AVJennings Limited
ABN: 44 004 327 771

31 December 2010 Half-Year Report
Appendix 4D

This Half-Year 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 2010 and any public announcements made by AVJennings Limited during the half-year ended 31 December 2010 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

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AVJennings®

Results for Announcement to the Market

Appendix 4D for the half-year ended 31 December 2010

	6 months 31 December 2010 $'000	6 months 31 December 2009 $'000	Increase/(Decrease) $'000	%
Continuing operations				
Revenues	100,245	137,388	(37,143)	(27.0)%
Profit after tax from continuing operations	11,559	6,607	4,952	75.0%
Discontinued operations				
Loss after tax from discontinued operations	(994)	(3,389)	2,395	70.7%
Net profit attributable to members	10,565	3,218	7,347	228.3%

Dividends	Cents per security	Franked amount per security at 30% tax
Current period		
Interim dividend	1.0	1.0
Total dividend	**1.0**	**1.0**
Previous corresponding period		
Interim dividend	NIL	NIL
Total dividend	**NIL**	**NIL**

Record date for determining entitlements to dividend:	4 April 2011
Payment date:	18 April 2011

The Company's Dividend Re-Investment Plan has been suspended.

Explanation of results

The Review of Operations in the attached Directors' Report provides an explanation of the results.

Directors' Report

For the half-year ended 31 December 2010

Your Directors present their Report on the Company and its controlled entities for the half-year ended 31 December 2010.

DIRECTORS

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

Mr Simon Cheong (Chairman)

Mr Jerome Rowley (Deputy Chairman)

Mr Peter K Summers

Mrs Elizabeth Sam

Mr Herman R Hochstadt

Mr Bobby Chin

Mr Bruce G Hayman

REVIEW OF OPERATIONS

Overview

The Company produced a solid result for the first six months of FY2011 with Net Profit after Tax of $10.6 million, representing a 228% improvement over the prior corresponding period. The result confirms AVJennings' core strengths of Land Development and Integrated Housing with Net Profit after Tax from continuing operations of $11.6 million, up 75% on last year.

The result is the second stage in building long-term sustainable shareholder value and delivering improved returns. The first stage was heavily focussed on capital management following changed debt market conditions flowing out of the Global Financial Crisis, and addressing the loss making Contract Building operation. Following the sale of the Contract Building division, the Company had been able to move more strongly into the second stage of the process, which was to increase the focus on performance of its Developments business which develops land, integrated housing and low-rise apartment projects.

Whilst the Developments segment has performed consistently for a number of years, including during the Global Financial Crisis, returns need to lift. In part, this will come from improved systems and cost structures, but a significant component will come from replenishing the land bank with inventory through acquisitions that adequately allow for higher government taxes and charges and increased planning and approval times that have occurred in recent years.

The 2011 half year result still carries close to $1 million (after tax) in losses from Contract Building which were incurred either as trading losses prior to the sale to Sekisui House Australia on 2 August 2010, or as a result of the sale. From the date of sale, the Company is entitled to receive royalties under the 3 year trademark licence agreement which will have a positive impact on the Company's result over that time.

Revenues from continuing operations were lower at $100.2 million compared to the previous corresponding period of $137.4 million. The previous year included significant revenues from the successful Verve apartment project at Erskineville, Sydney. However, the reduced first half revenues also reflect that the current financial year's development and sales program is weighted more to the second half.

Directors' Report
For the half-year ended 31 December 2010

REVIEW OF OPERATIONS (continued)

Land Acquisitions
In line with the stated aim of growing its development property inventory, the Company announced in December 2010 the addition of 4 new projects totalling 2,700 lots. These additions bring the land bank to approximately 11,500 lots and are in line with the Company's objective of having a land bank representing 5 years of property sales.

Economic conditions in the last few years have created a number of good buying opportunities, enabling the Company to commence the process of growing its inventory. However, the Company continues to rigorously apply its internal acquisition criteria.

The four additional projects are:

Cobbitty, New South Wales: 469 lots
This site is located in Sydney's south-west – a significant growth corridor. The 43 hectares are already zoned residential.
Coomera, Queensland: 318 lots
This land is situated in an area where there is limited supply of land and strongly aligns the AVJennings brand with potential customers.
Elysium, Queensland: 158 lots and 16 nearly completed dwellings
This project offers AVJennings the opportunity to develop a mix of product to meet the needs of the broader market in the Noosa region.
Penfield, South Australia: 1,750 lots
This development will be done in conjunction with the Land Management Corporation – a South Australian Government body. The transaction is structured to ensure the SA Government's vision for growth for the region is met as well as provide good commercial outcomes for the Company.

Balance Sheet
Despite the increase in the Company's inventory resulting from the recent acquisitions, net debt levels, including the Company's proportionate share of associated entity debt, have remained steady at approximately $71 million. On this basis, this equates to a debt to equity ratio of 23.6% and debt to total assets of 14.3%. Net debt on balance sheet reduced by 21.3% from 30 June 2010 to $45.6 million. The result for the first half of 2011 was aided by cash flow from settlements, and the receipt of approximately $21.3 million from the sale of the Contract Building Division.

Outlook
The Company's development and sales program is typically weighted more to the second half. None of the Company's projects were directly affected by the recent floods throughout many areas in Australia. However, the wet weather during the latter part of 2010 did have some impact on the first half result and on construction schedules for the 2011 financial year.

Nevertheless, the growing gap between the under-supply of housing relative to demand continues to provide a strong long term outlook. Additionally, the Company's focus on strategies that deliver high quality housing solutions that are affordable is the key to its ability to drive shareholder value.

Directors' Report

For the half-year ended 31 December 2010

REVIEW OF OPERATIONS (continued)

DIVIDENDS

Reflecting confidence in the underlying fundamentals of Australia's new housing sector and the Company's performance, the Board has declared a fully franked interim dividend of 1.0 cent per share (2009 corresponding period: Nil). This will be the first interim dividend paid since January 2006.

COMPARATIVE FIGURES

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Consolidated Entity's main banking facilities mature on 30 September 2011. As a result, the borrowings under these facilities are shown as a current liability on the *Statement of Financial Position* at 31 December 2010.

EVENTS AFTER BALANCE SHEET DATE

No matter or circumstance has arisen since 31 December 2010 that has significantly affected, or may significantly affect:

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

ROUNDING OF AMOUNTS

The Company is of a kind referred to in the Australian Securities and Investments Commission Class Order 98/0100 dated 10 July 1998. Accordingly, amounts in the *Directors' Report*, the Financial Statements and the Notes thereto have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Directors' Report
For the half-year ended 31 December 2010

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the following independence declaration from our auditors, Ernst & Young:

Ernst & Young

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

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

In relation to our review of the financial report of AVJennings Limited for the half-year ended 31 December 2010, 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

Ernst & Young

David Simmonds
Partner
9 February 2011

Liability limited by a scheme approved under Professional Standards Legislation

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

Peter Summers
Director
9 February 2011

Statement of Comprehensive Income

For the half-year ended 31 December 2010

		Consolidated	
		6 months 31 December 2010	6 months 31 December 2009
	Note	$'000	$'000
Continuing operations			
Revenues	3	100,245	137,388
Share of profits of associates and joint ventures accounted for using the equity method	12	1,120	2,024
Change in inventories, finished goods and work-in-progress		(67,822)	(113,379)
Other operational expenses		(2,648)	(1,938)
Advertising expenses		(1,672)	(1,612)
Display costs		(521)	(648)
Employee expenses		(12,254)	(11,146)
Depreciation and amortisation expense		(347)	(974)
Finance costs	3	(521)	(252)
Fair value gain on interest rate derivatives		509	1,638
Other expenses		(58)	(2,322)
Profit from continuing operations before income tax		**16,031**	**8,779**
Income tax expense	4	(4,472)	(2,172)
Profit from continuing operations after income tax		**11,559**	**6,607**
Discontinued operations			
Loss from discontinued operations after income tax	6	(994)	(3,389)
Net profit for the period		**10,565**	**3,218**
Other comprehensive income			
Foreign currency translation		(559)	-
Other comprehensive income for the period net of tax		**(559)**	**-**
Total comprehensive income for the period		**10,006**	**3,218**

	Cents	Cents
Earnings per share for profit from continuing operations attributable to ordinary equity holders of the parent:		
Basic earnings per share	4.21	2.41
Diluted earnings per share	4.21	2.41
Earnings per share for profit attributable to ordinary equity holders of the parent:		
Basic earnings per share	3.85	1.17
Diluted earnings per share	3.85	1.17

Statement of Financial Position
As at 31 December 2010

	Note	Consolidated 31 December 2010 $'000	Consolidated 30 June 2010 $'000
CURRENT ASSETS			
Cash and cash equivalents	8	25,196	24,110
Trade and other receivables		33,151	15,409
Inventories		101,755	100,571
Other current assets		2,442	1,712
Assets of disposal group classified as held for sale		-	43,228
Total current assets		**162,544**	**185,030**
NON-CURRENT ASSETS			
Inventories		266,705	241,591
Investments accounted for using the equity method		37,887	41,268
Property, plant and equipment		899	1,866
Intangible asset		2,816	2,816
Total non-current assets		**308,307**	**287,541**
Total assets		**470,851**	**472,571**
CURRENT LIABILITIES			
Trade and other payables		64,177	34,288
Derivative financial instruments		-	509
Interest-bearing loans and borrowings		57,154	67,212
Tax payable		4,074	905
Provisions		3,499	3,565
Liabilities directly associated with the assets classified as held for sale		-	21,966
Total current liabilities		**128,904**	**128,445**
NON-CURRENT LIABILITIES			
Trade and other payables		5,277	11,650
Interest-bearing loans and borrowings		13,762	15,014
Deferred tax liabilities		17,512	17,398
Provisions		710	646
Total non-current liabilities		**37,261**	**44,708**
Total liabilities		**166,165**	**173,153**
Net assets		**304,686**	**299,418**
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	7	121,835	122,578
Reserves		(354)	81
Retained earnings		183,205	176,759
Total equity		**304,686**	**299,418**

Statement of Changes in Equity

For the half-year ended 31 December 2010

		Attributable to equity holders of the parent			Total equity
	Note	Issued capital $'000	Reserves $'000	Retained earnings $'000	$'000
At 1 July 2009		**122,578**	**22**	**167,143**	**289,743**
Profit for the period		-	-	3,218	3,218
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	3,218	3,218
Transactions with owners in their capacity as owners					
- Share-based payment reserve			30	-	30
		-	30	3,218	3,248
At 31 December 2009		**122,578**	**52**	**170,361**	**292,991**
At 1 July 2010		**122,578**	**81**	**176,759**	**299,418**
Profit for the period		-	-	10,565	10,565
Other comprehensive loss for the period		-	(559)	-	(559)
Total comprehensive income for the period		-	(559)	10,565	10,006
Transactions with owners in their capacity as owners					
- Treasury shares acquired	7(b)	(743)	-	-	(743)
- Foreign currency translation reserve		-	-	-	-
- Share-based payment reserve		-	124	-	124
- Dividends	5	-	-	(4,119)	(4,119)
		(743)	(435)	6,446	5,268
At 31 December 2010		**121,835**	**(354)**	**183,205**	**304,686**

Statement of Cash Flows

For the half-year ended 31 December 2010

	Note	Consolidated 6 months 31 December 2010 $'000	6 months 31 December 2009 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		112,915	257,196
Payments to suppliers, land vendors and employees		(116,032)	(215,716)
Interest paid		(5,354)	(6,616)
Income taxes paid		(1,000)	-
Net cash from operating activities		**(9,471)**	**34,864**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		654	172
Purchase of property, plant and equipment		(162)	(304)
Proceeds from sale of discontinued operation		21,304	-
Interest received		443	210
Distribution received		4,510	120
Investments in associates and joint venture entities		(9)	(243)
Net cash used in investing activities		**26,740**	**(45)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		64,742	56,696
Repayment of borrowings		(75,980)	(58,577)
Payment of finance lease liability		(83)	(269)
Payment for treasury shares	7(b)	(743)	-
Equity dividends paid		(4,119)	-
Net cash used in financing activities		**(16,183)**	**(2,150)**
NET INCREASE IN CASH HELD		**1,086**	**32,669**
Cash and cash equivalents at beginning of period		24,110	6,475
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8	**25,196**	**39,144**

Notes to the Financial Statements

For the half-year ended 31 December 2010

1. CORPORATE INFORMATION

The Financial Statements of AVJennings Limited and its subsidiary companies ('the Consolidated Entity') for the half-year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Directors on 9 February 2011. The Company is incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Consolidated Entity are described in Note 9, *Operating Segments*.

These Financial Statements have been prepared in accordance with the requirements of the Australian Securities Exchange (ASX) listing rules.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These general purpose condensed Financial Statements for the half-year ended 31 December 2010 have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.* The Statements have been prepared on a historical basis except for derivative financial instruments which have been measured at fair value.

The condensed Financial Statements do not include all notes of the type normally included within the annual Financial Statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial statements.

It is recommended that these Financial Statements be read in conjunction with the Annual Report for the year ended 30 June 2010 and considered together with any public announcements made by AVJennings Limited during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations of the ASX listing rules.

These Financial Statements are presented in Australian Dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under Australian Securities and Investments Commission Class Order 98/0100. The Company is an entity to which the class order applies.

The accounting policies and methods of computation are the same as those adopted in the Financial Statements for the year ended 30 June 2010.

The directors have assessed the impact of the Australian Accounting Standards and Interpretations that have been recently issued and amended effective 1 July 2010 (to the extent relevant to the consolidated entity). The directors believe that these new or amended standards and interpretations do not have any material effect on the financial statements presented.

Notes to the Financial Statements
For the half-year ended 31 December 2010

3. REVENUES AND EXPENSES

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

	Consolidated	
	6 months 31 December 2010 $'000	6 months 31 December 2009 $'000
Revenues from continuing operations		
Developments	93,561	131,702
Home Improvements	3,582	3,214
Interest revenue	494	210
Management fees	1,455	1,648
Rental revenue	21	34
Royalty income	732	-
Sundry revenue	400	580
Total revenues	**100,245**	**137,388**
Finance costs for continuing operations		
Bank loans and overdrafts	5,339	6,572
Finance charges payable under finance leases	15	44
Total finance costs	5,354	6,616
Less: Amount capitalised to inventories	(4,833)	(6,364)
Total finance costs expensed	**521**	**252**

Notes to the Financial Statements
For the half-year ended 31 December 2010

4. INCOME TAX

	Consolidated	
	6 months 31 December 2010 $'000	6 months 31 December 2009 $'000
Income tax expense		
The major components of income tax expense are:		
Current income tax		
Current income tax charge	4,057	-
Adjustment for prior periods	101	-
Deferred income tax		
Current year temporary differences	(103)	657
Adjustment for prior periods	(9)	63
Income tax expense reported in the *Statement of Comprehensive Income*	**4,046**	**720**

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

Accounting profit before income tax from continuing operations	**16,031**	**8,779**
Loss before income tax from discontinued operations	**(1,420)**	**(4,841)**
Total accounting profit before income tax	**14,611**	**3,938**
Tax at Australian income tax rate of 30% (2009 - 30%)	4,383	1,181
Adjustment for prior periods	92	20
Equity accounted share of Joint Venture profits	(302)	(494)
Other non-deductible items and variations	(127)	13
Aggregate income tax expense	**4,046**	**720**
Aggregate income tax expense is attributable to:		
Continuing operations	4,472	2,172
Discontinued operations	(426)	(1,452)
	4,046	**720**

Notes to the Financial Statements

For the half-year ended 31 December 2010

5. DIVIDENDS PAID AND PROPOSED

	Consolidated	
	6 months 31 December 2010 $'000	**6 months 31 December 2009 $'000**
Dividends paid on ordinary shares during the year		
2010 final dividend of 1.5 cents per fully paid share, paid 30 September 2010. Fully franked @ 30% tax	4,119	-
Total dividends paid during the year	**4,119**	**-**
Dividends proposed and not recognised as a liability		
2011 interim dividend of 1.0 cents per fully paid share, to be paid 18 April 2011. Fully franked @ 30% tax	2,746	-
Total dividends proposed	**2,746**	**-**
Franking credit balance		
Franking credits available for subsequent financial years based on a tax rate of 30% are:		
Franking account balance as at the end of the period	21,359	22,125
Total franking credit balance	**21,359**	**22,125**

6. DISCONTINUED OPERATIONS

In November 2010, a final payment of $1.2 million was received in respect of the sale of the Contract Building division to Sekisui House Limited. Total sales proceeds inclusive of the initial payment received on 2 August 2010, amounted to $21.3 million.

The results for the half-year include the results of the discontinued operation for the month of July 2010. Ownership of the Contract Building division was transferred to Sekisui House Limited effective 1 August 2010.

Notes to the Financial Statements

For the half-year ended 31 December 2010

6. DISCONTINUED OPERATIONS (continued)

The results of the discontinued operations for the current and prior period are presented below:

	Note	6 months 31 December 2010 $'000	6 months 31 December 2009 $'000
External sales		15,503	102,440
Other revenue		13	30
Change in inventories, finished goods and work-in-progress		(12,794)	(85,439)
Other expenses		(4,142)	(21,872)
Loss from discontinued operations before tax		(1,420)	(4,841)
Tax benefit		426	1,452
Loss from discontinued operations after tax		**(994)**	**(3,389)**
Reconciliation to segment results			
Segment results	9	(251)	1,834
Other revenue		13	30
Indirect expenses		(1,119)	(6,663)
Interest expense		(63)	(42)
Loss from discontinued operations before tax		(1,420)	(4,841)
Tax benefit		426	1,452
Loss from discontinued operations after tax		**(994)**	**(3,389)**

Notes to the Financial Statements
For the half-year ended 31 December 2010

7. CONTRIBUTED EQUITY

	Consolidated			
	31 December 2010 Number	30 June 2010 Number	31 December 2010 $'000	30 June 2010 $'000
Ordinary shares	274,588,694	274,588,694	122,837	122,837
Treasury shares	(2,042,119)	(666,667)	(1,002)	(259)
Share capital			**121,835**	**122,578**

(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
As at the end of the year	**274,588,694**	**274,588,694**	**122,837**	**122,837**

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

As at the beginning of the period	(666,667)	(1,000,000)	(259)	(259)
Acquisition of shares by AVJ Deferred Employee Share Plan Trust	(1,375,452)	-	(743)	-
Employee shares issued	-	333,333	-	-
As at the end of the period	**(2,042,119)**	**(666,667)**	**(1,002)**	**(259)**

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 the Chief Executive Officer and other 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.

Notes to the Financial Statements
For the half-year ended 31 December 2010

8. CASH AND CASH EQUIVALENTS

For the purpose of the *Statement of Cash Flows*, cash and cash equivalents comprise the following:

	Consolidated	
	31 December 2010 $'000	**30 June 2010 $'000**
Cash at bank and in hand	25,196	24,110

9. 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 nature of the products sold and services provided. Discrete financial information about each of these operating businesses is reported on a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the products produced and sold and services provided, as these are the sources of the Consolidated Entity's major risks and have the most effect on the rates of return.

Types of products and services

The Consolidated Entity operates primarily in residential development and contract building and reports by operating segment.

Accounting policies and inter-segment transactions

The accounting policies used in reporting segments are the same as those contained in note 2 to the Financial Statements and those used in the Financial Statements for the year ended 30 June 2010.

Operating segments

Land Development
Builders buy land from AVJennings onto which they package their building products, or end customers buy land from an AVJennings estate and choose their own builder.

Integrated Housing and Apartments Development
The customer buys a completed home, townhouse or apartment within an AVJennings development.

Contract Building
The customer contracts to build a home with AVJennings on land they have sourced themselves.

Other
This includes the Home Improvements business where AVJennings carries out work on renovating a customer's house. This segment operates in South Australia only.

Notes to the Financial Statements

For the half-year ended 31 December 2010

9. OPERATING SEGMENTS (continued)

The following table presents the revenues and results information regarding operating segments for the half-year ended 31 December 2010.

	Continuing Operations								*Discontinued Operations*		*Total Operations*	
	Land 31 December		**Integrated Housing 31 December**		**Apartments 31 December**		**Other 31 December**		**Contract Building 31 December**		**Consolidated 31 December**	
Operating segments	**2010 $'000**	**2009 $'000**	**2010 $'000**	**2009 $'000**	**2010 $'000**	**2009 $'000**	**2010 $'000**	**2009 $'000**	**2010 $'000**	**2009 $'000**	**2010 $'000**	**2009 $'000**
Revenues												
External sales	53,390	38,191	39,189	41,405	982	52,106	3,582	3,214	15,503	102,440	112,646	237,356
Management fees	831	688	624	960	-	-	-	-	-	-	1,455	1,648
Other revenue	-	-	-	-	-	-	1,647	824	13	30	1,660	854
Total revenues	**54,221**	**38,879**	**39,813**	**42,365**	**982**	**52,106**	**5,229**	**4,038**	**15,516**	**102,470**	**115,761**	**239,858**
Results												
Segment results *	17,748	5,004	1,853	1,687	147	5,556	229	309	(251)	1,834	19,726	14,390
Fair value movement in interest rate derivatives	-	-	-	-	-	-	-	-	-	-	509	1,638
Other income	-	-	-	-	-	-	1,647	824	13	30	1,660	854
Unallocated depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	(347)	(974)
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	(6,416)	(11,718)
Unallocated interest expense	-	-	-	-	-	-	-	-	-	-	(521)	(252)
Profit before tax											14,611	3,938
Income tax											(4,046)	(720)
Net profit											**10,565**	**3,218**

* Please refer to note 6 for a reconciliation of the segment results of the discontinued operations to the loss after tax.

Notes to the Financial Statements
For the half-year ended 31 December 2010

9. OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities information regarding operating segments as at 31 December 2010.

	Continuing Operations								*Discontinued Operations*		*Total Operations*	
	Land		**Integrated Housing**		**Apartments**		**Other**		**Contract Building**		**Consolidated**	
Operating segments	**31 Dec 2010 $'000**	**30 Jun 2010 $'000**	**31 Dec 2010 $'000**	**30 Jun 2010 $'000**	**31 Dec 2010 $'000**	**30 Jun 2010 $'000**	**31 Dec 2010 $'000**	**30 Jun 2010 $'000**	**31 Dec 2010 $'000**	**30 Jun 2010 $'000**	**31 Dec 2010 $'000**	**30 Jun 2010 $'000**
Assets												
Segment assets	241,584	221,334	192,835	174,510	1,616	1,875	15,565	(1,666)	-	43,228	451,600	439,281
Unallocated assets	-	-	-	-	-	-	-	-	-	-	19,251	33,290
Total assets	**241,584**	**221,334**	**192,835**	**174,510**	**1,616**	**1,875**	**15,565**	**(1,666)**	**-**	**43,228**	**470,851**	**472,571**
Liabilities												
Segment liabilities	43,411	28,628	9,371	12,045	1,470	1,669	14,313	(2,619)	-	21,966	68,565	61,689
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	97,600	111,464
Total liabilities	**43,411**	**28,628**	**9,371**	**12,045**	**1,470**	**1,669**	**14,313**	**(2,619)**	**-**	**21,966**	**166,165**	**173,153**

Notes to the Financial Statements
For the half-year ended 31 December 2010

10. NET TANGIBLE ASSET BACKING

	Consolidated	
	31 December 2010 Cents	30 June 2010 Cents
Net Tangible Asset backing (NTA) - cents per ordinary security	109.9	108.0

Ordinary shares on issue as at 31 December 2010 were 274,588,694 (30 June 2010: 274,588,694). Refer to note 7 for details.

11. INTEREST IN JOINT VENTURE OPERATIONS

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

	6 months 31 December 2010 $'000	6 months 31 December 2009 $'000
Revenues	2,435	7
Cost of sales	(2,113)	-
Other expenses	(392)	(132)
Loss before income tax	**(70)**	**(125)**
Income tax credit	21	38
Net loss attributable to members of the parent	**(49)**	**(87)**

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

Equity accounted Associates & Joint Ventures	Interest held in output		Share of Net profit	
Name of Associate & Joint Ventures	31 December 2010	31 December 2009	6 months 31 December 2010 $'000	6 months 31 December 2009 $'000
Epping JV	10%	10%	115	376
Creekwood (Meridan Plains)	50%	50%	(59)	76
Eastwood	50%	50%	124	688
Sydney Olympic Park Development	50%	50%	-	-
Woodville	50%	50%	940	884
Profit after tax			**1,120**	**2,024**

13. CONTINGENCIES

Secured

Performance guarantees

Contingent liabilities in respect of certain performance guarantees, granted by controlled entities in the normal course of business to unrelated parties, at 31 December 2010, amounted to $19,907,000 (30 June 2010: $18,836,000). 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 31 December 2010, amounted to $871,000 (30 June 2010: $871,000). No liability is expected to arise.

14. EVENTS AFTER BALANCE SHEET DATE

No matter or circumstance has arisen since 31 December 2010 that has significantly affected, or may significantly affect:

a) the Consolidated Entity's operations in the 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.

Directors' Declaration

For the half-year ended 31 December 2010

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

In the opinion of the Directors:

a) The Financial Statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the financial position as at 31 December 2010 and of the performance for the half-year ended on that date; and

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

b) There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board.

Peter Summers
Director

9 February 2011

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To the members of AVJennings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of AVJennings Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period end or from time to time during the half-year.

Directors' Responsibility for the Half-year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of AVJennings Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of AVJennings Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

David Simmonds
Partner
Sydney
9 February 2011