AVJennings

AVJennings Limited
ABN: 44 004 327 771

Annual Financial Report
30 June 2013

Contents

Directors' Report
For the year ended 30 June 2013

Your Directors present their Annual Financial Report ("Report") on the Consolidated Entity (referred to hereafter as "AVJennings", "Consolidated Entity" or "Group") consisting of AVJennings Limited ("Company" or "Parent") and the entities it controlled at the end of, or during, the year ended 30 June 2013.

DIRECTORS

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

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

COMPANY SECRETARY

The names of the Company Secretaries in office during the financial year and until the date of this Report (unless otherwise stated) are as follows:

CD Thompson	
PK Summers	Resigned 1 January 2013
SA Vogiatzakis	Resigned 1 January 2013

PRINCIPAL ACTIVITY

The principal activity of the Consolidated Entity during the year was Residential Development.

OPERATING RESULTS

The consolidated loss after tax for the financial year was $15.3 million (2012: $29.8 million loss after tax).

DIVIDENDS

Dividends paid to members during the financial year were as follows:

	2013 $'000	2012 $'000
2011 final dividend of 1.5 cents per fully paid share, paid 19 October 2011. Fully franked @ 30% tax.	-	4,119
2012 interim dividend of 0.5 cents per fully paid share, paid 11 April 2012. Fully franked @ 30% tax.	-	1,373
Total dividends paid	**-**	**5,492**

Directors' Report
For the year ended 30 June 2013

REVIEW OF OPERATIONS

Financial Results

The Company recorded an after tax loss of $15.3 million for the financial year to 30 June 2013 (2012: $29.8 million loss after tax). A full year profit after tax of $0.8 million was recorded before the impact of provisions for loss on inventory taken up as at 31 December 2012 (no inventory provisions were recorded in the second half).

The profit after tax for the second half significantly improved to $3.8 million (six months to 31 December 2012: $3.0 million loss after tax and before inventory provisions), reflecting ramped up activity compared with the first half.

Full year revenue of $158.5 million was down from $188.8 million in the previous year, however, second half revenue of $105.6 million almost doubled that of the six months to 31 December 2012 due to the completion of inventory and gradually improving market conditions, particularly in New South Wales.

These results were achieved despite relatively subdued lender appetite for residential property at both the producer and consumer ends of some micro-markets.

Two further significant events occurred in the second half.

Firstly, the Company successfully concluded discussions with its Club Lenders and the Club Facility maturity date was extended to 30 September 2015. The Company remains compliant with all lending covenants and is actively progressing its strategy of diversifying funding sources.

Secondly, the Company successfully completed an Entitlement Offer that raised $40.0 million after transaction costs. This more than offset the effect of increased production and settlement payments in respect of previous acquisitions.

Net Debt at balance date on a proportionate consolidation basis was $83.3 million (2012: $129.0 million).

Business Overview and Outlook

The working capital cycle in residential property development is typically longer than that of most other industries and, where it extends beyond balance dates, can mean that reported results sometimes do not clearly reflect market conditions over the whole of the period under review. Time and money expended on rebuilding work in progress levels in one period may therefore be disproportionately reflected in increased sales, settlements and revenue in succeeding periods.

Although demand was relatively subdued over much of the financial year, activity in the second half significantly outstripped that in the preceding six months during which the Company expanded investment in production (especially built form). This investment is in line with the strategy disclosed to the market and directly responds to the ongoing benign interest rate environment, low inflationary expectations and the chronic under-supply of housing in some areas, as well as the Company's perception of improvements in other demand drivers such as affordability, consumer confidence, subsidies for first home buyers that are now more explicitly focused on new production, together with tightening rental vacancy rates in certain areas of Sydney.

Directors' Report
For the year ended 30 June 2013

REVIEW OF OPERATIONS (continued)

Consumer confidence in the key New South Wales market seems to have lifted over the last six months in particular, reversing a decade-long trend, while that in southern Queensland has shown more recent signs of improvement as pricing has realigned with historical relativities to the other eastern capitals. Performance of the Company's Victorian estates remains stable and fair, reflecting the Company's belief that the local market is steadily correcting for the oversupply of developed stock built up in some locations during the overheated market of 2010-11. The South Australian market is stable but subdued, however, the Company's key projects in that State ('St Clair' and 'Eyre' at Penfield) have reached important milestones and are now much better placed than in the previous period to capture their share of available demand in the future. The Auckland residential market is experiencing significant demand that should continue to leave the Company's Hobsonville Point joint venture project with Government fortunately placed for the foreseeable future.

Pleasingly, the Company benefitted from the solid rise in second half contract signings and settlements without undue margin sacrifice or the need to offer significant inducements of the sort anecdotally reported.

The following table illustrates the up-tick in lots under development (both land only and built form) since the low point of early in fiscal 2012:

667 at 30 June 2011;
572 at 31 December 2011;
318 at 30 June 2012;
554 at 31 December 2012; and
715 at 30 June 2013

A substantial amount of the work in progress reported as at 31 December 2012 was completed during the second half, with 177 lots at 'Hobsonville Point' NZ, 60 lots at 'Arena' VIC and 33 lots at 'Arlington Rise' VIC (amongst others) being finalised.

While the production cycle is lengthy, headway is being made with older lots exiting work in progress being progressively replaced as newer projects reach maturity or come on stream (notably the first stage of 'Arcadian Hills', Cobbitty NSW following the resolution of a lengthy planning-related preliminary works delay), leaving management confident that the Company is firmly on the path towards lifting work in progress and revenue to levels it has not seen for several years.

Completed and unsold stock is at acceptable levels.

Although customer preference continues to favour built form in most markets, the Company has recently noticed a resurgence of interest in land only on some of its estates, which if sustained will help smooth the inherently higher demand that increased production can place upon working capital.

An appropriate focus on overhead and cost control is now ingrained in the Company's culture and that control is expected to be enhanced in the future as the new accounting system is bedded down.

Total lots under control stood at 9,952 at balance date. Although the Company has not purchased land since late 2010-11 and remains adequately positioned into the medium term, it is actively exploring capital-efficient mechanisms to secure future development opportunities in specific micro-markets.

Market fundamentals remain positive, with improvements in affordability, low interest rates and inflation, underlying housing shortages in some markets (especially Sydney and Auckland), positive population growth and a relatively stable macroeconomic outlook over 2014-2015 supporting the nascent rise in consumer confidence and transaction levels experienced in some markets.

Directors' Report
For the year ended 30 June 2013

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Consolidated Entity has extended its Club Borrowing Facility expiry date from 30 September 2013 to 30 September 2015.

Pursuant to an Entitlement Offer for 2 new shares for every 5 held, the Company raised $39,956,388 after transaction costs and issued 109,835,157 new fully paid ordinary shares on 3 June 2013, increasing the total number of fully paid ordinary shares on issue to 384,423,851.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2013 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.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The prospects and business strategies of the Consolidated Entity are discussed on pages 4 and 5 of this Report.

ENVIRONMENTAL REGULATION

The Consolidated Entity's operations are subject to various environmental regulations under both Commonwealth and State legislation, particularly in relation to its property development activities. The Consolidated Entity's practice is to ensure that where operations are subject to environmental regulations, those obligations are identified and appropriately addressed. This includes the obtaining of approvals, consents and requisite licences from the relevant authorities and complying with their conditions.

There have been no significant known breaches of environmental regulations to which the Consolidated Entity is subject.

Directors' Report
For the year ended 30 June 2013

INFORMATION ON THE DIRECTORS

Simon Cheong *B.Civ.Eng. MBA*

Director since 20 September 2001. Mr Cheong has over 30 years experience in real estate, banking and international finance. He currently serves as Chairman and Chief Executive Officer of SC Global Developments Pte Ltd. Mr Cheong has formerly held positions with Citibank (Singapore) as their Head of Real Estate Finance for Singapore as well as with Credit Suisse First Boston as a Director and Regional Real Estate Head for Asia (excluding Japan). In 1996, Mr Cheong established his own firm, SC Global Pte Ltd, a real estate and hotel advisory and direct investment group specialising in structuring large and complex transactions worldwide. He was elected President of the prestigious Real Estate Developers' Association of Singapore (REDAS) for 2 terms from 2007 till 2010. He served on the Board of the Institute of Real Estate Studies, National University of Singapore from 2008 to 2011 and was a board member of the Republic Polytechnic Board of Governors from 2008 to 2011. He was also a Council Member of the Singapore Business Federation, a position he held from 2007 to 2010. Resident of Singapore.

Responsibilities:
Chairman of the Board, Non-Executive Director, Chairman of Investments Committee, Member of Remuneration Committee, Member of Nominations Committee.

Directorships held in other listed entities:
None.

Jerome Rowley *SF Fin, FAICD*

Director since 22 March 2007. Mr Rowley has been a career banker since the early 1970s with Citigroup, Morgan Grenfell and ABN Amro. From 1992 until 2002, he served as Managing Director and CEO of ABN Amro Australia and Head of Relationship Management and Structured Finance for ABN Amro, Asia Pacific. He has been active in both wholesale and investment banking domestically and internationally. During his career, Mr Rowley devoted considerable effort towards the recognition, understanding and management of risk as a means of profit optimisation. Of particular significance was his involvement in advising and funding including debt, equity and hybrids, of infrastructure projects in both Australia and Asia Pacific. Resident of Sydney.

Responsibilities
Deputy Chairman of the Board, Non-Executive Director, Chairman of Risk Management Committee, Member of the Audit Committee, Member of Investments Committee, Member of Nominations Committee.

Directorships held in other listed entities:
None.

Peter K Summers *B.Ec. CA*

Director since 27 August 1998. Mr Summers is a Chartered Accountant and has been employed with the Company and its related corporations since 1984, when he joined the Jack Chia Australia Limited Group from Price Waterhouse (now PricewaterhouseCoopers). During Mr Summers' early period with the group, he held various management and directorship roles within the group. Following the acquisition of the AVJennings residential business in September 1995, Mr Summers was appointed Chief Financial Officer, becoming Finance Director of AVJennings in August 1998. He was appointed Managing Director and Chief Executive Officer of the Company on 19 February 2009. Mr Summers has extensive experience in general and financial management as well as mergers and acquisitions. Resident of Melbourne.

Responsibilities:
Managing Director and Chief Executive Officer.

Directorships held in other listed entities:
None.

Directors' Report
For the year ended 30 June 2013

INFORMATION ON THE DIRECTORS (continued)

Elizabeth Sam *B.A. Hons. (Economics)*

Director since 20 September 2001. Mrs Sam has over 40 years experience in international banking and finance. She has served on numerous high level Singaporean government financial and banking review committees and was the Chairman of the International Monetary Exchange from 1987-1990 and 1993-1996. Mrs Sam is a Director of SC Global Developments Pte Ltd, the Company's major shareholder. Resident of Singapore.

Responsibilities:
Non-Executive Director, Chairman of Nominations Committee, Chairman of Remuneration Committee, Member of Audit Committee.

Directorships held in other listed entities:
Boardroom Limited, since 18 August 2000.
Banyan Tree Holdings Limited, since 23 March 2004.
The Straits Trading Company Limited, since 30 April 2008.

Bobby Chin *CA (ICAEW) B.Acc.*

Director since 18 October 2005. Mr Chin is the Deputy Chairman of NTUC Enterprise Co-operative Limited and a Director of Singapore Labour Foundation and NTUC Fairprice Co-operative Limited. He is also a member of the Singapore Council of Presidential Advisers. Mr Chin served 31 years with KPMG Singapore and was its Managing Partner from 1992 until September 2005. He is a Fellow of the Institute of Singapore Chartered Accountants, and an Associate Member of the Institute of Chartered Accountants in England and Wales. Resident of Singapore.

Responsibilities:
Non-Executive Director, Chairman of Audit Committee.

Directorships held in other listed entities:
Oversea-Chinese Banking Corporation Limited, since 1 October 2005.
Yeo Hiap Seng Limited, since 15 May 2006.
Ho Bee Investment Limited, since 29 November 2006.
Sembcorp Industries Limited, since 1 December 2008.
Singapore Telecommunications Limited, since 1 May 2012.

INFORMATION ON THE DIRECTORS (continued)

Bruce G Hayman

Director since 18 October 2005. Mr Hayman has over 44 years commercial management experience with 20 of those at operational Chief Executive or General Manager Level. He is currently Chairman of Chartwell Management Services where he brings his very wide business experience to clients by way of the leadership, marketing, business performance and coaching programs he offers. He has fulfilled senior management roles both in Australia and overseas for companies such as Nicholas Pharmaceutical Group, Dairy Farm Group, Hong Kong Land and Seagram Corporation. During his time in Singapore, he held the position of Foundation President of the Singapore Australia Business Council. He has also served as CEO of the Australian Rugby Union and as Chairman of the Board of the Rugby Club Ltd. For his contribution to tourism in Australia, he has been recognised by Tourism Training Australia with a Platinum award. He is Chairman of the Ella Foundation and is the Deputy Chairman and a Director of the Australian Diabetes Council – NSW. Resident of Sydney.

Responsibilities
Non-Executive Director, Member of Remuneration Committee, Member of Nominations Committee, Member of Investments Committee, Member of Risk Management Committee.

Directorships held in other listed entities:
None.

Teck Poh Lai *B.A. Hons. (Economics)*

Director since 18 November 2011. Mr Lai has been a career banker since the late 1960s. He joined Citibank Singapore in April 1968, rising through the ranks to become Vice President and Head of the Corporate Banking Division. During his time with Citibank, Mr Lai undertook international assignments with Citibank in Jakarta, New York and London. His last position with Citigroup was as Managing Director of Citicorp Investment Banking Singapore Ltd (Corporate Finance and Capital Market Activities) from 1986 to 1987. Mr Lai joined Oversea-Chinese Banking Corporation (OCBC) in January 1988 as Executive Vice President and Division Head of Corporate Banking. He moved on to various other senior management positions in OCBC, such as Head of Information Technology and Central Operations and Risk Management. He was head of Group Audit prior to retiring in April 2010. Resident of Singapore.

Responsibilities:
Non-Executive Director, Member of Audit Committee, Member of Remuneration Committee.

Directorships held in other listed entities:
WBL Corporation Limited since 2 August 1993.
PT Bank OCBC NISP Tbk (Commissioner) since 4 September 2008.
Oversea Chinese Banking Corporation since 1 June 2010.

INFORMATION ON COMPANY SECRETARY

Carl D Thompson *LLB B. Comm.*
Company Secretary since 12 January 2009. Mr Thompson previously held the company secretary and general counsel role at Downer EDI Limited. Prior to that he was a partner at national law firm Corrs Chambers Westgarth, practising in corporate and commercial work. Resident of Melbourne.

Directors' Report
For the year ended 30 June 2013

REMUNERATION REPORT (Audited)

This Remuneration Report outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements of Key Management Personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent Entity and some of the Executive Committee members.

The Remuneration Report is presented under the following sections:

1. Individual Key Management Personnel disclosures

Details of KMP are set out below:

(i) Directors

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

(ii) Executives

KMP Executive Committee Members

M Henesey-Smith	Executive General Manager (QLD, SA & NZ)
A Soutar	Executive General Manager (NSW & VIC) - Appointed 12 July 2012
L Mahaffy	Chief Financial Officer - Appointed 1 November 2012
SC Orlandi	Chief Strategy Officer
CD Thompson	Company Secretary/General Counsel
L Hunt	General Manager, Human Resources

REMUNERATION REPORT (Audited) (continued)

2. Principles Used to Determine the Nature and Amount of Remuneration

2.1 The Remuneration Committee

The Remuneration Committee comprises four Non-Executive Directors.

The Remuneration Committee has delegated decision making authority for some matters related to the remuneration arrangements for Executive Directors and Executives, and is required to make recommendations to the Board on other matters such as equity-based performance plans.

The Committee approves the remuneration arrangements of the Chief Executive Officer and other Executives which includes awards made under the long-term incentive (LTI) plan. The Board sets the fees for Non-Executive Directors.

The objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Group.

The Chief Executive Officer attends Remuneration Committee Meetings by invitation, where management input is required. The Chief Executive Officer is not present during any discussions related to his own remuneration arrangements.

2.2 Use of Remuneration Consultants

In January 2013, the Remuneration Committee engaged Godfrey Remuneration Group (GRG) to review and report on market benchmarking of remuneration for Non-Executive Directors, Executive Directors and Executives. Under the terms of the engagement, GRG provided remuneration recommendations as defined in Section 9B of the *Corporations Act 2001* and was paid $29,000 for these services.

GRG has confirmed that the recommendations have been made free from undue influence by members of AVJennings KMP.

The following arrangements were made to ensure that the remuneration recommendations were free from undue influence:

- GRG was engaged by, and reported directly to, a member of the Remuneration Committee. The agreement for the provision of the remuneration consulting services was executed by the Chair of the Remuneration Committee under delegated authority on behalf of the Board.

- The report containing the remuneration recommendations was provided by GRG directly to a member of the Remuneration Committee; and

- GRG was permitted to speak to management throughout the engagement to understand company processes, practises, and other business issues and obtain management perspectives. However, GRG was not permitted to provide any member of management with a copy of their draft or final report that contained the remuneration recommendations.

As a consequence, the Board is satisfied that the recommendations were made free from undue influence from any member of the Management team.

2.3 Non-Executive Director Remuneration Arrangements

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to Shareholders.

REMUNERATION REPORT (Audited) (continued)

2.3. Non-Executive Director Remuneration Arrangements (continued)

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors.

The amount of aggregate remuneration sought to be approved by Shareholders and the fee structure is reviewed periodically against fees paid to Non-Executive Directors of comparable companies.

Two Non-Executive Directors, Mr S Cheong and Mrs E Sam, do not receive fees, however AVJennings pays a consulting fee to the Ultimate Parent Entity, SC Global Developments Pte Ltd.

Non-Executive Directors do not participate in any incentive programs.

The remuneration of Non-Executive Directors for the years ended 30 June 2013 and 30 June 2012 is detailed on page 17 of this Report.

2.4. Executive Remuneration Arrangements

AVJennings executive remuneration strategy is designed to attract, motivate and retain high performing individuals and align the interests of Executives and Shareholders.

The executive remuneration framework consists of fixed remuneration and short and long-term incentives as outlined below.

AVJennings aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities, and aligned with market practice.

i) Fixed Remuneration

Fixed Remuneration is represented by Total Employment Cost (TEC) which comprises base salary, superannuation contributions and other benefits.

Executive contracts of employment do not include any guaranteed base pay increases. TEC is reviewed annually to ensure that the Executive's pay is competitive with the market. An Executive's pay is also reviewed on promotion.

The fixed component of executive remuneration is detailed in the tables on page 18.

ii) Short Term Incentive (STI)

A formal STI program has been developed for senior executives. The objective of the STI program is to link executive remuneration with appropriate performance targets. STI's for corporate executives are linked to corporate results as well as individual performance targets, whereas STI's for state executives are linked to business unit results as well as individual performance targets.

An STI program exists for operational management. The objective of the STI program is to link the achievement of the Consolidated Entity's operational targets with the remuneration received by the Executives charged with meeting those targets. The potential STI available is set at a level so as to provide sufficient incentive to the Executive to achieve the operational targets and such that the cost to AVJennings is reasonable in the circumstances.

Directors' Report
For the year ended 30 June 2013

REMUNERATION REPORT (Audited) (continued)

2.4. Executive Remuneration Arrangements (continued)

Actual STI payments awarded depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of Key Performance Indicators (KPIs) relating to financial outcomes (such as contribution to net profit before tax for the business unit or the business segment); business outcomes (such as efficient and effective performance of functions); and cultural factors (such as improved safety performance, leadership, compliance and governance issues). These measures were chosen because they represent the key drivers for the short-term success of the business and provide a framework for delivering long-term value. These measures also take into account current market conditions and the associated opportunities and risks.

On an annual basis, after consideration of the performance against the KPIs, the Remuneration Committee determines the amount, if any, of the short-term incentive to be paid to each Executive. This usually occurs within two months of the reporting date. Amounts payable are delivered as a cash bonus in the following reporting period.

iii) Long Term Incentive (LTI)

LTI awards are made to executives in order to align remuneration with the creation of shareholder value over the long-term. As such, LTI awards are only made to executives who are in a position to have an impact on the Group's performance against the relevant long-term performance measures.

Share-based compensation:

The AVJ Deferred Employee Share Plan (the LTI Plan) administers employee share schemes under which shares may be purchased on-market by the LTI Plan Trustee on behalf of employees. These shares vest to employees for no cash consideration subject to certain conditions being satisfied. Employees may elect not to participate in the scheme. Shares held by the LTI Plan's trust and not yet allocated to employees at the end of the reporting period are shown as treasury shares in the Financial Statements.

Share-based compensation benefits are provided to Executives via the Plan. These equity-settled transactions are measured at fair value at the grant date. The original cost of the shares is treated as a reduction in share capital and the underlying shares identified separately as treasury shares. The fair value of the shares at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in share-based payment reserve in equity.

Vesting subject to both service and performance conditions:

<u>FY2011 Grant</u>
A total of 1,375,452 shares were granted on 28 September 2010 to certain executives. As detailed in the table on page 15, these include 1,136,816 shares for KMP. The remaining shares were granted to executives who were not KMP. A total of 96,124 shares from this grant have been forfeited.

<u>FY2012 Grant</u>
An additional 1,695,735 shares were granted on 5 September 2011 to certain executives. As detailed in the table on page 15, these include 1,454,555 shares for KMP. The remaining shares were granted to executives who were not KMP. A total of 124,383 shares from this grant have been forfeited.

Directors' Report
For the year ended 30 June 2013

REMUNERATION REPORT (Audited) (continued)

2.4. Executive Remuneration Arrangements (continued)

FY2013 Grant
An additional 513,168 shares were granted on 12 September 2012 to certain executives. As detailed in the table on page 15, these include 280,712 shares for KMP. The remaining shares were granted to executives who were not KMP.

These shares are subject to both service and performance conditions and will vest to the extent that each of these conditions is satisfied.

The service vesting condition is that the employee must still be employed by AVJennings at 30 September 2013 (for the FY2011 grant), 30 September 2014 (for the FY2012 grant) and 30 September 2015 (for the FY2013 grant). In the event of death or permanent disablement, the shares may vest to the estate at the Board's discretion. In the event that the employee is retrenched, the shares may vest subject to Board discretion. If the employee resigns (in certain circumstances) or is terminated, the unvested shares will be forfeited.

The performance vesting conditions are:

- Total Shareholder Return (TSR) performance measured against the ASX Small Industrials Index; and
- Earnings Per Share (EPS) growth. AVJennings' EPS growth for the performance period must meet or exceed the target set. The EPS hurdle for total vesting for each grant is as follows:

  FY2011 grant - 10% p.a. growth for the three financial years to 30 September 2013
  FY2012 grant - 10% p.a. growth for the three financial years to 30 September 2014
  FY2013 grant - 10% p.a. growth for the three financial years to 30 September 2015

Half of the allocation is assessed against each performance condition. The vesting schedule for the TSR performance condition is set out in the table on page 15. The holder of the shares is entitled to receive all dividends paid between grant and vesting date.

REMUNERATION REPORT (Audited) (continued)

2.4. Executive Remuneration Arrangements (continued)

AVJennings' TSR rank against companies in the Index	Percentage vesting
< median	Nil
At the median	50%
> median but < 75th percentile	Pro-rata between 50th and 75th percentiles
>=75th percentile	100%

The fair value of the EPS element of the shares is the market value at grant date. The Monte Carlo Model is used to fair value the TSR element. The Model simulates AVJennings' TSR and compares it against the ASX Small Industrials Index. The Model takes into account historic dividends, share price volatilities and the risk-free yield on an Australian Government Bond at the grant date matching the remaining effective life of 3 years.

	Shares Granted			Number of Shares Vested		
Name	**Year Granted**	**Number**	**Fair Value**	**Unvested at 1 July 2012**	**Vested during the year**	**Unvested at 30 June 2013**
KMP Executive Committee Members						
PK Summers	**2011**	691,591	$ 312,945	691,591	-	691,591
PK Summers	**2012**	884,891	$ 311,924	884,891	-	884,891
M Henesey-Smith	**2011**	158,344	$ 71,651	158,344	-	158,344
M Henesey-Smith	**2012**	202,601	$ 71,417	202,601	-	202,601
A Soutar	**2013**	280,712	$ 74,389	-	-	280,712
SC Orlandi	**2011**	102,458	$ 46,362	102,458	-	102,458
SC Orlandi	**2012**	131,094	$ 46,211	131,094	-	131,094
CD Thompson	**2011**	106,183	$ 48,048	106,183	-	106,183
CD Thompson	**2012**	135,861	$ 47,891	135,861	-	135,861
L Hunt	**2011**	78,240	$ 35,404	78,240	-	78,240
L Hunt	**2012**	100,108	$ 35,288	100,108	-	100,108
Total		**2,872,083**	**$1,101,530**	**2,591,371**	**-**	**2,872,083**

AVJennings prohibits Executives from entering into arrangements to protect the value of unvested LTI awards. This prohibition includes entering into hedging arrangements in relation to AVJennings shares.

REMUNERATION REPORT (Audited) (continued)

3. Group Performance

The table below shows the Consolidated Entity's earnings performance as well as the movement in the Consolidated Entity's Earnings Per Share (EPS) and Total Shareholder Return (TSR) over the current and previous 4 years.

Financial Report Date	Financial Period	Profit / (Loss) After Tax $'000	Basic EPS Cents	TSR Cents
30 June 2009	12 months	(12,724)	(4.68)	(0.34)
30 June 2010	12 months	9,616	3.51	0.21
30 June 2011	12 months	12,893	4.72	0.05
30 June 2012	12 months	(29,828)	(10.99)	(0.17)
30 June 2013	12 months	(15,266)	(5.46)	0.14

4. Employment Contracts

i) Chief Executive Officer

Mr Summers' contract of employment does not have a termination date and does not stipulate a termination payment. However, it specifies a six month notice period. Details regarding the remuneration paid to Mr Summers are contained in the table on page 17.

During the year no options were either granted to, or exercised by, Mr Summers. There are currently no unexercised or outstanding options.

ii) Other Executives

The remaining AVJennings Executives are full time permanent employees with executive employment contracts. The employment contracts do not have termination dates or termination payments. However, they specify a notice period of three months. There are no other terms or conditions that differ significantly from the standard employment contracts applicable to other AVJennings employees. During the year, no options were granted to, or exercised by, the Executives. There are currently no unexercised or outstanding options.

5. Remuneration of Key Management Personnel of the Company and the Consolidated Entity

Details of the nature and amount of each element of remuneration of Directors and Executives are set out in the tables on pages 17 and 18. The Directors are the same as those identified in the *Directors' Report*.

6. Remuneration Options: Granted and Vested During the Year

No options were either granted or exercised during the year. There are currently no unexercised or outstanding options. None of the Directors or Executives hold any options.

REMUNERATION REPORT (Audited) (continued)

Directors	Short-Term			Post Employment	Long-Term	Share-based	Total	Performance Related
	Salary / Fees	Cash Bonus	Other	Superannuation (3)	Long Service Leave	Shares		
	$	$	$	$	$	$	$	%
30 June 2013								
S Cheong (1)	-	-	-	-	-	-	**-**	**-**
RJ Rowley	77,982	-	-	7,018	-	-	**85,000**	**-**
PK Summers (2)	408,415	95,597	61,617	25,000	13,716	205,480	**809,825**	**37.18**
E Sam (1)	-	-	-	-	-	-	**-**	**-**
B Chin	60,000	-	-	-	-	-	**60,000**	**-**
BG Hayman	45,872	-	-	4,128	-	-	**50,000**	**-**
TP Lai (4)	50,000	-	-	-	-	-	**50,000**	
	642,269	**95,597**	**61,617**	**36,146**	**13,716**	**205,480**	**1,054,825**	
30 June 2012								
S Cheong (1)	-	-	-	-	-	-	**-**	**-**
RJ Rowley	77,982	-	-	6,982	-	-	**84,964**	**-**
PK Summers (2)	384,803	95,597	61,053	50,000	22,585	201,496	**815,534**	**34.85**
E Sam (1)	-	-	-	-	-	-	**-**	**-**
B Chin	60,000	-	-	-	-	-	**60,000**	**-**
BG Hayman	45,872	-	-	4,128	-	-	**50,000**	
TP Lai (4)	32,820	-	-	-	-	-	**32,820**	**-**
	601,477	**95,597**	**61,053**	**61,110**	**22,585**	**201,496**	**1,043,318**	

(1) These Directors were not paid fees. A consulting fee of $50,000 per month was paid to the ultimate parent entity SC Global Developments Pte Ltd which covers the services of these Directors. International airfares to attend meetings are paid for by a related entity.
(2) 'Other' relates to the value of motor vehicle benefits.
(3) Payments to Defined Contribution Plans consist of Superannuation Guarantee Contribution payments as well as employee voluntary contributions. The Consolidated Entity does not contribute to any Defined Benefit Plans.
(4) Appointed 18 November 2011.

(a) Directors are also reimbursed for airfares (other than the international airfares for those Directors referred to in (1) above), and other expenses relating to the provision of their services.
(b) With the exception of share-based compensation for the Chief Executive referred to in 2.4(iii), there were no other share-based payments made to Directors in the year under review.

Directors' Report
For the year ended 30 June 2013

REMUNERATION REPORT (Audited) (continued)

Executives	Short-Term			Post Employment	Long-Term	Share-Based	Total	Performance Related
	Salary / Fees	Cash Bonus	Other [1]	Superannuation [2]	Long Service Leave	Shares		
	$	$	$	$	$	$	$	%
30 June 2013								
M Henesey-Smith	297,086	35,020	15,000	24,747	4,232	47,046	**423,131**	**19.39**
A Soutar[3]	329,864	43,775	-	25,000	1,798	20,105	**420,542**	**15.19**
L Mahaffy [4]	207,028	9,600	-	12,353	935	-	**229,916**	**4.18**
SC Orlandi	282,702	14,118	-	16,470	19,070	30,441	**362,801**	**12.28**
CD Thompson	295,625	16,145	-	16,470	13,686	31,548	**373,474**	**12.77**
L Hunt	193,704	10,815	-	24,117	6,174	23,246	**258,056**	**13.20**
	1,606,009	**129,473**	**15,000**	**119,157**	**45,895**	**152,386**	**2,067,920**	
30 June 2012								
M Henesey-Smith	306,319	43,775	15,000	50,000	15,597	43,186	**473,877**	**18.35**
SC Orlandi	284,114	14,163	-	15,775	12,286	27,943	**354,281**	**11.88**
CD Thompson	239,465	14,678	-	44,575	4,616	28,960	**332,294**	**13.13**
L Hunt	194,166	10,815	-	24,775	2,838	21,339	**253,933**	**12.66**
	1,024,064	**83,431**	**15,000**	**135,125**	**35,337**	**121,428**	**1,414,385**	

(1) Represents the value of motor vehicle benefits.
(2) Payments to Defined Contribution Plans consist of Superannuation Guarantee Contribution payments as well as employee voluntary contributions. The Consolidated Entity does not contribute to any Defined Benefit Plans.
(3) Appointed 12 July 2012.
(4) Appointed 1 November 2012.

Directors' Report
For the year ended 30 June 2013

MEETINGS OF DIRECTORS AND DIRECTORS' COMMITTEES

The number of meetings of Directors and Directors' committees held during the year, for the period the Director was a Member of the Board or a Committee, and the number of meetings attended by each Director are detailed below.

	Full Meetings of Directors		Meetings of Committees							
			Audit		Remuneration		Nominations		Risk Management	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
S Cheong	7	7	-	-	3	3	1	1	-	-
RJ Rowley	7	7	4	4	-	-	1	1	5	5
PK Summers	7	7	-	-	-	-	-	-	-	-
E Sam	7	5	4	2	3	2	1	1	-	-
B Chin	7	6	4	4	-	-	-	-	-	-
BG Hayman	7	7	-	-	3	3	1	1	5	5
TP Lai	7	7	4	4	3	3	-	-	-	-

Investments Committee

The Investments Committee does not formally meet in person. It conducts physical inspections of certain major development sites and receives detailed briefings from management on all major development sites prior to consideration of formal acquisition proposals which are dealt with by way of circular resolution.

DIRECTORS' INTERESTS

The relevant interests of the Directors in the shares of the Company at the date of this Report are:

Director	Number
S Cheong	192,318,030
E Sam	209,349
PK Summers*	2,416,266
RJ Rowley	252,000

*Does not include unvested shares under the AVJ Deferred Employee Share Plan. Refer to page 52.

INDEMNIFYING OFFICERS

During the year, the Consolidated Entity paid a premium in respect of a contract insuring its Directors and employees against liabilities that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as Officers of entities in the Consolidated Entity. In accordance with common practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

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.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the following Independence Declaration from our auditors, Ernst & Young:

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

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

Auditor's Independence Declaration to the Directors of AVJennings Limited

In relation to our audit of the financial report of AVJennings Limited for the financial year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Mark Conroy
Partner
27 September 2013

NON-AUDIT SERVICES

A number of non-audit services were provided by the Consolidated Entity's auditor, Ernst & Young. These non-audit services are detailed in note 8 to this Financial Report. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

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

Simon Cheong
Director

Peter Summers
Director

27 September 2013

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2013

	Note	2013 $'000	2012 $'000
Revenues	5	158,462	188,809
Share of profits of associates and joint venture entities accounted for using the equity method		1,294	5,759
Cost of property developments sold		(125,061)	(151,244)
Provision for loss on inventories	5	(22,964)	(48,621)
Provision for loss on equity accounted investments	5	-	(1,311)
Other operational expenses		(4,729)	(5,595)
Selling and marketing expenses		(6,209)	(5,656)
Employee benefits expenses	5	(16,712)	(19,088)
Depreciation expense	5	(381)	(353)
Finance costs	5	(492)	(475)
Fair value gain/(loss) on interest rate derivatives		187	(119)
Management and administration expenses		(6,686)	(8,060)
Loss before income tax		**(23,291)**	**(45,954)**
Income tax credit	9	8,025	16,126
Loss after income tax		**(15,266)**	**(29,828)**
Other comprehensive income			
Foreign currency translation (recyclable through profit and loss)		1,380	160
Other comprehensive income for the year		**1,380**	**160**
Total comprehensive loss for the year		**(13,886)**	**(29,668)**

		Cents	**Cents**
Earnings per share for loss from continuing operations attributable to ordinary equity holders of the parent:			
Basic earnings per share	11	(5.46)	(10.99)
Diluted earnings per share	11	(5.49)	(11.03)

Consolidated Statement of Financial Position
As at 30 June 2013

	Note	2013 $'000	2012 $'000
CURRENT ASSETS			
Cash and cash equivalents	12	11,649	4,560
Trade and other receivables	13	23,033	33,690
Inventories	14	109,068	73,872
Tax receivable		-	514
Other current assets	15	1,211	2,112
Total current assets		**144,961**	**114,748**
NON-CURRENT ASSETS			
Trade and other receivables	13	4,120	1,832
Inventories	14	281,745	353,152
Investments accounted for using the equity method	16	25,181	24,407
Property, plant and equipment	20	993	1,174
Deferred tax assets	21	3,087	-
Intangible assets	22	2,816	2,816
Total non-current assets		**317,942**	**383,381**
Total assets		**462,903**	**498,129**
CURRENT LIABILITIES			
Trade and other payables	23	65,365	46,946
Derivative financial instruments		-	187
Interest-bearing loans and borrowings	24	7,171	1,100
Tax payable	25	449	-
Provisions	27	4,036	3,667
Total current liabilities		**77,021**	**51,900**
NON-CURRENT LIABILITIES			
Trade and other payables	23	6,956	47,520
Interest-bearing loans and borrowings	24	82,720	123,137
Deferred tax liabilities	26	-	5,938
Provisions	27	845	641
Total non-current liabilities		**90,521**	**177,236**
Total liabilities		**167,542**	**229,136**
Net assets		**295,361**	**268,993**
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	28	160,960	121,096
Reserves	29(a)	2,200	430
Retained earnings	29(c)	132,201	147,467
Total equity		**295,361**	**268,993**

Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

		Attributable to equity holders of the Parent				Total equity
		Contributed Equity	Foreign Currency Translation Reserve	Share-based Payment Reserve	Retained Earnings	
	Note	$'000	$'000	$'000	$'000	$'000
At 1 July 2011		**121,835**	**(417)**	**323**	**182,787**	**304,528**
Loss for the year		-	-	-	(29,828)	(29,828)
Other comprehensive income for the year		-	160	-	-	160
Total comprehensive loss for the year		-	160	-	(29,828)	(29,668)
Transactions with owners in their capacity as owners						
- Treasury shares acquired	28(b)	(739)	-		-	(739)
- Share-based payment reserve		-	-	364	-	364
- Dividends paid	10	-	-	-	(5,492)	(5,492)
		(739)	160	364	(35,320)	(35,535)
At 30 June 2012		**121,096**	**(257)**	**687**	**147,467**	**268,993**
Loss for the year		-	-	-	(15,266)	(15,266)
Other comprehensive income for the year		-	1,380	-	-	1,380
Total comprehensive loss for the year		-	1,380	-	(15,266)	(13,886)
Transactions with owners in their capacity as owners						
- Ordinary share capital raised	28(a)	39,956	-	-	-	39,956
- Treasury shares acquired	28(b)	(92)	-	-	-	(92)
- Share-based payment reserve		-	-	390	-	390
		39,864	1,380	390	(15,266)	26,368
At 30 June 2013		**160,960**	**1,123**	**1,077**	**132,201**	**295,361**

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	Note	2013 $'000	2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		182,136	188,798
Payments to suppliers, land vendors and employees		(171,824)	(230,949)
Interest paid		(9,822)	(10,809)
Income tax paid		(40)	(3,498)
Net cash from/(used in) operating activities	30	**450**	**(56,458)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		33	53
Purchase of property, plant and equipment	20	(228)	(641)
Interest received		492	481
Distribution received		520	1,380
Investments in associates and joint venture entities		-	(1,361)
Net cash from/(used in) investing activities		**817**	**(88)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		77,932	103,601
Repayment of borrowings		(112,278)	(48,482)
Payment of finance lease liability		-	(30)
Payment for treasury shares	28(b)	(92)	(739)
Equity dividends paid		-	(5,492)
Proceeds from issue of shares	28(a)	39,956	-
Net cash from financing activities		**5,518**	**48,858**
NET INCREASE/(DECREASE) IN CASH HELD		**6,785**	**(7,688)**
Cash and cash equivalents at beginning of year		4,560	12,260
Effects of exchange rate changes on cash and cash equivalents		304	(12)
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	**11,649**	**4,560**

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

1. CORPORATE INFORMATION

The Consolidated Financial Statements of AVJennings Limited for the year ended 30 June 2013 were authorised for issue in accordance with a resolution of the Directors on 27 September 2013.

AVJennings Limited (the Parent) is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange and the Singapore Exchange through the Central Limit Order Book System (CLOB). The ultimate parent is SC Global Developments Pte Ltd, a company incorporated in Singapore which owns 50.03% of the ordinary shares in AVJennings Limited.

The Consolidated Entity ("AVJennings", "Consolidated Entity" or "Group") consists of AVJennings Limited (the "Company" or the "Parent Entity") and its controlled entities.

The nature of the operations and principal activities of the Consolidated Entity are described in the *Directors' Report*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Financial Report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The Financial Report has also been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value with variations reflected in the profit and loss account.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed in note 4. AVJennings is a for-profit entity for the purpose of preparing the Consolidated Financial Statements.

The Financial Report is presented in Australian Dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

a) Compliance with IFRS

The Financial Report also complies with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

b) New accounting standards and interpretations

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 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101 *Presentation of Financial Statements effective* 1 July 2012 now require the *Consolidated Statement of Comprehensive Income* to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit and loss in a future period and those that may have to be reclassified if certain conditions are met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Basis of consolidation

The *Consolidated Financial Statements* incorporate the assets and liabilities of all subsidiaries of AVJennings Limited as at 30 June 2013 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2(d)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of the subsidiaries are consistent with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the *Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Financial Position* respectively.

The AVJ Deferred Employee Share Plan Trust was formed to administer the Group's employee share scheme. This Trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group. Shares held by the Trust are disclosed as treasury shares and deducted from contributed equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Consolidated Entity. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. For each business combination, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit and loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

e) Joint ventures

Joint venture operations:

The proportionate interests in the assets, liabilities and expenses of joint venture activities have been incorporated in the financial statements under the appropriate headings. Details of the joint ventures are set out in note 19.

Joint venture entities:

The interest in a joint venture entity is accounted for using the equity method after initially being recognised at cost. Under the equity method, the share of the profits or losses of the entity are recognised in the profit and loss, and the share of post-acquisition movements in reserves is recognised in other comprehensive income. Dividends received from joint venture entities are recognised as a reduction in the carrying amount of the investment. Details relating to joint venture entities are set out in note 16(b).

Profits or losses on transactions with joint venture entities are eliminated to the extent of the Consolidated Entity's ownership interest until such time as they are realised by the joint venture entity on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

At each reporting date, the Group determines whether there is any objective evidence that the investment in the joint venture entity is impaired. Where evidence exists, the impairment is calculated as the difference between the recoverable amount of the joint venture entity and its carrying value, and recognised in the profit and loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Investments in associates

An associate is an entity over which the Consolidated Entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method.

Under the equity method, investments in associates are carried in the *Consolidated Statement of Financial Position* at cost plus post-acquisition changes in the Consolidated Entity's share of net assets of the associates.

The Consolidated Entity's share of an associate's profits or losses is recognised in the *Consolidated Statement of Comprehensive Income*. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in the carrying amount of the investment. Details relating to associates are set out in note 16(a).

At each reporting date, the Group determines whether there is any objective evidence that the investment in the associate is impaired. Where evidence exists, the impairment is calculated as the difference between the recoverable amount of the associate and its carrying value, and recognised in the profit and loss.

When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions with associates are eliminated to the extent of the Consolidated Entity's interest in the associates.

The reporting dates of the associate and the Consolidated Entity are identical and the associate's accounting policies conform to those used by the Consolidated Entity.

g) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee.

Information regarding business activities that are below the quantitative criteria are combined, and disclosed in a separate category called "other".

h) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

Plant, equipment, and motor vehicles	3-7 years
Motor vehicles under finance lease	2-3 years
Leasehold improvements	3-10 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

An asset's carrying amount is written down to its recoverable amount if the carrying amount is greater than the estimated recoverable amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Property, plant and equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the *Consolidated Statement of Comprehensive Income.*

The assets' useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition:

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets during the period of time required to complete and prepare the assets for their intended use or sale.

Interest income on borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for capitalisation.

All other borrowing costs are expensed.

j) Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination are their fair value as at the date of the acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The Consolidated Entity does not capitalise any expenditure resulting in the creation of internally generated intangible assets.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in the useful life from indefinite to finite is made on a prospective basis.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Estimates of net realisable value are based on the most recent evidence available at the time the estimates are made, of the amount the inventories are expected to realise and the estimate of costs to complete. Refer to note 4(ii).

Development projects and land:

Cost includes the costs of acquisition, development, borrowings and all other costs directly related to specific projects. Borrowing and holding costs such as rates and taxes incurred after completion of development and construction are expensed. Costs expected to be incurred under penalty clauses and rectification provisions are also included.

Construction contracts:

Construction work-in-progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. Contract costs include all costs directly related to specific contracts, and costs that are specifically chargeable to the customer under the terms of the contract. The stage of completion is measured using the percentage of completion method.

l) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction instead of use. For an asset or disposal group to be classified as held for sale, it must be available for an immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business and is part of a single coordinated plan to dispose of such a line of business. The results of discontinued operations are presented separately on the face of the *Consolidated Statement of Comprehensive Income* and the assets and liabilities are presented separately on the face of the *Consolidated Statement of Financial Position*.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Trade and other receivables

Trade receivables are carried at the amount invoiced less a provision for impairment.

Settlement terms for trade receivables are generally between 30 and 180 days.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written-off when identified. A provision for impairment is recognised when there is objective evidence that the Consolidated Entity will not be able to collect the receivable. The amount of the impairment loss is the difference between the carrying amount of the receivable and the present value of estimated future cash flows, which are not discounted for short-term receivables as the effect of discounting is immaterial.

Where a receivable is expected to be settled more than twelve months after the reporting date, its carrying amount is discounted using the effective interest rate method. The difference between the carrying amount and the present value is recorded in the *Statement of Comprehensive Income.*

n) Cash and cash equivalents

Cash and cash equivalents in the *Consolidated Statement of Financial Position* comprise cash at bank and in hand and short-term deposits with a maturity of three months or less.

For the purposes of the *Consolidated Statement of Cash Flows*, cash and cash equivalents consist of cash and cash equivalents as defined above, net of bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities in the *Consolidated Statement of Financial Position*.

o) Interest-bearing loans and borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method. Fees paid on establishment of loan facilities are capitalised as a prepayment and amortised over the period of the facility.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Provisions

Provisions are recognised when the Consolidated Entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

When the Consolidated Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the *Consolidated Statement of Comprehensive Income* net of any reimbursement.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

q) Employee benefits

Short-term employee benefit obligations:

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period. They are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations:

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting period using the project unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted at a pre-tax rate that reflects the time value of money.

Superannuation contributions:

Contributions to superannuation plans are recognised as an expense in the *Consolidated Statement of Comprehensive Income* as they become payable.

Bonus entitlements:

A liability is recognised for bonus entitlements where contractually obliged or where there is a past practice that has created a constructive obligation.

r) Share-based payment transactions

Share-based compensation benefits are provided to Executives via the AVJ Deferred Employee Share Plan. Information relating to the plan is set out in note 35.

The original cost of equity-settled transactions is treated as a reduction in share capital and the underlying shares identified separately as treasury shares. The fair value of the shares at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in share-based payment reserve in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Leases

Consolidated Entity as lessee:

Finance leases which transfer to the Consolidated Entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the *Consolidated Statement of Comprehensive Income*.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Consolidated Entity as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Consolidated Entity as lessor:

Leases in which the Consolidated Entity does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

Development projects and land sales:

Revenue from the sale of land, houses and apartments is recognised when the significant risks, rewards of ownership and effective control have been transferred to the buyer. This has been determined to occur on settlement.

Revenue from land sales is recognised prior to settlement when a signed unconditional contract for sale exists, the significant risks, rewards of ownership and effective control have been transferred to the buyer, and there is no management involvement to the degree usually associated with ownership.

Construction contracts:

Contract building relates to Home Building Agreements or similar, where there is a contract to build a house or provide other residential construction services. Contract revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred. Where it is probable that a loss will arise from a construction contract, the excess of total costs over revenue is recognised as an expense immediately.

Interest revenue:

Revenue is recognised as interest accrues using the effective interest rate method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t) Revenue recognition (continued)

Management fees:

Revenue is recognised upon delivery of the services.

u) Income tax

Current tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities based on current year's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the *Consolidated Statement of Comprehensive Income*.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax consolidation:

AVJennings Limited and its wholly-owned controlled entities implemented the Tax Consolidation Legislation as of 1 July 2002.

The head entity, AVJennings Limited, has entered into an agreement with its wholly-owned subsidiary, AVJennings Properties Limited, under which AVJennings Properties Limited will account for the current and deferred tax amounts of the controlled entities in the Tax Consolidated Group. The Consolidated Entity has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to the members of the Tax Consolidated Group.

In addition to its own current and deferred tax amounts, AVJennings Properties Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the Tax Consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from, or payable to, other entities in the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the *Consolidated Statement of Financial Position*.

Cash flows are included in the *Consolidated Statement of Cash Flows* on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

w) Derivative financial instruments

The Consolidated Entity uses interest rate swaps and caps to hedge its risk associated with interest rate fluctuations. These derivatives do not qualify for hedge accounting and changes in fair value are recognised immediately as income or expenses in profit and loss.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivative financial instruments are not held for trading purposes.

x) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 60 days of recognition.

y) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares:

Shares acquired on-market for use in employee share-based payment plans are referred to as treasury shares. The cost of these shares is deducted from equity. No gain or loss is recognised in profit or loss for the purchase, sale, issue or cancellation of the Company's shares.

aa) Foreign currency translation

(i) Functional and presentation currency:

Both the functional and presentation currency of AVJennings Limited and its Australian subsidiaries is Australian Dollars ($). A controlled entity, AVJ Hobsonville Pty Limited, has a branch in New Zealand whose functional currency is New Zealand Dollars which is translated to the presentation currency for consolidation reporting.

(ii) Transactions and balances:

Foreign currency transactions are translated into the Entity's functional currency at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss, except when they are deferred in equity as they are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Translation of Group Companies' functional currency to presentation currency:

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates;
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign investment is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

ab) Comparative figures

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

3. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's principal financial instruments comprise receivables, payables, finance leases, derivatives, cash and bank loans.

Risk Management is carried out by a central treasury department under policies approved by the Board of Directors. The objective of the policies is to support the delivery of financial targets and manage key financial risks such as interest rates, foreign currency, credit and liquidity. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity.

AVJennings enters into derivative transactions, principally interest rate cap and interest rate swap contracts, to hedge interest rate risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments.

The Consolidated Entity uses different methods to measure and manage different types of risks to which it is exposed. These methods include sensitivity analysis in the case of interest rates and ageing analysis for credit risk. Liquidity risk is managed through the development of future rolling cash flow forecasts and the continuity of funding through the facilities mentioned in notes 24(a) and 24(b).

Primary responsibility for identification and control of financial risks rests with management under the authority of the Board. The Board reviews and agrees on policies for managing each of the risks identified below.

(i) Interest rate risk

The Consolidated Entity's exposure to market interest rates relates to the obligations arising from interest-bearing loans. The level of debt is disclosed in note 24.

The policy is to manage finance costs using a mix of fixed and variable rate debt with a target to have approximately 50% of forecast average borrowings at fixed or capped rates of interest. Forecast average borrowings are derived from periodic rolling cash flow forecasts which include an allowance for potential acquisitions. Please refer to the table on page 38 for the position at the reporting date.

To manage the mix of fixed and variable debt in a cost efficient manner, the Consolidated Entity enters into interest rate cap and floating-to-fixed interest rate swap contracts. The fair value exposure on derivatives is a by-product of the Consolidated Entity's attempt to manage the cash flow volatility arising from interest rate changes.

Interest rate cap contracts are entered into for a notional principal amount by paying an upfront premium that covers a specific period. The strike rates for these contracts are benchmarked against the BBSY bid rate (*Australian Bank Bill Swap Reference Rate - Average Bid Rate*) on a quarterly basis. Settlement occurs quarterly, in favour of the Consolidated Entity, should the BBSY bid rate be above the cap strike rate (movements in the variable rate are directly proportional to movements in the BBSY bid rate).

By entering into interest rate swaps, the Consolidated Entity agrees to exchange, at the end of each quarter, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

The Consolidated Entity's interest rate derivatives do not qualify for hedge accounting treatment. Gains or losses arising from changes in fair value are recognised in profit or loss.

3. FINANCIAL RISK MANAGEMENT (continued)

(i) Interest rate risk (continued)

At the reporting date, the following variable rate borrowings, interest rate swap and interest rate cap contracts were outstanding:

	2013		2012	
	Weighted average interest rate	**Balance**	**Weighted average interest rate**	**Balance**
	%	**$'000**	**%**	**$'000**
Cash	2.31	(11,649)	2.03	(4,560)
Bank loans	4.23	89,891	5.29	124,237
Net financial liabilities		**78,242**		**119,677**
Interest rate caps		-		(15,000)
Interest rate swaps		-		(15,000)
Borrowings not hedged		**78,242**		**89,677**

Interest rate derivative contracts are exposed to fair value movements if interest rates change. Details of these contracts are outlined in note 24(e).

At 30 June 2013, none of the available borrowings are at fixed or capped rates of interest (2012: 18.4%).

The Consolidated Entity analyses its interest rate exposure on an ongoing basis. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate exposures in existence at the balance sheet date.

At 30 June 2013, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

	Post Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
+1.00% (100 basis points)	(70)	(29)	-	-
+0.50% (50 basis points)	(35)	(14)	-	-
-0.50% (50 basis points)	35	14	-	-

3. FINANCIAL RISK MANAGEMENT (continued)

(i) Interest rate risk (continued)

The above fluctuations in post-tax profit and other comprehensive income are net of interest capitalised to inventories. The effect on the basis that no interest is capitalised, would be as follows:

	Post Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2013 $'000	**2012 $'000**	**2013 $'000**	**2012 $'000**
+1.00% (100 basis points)	(548)	(668)	-	-
+0.50% (50 basis points)	(274)	(333)	-	-
-0.50% (50 basis points)	274	333	-	-

(ii) Foreign currency risk

AVJ Hobsonville Pty Limited is a subsidiary which has a branch in New Zealand. The operations of the branch, including purchases of inventory denominated in New Zealand Dollars, are funded by AVJennings Properties Limited (another subsidiary) through an intragroup account.

The *Consolidated Statement of Financial Position* is affected by the exchange rate movements between the New Zealand Dollar and Australian Dollar. This exposure is not hedged as the effects are not considered to be material.

The Consolidated Entity also has transactional exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency. This exposure is not considered to be material in relation to the branch in New Zealand.

At balance date, the Consolidated Entity had the following exposure to New Zealand Dollar foreign currency that is not designated in cash flow hedges:

	2013 NZ$'000	**2012 NZ$'000**
Financial Assets		
Cash and cash equivalents	41	1,024
Trade and other receivables	18,865	7,698
Total financial assets	**18,906**	**8,722**
Financial Liabilities		
Trade and other payables	(18,142)	(13,489)
Total financial liabilities	**(18,142)**	**(13,489)**
Net exposure	**764**	**(4,767)**

3. FINANCIAL RISK MANAGEMENT (continued)

(ii) Foreign currency risk (continued)

At balance date, had the Australian Dollar moved, the effect of exposure to New Zealand Dollar foreign currency that is not designated in cash flow hedges is illustrated in the following table:

	Post Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Consolidated				
AUD/NZD +10%	-	-	(1,202)	(934)
AUD/NZD - 5%	-	-	696	541
AUD/NZD -10%	-	-	1,470	1,141

(iii) Price risk

The Consolidated Entity does not have commodity and equity securities price risk.

(iv) Credit risk

Credit risk arises from financial assets which comprise cash and cash equivalents, trade and other receivables, derivative instruments and the granting of financial guarantees. Exposure to credit arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets (as outlined in each applicable note) as well as $12,470,000 (2012: $15,846,000) in relation to financial guarantees granted – see note 32 for further information.

Contracts for Land, Integrated Housing and Apartments usually require payment in full prior to passing of title to customers. In the event that title is to pass without full payment being received, appropriate credit verification procedures are performed prior to executing the contract.

Derivative counterparties and cash deposits are limited to financial institutions approved by the Board.

The Consolidated Entity has no significant concentrations of credit risk and does not hold any credit derivatives to offset its credit exposure.

3. FINANCIAL RISK MANAGEMENT (continued)

(v) Liquidity risk

Liquidity arises from the financial liabilities of the Consolidated Entity and the ability to repay them as and when they fall due.

The objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, finance leases and committed available credit facilities. Liquidity risk is managed by monitoring forecast cash flows on a monthly basis and matching the maturity profiles of financial assets and liabilities.

The current main banking facilities are due to mature on 30 September 2015. In addition, the Consolidated Entity operates certain project funding facilities which are discussed in note 24(b).

At 30 June 2013, 8.0% (2012: 0.9%) of the Consolidated Entity's interest-bearing loans and borrowings will mature in less than one year.

A. Non-derivative financial liabilities:

The liquidity risk disclosures on page 42 reflect all contractually fixed pay-offs, repayments and interest resulting from recognised financial liabilities and financial guarantees as of 30 June 2013. For the other obligations, the respective undiscounted cash flows for the respective upcoming fiscal years are presented. The timing of cash flows is based on the contractual terms of the underlying contract.

However, where the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which it can be required to be paid. For financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called.

The risk implied from the values shown in the table on page 42, reflects a balanced view of cash inflows and outflows of non-derivative financial instruments. The Consolidated Entity ensures that sufficient liquid assets are available to meet all the required short-term cash payments.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

3. FINANCIAL RISK MANAGEMENT (continued)

(v) Liquidity risk (continued)

A. Non-derivative financial liabilities: (continued)

Year ended 30 June 2013	**< 6 months $'000**	**6-12 months $'000**	**> 1-5 years $'000**	**Total $'000**
Financial Assets				
Cash and cash equivalents	11,649	-	-	11,649
Trade and other receivables	16,338	6,695	4,120	27,153
	27,987	**6,695**	**4,120**	**38,802**
Financial Liabilities				
Trade and other payables	58,422	6,943	6,956	72,321
Interest-bearing loans and borrowings*	3,796	7,093	87,100	97,989
Financial Guarantees	12,470	-	-	12,470
	74,688	**14,036**	**94,056**	**182,780**
Net maturity	**(46,701)**	**(7,341)**	**(89,936)**	**(143,978)**

Year ended 30 June 2012	**< 6 months $'000**	**6-12 months $'000**	**> 1-5 years $'000**	**Total $'000**
Financial Assets				
Cash and cash equivalents	4,560	-	-	4,560
Trade and other receivables	30,132	3,558	1,832	35,522
	34,692	**3,558**	**1,832**	**40,082**
Financial Liabilities				
Trade and other payables	24,172	22,774	47,520	94,466
Interest-bearing loans and borrowings*	4,415	3,241	125,338	132,994
Financial Guarantees	15,846	-	-	15,846
	44,433	**26,015**	**172,858**	**243,306**
Net maturity	**(9,741)**	**(22,457)**	**(171,026)**	**(203,224)**

* Expected settlement amounts of interest-bearing loans and borrowings include an estimate of the interest payable to the date of expiry of the facilities.

In addition to maintaining sufficient assets to meet short-term payments, at reporting date, the Consolidated Entity has approximately $95 million (2012: $74 million) of unused credit facilities available for its immediate use. Please refer to note 24.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

3. FINANCIAL RISK MANAGEMENT (continued)

(v) Liquidity risk (continued)

B. Derivative financial liabilities:

The table below details the liquidity risk arising from the derivative liabilities held by the Consolidated Entity at balance date.

Year ended 30 June 2013	< 6 months $'000	6-12 months $'000	> 1-5 years $'000	Total $'000
Derivatives				
Net settled (interest rate swaps)	-	-	-	-
Net maturity	**-**	**-**	**-**	**-**

Year ended 30 June 2012	< 6 months $'000	6-12 months $'000	> 1-5 years $'000	Total $'000
Derivatives				
Net settled (interest rate swaps)	42	-	-	42
Net maturity	**42**	**-**	**-**	**42**

(vi) Fair value

The methods used in estimating the fair value of a financial instrument are:

Level 1 - the fair value is calculated using quoted prices in active markets.
Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or the liability, either directly (as prices) or indirectly (derived from prices).
Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

3. FINANCIAL RISK MANAGEMENT (continued)

(vi) Fair Value (continued)

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Year ended 30 June 2013				Year ended 30 June 2012			
	Quoted market price (Level 1)	Valuation technique - market observable inputs (Level 2)	Valuation technique - non market observable inputs (Level 3)	Total	Quoted market price (Level 1)	Valuation technique - market observable inputs (Level 2)	Valuation technique - non market observable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities								
Derivative instruments								
Interest rate swaps	-	-	-	-	-	187	-	187
	-	**-**	**-**	**-**	**-**	**187**	**-**	**187**

Quoted market price represents the fair value determined based on quoted prices in active markets as at the reporting date without any deduction of transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants are used. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include interest rate swaps not traded on a recognised exchange.

The fair value of unlisted debt and equity securities, as well as other instruments that do not have an active market, are based on valuation techniques using market data that is not observable. Where the impact of credit risk on the fair value of a derivative is significant, and the inputs on credit risk (e.g. CDS spreads) are not observable, the derivative would be classified as based on non observable market inputs (Level 3).

There were no transfers between any of the categories during the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of a reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected, in future periods.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(i) Critical judgements in applying accounting policies

In applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Recovery of deferred tax assets:

The group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority against which the unused tax losses can be utilised. However, utilisation of the tax losses also depends on the ability of the consolidated entity to generate future taxable profits and satisfy certain tests at the time the losses are recouped. If the entity fails to satisfy the tests, carried forward deferred tax assets of $10,498,000 would have to be written-off to income tax expense.

Cost of goods sold:

Management uses judgement in determining the method to be used for cost apportionment. Costs may be apportioned based on yield, unit entitlement, percentage of revenue or other equitable methods. Costs include costs incurred to date as well as forecast costs to bring the inventory into a saleable state.

(ii) Critical accounting estimates and assumptions

Key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are described below. Assumptions and estimates are based on parameters currently available. Existing circumstances and assumptions about future developments, however, may change due to changes in market condition or circumstances arising beyond the control of the Group. Future assumptions are altered as these changes occur.

Estimates of net realisable value of inventories:

The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs of selling as per note 2(k). Estimates take into consideration fluctuations in price or cost, and development time and sales rates. The key assumptions used in this exercise require the use of management judgement and are reviewed at least half-yearly.

Profit recognised on developments:

Profit on developments is generally recognised on settlement as discussed in note 2(t). The calculation of profit for projects that are in progress, is based on actual costs to date and estimates of costs to complete.

Share-based payment transactions:

The cost of equity settled securities allocated to employees is measured by reference to the fair value of the equity instruments at the date on which they are granted. As explained in note 35(b), the fair value of some equity instruments is determined using the Monte Carlo simulation model which includes a number of judgements and assumptions. These judgements and assumptions have no impact on the carrying value of assets and liabilities in the *Consolidated Statement of Financial Position* but may impact the share-based payment expense taken to profit and loss.

Valuation of derivatives:

Derivatives not quoted in an active market are valued based on certain assumptions and estimates. These valuations can change depending on market volatility.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

5. REVENUES AND EXPENSES

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

	Note	2013 $'000	2012 $'000
Revenues from continuing operations			
Developments		150,516	181,022
Home Improvements		303	2,060
Interest revenue		492	481
Management fees		4,535	2,913
Rental revenue		5	18
Royalty revenue		1,007	1,258
Sundry revenue		1,604	1,057
Total revenues		**158,462**	**188,809**
Changes in inventories, finished goods and work-in-progress			
Amortisation of finance costs capitalised to inventories		6,089	6,998
Employee benefits expenses			
Defined contribution superannuation expense		1,185	1,286
Other employee benefits expenses		15,527	17,802
Total employee benefits expenses		**16,712**	**19,088**
Depreciation expense			
Depreciation			
Leasehold improvements	20	22	48
Plant, equipment and motor vehicles	20	359	305
Total depreciation expense		**381**	**353**
Other expenses			
Minimum operating lease payments		1,863	2,379
Finance costs			
Bank loans		9,822	10,809
Less: Amount capitalised to inventories		(9,330)	(10,334)
Finance costs expensed		**492**	**475**
Impairment of assets			
Provision for loss on inventories		22,964	48,621
Equity accounted investments impaired		-	1,311
Total impairment		**22,964**	**49,932**

The current year movement in provision resulted from a realignment of future assumptions with current market conditions predominantly driven by projects in Queensland.

6. 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 makers in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the states 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

States:

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

New Zealand has been identified and disclosed as a separate segment as it is now assessed separately by the chief operating decision makers. The 30 June 2012 comparatives have been restated to reflect this new segment.

Other:

This includes corporate transactions entered into by the Head Office which are not state based.

6. OPERATING SEGMENTS (continued)

The following table presents the revenues and results information regarding operating segments for the year ended 30 June 2013:

Operating segments	NSW 2013 $'000	NSW 2012 $'000	VIC 2013 $'000	VIC 2012 $'000	QLD 2013 $'000	QLD 2012 $'000	SA 2013 $'000	SA 2012 $'000	NZ 2013 $'000	NZ 2012 $'000	Other 2013 $'000	Other 2012 $'000	Total 2013 $'000	Total 2012 $'000
Revenues														
External sales	42,934	41,827	27,855	71,961	37,783	45,620	26,963	17,423	15,284	6,251	-	-	150,819	183,082
Management fees	2,248	1,516	810	627	-	68	133	108	1,344	594	-	-	4,535	2,913
Other revenue	-	-	-	-	-	-	-	-	-	-	3,108	2,814	3,108	2,814
Total segment revenues	**45,182**	**43,343**	**28,665**	**72,588**	**37,783**	**45,688**	**27,096**	**17,531**	**16,628**	**6,845**	**3,108**	**2,814**	**158,462**	**188,809**
Results														
Segment results	1,746	3,446	1,957	9,620	(1,153)	4,214	3,222	920	3,858	866	114	(473)	9,744	18,593
Impairment of assets	(1,565)	(28,885)	(3,111)	-	(18,207)	(19,958)	(81)	(1,089)	-	-	-	-	(22,964)	(49,932)
Fair value movement in interest rate derivatives	-	-	-	-	-	-	-	-	-	-	-	-	187	(119)
Other income	-	-	-	-	-	-	-	-	-	-	3,108	2,814	3,108	2,814
Unallocated depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	(381)	(353)
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(12,493)	(16,482)
Unallocated interest expense	-	-	-	-	-	-	-	-	-	-	-	-	(492)	(475)
Loss before tax													(23,291)	(45,954)
Income tax													8,025	16,126
Net loss													**(15,266)**	**(29,828)**

6. OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities information regarding operating segments as at 30 June 2013:

Operating Segment	NSW		VIC		QLD		SA		NZ		Other		Total	
	2013 $'000	**2012 $'000**	**2013 $'000**	**2012 $'000**	**2013 $'000**	**2012 $'000**	**2013 $'000**	**2012 $'000**	**2013 $'000**	**2012 $'000**	**2013 $'000**	**2012 $'000**	**2013 $'000**	**2012 $'000**
Assets														
Segment assets	122,558	133,880	106,068	113,489	122,631	152,075	70,240	75,656	21,990	12,348	19,416	10,681	462,903	498,129
Total assets	**122,558**	**133,880**	**106,068**	**113,489**	**122,631**	**152,075**	**70,240**	**75,656**	**21,990**	**12,348**	**19,416**	**10,681**	**462,903**	**498,129**
Liabilities														
Segment liabilities	7,127	10,081	18,068	27,283	40,402	50,149	19,468	26,730	2,425	492	80,052	114,401	167,542	229,136
Total liabilities	**7,127**	**10,081**	**18,068**	**27,283**	**40,402**	**50,149**	**19,468**	**26,730**	**2,425**	**492**	**80,052**	**114,401**	**167,542**	**229,136**

7. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Compensation of Key Management Personnel

	2013 $	2012 $
Short-term		
- Salary/Fees	2,248,278	1,625,541
- Cash bonus	225,070	179,028
- Other (1)	76,617	76,053
Post employment		
- Superannuation (2)	155,303	196,235
Long-term		
- Long service leave	59,611	57,922
Share-based payment	357,866	322,924
	3,122,745	**2,457,703**

(1) 'Other' represents the value of motor vehicle benefits.
(2) Payments to Defined Contribution Plans consist of Superannuation Guarantee Contribution payments as well as employee voluntary contributions. The Consolidated Entity does not contribute to any Defined Benefit Plans.

Detailed remuneration disclosures are provided in the Remuneration Report on pages 17 and 18.

(b) Shareholdings of Key Management Personnel

The number of shares in the Company held during the financial year by each Key Management Personnel of the Consolidated Entity, including their personally related parties, are set out on page 51. Details of shares granted as compensation during the reporting period are given in note 7(d).

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

7. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(b) Shareholdings of Key Management Personnel (continued)

Number of shares held in AVJennings Limited

	Opening Balance	Vested as Remuneration	Net Other Change(1)	Closing Balance
For the year ended 30 June 2013				
Directors				
S Cheong	137,370,023	-	54,948,007	**192,318,030**
E Sam	149,535	-	59,814	**209,349**
PK Summers	1,275,481	-	1,140,785	**2,416,266**
RJ Rowley	180,000	-	72,000	**252,000**
Executives				
A Soutar	-	-	212,131	**212,131**
L Mahaffy	-	-	19,967	**19,967**
SC Orlandi	-	-	143,337	**143,337**
CD Thompson(2)	319,500	-	503,652	**823,152**
L Hunt	2,222	-	39,694	**41,916**
Total	**139,296,761**	**-**	**57,139,387**	**196,436,148**
For the year ended 30 June 2012				
Directors				
S Cheong	137,370,023	-	-	**137,370,023**
E Sam	149,535	-	-	**149,535**
PK Summers	942,147	333,334	-	**1,275,481**
RJ Rowley	180,000	-	-	**180,000**
Executives				
CD Thompson	319,500	-	-	**319,500**
L Hunt	-	-	2,222	**2,222**
Total	**138,961,205**	**333,334**	**2,222**	**139,296,761**

(1) Includes shares acquired through the Rights Issue.
(2) Includes 244,000 shares acquired on market.

No other Key Management Personnel held shares in AVJennings Limited at any time during the year.

All equity transactions with Key Management Personnel have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

(c) Compensation options: granted and vested during the year

No options were granted or exercised during the year. There are currently no unexercised or outstanding options. None of the Key Management Personnel hold any options.

7. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(d) Equity instrument disclosures relating to Key Management Personnel

Share-based compensation benefits based on different vesting conditions are provided to certain Key Management Personnel via the AVJ Deferred Employee Share Plan.

Vesting subject to both service and performance conditions:

FY2011 Grant
A total of 1,375,452 shares were granted on 28 September 2010 to certain Executives. As detailed below, these include 1,136,816 shares for KMP. The remaining shares were granted to executives who were not KMP. A total of 96,124 shares from this grant have been forfeited.

FY2012 Grant
An additional 1,695,735 shares were granted on 5 September 2011 to certain executives. As detailed below, these include 1,454,555 shares for KMP. The remaining shares were granted to executives who were not KMP. A total of 124,383 shares from this grant have been forfeited.

FY2013 Grant
An additional 513,168 shares were granted on 12 September 2012 to certain executives. As detailed in the table on page 15, these include 280,712 shares for KMP. The remaining shares were granted to executives who were not KMP.

	Shares Granted			Number of Shares Vested		
Name	**Year Granted**	**Number**	**Fair Value**	**Unvested at 1 July 2012**	**Vested during the year**	**Unvested at 30 June 2013**
KMP Executive Committee Members						
PK Summers	**2011**	691,591	$ 312,945	691,591	-	691,591
PK Summers	**2012**	884,891	$ 311,924	884,891	-	884,891
M Henesey-Smith	**2011**	158,344	$ 71,651	158,344	-	158,344
M Henesey-Smith	**2012**	202,601	$ 71,417	202,601	-	202,601
A Soutar	**2013**	280,712	$ 74,389	-	-	280,712
SC Orlandi	**2011**	102,458	$ 46,362	102,458	-	102,458
SC Orlandi	**2012**	131,094	$ 46,211	131,094	-	131,094
CD Thompson	**2011**	106,183	$ 48,048	106,183	-	106,183
CD Thompson	**2012**	135,861	$ 47,891	135,861	-	135,861
L Hunt	**2011**	78,240	$ 35,404	78,240	-	78,240
L Hunt	**2012**	100,108	$ 35,288	100,108	-	100,108
Total		**2,872,083**	**$1,101,530**	**2,591,371**	**-**	**2,872,083**

These shares are subject to both service and performance conditions and will vest to the extent that each of these conditions is satisfied.

7. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(d) Equity instrument disclosures relating to Key Management Personnel (continued)

The service vesting condition is that the employee must still be employed by AVJennings at 30 September 2013 (for the FY2011 grant), 30 September 2014 (for the FY2012 grant) and 30 September 2015 (for the FY2013 grant), except in the event of death or permanent disablement in which case the shares will vest to the estate. In the event that the employee is retrenched, the shares may vest subject to certain conditions.

The performance vesting conditions are:

- Total Shareholder Return (TSR) performance measured against the ASX Small Industrials Index; and
- Earnings Per Share (EPS) growth. AVJennings' EPS growth for the performance period must meet or exceed the target set. The EPS hurdle for total vesting for each grant is as follows:

  FY2011 grant - 10% p.a. growth for the three financial years to 30 September 2013
  FY2012 grant - 10% p.a. growth for the three financial years to 30 September 2014
  FY2013 grant - 10% p.a. growth for the three financial years to 30 September 2015

Half of the allocation is assessed against each performance condition. The vesting schedule for the TSR performance condition is set out in the table below. The holder of the shares is entitled to receive all dividends paid between grant and vesting date.

AVJennings' TSR rank against companies in the Index	Percentage vesting
< median	Nil
At the median	50%
> median but < 75th percentile	Pro-rata between 50th and 75th percentiles
>=75th percentile	100%

The fair value of the EPS element of the shares is the market value at grant date. The Monte Carlo Model is used to fair value the TSR element. The Model simulates AVJennings' TSR and compares it against the ASX Small Industrials Index. The Model takes into account historic dividends, share price volatilities and the risk-free yield on an Australian Government Bond at the grant date matching the remaining effective life of 3 years.

Please refer to note 2(r), note 28(b) and note 35(b).

(e) Loans to Key Management Personnel

There are currently no outstanding loans receivable from Key Management Personnel. No loans were made to Key Management Personnel during the year.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

8. AUDITOR'S REMUNERATION

	2013 $	2012 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
An audit or review of the 30 June full-year and 31 December interim financial reports of the Entity and other entities in the Consolidated Group	250,460	272,593
- Share of audit or review costs of the financial reports of the Consolidated Entity's joint ventures	2,730	2,215
- Other services in relation to the Entity and any other entities in the Consolidated Group		
- non-audit related fees	10,300	12,360
Total auditor's remuneration	**263,490**	**287,168**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

9. INCOME TAX

	2013 $'000	2012 $'000
The major components of income tax credit are:		
Current income tax		
Current income tax charge	916	196
Adjustment for prior periods	(383)	(710)
Deferred income tax		
Current year temporary differences	(8,556)	(16,450)
Adjustment for prior periods	(2)	838
Income tax credit reported in the *Consolidated Statement of Comprehensive Income*	**(8,025)**	**(16,126)**

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

Accounting loss before income tax	**(23,291)**	**(45,954)**
Tax at Australian income tax rate of 30% (2012 - 30%)	(6,987)	(13,787)
Adjustment for prior periods	(686)	128
Equity accounted share of Joint Venture profits	(368)	(1,603)
Other non-deductible items and variations	16	(864)
Aggregate income tax credit	**(8,025)**	**(16,126)**

Tax consolidation

AVJennings Limited and its wholly-owned resident entities have formed a tax consolidated group with effect from 1 July 2002 and are therefore taxed as a single entity from that date. The accounting policy in relation to tax consolidation is set out in note 2(u).

The Head Entity, AVJennings Limited, has entered into an agreement with its wholly-owned subsidiary, AVJennings Properties Limited, under which AVJennings Properties Limited will account for the current and deferred tax amounts of the controlled entities in the Tax Consolidated Group. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the Tax Consolidated Group.

Nature of tax funding arrangements and tax sharing agreements

Entities within the Tax Consolidated Group have entered into a tax funding arrangement and a tax sharing agreement with the Head Entity. Under the terms of the Tax Funding Arrangement, each of the entities in the Tax Consolidated Group has agreed to pay or receive a tax equivalent payment to, or from, the Head Entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from, or payable to, other entities in the Tax Consolidated Group.

The Tax Sharing Agreement entered into between members of the Tax Consolidated Group provides for the determination of the allocation of income tax liabilities between the entities should the Head Entity default on its tax payment obligations or if an entity should leave the Tax Consolidated Group. The effect of the Tax Sharing Agreement is that each member's liability for tax payable by the Tax Consolidated Group is limited to the amount payable to the Head Entity under the Tax Funding Arrangement.

Taxation of financial arrangements (TOFA)

Legislation is in place which changes the tax treatment of financial arrangements including the tax treatment of hedging transactions. The Consolidated Entity has assessed the potential impact of these changes on its tax position. No impact has been recognised and no adjustments have been made to the deferred tax and income tax balances at 30 June 2013 (2012: $Nil).

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

10. DIVIDENDS

	2013 $'000	2012 $'000
Dividends paid and recognised		
2011 final dividend of 1.5 cents per fully paid share, paid 19 October 2011. Fully franked @ 30% tax.	-	4,119
2012 interim dividend of 0.5 cents per fully paid share, paid 11 April 2012. Fully franked @ 30% tax.	-	1,373
Total dividends paid	**-**	**5,492**

The Company's Dividend Reinvestment Plan remains suspended.

	2013	2012
Franking credit balance		
Franking credits available for subsequent financial years based on a tax rate of 30%	**20,817**	**21,485**

The above amounts represent the balance of the franking account as at the reporting date, adjusted for franking credits that will arise from the payment of the amount of the provision for income tax.

11. EARNINGS PER SHARE

(a) Earnings used in calculating earnings per share	2013 $'000	2012 $'000
For basic earnings per share:		
Net loss attributable to ordinary holders of the parent	(15,266)	(29,828)
For diluted earnings per share:		
Net loss attributable to ordinary holders of the parent	(15,266)	(29,828)
Tax effected share-based payment expense - liability component	(260)	(470)
Net loss attributable to ordinary equity holders adjusted for the effect of future share-based payment expense	(15,526)	(30,298)

(b) Weighted average number of shares used as denominator	2013 Number	2012 Number
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	279,649,305	271,517,507
Effect of dilution:		
Treasury shares	3,365,100	3,071,187
Weighted average number of ordinary shares for diluted earnings per share	283,014,405	274,588,694

There have been no transactions involving ordinary shares that would significantly change the number of ordinary shares outstanding between the reporting date and the date of completion of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

12. CASH AND CASH EQUIVALENTS

	2013 $'000	2012 $'000
Reconciliation to Consolidated Statement of Cash Flows		
For the purposes of *Consolidated Statement of Cash Flows*, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and in hand	**11,649**	**4,560**

13. TRADE AND OTHER RECEIVABLES

	2013 $'000	2012 $'000
Current		
Amounts due under construction contracts and trade receivables	11,936	4,277
Related parties receivables	2,497	3,299
Funds held in solicitors trust accounts	5,359	21,896
Other receivables	3,251	4,228
Allowance for impairment of other receivables	(10)	(10)
Total current trade and other receivables	**23,033**	**33,690**
Non-current		
Amounts due under construction contracts and trade receivables	4,120	1,832
Total non-current trade and other receivables	**4,120**	**1,832**

(a) Allowance for impairment loss

No impairment loss (2012: $10,000) has been recognised by the Consolidated Entity in the current year.

At 30 June, the ageing analysis of trade receivables is a follows:

		Number of days outstanding				
	Total $'000	0-30 $'000	31-60 $'000	61-90 PDNI* $'000	+ 91 PDNI* $'000	+ 91 CI# $'000
2013	16,056	11,147	537	-	4,362	10
2012	6,109	6,010	-	-	89	10

* Past due not impaired (PDNI)
# Considered impaired (CI)

With regards to receivables past due not impaired (PDNI), the relevant debtors have been directly contacted and the Consolidated Entity is satisfied that payment will be received in full.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

13. TRADE AND OTHER RECEIVABLES (continued)

Movements in provision for impairment of trade and other receivables

	2013 $'000	2012 $'000
At the beginning of the year	10	78
Amounts recovered during the year	-	(78)
Amounts provided for during the year	-	10
At the end of the year	**10**	**10**

(b) Related party receivables

For terms and conditions relating to related party receivables, refer to note 34(i).

(c) Other receivables

Other receivables generally arise from transactions outside the usual operating activities of the Consolidated Entity. These receivables are not past due or impaired.

(d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Consolidated Entity's policy to transfer (on-sell) receivables to special purpose entities.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

14. INVENTORIES

	Note	2013 $'000	2012 $'000
Current			
Home Improvements			
Work-in-progress on contracts			
Cost plus attributable profits		-	9,860
Less: progress billings		-	(9,791)
Total work-in-progress		-	69
Land, Housing and Apartments Developments			
Broadacres			
Land to be subdivided - at cost		27,958	25,906
Borrowing and holding costs capitalised	14(a)	12,195	6,729
Provision for loss on inventories		(3,237)	(2,028)
Total broadacres		36,916	30,607
Work-in-progress			
Land subdivided or in the course of being subdivided - at cost		24,553	4,816
Development costs capitalised		4,600	5,021
Houses and apartments under construction - at cost		4,211	1,760
Borrowing and holding costs capitalised	14(a)	2,660	2,045
Provision for loss on inventories		(819)	(1,004)
Total work-in-progress		35,205	12,638
Completed inventory			
Completed houses and apartments - at cost		11,861	14,893
Completed residential land lots - at cost		29,819	16,455
Borrowing and holding costs capitalised	14(a)	2,789	1,581
Provision for loss on inventories		(7,522)	(2,371)
Total completed inventory		36,947	30,558
Total current inventories		**109,068**	**73,872**

14. INVENTORIES (continued)

	Note	2013 $'000	2012 $'000
Non-current			
Land, Housing and Apartments Developments			
Broadacres			
Land to be subdivided - at cost		240,755	288,226
Borrowing and holding costs capitalised	14(a)	55,014	53,287
Provision for loss on inventories		(41,258)	(37,487)
Total broadacres		254,511	304,026
Work-in-progress			
Land subdivided or in the course of being subdivided - at cost		32,254	28,773
Development costs capitalised		2,702	12,213
Borrowing and holding costs capitalised	14(a)	1,090	7,267
Provision for loss on inventories		(12,060)	(5,229)
Total work-in-progress		23,986	43,024
Completed inventory			
Completed residential land lots - at cost		3,248	6,253
Borrowing and holding costs capitalised	14(a)	-	353
Provision for loss on inventories		-	(504)
Total completed inventory		3,248	6,102
Total non-current inventories		**281,745**	**353,152**
Total inventories		**390,813**	**427,024**

(a) Borrowing costs are recognised as part of the carrying amount of the qualifying asset. Borrowing costs include interest, fees and costs associated with interest rate derivatives. These costs have been capitalised at a weighted average rate of 8.31% (2012: 10.73%).
(b) Inventory with a book value of $100,227,000 (2012: $102,230,000) had been pledged as security for project specific borrowings (refer to note 24(b)). The Consolidated Entity's remaining inventory has been pledged as security for the main banking facility (refer to note 24(a)).
(c) Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2013 amounted to $22,964,000 (2012: $48,621,000). The expense has been disclosed as a separate item on the *Consolidated Statement of Comprehensive Income.*

Movements in provision for loss on inventories

	2013 $'000	2012 $'000
At the beginning of the year	48,621	-
Amounts utilised	(6,689)	-
Provisions created	22,964	48,621
At the end of the year	**64,896**	**48,621**

15. OTHER CURRENT ASSETS

	2013 $'000	2012 $'000
Prepayments	1,067	1,985
Deposits	144	127
Total other current assets	**1,211**	**2,112**

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	2013 $'000	2012 $'000
Investment in Associate - unincorporated	16(a)	46	499
Interest in Joint Venture Entities - unlisted	16(b)	25,135	23,908
Total equity accounted investments		**25,181**	**24,407**

Investments in Associates are accounted for in accordance with the policy outlined in note 2(f) while Joint Venture Entities are accounted for in accordance with note 2(e).

(a) Investment in Associate

The Consolidated Entity has significant influence over the Associate because it is represented on the project governing body and its employees provide essential technical knowledge to the project. The Associate is an unincorporated partnership which trades in Australia. It has a 30 June year-end and its principal activity is the development and sale of residential lots.

Investment details

	Interest held	
	2013	**2012**
Associate name and principal activity		
Epping JV - Land Development	10%	10%

	2013 $'000	2012 $'000
Movements in carrying amount		
At the beginning of year	499	1,484
Distribution received	(520)	(1,380)
Share of net profit	67	395
At the end of year	**46**	**499**

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

(a) Investment in Associate (continued)

Summarised financial information of the Associate

The Consolidated Entity's share of the results of the Associate and its aggregated assets and liabilities are as follows:

	2013 $'000	2012 $'000
Assets	55	557
Liabilities	9	119
Revenues	419	1,153
Profit	67	395

Impairment

The Consolidated Entity's investment in the Associate was not impaired at any time during the year.

Share of Associate's commitments and contingent liabilities

The Associate's commitments and contingent liabilities have been entered into on a non-recourse basis and therefore the Consolidated Entity has no exposure to the Associate's commitments and contingent liabilities as at the date of this Report.

The share of contingent liabilities in respect to certain performance guarantees granted by the Associate in the normal course of business to unrelated parties, at 30 June 2013, amounted to $18,000 (2012: $58,000).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

(b) Interest in Joint Venture Entities

Investment details

	Interest held	
	2013	**2012**
Joint Venture Entity and principal activities		
Eastwood - Land Development and Building Construction	50%	50%
Sydney Olympic Park - Commercial Development and Construction(1)	-	50%
Woodville - Land Development and Building Construction	50%	50%

	2013	**2012**
	$'000	**$'000**
Movements in carrying amount		
At the beginning of year	23,908	39,647
Contributions made	-	1,361
Share of net profit	1,227	5,364
AVJennings' acquisition of joint venture assets	-	(21,153)
Write-down of investment(1)	-	(1,311)
At the end of year	**25,135**	**23,908**

(1) During the year, the investment in Sydney Olympic Park Development amounting to $1,311,000, which was fully provided for in the previous year, was written off due to termination of the agreement.

The Consolidated Entity's share of the Joint Venture Entities' assets, liabilities, revenue and expenses are as follows:

	2013	**2012**
	$'000	**$'000**
Share of assets and liabilities		
Current assets	20,185	19,883
Non-current assets	13,648	16,707
Total assets	33,833	36,590
Current liabilities	3,588	7,194
Non-current liabilities	6,714	5,488
Total liabilities	10,302	12,682
Net assets	**23,531**	**23,908**
Share of revenue, expenses and results		
Revenues	19,882	18,785
Expenses	(18,129)	(12,231)
Profit before tax	1,753	6,554
Tax	(526)	(1,190)
Profit after tax	**1,227**	**5,364**

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

17. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2013 $'000	2012 $'000
Balance Sheet		
Current assets	69,176	31,382
Total assets	232,462	194,728
Current liabilities	17,025	19,545
Total liabilities	17,025	19,545
Shareholders' equity		
Issued capital	160,960	121,096
Reserves		
Share-based payment reserve	1,077	687
Retained earnings	53,400	53,400
Contributed equity	215,437	175,183
Profit for the year	**-**	**8**
Total comprehensive income	**-**	**8**

(b) Guarantees entered into by the parent entity

The parent entity has not provided any financial guarantees.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2013 (2012: Nil).

18. CONTROLLED ENTITIES

(a) Investment in controlled entities

The following economic entities are the controlled entities of AVJennings Limited:

	% Equity Interest		Included in Banking Cross Deed of Covenant [2]	
ECONOMIC ENTITY [1]	**2013**	**2012**	**2013**	**2012**
Entities included in the Closed Group				
A.V. Jennings Real Estate Pty Limited	100	100	No	No
AVJennings Real Estate (VIC) Pty Limited	100	100	No	No
AVJennings Holdings Limited[3]	100	100	Yes	Yes
AVJennings Properties Limited[3]	100	100	Yes	Yes
Jennings Sinnamon Park Pty Limited	100	100	No	No
Long Corporation Limited[3]	100	100	Yes	Yes
Orlit Pty Limited[3]	100	100	Yes	Yes
Sundell Pty Limited[3]	100	100	Yes	Yes
AVJennings Housing Pty Limited[3]	100	100	Yes	Yes
AVJennings Home Improvements S.A. Pty Limited[3]	100	100	Yes	Yes
AVJennings Mackay Pty Limited[3]	100	100	Yes	Yes
Entities excluded from the Closed Group				
Crebb No 12 Pty Limited	100	100	Yes	Yes
Dunby Pty Limited	100	100	Yes	Yes
Epping Developments Limited	100	100	No	No
Montpellier Gardens Pty Limited	100	100	Yes	Yes
Sirda Pty Limited[4]	100	100	No	No
AVJ ODP Pty Limited	100	100	No	No
AVJennings (Cammeray) Pty Limited	100	100	Yes	No
AVJennings Syndicate No 2 Limited[4]	100	100	No	No
AVJennings Syndicate No 3 Limited	100	100	No	No
AVJennings Syndicate No 4 Limited	100	100	Yes	Yes
AVJennings Officer Syndicate Limited	100	100	Yes	Yes
AVJennings Properties SPV No 1 Pty Limited	100	100	No	No
AVJennings Properties SPV No 2 Pty Limited	100	100	No	No
AVJennings Properties SPV No 3 Pty Limited[4]	100	100	No	No
AVJennings Properties SPV No 4 Pty Limited	100	100	No	No
AVJennings Wollert Pty Limited	100	100	No	No
AVJ Erskineville Pty Limited	100	100	Yes	No
AVJ Hobsonville Pty Limited	100	100	Yes	Yes
AVJ SPV No 8 Pty Limited[4]	100	100	No	No
AVJennings Properties SPV No 9 Pty Limited	100	100	Yes	No
AVJennings SPV No 10 Pty Limited	100	100	Yes	No
AVJennings Properties SPV No 11 Pty Limited	100	100	Yes	No
AVJennings Properties SPV No 15 Pty Limited[4]	100	100	No	No
Creekwood Developments Pty Limited	100	100	Yes	Yes
Portarlington Nominees Pty Limited	100	100	No	No

(1) All entities are incorporated in Australia. With the exception of AVJ Hobsonville Pty Limited, which has a branch in New Zealand, all entities operate within Australia.
(2) These entities, including AVJennings Limited, are included under the Banking Cross Deed of Covenant referred to in note 24(a).
(3) These entities, including AVJennings Limited, are included in the Deed of Indemnity for Contract performance bond facility referred to in note 24(c).
(4) These entities are in the process of being deregistered.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

18. CONTROLLED ENTITIES (continued)

(b) Ultimate parent

AVJennings Limited is the ultimate Australian parent entity. SC Global Developments Pte Ltd is the ultimate parent entity.

(c) Deeds of cross guarantee

Certain entities within the Group are parties to deeds of cross guarantee under which each controlled entity guarantees the debts of the others. By entering into these deeds, the controlled entities are relieved from the requirement to prepare Financial Statements and Directors' Reports under Class Order 98/1418 (as amended by Class Orders 98/2017, 00/321, 01/1087, 02/248, 02/1017, 04/663, 04/682, 04/1624, 05/542, 06/51, 08/11, 08/255, 08/618 and 09/626) issued by the Australian Securities and Investments Commission (ASIC). Those entities included in the Closed Group are listed in note 18(a). These entities represent a "Closed Group" for the purposes of the Class Order, and as there are no other parties to the deeds of cross guarantee that are controlled by AVJennings Limited, they also represent the "Extended Closed Group".

(d) Class order closed group

Certain controlled entities were granted relief by ASIC (under provisions of Class Orders) from the requirement to prepare separate audited financial statements, where deeds of indemnity have been entered into between the Parent Entity and the Controlled Entities to meet their liabilities as required (refer to note 18(c)).

The Extended Closed Group referred to in the *Directors' Declaration* therefore comprises all of the entities within the Class Order. Certain entities falling outside of the Extended Closed Group are listed in note 18(a), and are therefore required to prepare separate annual financial statements.

The *Consolidated Statement of Comprehensive Income* for those controlled entities which are party to the deed is as follows:

	Closed Group	
	2013	**2012**
	$'000	**$'000**
Revenues	98,616	108,054
Cost of sales	(97,701)	(89,386)
Other expenses	(31,205)	(78,199)
Loss before income tax	**(30,290)**	**(59,531)**
Income tax	9,820	17,139
Loss after income tax	**(20,470)**	**(42,392)**
Dividend from non closed group member	4	-
Loss for the year	**(20,466)**	**(42,392)**

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

18. CONTROLLED ENTITIES (continued)

(d) Class order closed group (continued)

The *Consolidated Statement of Financial Position* for those controlled entities which are party to the deed is as follows:

	2013 $'000	2012 $'000
CURRENT ASSETS		
Cash and cash equivalents	10,804	3,162
Trade and other receivables	137,730	110,348
Inventories	56,774	46,347
Tax receivable	-	669
Other current assets	931	1,977
Total current assets	**206,239**	**162,503**
NON-CURRENT ASSETS		
Inventories	169,688	210,247
Property, plant and equipment	993	1,174
Deferred tax assets	5,572	-
Intangible assets	2,816	2,816
Total non-current assets	**179,069**	**214,237**
Total assets	**385,308**	**376,740**
CURRENT LIABILITIES		
Trade and other payables	57,969	-
Derivative financial instruments	-	187
Short-term provisions	4,015	3,667
Total current liabilities	**61,984**	**3,854**
NON-CURRENT LIABILITIES		
Trade and other payables	-	37,692
Interest-bearing loans and borrowings	75,000	103,000
Deferred tax liabilities	-	3,922
Provisions	845	641
Total non-current liabilities	**75,845**	**145,255**
Total liabilities	**137,829**	**149,109**
Net assets	**247,479**	**227,631**
EQUITY		
Equity attributable to equity holders of the parent		
Contributed equity	160,960	121,096
Reserves	1,077	687
Retained earnings	85,442	105,848
Total equity	**247,479**	**227,631**

18. CONTROLLED ENTITIES (continued)

(d) Class order closed group (continued)

The *Consolidated Statement of Changes in Equity* for those controlled entities which are party to the deed is as follows:

	2013 $'000	2012 $'000
At beginning of the year	227,631	273,049
Changes in equity due to members entering/exiting the closed group	60	2,841
Loss for the year	(20,466)	(42,392)
Total income and expenses for the year	(20,406)	(39,551)
Equity transactions		
- Ordinary share capital raised	39,956	-
- Treasury shares acquired	(92)	(739)
- Share-based payment reserve	390	364
- Dividends paid to equity holders of parent	-	(5,492)
	19,848	(45,418)
At end of the year	**247,479**	**227,631**

19. INTEREST IN JOINT VENTURE OPERATIONS

A number of controlled entities have entered into joint venture operations. Information relating to the Joint Ventures is set out below:

	INTEREST IN OUTPUT	
	2013	**2012**
Joint Venture name and principal activities		
Cammeray Joint Venture - Apartments Development	-	50%
Cheltenham Joint Venture - Land Development and Building Construction	50%	50%
Hobsonville Joint Venture - Land Development	50%	50%

19. INTEREST IN JOINT VENTURE OPERATIONS (continued)

The Consolidated Entity's interest in the profits and losses of the Joint Venture Operations are included in the *Consolidated Statement of Comprehensive Income*, in accordance with the accounting policy described in note 2(e), under the following classifications:

	2013 $'000	2012 $'000
Revenues	31,240	12,549
Cost of property developments sold	(22,376)	(10,358)
Other expenses	(1,702)	(1,641)
Profit before income tax	**7,162**	**550**
Income tax	(2,149)	(165)
Net profit for the year	**5,013**	**385**

The Consolidated Entity's interest in the assets and liabilities of Joint Venture Operations are included in the *Consolidated Statement of Financial Position*, in accordance with the policy described in note 2(e), under the following classifications:

	2013 $'000	2012 $'000
CURRENT ASSETS		
Cash and cash equivalents	810	534
Trade and other receivables	2,999	5,878
Inventories	15,299	4,612
Other current assets	16	10
Total current assets	**19,124**	**11,034**
NON-CURRENT ASSETS		
Inventories	29,400	39,569
Property, plant and equipment	3	-
Total non-current assets	**29,403**	**39,569**
Total assets	**48,527**	**50,603**
CURRENT LIABILITIES		
Trade and other payables	4,713	4,984
Interest-bearing loans and borrowings	313	-
Total current liabilities	**5,026**	**4,984**
NON-CURRENT LIABILITIES		
Trade and other payables	6,956	9,578
Interest-bearing borrowings	4,338	7,287
Total non-current liabilities	**11,294**	**16,865**
Total liabilities	**16,320**	**21,849**
Net assets	**32,207**	**28,754**

20. PROPERTY, PLANT AND EQUIPMENT

	2013 $'000	2012 $'000
Leasehold improvements		
At cost	399	378
Less: accumulated depreciation	(330)	(307)
Total leasehold improvements	**69**	**71**
Plant, equipment and motor vehicles		
At cost	8,133	7,966
Less: accumulated depreciation	(7,209)	(6,863)
Total plant and equipment	**924**	**1,103**
Total property, plant and equipment	**993**	**1,174**

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the year are set out below:

For the year ended 30 June 2012	Note	Leasehold improve-ments $'000	Plant, equipment and motor vehicles $'000	Leased motor vehicles $'000	Total $'000
Consolidated					
Carrying amount at 1 July 2011		202	856	29	1,087
Additions		38	603	-	641
Disposals		(121)	(51)	(29)	(201)
Depreciation charge	5	(48)	(305)	-	(353)
Carrying amount at 30 June 2012		**71**	**1,103**	-	**1,174**
For the year ended 30 June 2013					
Consolidated					
Carrying amount at 1 July 2012		71	1,103	-	1,174
Additions		20	208	-	228
Disposals		-	(28)	-	(28)
Depreciation charge	5	(22)	(359)	-	(381)
Carrying amount at 30 June 2013		**69**	**924**	-	**993**

21. DEFERRED TAX ASSETS

	Note	2013 $'000	2012 $'000
The provision for deferred income tax is made up as follows:			
- capitalisation of development costs		(22,336)	-
- prepayments, accruals/provisions and investments		(3,699)	-
- brand name		(845)	-
- unrealised loss on interest derivatives		-	-
- provisions for assets impairments		19,469	-
- tax loss carried forward		10,498	-
Deferred tax assets		**3,087**	**-**

Reconciliations

Reconciliations of the carrying amount of the deferred tax asset at the beginning and end of the year are set out below:

		2013 $'000	2012 $'000
Transferred from deferred tax liabilities	26	(5,938)	-
Arising temporary differences		9,025	-
Carrying amount at end of year		**3,087**	**-**

22. INTANGIBLE ASSETS

	2013	2012
Brand name at cost	9,868	9,868
Less: accumulated amortisation	(7,052)	(7,052)
Total intangible assets	**2,816**	**2,816**

The intangible asset relates to the value of the "AVJennings" brand name which was acquired as part of a business combination in 1995. On recognition, the asset was determined to have a finite life of 20 years and has since been amortised over the expected useful life. In accordance with the accounting policy discussed in note 2(j), the amortisation period and the amortisation method for an intangible asset are reviewed at least each financial year-end. A review carried out at 31 December 2009 determined that the brand name has indefinite useful life. This change in accounting estimate has been applied prospectively with amortisation ceasing as of 31 December 2009.

The brand name is tested for impairment annually, or more frequently if there are indicators of impairment. At 30 June 2013, there were no indicators of impairment.

23. TRADE AND OTHER PAYABLES

	2013 $'000	2012 $'000
Current		
Secured		
Land creditors	-	5,600
Unsecured		
Land creditors	47,342	25,196
Trade creditors	8,689	9,239
Related party payables	2,750	2,450
Other creditors and accruals	6,584	4,461
	65,365	41,346
Total current payables	**65,365**	**46,946**
Non-Current		
Unsecured		
Land creditors	6,956	47,520
Total non-current payables	**6,956**	**47,520**

Land creditors

The amounts due to secured land creditors are secured over the title to properties acquired by way of either mortgage back or bank guarantee in favour of the land vendor. These security arrangements remain in place until final settlement of the amounts due to the land vendor. Titles for the unsecured land creditors only transfer to the Consolidated Entity on full payment of the amount outstanding or upon provision of some other security.

Related party payables

For terms and conditions relating to related party payables, refer to note 34(i).

Fair value

Due to the short-term nature of current payables, their carrying amount is assumed to approximate their fair value. Non-current land creditors have been discounted using a rate of 7.59% (2012: 9.54%).

24. INTEREST- BEARING LOANS AND BORROWINGS

	2013 $'000	2012 $'000
Current		
Secured		
Bank loans	7,171	1,100
Total current interest-bearing liabilities	**7,171**	**1,100**
Non-current		
Secured		
Bank loans	82,720	123,137
Total non-current interest-bearing liabilities	**82,720**	**123,137**

Financing arrangements

The Consolidated Entity has access to the following lines of credit:

	Note	Available $'000	Utilised $'000	Unutilised $'000
30 June 2013				
Main banking facilities	24(a)			
- bank loans		140,000	75,000	65,000
- performance bonds and other non-cash facilities		18,600	7,838	10,762
		158,600	**82,838**	**75,762**
Project funding	24(b)			
- bank loans		24,128	14,891	9,237
- performance bonds and other non-cash facilities (1)		19,750	12,442	7,308
		43,878	**27,333**	**16,545**
Contract performance bond facility	24(c)			
- performance bonds		**10,000**	**7,396**	**2,604**

(1) At 30 June 2013 these facilities are interchangeable up to $5 million (2012: $5 million) between the bank loans and performance bonds /other non-cash facilities.

24. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Financing arrangements (continued)

	Note	Available $'000	Utilised $'000	Unutilised $'000
30 June 2012				
Main banking facilities	24(a)			
- bank overdraft		5,000	-	5,000
- bank loans		134,000	103,000	31,000
- performance bonds and other non-cash facilities		33,600	11,334	22,266
		172,600	**114,334**	**58,266**
Project funding	24(b)			
- bank loans		24,078	21,237	2,841
- performance bonds and other non-cash facilities		23,500	17,775	5,725
		47,578	**39,012**	**8,566**
Contract performance bond facility	24(c)			
- performance bonds		**10,000**	**4,424**	**5,576**
Leasing facilities	24(d)	**1,200**	**-**	**1,200**

Significant terms and conditions

(a) Main banking facilities

The main banking facilities are secured by a fixed and floating charge over all the assets and undertakings of the entities within the Consolidated Entity, other than those assets pledged as security for project funding (see note 24(b)). The Parent Entity has entered into a cross deed of covenant with various controlled entities to guarantee obligations of those entities in relation to the main banking facilities. Details of entities included in the cross deed of covenant are set out in note 18. The current interest rates on the bank loans range from 4.34% to 4.54% (2012: 5.09% to 5.97%).

The Consolidated Entity's main banking facilities mature on 30 September 2015. These facilities are secured by a fixed and floating charge over all the assets and undertakings of the entities within the Consolidated Entity as mentioned above, and by first registered mortgages over various real estate inventories other than those assets pledged as security for project funding (see note 24(b)).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

24. INTEREST-BEARING LOANS AND BORROWINGS (continued)

(*b) Project funding*

Project funding facilities are secured by:

- fixed and floating charge over all assets and undertakings of the entity involved in the relevant project, namely, AVJennings Wollert Pty Limited;
- first registered mortgage over the real estate inventories of the entity involved in the relevant project, namely, AVJennings Wollert Pty Limited;
- fixed and floating charge over the assets and undertakings of a related company involved in the relevant project, namely, St Clair JV Nominee Pty Limited;
- deed of mortgage over the shares held by the relevant entity, namely, AVJennings Properties SPV No 4 Pty Limited, in a related company, namely, St Clair JV Nominee Pty Limited;
- fixed and floating charge over the assets and undertakings, including project rights, of a relevant entity, namely, AVJennings Properties SPV No 4 Pty Limited;
- fixed and floating charge over the assets of the entity involved in the relevant project, namely, Portarlington Nominees Pty Limited; and
- first registered mortgage over certain real estate inventories of the entity involved in the relevant project, namely, Portarlington Nominees Pty Limited.

At 30 June 2013 the facilities shown are interchangeable up to $5,000,000 (2012: $5,000,000) between the bank loans and performance bonds/other non-cash facilities. The lines of credit shown are maximum limits which are available progressively as projects are developed. The expiry dates for the facilities are between March 2014 and September 2015. Individual projects are expected to be completed and the outstanding amounts repaid or refinanced prior to expiry of each facility. As at 30 June 2013, the balance outstanding on these facilities was $14,891,000 (2012: $21,237,000).

	2013 $'000	2012 $'000
The carrying amounts of the pledged assets are as follows:		
Wollert, Victoria	40,250	45,492
Cheltenham, South Australia	48,527	50,422
Arlington Rise, Victoria	18,480	16,431

The weighted average interest rate on the project funding loans at year-end was 3.52% (2012: 4.40%).

24. INTEREST-BEARING LOANS AND BORROWINGS (continued)

(c) *Contract performance bond facility*

The Consolidated Entity has entered into a Contract performance bond facility of $10,000,000 (2012: $10,000,000). The Contract performance bond facility is subject to review annually. This facility expires on 31 October 2013 and management expects the annual review which is underway, to be completed shortly and the facility extended for a further 12 months. The Contract performance bond facility is secured by a Deed of Indemnity between the Parent Entity and various controlled entities. Details of the controlled entities, included in the Deed of Indemnity are set out in note 18.

(d) Leasing facilities

No separate security has been provided by the Consolidated Entity in relation to lease liabilities. The rights to the leased assets revert to the lessor in the event of default. This facility was cancelled during the year ended 30 June 2013.

(e) Interest rate hedge instruments

The Consolidated Entity manages the cash flow effect of interest rate risk by entering into interest rate cap and interest rate swap contracts.

Interest rate cap contracts are entered into for a principal Australian Dollar amount by paying an upfront premium that covers a specific period. The strike rates for these contracts are benchmarked against the BBSY bid rate (*Australian Bank Bill Swap Reference Rate - Average Bid Rate*) on a quarterly basis. Settlement occurs quarterly, in favour of the Consolidated Entity, should the BBSY bid rate be above the cap strike rate (movements in the variable rate are directly proportional to movements in the BBSY bid rate).

Under the interest rate swaps, at the end of every quarter, the Consolidated Entity and the counterparty agree to exchange the difference between the interest calculated by applying the fixed contract rates and that calculated by applying the BBSY bid rate to the principal Australian Dollar amounts.

There were no interest rate derivative contracts in place at 30 June 2013.

25. TAX PAYABLE

	2013 $'000	2012 $'000
Income tax payable	**449**	**-**

26. DEFERRED TAX LIABILITIES

	Note	2013 $'000	2012 $'000
The provision for deferred income tax is made up as follows:			
- capitalisation of development costs		-	21,078
- prepayments, accruals/provisions and investments		-	1,413
- brand name		-	845
- unrealised loss on interest derivatives		-	(44)
- provisions for assets impairments		-	(14,979)
- tax loss carried forward		-	(2,375)
Deferred tax liabilities		**-**	**5,938**

Reconciliations

Reconciliations of the carrying amount of the deferred tax liability at the beginning and end of the year are set out below:

		2013 $'000	2012 $'000
Carrying amount at beginning of year		5,938	19,516
Arising temporary differences		-	(13,578)
Transferred to deferred tax assets	21	(5,938)	-
Carrying amount at end of year		**-**	**5,938**

27. PROVISIONS

	2013 $'000	2012 $'000
Current		
Employee benefits	3,056	2,911
Other	980	756
Total current provisions	**4,036**	**3,667**
Non-current		
Employee benefits	845	641
Total non-current provisions	**845**	**641**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

28. CONTRIBUTED EQUITY

	Note	2013 Number	2012 Number	2013 $'000	2012 $'000
Ordinary shares	28(a)	384,423,851	274,588,694	162,793	122,837
Treasury shares	28(b)	(3,365,100)	(3,071,187)	(1,833)	(1,741)
Share capital				**160,960**	**121,096**

(a) Movement in ordinary share capital	***Number***	***Number***	**$'000**	**$'000**
As at the beginning of the year	274,588,694	274,588,694	122,837	122,837
Issued pursuant to the Rights Issue 3 June 2013	109,835,157	-	39,956	-
As at the end of the year	**384,423,851**	**274,588,694**	**162,793**	**122,837**

On 24 April 2013, the Company announced a Non-Renounceable Entitlement Offer (Entitlement Offer). The Entitlement Offer was undertaken on the basis of 2 new shares for every 5 held on 3 May 2013. The shares were offered at $0.375 per new share which represented a 4.5% discount to the volume weighted average price of the shares on the 20 trading days to 19 April 2013. Shareholders with registered addresses situated outside Australia, New Zealand and Singapore were not eligible to participate in the Entitlement Offer. The additional funds were applied to reduce debt and support general working capital requirements including:

- settlement of development sites previously acquired and development of these projects;
- development of owned land and land controlled under project development agreements; and
- investment in built form on selected projects.

The Entitlement Offer raised $39,956,388 after net transaction costs of $1,231,796. On 3 June 2013, 109,835,157 new fully paid ordinary shares were issued increasing the total number of fully paid ordinary shares on issue to 384,423,851.

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.

(b) Movement in treasury shares	**2013** ***Number***	**2012** ***Number***	**2013 $'000**	**2012 $'000**
As at the beginning of the year	(3,071,187)	(1,708,786)	(1,741)	(1,002)
Acquisition of shares by AVJ Deferred Employee Share Plan Trust	(293,913)	(1,695,735)	(92)	(739)
Employee share scheme issue	-	333,334	-	-
	(293,913)	(1,362,401)	(92)	(739)
As at the end of the year	**(3,365,100)**	**(3,071,187)**	**(1,833)**	**(1,741)**

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 via the AVJ Deferred Employee Share Plan.

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

28. CONTRIBUTED EQUITY (continued)

(c) Capital Risk Management

When managing capital, management's objective is to ensure that the Consolidated Entity continues as a going concern. Management also aims to maintain an optimal capital structure that reduces the cost of capital.

In order to maintain or adjust the capital structure, management may change the amount of dividends paid to shareholders, offer a dividend reinvestment plan, return capital to shareholders, issue new shares or sell assets to reduce debt.

During the year ended 30 June 2013, no dividend was paid (2012: $5,492,000).

Management monitors the capital mix through the debt to equity ratio (net debt/total equity) and the debt to total assets ratio (net debt/total assets). Based on continuing operations of the Consolidated Entity, these ratios are as follows:

	2013 $'000	**2012 $'000**
Interest-bearing loans and borrowings	89,891	124,237
Less: cash and cash equivalents	(11,649)	(4,560)
Net debt	78,242	119,677
Total equity	295,361	268,993
Total assets	462,903	498,129
Net debt to equity ratio	**26.5%**	**44.5%**
Net debt to total assets ratio	**16.9%**	**24.0%**

AVJennings Limited has complied with the financial covenants of its borrowing facilities during the 2013 and 2012 reporting periods.

29. RESERVES AND RETAINED EARNINGS

(a) Reserves

	Foreign Currency Translation Reserve $'000	Share-based Payment Reserve $'000	Total $'000
At 1 July 2011	**(417)**	**323**	**(94)**
Foreign currency translation	160	-	160
Share-based payments	-	364	364
At 30 June 2012	**(257)**	**687**	**430**
Foreign currency translation	1,380	-	1,380
Share-based payments	-	390	390
At 30 June 2013	**1,123**	**1,077**	**2,200**

(b) Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the Financial Statements of subsidiaries which have functional currency different to the Australian dollar. Refer to note 2(aa).

Share-based payment reserve

The share-based payment reserve is used to recognise the grant date fair value of shares issued to employees. Refer to notes 2(r) and 7(d) for further details of the plan.

(c) Retained earnings

	2013 $'000	2012 $'000
Movements in retained earnings were as follows:		
At the beginning of the year	147,467	182,787
Net loss for the year	(15,266)	(29,828)
Dividends	-	(5,492)
At the end of the year	**132,201**	**147,467**

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

30. CASH FLOW STATEMENT RECONCILIATION

	2013 $'000	2012 $'000
Reconciliation of loss after tax to net cash flows from operations		
Loss after tax	(15,266)	(29,828)
Adjustments for:		
Depreciation	381	353
Net (gain)/loss on disposal of property, plant and equipment	(5)	222
Interest income classified as investing cash flow	(492)	(481)
Share of profits of associates and joint venture entities	(1,294)	(5,759)
Provision for loss on equity accounted investments	-	1,311
Movement in provision for loss on inventories	16,275	48,621
Share-based payments expense	390	364
Fair value adjustment to derivatives	(187)	119
Change in operating assets and liabilities:		
(Increase)/decrease in inventories	19,936	(58,784)
(Increase)/decrease in trade and other receivables	8,369	(18,363)
(Increase)/decrease in prepayments and deposits	901	(812)
Increase in deferred tax assets	(3,087)	-
Decrease in deferred tax liability	(5,938)	(13,578)
Increase/(decrease) in current tax liability	449	(3,540)
(Increase)/decrease in current tax assets	514	(514)
Increase/(decrease) in trade and other payables	(21,069)	23,833
Increase in provisions	573	378
Net cash flows from/(used in) operating activities	**450**	**(56,458)**

31. COMMITMENTS

Operating lease commitments – Consolidated Entity as lessee

Operating leases include property, display homes, computer equipment leases and leases for motor vehicles provided under novated leases. Certain property leases include inflation escalation and market review clauses. No renewal or purchase options exist in relation to operating leases, and no operating leases contain restrictions on financing or other leasing activities.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2013 $'000	2012 $'000
Operating leases		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities:		
Within one year	1,679	1,891
After one year, but not more than five years	2,052	3,524
Total operating leases	**3,731**	**5,415**
Represented by:		
Non-cancellable operating leases	3,058	5,271
Cancellable operating leases	673	144
Total operating leases	**3,731**	**5,415**

32. CONTINGENCIES

Unsecured

Cross guarantees

The Parent Entity has entered into deeds of cross guarantee in respect of the debts of certain of its controlled entities as described in note 18.

Banking facilities

The Parent Entity has entered into a cross deed of covenant with various controlled entities to guarantee the obligations of those entities in relation to the banking facilities. Details of these entities are set out in note 18.

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. Details of these entities are set out in note 18. 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 2013, amounted to $7,396,000 (2012: $4,424,000). No liability is expected to arise.

Legal issues

From time to time a controlled entity defends actions served on it in respect of rectification of building faults and other issues. It is not practicable to estimate the amount, if any, which the entity could be liable for in this respect. The Directors anticipate that the resolution of any such matters currently outstanding will not have a material effect on the Consolidated Entity's results.

Secured

Performance guarantees

Contingent liabilities in respect of certain performance guarantees, granted by the Consolidated Entity bankers in the normal course of business to unrelated parties, at 30 June 2013, amounted to $7,811,000 (2012: $13,263,000). No 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 2013, amounted to $12,470,000 (2012: $15,846,000). No liability is expected to arise.

33. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2013 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.

34. RELATED PARTY DISCLOSURES

(a) Ultimate parent

AVJennings Limited is the ultimate Australian parent entity. SC Global Developments Pte Ltd (incorporated in Singapore) is the ultimate parent entity.

(b) Share and share option transactions with Directors and Director-related entities

The aggregate number of shares and options held at the reporting date either directly or indirectly or beneficially by the Directors or by an entity related to those Directors of AVJennings Limited are as follows:

	Owned by Directors directly, or indirectly or beneficially	
	2013 Number	2012 Number
Fully paid ordinary shares	195,195,645	138,975,039

Directors and Director-related entities received normal dividends on these ordinary shares.

(c) Entity with significant influence over AVJennings Limited

192,318,030 ordinary shares equating to 50.03% of the total ordinary shares on issue (2012: 137,370,023 and 50.03% respectively) were held by SC Global Developments Pte Ltd and its associates in the Parent Entity at 30 June 2013. Certain Directors of SC Global Developments Pte Ltd are also Directors of AVJennings Limited. Details of Directors' interests in the shares of the Parent Entity are set out in the *Directors' Report*.

(d) Parent Entity amounts receivable from and payable to controlled entities

At 30 June 2013, the Parent Entity has not set up any provisions against debts owed by related parties as recoverability is considered probable (2012: $Nil). An impairment assessment is undertaken each financial year-end to determine whether there is objective evidence that a related party receivable is impaired. If evidence of impairment exists, the impairment loss is recognised immediately.

34. RELATED PARTY DISCLOSURES (continued)

(e) Transactions with related parties

	Note	2013 $	2012 $
Entity with significant influence over the Consolidated Entity:			
SC Global Developments Pte Ltd			
Consultancy fee paid/payable	(i)	600,000	600,000
Associate:			
Epping JV			
Management fee received/receivable		809,882	669,246
Joint Ventures:			
Meridan Plains			
Management fee received/receivable		-	67,915
Accounting services fee received/receivable		-	8,333
Eastwood			
Management fee received/receivable		2,219,741	1,516,363
Accounting services fee received/receivable		50,000	50,000
Arlington Rise			
Reversal of over accrued management fee receivable		-	(42,440)
Cheltenham JV			
Accounting services fee received/receivable		72,000	54,000
Woodville			
Accounting services fee received/receivable		72,600	54,000

(i) Consultancy fees paid to SC Global Developments Pte Ltd of $600,000 (2012: $600,000).

(f) Joint ventures in which related entities in the Consolidated Entity are venturers

Joint ventures in which the Consolidated Entity has an interest are set out in note 16 and note 19.

(g) Outstanding balances arising from provision of services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties.

	2013 $'000	2012 $'000
Current receivables		
Joint Ventures	2,497	3,299

34. RELATED PARTY DISCLOSURES (continued)

(h) Loans from related party

	2013 $'000	2012 $'000
Loan received		
Joint Venture	2,600	2,000

(i) Terms and conditions of transactions with related parties

Transactions with related parties are made at arm's length both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free, at call and settlement occurs in cash.

(j) Transactions with Key Management Personnel

Disclosures relating to Key Management Personnel are set out in note 7.

(k) Entitlement Offer

The Company conducted an entitlement offer in April 2013 of 2 shares for every 5 shares held at an offer price of 37.5 cents per share. Those Directors who held shares either directly or indirectly, took up their entitlement in full. Executive (non-director) KMP also acquired shares under the Entitlement Offer by participating in the offer and by sub-underwriting a proportion of the shortfall. The shares acquired under the entitlement offer by KMP are disclosed in note 7.

35. SHARE-BASED PAYMENT PLANS

(a) Recognised share-based payment expenses

Total expenses arising from share-based payment transactions and disclosed as part of employee benefit expenses are shown in the table below:

	2013 $'000	2012 $'000
Expense arising from equity-settled share-based payment transactions	390	364
Total expense arising from share-based payment transactions	**390**	**364**

The share-based payment plan is described in note 35(b). There have been no cancellations or modifications to the plan during 2013.

(b) Type of share-based payment plan

AVJ Deferred Employee Share Plan

The AVJ Deferred Employee Share Plan (the LTI Plan) administers employee share schemes under which shares may be purchased on-market by the LTI Plan Trustee on behalf of employees. These shares vest to employees for no cash consideration subject to certain conditions being satisfied. Employees may elect not to participate in the scheme. Shares held by the LTI Plan's trust and not yet allocated to employees at the end of the reporting period are shown as treasury shares in the Consolidated Financial Statements.

35. SHARE-BASED PAYMENT PLANS (continued)

(b) Type of share-based payment plan (continued)

Share-based compensation benefits are provided to Executives via the LTI Plan. These equity-settled transactions are measured at fair value at the grant date. The original cost of the shares is treated as a reduction in share capital and the underlying shares identified separately as treasury shares. The fair value of the shares at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in share-based payment reserve in equity.

Vesting subject to both service and performance conditions:

FY2011 Grant
A total of 1,375,452 shares were granted on 28 September 2010 to certain executives. As detailed in the table on page 15 and page 52, these include 1,136,816 shares for KMP. The remaining shares were granted to executives who were not KMP. A total of 96,124 shares from this grant have been forfeited.

FY2012 Grant
An additional 1,695,735 shares were granted on 5 September 2011 to certain executives. As detailed in the table on page 15 and page 52, these include 1,454,555 shares for KMP. The remaining shares were granted to executives who were not KMP. A total of 124,383 shares from this grant have been forfeited.

FY2013 Grant
An additional 513,168 shares were granted on 12 September 2012 to certain executives. As detailed in the table on page 15, these include 280,712 shares for KMP. The remaining shares were granted to executives who were not KMP.

These shares are subject to both service and performance conditions and will vest to the extent that each of these conditions is satisfied.

The service vesting condition is that the employee must still be employed by AVJennings at 30 September 2013 (for the FY2011 grant) and 30 September 2014 (for the FY2012 grant) and 30 September 2015 (for the FY2013 grant). In the event of death or permanent disablement the shares may vest subject to Board discretion. In the event that the employee is retrenched, the shares may vest subject to Board discretion. If the employee resigns (in certain circumstances) or is terminated, the vested shares will be forfeited.

The performance vesting conditions are:

- Total Shareholder Return (TSR) performance measured against the ASX Small Industrials Index; and
- Earnings Per Share (EPS) growth. AVJennings' EPS growth for the performance period must meet or exceed the target set. The EPS hurdle for total vesting for each grant is as follows:

  FY2011 grant - 10% p.a. growth for the three financial years to 30 September 2013
  FY2012 grant - 10% p.a. growth for the three financial years to 30 September 2014
  FY2013 grant - 10% p.a. growth for the three financial years to 30 September 2015

Half of the allocation is assessed against each performance condition. The vesting schedule for the TSR performance condition is set out in the table below. The holder of the shares is entitled to receive all dividends paid between grant and vesting date.

35. SHARE-BASED PAYMENT PLANS (continued)

AVJennings' TSR rank against companies in the Index	Percentage vesting
< median	Nil
At the median	50%
> median but < 75th percentile	Pro-rata between 50th and 75th percentiles
>=75th percentile	100%

The fair value of the EPS element of the shares is the market value at grant date. The Monte Carlo Model is used to fair value the TSR element. The Model simulates AVJennings' TSR and compares it against the ASX Small Industrials Index. The Model takes into account historic dividends, share price volatilities and the risk-free yield on an Australian Government Bond at the grant date matching the remaining effective life of 3 years.

AVJennings

Directors' Declaration

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

1) In the opinion of the Directors:

   i) the Consolidated Financial Statements and Notes are in accordance with the *Corporations Act 2001*, including;

      a) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2013 and of their performance for the year ended on that date; and

      b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*;

   ii) the Consolidated Financial Statements and Notes also comply with International Financial Reporting Standards as disclosed in note 2(a); and

   iii) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2013.

3) In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Consolidated Entity identified in note 18 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

Simon Cheong
Director

Peter Summers
Director

27 September 2013

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

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

Independent auditor's report to the shareholders of AVJennings Limited

Report on the financial report

We have audited the accompanying financial report of AVJennings Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit 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.

Building a better working world

Opinion

In our opinion:

a. the financial report of AVJennings Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in pages 10 to 18 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of AVJennings Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
Sydney
27 September 2013

Corporate Governance Statement
For the year ended 30 June 2013

This Corporate Governance Statement indicates the Company's conformance with the Australian Securities Exchange's ("ASX") Corporate Governance Council's, "Corporate Governance Principles and Recommendations" (2^{nd} Edition), as required by the ASX Listing Rules.

The AVJennings Corporate Governance Statement is structured with reference to the ASX recommendations. Areas of non compliance will be disclosed under the relevant principle. All corporate practices within this report were in place for the entire year unless otherwise indicated. This Statement refers to documents that support the Company's Corporate Governance framework and it is posted in the Corporate Governance section on the Company's website: **www.avjennings.com.au**.

Principle 1:
Lay solid foundations for management and oversight by the Board

Recommendation 1.1 of the ASX Corporate Governance Principles requires the Company to establish and disclose the functions reserved for the Board and those delegated to management. The roles and responsibilities of the Company's Board, Board Committees and senior management have been established through Board approved Charters, which have been operational throughout the period and are disclosed on the Company's website at **www.avjennings.com.au**.

All persons who are invited and agree to act as a Director of the Company do so by a formal letter of consent.

To assist it in carrying out its responsibilities, the Board has established several standing Board Committees of its members. Director appointments to Board Committees are by formal resolutions of the Board. The Chairman of each Committee reports on any matters of substance at the next full Board Meeting. Membership of Board Committees and attendance at Board and Committee meetings is tabulated in the *Director's Report* section of the Company's Annual Report.

The Board Committees are:

- Audit Committee
- Nominations Committee
- Remuneration Committee
- Investments Committee
- Risk Management Committee (incorporating the Occupational Health, Safety and Environment sub-committee)

The roles and responsibilities of the Chief Executive Officer and senior management are established through key performance objectives. They are assessed against those objectives on an annual basis, or more frequently if that is indicated.

The Remuneration Committee monitors the performance of the Chief Executive Officer. It also monitors the performance of the Chief Financial Officer and the Company Secretary in consultation with the Chief Executive Officer. The Chief Executive Officer assesses the performance of senior management and these assessments are reviewed by the Remuneration Committee. The process for evaluating the performance of senior executives is set out in the Remuneration Report section of this Financial Report.

The Board has also approved financial delegations and personnel delegations which cover specific areas of delegated responsibility to the Managing Director and senior management.

During the period, the Board has considered broad Corporate Governance matters, including the continuing relevance of existing committees and its own performance and reaffirmed its belief that the Committee structures provided sound oversight of Management, by the Board.

Principle 2:
Structure the Board to add value

Directors
The Company's Constitution and Section 201A of the *Corporations Act 2001* stipulate that a public company must have at least three Directors.

The Board has adopted guidelines concerning its composition. For the time being, the Board has determined that there shall be at least five Directors, increasing where additional expertise is required. The current Directors of the Company are listed in the *Directors' Report* of this Financial Report with a brief description of their qualifications, experience, special responsibilities and status as Executive, Non-Executive or Independent Director.

The Board includes both Executive and Non-Executive Directors with a majority of Non-Executive Directors. The Non-Executive Directors include both independent and non-independent Directors. There is a strong element of independence on the Board, with four of the six Non-Executive Directors being independent, determined in accordance with the ASX guidelines on independence. The other two Non-Executive Directors, who represent SC Global Developments Pte Ltd, a substantial shareholder, have no involvement in the operational management of the Company. The Managing Director is an Executive Director.

The Chairman of the Board is selected by the full Board. The current Chairman of the Board, Mr Simon Cheong, is also Chairman of the Board of a substantial shareholder, SC Global Developments Pte Ltd. Although there is no lead Independent Director as recommended by the ASX Principles, the Deputy Chairman, Mr Jerome Rowley, is an Independent Director. The roles of the Chairperson and Chief Executive Officer are exercised by different individuals.

The Board meets at least six scheduled times a year either in person or by teleconference and occasionally on an ad-hoc basis if required. Meeting venues are planned to enable Directors to familiarise themselves with major development projects. A formal agenda is in place for each meeting.

New Directors are inducted individually on the Company's financial, strategic, operational and risk management positions, the culture and values of the Company and meeting arrangements. Directors have access to Company records and information through the Company Secretary and other relevant senior officers. They receive regular detailed reports on financial and operational aspects of the Company's business and may request elaboration or explanation of those reports at any time.

Each Director has the right to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required but this may not be unreasonably withheld. Any advice obtained is made available to the Chairman.

Nominations Committee
The Board has a Nominations Committee, comprising two Independent Directors, Mr R J Rowley, and Mr B G Hayman and two Non-Executive Directors, Mr S Cheong and Mrs E Sam, who is also Chairperson of the Committee. The Board is of the view that the Committee, which consists

entirely of Non-Executive Directors, albeit without an independent majority or Chairperson, is structured appropriately to perform its functions.

The Nominations Committee Charter sets out its role, responsibilities, composition, structure, membership requirements and guidelines and is posted on the Corporate Governance section of the Company's website. The purpose of the Committee is to review and make recommendations to the Board on Board composition, to establish the criteria for Board and Board Committee membership and to evaluate Board performance and the performance of Directors.

The Nominations Committee assists the Board in identifying, evaluating and recommending candidates to the Board, having regard to the relevant skills, experience, personal attributes, diversity, availability and time commitments required of new Directors. The Committee may make use of external consultants if that is deemed appropriate.

The Committee meets at least annually.

A Board skills matrix has been developed and is used to assess the skills and experience available on the Board and to identify gaps in skills, if any. Development of strategy and policy, financial literacy, industry experience, banking and finance, risk management, compliance oversight, sales and commercial experience are some of the desirable skills identified and these are collectively available on the Board.

In November 2012, through the Nominations Committee, the Directors reviewed the performance of the whole Board and Board Committees. The review considered each director's expertise, skill and experience, along with their understanding of the company's business, preparation for meetings, relationships with other directors and management, awareness of ethical and governance issues, and overall contribution. The outcomes of the review were discussed and considered by all the Directors and the general conclusion was that the Board and each of the Board Committees were operating well. The Company had experienced a challenging year in difficult market conditions and the Board had provided good oversight of management's actions and provided strategic direction to those activities. It was also considered that the respective committees had done likewise within their spheres of responsibility.

Details of Directors' experience and qualifications and attendance at Board and Committee Meetings are set out on pages 7 to 9 and page 19 of the Directors' Report in this Financial Report.

Company Secretary
The Board appoints the Company Secretary and all Directors have access to the Company Secretary. Details of the Company Secretary's experience and qualifications are set out in this Financial Report.

The role of the Company Secretary is to support the effectiveness of the Board by monitoring and advising the Board on its Corporate Governance responsibilities by means of its charters, procedures and updates on legislation and regulation. The Company Secretary is also responsible for lodgements with relevant regulators, management of dividend payments and/or Dividend Reinvestment Plan allotments and management of the relationship between shareholders and the share registry.

Principle 3:
Promote ethical and responsible decision making

Code of Conduct
The Company has a Code of Conduct which sets out the behaviour required of all Board members, senior management, employees and contractors throughout the period. The content of the Code is

integrated into management practices and forms part of the terms of employment of all Company employees. The Code, which is disclosed on the Company's website, provides a mechanism to employees to report breaches of the Code without fear of retribution. Senior management deals with breaches of the Code and monitors compliance. The Company Secretary and the Chief Executive Officer report to the Board and the Audit Committee on various aspects of Code Compliance.

Dealing in AVJennings' shares
The Company's Securities Trading Policy places restrictions on the ability of Directors, officers and employees to trade in the Company's shares during specified restricted "black out" periods. The restrictions are designed to minimise the risk of actual or perceived insider trading.

Diversity

In accordance with the ASX recommendations, the Board has established a Diversity Policy and has set measurable objectives to achieve its goals on diversity. The Company's progress towards achieving these objectives, together with details of the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board, are shown on page 100 and 101 of this Financial Report.

The Diversity Policy is available for viewing on the Company's website at **www.avjennings.com.au**.

Principle 4:
Safeguard integrity in financial reporting

Audit Committee
The Company has an Audit Committee comprising of three Independent Directors, Mr B Chin (who is a Chartered Accountant and is also the Chairman of the Committee), Mr R J Rowley, Mr Teck Poh Lai and one Non-Executive Director, Mrs E Sam. The Chairman of the Committee is a different individual to the Chairman of the Board. The Audit Committee Charter sets out its role, responsibilities, composition, structure and membership requirements and is posted on the Corporate Governance section of Company's website.

All other members of the Board are invited to attend Audit Committee meetings as observers and in a non voting capacity. Usually, all Board members attend all Audit Committee meetings either as members or observers. The Audit Committee papers, including the minutes of the previous Committee Meetings, are sent to all Board members.

The Chief Executive Officer, Chief Financial Officer, Company Secretary, Internal Auditor and the External Auditor attend Audit Committee meetings at the discretion of the Committee. The Committee also meets privately with the External Auditor at least once a year and usually twice per year, without management being present. In addition, the Internal Auditor reports directly to the Audit Committee and the Committee meets privately with the Internal Auditor at least once per year.

The Minutes of each Committee meeting are circulated after the meeting and the signed minutes tabled at the subsequent meeting of the Committee. The Chairman of the Committee is available to report on or answer questions about the Committee's conclusions and recommendations to the Board. The Committee meets at least three times during the year.

Audit Governance
The Company has a policy on the provision of auditing and related services. The Committee is satisfied with the independence of the External Auditor.

During the reporting period, the Company had its 2012 Annual Report and Audit Committee Charter posted on its website. The Annual Report has details of the Audit Committee's membership and the number of meetings held and attended.

Financial Reporting
The Board receives regular reports about the financial condition and operational results of the Company throughout the year. In relation to the half year and annual Financial Statements, Senior Management is required to sign off on the systems and processes within their area of responsibility. This procedure supports the Managing Director and Chief Financial Officer in their certification to the Board in effect stating that the Company's accounts present a true and fair view, in all material aspects, of the Company's financial condition and operational results and accord with the relevant accounting standards.

Principle 5:
Make timely and balanced disclosure

A continuous disclosure regime operates throughout the Group. The Company has in place a formal disclosure policy, contained within the Shareholder Communication Policy, to ensure matters that a person could reasonably expect to have a material effect on the share price are announced to the ASX and Singapore Exchange (SGX) in a timely manner. This policy has been formally communicated to all relevant staff. The Company Secretary is the nominated Continuous Disclosure Officer. The Board is advised of any notifiable events. The Board approves, or is advised of, all releases that are made to the ASX and the SGX. All announcements made by the Company are posted on the Company's website in the "Shareholder" section.

The policy addresses:

- Compliance with continuous disclosure obligations;
- Maintenance of confidentiality where appropriate;
- Timely and factual release of information where appropriate;
- Clarity and balance in reporting;
- Equal and timely access to information.

Principle 6:
Respect the rights of Shareholders

The Company endeavours to keep its Shareholders fully informed of matters likely to be of interest to them. The Shareholder Communication Policy outlines the process through which the Company will endeavour to ensure timely and accurate information is provided equally to all shareholders. Information is communicated to shareholders through:

- Reports to the ASX, SGX and the press;
- Half and full year profit announcements;
- Annual Reports;
- Investor briefings and information provided to analysts, (which are released to the ASX and SGX prior to being provided to the analysts);
- Continuous disclosure to the ASX pursuant to the ASX Listing Rules and notification of the same information to the SGX; and
- Posting all the above and any other notifications made by the Company to Shareholders, on its website.

The Company's website – **www.avjennings.com.au** has a section titled "Shareholders" with sub sections on:

- The Company's previous Annual Financial Reports and Half Yearly Reports;
- The Company's share price on the ASX- provided by a link to the ASX web site;
- Announcements made to the ASX and SGX;
- Copies of investor presentations;
- Corporate Governance Charters and Policies including a Shareholder Communication Policy;
- Terms and conditions of the Company's Dividend Reinvestment Plan; and
- Media releases.

All shareholders are encouraged to attend AVJennings' AGM in person or participate by sending a proxy as their representative. At the Annual General Meeting, the Chairman encourages questions and comments from Shareholders and seeks to ensure the Meeting is managed to give the maximum number of Shareholders an opportunity to participate. In the interests of clarity, questions on operational matters may be answered by the Chief Executive Officer or another appropriate member of senior management.

The External Auditor attends the Company's Annual General Meeting and is available to respond to questions about the conduct of the audit and the preparation and content of the Independent Audit Report.

Principle 7:
Recognise and manage risk

The Board has ultimate responsibility for risk management, compliance and control functions across the Group. These functions are aligned with the Company's strategy and business objectives.

The Company has in place internal controls intended to identify and manage significant business risks. These include the review of development proposals and the management of their ongoing performance. Management prepares the Risk Management Plan and the Board is responsible for reviewing and approving it.

The Board has established a Risk Management Committee, which incorporates a sub-committee responsible for occupational health, safety and environmental matters. The Committee comprises two Independent Directors Mr R J Rowley (Chairman) and Mr B G Hayman and generally meets quarterly. The Committee is supported by the Chief Executive Officer, Chief Financial Officer and the Company Secretary. The Risk Management Committee is responsible for identifying and considering new risks and for monitoring management's implementation of the Risk Management Plan, taking the Internal Auditor's review into account.

The Company's assets are insured under a comprehensive insurance program which is reviewed annually.

The Company also has an Investments Committee comprising one Non-Executive Director, Mr S Cheong, two Independent Directors, Mr B G Hayman and Mr R J Rowley and one Non-Director member, Mr David Tsang. The Committee considers all major land development acquisition and disposal proposals that are over monetary limits delegated to management. It also conducts a pre-commencement review and ongoing project reviews during the life of all development projects.

The Chief Executive Officer and the Chief Financial Officer are required to provide the Board with a written statement in accordance with section 295A of the *Corporations Act* and ASX Corporate Governance Principle 7 to the effect that:

- The integrity of financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and

- The Company's risk management and internal compliance and control system, in so far as it relates to financial risk, is operating efficiently and effectively in all material respects.

Principle 8:
Remunerate fairly and responsibly

The Board has established a Remuneration Committee to review and determine, among other things, remuneration policies and packages applicable to any Executive Directors, the Company Secretary and direct reports to the CEO. It also reviews remuneration to senior managers of the Company and the remuneration policies of the Company. The Committee meets at least annually and usually twice per year and its Charter is available on the Company's website under the Corporate Governance Section.

The Committee consists of two Non-Executive Directors, Mrs E Sam (Chairperson) and Mr S Cheong, and two Independent Directors, Mr B G Hayman and Mr Teck Poh Lai. The Board is of the view that the Committee, which consists entirely of Non Executive Directors, albeit without an independent majority or Chairperson, is structured appropriately to perform its functions in reviewing the remuneration of Company executives and staff.

The Committee reviews and reports to the Board on:

- Conditions of service and remuneration of the Chief Executive Officer and his direct reports;
- Performance of the Chief Executive Officer;
- Remuneration of the Chief Financial Officer and the Company Secretary;
- Remuneration policies for the Company, which include the performance review of all employees, senior management and Board members;
- Proposals for reward initiatives;
- Succession plans for senior management; and
- Other related matters as directed by the Board.

The Chief Executive Officer attends meetings of the Remuneration Committee by invitation when required to report on, and discuss, senior management performance and remuneration matters. He is excluded from Committee deliberations relating to his position.

The Committee is empowered to seek external professional advice on any matter within its terms of reference.

Senior managers of the Company receive a balance of fixed and variable (at risk) remuneration. The proportions vary at different levels within the Company, reflecting the capacity of the senior managers to influence the overall outcome of the Company's operations and returns to Shareholders. The bonuses (if any) to executives are based on a review of individual executive performance as well as the Company's overall financial performance.

Director's fees paid to Non-Executive Directors and Independent Non-Executive Directors are determined by the Board, and are within the aggregate limits approved by Shareholders. The Independent Non-Executive Directors currently receive fees paid by the Company. The Committee has available to it data on fees paid to independent directors by a wide range of Companies. The remaining two Non-Executive Directors do not receive fees, however the Company pays a consulting fee to the substantial Shareholder, SC Global Developments Pte Ltd.

AVJennings' Remuneration Report is set out on pages 10 to 18 of the Directors' report in this Financial Report.

Diversity Report for the Year Ended 30 June 2013

This Diversity Annual Report of AVJennings Limited ("AVJennings") is issued in compliance with ASX Corporate Governance Council Principles and Recommendations.

Approach to Diversity

AVJennings aims to embed equity and diversity principles in its work practices and organisational environment. To ensure that these practices remain appropriate and foster an inclusive environment, AVJennings annually reviews its workforce diversity profile, its policies and any relevant external developments.

To enhance efficiency and productivity, employment decisions such as selection, promotion and training are made based on merit rather than personal attributes (gender, race, marital status, age and other characteristics (which can vary based on the jurisdiction)). AVJennings also actively takes steps to eliminate discriminatory behaviour and harassment in the work place.

Responsibility for Diversity

Employees at all levels of employment are responsible for the creation and implementation of a diverse, inclusive and tolerant workplace, and for elimination of discriminatory practices.

The Board is responsible for monitoring the development and implementation of diversity initiatives, policies and practices. The Board reports annually on these matters.

Diversity Targets

This report reflects AVJennings' focus during the reporting period on the reporting on gender diversity as required under the ASX Corporate Governance Council Principles and Recommendations.

Measurable Objective		**Progress**	**Response**
1.	At least one female Board Director	↑	One (1) female Board Director of seven (7) as at the reporting date.
2.	At least one female Executive Committee Member	↑	Three (3) female Executive Committee Members of ten (10), including the CEO, as at the reporting date.
3.	Non-Discriminatory Recruitment	↑	The Company's Recruitment, Selection and Appointment to Role policies reflect our position on diversity. All recruitment, internal and external, identifies that AVJennings is an Equal Opportunity Employer.
4.	Non-Discriminatory Selection	↑	Selection is based on merit and the recruitment process requires that the Selection Advisory Committee (Interview Panel) comprise both genders. External recruitment suppliers, where applicable, are requested to provide a balanced short list. During the reporting period, 32% of all new hires were female.

Measurable Objective		Progress	Response
5.	Data Collection	on track to meet target	Diversity information is sought from employees when they commence employment. It is provided on a voluntary basis and includes information on disability, ethnic origin and proficiency in languages other than English. The diversity statistics are based primarily on this data. During the reporting period, all employees had the opportunity to review and update their profile. Data collection is an ongoing process. Data that is collected is reviewed and action taken as appropriate. During the reporting period, with a focus on gender diversity, female participation was reviewed across the different job families in the business, pay equity and female attrition rates. Further analysis, subject to data available, will provide a platform for ongoing improvement in our broader equity and diversity policies.
6.	EOWA Reporting	met or above target	2013 report submitted to EOWA was reviewed by the Board. During the reporting period there was an improved ratio of women in Management and Professional/ Technical level roles. Women accounted for around 42% of employees in March 2013.
7.	No Cultural Impediments	met or above target	No impediments identified during reporting period.

KEY: met or above target on track to meet target below target

As at 30 June 2013, women accounted for 43% of total current permanent employees and the proportion of women at various levels of the Company was:

Level and Role

Non-executive Director	17%
Executive Team	30%
Company	43%