AVJennings®

Appendix 4D

Half-year ended: 31 December 2024
Previous corresponding period: 31 December 2023

Results for announcement to the market

Results	31 December 2024 $'000	31 December 2023 $'000	Change $'000	Change %
Revenues	131,360	120,437	10,923	9.1%
Profit after tax	2,426	2,796	(370)	(13.2)%
Profit attributable to owners of the Company	2,426	2,796	(370)	(13.2)%

Dividends	Cents per share	Franked amount per share at 30% tax
Current period		
Interim dividend	Nil	Nil
Total dividend	**Nil**	**Nil**
Previous period		
Interim dividend	Nil	Nil
Total dividend	**Nil**	**Nil**

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

Other disclosures
The Half-Year Report contains additional disclosure requirements such as segment results, Net Tangible Asset (NTA) backing per ordinary shares, and Earnings per Share (EPS).

AVJennings Limited

ABN: 44 004 327 771

31 December 2024 Half-Year Report

This Half-Year Financial Report does not contain all the notes typically included in the Annual Financial Report. As such, it is recommended that this Report be read in conjunction with the Annual Financial Report for the year ended 30 June 2024, as well as any public announcements made by AVJennings Limited during the Half-Year reporting period, in accordance with the continuous disclosure obligations under the Listing Rules of the Australian Securities Exchange.

Contents

Directors' Report

For the half-year ended 31 December 2024

The Directors present their Report on the Company and its controlled entities for the half-year ended 31 December 2024.

DIRECTORS

The names of the Company's Directors in office during the period 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
P Kearns	Chief Executive Officer and Managing Director
B Chin	Non-Executive Director
BG Hayman	Non-Executive Director
TP Lai	Non-Executive Director
LM Mak	Non-Executive Director
L Chung	Non-Executive Director (retired 28 November 2024)

OPERATING AND FINANCIAL REVIEW

FINANCIAL RESULTS

AVJennings' Profit Before Tax (PBT) of $3.6M for the six-month period ended 31 December 2024 is down 14% on the prior corresponding period (1H24 PBT: $4.2M). Net Profit After Tax (NPAT) is $2.4M (1H24 NPAT: $2.8M).

During the period, 325 lots were settled compared to 270 lots in the prior comparable period, a 20% increase. Revenue was up 9% on the prior period to $131.4M (1H24: $120.4M) with significantly more apartment settlements than the prior period. The higher number of lots settled compared to revenue growth period-on-period is largely due to the development management revenue earned in 1H24 for the Harvest Square (VIC) project. Unlike revenue from lot settlements, this development management revenue is service based and does not result in the creation, or settlement, of any lots. Key contributors to 1H25 revenue were Waterline Place (VIC), Evergreen (NSW), Aspect (VIC) and Rosella Rise (NSW). Additionally, several residual medium density sites within the St Clair (SA) project were settled during the period as further progress was made on expediting capital recycling for completed projects.

Gross Margin percentage (GM%) at 22% is down on the prior period (1H24: 26%). The decline in GM% was due to a greater number of apartment settlements, overall cost escalation in built-form housing and capital recycling initiatives, particularly at St Clair (SA).

Contract signings decreased 22% to 228 lots (1H24: 294) due to macroeconomic factors and AVJennings' market release strategy which can lead to a temporary deferral of contract signings during a market recovery phase as stock availability is rebuilt. The Company's strategy to commence built-form housing construction without presales and release homes to market closer to construction completion provides an opportunity to maximise revenue growth while balancing overall market opportunity with capital risk. This is seen where, outside of Victoria, there is limited completed stock available which impacted on 1H25 contract signings as we continue to see greatest demand for completed, or nearly completed, stock. Contract signings were also impacted by the transition from offshore to onshore Pro9 manufacturing which saw a delay in the delivery of homes utilising Pro9 walls as the Central Coast, NSW factory was brought into production.

OPERATING AND FINANCIAL REVIEW (continued)

FINANCIAL RESULTS (continued)

Persistent inflation and interest rate uncertainty in Australia weighed on purchaser sentiment for much of the period. Despite that, first-home buyers and investors are returning to the market, particularly in the more affordable markets of South Australia and Queensland. However, the recent interest rate cut in Australia and commentary on the potential for further cuts is expected to help support market improvement, consistent with what has been seen in New Zealand as it commenced its rate cutting cycle in 1H25.

We have 164 unconditional contracts on hand, at a value of $62M, nearly all of which are expected to settle during FY25.

Land and built-form enquiry levels are down slightly on 2H24, also impacted by limited completed stock available during the period but remain a key forward indicator on market confidence. This is expected to improve with the recent commencement of the Australian rate cutting cycle. Enquiries for built-form housing continue to grow as a percentage of overall enquiries as customers seek out AVJennings' turnkey solution.

While overall conversion rates have dropped slightly from FY24, this is also impacted by limited stock availability as we restock in response to improving market conditions. Conversion rates in Queensland have held steady, with declines seen in New South Wales and South Australia off the back of limited stock availability. In Victoria, conversion rates are improving due to good stock availability and targeted incentives. Enquiry and conversion rates are expected to improve in all markets off the back of the recently announced interest rate cuts and the completion of more stock for sale.

AVJennings' operating cashflow to 31 December 2024, excluding land payments, was $22M, up from ($48M) in the prior comparable period, driven by significant decreased expenditure following completion of the Waterline Place (VIC) apartments in late FY24. Land payments of $20M for Beaudesert (QLD) were as per acquisition terms.

During the period, work on the modernisation of AVJennings' Club Banking facility was completed. The revised facility terms are better aligned to our future capital management strategy, providing the flexibility required to support delivery of the overall business strategy. As part of this work, the facility was extended to September 2027.

While up slightly on the prior comparable period, gearing levels of 24.5% remained comfortably in the middle of our target range of 15-35%.

Earnings Per Share (EPS) stood at 0.43 cents per share (1H24: 0.61 cents per share), reflecting lower first half earnings in line with expectation and a higher weighted average number of shares.

Given the active due diligence process underway with Proprium Capital Partners and AVID Property Group jointly (AVID), and Ho Bee Land Limited (HBL) having made Non-Binding Indicative Offers (NBIO) for all of AVJennings shares, the Board felt it prudent to await the outcome of the due diligence process and the finalisation of the proposed offer terms, structure and documentation prior to considering any 1H25 dividend.

As macroeconomic indicators continue to have more favourable trajectories, the work done over the past two years to improve AVJennings' financial stability through prudent capital management and measured risk taking has put it in a better position to be able to respond to emerging market opportunities.

OPERATING AND FINANCIAL REVIEW (continued)

OPERATIONS OVERVIEW

The residential markets in which we operate continue to be influenced by a combination of varied economic conditions, interest rate movements, labour constraints and evolving buyer preferences. While demand fundamentals remain strong in most markets and market supply is well below required levels, affordability challenges also continue to shape market dynamics.

As market performance continues to diverge across different regions in relation to both the speed and nature of a recovery, we continue to consider current and forecast market performance when determining capital allocation. Due to sustained demand and price growth, appetite for capital allocation to Queensland and South Australia continues to grow while Victoria remains in a watch position. Capital deployment to New Zealand is increasing with green shoots of demand appearing while New South Wales continues to improve, consistent with prior periods.

Capital deployment in Australia remains challenged by the overlay of systemic planning challenges at all levels of government as highlighted by the significant shortfall to the Federal Government's National Housing Accord targets. While we are seeing an increased focus on the matter across government, significant challenges remain to achieving timely, reasonable planning outcomes. These challenges include significantly protracted rezoning assessments, material changes in planning instruments and infrastructure constraints, particularly in water and sewerage, all of which hinder AVJennings' ability to deliver much needed housing for Australians. We continue to work collaboratively with the necessary authorities to progress planning outcomes to play a role in addressing Australia's growing housing shortage.

While construction material cost escalation has normalised, labour shortages, and the resulting pressure on wages, continue to weigh on overall built-form escalation. We expect these shortages to slowly abate if supply remains under long-term levels, supporting a return to moderating wage cost escalation over time. AVJennings' pivot towards the utilisation of Pro9's walling system for construction helps to offset the impact of this risk.

The Pro9 factory on the Central Coast, NSW delivered the first domestically manufactured walling system to AVJennings in November 2024. Delivery and installation of the walls for a home at the Rosella Rise (NSW) project was a critical milestone of the Company's investment in the Pro9 Joint Venture. While the factory has experienced typical establishment challenges, production volumes are improving with over 90 homes in the pipeline for delivery to AVJennings. To date, 20 AVJennings homes have been completed with 44 homes currently under construction, including the first double-story, attached homes at Elderslie (NSW).

AVJennings' use of the Pro9 walling system continues to deliver significant benefits to construction programs for both single and double-story, attached homes with construction completion from wall install achieved in four months and just over seven months, respectively. Customers are also increasingly appreciating the improved energy cost savings, comfort and quality that Pro9 homes deliver. The condensed construction timeframes provide greater flexibility for AVJennings to respond to shifts in customer preferences between land and turnkey housing, as well as the evolution of built-form design.

With 951 lots currently under development, we remain focused on delivering high-quality communities that offer diverse housing options and exceed our customers' expectations. Over 60% of the lots under construction relate to current and future built-form housing. As at 31 December 2024, there were 174 completed lots for retail sale (1H24: 112 lots), with over 80% in Victoria due to persistent challenging market conditions despite recent improvements in conversion rates.

OPERATING AND FINANCIAL REVIEW (continued)

OPERATIONS OVERVIEW (continued)

No new acquisitions were made during the period which has resulted in a pipeline of 9,586 lots under control at the end of 1H25.

In line with our prudent capital management approach, our acquisition activities remain primarily opportunistic in the near-term. As we focus on activating and accelerating our existing pipeline, we expect our acquisition activities to remain scaled back. Our key focus areas on restocking are NSW (Southwest Sydney), South Australia and Victoria (medium-term).

RISK MANAGEMENT

As a residential developer, AVJennings is exposed to several macroeconomic risks typical of the residential development industry. While typical for the industry, the risks require ongoing and active management to minimise their impact on AVJennings' performance. While there are no material risks impacting on AVJennings which differ from typical industry risks, key macroeconomic risks are highlighted below.

AVJennings is exposed to varying levels of purchaser sentiment and demand across regions and purchaser types. A key driver of purchaser sentiment and demand is interest rates and where in the interest rate cycle a market is deemed to be. Greater commentary of future interest rate cuts can quickly stimulate demand, while interest rate uncertainty or increasing rates typically does the reverse.

Closely linked to interest rates, demand also remains exposed to cost of living and affordability ceilings which impacts on purchasers' ability to obtain financing. As confidence around the interest rate cycle improves with the recent commencement of a rate cutting cycle in both Australia and New Zealand, we expect to see improved purchaser sentiment leading to improved conversion rates. Our competitive pricing and high-quality land and turnkey products put us in a strong position to benefit.

AVJennings itself is exposed to fluctuations in financing costs and flow on impacts to capital availability which have the potential to impact our overall profitability and growth.

Heightened cost escalation continues to be a near-term risk and while material cost escalation has normalised, labour shortages continue to put upward pressure on wages. Our long-term relationships with suppliers, strong visibility of our pipeline and growing use of prefabricated solutions, particularly Pro9, help to offset the impact of these risks on our profitability.

Climate changes continue to present risks to residential property development. In particular, the risk of extreme weather, including heat, rain, bushfires and flooding, can significantly protract construction timelines. To the extent possible, these risks are mitigated with prefabricated solutions, particularly the Pro9 walling system, for the construction of built-form homes.

AVJennings is required to manage risks arising from the planning and regulatory systems in which it operates. These include local, state and federal planning processes and the ongoing risk of changes, either process or cost related, resulting in extended development timelines and impacting project profitability. Additionally, shifts in policy related to environmental, sustainability and taxation regulations can have similar impacts. The ownership structure of AVJennings means it is also exposed to changes in foreign investment policies.

OPERATING AND FINANCIAL REVIEW (continued)

RISK MANAGEMENT (continued)

As the use of technology increases and facilitates greater global interconnectivity, cybersecurity risks become increasingly relevant. These risks include potential cyber-attacks, system disruption, data breaches and challenges related to cloud security. To address these risks, numerous strategies are employed including monitoring for external threats, staff training and external and internal testing.

OUTLOOK

Many of the macroeconomic indicators for the residential property market are becoming more positive including the interest rate environment, relatively low unemployment, the government's focus on unlocking planning constraints for residential development and a growing shortfall of residential supply.

Despite this, the market is expected to remain highly segmented for the balance of FY25 with the more affordable markets of Queensland and South Australia expected to continue to perform well while affordability constraints weigh on the more price-sensitive markets of New South Wales, Victoria and New Zealand despite limited supply. The recent commencement of the rate cutting cycle, combined with improving purchaser sentiment, in New Zealand has delivered almost immediate positive impacts. Similar expectations exist for Australia following the reduction in interest rates announced this month.

Supply-side constraints are expected to persist, maintaining upward, yet moderated, pressure on housing prices in the medium term. With its pipeline of over 9,500 lots, AVJennings is well placed to assist in delivering on the National Housing Accord ambition to deliver 1.2 million homes over five years and is actively working to overcome planning challenges to further unlock its pipeline.

Our Joint Venture with Pro9 and the recently established Australian manufacturing facility is a key element in our ability to expedite delivery of built-form housing and provides greater flexibility in how we respond to future demand. Our ability to utilise prefabricated walls to deliver homes faster than traditional construction methodologies with significantly improved customer outcomes in relation to sustainability, quality and delivery certainty, will increasingly become a competitive advantage. Achieving full factory capacity in the coming months is a key enabler for that competitive advantage.

Our expectations for a significant revenue and earnings skew to the second half of FY25 remains with ongoing risks related to recovery in the Victorian and New Zealand markets and achieving timely full production within the Pro9 factory. The second-half skew is a result of an increased proportion of built-form housing settlements compared to the prior year and the ramp up in built-form construction commencements as markets improved, as well as the delayed commissioning of the Australian Pro9 factory. FY25 gross margin (%) is expected to be down on FY24 due to the greater settlement skew towards apartments and built-form housing.

Both AVID and HBL remain in due diligence in relation to the NBIOs received by AVJennings from each party. While the exclusivity period for both parties expired on 21 February 2025, AVJennings remains in active discussions with both parties as they continue to conduct due diligence to pursue a binding proposal.

AVJennings is confident of the alignment of its strategy and emerging market opportunities to put itself in a strong position to capitalise on improving market conditions. The modernisation of our processes, and technology, and the upskilling of our people, along with an ongoing capital management and product diversification focus will enable this. Alongside this, we remain dedicated to quality, customer satisfaction and innovation, positioning ourselves as a leader in the residential development sector. Our 90-plus-year legacy underscores our capability for success.

Directors’ Report

For the half-year ended 31 December 2024

DIVIDENDS

Due to the active due diligence process underway with two parties related to the potential sale of AVJennings, the Board felt it prudent to await the outcome of that process and the finalisation of the Scheme documentation prior to considering any 1H25 dividend. Accordingly, no dividend has been declared for the period. The Dividend Reinvestment Plan (DRP) remains suspended.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 31 December 2024 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.

Philip Kearns, AM
Director
25 February 2025

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Auditor's independence declaration to the directors of AVJennings Limited

As lead auditor for the review of the half-year financial report of AVJennings Limited for the half-year ended 31 December 2024, 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;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of AVJennings and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Anthony Ewan
Partner
25 February 2025

Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2024

	Note	31 December 2024 $'000	31 December 2023 $'000
Revenue from contracts with customers	3	131,360	120,437
Revenue		**131,360**	**120,437**
Cost of sales	4	(102,197)	(89,382)
Gross profit		**29,163**	**31,055**
Share of loss of equity accounted investments	10	(286)	(203)
Change in expected credit loss allowance	4	68	(59)
Change in inventory loss provisions	4	251	(1,159)
Fair value adjustment to investment property	12	(20)	324
Selling and marketing expenses		(3,492)	(3,025)
Employee expenses		(14,406)	(14,926)
Other operational expenses		(2,928)	(2,367)
Management and administration expenses		(4,664)	(4,639)
Depreciation and amortisation expenses	4	(901)	(835)
Finance income	4	372	278
Finance costs	4	(360)	(389)
Other income	4	764	130
Profit before income tax		**3,561**	**4,185**
Income tax	5	(1,135)	(1,389)
Profit after income tax		**2,426**	**2,796**
Other comprehensive income			
Foreign currency translation (loss)/gain		(785)	783
Other comprehensive (loss)/income		**(785)**	**783**
Total comprehensive income		**1,641**	**3,579**
Profit attributable to owners of the Company		**2,426**	**2,796**
Total comprehensive income attributable to owners of the Company		**1,641**	**3,579**
Earnings per share (cents):			
Basic earnings per share		0.43	0.61
Diluted earnings per share		0.43	0.61

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	31 December 2024 $'000	30 June 2024 $'000
Current assets			
Cash and cash equivalents		9,933	15,121
Receivables		2,915	5,822
Inventories		214,680	195,192
Financial assets at fair value through profit or loss	11	-	9,640
Tax receivable		4,497	2,477
Other assets		3,716	8,194
Total current assets		**235,741**	**236,446**
Non-current assets			
Receivables		2,334	2,708
Inventories		584,386	608,767
Investment property	12	1,720	1,740
Equity accounted investments	10	17,331	4,617
Plant and equipment		657	731
Right-of-use assets		4,886	5,369
Intangible assets		2,816	2,816
Total non-current assets		**614,130**	**626,748**
Total assets		**849,871**	**863,194**
Current liabilities			
Payables		107,013	69,433
Lease liabilities		1,469	1,390
Provisions		13,878	8,449
Total current liabilities		**122,360**	**79,272**
Non-current liabilities			
Payables		25,514	82,048
Borrowings		218,346	221,708
Lease liabilities		3,864	4,349
Deferred tax liabilities		18,579	17,584
Provisions		3,071	1,615
Total non-current liabilities		**269,374**	**327,304**
Total liabilities		**391,734**	**406,576**
Net assets		**458,137**	**456,618**
Equity			
Contributed equity	6	202,532	202,597
Reserves		7,598	8,440
Retained earnings		248,007	245,581
Total equity		**458,137**	**456,618**

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2024

	Note	Attributable to equity holders of AVJennings Limited: Contributed Equity $'000	Foreign Currency Translation Reserve $'000	Share-based Payment Reserve $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 2023		**173,172**	**1,954**	**6,270**	**241,786**	**423,182**
Correction of an error*		-	15	-	2,773	2,788
At 1 July 2023 (restated)		**173,172**	**1,969**	**6,270**	**244,559**	**425,970**
Comprehensive income:						
Profit for the half-year		-	-	-	2,796	2,796
Gain for the half-year		-	783	-	-	783
Total comprehensive income for the half-year		**-**	**783**	**-**	**2,796**	**3,579**
Transactions with owners in their capacity as owners:						
- Ordinary share capital raised	6(a)	29,612	-	-	-	29,612
- Treasury shares acquired	6(b)	(146)	-	-	-	(146)
- Share-based payment expense reversed		-	-	(73)	-	(73)
- Share-based payment expense		-	-	320	-	320
Total transactions with owners in their capacity as owners		**29,466**	**-**	**247**	**-**	**29,713**
At 31 December 2023		**202,638**	**2,752**	**6,517**	**247,355**	**459,262**
At 1 July 2024		**202,597**	**1,646**	**6,794**	**245,581**	**456,618**
Comprehensive income:						
Profit for the half-year		-	-	-	2,426	2,426
Loss for the half-year		-	(785)	-	-	(785)
Total comprehensive income for the half-year		**-**	**(785)**	**-**	**2,426**	**1,641**
Transactions with owners in their capacity as owners:						
- Treasury shares acquired	6(b)	(65)	-	-	-	(65)
- Share-based payment expense reversed		-	-	(346)	-	(346)
- Share-based payment expense		-	-	289	-	289
Total transactions with owners in their capacity as owners		**(65)**	**-**	**(57)**	**-**	**(122)**
At 31 December 2024		**202,532**	**861**	**6,737**	**248,007**	**458,137**

**Disclosed in FY24 Annual Report which should be read in conjunction with this half year report.*

AVJennings

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2024

	Note	31 December 2024 $'000	31 December 2023 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		147,777	145,855
Payments for land		(20,342)	(57,498)
Payments to other suppliers and employees (inclusive of GST)		(113,082)	(178,920)
Interest paid	4	(10,220)	(9,964)
Income tax paid		(2,152)	(5,055)
Net cash from/(used in) operating activities		**1,981**	**(105,582)**
Cash flows from investing activities			
Payments for plant and equipment		(57)	(3)
Interest received	4	372	278
Payments for financial assets at fair value through profit or loss	11	(3,360)	(4,030)
Net cash used in investing activities		**(3,045)**	**(3,755)**
Cash flows from financing activities			
Proceeds from borrowings		38,879	132,136
Repayment of borrowings		(42,241)	(57,070)
Principal element of lease payments		(693)	(573)
Net payment for treasury shares	6(b)	(65)	(146)
Net proceeds from issue of shares	6(a)	-	29,612
Net cash (used in)/from financing activities		**(4,120)**	**103,959**
Net decrease in cash and cash equivalents		(5,184)	(5,378)
Cash and cash equivalents at beginning of the year		15,121	12,983
Effects of exchange rate changes on cash and cash equivalents		(4)	(1)
Cash and cash equivalents at end of the period		**9,933**	**7,604**

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2024

1. CORPORATE INFORMATION

AVJennings Limited ("Company" or "Parent") is a for-profit Company limited by shares, domiciled and incorporated in Australia. The Company's shares are publicly traded on the Australian Securities Exchange and the Singapore Exchange through SGX GlobalQuote. The Ultimate Parent is SC Global Developments Pte Ltd, a company incorporated in Singapore which owns 54.02% of the ordinary shares in AVJennings Limited.

The Consolidated Financial Statements of AVJennings Limited for the half-year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Directors on 25 February 2025.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed Consolidated Financial Statements for the six months ended 31 December 2024 have been prepared in accordance with AASB 134 Interim Financial Reporting. The Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 30 June 2024.

All figures in the Consolidated Financial Statements are 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.

Some amendments and interpretations apply for the first time in 2025, but do not have a significant impact on the Consolidated Financial Statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

Comparative information

Where necessary, comparative information has been reclassified to conform to the current period's disclosures.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2024

3. REVENUES FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregated revenue information

The disaggregation of the Group's revenue from contracts with customers is set out below:

Operating Segments	NSW	VIC	QLD	SA	NZ	Other *	Total
31 December 2024	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Types of goods or services							
Sale of land	5,363	15,919	8,887	12,562	-	-	**42,731**
Sale of integrated housing	23,597	16,128	5,381	6,984	-	-	**52,090**
Sale of apartments	-	34,261	-	-	-	-	**34,261**
Property development & other services	-	2,278	-	-	-	-	**2,278**
Total revenue from contracts with customers	**28,960**	**68,586**	**14,268**	**19,546**	-	**-**	**131,360**
Timing of revenue recognition							
Goods transferred at a point in time	28,960	66,308	14,268	19,546	-	-	**129,082**
Services transferred over time	-	2,278	-	-	-	-	**2,278**
Total revenue from contracts with customers	**28,960**	**68,586**	**14,268**	**19,546**	**-**	**-**	**131,360**

Operating Segments	NSW	VIC	QLD	SA	NZ	Other*	Total
31 December 2023	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Types of goods or services							
Sale of land	8,543	31,100	5,163	1,992	2,255	-	**49,053**
Sale of integrated housing	15,199	11,917	21,647	277	-	-	**49,040**
Sale of apartments	-	-	-	-	-	970	**970**
Property development & other services	-	21,374	-	-	-	-	**21,374**
Total revenue from contracts with customers	**23,742**	**64,391**	**26,810**	**2,269**	**2,255**	**970**	**120,437**
Timing of revenue recognition							
Goods transferred at a point in time	23,742	43,017	26,810	2,269	2,255	970	**99,063**
Services transferred over time	-	21,374	-	-	-	-	**21,374**
Total revenue from contracts with customers	**23,742**	**64,391**	**26,810**	**2,269**	**2,255**	**970**	**120,437**

*Includes Western Australia

3. REVENUES FROM CONTRACTS WITH CUSTOMERS (continued)

(b) Revenue recognition accounting policy

(i) Sale of land, integrated housing and apartments

Revenue from the sale of land, houses, and apartments is recognised at a point in time when control is transferred to the customer. In most cases, transfer of control occurs at settlement when legal title passes to the customer, and an enforceable right to payment exists.

In certain contractual arrangements, as detailed below, the customer obtains control before settlement. In these cases, revenue is recognised prior to settlement once the customer has obtained control and a right to payment exists:

- Revenue from sales of land on deferred terms to builders in New Zealand.
  The builder gains control of the land when the contract becomes unconditional, physical works on the land are completed, and building can commence.

- Revenue from sales of englobo land on deferred terms.
  Control passes to the customer when the contract is unconditional, physical works on land are complete, and the customer has unconditional rights to the land before settlement.

- Revenue from sales of land to builders in Australia.
  In this scenario, the land is sold directly to the builder, who is the ultimate purchaser, rather than serving as an intermediary between AVJennings and a retail purchaser. The builder gains control of the land once specific conditions are met: the contract becomes unconditional, physical works on the land are completed, and building can commence.

(ii) Property development and other services

AVJennings Properties Limited provides property development and other services to project development arrangements entered by other entities within the Group. The performance obligation is satisfied over time, and revenue is progressively recognised based on the terms of the service agreement.

(iii) Financing components

The Group does not expect to have any contracts for the sale of land, integrated housing and apartments where the duration between the transfer of the goods to the customer and payment by the customer exceeds one year in Australia.

In the case of certain contracts for the sale of land in New Zealand and the provision of services in Australia, the duration may exceed one year.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2024

4. INCOME AND EXPENSES

	31 December 2024 $'000	31 December 2023 $'000
Revenues		
Revenue from contracts with customers	131,360	120,437
Total revenues	**131,360**	**120,437**
Cost of sales		
Cost of sales - Development expenditure	95,392	84,039
Cost of sales - Borrowing and holding costs	6,805	5,398
Utilisation of inventory provisions	-	(55)
Total cost of sales	**102,197**	**89,382**
Impairment of assets		
(Reversal)/provision - expected credit loss	(68)	59
(Net reversal)/provision - inventory loss	(251)	1,159
Depreciation and amortisation expenses		
Depreciation of owned assets	131	137
Amortisation of right-of-use assets	770	698
Total depreciation and amortisation expense	**901**	**835**
Finance income		
Interest received	372	278
Total finance income	**372**	**278**
Finance costs		
Bank loans and overdrafts	10,032	9,785
Interest on lease liabilities	188	179
Total finance costs	10,220	9,964
Less: Amount capitalised to inventories	(9,860)	(9,575)
Net finance costs expensed	**360**	**389**
Other income		
Rent from properties	667	66
Sundry income	97	64
Total other income	**764**	**130**

5. INCOME TAX

	31 December 2024 $'000	31 December 2023 $'000
(a) Income tax expense		
The major components of income tax are:		
Current income tax		
- Current income tax charge	125	1,221
- Adjustment for prior year	5	-
Deferred income tax		
- Current temporary differences	1,011	168
- Adjustment for prior year	(6)	-
Income tax reported in the *Consolidated Statement of Comprehensive Income*	**1,135**	**1,389**

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

	31 December 2024 $'000	31 December 2023 $'000
Accounting profit before income tax	**3,847**	**4,185**
Tax at Australian income tax rate of 30%	1,154	1,256
Net share of equity accounted joint venture loss	86	61
Share-based payment (reversal)/expense	(17)	43
Other (non-assessable)/non-deductible items	(4)	14
Foreign jurisdiction losses	(14)	-
Effect of lower tax rate in foreign jurisdiction	17	15
Adjustment for prior year	(1)	-
Income tax expense	**1,221**	**1,389**
Effective tax rate	**32%**	**33%**

6. CONTRIBUTED EQUITY

	31 December 2024 Number	30 June 2024 Number	31 December 2024 $'000	30 June 2024 $'000
Ordinary shares	558,270,857	558,270,857	207,497	207,497
Treasury shares	(585,579)	(585,579)	(4,965)	(4,900)
Share capital	**557,685,278**	**557,685,278**	**202,532**	**202,597**
(a) Movement in ordinary share capital	**Number**	**Number**	**$'000**	**$'000**
At the beginning of the year	558,270,857	406,153,457	207,497	177,926
Issued pursuant to the rights issue	-	152,117,400	-	29,571
At the end of the period	**558,270,857**	**558,270,857**	**207,497**	**207,497**
(b) Movement in treasury shares	**Number**	**Number**	**$'000**	**$'000**
At the beginning of the year	(585,579)	(785,878)	(4,900)	(4,754)
On market acquisition of shares	(215,927)	(405,268)	(65)	(146)
Employee share scheme issue	215,927	605,567	-	-
At the end of the period	**(585,579)**	**(585,579)**	**(4,965)**	**(4,900)**

Treasury shares are held by AVJ Deferred Employee Share Plan Trust (AVJDESP) and deducted from contributed equity.

Holders of ordinary shares are entitled to dividends and to one vote per share at shareholder meetings.

Notes to the Consolidated Financial Statements

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 of each segment and makes decisions regarding the allocation of resources to each segment. Each segment prepares a detailed monthly finance report which summarises the historic results of the segment and the 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 activities relating to apartments in Western Australia and other low multiple value items.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2024

7. OPERATING SEGMENTS (continued)

The following table presents the revenues and results information regarding operating segments:

Operating Segments	NSW		VIC		QLD		SA		NZ		Other		Total	
	31 December		31 December		31 December		31 December		31 December		31 December		31 December	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Revenues														
External sales	28,960	23,742	66,308	43,017	14,268	26,810	19,546	2,269	-	2,255	-	970	129,082	99,063
Management fees	-	-	2,278	21,374	-	-	-	-	-	-	-	-	2,278	21,374
Total segment revenues	**28,960**	**23,742**	**68,586**	**64,391**	**14,268**	**26,810**	**19,546**	**2,269**	**-**	**2,255**	**-**	**970**	**131,360**	**120,437**
Results														
Segment results	3,713	5,853	2,639	(1,278)	(4,259)	2,019	(472)	(1,460)	(846)	(898)	1,705	579	2,480	4,815
Share of loss of equity accounted investments	-	-	-	-	-	-	-	-	-	-	(286)	(203)	(286)	(203)
Other non-segment revenue	-	-	-	-	-	-	-	-	-	-	469	342	469	342
Rent from properties	599	-	68	66	-	-	-	-	-	-	-	-	667	66
Reversal/(provsion) of inventory loss	(218)	(1,145)	471	-	(2)	-	-	(14)	-	-	-	-	251	(1,159)
Fair value adjustment to investment property	-	-	(20)	324	-	-	-	-	-	-	-	-	(20)	324
Profit/(loss) before income tax	**4,094**	**4,708**	**3,158**	**(888)**	**(4,261)**	**2,019**	**(472)**	**(1,474)**	**(846)**	**(898)**	**1,888**	**718**	**3,561**	**4,185**
Income tax													(1,135)	(1,389)
Profit after income tax													**2,426**	**2,796**

7. OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities information regarding operating segments:

	NSW		VIC		QLD		SA		NZ		Other		Total	
Operating Segments	**31 Dec 2024 $'000**	**30 Jun 2024 $'000**	**31 Dec 2024 $'000**	**30 Jun 2024 $'000**	**31 Dec 2024 $'000**	**30 Jun 2024 $'000**	**31 Dec 2024 $'000**	**30 Jun 2024 $'000**	**31 Dec 2024 $'000**	**30 Jun 2024 $'000**	**31 Dec 2024 $'000**	**30 Jun 2024 $'000**	**31 Dec 2024 $'000**	**30 Jun 2024 $'000**
Assets														
Segment assets	239,325	232,907	286,934	328,562	177,583	163,826	22,783	32,724	87,974	84,829	35,272	20,346	849,871	863,194
Total assets	**239,325**	**232,907**	**286,934**	**328,562**	**177,583**	**163,826**	**22,783**	**32,724**	**87,974**	**84,829**	**35,272**	**20,346**	**849,871**	**863,194**
Liabilities														
Segment liabilities	25,878	22,554	90,648	94,765	22,678	40,303	1,831	1,691	15,033	11,783	235,666	235,480	391,734	406,576
Total liabilities	**25,878**	**22,554**	**90,648**	**94,765**	**22,678**	**40,303**	**1,831**	**1,691**	**15,033**	**11,783**	**235,666**	**235,480**	**391,734**	**406,576**

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2024

8. NET TANGIBLE ASSET BACKING

	31 December 2024 cents	30 June 2024 cents
Net Tangible Asset (NTA) backing - cents per ordinary share	81.6	81.4

The number of ordinary shares used in the computation of NTA as at 31 December 2024 was 558,270,857 (30 June 2024: 558,270,857). For further details on shares and equity, refer to Note 6.

Net tangible assets are calculated by subtracting intangible assets from the total net assets, based on the respective balance sheet headings.

9. INTEREST IN JOINT OPERATIONS

The Group engages in a joint operation, holding a 49% interest, with AustralianSuper (AS Residential Property No 2 Pty Ltd) to deliver the "Lyndarum North" project in Wollert, Victoria.

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:

	31 December 2024 $'000	31 December 2023 $'000
Revenues	8,429	8,402
Cost of sales	(6,480)	(6,056)
Other expenses	(565)	(497)
Profit before income tax	**1,384**	**1,849**
Income tax	(415)	(555)
Profit after income tax	**969**	**1,294**

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2024

10. EQUITY ACCOUNTED INVESTMENTS

Interests in a Joint Venture are accounted for using the equity method of accounting and are initially carried at cost. Under the equity method, the Group's share of the results of the Joint Venture 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*. Investment carrying value and share of movements in profit / loss (reserves) are set out below:

Carrying value	**31 December 2024**		**30 June 2024**	
	Interest	**Carrying value $'000**	**Interest**	**Carrying value $'000**
Pindan Capital Group Dwelling Trust	33.3%	4,524	33.3%	4,617
Pro9 Australia Pty Ltd	50.0%	12,807	5.0%	-
Total		**17,331**		**4,617**

Pro9 Australia Pty Ltd is a Joint Venture (Pro9 Joint Venture) established in June 2023 between AVJennings and Pro9 Global Limited. Its primary objective is to manufacture the highly durable and energy-efficient Pro9 prefabricated walling systems in Australia.

As at 21 November 2024, AVJennings had provided a total convertible loan of $13.0 million to the Pro9 Joint Venture (30 June 2024: $9.64 million). The conditions for the conversion of this loan into the Joint Venture equity, which included the successful establishment of the Australian manufacturing plant and the production and delivery of the first AVJ residential home, were met in November 2024. As a result, the full loan amount was subsequently converted into equity, increasing AVJennings' ownership in the Joint Venture to 50% at 31 December 2024 (30 June 2024: 5%).

Following the conversion, the net carrying value of the Group's investment in the Pro9 Joint Venture is $12,807,000. The net carrying value equated to the initial investment of $13 million less the JV's share of losses totalling $193,000 (see the Share of Profit/(loss) table below). The decrease in the net carrying amount of investment in Pindan is entirely attributable to the share of the loss for the period.

Share of profit / (loss)	**31 December 2024**		**31 December 2023**	
	Interest	**Share of Loss $'000**	**Interest**	**Share of Loss $'000**
Pindan Capital Group Dwelling Trust	33.3%	(93)	33.3%	(203)
Pro9 Australia Pty Ltd	50.0%	(193)	5.0%	-
Total		**(286)**		**(203)**

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2024

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2024 $'000	30 June 2024 $'000
Current		
Loan to Pro9 Joint Venture	-	9,640
Total current loan	**-**	**9,640**

The financial asset at fair value through profit or loss, representing the loan issued by AVJennings to the Pro9 Joint Venture, increased to $13.0 million during the half-year (Note 10). This loan was subsequently fully converted into the Joint Venture's equity, resulting in the transfer of the financial asset balance to equity-accounted investments.

12. INVESTMENT PROPERTY

The Group has an investment property at Waterline Place, Victoria. It relates to a retail property being held for long term yield and capital appreciation.

The Group values its investment property at fair value, and revaluations are recognised through the profit and loss statement. Qualified external independent property valuers conduct valuations at least once every three years, in compliance with accounting standards. The most recent external valuation was conducted by Knight Frank as at 30 June 2024. In the intervening periods, internal valuations are prepared.

As of 31 December 2024, the property was internally valued at $1,720,000 (30 June 2024: $1,740,000).

	31 December 2024 $'000	30 June 2024 $'000
Opening balance at 1 July	1,740	1,668
(Loss)/gain from fair value remeasurement	(20)	72
Closing balance at end of period	**1,720**	**1,740**

13. BORROWINGS

The borrowings consist of bank loans which are recorded at amortised cost.

During the period, the Group extended the maturity date of the loan facility from 30 September 2025 to 30 September 2027. The Group remains compliant with the loan facility conditions.

14. 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 2024, amounted to $1,260,000 (30 June 2024: $2,358,000). 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 2024, amounted to $1,883,000 (30 June 2024: $1,968,000). 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 2024, amounted to $26,159,000 (30 June 2024: $32,356,000). No material liability is expected to arise.

15. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 31 December 2024 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 2024

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 2024 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.

Philip Kearns, AM
Director

25 February 2025

Shape the future
with confidence

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Independent auditor’s review report to the members of AVJennings Limited

Conclusion

We have reviewed the accompanying condensed half-year financial report of AVJennings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2024, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, explanatory notes and the directors’ declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply 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 2024 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor’s responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants* (*including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors’ responsibilities 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor’s responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us 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 financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

Ernst & Young

Ernst & Young

A R Ewan

Anthony Ewan
Partner
Sydney
25 February 2025