AVJennings Limited
ABN: 44 004 327 771

31 December 2013 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 2013 and any public announcements made by AVJennings Limited during the half-year ended 31 December 2013 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 2013

	2013 $'000	2012 $'000	Increase $'000	Increase %
Revenues	104,271	52,909	51,362	97.1%
Profit/(loss) after tax	8,353	(19,138)	27,491	143.6%
Net profit/(loss) attributable to members	8,353	(19,138)	27,491	143.6%

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

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 2013

Your Directors present their Report on the Company and its controlled entities for the half-year ended 31 December 2013.

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 recorded an after tax profit of $8.4 million for the first half ended 31 December 2013, a 143.6% turnaround on the previous corresponding period (31 December 2012: $19.1 million loss after tax).

The significantly improved result reflects accelerated production, sales and settlement activity.

Half year revenue of $104.3 million was almost double that of 1H13 ($52.9 million) due to the completion of inventory and continuing improvement in market conditions, particularly in New South Wales, Queensland and, to a lesser extent, Victoria.

A $5.2 million write-back in inventory provision recorded during the half is consistent with the general theme of sustained recovery in the Company's markets, which is fostering improvements in trading performance and key asset value drivers such as sales rates and prices, margins and project lifespan. Whilst market conditions are a key element, so too has been positive outcomes from the Company adapting and revising project plans and strategies.

Net Debt at balance date on a proportionate consolidation basis was $104.3 million (31 December 2012: $119.8 million). The decrease in net debt compared to the same time last year is attributable mainly to the success of an Entitlement Offer in the second half of fiscal 2013 coupled with increased cash receipts from settlements, which together outweighed the additional cash absorption associated with rising production levels and historical land acquisition payments. In the six months to 31 December 2013, funds continued to be used in the escalation of work in progress levels.

The Company remains compliant with all lending covenants and continues to progress its strategy of diversifying funding sources and reducing reliance upon the Club Facility.

The Company is managing its cash to support ongoing expansion of production in response to improved market conditions. Two major projects also commenced site works in the half year. As a consequence, Directors have determined to defer consideration of the declaration of a dividend until the full year result. Directors expect that a full year dividend will be declared.

Directors' Report

For the half-year ended 31 December 2013

REVIEW OF OPERATIONS (continued)

Business Overview

Whilst the results are a significant improvement on the previous corresponding period, most pleasing was the continued increase in underlying business activity levels. Directors have previously reported on improving market conditions and the Company has responded to this with increased work in progress levels.

The following illustrates the continued rise in lots under development (both land only and built form) since the low point of June 2012:

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

New projects such as Arcadian Hills at Cobbitty, New South Wales, and Hazelcroft at Doreen, Victoria, are now underway although their contribution to profit will only commence in the second half of this financial year. Whilst work in progress levels are higher, the timing of production will see a significant bias to the second half as revenues are recognised from current work in progress being completed.

The Company's broad range of product types, covering land, integrated housing and low rise apartments, together with its geographical diversification, is providing a strong platform. In particular, the Company's continued emphasis on delivering affordable housing options continues to be a key element of its strategic plan.

During the period, the Company has increased its focus on both the brand, which remains one of the leading Australian brands, and product development. Such ongoing investment is critical to ensuring the Company's success.

In recent periods, the Company has concentrated more strongly on the development of existing projects rather than acquisitions. This will see strong cash flows from increased work in progress levels in the short term as settlements increase, which will position the Company well for new acquisitions.

Strategies are constantly reviewed at all levels, from Company wide, to project by project. Directors remain confident that the strategies adopted both reflect market conditions and promote Company objectives.

Consumer confidence in the key New South Wales and south-east Queensland markets is clearly improving. This is reflected in the improved performance of individual estates although the recovery is much more established in New South Wales at this stage. Further improvement in the Company's Queensland markets is expected in the short term. The Victorian market is now showing early, but encouraging, signs of recovery. South Australia remains stable but subdued, with sales activity at the Company's 'St Clair' and 'Eyre' estates increasing following the achievement of important milestones. The Company's Hobsonville Point joint venture project with the New Zealand Government is also experiencing significant demand, in line with much of the Auckland market.

Directors' Report

For the half-year ended 31 December 2013

REVIEW OF OPERATIONS (continued)

Total lots under control stood at 9,475 at balance date. Although the Company has not purchased land since late 2010-11 and remains adequately positioned into the medium term, it is actively exploring capital-efficient methods to secure future development opportunities in specific micro-markets.

Outlook

Management expects that the improvement in the Company's markets demonstrated in the first half will continue into the second half of fiscal 2014. The Company is on track to meet or exceed its previous guidance of contract signings of between 1,200 and 1,400 lots for the financial year.

Directors' confidence is based on market fundamentals, which remain positive, with improvements in affordability, low interest rates and inflation, underlying housing shortages in some markets (especially Sydney and Auckland), positive population growth and a relatively stable macroeconomic outlook over 2014-15.

DIVIDENDS

No dividend has been proposed, paid, or is payable in relation to the half-year ended 31 December 2013 (31 December 2012: nil).

COMPARATIVE FIGURES

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

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 31 December 2013 that has significantly affected, or may significantly affect:

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

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.

Directors' Report

For the half-year ended 31 December 2013

AUDITORS INDEPENDENCE DECLARATION

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
25 February 2014

Ernst & Young
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Sydney NSW 2000 Australia
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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 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
25 February 2014

Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2013

	Note	31 December 2013 $'000	31 December 2012 $'000
Revenues	3	104,271	52,909
Share of profits of associates and joint ventures accounted for using the equity method	11	1,161	413
Cost of property developments sold		(80,810)	(41,400)
Decrease/(increase) in provision for loss on inventories	3	5,154	(22,964)
Other operational expenses		(2,287)	(2,304)
Selling and marketing expenses		(3,135)	(2,793)
Employee expenses		(8,153)	(8,524)
Depreciation and amortisation expense		(176)	(192)
Finance costs	3	(296)	(205)
Fair value gain on interest rate derivatives		-	107
Management and administration expenses		(3,271)	(3,332)
Profit/(loss) before income tax		**12,458**	**(28,285)**
Income tax	4	(4,105)	9,147
Profit/(loss) after income tax		**8,353**	**(19,138)**
Net profit/(loss) for the period		**8,353**	**(19,138)**
Other comprehensive income			
Foreign currency translation (recyclable through profit and loss)		1,778	177
Other comprehensive income for the period		**1,778**	**177**
Total comprehensive income/(loss) for the period		**10,131**	**(18,961)**
Earnings per share for profit/(loss) from continuing operations attributable to ordinary equity holders of the parent:			
Basic earnings per share		2.20	(7.06)
Diluted earnings per share		1.95	(7.12)

Consolidated Statement of Financial Position

As at 31 December 2013

	Note	31 December 2013 $'000	30 June 2013 $'000
CURRENT ASSETS			
Cash and cash equivalents	7	7,252	11,649
Trade and other receivables		31,283	23,033
Inventories		119,983	109,068
Other current assets		1,870	1,211
Total current assets		**160,388**	**144,961**
NON-CURRENT ASSETS			
Trade and other receivables		232	4,120
Inventories		263,327	281,745
Investments accounted for using the equity method		26,342	25,181
Property, plant and equipment		769	993
Deferred tax assets		-	3,087
Intangible assets		2,816	2,816
Total non-current assets		**293,486**	**317,942**
Total assets		**453,874**	**462,903**
CURRENT LIABILITIES			
Trade and other payables		32,087	65,365
Interest-bearing loans and borrowings		3,069	7,171
Tax payable		480	449
Provisions		3,912	4,036
Total current liabilities		**39,548**	**77,021**
NON-CURRENT LIABILITIES			
Trade and other payables		-	6,956
Interest-bearing loans and borrowings		108,486	82,720
Deferred tax liabilities		153	-
Provisions		986	845
Total non-current liabilities		**109,625**	**90,521**
Total liabilities		**149,173**	**167,542**
Net assets		**304,701**	**295,361**
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	6	160,436	160,960
Reserves		3,711	2,200
Retained earnings		140,554	132,201
Total equity		**304,701**	**295,361**

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2013

		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 2012		**121,096**	**(257)**	**687**	**147,467**	**268,993**
Loss for the period		-	-	-	(19,138)	(19,138)
Other comprehensive income for the period		-	177	-	-	177
Total comprehensive loss for the period		-	177	-	(19,138)	(18,961)
Transactions with owners in their capacity as owners						
- Treasury shares acquired	6(b)	(92)	-	-	-	(92)
- Share-based payment expense		-		181	-	181
		(92)	177	181	(19,138)	(18,872)
At 31 December 2012		**121,004**	**(80)**	**868**	**128,329**	**250,121**
At 1 July 2013		**160,960**	**1,123**	**1,077**	**132,201**	**295,361**
Profit for the period		-	-	-	8,353	8,353
Other comprehensive income for the period		-	1,778	-	-	1,778
Total comprehensive income for the period		-	1,778	-	8,353	10,131
Transactions with owners in their capacity as owners						
- Treasury shares acquired	6(b)	(524)	-	-	-	(524)
- Share-based payment expense reversed (forfeited shares)		-	-	(579)	-	(579)
- Share-based payment expense		-	-	312	-	312
		(524)	1,778	(267)	8,353	9,340
At 31 December 2013		**160,436**	**2,901**	**810**	**140,554**	**304,701**

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2013

	Note	6 months 31 December 2013 $'000	6 months 31 December 2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		110,009	79,325
Payments to suppliers, land vendors and employees		(130,881)	(66,516)
Interest paid		(4,590)	(4,895)
Income tax paid		(969)	(527)
Net cash (used in) from operating activities		**(26,431)**	**7,387**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		68	20
Purchase of property, plant and equipment		(47)	(171)
Interest received		297	233
Distribution received		-	350
Net cash from investing activities		**318**	**432**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		67,491	25,138
Repayment of borrowings		(45,827)	(22,583)
Payment for treasury shares	6(b)	(524)	(92)
Net cash from financing activities		**21,140**	**2,463**
NET (DECREASE)/INCREASE IN CASH HELD		**(4,973)**	**10,282**
Cash and cash equivalents at beginning of period		11,649	4,560
Effects of exchange rate changes on cash and cash equivalents		576	16
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7	**7,252**	**14,858**

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2013

1. CORPORATE INFORMATION

The Consolidated Report of AVJennings Limited for the half-year ended 31 December 2013 was authorised for issue in accordance with a resolution of the Directors on 25 February 2014. 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

The half year consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting.

It is recommended that this Report be read in conjunction with the Annual Report for the year ended 30 June 2013 and considered together with any public announcements made by AVJennings Limited during the half-year ended 31 December 2013 in accordance with the continuous disclosure obligations of the ASX listing rules.

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

None of the new Standards and amendments to Standards that are mandatory for the first time for the financial year beginning 1 July 2013 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 2013. 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 2013

3. REVENUES AND EXPENSES

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

	6 months 31 December 2013 $'000	6 months 31 December 2012 $'000
Revenues		
Developments	101,210	49,780
Home Improvements	-	170
Interest revenue	297	233
Management fees	1,530	1,627
Royalty revenue	399	639
Sundry revenue	835	460
Total revenues	**104,271**	**52,909**
Finance costs		
Bank loans and overdrafts	4,590	4,895
Total finance costs	4,590	4,895
Less: Amount capitalised to inventories	(4,294)	(4,690)
Finance costs expensed	**296**	**205**
Impairment of assets		
(Decrease)/increase in provision for loss on inventories	(5,154)	22,964
Total impairment	**(5,154)**	**22,964**

The movement in current period provision results from a realignment of future assumptions with present market conditions predominantly driven by projects in New South Wales and Queensland.

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2013

4. INCOME TAX

	6 months 31 December 2013 $'000	6 months 31 December 2012 $'000
Income tax		
The major components of income tax are:		
Current income tax		
Current income tax charge	974	158
Adjustment for prior year	-	(400)
Deferred income tax		
Current year temporary differences	2,934	(8,902)
Adjustment for prior year	197	(3)
Income tax reported in the *Consolidated Statement of Comprehensive Income*	**4,105**	**(9,147)**

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

	6 months 31 December 2013 $'000	6 months 31 December 2012 $'000
Accounting profit/(loss) before income tax	**12,458**	**(28,285)**
Tax at Australian income tax rate of 30% (2012 - 30%)	3,737	(8,486)
Adjustment for prior years	197	(403)
Equity accounted share of Joint Venture profits	(348)	(119)
Other non-deductible items and variations	519	(139)
Aggregate income tax	**4,105**	**(9,147)**

5. DIVIDENDS

No dividend has been proposed, paid, or is payable in relation to the half-year ended 31 December 2013 (31 December 2012: nil).

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2013

6. CONTRIBUTED EQUITY

	31 December 2013 Number	30 June 2013 Number	31 December 2013 $'000	30 June 2013 $'000
Ordinary shares	384,423,851	384,423,851	162,793	162,793
Treasury shares	(4,221,605)	(3,365,100)	(2,357)	(1,833)
Share capital			**160,436**	**160,960**

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

(b) Movement in treasury shares	**Number**	**Number**	**$'000**	**$'000**
As at the beginning of the year	(3,365,100)	(3,071,187)	(1,833)	(1,741)
Acquisition of shares by AVJ Deferred Employee Share Plan Trust	(856,505)	(293,913)	(524)	(92)
As at the end of the period	**(4,221,605)**	**(3,365,100)**	**(2,357)**	**(1,833)**

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.

7. CASH AND CASH EQUIVALENTS

	31 December 2013 $'000	30 June 2013 $'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	**7,252**	**11,649**

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2013

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 jurisdictions in which the Consolidated Entity sells its products and services. Discrete financial information about each of these operating businesses is reported on a monthly basis.

Types of products and services

The Consolidated Entity operates primarily in residential development.

Accounting policies

The accounting policies used in reporting segments are the same as those contained in the Financial Report.

Operating segments

States and New Zealand:

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 2013

8. OPERATING SEGMENTS (continued)

The following table presents the revenues and results information regarding operating segments for the half-year ended 31 December 2013:

Operating segments	NSW		VIC		QLD		SA		NZ		Other		Total	
	31 December		31 December		31 December		31 December		31 December		31 December		31 December	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenues														
External sales	27,684	18,030	29,538	9,271	33,638	9,247	10,144	11,588	206	1,814	-	-	101,210	49,950
Management fees	1,409	903	-	577	-	-	73	61	48	86	-	-	1,530	1,627
Other revenue	-	-	-	-	-	-	-	-	-	-	1,531	1,332	1,531	1,332
Total segment revenues	**29,093**	**18,933**	**29,538**	**9,848**	**33,638**	**9,247**	**10,217**	**11,649**	**254**	**1,900**	**1,531**	**1,332**	**104,271**	**52,909**
Results														
Segment results *	4,539	487	4,330	587	2,242	(1,975)	899	1,120	(94)	384	123	(422)	12,039	181
Movement in provision for loss on inventories	2,928	(1,565)	(182)	(3,111)	2,542	(18,207)	(134)	(81)	-	-	-	-	5,154	(22,964)
Fair value movement in interest rate derivatives	-	-	-	-	-	-	-	-	-	-	-	-	-	107
Other revenue	-	-	-	-	-	-	-	-	-	-	1,531	1,332	1,531	1,332
Unallocated depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	(176)	(192)
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(5,794)	(6,544)
Unallocated interest expense	-	-	-	-	-	-	-	-	-	-	-	-	(296)	(205)
Profit/(loss) before tax													12,458	(28,285)
Income tax													(4,105)	9,147
Net profit/(loss)													**8,353**	**(19,138)**

* Segment results include utilisation of provision for write-down of inventories of $6,871,000 (31 December 2012: $3,406,000)

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2013

8. OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities information regarding operating segments as at 31 December 2013:

Operating Segments	NSW		VIC		QLD		SA		NZ		Other		Total	
	31 Dec 2013 $'000	**30 Jun 2013 $'000**	**31 Dec 2013 $'000**	**30 Jun 2013 $'000**	**31 Dec 2013 $'000**	**30 Jun 2013 $'000**	**31 Dec 2013 $'000**	**30 Jun 2013 $'000**	**31 Dec 2013 $'000**	**30 Jun 2013 $'000**	**31 Dec 2013 $'000**	**30 Jun 2013 $'000**	**31 Dec 2013 $'000**	**30 Jun 2013 $'000**
Assets														
Segment assets	130,777	122,558	101,032	106,068	120,602	122,631	70,163	70,240	22,678	21,990	8,622	19,416	453,874	462,903
Total assets	**130,777**	**122,558**	**101,032**	**106,068**	**120,602**	**122,631**	**70,163**	**70,240**	**22,678**	**21,990**	**8,622**	**19,416**	**453,874**	**462,903**
Liabilities														
Segment liabilities	5,319	7,127	11,830	18,068	4,897	40,402	18,166	19,468	3,244	2,425	105,717	80,052	149,173	167,542
Total liabilities	**5,319**	**7,127**	**11,830**	**18,068**	**4,897**	**40,402**	**18,166**	**19,468**	**3,244**	**2,425**	**105,717**	**80,052**	**149,173**	**167,542**

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2013

9. NET TANGIBLE ASSET BACKING

	31 December 2013 cents	30 June 2013 cents
Net Tangible Asset backing (NTA) - cents per ordinary security	78.5	76.1

Ordinary shares on issue as at 31 December 2013 were 384,423,851 (30 June 2013: 384,423,851). 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 2013 $'000	6 months 31 December 2012 $'000
Revenues	6,015	7,775
Cost of property developments sold	(4,078)	(5,926)
Other expenses	(723)	(755)
Profit before income tax	**1,214**	**1,094**
Income tax	(364)	(328)
Net profit attributable to members of the parent	**850**	**766**

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2013

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The interests in an associate or a joint venture entity are accounted for using the equity method of accounting and are carried at cost. Under the equity method, the 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)	
	31 December 2013	31 December 2012	6 months 31 December 2013 $'000	6 months 31 December 2012 $'000
Epping JV	10%	10%	-	16
Eastwood	50%	50%	1,167	408
Woodville	50%	50%	(6)	(11)
Profit after tax			**1,161**	**413**

12. INTEREST-BEARING LOANS AND BORROWINGS

The Consolidated Entity remains compliant with all lending covenants.

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 2013, amounted to $7,981,000 (30 June 2013: $7,811,000). No material 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 2013, amounted to $8,367,000 (30 June 2013: $12,470,000). No material 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 2013, amounted to $7,196,000 (30 June 2013: $7,396,000). No material liability is expected to arise.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2013

14. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 31 December 2013 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 2013

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 2013 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

25 February 2014

Building a better working world

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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 2013, 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 2013 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 2013 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
25 February 2014