AVJennings Limited
ABN: 44 004 327 771

31 December 2012 Half-Year Report
Appendix 4D

This Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, it is recommended that this Report be read in conjunction with the Annual Report for the year ended 30 June 2012 and any public announcements made by AVJennings Limited during the half-year ended 31 December 2012 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

Contents

Results for Announcement to the Market

Appendix 4D for the half-year ended 31 December 2012

	6 months 31 December 2012 $'000	6 months 31 December 2011 $'000	Increase/(Decrease) $'000	%
Continuing operations				
Revenues	52,909	92,181	(39,272)	(42.6)%
Profit/(loss) after tax from continuing operations	(19,138)	3,324	(22,462)	(675.8)%
Net profit/(loss) attributable to members	(19,138)	3,324	(22,462)	(675.8)%

Dividends	Cents per security	Franked amount per security at 30% tax
Current period		
Interim dividend	NIL	NIL
Total dividend	**NIL**	**NIL**
Previous corresponding period		
Interim dividend	0.5	0.5
Total dividend	**0.5**	**0.5**

The Company's Dividend Re-Investment 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 2012

Your Directors present their Report on the Company and its controlled entities for the half-year ended 31 December 2012.

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
B Chin
BG Hayman
TP Lai

REVIEW OF OPERATIONS

Financial Results

The Company has recorded an after tax loss of $19.1 million for the half year to 31 December 2012 (31 December 2011: $3.3 million profit after tax). The result includes provisioning for loss on inventory of $16.1 million after tax.

The provisioning was the result of a review of the carrying values of assets and represents a 5.3% reduction in the book value of inventory. Of the provisions raised, 79.3% relates to Queensland projects. As discussed below, the Queensland market has still not recovered to the extent previously expected by either the Company, its competitors or most industry forecasters. Additionally, one project in Victoria was impaired ($2.2 million after tax) as the downturn in Victoria has required a more aggressive pricing structure for that project. The Company also impaired one of its New South Wales projects which has suffered from long term planning and government charges issues. Net assets were 90.1 cents per share (30 June 2012: 96.9 cents per share) after this impairment.

Revenue at $52.9 million was down from $92.2 million for the previous corresponding period. The decrease was due to reduced completed inventory and softer Victorian market conditions.

The Company is presently in discussions with its Club Lenders to renew its Club Facility and extend its expiry date from 30 September 2013 to 30 September 2015. Draft term sheets have been exchanged and the Company believes that the terms of the renewal should be finalised shortly. The fact that the facility has not been formally renewed as at the balance date requires the Club Facility debt to be treated as a current liability in the financial statements. The Company remains compliant with all lending covenants.

Net Debt at balance date on a proportionate consolidation basis was $119.8 million (31 December2011: $108.4 million). The increase in net debt is attributable mainly to increasing production, increased built form and settlement payments in respect of previous acquisitions. As discussed below, whilst increased production levels, including funds spent on housing construction on Company controlled land increased debt in the short term, it also de-risks the balance sheet in that the inventory being created is more saleable.

Directors' Report
For the half-year ended 31 December 2012

REVIEW OF OPERATIONS (continued)

Business Overview

Residential property development has many elements which have longer lead times than many other industries. Consequently, reported results can sometimes not be totally reflective of current or even recent market fundamentals or conditions.

Firstly, there is the gap between fundamental market conditions and consumers transacting. In most markets in which the Company operates, with the exception of Victoria, underlying fundamentals are strong, or at least stronger, than they have been in recent times. Affordability has generally improved, primarily as a result of negative or subdued price growth, lower interest rates and income growth remaining ahead of inflation. Additionally, supply has often not kept pace with underlying demand.

However, subdued market conditions have generally continued through calendar 2012. Residential property market conditions during the reporting period were adversely affected by weak consumer confidence which has subsisted for some time now. There are signs that some markets are starting to improve although this is taking time to translate into transactions.

Secondly, even when markets show signs of recovery, time is required to rebuild work in progress levels and achieve sales and settlements to recognise revenue.

As previously advised to the market, one of the Company's strategies to address the poor market conditions which continued through 2012 was to scale down development expenditure. Whilst this has allowed the Company to conserve cash it has meant that less inventory has been available in the market for sale. This has also significantly affected revenues for the half year. The table below illustrates the slowdown in WIP during 2012 and the increase towards the end of the current reporting period and shows the number of lots under development (work in progress) at certain dates:
667 at 30 June 2011;
572 at 31 December 2011;
318 at 30 June 2012; and
554 at 31 December 2012.

It will take time for new stock to be completed and sold before revenue increases, but the process is underway.

Additionally, market sentiment over the last year has shifted such that customers in most markets respond more favourably to completed housing than to land only sales. The Company has responded to this change by increasing housing construction on controlled land. Whilst this requires greater use of capital in the short term, it also reduces sales risk by facilitating turnover.

Thirdly, new projects take time to bring to site and become established. In late 2010 the Company expanded its land portfolio by some 3,000 lots. These projects have taken time either to get to revenue recognition stage or to achieve the type of maturity at which sales reach the types of volumes required to materially impact the business. Whilst some aspects of this have been slower than anticipated, and some outside of the Company's control, we are now significantly advanced in this process.

In relation to the main markets in which the Company operates, there have been mixed conditions. The main reduction in revenue for the period has occurred in Victoria. The Victorian market was overheated during 2010/11 and conditions have since softened considerably. Revenues declined by $31.8 million for the reporting period from December 2011 figures, however, margins on Victorian projects remain acceptable and sales performance over the December 2012 and January 2013 period improved and indicate that market conditions in Victoria appear to have stabilised.

Directors' Report
For the half-year ended 31 December 2012

REVIEW OF OPERATIONS (continued)

The NSW market continues to show signs of improvement with increased enquiry levels at most projects. This is a significant improvement on very poor conditions which prevailed in NSW for nearly a decade. The Company's operations in that State have been impacted by delays out of the Company's control to its new project at Cobbitty. A combination of delays being overcome as well as improving market conditions should see better outcomes from our New South Wales operations.

Until relatively recently Queensland prices, particularly in the lower and middle segments, were high by historical levels compared to Sydney and Melbourne. This is no longer the case and the Queensland markets in which the Company operates are now priced at, or even below, historical levels and overall fundamentals are quite strong.

Unfortunately, Queensland has suffered in recent times from many issues such as the effects of floods, lower population growth, the impact on tourism from the high Australian dollar and recent softening in the mining sector. This has impacted on consumer confidence, probably to an even greater extent than many other areas in Australia.

Most industry forecasters remain of the view that the Queensland markets will see a recovery, however, current sales performance remains soft and land only sales are harder to achieve. As a consequence, the largest proportion of our inventory write-down relates to Queensland.

In South Australia the market remains stable but with low sales volume. However, the development status of the Company's two main projects in South Australia should see improved performance in the short term. The St Clair project is now entering a significant stage of maturity and sales activity is increasing accordingly. The Eyre (Penfield) project is just underway with the first stage including a substantial display village comprising 8 contract builders and 20 display homes.

The Company's joint venture with Hobsonville Land Company in Auckland, New Zealand, has shown significant signs of improved performance. Again, there is a lag between underlying business activity and revenue recognition but we are confident that significantly improved results will flow from the project in the short to medium term. The project is outstanding both in its own right and as an example of what can be achieved in partnership with government.

There continued to be a focus on overheads and cost control during the period. However, this has not been to the detriment to aspects of the business that are critical to its future success, such as product and design innovation.

Total lots under control was 10,581 at balance date. Although the Company has not been acquiring land in recent times, the acquisitions in late 2010 have the Company adequately positioned for the medium term. Additionally, as older inventory is sold, the newer acquisitions form an increasingly higher percentage of total inventories than previously.

Outlook

Market fundamentals remain positive, with improvements in affordability, low (and possibly further reductions in) interest rates, underlying housing shortages in some markets notably NSW and Auckland NZ, relatively high population growth and relatively stable economic conditions expected to continue.

Consumer confidence remains the key issue and until there is a positive change, market conditions will continue to remain challenging. However, there are tentative signs that provide some optimism that this change is underway.

Directors' Report

For the half-year ended 31 December 2012

DIVIDENDS

No dividend has been proposed, paid, or is payable in relation to the half-year ended 31 December 2012 (2011 corresponding period: 0.5 cents).

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 is presently in discussions with its Club Lenders to extend its Club Facility expiry date from 30 September 2013 to 30 September 2015. Draft term sheets have been exchanged and it is believed that the terms of the extension should be finalised shortly. The fact that the facility has not been formally extended as at the balance date requires the Club Facility debt to be treated as a current liability in the financial statements. The Consolidated Entity remains compliant with all lending covenants.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 31 December 2012 that has significantly affected, or may significantly affect:

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

ROUNDING OF AMOUNTS

The amounts contained in this Report and in the Financial Statements have been rounded to the nearest $1,000 (where rounding is permitted) under the option available to the company under the Australian Securities and Investments Commission (ASIC) Class Order 98/100.The Company is an entity to which the Class Order applies.

AUDITORS INDEPENDENCE DECALRATION

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

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

Peter Summers
Director
27 February 2013

Ernst & Young

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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 2012, 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

Mark Conroy

Mark Conroy
Partner
27 February 2013

Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2012

	Note	6 months 31 December 2012 $'000	6 months 31 December 2011 $'000
Continuing operations			
Revenues	3	52,909	92,181
Share of profits of associates and joint ventures accounted for using the equity method	11	413	5,403
Cost of property developments sold		(41,400)	(74,321)
Provision for loss on inventories	3	(22,964)	-
Other operational expenses		(2,304)	(2,903)
Advertising expenses		(1,510)	(1,661)
Display costs		(510)	(508)
Employee expenses		(8,524)	(9,979)
Depreciation and amortisation expense		(192)	(174)
Finance costs	3	(205)	(263)
Fair value gain/(loss) on interest rate derivatives		107	(167)
Other expenses		(4,105)	(4,816)
(Loss)/profit from continuing operations before income tax		**(28,285)**	**2,792**
Income tax credit	4	9,147	532
(Loss)/profit from continuing operations after income tax		**(19,138)**	**3,324**
Net (loss)/profit for the period		**(19,138)**	**3,324**
Other comprehensive income/(loss)			
Foreign currency translation (recyclable through profit and loss)		16	(91)
Other comprehensive income/(loss) for the period net of tax		**16**	**(91)**
Total comprehensive income/(loss) for the period		**(19,122)**	**3,233**

	Cents	Cents
Earnings per share for (loss)/profit from continuing operations attributable to ordinary equity holders of the parent:		
Basic earnings per share	(7.06)	1.22
Diluted earnings per share	(7.12)	1.00

Consolidated Statement of Financial Position

As at 31 December 2012

	Note	31 December 2012 $'000	30 June 2012 $'000
CURRENT ASSETS			
Cash and cash equivalents	7	14,858	4,560
Trade and other receivables		13,563	33,690
Inventories		81,958	73,872
Tax receivable		875	514
Deferred tax assets		2,968	-
Other current assets		1,320	2,112
Total current assets		**115,542**	**114,748**
NON-CURRENT ASSETS			
Trade and other receivables		578	1,832
Inventories		324,851	353,152
Investments accounted for using the equity method		24,470	24,407
Property, plant and equipment		1,138	1,174
Intangible assets		2,816	2,816
Total non-current assets		**353,853**	**383,381**
Total assets		**469,395**	**498,129**
CURRENT LIABILITIES			
Trade and other payables		81,494	46,946
Derivative financial instruments		80	187
Interest-bearing loans and borrowings	12	107,857	1,100
Provisions		3,635	3,667
Total current liabilities		**193,066**	**51,900**
NON-CURRENT LIABILITIES			
Trade and other payables		6,484	47,520
Interest-bearing loans and borrowings	12	18,935	123,137
Deferred tax liabilities		-	5,938
Provisions		789	641
Total non-current liabilities		**26,208**	**177,236**
Total liabilities		**219,274**	**229,136**
Net assets		**250,121**	**268,993**
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	6	121,004	121,096
Reserves		788	430
Retained earnings		128,329	147,467
Total equity		**250,121**	**268,993**

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2012

		Attributable to equity holders of the parent				Total equity
	Note	Issued capital $'000	Foreign Currency Translation Reserve $'000	Share-based Payment Reserve $'000	Retained earnings $'000	$'000
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	6(b)	(739)	-	-	-	(739)
- Foreign currency translation reserve		-	6	-	-	6
- Share-based payment reserve			-	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**
At 1 July 2012		**121,096**	**(257)**	**687**	**147,467**	**268,993**
Loss for the period		-	-	-	(19,138)	(19,138)
Other comprehensive income for the period		-	16	-	-	16
Total comprehensive loss for the period		-	16	-	(19,138)	(19,122)
Transactions with owners in their capacity as owners						
- Treasury shares acquired	6(b)	(92)	-	-	-	(92)
- Foreign currency translation reserve		-	161	-	-	161
- Share-based payment reserve		-		181	-	181
		(92)	177	181	(19,138)	(18,872)
At 31 December 2012		**121,004**	**(80)**	**868**	**128,329**	**250,121**

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2012

	Note	6 months 31 December 2012 $'000	6 months 31 December 2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		79,325	105,533
Payments to suppliers, land vendors and employees		(66,516)	(134,683)
Interest paid		(4,895)	(5,062)
Income tax paid		(527)	(4,878)
Net cash from/(used in) operating activities		**7,387**	**(39,090)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		20	194
Purchase of property, plant and equipment		(171)	(281)
Interest received		233	267
Distribution received		350	1,100
Investments in associates and joint venture entities		-	(871)
Net cash from investing activities		**432**	**409**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		25,138	56,440
Repayment of borrowings		(22,583)	(19,383)
Payment of finance lease liability		-	(30)
Payment for treasury shares	6(b)	(92)	(739)
Equity dividends paid	5	-	(4,119)
Net cash from financing activities		**2,463**	**32,169**
NET INCREASE/(DECREASE) IN CASH HELD		**10,282**	**(6,512)**
Cash and cash equivalents at beginning of period		4,560	12,260
Effects of exchange rate changes on cash and cash equivalents		16	(12)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7	**14,858**	**5,736**

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2012

1. CORPORATE INFORMATION

The Consolidated Financial Report of AVJennings Limited for the half-year ended 31 December 2012 was authorised for issue in accordance with a resolution of the Directors on 27 February 2013. 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 System (CLOB).

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This Report is a general purpose report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

It is recommended that this Report be read in conjunction with the Annual Report for the year ended 30 June 2012 and considered together with any public announcements made by AVJennings Limited during the half-year ended 31 December 2012 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 year ended 30 June 2012.

None of the new Standards and amendments to Standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current year or any prior year and are not likely to affect future periods.

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 2012. The Directors believe that these new or amended standards and interpretations do not have any material effect on the Report presented.

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2012

3. REVENUES AND EXPENSES

Profit/(loss) from ordinary activities before income tax includes the following revenues and expenses:

	6 months 31 December 2012 $'000	6 months 31 December 2011 $'000
Revenues from continuing operations		
Developments	49,780	87,330
Home Improvements	170	1,820
Interest revenue	233	267
Management fees	1,627	1,388
Rental revenue	5	11
Royalty revenue	639	710
Sundry revenue	455	655
Total revenues	**52,909**	**92,181**
Finance costs		
Bank loans and overdrafts	4,895	5,062
Total finance costs	4,895	5,062
Less: Amount capitalised to inventories	(4,690)	(4,799)
Finance costs expensed	**205**	**263**
Impairment of inventories		
Provision for loss on inventories	(22,964)	-
Total impairment	**(22,964)**	**-**

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

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2012

4. INCOME TAX

	6 months 31 December 2012 $'000	6 months 31 December 2011 $'000
Income tax		
The major components of income tax credit are:		
Current income tax		
Current income tax charge	158	-
Adjustment for prior periods	(400)	(710)
Deferred income tax		
Current year temporary differences	(8,902)	(629)
Adjustment for prior periods	(3)	807
Income tax credit reported in the *Consolidated Statement of Comprehensive Income*	**(9,147)**	**(532)**

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

	6 months 31 December 2012 $'000	6 months 31 December 2011 $'000
Accounting (loss)/profit before income tax	**(28,285)**	**2,792**
Tax at Australian income tax rate of 30% (2011 - 30%)	(8,486)	838
Adjustment for prior periods	(591)	97
Equity accounted share of Joint Venture profits	(119)	(1,538)
Other non-deductible items and variations	49	71
Aggregate income tax credit	**(9,147)**	**(532)**

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2012

5. DIVIDENDS

	6 months 31 December 2012 $'000	6 months 31 December 2011 $'000
Dividends paid and recognised		
2011 final dividend of 1.5 cents per fully paid share, paid 19 October 2011. Fully franked @ 30% tax	-	4,119
Total dividends paid	**-**	**4,119**
Dividends proposed		
2012 interim dividend of 0.5 cent per fully paid share, paid 11 April 2012. Fully franked @ 30% tax	-	1,373
Total dividends proposed	**-**	**1,373**

The Company's Dividend Reinvestment Plan remains suspended.

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2012

6. CONTRIBUTED EQUITY

	31 December 2012 Number	30 June 2012 Number	31 December 2012 $'000	30 June 2012 $'000
Ordinary shares	274,588,694	274,588,694	122,837	122,837
Treasury shares	(3,365,100)	(3,071,187)	(1,833)	(1,741)
Share capital			**121,004**	**121,096**

(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 2012 Number	30 June 2012 Number	31 December 2012 $'000	30 June 2012 $'000
As at the beginning of the period	(3,071,187)	(1,708,786)	(1,741)	(1,002)
Acquisition of shares by AVJ Deferred Employee Share Plan Trust	(293,913)	(1,695,735)	(92)	(739)
Employee share scheme issue	-	333,334	-	-
As at the end of the period	**(3,365,100)**	**(3,071,187)**	**(1,833)**	**(1,741)**

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

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 2012

7. CASH AND CASH EQUIVALENTS

	31 December 2012 $'000	30 June 2012 $'000
Reconciliation to Consolidated Statement of Cash Flows		
For the purposes of *Consolidated Statement of Cash Flows,* cash and cash equivalents comprise the following:		
Cash at bank and in hand	**14,858**	**4,560**

8. OPERATING SEGMENTS

Identification of reportable segments

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision makers in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the locations 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

Locations:

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 2012

8. OPERATING SEGMENTS (continued)

The following table presents the revenues and results information regarding operating segments for the half-year ended 31 December 2012.

	Continuing Operations													
	NSW		**VIC**		**QLD**		**SA**		**NZ**		**Other**		**Total**	
Operating segments	**31 December**		**31 December**		**31 December**		**31 December**		**31 December**		**31 December**		**31 December**	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenues														
External sales	18,030	21,930	9,271	41,087	9,247	18,348	11,588	7,435	1,814	350	-	-	49,950	89,150
Management fees	903	806	577	435	-	25	61	79	86	43	-	-	1,627	1,388
Other revenue	-	-	-	-	-	-	-	-			1,332	1,643	1,332	1,643
Total segment revenues	**18,933**	**22,736**	**9,848**	**41,522**	**9,247**	**18,373**	**11,649**	**7,514**	**1,900**	**393**	**1,332**	**1,643**	**52,909**	**92,181**
Results														
Segment results	(1,078)	552	(2,524)	4,673	(20,182)	3,493	1,039	777	384	(181)	(422)	(16)	(22,783)	9,298
Fair value movement in interest rate derivatives	-	-	-	-	-	-	-	-	-	-	-	-	107	(167)
Other income	-	-	-	-	-	-	-	-	-	-	1,332	1,643	1,332	1,643
Unallocated depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	(192)	(174)
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(6,544)	(7,545)
Unallocated interest expense	-	-	-	-	-	-	-	-	-	-	-	-	(205)	(263)
(Loss)/profit before tax													(28,285)	2,792
Income tax													9,147	532
Net (loss)/profit													**(19,138)**	**3,324**

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2012

8. OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities information regarding operating segments as at 31 December 2012.

	Continuing Operations													
Operating segments	**NSW**		**VIC**		**QLD**		**SA**		**NZ**		**Other**		**Total**	
	31 Dec 2012 $'000	**30 Jun 2012 $'000**	**31 Dec 2012 $'000**	**30 Jun 2012 $'000**	**31 Dec 2012 $'000**	**30 Jun 2012 $'000**	**31 Dec 2012 $'000**	**30 Jun 2012 $'000**	**31 Dec 2012 $'000**	**30 Jun 2012 $'000**	**31 Dec 2012 $'000**	**30 Jun 2012 $'000**	**31 Dec 2012 $'000**	**30 Jun 2012 $'000**
Assets														
Segment assets	120,967	133,880	107,651	113,489	133,582	154,818	71,972	75,656	14,320	9,605	20,903	10,681	469,395	498,129
Total assets	**120,967**	**133,880**	**107,651**	**113,489**	**133,582**	**154,818**	**71,972**	**75,656**	**14,320**	**9,605**	**20,903**	**10,681**	**469,395**	**498,129**
Liabilities														
Segment liabilities	10,655	10,081	26,422	27,283	47,335	40,904	22,980	26,730	415	9,737	111,467	114,401	219,274	229,136
Total liabilities	**10,655**	**10,081**	**26,422**	**27,283**	**47,335**	**40,904**	**22,980**	**26,730**	**415**	**9,737**	**111,467**	**114,401**	**219,274**	**229,136**

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2012

9. NET TANGIBLE ASSET BACKING

	31 December 2012 cents	30 June 2012 cents
Net Tangible Asset backing (NTA) - cents per ordinary security	90.06	96.94

Ordinary shares on issue as at 31 December 2012 were 274,588,694 (30 June 2012: 274,588,694). Refer to note 6 for details.

10. 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 2012 $'000	6 months 31 December 2011 $'000
Revenues	7,775	980
Cost of sales	(5,926)	(821)
Other expenses	(755)	(881)
Profit/(loss) before income tax	**1,094**	**(722)**
Income tax	(328)	217
Net profit/(loss) attributable to members of the parent	**766**	**(505)**

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2012

11. 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		Share of Net profit/(loss)	
Name of Associate & Joint Ventures	31 December 2012	31 December 2011	6 months 31 December 2012 $'000	6 months 31 December 2011 $'000
Epping JV	10%	10%	16	275
Arlington Rise JV	-	45%	-	1
Creekwood (Meridan Plains)	-	-	-	4,776
Eastwood	50%	50%	408	356
Sydney Olympic Park Development	50%	50%	-	-
Woodville	50%	50%	(11)	(5)
Profit after tax			**413**	**5,403**

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

On 27 March 2012, the Consolidated Entity purchased the equity held by the joint venture partner in Arlington Rise. Arlington Rise does not constitute a business and has been accounted for as an asset acquisition.

12. INTEREST-BEARING LOANS AND BORROWINGS

The Consolidated Entity is presently in discussions with its Club Lenders to extend its Club Facility expiry date from 30 September 2013 to 30 September 2015. Draft term sheets have been exchanged and it is believed that the terms of the extension should be finalised shortly. The fact that the facility has not been formally extended as at the balance date requires the Club Facility debt to be treated as a current liability in the financial statements. The Consolidated Entity remains compliant with all lending covenants.

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2012

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 2012, amounted to $11,320,000 (30 June 2012: $13,263,000). No liability is expected to arise.

Financial guarantees

Financial guarantees granted by the Consolidated Entity's bankers to unrelated parties in the normal course of business at 31 December 2012, amounted to $12,096,000 (30 June 2012: $15,846,000). No liability is expected to arise.

Unsecured

Contract performance bond facility

The Parent Entity has entered into a Deed of Indemnity with various controlled entities to indemnify the obligation of those entities in relation to the Contract performance bond facility. 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 2012, amounted to $3,451,000 (30 June 2012: $4,424,000). No liability is expected to arise.

14. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 31 December 2012 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.

15. DEFICIENCY IN NET CURRENT ASSETS

At the Balance Sheet date, a deficiency of $77,524,000 exists in the net current assets of the Consolidated Entity. The accounts have been prepared on a going concern basis, notwithstanding the deficiency of net current assets, as the extension of the Club facility to 30 September 2015 is expected to be finalised shortly as outlined in note 12. The Directors are of the opinion that there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they fall due.

Directors' Declaration
For the half-year ended 31 December 2012

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 2012 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

27 February 2013

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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 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity 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 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of AVJennings Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 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

Ernst & Young

Mark Conroy

Mark Conroy
Partner
Sydney
27 February 2013