AVJennings Limited
ABN: 44 004 327 771

31 December 2017 Half-Year Report
Appendix 4D

This Interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, it is recommended that this Report be read in conjunction with the Annual Report for the year ended 30 June 2017 and any public announcements made by AVJennings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

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Results for Announcement to the Market

Appendix 4D for the half-year ended 31 December 2017

	For the half-year ended 31 December 2017 $'000	31 December 2016 $'000	Increase $'000	%
Revenues	185,827	156,038	29,789	19.1%
Profit after tax	15,482	14,145	1,337	9.5%
Net profit attributable to owners of the Company	15,482	14,145	1,337	9.5%

Dividends	Cents per share	Franked amount per share at 30% tax
<u>Current period</u>		
Interim dividend	2.0	2.0
Total dividend	**2.0**	**2.0**
<u>Previous period</u>		
Interim dividend	1.5	1.5
Total dividend	**1.5**	**1.5**

Record date for determining entitlements to dividend:	26 March 2018
Payment date:	19 April 2018

The Company's Dividend Re-Investment Plan has been reactivated.

Explanation of results

The Operating and Financial Review in the Directors' Report provides an explanation of the results.

Directors' Report

For the half-year ended 31 December 2017

Your Directors present their Report on the Company and its controlled entities for the half-year ended 31 December 2017.

DIRECTORS

The names of the Company's Directors in office during the year and until the date of this Report are as below. Directors were in office for the entire period unless otherwise stated.

S Cheong	Non-Executive Chairman
RJ Rowley	Non-Executive Deputy Chairman
PK Summers	Managing Director and Chief Executive Officer
E Sam	Non-Executive Director
B Chin	Non-Executive Director
BG Hayman	Non-Executive Director
TP Lai	Non-Executive Director
BL Tan	Non-Executive Director

OPERATING AND FINANCIAL REVIEW

Financial Results

The Company recorded profit before tax of $22.4 million for the half year ended 31 December 2017 up 9.5% on the previous corresponding half (31 December 2016: $20.4 million) and profit after tax of $15.5 million (31 December 2016: $14.1 million). When adjusted for the impact of the writeback in the inventory loss provision in 1H17 of $5.1 million before tax (1H18: Nil) underlying profit before tax rose strongly, up $7.0 million or 45.5% over the prior corresponding period (31 December 2016: $15.4 million PBT net of writeback) and underlying profit after tax rose by 46% (31 December 2016: $10.6 million PAT net of writeback).

Good revenue and cash inflow from the collection of receivables during the half and confidence in the outlook for the balance of financial 2018 enabled the Directors to declare that a fully franked interim dividend of 2.0 cents per share be paid in April 2018 (1.5 cents per share was paid in April 2017).

The Company's Directors have determined that the Dividend Reinvestment Plan will apply to the interim dividend. Shares issued under the DRP will attract a 2.5% discount to the weighted average market price over the five trading days from the ex-dividend date. Election notices will be sent to shareholders in early March.

Contracts signed numbered 454 lots in 1H18, which was lower than the previous corresponding period (730 lots) due to production timing differences (refer 'Business Overview' for further detail). Settlements of 587 lots were nominally up by some 2% (31 December 2016: 576 lots), however, the increase in half year revenue to $185.8 million (31 December 2016: $156.0 million) was up 19.1% on the prior period, reflecting good growth in average sales values.

Directors' Report
For the half-year ended 31 December 2017

OPERATING AND FINANCIAL REVIEW (continued)

Business Overview

The result reflects the high quality of the Company's projects and the continuing strength of Sydney's south-western residential growth corridor and the Central Coast of New South Wales, with 'Evergreen' at Spring Farm, 'Arcadian Hills' at Cobbitty, 'Argyle' at Elderslie and 'Hamlyn Terrace' all performing strongly.

The reduction in contract signings for 1H18 relates primarily to New South Wales and Auckland. In the case of New South Wales, the reduction was primarily due to delays in approvals but was also impacted by the previously announced strategy of increasing the amount of built form, which takes longer to construct/complete and is sold later in the production cycle. The Auckland decrease is due to the wholesale nature of that business and the delay in the acquisition of the latest precinct in the Hobsonville Project, which was only completed late in 2017.

Given the continuing strength of the Melbourne residential land market, we have recently changed strategy in Victoria to slow down presales at our new Lyndarum North project to capture increasing margins. We have released and sold over 300 lots to-date, none of which have been revenue recognised in 1H18 or prior. The outcome of this strategy will be reflected in second half contract signings, but again, will have no impact on the timing of revenue recognition in FY18 as this has no impact on production rates, only presales strategy.

South Australia remains challenging and whilst the Queensland results have been disappointing, we expect improved performance in future periods. There is some completed, unsold inventory in both Adelaide and Queensland and initiatives have been implemented to address this.

Work in progress levels remained high at 1,991 lots/housing under development and construction, which is up around 6% on the same period last year (31 December 2016: 1,880 lots). New projects and acquisitions continue to gain momentum and strengthen the Company's ability to maintain or grow production levels.

Controlled land remained steady at 10,264 lots (31 December 2016: 10,387 lots) and was up 6.3% from the level at 30 June 2017 (9,654 lots) as the Company replenished inventory during the half, including through the following acquisitions:

- Kogarah, Sydney – appropriately zoned medium density site (approximately 67 apartments)
- Huntley, Illawarra Region, New South Wales – appropriately zoned green fields site (approximately 205 lots)
- Rochedale, Brisbane – appropriately zoned green fields site (approximately 81 lots)
- Deebing Heights, Brisbane – appropriately zoned green fields site (approximately 210 lots)
- Ripley, Brisbane – appropriately zoned green fields site (approximately 294 lots)

Most of the Company's projects, including sites acquired within the last 6 months, are under (or will within the second half of financial 2018 enter) active production.

Gearing (net debt/total assets) remained low at 25.5% (total net debt $180.1 million), on par with the position in the previous corresponding half (31 December 2016: 25.8%) and only nominally up from the position at 30 June 2017 (23.0%).

OPERATING AND FINANCIAL REVIEW (continued)

Outlook

Our confidence in the residential markets remains strong, particularly in New South Wales, Victoria and Auckland. It is pleasing that the excellent work in Victoria to advance recent acquisitions to development stage together with pre-sales at Lyndarum North and Waterline will begin to contribute significantly to revenue recognition in 2H18 and beyond.

As a result of the factors above, contract signings guidance for FY18 has been revised to 1,450-1,550 contracts. The slowdown in contract signings, both strategically and from external factors, is highly unlikely to impact on the full year results and unlikely to impact FY19 results, based on three factors:

- Our contract signings have been running ahead of both settlements and even work in progress levels for a number of reporting periods now, creating a strong 'bank' of pre-sales;
- Our ability to continue to produce inventory; and
- Our continued confidence in the residential markets.

Directors remain confident FY18 outcomes will show continued growth in revenue and earnings both in the second half and compared to FY17.

Directors' Report

For the half-year ended 31 December 2017

DIVIDENDS

A final dividend of 3.5 cents per share for the year ended 30 June 2017 was paid on 19 September 2017 (30 June 2016 final dividend: 3.5 cents). Subsequent to the end of the half year, the Directors have recommended a fully franked interim dividend of 2.0 cents per share to be paid on 19 April 2018. The Dividend Reinvestment Plan has been reactivated.

COMPARATIVE FIGURES

To enable meaningful comparison, some comparatives have been reclassified to conform with the current period's presentation.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect:

a) the Group's operations in future financial years; or
b) the results of those operations in future financial years; or
c) the Group's state of affairs in future financial years.

ROUNDING

ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 is applicable to the Group and in accordance with that Instrument, amounts in the Financial Report and the Directors' Report are rounded to the nearest thousand dollars, unless otherwise stated.

AUDITORS INDEPENDENCE DECLARATION

We have obtained the following independence declaration from our auditors, Ernst & Young. It is set out on page 8.

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

Peter Summers
Director
23 February 2018

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of AVJennings Limited

As lead auditor for the review of AVJennings Limited for the half-year ended 31 December 2017, I declare 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 AVJennings Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
23 February 2018

Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2017

	Note	For the half-year ended 31 December 2017 $'000	31 December 2016 $'000
Revenues	3	185,827	156,038
Cost of sales		(138,167)	(115,391)
Gross profit		**47,660**	**40,647**
Share of losses of associates and joint venture entities accounted for using the equity method	10	(142)	(400)
Change in inventory loss provisions	3	-	5,057
Selling and marketing expenses		(4,385)	(5,292)
Employee expenses		(12,923)	(12,049)
Other operational expenses		(3,359)	(3,169)
Management and administration expenses		(4,211)	(3,768)
Depreciation expense		(141)	(150)
Finance costs	3	(107)	(430)
Profit before income tax		**22,392**	**20,446**
Income tax	4	(6,910)	(6,301)
Profit after income tax		**15,482**	**14,145**
Other comprehensive income (OCI)			
Foreign currency translation		(770)	192
Other comprehensive (loss)/income for the half-year		**(770)**	**192**
Total comprehensive income for the half-year		**14,712**	**14,337**
Profit for the half-year attributable to owners of the Company		**15,482**	**14,145**
Total comprehensive income for the half-year attributable to owners of the Company		**14,712**	**14,337**
Earnings per share (cents per share):			
Basic earnings per share		4.03	3.69
Diluted earnings per share		4.03	3.69

Consolidated Statement of Financial Position
As at 31 December 2017

	Note	31 December 2017 $'000	30 June 2017 $'000
Current assets			
Cash and cash equivalents		19,474	15,562
Trade and other receivables		115,479	121,872
Inventories		174,883	211,073
Other assets		6,870	3,073
Total current assets		**316,706**	**351,580**
Non-current assets			
Trade and other receivables		8,717	38,131
Inventories		362,990	308,133
Equity accounted investments		10,354	8,449
Available-for-sale financial assets		2,880	2,880
Plant and equipment		655	792
Intangible assets		2,816	2,816
Total non-current assets		**388,412**	**361,201**
Total assets		**705,118**	**712,781**
Current liabilities			
Trade and other payables		55,000	75,553
Interest-bearing loans and borrowings		2,604	2,607
Tax payable		6,604	5,257
Provisions		5,674	5,607
Total current liabilities		**69,882**	**89,024**
Non-current liabilities			
Trade and other payables		30,833	37,449
Interest-bearing loans and borrowings		197,016	177,016
Deferred tax liabilities		23,955	27,422
Provisions		738	867
Total non-current liabilities		**252,542**	**242,754**
Total liabilities		**322,424**	**331,778**
Net assets		**382,694**	**381,003**
Equity			
Contributed equity	6	160,436	160,436
Reserves		6,285	6,622
Retained earnings		215,973	213,945
Total equity		**382,694**	**381,003**

Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2017

		Attributable to equity holders of AVJennings Limited				Total Equity
	Note	Contributed Equity $'000	Foreign Currency Translation Reserve $'000	Share-based Payment Reserve $'000	Retained Earnings $'000	$'000
At 1 July 2016		**160,436**	**3,833**	**2,189**	**197,449**	**363,907**
Comprehensive income:						
Profit for the half-year		-	-	-	14,145	14,145
Other comprehensive income for the half-year		-	192	-	-	192
Total comprehensive income for the half-year		**-**	**192**	**-**	**14,145**	**14,337**
Transactions with owners in their capacity as owners:						
- Share-based payment expense reversed (forfeited shares)		-	-	(36)	-	(36)
- Share based payment expense		-	-	370	-	370
- Dividends paid	5	-	-	-	(13,454)	(13,454)
Total transactions with owners in their capacity as owners		**-**	**-**	**334**	**(13,454)**	**(13,120)**
At 31 December 2016		**160,436**	**4,025**	**2,523**	**198,140**	**365,124**
At 1 July 2017		**160,436**	**3,724**	**2,898**	**213,945**	**381,003**
Comprehensive income:						
Profit for the half-year		-	-	-	15,482	15,482
Other comprehensive loss for the half-year		-	(770)	-	-	(770)
Total comprehensive income for the half-year		**-**	**(770)**	**-**	**15,482**	**14,712**
Transactions with owners in their capacity as owners:						
- Share based payment expense		-	-	433	-	433
- Dividends paid	5	-	-	-	(13,454)	(13,454)
Total transactions with owners in their capacity as owners		**-**	**-**	**433**	**(13,454)**	**(13,021)**
At 31 December 2017		**160,436**	**2,954**	**3,331**	**215,973**	**382,694**

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2017

	Note	For the half-year ended 31 December 2017 $'000	31 December 2016 $'000
Cash flows from operating activities			
Receipts from customers		239,367	190,329
Payments to suppliers and employees		(224,724)	(207,591)
Finance costs including interest paid		(6,845)	(5,457)
Income tax paid		(8,836)	(12,603)
Net cash used in operating activities		**(1,038)**	**(35,322)**
Cash flows from investing activities			
Payments for plant and equipment		(4)	(77)
Interest received		773	430
Investments in joint venture entities		(2,048)	-
Net cash (used in)/from investing activities		**(1,279)**	**353**
Cash flows from financing activities			
Proceeds from borrowings		112,596	67,680
Repayment of borrowings		(92,599)	(58,244)
Dividends paid	5	(13,454)	(13,454)
Net cash from/(used in) financing activities		**6,543**	**(4,018)**
Net increase/(decrease) in cash and cash equivalents		**4,226**	**(38,987)**
Cash and cash equivalents at beginning of the half-year		15,562	43,086
Effects of exchange rate changes on cash and cash equivalents		(314)	86
Cash and cash equivalents at end of the half-year		**19,474**	**4,185**

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2017

1. CORPORATE INFORMATION

The Consolidated Report of AVJennings Limited for the half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of the Directors on 23 February 2018. The Company is a for profit company limited by shares domiciled and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange and the Singapore Exchange through SGX GlobalQuote.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The half-year condensed financial report has been prepared in accordance with the requirements of the *Corporations Act 2001*, *AASB 134 Interim Financial Reporting* and other mandatory professional requirements.

It is recommended that this Report be read in conjunction with the Annual Report for the year ended 30 June 2017 and considered together with any public announcements made by AVJennings Limited during the half-year ended 31 December 2017 in accordance with the continuous disclosure obligations of the ASX listing rules.

This Report is presented in Australian Dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated. The accounting policies adopted are consistent with those of the previous financial year.

Certain new accounting standards have been published that are not mandatory for the half-year ended 31 December 2017 and have not been early adopted by the Group. The Group's assessment of the impact of these new standards is set out below:

AASB 9 Financial Instruments: (effective 1 January 2018 / applicable to the Group 1 July 2018 with early adoption permitted)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. The Group does not expect a material impact to the Group's accounting for financial instruments.

AASB 15 Revenue from Contracts with Customers: (effective 1 January 2018 / applicable to the Group 1 July 2018 with early adoption permitted)

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. The new standard is unlikely to have a material impact on land and built form revenue recognised on settlement. However, at this stage, it is expected that the standard may have a material impact on revenue currently recognised prior to settlement, with the recognition point under AASB15 likely to be closer to, or at, settlement.

AASB 16 Leases: (effective 1 January 2019 / applicable to the Group 1 July 2019 with early adoption permitted if AASB 15 is also adopted)

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. This standard will predominantly affect lessees, bringing all major leases on balance sheet.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2017

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Whilst the total amount of expense recorded in the income statement is expected to remain unchanged over the full lease term, the timing of expense recognition could accelerate. The expense would be re-characterised as interest expense and amortisation expense instead of rent. Assets and liabilities will increase as “right to use assets” and “leasing liabilities” are recorded for operating leases.

AVJennings has performed an initial assessment of AASB 16 on its existing material operating lease arrangements as a lessee. Based on the preliminary assessment and using a discount rate of approximately 5.55%, the Group would recognise right of use assets approximating 1% of total assets and lease liabilities approximating 2% of total liabilities if the Standard were to be implemented at 31 December 2017. Assuming there are no material changes to leasing arrangements, AVJennings expects the percentage of right of use assets and lease liabilities to remain at similar levels.

The Group has not yet decided when to adopt AASB 16.

3. REVENUES AND EXPENSES

Profit from ordinary activities before income tax includes the following revenues and expenses:

	For the half-year ended	
	31 December 2017 $'000	31 December 2016 $'000
Revenues		
Sales of land and built form	184,218	155,078
Interest received	773	430
Management fees received/receivable	421	437
Other	415	93
Total revenues	**185,827**	**156,038**
Cost of sales include:		
Amortisation of finance costs capitalised to inventories	**7,800**	**5,144**
Finance costs		
Bank loans and overdrafts	6,845	5,457
Less: Amount capitalised to inventories	(6,738)	(5,027)
Finance costs expensed	**107**	**430**
Impairment of assets		
Net decrease in inventory loss provisions	-	5,057

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2017

4. INCOME TAX

	For the half-year ended 31 December 2017 $'000	31 December 2016 $'000
Income tax expense		
The major components of income tax are:		
Current income tax		
Current income tax charge	10,214	6,844
Adjustment for prior year	(7)	(7)
Deferred income tax		
Current temporary differences	(3,296)	(546)
Adjustment for prior year	(1)	10
Income tax reported in the *Consolidated Statement of Comprehensive Income*	**6,910**	**6,301**

Numerical reconciliation between aggregate tax recognised in the *Consolidated Statement of Comprehensive Income* and tax calculated per the statutory income tax rate:

Accounting profit before income tax	**22,392**	**20,446**
Tax at Australian income tax rate of 30%	6,718	6,134
Non-deductible share of equity accounted Joint Venture losses	42	120
Other non-deductible items	194	59
(Deductible)/assessable foreign jurisdiction (losses)/gains	(49)	51
Effect of lower tax rate in foreign jurisdictions	13	(66)
Adjustment for prior year	(8)	3
Income tax expense	**6,910**	**6,301**
Effective tax rate	**31%**	**31%**

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2017

5. DIVIDENDS

	For the half-year ended	
	31 December 2017 $'000	31 December 2016 $'000
Cash dividends declared and paid		
2017 final dividend of 3.5 cents per share, paid 19 September 2017. Fully franked @ 30% tax	13,454	-
2016 final dividend of 3.5 cents per share, paid 23 September 2016. Fully franked @ 30% tax	-	13,454
Total cash dividends declared and paid	**13,454**	**13,454**
Dividends proposed		
2018 interim dividend of 2.0 cents per share, to be paid 19 April 2018. Fully franked @ 30% tax	7,688	-
2017 interim dividend of 1.5 cents per share, paid 7 April 2017. Fully franked @ 30% tax	-	5,767
Total dividends proposed	**7,688**	**5,767**

The Company's Dividend Reinvestment Plan has been reactivated.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2017

6. CONTRIBUTED EQUITY

	Note	31 December 2017 $'000	30 June 2017 $'000
Share capital		**160,436**	**160,436**

(a) Issued shares		31 December 2017 *Number*	30 June 2017 *Number*
Ordinary shares		384,423,851	384,423,851
Treasury shares	6(b)	(589,290)	(842,089)
Total issued shares		**383,834,561**	**383,581,762**

(b) Movement in treasury shares

As at the beginning of the half-year	(842,089)	(2,338,154)
Employee share scheme issue	252,799	1,496,065
As at the end of the half-year	**(589,290)**	**(842,089)**

Fully paid ordinary shares carry one vote per share and carry the right to dividends. There are currently no unexercised or outstanding options. No options were exercised during the half-year.

Treasury shares are shares in AVJennings Limited that are held by the AVJ Deferred Employee Share Plan Trust for the purpose of issuing shares to Executives.

The original cost of the shares was treated as a reduction in share capital and the underlying shares identified separately as treasury shares.

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2017

7. OPERATING SEGMENTS

The Group operates primarily in residential development.

The Group determines segments based on information that is provided to the Managing Director who is the Chief Operating Decision Maker (CODM). The CODM assesses the performance and makes decisions about the resources to be allocated to the segment. Each segment prepares a detailed finance report on a monthly basis which summarises the following:

- Historic results of the segment; and
- Forecast of the segment for the remainder of the year.

Reportable segments

Jurisdictions:

This includes activities relating to Land Development, Integrated Housing and Apartments Development.

Other:

This includes numerous low value items, amongst the most significant of which is interest.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2017

7. OPERATING SEGMENTS (continued)

The following table presents the revenues and results information regarding operating segments for the half-year ended 31 December 2017:

Operating Segments	NSW 31 December 2017 $'000	NSW 31 December 2016 $'000	VIC 31 December 2017 $'000	VIC 31 December 2016 $'000	QLD 31 December 2017 $'000	QLD 31 December 2016 $'000	SA 31 December 2017 $'000	SA 31 December 2016 $'000	NZ 31 December 2017 $'000	NZ 31 December 2016 $'000	Other 31 December 2017 $'000	Other 31 December 2016 $'000	Total 31 December 2017 $'000	Total 31 December 2016 $'000
Revenues														
External sales	85,293	65,279	39,916	25,448	31,216	27,701	27,732	14,779	61	21,871	-	-	184,218	155,078
Management fees	-	-	252	423	159	-	10	14	-	-	-	-	421	437
Other revenue	-	-	-	-	-	-	-	-	-	-	1,188	523	1,188	523
Total segment revenues	**85,293**	**65,279**	**40,168**	**25,871**	**31,375**	**27,701**	**27,742**	**14,793**	**61**	**21,871**	**1,188**	**523**	**185,827**	**156,038**
Results														
Segment results *	27,983	18,542	1,774	(539)	640	2,300	176	(719)	317	4,120	1,512	842	32,402	24,546
Share of (losses) / profit of associates and JVs accounted for using the equity method	-	1	(3)	-	-	-	(5)	(7)	-	-	(134)	(394)	(142)	(400)
Change in inventory loss provisions	-	5,775	-	-	-	-	-	(718)	-	-	-	-	-	5,057
Unallocated depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	(141)	(150)
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(9,620)	(8,177)
Unallocated interest expense	-	-	-	-	-	-	-	-	-	-	-	-	(107)	(430)
Profit before tax													22,392	20,446
Income tax													(6,910)	(6,301)
Net profit													**15,482**	**14,145**

* Segment results include utilisation of inventory loss provisions of $1,281,000 (31 December 2016: $1,397,000)

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2017

7. OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities information regarding operating segments as at 31 December 2017:

Operating Segments	NSW		VIC		QLD		SA		NZ		Other		Total	
	31 Dec 2017 $'000	30 Jun 2017 $'000	31 Dec 2017 $'000	30 Jun 2017 $'000	31 Dec 2017 $'000	30 Jun 2017 $'000	31 Dec 2017 $'000	30 Jun 2017 $'000	31 Dec 2017 $'000	30 Jun 2017 $'000	31 Dec 2017 $'000	30 Jun 2017 $'000	31 Dec 2017 $'000	30 Jun 2017 $'000
Assets														
Segment assets	251,418	220,419	164,640	184,446	120,131	122,691	79,560	92,615	56,086	66,223	33,283	26,387	705,118	712,781
Total assets	**251,418**	**220,419**	**164,640**	**184,446**	**120,131**	**122,691**	**79,560**	**92,615**	**56,086**	**66,223**	**33,283**	**26,387**	**705,118**	**712,781**
Liabilities														
Segment liabilities	23,607	27,503	56,472	58,685	12,852	26,405	4,925	5,231	34,259	45,662	190,309	168,292	322,424	331,778
Total liabilities	**23,607**	**27,503**	**56,472**	**58,685**	**12,852**	**26,405**	**4,925**	**5,231**	**34,259**	**45,662**	**190,309**	**168,292**	**322,424**	**331,778**

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2017

8. NET TANGIBLE ASSET BACKING

	31 December 2017	30 June 2017
Net Tangible Asset backing (NTA) - cents per ordinary share	99.0	98.6

The number of ordinary shares used in the computation of NTA as at 31 December 2017 was 383,834,561 (30 June 2017: 383,581,762). Refer to note 6 for details.

9. INTEREST IN JOINT OPERATIONS

The Group's interest in the profits and losses of Joint Operations is included in the *Consolidated Statement of Comprehensive Income* under the following classifications:

	For the half-year ended	
	31 December 2017 $'000	31 December 2016 $'000
Revenues	1	3
Other expenses	(370)	(267)
Loss before income tax	**(369)**	**(264)**
Income tax	111	79
Loss after income tax	**(258)**	**(185)**

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2017

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The interests in an associate or a joint venture entity are accounted for using the equity method of accounting and are carried at cost. Under the equity method, the Group's share of the results of the associate or the joint venture entity are recognised in the *Consolidated Statement of Comprehensive Income*, and the share of movements in reserves is recognised in the *Consolidated Statement of Financial Position*. The information is set out below:

Equity accounted Associates & Joint Venture Entities	**Interest held**		**Share of net (loss) / profit**	
			For the half-year ended	
	31 December 2017	31 December 2016	31 December 2017 $'000	31 December 2016 $'000
Epping JV	10.0%	10.0%	(3)	-
Eastwood JV	-	50.0%	-	1
Woodville JV	50.0%	50.0%	(5)	(7)
Pindan Capital Group Dwelling Trust	33.3%	33.3%	(134)	(394)
Loss after income tax			**(142)**	**(400)**

11. INTEREST- BEARING LOANS AND BORROWINGS

The fair value for interest-bearing loans and borrowings less than 12 months to maturity is deemed to equal the carrying value. All other borrowings are discounted if the effect of discounting is material. The fair values of interest-bearing loans and borrowings are determined by using the discounted cash flow method with a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

Interest-bearing loans and borrowings are classified as level 2 financial instruments.

The Group remains compliant with all lending covenants.

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2017

12. CONTINGENCIES

Secured

Performance guarantees

Contingent liabilities in respect of certain performance guarantees, granted by the Group's bankers in the normal course of business to unrelated parties, at 31 December 2017, amounted to $5,591,000 (30 June 2017: $7,796,000). No material liability is expected to arise.

Financial guarantees

Financial guarantees granted by the Group's bankers to unrelated parties in the normal course of business at 31 December 2017, amounted to $2,335,000 (30 June 2017: $2,135,000). No material liability is expected to arise.

Unsecured

Contract performance bond facility

The Parent Entity has entered into Deeds of Indemnity with various controlled entities to indemnify the obligation of those entities in relation to Contract performance bond facilities. Contingent liabilities in respect of certain performance bonds, granted by the Group's financiers, in the normal course of business as at 31 December 2017, amounted to $32,377,000 (30 June 2017: 26,936,000). No material liability is expected to arise.

13. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect:

a) the Group's operations in future financial years; or
b) the results of those operations in future financial years; or
c) the Group's state of affairs in future financial years.

Directors’ Declaration

For the half-year ended 31 December 2017

In accordance with a resolution of the Directors of AVJennings Limited, we state that:

In the opinion of the Directors:

a) The Consolidated Financial Statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the financial position as at 31 December 2017 and of the performance for the half-year ended on that date; and

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

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

On behalf of the Board.

Peter Summers
Director

23 February 2018

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Review Report to the Members of AVJennings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of AVJennings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial 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*.

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 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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial 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 the Group, 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.

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Independence

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

Ernst & Young

Mark Conroy
Partner
Sydney
23 February 2018