AVJennings Limited
ABN: 44 004 327 771

30 June 2017 Preliminary Final Report
Appendix 4E

This Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, it is recommended that this Report be read in conjunction with the Annual Report for the year ended 30 June 2016 and any public announcements made by AVJennings Limited during the year ended 30 June 2017 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

Contents

Results for Announcement to the Market

Appendix 4E for the year ended 30 June 2017

	2017 $'000	2016 $'000	Decrease $'000	Decrease %
Revenues	401,632	421,884	(20,252)	(4.8)%
Profit after tax	35,717	40,912	(5,195)	(12.7)%
Net profit attributable to owners of the Company	35,717	40,912	(5,195)	(12.7)%

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

Record date for determining entitlements to dividend:	4 September 2017
Payment date:	19 September 2017

The Company's Dividend Re-Investment Plan remains suspended.

Explanation of results

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

Directors' Report

For the year ended 30 June 2017

Your Directors present their Report on the Company and its controlled entities for the year ended 30 June 2017.

DIRECTORS

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

S Cheong	Non-Executive Chairman
RJ Rowley	Non-Executive Deputy Chairman
PK Summers	Managing Director and Chief Executive Officer
E Sam	Non-Executive Director
B Chin	Non-Executive Director
BG Hayman	Non-Executive Director
TP Lai	Non-Executive Director
D Tsang	Non-Executive Director (resigned 9 June 2017)
BL Tan	Non-Executive Director (appointed 9 June 2017)

OPERATING AND FINANCIAL REVIEW

Summary

In recent years, the Company has seen its operations expand in many key areas. Most directly, an increase in work in progress levels saw profits rise substantially. In FY15 profit was up 78.3% and in FY16 it was up 22.0%.

During the 2017 financial year, the Company continued to increase activity levels, partly in response to continuing sound market conditions but also in reflection of changing dynamics within the business.

Essentially, the business entered a phase where there were two significant influences on its operations: firstly, the increased momentum generated in prior years that underpinned profit growth from existing or older projects reached maturity, and secondly the focus shifted to the next stage of the Company's development, which involved the commencement of a number of new projects, many of significant scale.

While similar levels of activity were generated in FY17 by those older projects their contribution will progressively diminish, although this will be more than offset as new projects gradually reach the profit recognition stage. The nature of residential land development is that new projects take time to ramp up. Additionally, some of these projects necessarily have a greater built form component that will ultimately generate greater profitability due to the higher value-capture from the work completed, albeit it takes longer to achieve.

Pleasingly, the business made substantial progress in this second phase of its evolution while at the same time generating good results for FY17. Underlying contract signings were approximately the same as last year. As explained further below, bad weather on the eastern seaboard during the months of March and April did create some additional delays in getting contracts to profit recognition stage. This affected around 98 contracts which, had they settled in FY17, would have meant the result for FY17 would have been similar to that for the previous year.

OPERATING AND FINANCIAL REVIEW (continued)

This, coupled with the value creation that occurred during the year that has not yet flowed through to profit have enabled the Directors to decide to declare a final dividend in respect of FY17 at the same level as the prior year.

At a wider level, the Company continues to search for improvement in all aspects of its business, investing in product, people and brand and reviewing management structures and costs. We also continue to monitor emerging issues, trends and opportunities, both short and long term.

Financial Results

The Company recorded profit before tax of $51.0 million for the year ended 30 June 2017, down 13.2% on the previous year (30 June 2016: $58.8 million) and profit after tax of $35.7 million (30 June 2016: $40.9 million).

Good contract signings in the second half of FY2017, substantial post balance date cash inflows from the collection of receivables and confidence in the outlook for FY2018 enabled the Directors to declare that a fully franked final dividend of 3.5 cents per share be paid in September 2017, taking total dividends declared for FY2017 to 5.0 cents per share fully franked. Profit before tax was 2.7% below consensus earnings guidance of $52.4 million.

Contract signings of 1,843 lots were on par with last year (1,832 lots), while settlements were moderately lower at 1,509 lots (30 June 2016: 1,596 lots). Full year revenue decreased 4.8% to $401.6 million (30 June 2016: $421.9 million) due largely to production and lot titling delays in part occasioned by protracted adverse weather events that affected the eastern seaboard of Australia in the second half. Approximately 98 lot equivalent settlements were delayed across the June balance date into 1H-FY18.

Business Overview

Maturing levels of production and sales together with good gross margins in New South Wales, Queensland and New Zealand contributed to a good result for the year. Active project and product mix changes continued to allow the Company to capitalise on the differing strengths of each location, although revenue recognition in New South Wales and Queensland was held back by adverse weather-driven production and titling delays. The impact of this is most evident in a year-on-year comparison of settlement lots statistics, which should be contrasted with the leading indicator contract signing statistic in each period. The overall result was also constrained by the South Australian business, which performed below expectations due to slow sales and margin erosion at the St Clair project. Corrective action including further streamlining of overheads was taken and management believes that the South Australian business's performance has bottomed, subject of course to the Adelaide market not declining materially from its current subdued level.

Particularly good contributions were made by the 'Arcadian Hills', 'Evergreen' and 'Argyle' (land only and built form) projects in Sydney and 'Magnolia' (land only) on the Central Coast of New South Wales. 'Parkside' (land only) in Brisbane and 'Big Sky' (land only and built form) in Coomera performed well for Queensland. The 'Rosny' apartments at 'Waterline Place' Williamstown demonstrated the ongoing strength of the boutique, middle ring, medium density market in Melbourne Victoria, while the Hobsonville Auckland project continued its excellent performance in line with expectations.

Directors' Report
For the year ended 30 June 2017

OPERATING AND FINANCIAL REVIEW (continued)

Work in progress was up 28.6% year-on-year to 2,161 lots (30 June 2016: 1,681 lots). The level of completed unsold stock remained insignificant at only 6.1% by value of total lots under control (30 June 2016: 2.8%).

Controlled land inventory fell moderately to 9,654 lots (30 June 2016: 10,048 lots) with strong sales outstripping acquisitions consummated during the year, which included the purchase of a 50% share in the 'Riverton', Jimboomba Queensland joint venture (approximately - 1,200 lots). Post-balance date the Company announced the acquisition of development sites in Kogarah, Sydney and Rochedale, Brisbane that are anticipated to yield 67 apartments and 81 land only lots and townhouses, respectively. These acquisitions further diversify the Company's portfolio, with additional purchases expected to be announced in the second half of calendar 2017.

Gearing remained low with net debt/total assets of only 23.0% (30 June 2016: 17.9%), given the component of debt committed to work in progress, which will turn to cash quickly once stock is completed. The Company extended the termination date of its core $250 million 'Club' banking facility by a further 12 months from 30 September 2018 to 30 September 2019.

<u>Outlook</u>

Over the past four years the Company has generated solid growth in revenue and profitability and improved the quality of its inventory, management and production processes, enabling it to create substantial shareholder value through payment of fully franked dividends, share price and NTA growth. Fiscal 2017-18 is something of a transition period as management focuses on closing out and optimising the performance of a number of older projects, while simultaneously working to ramp up exciting new, higher margin projects that will help underpin the Company's performance for years to come.

This activity occurs against the backdrop of strong demand drivers for residential property in the Company's key markets. Low interest rate and inflationary expectations combined with positive population growth and continuing shortages of detached and semi-detached houses and low rise apartments in Sydney, Melbourne and Auckland will continue to stoke demand from the owner-occupiers and local investors targeted by the Company.

While price growth is still occurring at some estates in these markets, it is likely to continue to be offset to a degree by competition, trade cost increases and active product mix decisions, although the moderate reduction in the Company's margins year-on-year was more heavily influenced by the adverse impact of the South Australian business in fiscal 2017.

Sydney and the Central Coast of New South Wales continue to experience strong demand driven by positive migration and inadequate dwelling supply, which is largely a function of lagging State and local government land release policy and planning decisions, together with building delivery constraints. Having said that, the Company believes that sale rates are showing signs of reducing to more sustainable levels as affordability declines further and bank credit appetite tightens.

Auckland is a strong market and the high quality, master-planned Hobsonville project continues to experience significant demand with good sales and margins being generated. The Company is actively exploring other suitable opportunities in Auckland.

Directors' Report
For the year ended 30 June 2017

OPERATING AND FINANCIAL REVIEW (continued)

Activity continues at a steady pace in Brisbane, Caloundra and Coomera in Queensland and the Company looks forward to commencing construction at its newest project 'Riverton', Jimboomba, late in calendar 2017.

The residential markets in Adelaide, South Australia and Perth, Western Australia continue to experience challenges.

The outer Melbourne residential land market remains unequivocally buoyant with the Company all but selling out the first five stages at its new 'Lyndarum North' estate. Sales in each of these stages were largely initiated through online purchaser enquiry within hours of release of the stage. Development of the first stage of Lyndarum North remains on schedule to commence prior to Christmas and some settlements are expected during 1H-2018. 'Waterline Place' Williamstown contributed strongly to the Victorian result with the bulk of apartments in the 'Rosny' building settling in the last week of June as expected. Remaining Rosny contracts together with those for the 'Ellery' townhouses are expected to settle in the second half of calendar 2017. Work on the next phase of Waterline, which showcases the 'Gem' apartment building is well underway and it should contribute positively to results in FY2019.

The Company is confident that demand for its products is sustainable given its focus on delivering traditional housing solutions at affordable prices in well-planned communities rather than participating in more volatile market segments. The Company will continue to capitalise on the opportunities presented by its diversified land portfolio by actively managing product mix to best advantage. As one of the few larger-scale integrated developer-builder groups operating in Australia, AVJennings is extremely well-placed to quickly respond to changes in local market conditions by varying the rate and type of product that it chooses to deliver.

The Board and management of AVJennings look forward with confidence. The Company expects to commence nine new projects in key locations in Sydney and the central coast of New South Wales, in Brisbane and Melbourne this calendar year, which are anticipated to contribute to progressively stronger results over the 2018-21 period. The usual bias of results towards the second half of the financial year will remain and contract signings in FY2018 are expected to range from 1,900 to 2,100 lots.

Directors' Report
For the year ended 30 June 2017

DIVIDENDS

A final dividend of 3.5 cents per share for the year ended 30 June 2016 was paid on 23 September 2016 and a fully franked interim dividend of 1.5 cents per share was paid on 7 April 2017 (2016: 1.5 cents). Subsequent to the end of the financial year, the Directors have recommended a fully franked final dividend of 3.5 cents per share to be paid on 19 September 2017. The Dividend Reinvestment Plan remains suspended.

COMPARATIVE FIGURES

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

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

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

ROUNDING

ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 is applicable to the Group and in accordance with that Instrument, amounts in the Financial Report and the Directors' Report are rounded to the nearest thousand dollars, unless otherwise stated.

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

Peter Summers
Director
18 August 2017

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2017

	Note	2017 $'000	2016 $'000
Revenues	3	401,632	421,884
Cost of sales		(305,053)	(315,731)
Gross profit		**96,579**	**106,153**
Share of losses of associates and joint venture entities accounted for using the equity method	10	(28)	(583)
Change in inventory loss provisions	3	5,057	3,665
Selling and marketing expenses		(10,297)	(11,002)
Employee expenses		(24,600)	(24,797)
Other operational expenses		(7,069)	(5,479)
Management and administration expenses		(8,120)	(8,373)
Depreciation expense		(298)	(275)
Finance costs	3	(195)	(526)
Profit before income tax		**51,029**	**58,783**
Income tax	4	(15,312)	(17,871)
Profit after income tax		**35,717**	**40,912**
Other comprehensive income (OCI)			
Foreign currency translation		(109)	2,042
Other comprehensive (loss)/income for the year		**(109)**	**2,042**
Total comprehensive income for the year		**35,608**	**42,954**
Profit for the year attributable to owners of the Company		**35,717**	**40,912**
Total comprehensive income for the year attributable to owners of the Company		**35,608**	**42,954**
Earnings per share (cents per share):			
Basic earnings per share		9.31	10.71
Diluted earnings per share		9.31	10.71

Consolidated Statement of Financial Position

As at 30 June 2017

	Note	2017 $'000	2016 $'000
Current assets			
Cash and cash equivalents		15,562	43,086
Trade and other receivables		121,872	106,060
Inventories		211,073	209,939
Other assets		3,073	2,140
Total current assets		**351,580**	**361,225**
Non-current assets			
Trade and other receivables		38,131	21,694
Inventories		308,133	343,098
Equity accounted investments		8,449	8,684
Available-for-sale financial assets		2,880	2,880
Plant and equipment		792	985
Intangible assets		2,816	2,816
Total non-current assets		**361,201**	**380,157**
Total assets		**712,781**	**741,382**
Current liabilities			
Trade and other payables		75,553	117,633
Interest-bearing loans and borrowings		2,607	10,057
Tax payable		5,257	10,494
Provisions		5,607	6,261
Total current liabilities		**89,024**	**144,445**
Non-current liabilities			
Trade and other payables		37,449	43,333
Interest-bearing loans and borrowings		177,016	165,466
Deferred tax liabilities		27,422	23,437
Provisions		867	794
Total non-current liabilities		**242,754**	**233,030**
Total liabilities		**331,778**	**377,475**
Net assets		**381,003**	**363,907**
Equity			
Contributed equity	6	160,436	160,436
Reserves		6,622	6,022
Retained earnings		213,945	197,449
Total equity		**381,003**	**363,907**

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

		Attributable to equity holders of AVJennings Limited				Total Equity
			Foreign Currency Translation	Share-based Payment		
		Contributed Equity	Reserve	Reserve	Retained Earnings	
	Note	$'000	$'000	$'000	$'000	$'000
At 1 July 2015		**160,436**	**1,791**	**1,283**	**173,836**	**337,346**
Comprehensive income:						
Profit for the year		-	-	-	40,912	40,912
Other comprehensive income for the year		-	2,042	-	-	2,042
Total comprehensive income for the year		**-**	**2,042**	**-**	**40,912**	**42,954**
Transactions with owners in their capacity as owners:						
- Share-based payment expense reversed (forfeited shares)		-	-	(19)	-	(19)
- Share based payment expense		-	-	925	-	925
- Dividends paid	5	-	-	-	(17,299)	(17,299)
Total transactions with owners in their capacity as owners		**-**	**-**	**906**	**(17,299)**	**(16,393)**
At 30 June 2016		**160,436**	**3,833**	**2,189**	**197,449**	**363,907**
At 1 July 2016		**160,436**	**3,833**	**2,189**	**197,449**	**363,907**
Comprehensive income:						
Profit for the year		-	-	-	35,717	35,717
Other comprehensive loss for the year		-	(109)	-	-	(109)
Total comprehensive income for the year		**-**	**(109)**	**-**	**35,717**	**35,608**
Transactions with owners in their capacity as owners:						
- Share-based payment expense reversed (forfeited shares)		-	-	(110)	-	(110)
- Share based payment expense		-	-	819	-	819
- Dividends paid	5	-	-	-	(19,221)	(19,221)
Total transactions with owners in their capacity as owners		**-**	**-**	**709**	**(19,221)**	**(18,512)**
At 30 June 2017		**160,436**	**3,724**	**2,898**	**213,945**	**381,003**

Consolidated Statement of Cash Flows
For the year ended 30 June 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Receipts from customers		408,600	417,922
Payments to suppliers and employees		(394,782)	(432,880)
Finance costs including interest paid		(10,544)	(12,566)
Income tax paid		(16,501)	(786)
Net cash used in operating activities		**(13,227)**	**(28,310)**
Cash flows from investing activities			
Proceeds from sale of plant and equipment		-	2
Payments for plant and equipment		(119)	(735)
Interest received		860	526
Dividends received from joint venture entity		208	1,400
Net cash from investing activities		**949**	**1,193**
Cash flows from financing activities			
Proceeds from borrowings		230,975	454,482
Repayment of borrowings		(226,875)	(405,683)
Dividends paid	5	(19,221)	(17,299)
Net cash (used in)/from financing activities		**(15,121)**	**31,500**
Net (decrease)/increase in cash and cash equivalents		**(27,399)**	**4,383**
Cash and cash equivalents at beginning of the year		43,086	37,812
Effects of exchange rate changes on cash and cash equivalents		(125)	891
Cash and cash equivalents at end of the year		**15,562**	**43,086**

Notes to the Consolidated Financial Statements
For the year ended 30 June 2017

1. CORPORATE INFORMATION

The Consolidated Report of AVJennings Limited for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 18 August 2017. The Company is a for profit company limited by shares domiciled and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange and the Singapore Exchange through SGX Globalquote.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and the requirements of the *Corporations Act 2001*.

It is recommended that this Report be read in conjunction with the Annual Report for the year ended 30 June 2016 and considered together with any public announcements made by AVJennings Limited during the year ended 30 June 2017 in accordance with the continuous disclosure obligations of the ASX listing rules.

This Report is presented in Australian Dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated. The accounting policies adopted are consistent with those of the previous financial year.

Certain new accounting standards have been published that are not mandatory for the year ended 30 June 2017 and have not been early adopted by the Group. The Group's assessment of the impact of these new standards is set out below:

AASB 9 Financial Instruments: (effective 1 January 2018 / applicable to the Group 1 July 2018 with early adoption permitted)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. The Group does not expect a material impact to the Group's accounting for financial instruments.

AASB 15 Revenue from Contracts with Customers: (effective 1 January 2018 / applicable to the Group 1 July 2018 with early adoption permitted)

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. The new standard is unlikely to have a material impact on land and built form revenue recognised on settlement, however, the Company continues to consider the implications for revenue currently recognised prior to settlement.

AASB 16 Leases: (effective 1 January 2019 / applicable to the Group 1 July 2019 with early adoption permitted if AASB 15 is also adopted)

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. This standard will predominantly affect lessees, bringing all major leases on balance sheet.

Whilst the total amount of expense recorded in the income statement is expected to remain unchanged over the full lease term, the timing of expense recognition could accelerate. The expense would be re-characterised as interest expense and amortisation expense instead of rent. Assets and liabilities will increase as "right to use assets" and "leasing liabilities" are recorded for operating leases.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2017

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

AVJennings has performed a high-level assessment of AASB 16 on its existing operating lease arrangements as a lessee. Based on the preliminary assessment and using a discount rate of approximately 6.01%, the Group would recognise right of use assets approximating 1% of total assets and lease liabilities approximating 2% of total liabilities if the Standard were to be implemented at 30 June 2017. Assuming there are no major structural changes to the business, AVJennings expects the percentage of right of use assets and lease liabilities to remain at similar levels.

The Group has not yet decided when to adopt AASB 16.

3. REVENUES AND EXPENSES

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

	2017 $'000	2016 $'000
Revenues		
Sales of land and built form	399,450	420,203
Interest received	860	526
Management fees received/receivable	1,084	785
Other	238	370
Total revenues	**401,632**	**421,884**
Cost of sales include:		
Amortisation of finance costs capitalised to inventories	**12,898**	**15,454**
Finance costs		
Bank loans and overdrafts	10,544	12,566
Less: Amount capitalised to inventories	(10,349)	(12,040)
Finance costs expensed	**195**	**526**
Impairment of assets		
Net decrease in inventory loss provisions	5,057	3,665
Total net impairment reversed	**5,057**	**3,665**

For the year ended 30 June 2017, the movement in the provision resulted from a realignment of future assumptions with current market conditions predominantly driven by projects in New South Wales and South Australia.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2017

4. INCOME TAX

	2017 $'000	2016 $'000
Income tax expense		
The major components of income tax are:		
Current income tax		
Current income tax charge	11,332	11,442
Adjustment for prior year	(7)	10
Deferred income tax		
Current temporary differences	3,977	6,425
Adjustment for prior year	10	(6)
Income tax reported on profit before income tax	**15,312**	**17,871**

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

Profit before income tax	**51,029**	**58,783**
Tax at Australian income tax rate of 30%	15,309	17,635
Non-deductible share of equity accounted Joint Venture losses	8	175
Other non-deductible items	144	148
Assessable foreign jurisdiction gains	2	345
Unused tax losses recognised and utilised	-	(193)
Effect of lower tax rate in foreign jurisdictions	(154)	(243)
Adjustment for prior year	3	4
Income tax expense	**15,312**	**17,871**
Effective tax rate	**30%**	**30%**

Notes to the Consolidated Financial Statements
For the year ended 30 June 2017

5. DIVIDENDS

	2017 $'000	2016 $'000
Cash dividends declared and paid		
2015 final dividend of 3.0 cents per share, paid 23 September 2015. Fully franked @ 30% tax	-	11,532
2016 interim dividend of 1.5 cents per share, paid 15 April 2016. Fully franked @ 30% tax	-	5,767
2016 final dividend of 3.5 cents per share, paid 23 September 2016. Fully franked @ 30% tax	13,454	-
2017 interim dividend of 1.5 cents per share, paid 7 April 2017. Fully franked @ 30% tax	5,767	-
Total cash dividends declared and paid	**19,221**	**17,299**
Dividends proposed		
2016 final dividend of 3.5 cents per share, paid 23 September 2016. Fully franked @ 30% tax	-	13,454
2017 final dividend of 3.5 cents per share, to be paid 19 September 2017. Fully franked @ 30% tax	13,454	-
Total dividends proposed	**13,454**	**13,454**

The Company's Dividend Reinvestment Plan remains suspended.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2017

6. CONTRIBUTED EQUITY

	2017 $'000	2016 $'000
Share capital	**160,436**	**160,436**

(a) Issued shares	Note	2017 *Number*	2016 *Number*
Ordinary shares		384,423,851	384,423,851
Treasury shares	6(b)	(842,089)	(2,338,154)
Total issued shares		**383,581,762**	**382,085,697**

(b) Movement in treasury shares

	2017	2016
As at the beginning of the year	(2,338,154)	(3,502,401)
Employee share scheme issue	1,496,065	1,164,247
As at the end of the year	**(842,089)**	**(2,338,154)**

Fully paid ordinary shares carry one vote per share and carry the right to dividends. There are currently no unexercised or outstanding options. No options were exercised during the year.

Treasury shares are shares in AVJennings Limited that are held by the AVJ Deferred Employee Share Plan Trust for the purpose of issuing shares to Executives.

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

7. OPERATING SEGMENTS

The Group operates primarily in residential development.

The Group determines segments based on information that is provided to the Managing Director who is the Chief Operating Decision Maker (CODM). The CODM assesses the performance and makes decisions about the resources to be allocated to the segment. Each segment prepares a detailed finance report on a monthly basis which summarises the following:

- Historic results of the segment; and
- Forecast of the segment for the remainder of the year.

Reportable segments

Jurisdictions:

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

Other:

This includes numerous low value items, amongst the most significant of which is interest.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

7. OPERATING SEGMENTS (continued)

The following table presents the revenues and results information regarding operating segments for the year ended 30 June 2017:

Operating Segments	NSW		VIC		QLD		SA		NZ		Other		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenues														
External sales	168,028	166,750	73,230	68,912	82,541	99,042	27,768	41,246	47,883	44,253	-	-	399,450	420,203
Management fees	-	50	846	710	215	-	23	22	-	3	-	-	1,084	785
Other revenue	-	-	-	-	-	-	-	-	-	-	1,098	896	1,098	896
Total segment revenues	**168,028**	**166,800**	**74,076**	**69,622**	**82,756**	**99,042**	**27,791**	**41,268**	**47,883**	**44,256**	**1,098**	**896**	**401,632**	**421,884**
Results														
Segment results *	42,397	38,593	2,229	2,787	8,051	14,163	(1,286)	4,515	9,924	13,303	1,079	168	62,394	73,529
Share of profits/(losses) of associates and JVs accounted for using the equity method	42	17	-	-	-	-	(7)	(5)	-	-	(63)	(595)	(28)	(583)
Change in inventory loss provisions	5,775	2,949	-	-	-	716	(718)	-	-	-	-	-	5,057	3,665
Other income	-	-	-	-	-	-	-	-	-	-	1,098	896	1,098	896
Unallocated depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	(298)	(275)
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(16,999)	(17,923)
Unallocated interest expense	-	-	-	-	-	-	-	-	-	-	-	-	(195)	(526)
Profit before tax													51,029	58,783
Income tax													(15,312)	(17,871)
Net profit													**35,717**	**40,912**

* Segment results include utilisation of inventory loss provisions of $2,508,000 (30 June 2016: $5,524,000)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

7. OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities information regarding operating segments as at 30 June 2017:

Operating Segments	**NSW**		**VIC**		**QLD**		**SA**		**NZ**		**Other**		**Total**	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**
Assets														
Segment assets	220,419	216,793	184,446	188,256	122,691	99,274	92,615	95,188	66,124	84,422	26,486	57,449	712,781	741,382
Total assets	**220,419**	**216,793**	**184,446**	**188,256**	**122,691**	**99,274**	**92,615**	**95,188**	**66,124**	**84,422**	**26,486**	**57,449**	**712,781**	**741,382**
Liabilities														
Segment liabilities	27,503	53,113	58,685	70,527	26,405	14,530	5,231	6,088	45,662	62,586	168,292	170,631	331,778	377,475
Total liabilities	**27,503**	**53,113**	**58,685**	**70,527**	**26,405**	**14,530**	**5,231**	**6,088**	**45,662**	**62,586**	**168,292**	**170,631**	**331,778**	**377,475**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

8. NET TANGIBLE ASSET BACKING

	2017	2016
Net Tangible Asset backing (NTA) - cents per ordinary share	98.6	94.5

The number of ordinary shares used in the computation of NTA as at 30 June 2017 was 383,581,762 (30 June 2016: 382,085,697). Refer to note 6 for details.

9. INTEREST IN JOINT OPERATIONS

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

	2017 $'000	2016 $'000
Revenues	9	3,088
Cost of property developments sold	-	(2,695)
Other expenses	(511)	(188)
(Loss)/profit before income tax	**(502)**	**205**
Income tax	151	(62)
(Loss)/profit after tax	**(351)**	**143**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The interests in an associate or a joint venture entity are accounted for using the equity method of accounting and are carried at cost. Under the equity method, the Group's share of the results of the associate or the joint venture entity are recognised in the *Consolidated Statement of Comprehensive Income*, and the share of movements in reserves is recognised in the *Consolidated Statement of Financial Position*. The information is set out below:

Equity accounted Associates & Joint Venture Entities	**Interest held**		**Share of net profit/(loss)**	
	30 June 2017	30 June 2016	2017 $'000	2016 $'000
Epping JV	10.0%	10.0%	-	-
Eastwood JV	-	50.0%	42	17
Woodville JV	50.0%	50.0%	(7)	(5)
Pindan Capital Group Dwelling Trust	33.3%	33.3%	(63)	(595)
Loss after tax			**(28)**	**(583)**

On 22 February 2017, the Group purchased the equity held by the joint venture partner in AVJBOS Nominees Pty Ltd, the holding company for the Eastwood project. The Eastwood project does not constitute a business and has been accounted for as an asset acquisition. AVJBOS Nominees Pty Ltd and its wholly owned subsidiaries, AVJBOS Eastwood Developments Pty Ltd and AVJBOS Eastwood Finance Ltd are now wholly owned by the Group.

11. INTEREST- BEARING LOANS AND BORROWINGS

The fair value for interest-bearing loans and borrowings less than 12 months to maturity is deemed to equal the carrying value. All other borrowings are discounted if the effect of discounting is material. The fair values of interest-bearing loans and borrowings are determined by using the discounted cash flow method with a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

Interest-bearing loans and borrowings are classified as level 2 financial instruments.

The Group remains compliant with all lending covenants.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2017

12. CONTINGENCIES

Secured

Performance guarantees

Contingent liabilities in respect of certain performance guarantees, granted by the Group’s bankers in the normal course of business to unrelated parties, at 30 June 2017, amounted to $7,796,000 (30 June 2016: $8,724,000). No material liability is expected to arise.

Financial guarantees

Financial guarantees granted by the Group’s bankers to unrelated parties in the normal course of business at 30 June 2017, amounted to $2,135,000 (30 June 2016: $5,593,000). No material liability is expected to arise.

Unsecured

Contract performance bond facility

The Parent Entity has entered into Deeds of Indemnity with various controlled entities to indemnify the obligation of those entities in relation to Contract performance bond facilities. Contingent liabilities in respect of certain performance bonds, granted by the Group’s financiers, in the normal course of business as at 30 June 2017, amounted to $26,936,000 (30 June 2016: $22,239,000). No material liability is expected to arise.

13. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

a) the Group’s operations in future financial years; or
b) the results of those operations in future financial years; or
c) the Group’s state of affairs in future financial years.

14. STATUS OF REVIEW OF ACCOUNTS

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