



AVJennings Limited
ABN: 44 004 327 771

30 June 2015 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 2014 and any public announcements made by AVJennings Limited during the year ended 30 June 2015 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 4E for the year ended 30 June 2015

	2015 \$'000	2014 \$'000	Increase \$'000	%
Revenues	317,903	250,570	67,333	26.9%
Profit after tax	34,385	18,782	15,603	83.1%
Net profit attributable to members	34,385	18,782	15,603	83.1%
Dividends	Cents per security		Franked amount per security at 30% tax	
<u>Current year</u>				
Interim dividend	1.0		1.0	
Final dividend	3.0		3.0	
Total dividend	4.0		4.0	
<u>Previous year</u>				
Final dividend	2.0		2.0	
Total dividend	2.0		2.0	
Record date for determining entitlements to dividend:	11 September 2015			
Payment date:	23 September 2015			
The Company's Dividend Re-Investment Plan remains suspended.				
Explanation of results				
The Review of Operations in the attached Directors' Report provides an explanation of the results.				

Directors' Report

For the year ended 30 June 2015

Your Directors present their Report on the Company and its controlled entities for the year ended 30 June 2015.

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 (Chairman)

RJ Rowley (Deputy Chairman)

PK Summers

E Sam

B Chin

BG Hayman

TP Lai

D Tsang

OPERATING AND FINANCIAL REVIEW

Financial Results

The Company recorded profit before tax of \$48.2 million for the year ended 30 June 2015, up 78.3% on the previous year (30 June 2014: \$27.0 million profit before tax) and profit after tax of \$34.4 million (30 June 2014: \$18.8 million).

Strong revenues in the second half of fiscal 2015, substantial post balance date cash inflows from the collection of receivables and confidence in the outlook for fiscal 2016 have enabled the Directors to declare that a fully franked final dividend of 3 cents per share be paid in September 2015, taking total dividends declared for 2015 to 4 cents per share. The Directors have also determined that it is appropriate for the Company to target an annual dividend payout range of 40-50.0% of profit after tax for future years.

Contract signings of 1,737 lots were well up on last year (1,415 lots) as too were settlements, which rose 22.6% to 1,538 lots, driving full year revenue up 26.9% to \$317.9 million (30 June 2014: \$250.6 million). Settlements included the recognition of revenue from 418 lots (worth \$74.6 million) sold across most jurisdictions during the year on extended terms to builders (which Management regards as a positive signpost to a sustainable market).

Business Overview

The result reflects accelerated production, higher sales and gross margins and more settlements in most jurisdictions. Standout contributors were New South Wales, Queensland and New Zealand all of which benefitted from the net positive effect of active project and product mix changes that enabled the Company to capitalise on the underlying strength of each market. Significant contributions from individual projects were made by 'Arcadian Hills', 'Argyle at Elderslie', 'Cavanstone' and 'The Ponds' in Sydney and 'Magnolia' on the Central Coast of New South Wales; 'Big Sky', 'Creekwood', 'Nottingham Square' and 'Elysium' in Queensland and 'Catalina' Hobsonville Point in Auckland, New Zealand.

Directors' Report

For the year ended 30 June 2015

OPERATING AND FINANCIAL REVIEW (continued)

The Company actively replenished inventory during the year, which saw controlled land rise 10.6% on prior year to 10,198 lots at balance date despite the significant increase in sales. Acquisitions included:

- the remaining 50% of the St Clair South Australia joint venture;
- a land parcel at Cobbitty, New South Wales (approximately 203 lots);
- three equity stakes in residential projects in Perth, Western Australia (estimated 228 lots);
- 'Waterline', Waterline Place, Williamstown, Victoria (up to 691 lots);
- 50 hectares of land at Warnervale Rd, Warnervale Central Coast, New South Wales (estimated 595 lots); and
- a land parcel at Boundary Rd, Schofields New South Wales (approximately 21 lots)

During the year the Company also contracted a significant joint venture with AustralianSuper for the development of approximately 2,000 lots in Wollert, Victoria and with Investa for Argyle at Elderslie, New South Wales.

Several corporate combinations were actively pursued during the year however terms could not be agreed at a level where the Company was confident of value and other transactions will be explored as opportunities arise.

Gearing remains low (net debt/ total assets is down to 13.6%) and the Company has further diversified and increased its sources of funding by successfully expanding and restructuring its core banking facilities, lifting its core banking group from three to four banks and increasing the total 'Club' facility limit to \$250 million (previously \$175 million). In addition, the Company successfully established a Singapore dollar medium term note programme with a capacity of SGD500 million. Although no notes have yet been issued under the programme, the ability to tap an international capital market to raise corporate debt gives the Company considerable additional scope to pursue suitable accretive corporate and large direct property acquisitions as opportunities arise.

Outlook

The Directors and management of AVJennings believe that the level of activity currently experienced in many of our markets is the product of strong fundamentals rather than speculative exuberance. While specific micro-markets (particularly some inner-suburbs of Sydney and Melbourne) are experiencing strong price growth, this is generally not the case in most of the Company's markets, where price growth is more muted. Affordable housing and sustainable communities matter to AVJennings and the underlying strength of our markets is demonstrated by escalation in the number of contract signings and settlements, which are a function of our commitment to delivering good quality homes at affordable prices.

Sydney is still the most active market in the country, driven by pent-up demand and inadequate land supply. The significant 'Arcadian Hills', Cobbitty and 'Argyle at Elderslie' projects are both strong contributors to profit, generating good margins with new stages at each underway. Good selling prices are being achieved at 'Magnolia', Hamlyn Terrace on the Central Coast and current and projected market activity in the area augurs well for future stages of this project as well as for the new complementary project located in nearby Warnervale.

Directors' Report

For the year ended 30 June 2015

OPERATING AND FINANCIAL REVIEW (continued)

Market activity and selling prices continue to firm-up in Brisbane, Noosa, Caloundra and Coomera. Work at the 'Elysium' Noosa project is finished and the stock almost sold out. 'Creekwood' Caloundra is performing strongly, with demand buoyed by new infrastructure investment (including a major new general hospital) in the Sunshine Coast catchment. Sales activity at 'Big Sky' Coomera has improved considerably.

The Melbourne residential land market is strengthening but demand and supply remain balanced. Future results will be enhanced by development of the Company's new flagship apartment project 'Waterline', located in the Melbourne bayside suburb of Williamstown and the Wollert joint venture development being undertaken with AustralianSuper. Waterline is an exciting project that will showcase the ongoing evolution of AVJennings' architectural design language and expose the Company to a different type of buyer, as well as rejuvenate a former industrial site in one of Melbourne's most historic and picturesque areas. The Wollert joint venture affords the Company an opportunity to partner with a high profile sponsor in AustralianSuper and continue to deliver affordable land and housing in Melbourne's north.

Auckland is a strong market and the high quality, master-planned Hobsonville Point project continues to experience significant demand with excellent sales and margins being generated, leading the Company to explore additional opportunities in that market.

The South Australian residential market remains stable but subdued overall, with earnings buoyed by the now wholly owned 'St Clair' project. The Company's relatively small investment in four residential projects in Perth, Western Australia is performing in line with expectations.

Key economic drivers are positive, with strong consumer confidence to transact in housing bolstered by low interest rates and inflation, positive population growth and continuing housing shortages in Sydney and Auckland. The level of contracts carried over into the first half of fiscal 2016 will give a strong start, notwithstanding the usual bias of results towards the latter part of the year due to seasonality and production staging. The Directors believe that it is appropriate to provide contract signings guidance for the year ending 30 June 2016 in the range of 1,800 to 2,100 lots.

Directors' Report

For the year ended 30 June 2015

DIVIDENDS

A final dividend of 2.0 cents per share for the year ended 30 June 2014 was paid on 18 September 2014 and a fully franked interim dividend of 1.0 cent per share was paid on 8 April 2015 (2014: nil). 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 23 September 2015. The Dividend Reinvestment Plan remains suspended.

COMPARATIVE FIGURES

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

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect:

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

ROUNDING OF AMOUNTS

The amounts contained in this Report and in the Financial Statements have been rounded to the nearest \$1,000 (where rounding is permitted) under the option available to the Company under the Australian Securities and Investments Commission (ASIC) Class Order 98/100. The Company is an entity to which the Class Order applies.

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



Peter Summers
Director
20 August 2015

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Revenues	3	317,903	250,570
Share of profits of associates and joint ventures accounted for using the equity method	11	1,569	1,967
Cost of property developments sold	3	(232,641)	(195,656)
Decrease in provision for loss on inventories	3	3,720	5,154
Other operational expenses		(4,953)	(3,948)
Selling and marketing expenses		(7,126)	(6,005)
Employee expenses		(20,402)	(17,189)
Depreciation and amortisation expense		(300)	(330)
Finance costs	3	(862)	(457)
Management and administration expenses		(8,737)	(7,093)
Profit before income tax		48,171	27,013
Income tax	4	(13,786)	(8,231)
Profit after income tax		34,385	18,782
Net profit for the year		34,385	18,782
Other comprehensive income			
Foreign currency translation		(1,397)	2,065
Other comprehensive (loss)/income for the year		(1,397)	2,065
Total comprehensive income for the year		32,988	20,847
Earnings per share for profit attributable to ordinary equity holders of the parent:			
Basic earnings per share		9.03	4.94
Diluted earnings per share		9.03	4.94

Consolidated Statement of Financial Position

As at 30 June 2015

	Note	2015 \$'000	2014 \$'000
CURRENT ASSETS			
Cash and cash equivalents	7	37,812	4,796
Trade and other receivables		69,364	44,557
Inventories		204,942	168,019
Tax receivable		143	-
Other current assets		2,060	1,387
Total current assets		314,321	218,759
NON-CURRENT ASSETS			
Trade and other receivables		12,818	6,159
Inventories		312,007	212,804
Investments accounted for using the equity method		10,667	27,108
Available-for-sale financial assets		2,880	3,000
Plant and equipment		605	642
Intangible assets		2,816	2,816
Total non-current assets		341,793	252,529
Total assets		656,114	471,288
CURRENT LIABILITIES			
Trade and other payables		117,461	46,823
Interest-bearing loans and borrowings		3,008	4,083
Tax payable		-	251
Provisions		5,510	4,706
Total current liabilities		125,979	55,863
NON-CURRENT LIABILITIES			
Trade and other payables		51,556	13,406
Interest-bearing loans and borrowings		123,716	81,500
Deferred tax liabilities		16,775	4,041
Provisions		742	698
Total non-current liabilities		192,789	99,645
Total liabilities		318,768	155,508
Net assets		337,346	315,780
EQUITY			
Contributed equity	6	160,436	160,436
Reserves		3,074	4,361
Retained earnings		173,836	150,983
Total equity		337,346	315,780

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

	Note	Attributable to equity holders of the parent			Total equity	
		Contributed Equity \$'000	Foreign Currency Translation Reserve \$'000	Share-based Payment Reserve \$'000	Retained Earnings \$'000	\$'000
At 1 July 2013		160,960	1,123	1,077	132,201	295,361
Profit for the year		-	-	-	18,782	18,782
Other comprehensive income for the year		-	2,065	-	-	2,065
Total comprehensive income for the year		-	2,065	-	18,782	20,847
Transactions with owners in their capacity as owners						
- Treasury shares acquired	6(b)	(524)	-	-	-	(524)
- Share-based payment expense reversed (forfeited shares)		-	-	(579)	-	(579)
- Share-based payment expense		-	-	675	-	675
		(524)	2,065	96	18,782	20,419
At 30 June 2014		160,436	3,188	1,173	150,983	315,780
At 1 July 2014		160,436	3,188	1,173	150,983	315,780
Profit for the year		-	-	-	34,385	34,385
Other comprehensive loss for the year		-	(1,397)	-	-	(1,397)
Total comprehensive income for the year		-	(1,397)	-	34,385	32,988
Transactions with owners in their capacity as owners						
- Share-based payment expense reversed (forfeited shares)		-	-	(326)	-	(326)
- Share-based payment expense		-	-	436	-	436
- Dividends paid	5	-	-	-	(11,532)	(11,532)
		-	(1,397)	110	22,853	21,566
At 30 June 2015		160,436	1,791	1,283	173,836	337,346

Consolidated Statement of Cash Flows

For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		317,278	251,561
Payments to suppliers, land vendors and employees		(320,115)	(242,446)
Interest paid		(10,396)	(9,349)
Income tax paid		(1,127)	(1,445)
Net cash used in operating activities		(14,360)	(1,679)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		6	70
Purchase of property, plant and equipment		(273)	(76)
Interest received		863	457
Distributions received from associates and joint venture entities		18,750	40
Dividends received from joint venture entity		5,350	-
Payment for available-for-sale financial asset		(1,380)	(1,500)
Investments in associates and joint venture entities		(6,090)	-
Net cash from / (used in) investing activities		17,226	(1,009)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		240,177	101,591
Repayment of borrowings		(199,036)	(105,899)
Payment for treasury shares	6(b)	-	(524)
Equity dividends paid	5	(11,532)	-
Net cash from / (used in) financing activities		29,609	(4,832)
NET INCREASE/(DECREASE) IN CASH HELD			
Cash and cash equivalents at beginning of year		4,796	11,649
Effects of exchange rate changes on cash and cash equivalents		541	667
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	37,812	4,796

Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

1. CORPORATE INFORMATION

The Consolidated Report of AVJennings Limited for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on 20 August 2015. 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

This 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 2014 and considered together with any public announcements made by AVJennings Limited during the year ended 30 June 2015 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.

None of the new Standards and amendments to Standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current year or any prior year and are not likely to affect future periods.

The Group has adopted AASB 2015-1 - *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle*, for the amendments to AASB 119 - *Employee Benefits* (applying to the change in discount rate applied to high quality corporate bonds).

With the exception of the above, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the year ended 30 June 2015.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

3. REVENUES AND EXPENSES

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

	2015 \$'000	2014 \$'000
Revenues		
Developments	307,888	242,861
Interest revenue	863	457
Management fees	6,613	4,998
Royalty revenue	-	399
Sundry revenue	2,539	1,855
Total revenues	317,903	250,570
Cost of property developments sold		
Amortisation of finance costs capitalised to inventories	10,172	10,579
Finance costs		
Bank loans and overdrafts	10,396	9,349
Less: Amount capitalised to inventories	(9,534)	(8,892)
Finance costs expensed	862	457
Impairment of assets		
Decrease in provision for loss on inventories	(3,720)	(5,154)
Total impairment reversed	(3,720)	(5,154)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

4. INCOME TAX

	2015 \$'000	2014 \$'000
The major components of income tax are:		
Current income tax		
Current income tax charge	915	1,214
Adjustment for prior year	41	19
Deferred income tax		
Current year temporary differences	12,871	6,820
Adjustment for prior year	(41)	178
Income tax reported in the Consolidated Statement of Comprehensive Income	13,786	8,231

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

	2015 \$'000	2014 \$'000
Accounting profit before income tax	48,171	27,013
Tax at Australian income tax rate of 30% (2014 - 30%)	14,451	8,104
Adjustment for prior years	-	197
Equity accounted share of Joint Venture profits	(471)	(590)
Other non-deductible items and variations	(194)	520
Aggregate income tax	13,786	8,231

5. DIVIDENDS

	2015 \$'000	2014 \$'000
Dividends paid and recognised		
2014 final dividend of 2.0 cents per fully paid share, paid 18 September 2014. Fully franked @ 30% tax	7,688	-
2015 interim dividend of 1.0 cent per fully paid share, paid 8 April 2015. Fully franked @ 30% tax	3,844	-
Total dividends paid	11,532	-
Dividends proposed		
2015 final dividend of 3.0 cents per fully paid share, to be paid 23 September 2015. Fully franked @ 30% tax	11,532	-
Total dividends proposed	11,532	-

The Company's Dividend Reinvestment Plan remains suspended.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

6. CONTRIBUTED EQUITY

	2015 Number	2014 Number	2015 \$'000	2014 \$'000
Ordinary shares	384,423,851	384,423,851	162,793	162,793
Treasury shares	(3,502,401)	(4,221,605)	(2,357)	(2,357)
Share capital	380,921,450	380,202,246	160,436	160,436

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.

(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
As at the end of the year	384,423,851	384,423,851	162,793	162,793

(b) Movement in treasury shares	Number	Number	\$'000	\$'000
As at the beginning of the year	(4,221,605)	(3,365,100)	(2,357)	(1,833)
Acquisition of shares by AVJ Deferred Employee Share Plan Trust	-	(856,505)	-	(524)
Employee share scheme issue	719,204	-	-	-
As at the end of the year	(3,502,401)	(4,221,605)	(2,357)	(2,357)

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 is treated as a reduction in share capital and the underlying shares identified separately as treasury shares.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

7. CASH AND CASH EQUIVALENTS

	2015 \$'000	2014 \$'000
<i>Reconciliation to Consolidated Statement of Cash Flows</i>		
For the purposes of <i>Consolidated Statement of Cash Flows</i> , cash and cash equivalents comprise the following:		
Cash at bank and in hand	37,812	4,796

8. OPERATING SEGMENTS

Identification of reportable segments

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the jurisdictions in which the Consolidated Entity sells its products and services. Discrete financial information about each of these operating businesses is reported on a monthly basis.

Types of products and services

The Consolidated Entity operates primarily in residential development.

Accounting policies

The accounting policies used in reporting segments are the same as those contained in the Financial Report.

Operating 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 are interest and royalty revenue, and certain sales commissions.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

8. OPERATING SEGMENTS (continued)

The following table presents the revenues and results information regarding operating segments for the year ended 30 June 2015:

Operating segments	NSW		VIC		QLD		SA		NZ		Other		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Revenues														
External sales	83,504	69,138	49,833	45,273	102,249	78,810	35,808	22,982	36,494	26,658	-	-	307,888	242,861
Management fees	5,559	2,482	277	54	-	-	58	145	719	2,317	-	-	6,613	4,998
Other revenue	-	-	-	-	-	-	-	-	-	-	3,402	2,711	3,402	2,711
Total segment revenues	89,063	71,620	50,110	45,327	102,249	78,810	35,866	23,127	37,213	28,975	3,402	2,711	317,903	250,570
Results														
Segment results *	23,572	9,941	2,698	6,530	12,701	7,687	6,489	2,369	10,622	5,418	1,070	(42)	57,152	31,903
Share of profits of associates and JVs accounted for using the equity method	1,569	1,954	(1)	(1)	-	-	1	14	-	-	-	-	1,569	1,967
Movement in provision for loss on inventories	3,720	2,928	-	(182)	-	2,542	-	(134)	-	-	-	-	3,720	5,154
Other income	-	-	-	-	-	-	-	-	-	-	3,402	2,711	3,402	2,711
Unallocated depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	(300)	(330)
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(16,510)	(13,935)
Unallocated interest expense	-	-	-	-	-	-	-	-	-	-	-	-	(862)	(457)
Profit before tax													48,171	27,013
Income tax													(13,786)	(8,231)
Net profit													34,385	18,782

* Segment results include utilisation of provision for write-down of inventories of \$12,522,000 (30 June 2014: \$13,475,000)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

8. OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities information regarding operating segments as at 30 June 2015:

<i>Operating Segment</i>	NSW		VIC		QLD		SA		NZ		Other		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Assets														
Segment assets	188,455	129,041	185,145	94,697	86,762	103,208	101,704	70,196	49,847	59,830	44,201	14,316	656,114	471,288
Total assets	188,455	129,041	185,145	94,697	86,762	103,208	101,704	70,196	49,847	59,830	44,201	14,316	656,114	471,288
Liabilities														
Segment liabilities	48,796	6,850	98,182	6,520	7,279	5,873	5,156	16,760	25,621	33,629	133,734	85,876	318,768	155,508
Total liabilities	48,796	6,850	98,182	6,520	7,279	5,873	5,156	16,760	25,621	33,629	133,734	85,876	318,768	155,508

Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

9. NET TANGIBLE ASSET BACKING

	2015 cents	2014 cents
Net Tangible Asset backing (NTA) - cents per ordinary security	87.8	82.3

Ordinary shares on issue as at 30 June 2015 were 380,921,450 (30 June 2014: 380,202,246). Refer to note 6 for details.

10. INTEREST IN JOINT OPERATIONS

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

	2015 \$'000	2014 \$'000
Revenues	15,606	39,431
Cost of property developments sold	(11,082)	(32,195)
Other expenses	(946)	(993)
Profit before income tax	3,578	6,243
Income tax	(1,073)	(1,873)
Profit after tax	2,505	4,370

11. 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 consolidated entity'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 2015	30 June 2014	2015 \$'000	2014 \$'000
Epping JV	10.0%	10.0%	(1)	(1)
Eastwood JV	50.0%	50.0%	1,569	1,954
Woodville JV	50.0%	50.0%	1	14
Pindan Capital Group Dwelling Trust	33.3%	-	-	-
Profit after tax			1,569	1,967

Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

12. CONTINGENCIES

Secured

Performance guarantees

Contingent liabilities in respect of certain performance guarantees, granted by the Consolidated Entity's bankers in the normal course of business to unrelated parties, at 30 June 2015, amounted to \$6,977,000 (2014: \$7,445,000). No material liability is expected to arise.

Financial guarantees

Financial guarantees granted by the Consolidated Entity's bankers to unrelated parties in the normal course of business at 30 June 2015, amounted to \$2,801,000 (2014: \$8,367,000). No material liability is expected to arise.

Unsecured

Contract performance bond facility

The Parent Entity has entered into a Deed of Indemnity with various controlled entities to indemnify the obligation of those entities in relation to the Contract performance bond facility. Contingent liabilities in respect of certain performance bonds, granted by the Consolidated Entity's financiers, in the normal course of business as at 30 June 2015, amounted to \$21,134,000 (2014: \$12,140,000). No material liability is expected to arise.

13. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect:

- a) the Consolidated Entity's operations in future financial years; or
- b) the results of those operations in future financial years; or
- c) the Consolidated Entity'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.