



AVJennings Limited
ABN: 44 004 327 771

31 December 2011 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 2011 and any public announcements made by AVJennings Limited during the half-year ended 31 December 2011 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.



Contents

	Page
Results for Announcement to the Market.....	3
Directors' Report.....	4
Consolidated Statement of Comprehensive Income.....	8
Consolidated Statement of Financial Position.....	9
Consolidated Statement of Changes in Equity.....	10
Consolidated Statement of Cash Flows.....	11
Notes to the Consolidated Financial Statements.....	12
1 Corporate information.....	12
2 Basis of preparation and accounting policies.....	12
3 Revenues and expenses.....	13
4 Income tax.....	14
5 Dividends	15
6 Discontinued operations.....	15
7 Contributed equity	16
8 Cash and cash equivalents.....	17
9 Operating segments.....	17
10 Net tangible asset backing.....	20
11 Interest in joint venture operations.....	20
12 Investments accounted for using the equity method.....	21
13 Contingencies.....	21
14 Significant events after the balance sheet date.....	22
Directors' Declaration.....	23
Independent Auditor's Review Report.....	24



Results for Announcement to the Market

Appendix 4D for the half-year ended 31 December 2011

	6 months 31 December 2011 \$'000	6 months 31 December 2010 \$'000	Increase/(Decrease)	
			\$'000	%
Continuing operations				
Revenues	92,181	105,293	(13,112)	(12.5)%
Profit after tax from continuing operations	3,324	11,559	(8,235)	(71.2)%
Discontinued operations				
Loss after tax from discontinued operations	-	(994)	994	100.0%
Net profit attributable to members	3,324	10,565	(7,241)	(68.5)%
Dividends	Cents per security		Franked amount per security at 30% tax	
<u>Current period</u>				
Interim dividend	0.5		0.5	
Total dividend	0.5		0.5	
<u>Previous corresponding period</u>				
Interim dividend	1.0		1.0	
Total dividend	1.0		1.0	
Record date for determining entitlements to dividend:	28 March 2012			
Payment date:	11 April 2012			
The Company's Dividend Reinvestment Plan remains suspended.				
Explanation of results				
The Review of Operations in the attached Directors' Report provides an explanation of the results.				

Directors' Report

For the half-year ended 31 December 2011

Your Directors present their Report on the Company and its controlled entities for the half-year ended 31 December 2011.

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.

S Cheong (Chairman)

RJ Rowley (Deputy Chairman)

PK Summers

E Sam

HR Hochstadt (Resigned 18 November 2011)

B Chin

BG Hayman

TP Lai (Appointed 18 November 2011)

REVIEW OF OPERATIONS

Financial results

The Company has posted revenue of \$92.2 million to 31 December 2011, down 12.5% from \$105.3 million in the previous corresponding period. Net profit from continuing operations was \$3.3 million for the half year to 31 December 2011. This was down from \$11.6 million in the previous corresponding period.

First Half Overview

The half year result to 31 December 2011 was a reflection of overall poor consumer sentiment which has been affected by the impact of the high Australian dollar on the Australian economy as well as the poor European and US economies. This has severely affected both property and equity markets throughout 2011. The European debt crisis has impacted worldwide and whilst it continues to linger without proper resolution, financial and residential property markets will remain under pressure.

Whilst we experienced two rate reductions late in 2011, any sustained improvement in market conditions has yet to occur. Consumers are looking for some stability and consistency in general economic conditions and hence it is more likely any significant improvements will not flow through to the residential property market until later in 2012. Of course, interest rates are a critical factor in housing affordability which did improve in most of parts of Australia during the period as a result of declining or steady property prices.

For the major markets in which the Company operates, Victoria and South Australia have both seen a considerable softening in conditions. New South Wales, however, displayed some positive signs of recovery during the first half after a number of years of extremely poor market conditions. The chronic under-supply of new housing in that market makes a sustained recovery a matter of timing. Queensland continued to struggle, however many forecasters are predicting a recovery in 2012 after the many challenges it faced in 2011. Importantly for the South-East Queensland market, its housing cost ratio (as a percentage of gross income) has improved considerably compared to Melbourne and Sydney. This has traditionally been an important element in a strong Queensland residential market.

Directors' Report

For the half-year ended 31 December 2011

REVIEW OF OPERATIONS (continued)

Net debt, on a proportionately consolidated basis, increased to \$108 million from \$82 million at 30 June 2011. Net debt as shown in the financial statements increased from \$57 million to \$100 million. The increase in both numbers was primarily due to investing in the buyout of a joint venture partner at a major project in Queensland and the consolidation of the total debt owed by the joint venture, as well as an increase in the amount of building construction on Company projects. Whilst increasing the level of debt, such investment actually lowers risk in slower markets as it is easier to sell completed housing rather than pure land or packaging land with contract home builders.

AVJennings has a landbank of approximately 11,250 lots. Whilst the Company has been conservative in terms of acquisitions, it did increase its landbank through the addition of some 3,000 lots, predominantly in late 2010. A number of these projects are now at advanced stages of planning and development that will see them enter profit recognition stages either in the second half of 2012 or the 2013 financial year. These newer projects will underpin our operations for future years and are vital to improving margins in the medium to long term.

Outlook

The medium to long term fundamentals of the Australian residential market and the AVJennings business remain solid. The current and forecast trends for immigration and population growth are strengthening and the shortage of supply in many areas of Australia will underpin long term demand. However, in the short term, the Australian property market reflects world economic instability and very low consumer confidence. AVJennings is strategically well placed to take full benefit of that recovery when it occurs. This is not, however, a short term scenario and will be in line with the recovery of financial markets in Australia and stabilisation of world economies. Accordingly, the Board and management continue to focus on ensuring the Company is adopting appropriate strategies in relation to capital management and operational structures to meet these challenges.

DIVIDENDS

The Board has declared a fully franked interim dividend of 0.5 cents per share (2010 corresponding period: 1.0 cent).

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 matured on 30 September 2011. These facilities have been renewed for a further 2 years to 30 September 2013.

Directors' Report

For the half-year ended 31 December 2011

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 31 December 2011 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.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the following independence declaration from our auditors, Ernst & Young. It is set out on page 7.

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.

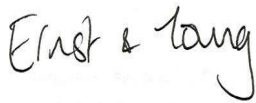
This Report is made in accordance with a resolution of the Directors.



Peter Summers
Director
10 February 2012

Auditor's Independence Declaration to the Directors of AVJennings Limited

In relation to our review of the financial report of AVJennings Limited for the half-year ended 31 December 2011, 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
10 February 2012

Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2011

		6 months 31 December 2011 \$'000	6 months 31 December 2010 \$'000
	Note		
Continuing operations			
Revenues	3	92,181	105,293
Share of profits of associates and joint venture entities accounted for using the equity method	12	5,403	1,120
Change in inventories, finished goods and work-in-progress		(74,321)	(67,822)
Other operational expenses		(2,903)	(2,648)
Advertising expenses		(1,661)	(1,672)
Display costs		(508)	(521)
Employee expenses		(9,979)	(12,254)
Depreciation and amortisation expense		(174)	(347)
Finance costs	3	(263)	(521)
Fair value (loss) / gain on interest rate derivatives		(167)	509
Other expenses		(4,816)	(5,106)
Profit from continuing operations before income tax		2,792	16,031
Income tax credit/(expense)	4	532	(4,472)
Profit from continuing operations after income tax		3,324	11,559
Discontinued operations			
Loss from discontinued operations after income tax	6	-	(994)
Net profit for the period		3,324	10,565
Other comprehensive loss			
Foreign currency translation		(91)	(559)
Other comprehensive loss for the period net of tax		(91)	(559)
Total comprehensive income for the period		3,233	10,006
Earnings per share for profit from continuing operations attributable to ordinary equity holders of the parent:		Cents	Cents
Basic earnings per share		1.21	4.21
Diluted earnings per share		1.21	4.21
Earnings per share for profit attributable to ordinary equity holders of the parent:			
Basic earnings per share		1.21	3.85
Diluted earnings per share		1.21	3.85

Consolidated Statement of Financial Position

As at 31 December 2011

	Note	31 December 2011 \$'000	30 June 2011 \$'000
CURRENT ASSETS			
Cash and cash equivalents	8	5,736	12,260
Trade and other receivables		12,731	17,159
Inventories		116,891	131,231
Other current assets		2,655	1,300
Tax receivable		2,048	-
Total current assets		140,061	161,950
NON-CURRENT ASSETS			
Inventories		360,510	285,630
Investments accounted for using the equity method		29,922	41,131
Property, plant and equipment		1,000	1,087
Intangible assets		2,816	2,816
Total non-current assets		394,248	330,664
Total assets		534,309	492,614
CURRENT LIABILITIES			
Trade and other payables		39,759	48,485
Derivative financial instruments		235	68
Interest-bearing loans and borrowings		7,500	62,529
Tax payable		-	3,540
Provisions		3,157	3,235
Total current liabilities		50,651	117,857
NON-CURRENT LIABILITIES			
Trade and other payables		59,469	43,400
Interest-bearing loans and borrowings		98,675	6,619
Deferred tax liabilities		21,706	19,516
Provisions		721	694
Total non-current liabilities		180,571	70,229
Total liabilities		231,222	188,086
Net assets		303,087	304,528
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	7	121,096	121,835
Reserves		(1)	(94)
Retained earnings		181,992	182,787
Total equity		303,087	304,528

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2011

	Note	Attributable to equity holders of the parent			Total equity	
		Issued Capital \$'000	Foreign Currency Translation Reserve \$'000	Share-based Payment Reserve \$'000	Retained Earnings \$'000	\$'000
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 reserve	7(b)	(743)	-	-	-	(743)
				124	-	124
- Dividends paid	5	-	-	-	(4,119)	(4,119)
		(743)	(559)	124	6,446	5,268
At 31 December 2010		121,835	(559)	205	183,205	304,686
At 1 July 2011		121,835	(417)	323	182,787	304,528
Profit for the period		-	-		3,324	3,324
Other comprehensive loss for the period		-	(91)	-	-	(91)
Total comprehensive income for the period		-	(91)	-	3,324	3,233
Transactions with owners in their capacity as owners						
- Treasury shares acquired reserve	7(b)	(739)	-	-	-	(739)
- Foreign currency translation reserve		-	6	-	-	6
		-	-	178	-	178
- Dividends paid	5	-	-	-	(4,119)	(4,119)
		(739)	(85)	178	(795)	(1,441)
At 31 December 2011		121,096	(502)	501	181,992	303,087

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2011

	6 months 31 December 2011 \$'000	6 months 31 December 2010 \$'000
	Note	
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	105,533	112,915
Payments to suppliers, land vendors and employees	(134,683)	(116,032)
Interest paid	(5,062)	(5,354)
Income tax paid	(4,878)	(1,000)
Net cash used in operating activities	(39,090)	(9,471)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	194	654
Purchase of property, plant and equipment	(281)	(162)
Proceeds from sale of discontinued operations	-	21,304
Interest received	267	443
Distribution received	1,100	4,510
Investments in associates and joint venture entities	(871)	(9)
Net cash from investing activities	409	26,740
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	56,440	64,742
Repayment of borrowings	(19,383)	(75,980)
Payment of finance lease liability	(30)	(83)
Payment for treasury shares	(739)	(743)
Equity dividends paid	(4,119)	(4,119)
Net cash from (used in) financing activities	32,169	(16,183)
NET (DECREASE) / INCREASE IN CASH HELD	(6,512)	1,086
Cash and cash equivalents at beginning of period	12,260	24,110
Effects of exchange rate changes on cash and cash equivalents	(12)	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5,736	25,196

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2011

1. CORPORATE INFORMATION

The Consolidated Financial Report of AVJennings Limited for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the Directors on 10 February 2012. The Company is incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange and the Singapore Exchange through the Central Limit Order Book (CLOB).

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This general purpose condensed Financial Report for the half-year ended 31 December 2011 has 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 Report does not include all notes of the type normally included within the annual Financial Report 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 report.

It is recommended that this Financial Report be read in conjunction with the Annual Report for the year ended 30 June 2011 and considered together with any public announcements made by AVJennings Limited during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations of the ASX listing rules.

This Financial Report is presented in Australian Dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated. The accounting policies are consistent with those adopted in the Financial Report for the year ended 30 June 2011.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the half-year ended 31 December 2011. The Directors believe that these new or amended standards and interpretations do not have any material effect on the financial report presented.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2011

3. REVENUES AND EXPENSES

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

	6 months 31 December 2011 \$'000	6 months 31 December 2010 \$'000
<i>Revenues from continuing operations</i>		
Developments	87,330	93,561
Home Improvements	1,820	3,582
Interest revenue	267	494
Management fees	1,388	1,455
Rental revenue	11	21
Royalty revenue	710	732
Sundry revenue	655	400
Expense recovery from third party	-	5,048
Total revenues	92,181	105,293
<i>Finance costs</i>		
Bank loans and overdrafts	5,062	5,339
Finance charges payable under finance leases	-	15
Total finance costs	5,062	5,354
Less: Amount capitalised to inventories	(4,799)	(4,833)
Finance costs expensed	263	521

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2011

4. INCOME TAX

	6 months 31 December 2011 \$'000	6 months 31 December 2010 \$'000
<i>Income tax expense</i>		
The major components of income tax expense are:		
Current income tax		
Current income tax charge	-	4,057
Adjustment for prior periods	(710)	101
Deferred income tax		
Current year temporary differences	(629)	(103)
Adjustment for prior periods	807	(9)
Income tax (credit)/expense reported in the Consolidated Statement of Comprehensive Income	(532)	4,046

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

	6 months 31 December 2011 \$'000	6 months 31 December 2010 \$'000
Accounting profit before income tax from continuing operations	2,792	16,031
Loss before income tax from discontinued operations	-	(1,420)
Total accounting profit before income tax	2,792	14,611
Tax at Australian income tax rate of 30% (2010 - 30%)	838	4,383
Adjustment for prior periods	97	92
Equity accounted share of Joint Venture profits	(1,538)	(302)
Other non-deductible items and variations	71	(127)
Aggregate income tax (credit)/expense	(532)	4,046
Aggregate income tax (credit)/expense is attributable to:		
Continuing operations	(532)	4,472
Discontinued operations	-	(426)
	(532)	4,046

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2011

5. DIVIDENDS

	6 months 31 December 2011 \$'000	6 months 31 December 2010 \$'000
<i>Dividends paid and recognised</i>		
2010 final dividend of 1.5 cents per fully paid share, paid 30 September 2010. Fully franked @ 30% tax	-	4,119
2011 final dividend of 1.5 cents per fully paid share, paid 19 October 2011. Fully franked @ 30% tax	4,119	-
Total dividends paid	4,119	4,119
<i>Dividends proposed</i>		
2011 interim dividend of 1.0 cents per fully paid share, paid 18 April 2011. Fully franked @ 30% tax	-	2,746
2012 interim dividend of 0.5 cents per fully paid share, to be paid 11 April 2012. Fully franked @ 30% tax	1,373	-
Total dividends proposed	1,373	2,746
The Company's Dividend Reinvestment Plan remains suspended.		
<i>Franking credit balance</i>		
Franking credits available for subsequent financial periods based on a tax rate of 30%	23,301	21,359

6. DISCONTINUED OPERATIONS

Comparatives for the half-year to 31 December 2010 include results of the Contract Building Division which was discontinued on 31 July 2010.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2011

7. CONTRIBUTED EQUITY

	31 December 2011 Number	30 June 2011 Number	31 December 2011 \$'000	30 June 2011 \$'000
Ordinary shares	274,588,694	274,588,694	122,837	122,837
Treasury shares	(3,404,521)	(1,708,786)	(1,741)	(1,002)
Share capital			121,096	121,835

(a) Movement in ordinary share capital	Number	Number	\$'000	\$'000
As at the beginning of the period	274,588,694	274,588,694	122,837	122,837
As at the end of the period	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 period.

(b) Movement in treasury shares	31 December 2011 Number	30 June 2011 Number	31 December 2011 \$'000	30 June 2011 \$'000
As at the beginning of the period	(1,708,786)	(666,667)	(1,002)	(259)
Acquisition of shares by AVJ Deferred Employee Share Plan Trust	(1,695,735)	(1,375,452)	(739)	(743)
Employee share scheme issue	-	333,333	-	-
As at the end of the period	(3,404,521)	(1,708,786)	(1,741)	(1,002)

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.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2011

8. CASH AND CASH EQUIVALENTS

	31 December 2011 \$'000	30 June 2011 \$'000
Reconciliation to Consolidated Statement of Cash Flows		
For the purposes of <i>Consolidated Statement of Cash Flows</i> , cash and cash equivalents comprise the following:		
Cash at bank and in hand	5,736	12,260

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 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 full Financial Report.

Operating segments

States:

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

Other:

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

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2011

9. OPERATING SEGMENTS (continued)

The following table presents the revenues and results information regarding operating segments for the half-year ended 31 December 2011.

Operating segments	Continuing Operations												Discontinued Operations		Total Operations	
	NSW		VIC		QLD		SA		Other		Total		Contract Building		Consolidated	
	31 December 2011	2010	31 December 2011	2010	31 December 2011	2010	31 December 2011	2010	31 December 2011	2010	31 December 2011	2010	31 December 2011	2010	31 December 2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues																
External sales	21,930	14,013	41,087	52,356	18,698	16,936	7,435	13,838	-	-	89,150	97,143	-	15,503	89,150	112,646
Management fees	806	911	435	325	68	219	79	-	-	-	1,388	1,455	-	-	1,388	1,455
Other revenue	-	-	-	-	-	-	-	-	1,643	6,695	1,643	6,695	-	13	1,643	6,708
Total segment revenues	22,736	14,924	41,522	52,681	18,766	17,155	7,514	13,838	1,643	6,695	92,181	105,293	-	15,516	92,181	120,809
Results																
Segment results	552	642	4,673	16,145	3,312	1,074	777	2,218	(16)	(102)	9,298	19,977	-	(251)	9,298	19,726
Fair value movement in interest rate derivatives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(167)	509
Other income	-	-	-	-	-	-	-	-	1,643	6,695	1,643	6,695	-	13	1,643	6,708
Unallocated depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(174)	(347)
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,545)	(11,464)
Unallocated interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(263)	(521)
Profit before tax															2,792	14,611
Income tax															532	(4,046)
Net profit															3,324	10,565

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2011

9. OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities information regarding operating segments as at 31 December 2011 and 30 June 2011.

<i>Operating segments</i>	<i>Continuing Operations</i>										<i>Total Operations</i>	
	NSW		VIC		QLD		SA		Other		Consolidated	
	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun
	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets												
Segment assets	160,125	168,427	103,949	92,042	189,065	144,210	68,368	64,969	12,802	22,966	534,309	492,614
Total assets	160,125	168,427	103,949	92,042	189,065	144,210	68,368	64,969	12,802	22,966	534,309	492,614
Liabilities												
Segment liabilities	13,696	13,898	26,834	21,389	52,752	51,881	19,561	17,906	118,379	83,012	231,222	188,086
Total liabilities	13,696	13,898	26,834	21,389	52,752	51,881	19,561	17,906	118,379	83,012	231,222	188,086

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2011

10. NET TANGIBLE ASSET BACKING

	31 December 2011 Cents	30 June 2011 Cents
Net Tangible Asset backing (NTA) - cents per ordinary security	109.4	109.9

Ordinary shares on issue as at 31 December 2011 were 274,588,694 (30 June 2011: 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 *Consolidated Statement of Comprehensive Income* under the following classifications:

	6 months 31 December 2011 \$'000	6 months 31 December 2010 \$'000
Revenues	980	2,435
Cost of sales	(821)	(2,113)
Other expenses	(881)	(392)
Loss before income tax	(722)	(70)
Income tax credit	217	21
Net loss attributable to members of the parent	(505)	(49)

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2011

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 *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 Ventures	Interest held in output		Share of Net profit	
	31 December 2011	31 December 2010	6 months 31 December 2011 \$'000	6 months 31 December 2010 \$'000
Name of Associate & Joint Ventures				
Epping JV	10%	10%	275	115
Arlington Rise JV	45%	-	1	-
Creekwood (Meridan Plains)	-	50%	4,776	(59)
Eastwood	50%	50%	356	124
Sydney Olympic Park Development	50%	50%	-	-
Woodville	50%	50%	(5)	940
Profit after tax			5,403	1,120

On 30 September 2011, the Consolidated Entity purchased the equity held by the joint venture partner in Creekwood. Creekwood does not constitute a business and has been accounted for as an asset acquisition. Creekwood Developments Pty Ltd is now a fully owned subsidiary.

13. CONTINGENCIES

Secured

Performance guarantees

Contingent liabilities in respect of certain performance guarantees, granted by the Consolidated Entity's bankers in the normal course of business to unrelated parties, at 31 December 2011, amounted to \$16,474,000 (30 June 2011: \$18,304,000). 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 2011, amounted to \$15,896,000 (30 June 2011: \$15,663,000). No liability is expected to arise.

Unsecured

Surety 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 Surety bond facility. Contingent liabilities in respect of certain performance bonds, granted by the Consolidated Entity's financiers, in the normal course of business as at 31 December 2011, amounted to \$1,206,000 (30 June 2011: \$1,139,000). No liability is expected to arise.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2011

14. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 31 December 2011 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.

AVJennings®

Directors' Declaration

For the half-year ended 31 December 2011

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 2011 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

10 February 2012

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 2011, 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 2011 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 follows the Directors' Report.

Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 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*.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Mark Conroy'.

Mark Conroy
Partner
Sydney
10 February 2012