



AVJennings Limited  
ABN: 44 004 327 771

31 December 2015 Half-Year Report  
Appendix 4D

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 2015 and any public announcements made by AVJennings Limited during the half-year ended 31 December 2015 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.



## Contents

	<b>Page</b>
Results for Announcement to the Market.....	3
Directors' Report.....	4
Consolidated Statement of Comprehensive Income.....	9
Consolidated Statement of Financial Position.....	10
Consolidated Statement of Changes in Equity.....	11
Consolidated Statement of Cash Flows.....	12
Notes to the Consolidated Financial Statements.....	13
1 Corporate information.....	13
2 Basis of preparation and accounting policies.....	13
3 Revenues and expenses.....	14
4 Income tax.....	15
5 Dividends .....	16
6 Contributed equity .....	17
7 Cash and cash equivalents.....	18
8 Operating segments.....	18
9 Net tangible asset backing.....	21
10 Interest in joint operations.....	21
11 Investments accounted for using the equity method.....	22
12 Interest-bearing loans and borrowings.....	22
13 Contingencies.....	23
14 Significant events after the balance sheet date.....	23
Directors' Declaration.....	24
Independent Auditor's Review Report.....	25



## Results for Announcement to the Market

Appendix 4D for the half-year ended 31 December 2015

	6 months 31 December 2015 \$'000	6 months 31 December 2014 \$'000	Increase \$'000	%
Revenues	187,184	118,521	68,663	57.9%
Profit after tax	16,520	11,869	4,651	39.2%
Net profit attributable to members	16,520	11,869	4,651	39.2%
<b>Dividends</b>	Cents per security		Franked amount per security at 30% tax	
<u>Current period</u>				
Interim dividend	1.5		1.5	
<b>Total dividend</b>	<b>1.5</b>		<b>1.5</b>	
<u>Previous period</u>				
Interim dividend	1.0		1.0	
<b>Total dividend</b>	<b>1.0</b>		<b>1.0</b>	
Record date for determining entitlements to dividend:	1 April 2016			
Payment date:	15 April 2016			
The Company's Dividend Re-Investment Plan remains suspended.				
<b>Explanation of results</b>				
The Review of Operations in the attached Directors' Report provides an explanation of the results.				

# Directors' Report

For the half-year ended 31 December 2015

Your Directors present their Report on the Company and its controlled entities for the half-year ended 31 December 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 \$23.9 million for the half year ended 31 December 2015, up 42.2% on the previous corresponding half (31 December 2014: \$16.8 million profit before tax) and profit after tax of \$16.5 million (31 December 2014: \$11.9 million).

The pre-tax result includes a \$3.7 million decrease in impairment provision attributable to the significantly improved outlook for two estates (in Queensland and New South Wales) that is comparable with impairment released in first half of fiscal 2015.

Strong revenues and cash inflows from the collection of receivables during the half and significant confidence in the outlook for fiscal 2016 have enabled the Directors to declare that a fully franked interim dividend of 1.5 cents per share be paid in April 2016 (1.0 cent per share was paid in April 2015) and the Directors reaffirm that it is appropriate for the Company to target for the full year a dividend payout range of 40-50.0% of profit after tax.

Contract signings of 999 lots was up on 1H15 (872 lots), while settlements were well up, rising 5.2% to 694 lots (31 December 2014: 660 lots), driving half year revenue up 57.9% to \$187.2 million (31 December 2014: \$118.5 million).

# Directors' Report

For the half-year ended 31 December 2015

## OPERATING AND FINANCIAL REVIEW (continued)

### Business Overview

The result reflects continuing good levels of production, sales and gross margins in key jurisdictions. Standout contributors were New South Wales and Queensland, which continue to benefit from buoyant market conditions and proactive decisions relating to project delivery and product mix. Significant contributions from individual projects were made by 'Arcadian Hills', 'Argyle at Elderslie' and 'The Ponds' in Sydney and 'Magnolia' on the Central Coast of New South Wales; 'Big Sky' and 'Creekwood' in Queensland.

Work in progress was up 5.5% half on half to 1,623 lots at balance date (31 December 2014: 1,539 lots) and up 7.3% from the position at 30 June 2015 (1,512 lots). The level of completed unsold stock remains insignificant at 1.1% of total lots under control.

The Company actively replenished inventory during the year with controlled land rising a further 2.3% to 10,436 lots (30 June 2015: 10,198 lots) despite strong sales. Acquisitions included:

- 44 hectares of land in Spring Farm, New South Wales (approximately 540 lots);
- 1.6 hectares of land in Bridgeman Downs, Queensland (approximately 60 lots); and
- a further 9.4 hectares of land in the Hobsonville Point Joint Venture, New Zealand (approximately 312 lots).

The Company also acquired the remaining 50% share of the joint ventured 'Argyle at Elderslie' New South Wales project, which comprised approximately 440 lots at the time of the acquisition.

The overwhelming majority of the Company's projects, including sites acquired within the last 12 months, are under (or will within the forthcoming 12 months enter) active production.

Gearing (net debt/total assets) remains low at 22.9% (total net debt \$154.6 million) and is up from 13.6% at 30 June 2015 (31 December 2014: 17.9%) reflecting seasonal build-up in production and new acquisitions. The Company also continued its programme of diversifying and expanding its sources of funding by securing a project finance commitment of \$92 million for the newly commenced 'Waterline Place' project in Williamstown, Victoria.

# Directors' Report

For the half-year ended 31 December 2015

## OPERATING AND FINANCIAL REVIEW (continued)

### Outlook

Activity levels in the Company's key markets of Sydney, Brisbane, Melbourne and Auckland remain high, with demand for proven traditional housing comprising medium density and detached housing remaining relatively constant, reinforcing the belief of directors and management that important drivers of demand in these markets are quite different from those affecting the supply of CBD apartment towers and inner-ring established housing. AVJennings is committed to delivering good quality affordable housing in modern, vibrant communities. We are working hard to satisfy our customers' needs and their response continues to underpin the Company's steadily improving performance.

While general enquiry levels at some estates in Sydney has reduced nominally, prospect conversion remains very sound, driven by pent-up demand and inadequate land supply. Once again, 'Arcadian Hills', Cobbitty and 'Argyle at Elderslie' are strong contributors to profit, generating good margins with new stages at each underway. 'Magnolia', Hamlyn Terrace on the New South Wales Central Coast is performing well and development of a major new stage there was recently commenced. Acquisition of the remaining 50% interest in the Argyle project will boost the Company's revenue and margin in New South Wales in the second half.

Market activity and selling prices continue to firm-up in Brisbane, Caloundra and Coomera with new stages underway at 'Creekwood' and 'Big Sky'.

Activity in Melbourne is expected to further strengthen in the second half when new product at 'Lyndarum' and 'Hazelcroft' becomes available for sale; development works on the Wollert land owned in joint venture with AustralianSuper commences and construction and sale of the first sub-stage of the Company's new flagship medium density project 'Waterline Place', located in the Melbourne bayside suburb of Williamstown commence.

Auckland remains a very strong market and the high quality, master-planned Hobsonville Point project continues to experience significant demand, generating excellent revenue and margins and the Company is extremely pleased to have been selected by the Hobsonville Land Company as the developer of the Stage 2B/4 land in the Buckley B Precinct.

The South Australian residential market remains stable but subdued and the Company's small investment in four residential projects in Perth, Western Australia is performing in line with expectations.

The Company continues to focus on the traditional proven housing markets. It has no exposure to high-rise apartments and minimal reliance upon foreign buyers (less than 1%).

Key economic drivers for those traditional housing markets are positive, with strong consumer confidence to transact in housing supported by expectations of continuing low interest rates and inflation, positive population growth and shortages of affordable detached and low rise dwellings in Sydney, Melbourne and Auckland together with stable employment conditions in the east coast cities. The Directors and management expect a typically stronger second half in fiscal 2016 and reiterate their contract signings guidance for the current financial year of 1,800 to 2,100 lots.

# Directors' Report

For the half-year ended 31 December 2015

## DIVIDENDS

A final dividend of 3.0 cents per share for the year ended 30 June 2015 was paid on 23 September 2015 (31 December 2014: 2.0 cents). Subsequent to the end of the half year, the Directors have recommended a fully franked interim dividend of 1.5 cents per share to be paid on 15 April 2016. 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 31 December 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.

## AUDITORS INDEPENDENCE DECLARATION

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

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



Peter Summers  
*Director*  
8 February 2016

## Auditor's Independence Declaration to the Directors of AVJennings Limited

As lead auditor for the review of AVJennings Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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



Ernst & Young



Mark Conroy  
Partner  
8 February 2016

# Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2015

		31 December 2015	31 December 2014
	Note	\$'000	\$'000
Revenues	3	187,184	118,521
Share of (losses)/profits of associates and joint venture entities accounted for using the equity method	11	( 384 )	1,501
Cost of property developments sold	3	( 142,989 )	( 86,691 )
Decrease in provision for loss on inventories	3	3,665	3,720
Other operational expenses		( 2,296 )	( 2,464 )
Selling and marketing expenses		( 4,463 )	( 3,491 )
Employee expenses		( 12,590 )	( 9,279 )
Depreciation and amortisation expense		( 136 )	( 149 )
Finance costs	3	( 314 )	( 217 )
Management and administration expenses		( 3,788 )	( 4,646 )
<b>Profit before income tax</b>		<b>23,889</b>	<b>16,805</b>
Income tax	4	( 7,369 )	( 4,936 )
<b>Profit after income tax</b>		<b>16,520</b>	<b>11,869</b>
<b>Net profit for the period</b>		<b>16,520</b>	<b>11,869</b>
<b>Other comprehensive income</b>			
Foreign currency translation		1,476	374
<b>Other comprehensive income for the period</b>		<b>1,476</b>	<b>374</b>
<b>Total comprehensive income for the period</b>		<b>17,996</b>	<b>12,243</b>
Earnings per share for profit attributable to ordinary equity holders of the parent:		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		4.33	3.12
Diluted earnings per share		4.33	3.12

# Consolidated Statement of Financial Position

As at 31 December 2015

	Note	31 December 2015 \$'000	30 June 2015 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	30,370	37,812
Trade and other receivables		77,561	69,364
Inventories		223,477	204,942
Tax receivable		-	143
Other current assets		1,893	2,060
<b>Total current assets</b>		<b>333,301</b>	<b>314,321</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		2,861	12,818
Inventories		324,513	312,007
Investments accounted for using the equity method		8,883	10,667
Available-for-sale financial assets		2,880	2,880
Plant and equipment		567	605
Intangible assets		2,816	2,816
<b>Total non-current assets</b>		<b>342,520</b>	<b>341,793</b>
<b>Total assets</b>		<b>675,821</b>	<b>656,114</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		79,212	117,461
Interest-bearing loans and borrowings		2,768	3,008
Tax payable		3,587	-
Provisions		5,304	5,510
<b>Total current liabilities</b>		<b>90,871</b>	<b>125,979</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables		37,784	51,556
Interest-bearing loans and borrowings		182,156	123,716
Deferred tax liabilities		20,056	16,775
Provisions		725	742
<b>Total non-current liabilities</b>		<b>240,721</b>	<b>192,789</b>
<b>Total liabilities</b>		<b>331,592</b>	<b>318,768</b>
<b>Net assets</b>		<b>344,229</b>	<b>337,346</b>
<b>EQUITY</b>			
Contributed equity	6	160,436	160,436
Reserves		4,970	3,074
Retained earnings		178,823	173,836
<b>Total equity</b>		<b>344,229</b>	<b>337,346</b>

# Consolidated Statement of Changes in Equity

For the half-year ended 31 December 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
<b>At 1 July 2014</b>		<b>160,436</b>	<b>3,188</b>	<b>1,173</b>	<b>150,983</b>	<b>315,780</b>
Profit for the period		-	-	-	11,869	11,869
Other comprehensive income for the period		-	374	-	-	374
Total comprehensive income for the period		-	374	-	11,869	12,243
Transactions with owners in their capacity as owners						
- Share-based payment expense reversed (forfeited shares)		-	-	(326)	-	(326)
- Share-based payment expense		-	-	255	-	255
- Dividends paid	5	-	-	-	(7,688)	(7,688)
		-	374	(71)	4,181	4,484
<b>At 31 December 2014</b>		<b>160,436</b>	<b>3,562</b>	<b>1,102</b>	<b>155,164</b>	<b>320,264</b>
<b>At 1 July 2015</b>		<b>160,436</b>	<b>1,791</b>	<b>1,283</b>	<b>173,836</b>	<b>337,346</b>
Profit for the period		-	-	-	16,520	16,520
Other comprehensive income for the period		-	1,476	-	-	1,476
Total comprehensive income for the period		-	1,476	-	16,520	17,996
Transactions with owners in their capacity as owners						
- Share-based payment expense reversed (forfeited shares)		-	-	(19)	-	(19)
- Share-based payment expense		-	-	439	-	439
- Dividends paid	5	-	-	-	(11,533)	(11,533)
		-	1,476	420	4,987	6,883
<b>At 31 December 2015</b>		<b>160,436</b>	<b>3,267</b>	<b>1,703</b>	<b>178,823</b>	<b>344,229</b>

# Consolidated Statement of Cash Flows

For the half-year ended 31 December 2015

	Note	6 months 31 December 2015 \$'000	6 months 31 December 2014 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		207,317	142,733
Payments to suppliers, land vendors and employees		(257,007)	(155,171)
Interest paid		(6,178)	(4,984)
Income tax paid		(535)	(627)
<b>Net cash used in operating activities</b>		<b>(56,403)</b>	<b>(18,049)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		1	5
Purchase of property, plant and equipment		(99)	(88)
Interest received		314	217
Distributions received from associates and joint venture entities		-	15,000
Dividends received from joint venture entity		1,400	-
<b>Net cash from investing activities</b>		<b>1,616</b>	<b>15,134</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		164,115	68,254
Repayment of borrowings		(105,915)	(41,134)
Equity dividends paid	5	(11,533)	(7,688)
<b>Net cash from financing activities</b>		<b>46,667</b>	<b>19,432</b>
<b>NET (DECREASE)/INCREASE IN CASH HELD</b>		<b>(8,120)</b>	<b>16,517</b>
Cash and cash equivalents at beginning of period		37,812	4,796
Effects of exchange rate changes on cash and cash equivalents		678	267
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>7</b>	<b>30,370</b>	<b>21,580</b>

# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2015

## 1. CORPORATE INFORMATION

The Consolidated Report of AVJennings Limited for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the Directors on 8 February 2016. 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.

The principal activity of the Group during the half-year was Residential Development.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

It is recommended that this Report be read in conjunction with the Annual Report for the year ended 30 June 2015 and considered together with any public announcements made by AVJennings Limited during the half-year ended 31 December 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 2015 affected any of the amounts recognised in the current year or any prior year and are not likely to affect future periods.

# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2015

## 3. REVENUES AND EXPENSES

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

	6 months 31 December 2015 \$'000	6 months 31 December 2014 \$'000
<b>Revenues</b>		
Developments	185,747	112,154
Interest revenue	314	217
Management fees	876	4,874
Sundry revenue	247	1,276
<b>Total revenues</b>	<b>187,184</b>	<b>118,521</b>
<b>Cost of property developments sold</b>		
Amortisation of finance costs capitalised to inventories	6,966	4,348
<b>Finance costs</b>		
Bank loans and overdrafts	6,178	4,984
Less: Amount capitalised to inventories	( 5,864 )	( 4,767 )
<b>Finance costs expensed</b>	<b>314</b>	<b>217</b>
<b>Impairment of assets</b>		
Decrease in provision for loss on inventories	( 3,665 )	( 3,720 )
<b>Total impairment reversed</b>	<b>( 3,665 )</b>	<b>( 3,720 )</b>

For the half-year ended 31 December 2015, the movement in the provision resulted from a realignment of future assumptions with current market conditions predominantly driven by projects in New South Wales and Queensland.

# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2015

## 4. INCOME TAX

	6 months 31 December 2015 \$'000	6 months 31 December 2014 \$'000
<b>Income tax</b>		
The major components of income tax are:		
Current income tax		
Current income tax charge	4,228	1,025
Deferred income tax		
Current year temporary differences	3,137	3,911
Adjustment for prior year	4	-
<b>Income tax reported in the Consolidated Statement of Comprehensive Income</b>	<b>7,369</b>	<b>4,936</b>

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

	6 months 31 December 2015 \$'000	6 months 31 December 2014 \$'000
<b>Accounting profit before income tax</b>	<b>23,889</b>	<b>16,805</b>
Tax at Australian income tax rate of 30% (2014 - 30%)	7,167	5,041
Adjustment for prior years	4	-
Equity accounted share of Joint Venture losses/(profits)	115	( 450 )
Other non-deductible items and variations	83	345
<b>Income tax</b>	<b>7,369</b>	<b>4,936</b>

# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2015

## 5. DIVIDENDS

	6 months 31 December 2015 \$'000	6 months 31 December 2014 \$'000
<i>Dividends paid and recognised</i>		
2015 final dividend of 3.0 cents per fully paid share, paid 23 September 2015. Fully franked @ 30% tax	11,533	-
2014 final dividend of 2.0 cents per fully paid share, paid 18 September 2014. Fully franked @ 30% tax	-	7,688
<b>Total dividends paid</b>	<b>11,533</b>	<b>7,688</b>
<i>Dividends proposed</i>		
2016 interim dividend of 1.5 cents per fully paid share, to be paid 15 April 2016. Fully franked @ 30% tax	5,766	-
2015 interim dividend of 1.0 cent per fully paid share, paid 8 April 2015. Fully franked @ 30% tax	-	3,844
<b>Total dividends proposed</b>	<b>5,766</b>	<b>3,844</b>

The Company's Dividend Reinvestment Plan remains suspended.

# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2015

## 6. CONTRIBUTED EQUITY

	31 December 2015 Number	30 June 2015 Number	31 December 2015 \$'000	30 June 2015 \$'000
Ordinary shares	384,423,851	384,423,851	162,793	162,793
Treasury shares	(2,721,454)	(3,502,401)	(2,357)	(2,357)
<b>Share capital</b>	<b>381,702,397</b>	<b>380,921,450</b>	<b>160,436</b>	<b>160,436</b>

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 period	384,423,851	384,423,851	162,793	162,793
<b>As at the end of the period</b>	<b>384,423,851</b>	<b>384,423,851</b>	<b>162,793</b>	<b>162,793</b>

(b) Movement in treasury shares	Number	Number	\$'000	\$'000
As at the beginning of the year	(3,502,401)	(4,221,605)	(2,357)	(2,357)
Employee share scheme issue	780,947	719,204	-	-
<b>As at the end of the period</b>	<b>(2,721,454)</b>	<b>(3,502,401)</b>	<b>(2,357)</b>	<b>(2,357)</b>

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 half-year ended 31 December 2015

## 7. CASH AND CASH EQUIVALENTS

	31 December 2015 \$'000	30 June 2015 \$'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:		
<b>Cash at bank and in hand</b>	<b>30,370</b>	<b>37,812</b>

## 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 certain sales commissions

# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2015

## 8. OPERATING SEGMENTS (continued)

The following table presents the revenues and results information regarding operating segments for the half-year ended 31 December 2015:

Operating segments	NSW		VIC		QLD		SA		NZ		Other		Total	
	31 December		31 December		31 December		31 December		31 December		31 December		31 December	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenues</b>														
External sales	67,010	22,521	33,895	21,958	61,756	49,294	16,613	17,677	6,473	704	-	-	185,747	112,154
Management fees	32	4,758	829	-	-	-	12	45	3	71	-	-	876	4,874
Other revenue	-	-	-	-	-	-	-	-	-	-	561	1,493	561	1,493
<b>Total segment revenues</b>	<b>67,042</b>	<b>27,279</b>	<b>34,724</b>	<b>21,958</b>	<b>61,756</b>	<b>49,294</b>	<b>16,625</b>	<b>17,722</b>	<b>6,476</b>	<b>775</b>	<b>561</b>	<b>1,493</b>	<b>187,184</b>	<b>118,521</b>
<b>Results</b>														
Segment results *	14,415	7,287	1,741	1,361	8,989	6,306	1,951	3,477	1,912	125	(228)	117	28,780	18,673
Share of (losses)/profits of associates and JVs accounted for using the equity method	13	1,495	-	-	-	-	(3)	6	-	-	(394)	-	(384)	1,501
Movement in provision for loss on inventories	2,949	3,720	-	-	716	-	-	-	-	-	-	-	3,665	3,720
Other income	-	-	-	-	-	-	-	-	-	-	561	1,493	561	1,493
Unallocated depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	(136)	(149)
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(8,283)	(8,216)
Unallocated interest expense	-	-	-	-	-	-	-	-	-	-	-	-	(314)	(217)
Profit before tax													23,889	16,805
Income tax													(7,369)	(4,936)
<b>Net profit</b>													<b>16,520</b>	<b>11,869</b>

\* Segment results include utilisation of provision for write-down of inventories of \$3,920,000 (31 December 2014: \$7,116,000)

## Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2015

### 8. OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities information regarding operating segments as at 31 December 2015:

<i>Operating Segment</i>	NSW		VIC		QLD		SA		NZ		Other		Total	
	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets Segment assets</b>	206,174	188,455	179,958	185,145	90,701	86,762	103,872	101,704	56,755	49,847	38,361	44,201	675,821	656,114
<b>Total assets</b>	<b>206,174</b>	<b>188,455</b>	<b>179,958</b>	<b>185,145</b>	<b>90,701</b>	<b>86,762</b>	<b>103,872</b>	<b>101,704</b>	<b>56,755</b>	<b>49,847</b>	<b>38,361</b>	<b>44,201</b>	<b>675,821</b>	<b>656,114</b>
<b>Liabilities Segment liabilities</b>	29,453	48,796	38,624	98,182	11,631	7,279	6,645	5,156	43,926	25,621	201,313	133,734	331,592	318,768
<b>Total liabilities</b>	<b>29,453</b>	<b>48,796</b>	<b>38,624</b>	<b>98,182</b>	<b>11,631</b>	<b>7,279</b>	<b>6,645</b>	<b>5,156</b>	<b>43,926</b>	<b>25,621</b>	<b>201,313</b>	<b>133,734</b>	<b>331,592</b>	<b>318,768</b>

# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2015

## 9. NET TANGIBLE ASSET BACKING

	31 December 2015 cents	30 June 2015 cents
Net Tangible Asset backing (NTA) - cents per ordinary security	89.4	87.8

Ordinary shares on issue as at 31 December 2015 were 381,702,397 (30 June 2015: 380,921,450). 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:

	6 months 31 December 2015 \$'000	6 months 31 December 2014 \$'000
Revenues	3,081	2,319
Cost of property developments sold	( 2,695 )	( 1,663 )
Other expenses	( 35 )	( 481 )
<b>Profit before income tax</b>	<b>351</b>	<b>175</b>
Income tax	( 105 )	( 53 )
<b>Net profit for the period</b>	<b>246</b>	<b>122</b>

# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2015

## 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)	
	31 December 2015	31 December 2014	6 months 31 December 2015 \$'000	6 months 31 December 2014 \$'000
	Epping JV	10.0%	10.0%	(1)
Eastwood JV	50.0%	50.0%	13	1,496
Woodville JV	50.0%	50.0%	(3)	6
Pindan Capital Group Dwelling Trust	33.3%	-	(393)	-
<b>(Loss)/profit after tax</b>			<b>(384)</b>	<b>1,501</b>

## 12. INTEREST-BEARING LOANS AND BORROWINGS

Fair values of interest-bearing loans and borrowings are determined by using the DCF 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 carrying value represents the approximate fair value at reporting date.

The Group remains compliant with all lending covenants.

# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2015

## 13. 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 31 December 2015, amounted to \$6,718,000 (30 June 2015: \$6,977,000). 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 31 December 2015, amounted to \$6,355,000 (30 June 2015: \$2,801,000). 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 Consolidated Entity's financiers, in the normal course of business as at 31 December 2015, amounted to \$14,191,000 (30 June 2015: \$21,134,000). No material liability is expected to arise.

## 14. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 31 December 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.

# AVJennings®

## Directors' Declaration

For the half-year ended 31 December 2015

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

In the opinion of the Directors:

- a) The Financial Statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position as at 31 December 2015 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 Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board.



Peter Summers  
*Director*

8 February 2016

To the members of AVJennings Limited

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of AVJennings Limited (the Company), which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the period end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The directors are also responsible for such internal controls that the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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*. As the auditor of AVJennings Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

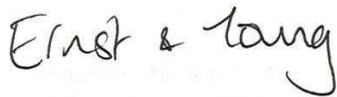
### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

## Conclusion

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 AVJennings Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its 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*.



Ernst & Young



Mark Conroy  
Partner  
Sydney  
8 February 2016