investments in JVEs	**2013 $M**	**2012 $M**
Carrying amount at the beginning of the half year	555.1	371.2
Share of net results after tax (before revaluations)	55.3	12.9
Share of fair value adjustments attributable to investment properties	9.8	1.5
Share of fair value adjustments on derivative financial instruments	(0.2)	(0.8)
Share of net results	64.9	13.6
Share of movements in reserves	-	0.2
Impairment	-	(2.8)
Transfers from investments in associates	68.0	-
Reclassification of loan to related party[1]	110.6	-
Acquisitions	171.5	173.8
Disposals	-	(64.0)
Capital return	(2.2)	-
Distributions received and receivable	(11.4)	(1.8)
Effect of foreign currency translation	16.3	(18.1)
Carrying amount at the end of the half year	**972.8**	**472.1**

1. During the half year, the Directors have reviewed the classification of the loan provided to GCLH and determined that it would be more appropriate to include the receivable balance as part of the equity accounted investment in the joint venture entity.

The Consolidated Entity's principal JVEs are set out below:

		Consolidated share of JVE's result recognised		Consolidated ownership interest		Consolidated investment carrying amount	
Name	**Country of establishment/ incorporation**	**31 Dec 2013 $M**	**31 Dec 2012 $M**	**31 Dec 2013 %**	**30 Jun 2013 %**	**31 Dec 2013 $M**	**30 Jun 2013 $M**
Property investment JVEs							
KWASA Goodman Industrial Trust	Australia	**7.4**	3.8	**40.0**	40.0	**186.9**	182.6
Goodman Australia Development Fund[1]	Australia	**3.0**	-	**20.0**	-	**52.0**	-
Goodman China Logistics Holding Limited[1]	China	**10.9**	-	**20.0**	-	**142.4**	-
KWASA Goodman Germany	Luxembourg	**0.3**	-	**30.0**	-	**46.9**	-
Goodman Princeton Holdings (Lux) Sàrl	Luxembourg	**1.1**	0.4	**20.0**	20.0	**53.2**	31.2
Goodman Princeton Holdings (Jersey) Ltd	Jersey	**0.4**	0.4	**20.0**	20.0	**12.8**	11.3
Property development JVEs							
BGMG 1 Oakdale South Trust	Australia	**-**	-	**50.0**	50.0	**63.9**	52.8
Goodman Japan Development Partnership (GJDP)	Japan	**30.4**	-	**50.0**	50.0	**128.9**	87.0
Goodman North America Partnership (GNAP)	USA	**(0.2)**	-	**55.0**	55.0	**121.3**	95.6
WTGoodman	Brazil	**7.4**	-	**50.0**	50.0	**108.3**	60.0
Other JVEs		**4.2**	**9.0**			**39.5**	**34.6**
		64.9	**13.6**			**956.1**	**555.1**

1. During the half year, the investments in GADF and GCLH were reclassified from investments in associates to investments in JVEs. The investments continue to be accounted for using the equity method and therefore this reclassification does not have any significant impact on the financial position and the financial result of the Consolidated Entity.

10. Intangible assets

	Consolidated	
	31 Dec 2013 $M	30 Jun 2013 $M
Goodwill	699.2	637.7
Management rights	279.8	253.7
	979.0	**891.4**

An analysis of the intangible assets at 31 December 2013 is set out below:

Carrying amounts	**31 Dec 2013 $M**	**30 Jun 2013 $M**
Goodwill		
Japan	15.2	15.2
Logistics - Continental Europe	587.1	536.0
Logistics - United Kingdom	91.5	81.1
North America	5.4	5.4
Subtotal - goodwill	**699.2**	**637.7**
Management rights		
New Zealand	6.2	5.7
Hong Kong	22.7	22.2
China	30.6	29.4
Logistics - Continental Europe	33.5	30.6
Business Parks - United Kingdom	186.8	165.8
Subtotal - management rights	**279.8**	**253.7**
Total	**979.0**	**891.4**

During the half year, there have been no impairments and no reversals of impairments in respect of the Consolidated Entity's intangible assets (31 December 2013: $nil).

Impairment testing for intangible assets

Detailed impairment testing based on cash flow forecasts was performed as at 30 June 2013 and the results disclosed in the Consolidated Entity's annual report.

One of the key assumptions in relation to the impairment testing is that the management rights are assessed to have an indefinite life as these rights are routinely renewed at minimal cost.

At 31 December 2013, there were no indicators of impairment for intangible assets relating to Japan, North America, New Zealand and Greater China. For the intangible assets relating to Logistics - Continental Europe, Logistics - United Kingdom and Business Parks – United Kingdom, given the quantum of the carrying value and relatively low level of headroom, the cash flow forecasts have been reviewed and the discount rates updated. The cash flow forecast assumptions are broadly consistent with those adopted at 30 June 2013 and a summary of the key assumptions is included in the following table.

10. Intangible assets (cont)

Impairment testing for intangible assets (cont)

Averages relate to average amounts over the five year forecast period:

		Logistics - Continental Europe	Logistics - United Kingdom	Business Parks - United Kingdom
Value in use (A$M)[1]	**31 Dec 2013**	**665.3**	**115.1**	**189.9**
	30 Jun 2013	599.9	95.7	168.1
Pre-tax discount rate (pa)[2]	**31 Dec 2013**	**12.2%**	**14.4%**	**10.3%**
	30 Jun 2013	12.2%	14.1%	10.0%
Average annual development (million square metres)	**31 Dec 2013**	**0.70**	**0.22**	**0.04**
	30 Jun 2013	0.67	0.21	0.03
Average annual growth in assets under management (AUM)[3]	**31 Dec 2013**	**12.2%**	**76.8%**	**4.1%**
	30 Jun 2013	12.8%	74.9%	5.9%
Total performance fees (A$M)	**31 Dec 2013**	**-**	**-**	**24.1**
	30 Jun 2013	-	-	21.4
Average annual increase in operating expenses[4]	**31 Dec 2013**	**8.3%**	**4.8%**	-
	30 Jun 2013	10.6%	3.7%	-

1. When assessing a potential impairment, the value in use is compared against the sum of the intangible asset balance and the plant and equipment balance for each division. The value in use balance is translated at the foreign currency exchange rate as at the end of the financial period.
2. A risk premium is included in each division's discount rate, reflecting the level of forecasting, size, country and financing risks for that division.
3. AUM growth rate is highest in Logistics – United Kingdom, which reflects the fact that the initial portfolios contain a low number of completed properties and the AUM is augmented by completed developments over the forecast period.
4. The average year on year increase in operating expenses in Logistics – Continental Europe reflects the increased expenditure required to support the forecast increase in size of the division.

Continental Europe
Logistics – Continental Europe has performed in line with forecasts despite the ongoing economic uncertainty in the region. It is forecast that development starts (by area) per annum will be maintained at 0.8 million square metres of business space from year three and AUM will grow by an average of 12.2% over the five year forecast period.

United Kingdom
The United Kingdom property market and the general economy are showing signs of improvements with evidence of increased demand and declining capitalisation rates for assets in prime locations with strong covenants.

For Logistics – United Kingdom, development activity is forecast to increase over the forecast period and be maintained at a level between 0.2 and 0.3 million square metres business space per annum. The majority of development land is expected to be sold to new or existing managed funds with the remaining on balance sheet development properties assumed to be developed by Goodman on behalf of third parties.

Business Parks – United Kingdom reflects a lower level of development activity compared to that for the other divisions, consistent with the forecasts agreed with investors as part of the extension of ABPP to July 2017. The existing landbank will continue to be developed although the impact on AUM will be offset by the ongoing asset recycling programme.

10. Intangible assets (cont)

Assumptions impacting the terminal year

		Logistics - Continental Europe	Logistics - United Kingdom	Business Parks - United Kingdom
Growth rate (pa)[1]	**31 Dec 2013**	**1.7%**	**2.6%**	**2.6%**
	30 Jun 2013	1.7%	2.7%	2.7%
Development in terminal year (million square metres)	**31 Dec 2013**	**0.80**	**0.22**	**0.04**
	30 Jun 2013	0.80	0.22	0.04
Development in terminal year (cost in A$ billion)[2]	**31 Dec 2013**	**0.72**	**0.29**	**0.10**
	30 Jun 2013	0.65	0.25	0.09

1. Long-term growth rates have been used to extrapolate cash flow projections beyond the period covered by the five year forecast.
2. The forecast cost of developments in year five represents the estimated total funding requirements for both directly held developments and developments within managed funds and joint ventures.

Since 30 June 2013, there have been no significant changes to the assumptions adopted relating to the terminal year.

11. Interest bearing liabilities

		Consolidated	
	Note	31 Dec 2013 $M	30 Jun 2013 $M
Bank loans, unsecured	11(a)	216.1	263.0
Euro medium-term notes, unsecured	11(b)	464.0	411.7
US senior notes, unsecured	11(c)	1,484.3	1,428.6
Foreign private placements, unsecured	11(d)	174.8	174.5
Borrowing costs		(29.6)	(28.0)
		2,309.6	**2,249.8**

11. Interest bearing liabilities (cont)

(a) Bank loans, unsecured

Unsecured bank loans at 31 December 2013 are summarised as follows:

		Amounts drawn down in A$M equivalents						
Facility		**AUD**	**NZD**	**USD**	**JPY**	**EUR**	**GBP**	**Total**
Bank loan[1]	**31 Dec 2013**	**-**	**-**	**7.8**	**-**	**-**	**-**	**7.8**
	30 Jun 2013	-	-	53.0	-	-	-	53.0
Bank loan[2]	**31 Dec 2013**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	30 Jun 2013	-	-	-	-	89.5	-	89.5
Bank loan[3]	**31 Dec 2013**	**-**	**-**	**70.0**	**13.4**	**-**	**-**	**83.4**
	30 Jun 2013	-	-	67.4	4.9	-	-	72.3
Bank loan[4]	**31 Dec 2013**	**-**	**-**	**-**	**-**	**-**	**20.4**	**20.4**
	30 Jun 2013	-	-	-	-	-	30.8	30.8
Bank loan[5]	**31 Dec 2013**	**-**	**104.5**	**-**	**-**	**-**	**-**	**104.5**
	30 Jun 2013	-	17.4	-	-	-	-	17.4
Total unsecured bank loans	**31 Dec 2013**	**-**	**104.5**	**77.8**	**13.4**	**-**	**20.4**	**216.1**
	30 Jun 2013	-	17.4	120.4	4.9	89.5	30.8	263.0

1. At 31 December 2013, the facility limit was A$56.0 million (US$50.0 million) and the facility expires on 21 December 2015.
2. At 31 December 2013, the facility limit was A$154.3 million (€100.0 million) and the facility expires on 6 June 2015. The facility was cancelled on 17 January 2014.
3. At 31 December 2013, the facility limits were A$70.0 million (US$62.5 million) that expires on 30 April 2015 and A$53.7 million (¥5.04 billion) that expires on 30 April 2016.
4. At 31 December 2013, the facility limit was A$174.5 million (£94.0 million) and the facility expires on 31 July 2018.
5. At 31 December 2013, the facility limit was A$156.9 million (NZ$170.0 million) and the facility expires on 31 July 2018.

In addition to the above facilities, the Consolidated Entity had the following unsecured bank facilities that had not been drawn as at 31 December 2013:

+ an A$150.0 million facility that expires on 31 July 2018;
+ an A$154.4 million (€100.0 million) facility that expires on 31 July 2018;
+ an A$33.6 million (US$30.0 million) facility that expires on 21 December 2015;
+ an A$42.0 million (US$37.5 million) facility that expires on 21 December 2015;
+ an A$37.5 million facility that expires on 21 December 2015;
+ an A$50.0 million facility that expires on 21 December 2015;
+ an A$105.0 million and A$46.2 million (NZ$50 million) facilities that expires on 31 July 2018;
+ an A$104.0 million and A$46.2 million (NZ$50 million) facilities that expires on 31 August 2018; and
+ an A$159.0 million facility that expires on 31 December 2018.

11. Interest bearing liabilities (cont)

(b) Euro medium-term notes, unsecured

Goodman Australia Finance Pty Limited, a controlled entity of GIT, has on issue A$464.0 million (30 June 2013: A$411.7 million) Euro medium-term notes. All notes were issued at a fixed coupon of 9.75% payable annually. The notes mature on 16 July 2018.

(c) United States senior notes, unsecured

As at 31 December 2013, the Consolidated Entity has notes on issue in the United States 144A/Reg S bond market as follows:

+ A$364.1 million (US$325.0 million) maturing on 12 November 2020. The senior unsecured notes were issued at a fixed coupon of 6.375% payable semi-annually;
+ A$560.1 million (US$500.0 million) maturing on 15 April 2021. The senior unsecured notes were issued at a fixed coupon of 6.375% payable semi-annually; and
+ A$560.1 million (US$500.0 million) maturing on 22 March 2022. The senior unsecured notes were issued at a fixed coupon of 6.0% payable semi-annually.

(d) Foreign private placements, unsecured

As at 31 December 2013, the Consolidated Entity had the following unsecured foreign private placements:

+ A$41.7 million (€27.0 million) denominated in Euros. The facility has a variable coupon payable quarterly and expires on 30 June 2023; and
+ A$133.1 million (¥12.5 billion) denominated in Japanese yen. The facility has a fixed coupon payable semi-annually and expires on 3 April 2023.

(e) Finance facilities

	Consolidated	
	Facilities available $M	**Facilities utilised $M**
At 31 December 2013		
Bank loans, unsecured	1,593.3	216.1
Euro medium-term notes, unsecured	464.0	464.0
United States senior notes, unsecured	1,484.3	1,484.3
Foreign private placements, unsecured	174.8	174.8
Bank guarantees[1]	-	31.9
	3,716.4	**2,371.1**
At 30 June 2013		
Bank loans, unsecured	1,496.6	263.0
Euro medium-term notes, unsecured	411.7	411.7
United States senior notes, unsecured	1,428.6	1,428.6
Foreign private placements, unsecured	174.5	174.5
Bank guarantees[1]	-	33.1
	3,511.4	**2,310.9**

1. Bank guarantees are drawn from facilities available under unsecured bank loans.

12. Issued capital

	31 Dec 2013	30 Jun 2013	31 Dec 2013	30 Jun 2013
	Number of securities		$M	$M
Stapled securities - issued and fully paid	1,718,742,809	1,713,233,947	7,965.1	7,965.1
Less: Accumulated issue costs			(160.3)	(160.3)
Total issued capital			**7,804.8**	**7,804.8**

Terms and conditions

Stapled security means one share in the Company stapled to one unit in GIT and one Chess Depositary Interest (CDI) over an ordinary share of GLHK. Holders of stapled securities are entitled to receive dividends or distributions as declared from time to time and are entitled to one vote per security at Securityholders' meetings. In the event of a winding up, Securityholders rank after creditors and are fully entitled to any proceeds of liquidation.

Effective 1 July 1998, the *Company Law Review Act 199*8 abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

Date	Details	Number of securities	Issue price $	GL $M	GIT $M	GLHK $M	Security-holders $M
1 Jul 2012	Opening balance	1,605,107,475		423.5	7,092.5	-	7,516.0
22 Aug 2012	In specie capital distribution of interests in GLHK shares[1]	-	-	-	(561.8)	561.8	-
3 Sep 2012	Securities issued to employees under the Long Term Incentive Plan	2,409,834	-	-	-	-	-
19 Oct 2012	Securities issued to employees under the Goodman Tax Exempt Plan	46,295	-	-	-	-	-
15 Nov 2012	Securities issued under the Institutional Placement	94,117,700	4.25	40.0	320.0	40.0	400.0
19 Dec 2012	Securities issued under the Security Purchase Plan	11,552,643	4.25	4.9	39.3	4.9	49.1
30 Jun 2013	**Balance before accumulated issue costs**	**1,713,233,947**		**468.4**	**6,890.0**	**606.7**	**7,965.1**
2 Sep 2013	Securities issued to employees under the Long Term Incentive Plan	5,465,002	-	-	-	-	-
27 Sep 2013	Securities issued to employees under the Goodman Tax Exempt Plan	43,860	-	-	-	-	-
	Less: Accumulated issue costs	-		(11.4)	(148.3)	(0.6)	(160.3)
31 Dec 2013	**Closing balance**	**1,718,742,809**		**457.0**	**6,741.7**	**606.1**	**7,804.8**

1. On 22 August 2012, GIT paid a subscription amount of HK$4,567,164,781 (A$561.8 million) for the issue of 1,605,107,475 shares by GLHK to CHESS Depositary Nominees Pty Limited (CDN) (in addition to the one share already held). CDN issued corresponding CDIs to GIT. Later that day, GIT carried out a capital distribution in specie of all its CDI interests to its unitholders so that a CDI was stapled to each GIT unit and GL share.

13. Reserves

	Note	Consolidated 31 Dec 2013 $M	30 Jun 2013 $M
Asset revaluation reserve	13(a)	(1,219.1)	(1,225.0)
Cash flow hedge reserve	13(b)	(11.7)	(12.7)
Foreign currency translation reserve	13(c)	(90.3)	(450.8)
Employee compensation reserve	13(d)	47.9	52.4
Defined benefit funds actuarial losses reserve	13(e)	(21.6)	(18.4)
Total reserves		**(1,294.8)**	**(1,654.5)**

The movements in reserves of the Consolidated Entity are analysed below:

	GL		GIT		GLHK		Securityholders	
	2013 $M	2012 $M	2013 $M	2012 $M	2013 $M	2012 $M	2013 $M	2012 $M
(a) Asset revaluation reserve								
Balance at the beginning of the half year	(206.5)	(296.7)	(1,008.0)	(1,088.2)	(10.5)	-	(1,225.0)	(1,384.9)
Decrease due to revaluation of other financial assets	(1.2)	(0.2)	1.0	(0.5)	-	-	(0.2)	(0.7)
Transfers to/from (accumulated losses)/retained earnings	27.2	140.6	66.6	13.4	7.7	(4.3)	101.5	149.7
Effect of foreign currency translation	(21.6)	(4.2)	(72.9)	(13.6)	(0.9)	(0.2)	(95.4)	(18.0)
Balance at the end of the half year	**(202.1)**	**(160.5)**	**(1,013.3)**	**(1,088.9)**	**(3.7)**	**(4.5)**	**(1,219.1)**	**(1,253.9)**
(b) Cash flow hedge reserve								
Balance at the beginning of the half year	(0.1)	(0.4)	(12.6)	(26.6)	-	-	(12.7)	(27.0)
Change in value of financial instruments	-	-	0.4	2.2	-	-	0.4	2.2
Transfers to the income statement	-	0.4	1.4	6.2	-	-	1.4	6.6
Effect of foreign currency translation	-	-	(0.8)	(0.2)	-	-	(0.8)	(0.2)
Balance at the end of the half year	**(0.1)**	**-**	**(11.6)**	**(18.4)**	**-**	**-**	**(11.7)**	**(18.4)**
(c) Foreign currency translation reserve								
Balance at the beginning of the half year	(26.4)	(48.8)	(497.0)	(742.0)	72.6	-	(450.8)	(790.8)
Net exchange differences on conversion of foreign operations	(13.8)	9.4	312.2	35.7	62.1	0.4	360.5	45.5
Balance at the end of the half year	**(40.2)**	**(39.4)**	**(184.8)**	**(706.3)**	**134.7**	**0.4**	**(90.3)**	**(745.3)**
(d) Employee compensation reserve								
Balance at the beginning of the half year	2.4	26.1	49.0	-	1.0	-	52.4	26.1
Equity settled share based payment expense	8.7	8.9	-	-	2.6	0.8	11.3	9.7
Transfers to (accumulated losses)/retained earnings	(15.8)	-	-	-	-	-	(15.8)	-
Other transfers	8.3	-	(6.8)	-	(1.5)	-	-	-
Balance at the end of the half year	**3.6**	**35.0**	**42.2**	**-**	**2.1**	**0.8**	**47.9**	**35.8**
(e) Defined benefit funds actuarial losses reserve								
Balance at the beginning of the half year	(18.4)	(23.6)	-	-	-	-	(18.4)	(23.6)
Actuarial losses on defined benefit superannuation funds	(0.8)	-	-	-	-	-	(0.8)	-
Effect of foreign currency translation	(2.4)	(0.4)	-	-	-	-	(2.4)	(0.4)
Balance at the end of the half year	**(21.6)**	**(24.0)**	**-**	**-**	**-**	**-**	**(21.6)**	**(24.0)**
Total reserves	**(260.4)**	**(188.9)**	**(1,167.5)**	**(1,813.6)**	**133.1**	**(3.3)**	**(1,294.8)**	**(2,005.8)**

14. (Accumulated losses)/retained earnings

The (accumulated losses)/retained earnings of the Consolidated Entity are apportioned below between the amounts Securityholders are entitled to by virtue of their shareholding in the Company and GLHK and their unitholding in GIT:

	GL		GIT		GLHK		Securityholders	
	2013	2012	2013	2012	2013	2012	2013	2012
	$M	$M	$M	$M	$M	$M	$M	$M
Balance at the beginning of the half year	9.3	8.9	(679.8)	(143.5)	24.4	-	(646.1)	(134.6)
Profit for the half year	71.7	20.4	61.8	121.4	26.9	12.8	160.4	154.6
Transfers to/from asset revaluation reserve	(27.2)	(140.6)	(66.6)	(13.4)	(7.7)	4.3	(101.5)	(149.7)
Transfers from capital profits reserve[1]	-	(1.2)	-	(171.5)	-	-	-	(172.7)
Transfers from employee compensation reserve	15.8	-	-	-	-	-	15.8	-
Transfers from non-controlling interests[2]	-	-	-	(8.1)	-	-	-	(8.1)
Dividends/distributions declared	(88.7)	-	(177.9)	(166.2)	-	-	(266.6)	(166.2)
Balance at the end of the half year	**(19.1)**	**(112.5)**	**(862.5)**	**(381.3)**	**43.6**	**17.1**	**(838.0)**	**(476.7)**

1. In prior periods, unrealised gains or losses on properties included in the asset revaluation reserve were transferred to the capital profits reserve on disposal. From 1 July 2012, the Consolidated Entity amended its policy such that on disposal of properties any previously unrealised gains or losses are transferred from the asset revaluation reserve to (accumulated losses)/retained earnings. Accordingly, the balance of the capital profit reserve at 1 July 2012 was transferred to accumulated losses.
2. In the prior half year, issue costs previously incurred on the issue of Goodman PLUS were transferred to (accumulated losses)/retained earnings following amendments to the terms of the hybrid securities.

15. Significant non-cash transactions

During the half year, the Consolidated Entity received a distribution from GTA of $13.5 million in the form of units in the fund.

During the prior half year, the Consolidated Entity:

+ disposed of its 25% interest in Highbrook Development Limited for a consideration of $54.6 million. This consideration was received in the form of units in GMT, of which $24.8 million was deferred; and
+ received distributions from GTA of $9.6 million in the form of units in the fund.

16. Commitments

At 31 December 2013, there were no capital commitments in respect of the Consolidated Entity's investment properties.

The Consolidated Entity was committed to the following expenditure at 31 December 2013 in respect of development activities:
+ $260.4 million (30 June 2013: $80.0 million) on inventories; and
+ $99.6 million (30 June 2013: $58.2 million) on construction contracts.

Commitment to invest in managed funds and joint ventures

At 31 December 2013, subject to amounts being called by the relevant board or committee, the Consolidated Entity was committed to invest:
+ $183.5 million (30 June 2013: $92.1 million) into GCLH to fund property acquisitions;
+ $120.4 million (30 June 2013: $123.4 million) into GJDP to fund developments projects;
+ $168.7 million (30 June 2013: $nil) into GELF to fund property acquisitions;
+ $429.8 million (30 June 2013: $435.0 million) into GNAP to fund property acquisitions and development projects;
+ $53.4 million (30 June 2013: $112.6 million) into WTGoodman to fund developments projects; and
+ $20.6 million (30 June 2013: $23.5 million) into other development JVEs.

In relation to GAIF and GELF, the Consolidated Entity offers limited liquidity facilities to investors, which allow the investors to sell to the Consolidated Entity some or all of their investment in the funds. Limits apply to these liquidity facilities and Goodman is only required to offer to purchase up to $7.5 million of the issued capital of GAIF each quarter and 2.5% of the issued capital of GELF each quarter. Furthermore, the Consolidated Entity is only required to purchase units where its co-investment in GAIF or GELF is below a prescribed limit. Currently, Goodman's interest (together with its custodian's interest) in GAIF and GELF is below the prescribed limit and both liquidity facilities are open for investors.

17. Related parties

Transactions with associates and JVEs

The significant transactions with associates and JVEs are set out as follows:

	Revenue from disposals of assets		Revenue from management services and development		Interest charged on loans to related parties	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
	$M	**$M**	**$M**	**$M**	**$M**	**$M**
Associates	**-**	-	**101.5**	120.0	**0.6**	-
JVEs	**14.3**	189.4	**141.8**	16.0	**0.7**	3.7

18. Financial instruments

Fair values of financial instruments

The carrying amounts shown in the statement of financial position and fair values of financial assets and liabilities are as follows:

Consolidated	Carrying amount 31 Dec 2013 $M	Fair value 31 Dec 2013 $M	Carrying amount 30 Jun 2013 $M	Fair value 30 Jun 2013 $M
Financial assets				
Cash	565.7	565.7	645.4	645.4
Receivables:				
- Loans and receivables	322.0	322.0	527.4	527.4
- Interest rate swaps	20.2	20.2	16.5	16.5
- Cross currency interest rate swaps	56.6	56.6	104.1	104.1
Other financial assets:				
- Investments in unlisted securities	17.7	17.7	15.7	15.7
	982.2	**982.2**	**1,309.1**	**1,309.1**
Financial liabilities				
Payables:				
- Trade payables and other payables and accruals	374.4	374.4	345.7	345.7
- Interest rate swaps	93.3	93.3	96.4	96.4
- Cross currency interest rate swaps	303.2	303.2	143.3	143.3
Interest bearing liabilities[1]	2,309.6	2,614.1	2,249.8	2,490.3
	3,080.5	**3,385.0**	**2,835.2**	**3,075.7**

1. The fair value of certain fixed rate interest bearing liabilities has been determined by reference to the quoted market prices at 31 December 2013.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

+ Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
+ Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
+ Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
As at 31 December 2013				
Available for sale financial assets	-	-	17.7	17.7
Derivative financial assets	-	76.8	-	76.8
	-	**76.8**	**17.7**	**94.5**
Derivative financial liabilities	-	396.5	-	396.5
	-	**396.5**	**-**	**396.5**
As at 30 June 2013				
Available for sale financial assets	-	-	15.7	15.7
Derivative financial assets	-	120.6	-	120.6
	-	**120.6**	**15.7**	**136.3**
Derivative financial liabilities	-	239.7	-	239.7
	-	**239.7**	**-**	**239.7**

18. Financial instruments (cont)

In both the current and prior half year, Level 3 available for sale financial assets related primarily to Goodman European Business Parks Fund (GEBPF). The fair value was determined by reference to the net asset value of GEBPF, which incorporated the fair values of investment properties.

The reconciliation of the carrying amount for Level 3 financial instruments is set out below:

	Available for sale financial assets	
	2013	2012
	$M	$M
Carrying amount at the beginning of the half year	15.7	13.6
Additions	2.3	0.9
Impairment loss	(1.7)	(1.9)
Effect of foreign currency translation	1.4	0.5
Carrying amount at the end of the half year	**17.7**	**13.1**

19. Events subsequent to balance date

In the opinion of the Directors, there were no events subsequent to balance date, and up to the date of signature of this interim financial report, which would require adjustment or disclosure in the interim financial report.

Goodman Limited and its controlled entities
Directors' declaration

In the opinion of the directors of Goodman Limited:

(a) the interim financial statements and the accompanying notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2013 and of its performance for the half year ended on that date; and

   (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Ian Ferrier, AM
Independent Chairman

Gregory Goodman
Group Chief Executive Officer

Sydney, 13 February 2014

KPMG

Independent auditor's review report to the members of Goodman Limited

We have reviewed the accompanying interim financial report of Goodman Limited, which comprises the consolidated interim statement of financial position as at 31 December 2013, consolidated interim income statement and consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim cash flow statement for the half year ended on that date, notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Consolidated Entity comprising the company and the entities it controlled at the half year's end or from time to time during the half year.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim 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 interim 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 interim 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 31 December 2013 and its performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Goodman Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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*.

KPMG

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Goodman 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 31 December 2013 and of its performance for the half year ended on that date; and

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

KPMG

John Teer
Partner

Sydney

13 February 2014