AVJennings Limited
ABN: 44 004 327 771

30 June 2018 Preliminary Final Report
Appendix 4E

This 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 year ended 30 June 2018 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

Contents

Results for Announcement to the Market

Appendix 4E for the year ended 30 June 2018

	2018 $'000	2017 $'000	Decrease $'000	Decrease %
Revenues	374,317	401,632	(27,315)	(6.8)%
Profit after tax	31,347	35,717	(4,370)	(12.2)%
Net profit attributable to owners of the Company	31,347	35,717	(4,370)	(12.2)%

Dividends	Cents per share	Franked amount per share at 30% tax
Current period		
Interim dividend	2.0	2.0
Final dividend	3.0	3.0
Total dividend	**5.0**	**5.0**
Previous period		
Interim dividend	1.5	1.5
Final dividend	3.5	3.5
Total dividend	**5.0**	**5.0**

Record date for determining entitlements to dividend:	17 September 2018
Payment date:	11 October 2018

The Company's Dividend Reinvestment Plan (DRP) remains active.

Explanation of results

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

Directors' Report

For the year ended 30 June 2018

Your Directors present their Report on the Company and its controlled entities for the year ended 30 June 2018.

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

For the year ended 30 June 2018, the Company reported a profit before tax of $45.1 million. Profit after tax was $31.3 million (30 June 2017: $35.7 million). When adjusted for the impact of the writeback in the inventory loss provision of $1.1 million before tax (FY2017: $5.1 million), the underlying profit before and after tax declined approximately 4% and 5% respectively.

On 6 August 2018, the Company provided a market update in relation to its year end result. Determination of the result involved resolution of the timing, and not the certainty, of revenue recognition of a stage at Arcadian Hills, Cobbitty, New South Wales which had a PBT contribution of approximately $6.1 million. The issues involved were complicated and required time to review. After considering accounting and other requirements, a decision was made to exclude the item from the FY2018 result.

Business Overview

The FY2018 result has been primarily driven by projects that have been in production over recent years. The Company expects that contributions from more recent acquisitions will provide future upward momentum for the business into FY2019.

A significant contributor will be Lyndarum North (joint venture) at Wollert, Melbourne. A small amount of revenue and profit was booked from this project very late in FY2018. This was limited by the Company not being able to recoup lost time which mainly resulted from previous planning delays.

At 30 June 2018, there were 396 contracts on hand for this project which have not been realised as FY18 revenue or profit. Settlements on these lots are due to commence in the first half of FY2019 with approximately 361 lots of the pre-sales due to settle in FY2019 (AVJ share is 49%).

Sales of the GEM apartments at Waterline continue at a solid rate with 63% of the apartments sold at 30 June, including the first penthouse. Construction for the GEM apartments is progressing satisfactorily.

Directors' Report

For the year ended 30 June 2018

OPERATING AND FINANCIAL REVIEW (continued)

The final new project of scale that is currently under construction is Riverton at Jimboomba in Brisbane. Earthworks for stage 1 have commenced and some presales achieved. However, significant advancement of the project is not expected until the back end of FY2019.

Directors declared a fully franked final dividend of 3.0 cents per share be paid in October 2018, taking total dividends declared for FY2018 to 5.0 cents per share, in line with the prior year.

The Company's Directors have determined that the Dividend Reinvestment Plan (DRP) will apply to the final dividend. Shares issued under the DRP will attract a 2.5% discount to the weighted average market price over the 5 trading days from the ex-dividend date. The DRP will not be underwritten.

Balance sheet and land holdings

Controlled land inventory fell moderately to 9,373 lots (30 June 2017: 9,654 lots) as settlements outweighed acquisitions, which included an apartment site in Kogarah, New South Wales (67 lot equivalents) and land projects at Huntley, New South Wales (231 lot equivalents) and in Queensland at Ripley (294 lot equivalents), Deebing Heights (210 lot equivalents) and Rochedale (81 lot equivalents).

The geographic diversification of the Company's land holdings will be further enhanced by the pending acquisition of a 575 lot, residential land development site, 35km north of Auckland's CBD. The acquisition remains subject to regulatory approval however, the approval application is at an advanced stage and settlement is expected in October/November 2018.

Strong cash from operations has assisted a reduction in net debt to $130.7 million, down from $164.1 million at 30 June 2017. As such, gearing remains low with net debt to total assets of only 20% (30 June 2017: 23%) and the Company extended its Club banking facilities by a further 12 months to 30 September 2020.

Outlook

The fundamental drivers of demand for residential property remain positive with low interest rate and inflationary expectations combined with population growth and shortages of detached dwellings, townhouses and low-rise apartments in Sydney, Melbourne and Auckland.

Activity in key residential markets has been very high in recent years, placing significant pressure on development and construction processes. The Company believes that, as some markets soften, it will benefit as activity eventually returns to levels that are more sustainable over the longer term.

The Company continues to be confident about the future as its continuing focus on delivering traditional housing solutions in prime markets as affordably as possible exposes it to the deepest and most stable residential markets.

In FY2019, the Company expects to benefit from continued strength in the Sydney market and settlements from the Lyndarum North and Waterline projects in Victoria in particular.

The Company expects positive revenue and earnings momentum given current levels of production, strong pre-sales volumes and continued progress of key projects.

Directors' Report
For the year ended 30 June 2018

DIVIDENDS

A fully franked final dividend of 3.5 cents per share for the year ended 30 June 2017 was paid on 19 September 2017, and a fully franked interim dividend of 2.0 cents per share paid on 19 April 2018 (2017 interim dividend: 1.5 cents). Subsequent to the end of the financial year, the Directors have recommended a fully franked final dividend of 3.0 cents per share to be paid on 11 October 2018. The Dividend Reinvestment Plan remains active.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2018 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.

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

Peter Summers
Director
17 August 2018

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2018

	Note	2018 $'000	2017 $'000
Revenues	3	374,317	401,632
Cost of sales		(282,710)	(305,053)
Gross profit		**91,607**	**96,579**
Share of profits/(losses) of associates and joint venture entities accounted for using the equity method	10	226	(28)
Change in inventory loss provisions	3	1,111	5,057
Selling and marketing expenses		(7,285)	(10,297)
Employee expenses		(24,392)	(24,600)
Other operational expenses		(7,534)	(7,069)
Management and administration expenses		(8,192)	(8,120)
Depreciation expense		(269)	(298)
Finance costs	3	(190)	(195)
Profit before income tax		**45,082**	**51,029**
Income tax	4	(13,735)	(15,312)
Profit after income tax		**31,347**	**35,717**
Other comprehensive income (OCI)			
Foreign currency translation		(714)	(109)
Other comprehensive loss for the year		**(714)**	**(109)**
Total comprehensive income for the year		**30,633**	**35,608**
Profit for the year attributable to owners of the Company		**31,347**	**35,717**
Total comprehensive income for the year attributable to owners of the Company		**30,633**	**35,608**
Earnings per share (cents per share):			
Basic earnings per share		8.13	9.31
Diluted earnings per share		8.13	9.31

Consolidated Statement of Financial Position

As at 30 June 2018

	Note	2018 $'000	2017 $'000
Current assets			
Cash and cash equivalents		8,491	15,562
Trade and other receivables		95,096	121,872
Inventories		193,340	211,073
Other assets		7,150	3,073
Total current assets		**304,077**	**351,580**
Non-current assets			
Trade and other receivables		24,329	38,131
Inventories		295,037	308,133
Equity accounted investments		10,721	8,449
Available-for-sale financial assets		2,880	2,880
Plant and equipment		536	792
Intangible assets		2,816	2,816
Total non-current assets		**336,319**	**361,201**
Total assets		**640,396**	**712,781**
Current liabilities			
Trade and other payables		38,358	75,553
Interest-bearing loans and borrowings		13,407	2,607
Tax payable		10,597	5,257
Provisions		6,019	5,607
Total current liabilities		**68,381**	**89,024**
Non-current liabilities			
Trade and other payables		23,397	37,449
Interest-bearing loans and borrowings		125,799	177,016
Deferred tax liabilities		23,079	27,422
Provisions		742	867
Total non-current liabilities		**173,017**	**242,754**
Total liabilities		**241,398**	**331,778**
Net assets		**398,998**	**381,003**
Equity			
Contributed equity	6	167,943	160,436
Reserves		6,906	6,622
Retained earnings		224,149	213,945
Total equity		**398,998**	**381,003**

Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

		Attributable to equity holders of AVJennings Limited				Total Equity
		Contributed Equity	Foreign Currency Translation Reserve	Share-based Payment Reserve	Retained Earnings	
	Note	$'000	$'000	$'000	$'000	$'000
At 1 July 2016		**160,436**	**3,833**	**2,189**	**197,449**	**363,907**
Comprehensive income:						
Profit for the year		-	-	-	35,717	35,717
Other comprehensive loss for the year		-	(109)	-	-	(109)
Total comprehensive income for the year		**-**	**(109)**	**-**	**35,717**	**35,608**
Transactions with owners in their capacity as owners:						
- Share-based payment expense reversed (forfeited shares)		-	-	(110)	-	(110)
- Share based payment expense		-	-	819	-	819
- Dividends paid	5	-	-	-	(19,221)	(19,221)
Total transactions with owners in their capacity as owners		**-**	**-**	**709**	**(19,221)**	**(18,512)**
At 30 June 2017		**160,436**	**3,724**	**2,898**	**213,945**	**381,003**
At 1 July 2017		**160,436**	**3,724**	**2,898**	**213,945**	**381,003**
Comprehensive income:						
Profit for the year		-	-	-	31,347	31,347
Other comprehensive loss for the year		-	(714)	-	-	(714)
Total comprehensive income for the year		**-**	**(714)**	**-**	**31,347**	**30,633**
Transactions with owners in their capacity as owners:						
- Ordinary share capital raised	6(a)	7,688	-	-	-	7,688
- Treasury shares acquired	6(b)	(181)	-	-	-	(181)
- Share based payment expense		-	-	998	-	998
- Dividends paid	5	-	-	-	(21,143)	(21,143)
Total transactions with owners in their capacity as owners		**7,507**	**-**	**998**	**(21,143)**	**(12,638)**
At 30 June 2018		**167,943**	**3,010**	**3,896**	**224,149**	**398,998**

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Receipts from customers		450,776	408,600
Payments to suppliers and employees		(378,095)	(394,782)
Finance costs including interest paid		(12,212)	(10,544)
Income tax paid		(12,575)	(16,501)
Net cash from/(used in) operating activities		**47,894**	**(13,227)**
Cash flows from investing activities			
Payments for plant and equipment		(15)	(119)
Interest received		1,410	860
Dividends received from joint venture entity		-	208
Additional investment in joint venture entity		(2,047)	-
Net cash (used in)/from investing activities		**(652)**	**949**
Cash flows from financing activities			
Proceeds from borrowings		154,182	230,975
Repayment of borrowings		(194,599)	(226,875)
Payment for treasury shares	6(b)	(181)	-
Dividends paid	5	(21,143)	(19,221)
Proceeds from issue of shares	6(a)	7,688	-
Net cash used in financing activities		**(54,053)**	**(15,121)**
Net decrease in cash and cash equivalents		**(6,811)**	**(27,399)**
Cash and cash equivalents at beginning of the year		15,562	43,086
Effects of exchange rate changes on cash and cash equivalents		(260)	(125)
Cash and cash equivalents at end of the year		**8,491**	**15,562**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

1. CORPORATE INFORMATION

The Consolidated Report of AVJennings Limited for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Directors on 17 August 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 Report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and the requirements of the *Corporations Act 2001.*

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 year ended 30 June 2018 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 year ended 30 June 2018 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)

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)

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 will have a material impact on some of the revenue currently recognised prior to settlement, with the recognition point under AASB 15 likely to be deferred.

AASB 16 Leases: (effective 1 January 2019 / applicable to the Group 1 July 2019)

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 year ended 30 June 2018

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 6.86%, 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 30 June 2018. 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.

3. REVENUES AND EXPENSES

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

	2018 $'000	2017 $'000
Revenues		
Sales of land and built form	371,190	399,450
Interest received	1,410	860
Management fees received/receivable	977	1,084
Other	740	238
Total revenues	**374,317**	**401,632**
Cost of sales include:		
Amortisation of finance costs capitalised to inventories	**17,220**	**12,898**
Finance costs		
Bank loans and overdrafts	12,212	10,544
Less: Amount capitalised to inventories	(12,022)	(10,349)
Finance costs expensed	**190**	**195**
Impairment of assets		
Net decrease in inventory loss provisions	1,111	5,057

For the year ended 30 June 2018, the movement in the provision resulted from a realignment of future assumptions with current market conditions specifically relating to the relevant projects in New South Wales and Queensland.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018

4. INCOME TAX

	2018 $'000	2017 $'000
Income tax expense		
The major components of income tax are:		
Current income tax		
Current income tax charge	17,955	11,332
Adjustment for prior year	(7)	(7)
Deferred income tax		
Current temporary differences	(4,212)	3,977
Adjustment for prior year	(1)	10
Income tax reported in the *Consolidated Statement of Comprehensive Income*	**13,735**	**15,312**

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

	2018	2017
Accounting profit before income tax	**45,082**	**51,029**
Tax at Australian income tax rate of 30%	13,525	15,309
Share of equity accounted Joint Venture (profits)/losses	(69)	8
Other non-deductible items	363	144
Foreign jurisdiction (losses)/gains	(21)	2
Effect of lower tax rate in foreign jurisdictions	(55)	(154)
Adjustment for prior year	(8)	3
Income tax expense	**13,735**	**15,312**
Effective tax rate	**30%**	**30%**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

5. DIVIDENDS

	2018 $'000	2017 $'000
Cash dividends declared and paid		
2016 final dividend of 3.5 cents per share, paid 23 September 2016. Fully franked @ 30% tax	-	13,455
2017 interim dividend of 1.5 cents per share, paid 7 April 2017. Fully franked @ 30% tax	-	5,766
2017 final dividend of 3.5 cents per share, paid 19 September 2017. Fully franked @ 30% tax	13,455	-
2018 interim dividend of 2.0 cents per share, paid 19 April 2018. Fully franked @ 30% tax	7,688	-
Total cash dividends declared and paid	**21,143**	**19,221**
Dividends proposed		
2017 final dividend of 3.5 cents per share, paid 19 September 2017. Fully franked @ 30% tax	-	13,455
2018 final dividend of 3.0 cents per share, to be paid 11 October 2018. Fully franked @ 30% tax	11,848	-
Total dividends proposed	**11,848**	**13,455**

The Company's Dividend Reinvestment Plan remains active.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018

6. CONTRIBUTED EQUITY

	2018 Number	2017 Number	2018 $'000	2017 $'000
Ordinary shares	394,926,905	384,423,851	170,481	162,793
Treasury shares	(495,632)	(842,089)	(2,538)	(2,357)
Share capital	**394,431,273**	**383,581,762**	**167,943**	**160,436**

(a) Movement in ordinary share capital	**Number**	**Number**	**$'000**	**$'000**
As at the beginning of the year	384,423,851	384,423,851	162,793	162,793
Issued under the dividend reinvestment plan	7,252,488	-	5,309	-
Issued pursuant to the underwriting agreement	3,250,566	-	2,379	-
As at the end of the year	**394,926,905**	**384,423,851**	**170,481**	**162,793**

On 23 February 2018, the Company announced a fully franked interim dividend of 2.0 cents per share to be paid on 19 April 2018. The Company also announced that the Dividend Reinvestment Plan (DRP) would be reactivated for this dividend.

The DRP offered shares in the capital of the Company (Shares) to each shareholder of the Company with a registered address in Australia and New Zealand (and otherwise as determined pursuant to the DRP) by way of reinvestment of some or all of their Dividend entitlement.

On 23 March 2018, the Company announced it had entered into an underwriting agreement to underwrite the subscription of shares offered under the DRP held by shareholders other than the ultimate parent entity, SC Global Developments Pty Ltd, who had elected to fully participate in the DRP. The issue price per share under the DRP was $0.732 per share, being the average of the daily volume weighted average price of all AVJennings' shares sold on the ASX during the Pricing Period, which commenced on 23 March 2018 and concluded on 29 March 2018, less a 2.5% discount.

On 19 April 2018, AVJennings issued:

- 7,252,488 Shares to shareholders of AVJennings under the DRP; and
- 3,250,566 Shares to the Underwriter pursuant to the Underwriting Agreement.

The shares issued under the DRP and the Underwriting Agreement raised $7,688,000 in total.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

6. CONTRIBUTED EQUITY (continued)

(b) Movement in treasury shares	2018 Number	2017 Number	2018 $'000	2017 $'000
As at the beginning of the year	(842,089)	(2,338,154)	(2,357)	(2,357)
On market acquisition of shares	(248,020)	-	(181)	-
Employee share scheme issue	594,477	1,496,065	-	-
As at the end of the year	**(495,632)**	**(842,089)**	**(2,538)**	**(2,357)**

During the year, 248,020 treasury shares were purchased by the AVJ Deferred Employee Share Plan Trust at a cost of $181,000.

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 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.

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 year ended 30 June 2018

7. OPERATING SEGMENTS (continued)

The following table presents the revenues and results information regarding operating segments for the year ended 30 June 2018:

Operating Segments	NSW		VIC		QLD		SA		NZ		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenues														
External sales	195,478	168,028	57,024	73,230	51,360	82,541	52,777	27,768	14,551	47,883	-	-	371,190	399,450
Management fees	-	-	644	846	318	215	15	23	-	-	-	-	977	1,084
Other revenue	-	-	-	-	-	-	-	-	-	-	2,150	1,098	2,150	1,098
Total segment revenues	**195,478**	**168,028**	**57,668**	**74,076**	**51,678**	**82,756**	**52,792**	**27,791**	**14,551**	**47,883**	**2,150**	**1,098**	**374,317**	**401,632**
Results														
Segment results *	53,704	42,397	1,207	2,229	1,112	8,051	(410)	(1,286)	4,127	9,924	2,834	2,177	62,574	63,492
Share of profits/(losses) of associates and JVs accounted for using the equity method	-	42	(3)	-	-	-	(1)	(7)	-	-	230	(63)	226	(28)
Change in inventory loss provisions	720	5,775	-	-	391	-	-	(718)	-	-	-	-	1,111	5,057
Unallocated depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	(269)	(298)
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(18,370)	(16,999)
Unallocated interest expense	-	-	-	-	-	-	-	-	-	-	-	-	(190)	(195)
Profit before tax													45,082	51,029
Income tax													(13,735)	(15,312)
Net profit													**31,347**	**35,717**

* Segment results include utilisation of inventory loss provisions of $2,369,000 (30 June 2017: $2,508,000)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

7. OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities information regarding operating segments as at 30 June 2018:

Operating Segments	NSW		VIC		QLD		SA		NZ		Other		Total	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**
Assets														
Segment assets	221,638	220,419	170,326	184,446	108,063	122,691	71,028	92,615	44,128	66,124	25,213	26,486	640,396	712,781
Total assets	**221,638**	**220,419**	**170,326**	**184,446**	**108,063**	**122,691**	**71,028**	**92,615**	**44,128**	**66,124**	**25,213**	**26,486**	**640,396**	**712,781**
Liabilities														
Segment liabilities	26,224	27,503	54,611	58,685	6,507	26,405	4,992	5,231	18,032	45,662	131,032	168,292	241,398	331,778
Total liabilities	**26,224**	**27,503**	**54,611**	**58,685**	**6,507**	**26,405**	**4,992**	**5,231**	**18,032**	**45,662**	**131,032**	**168,292**	**241,398**	**331,778**

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018

8. NET TANGIBLE ASSET BACKING

	2018	2017
Net Tangible Asset backing (NTA) - cents per ordinary share	100.4	98.6

The number of ordinary shares used in the computation of NTA as at 30 June 2018 was 394,431,273 (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:

	2018 $'000	2017 $'000
Revenues	898	9
Cost of property developments sold	(672)	-
Other expenses	(786)	(511)
Loss before income tax	**(560)**	**(502)**
Income tax	168	151
Loss after income tax	**(392)**	**(351)**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

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 profit/(loss)**	
	30 June 2018	30 June 2017	2018 $'000	2017 $'000
Epping JV	10.0%	10.0%	(3)	-
Eastwood JV	-	-	-	42
Woodville JV	50.0%	50.0%	(1)	(7)
Pindan Capital Group Dwelling Trust	33.3%	33.3%	230	(63)
Profit/(loss) after income tax			**226**	**(28)**

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 year ended 30 June 2018

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 30 June 2018, amounted to $4,943,000 (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 30 June 2018, amounted to $2,135,000 (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 30 June 2018, amounted to $28,531,000 (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 30 June 2018 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.

14. STATUS OF REVIEW OF ACCOUNTS

This Report is based on accounts which are in the process of being audited.