



AVJennings Limited  
ABN: 44 004 327 771

30 June 2016 Preliminary Final Report  
Appendix 4E

This Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, it is recommended that this Report be read in conjunction with the Annual Report for the year ended 30 June 2015 and any public announcements made by AVJennings Limited during the year ended 30 June 2016 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.



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## Results for Announcement to the Market

Appendix 4E for the year ended 30 June 2016

	2016 \$'000	2015 \$'000	Increase \$'000	%
Revenues	421,884	317,903	103,981	32.7%
Profit after tax	40,912	34,385	6,527	19.0%
Net profit attributable to members	40,912	34,385	6,527	19.0%
<b>Dividends</b>	Cents per security		Franked amount per security at 30% tax	
<u>Current year</u>				
Interim dividend	1.5		1.5	
Final dividend	3.5		3.5	
<b>Total dividend</b>	<b>5.0</b>		<b>5.0</b>	
<u>Previous year</u>				
Interim dividend	1.0		1.0	
Final dividend	3.0		3.0	
<b>Total dividend</b>	<b>4.0</b>		<b>4.0</b>	
Record date for determining entitlements to dividend:	9 September 2016			
Payment date:	23 September 2016			
The Company's Dividend Re-Investment Plan remains suspended.				
<b>Explanation of results</b>				
The Operating and Financial Review in the Directors' Report provides an explanation of the results.				

# Directors' Report

For the year ended 30 June 2016

Your Directors present their Report on the Company and its controlled entities for the year ended 30 June 2016.

## DIRECTORS

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

S Cheong (Chairman)  
RJ Rowley (Deputy Chairman)  
PK Summers  
E Sam  
B Chin  
BG Hayman  
TP Lai  
D Tsang

## OPERATING AND FINANCIAL REVIEW

### Financial Results

The Company recorded profit before tax of \$58.8 million for the year ended 30 June 2016, up 22.0% on the previous year (30 June 2015: \$48.2 million) and profit after tax of \$40.9 million (30 June 2015: \$34.4 million).

Strong revenues in the second half of FY2016, substantial post balance date cash inflows from the collection of receivables and confidence in the outlook for FY2017 enabled the Directors to declare that a fully franked final dividend of 3.5 cents per share be paid in September 2016, taking total dividends declared for 2016 to 5.0 cents per share.

Contract signings of 1,832 lots were up on last year (1,737 lots) as too were settlements, which rose to 1,596 lots. Full year revenue increased 32.7% to \$421.9 million (30 June 2015: \$317.9 million) on the back of changes in product mix and project share, with the Company benefitting from announcements made in prior periods that it would acquire the interests of joint venture partners in the 'Argyle', Sydney and 'St Clair', Adelaide projects.

# Directors' Report

For the year ended 30 June 2016

## OPERATING AND FINANCIAL REVIEW (continued)

### Business Overview

Continuing high levels of production, sales and settlements together with stable gross margins in most jurisdictions contributed to the pleasing full year result. New South Wales, Queensland and New Zealand all continued to benefit from the net positive effect of active project and product mix changes that enabled the Company to capitalise on the differing strengths of each market.

Particularly good contributions were made by certain projects including 'Arcadian Hills', 'The Ponds' and 'Argyle' in Sydney and 'Magnolia' on the Central Coast of New South Wales. 'Nottingham Square' in Brisbane, 'Big Sky' in Coomera and 'Creekwood' in Caloundra all performed well for Queensland. 'Hazelcroft' and 'Lyndarum' demonstrated the ongoing strength of demand in the north of Melbourne Victoria, while 'St Clair' in Adelaide South Australia and 'Catalina' in Hobsonville Auckland had appeal for customers in those markets.

Work in progress was up 11.2% year-on-year to 1,681 lots. The level of completed unsold stock remained insignificant at only 2.8% by value of total lots under control.

The Company actively replenished inventory during the year, which saw controlled land fall only nominally to 10,048 lots (30 June 2015: 10,198 lots) despite continuing strong sales. Acquisitions included:

- the remaining 50% of the Argyle Elderslie, New South Wales joint venture;
- two separate land parcels in Bridgeman Downs, Queensland (approximately 114 townhouse and land lots);
- a land parcel in Kenmore, Queensland (estimated 32 townhouse lots);
- a large land parcel at Spring Farm, New South Wales (up to 540 lots);
- a land parcel at Cobbitty, New South Wales (approximately 50 lots); and
- land parcels in Hobsonville Auckland (approximately 414 lots).

Gearing remained low with net debt/total assets of only 17.9% (30 June 2015: 13.6%) and the Company extended the termination date of its core \$250 million 'Club' banking facility by a further 12 months from 30 September 2017 to 30 September 2018.

# Directors' Report

For the year ended 30 June 2016

## OPERATING AND FINANCIAL REVIEW (continued)

### Outlook

The Company believes that the level of activity currently experienced in many of its markets is the product of strong fundamentals. While specific micro-markets such as some inner-city areas of Sydney and Melbourne continue to experience strong price growth, this is not true of most of the Company's estates, where price growth is moderated by competition. The Company is confident that demand for its products is sustainable given its clear strategy of delivering traditional housing solutions at affordable prices in well-planned communities rather than participating in more volatile segments.

Sydney remains very active with strong demand driven by inadequate land supply and building delivery constraints, although the rate of sale of developed land lots is showing early signs of moderating as price points test the limits of affordability.

Auckland is a strong market and the high quality, master-planned Hobsonville project continues to experience significant demand with good sales and margins being generated, leading the Company to explore additional opportunities in Auckland.

Land sale rates and prices seem to be stabilising at more sustainable levels in Brisbane, Caloundra and Coomera in Queensland, while the Adelaide South Australia residential market remains subdued but positive signs are emerging. The Company maintains its relatively small investment in four residential projects in Perth.

The Melbourne residential land market remains buoyant with the Company all but selling out its Lyndarum estate. Future results will be enhanced by development of the new flagship 'Waterline Place' project located in the inner bayside suburb of Williamstown and the 'Lyndarum North' development undertaken in joint venture with AustralianSuper. Following the completion of substantial civil works, construction of the first stages of Waterline has commenced with work beginning on the 'Ellery' townhouses and 'Rosny' apartment building and settlements expected in late FY2017. Development of the first stage of Lyndarum North is scheduled to commence prior to Christmas following imminent completion of the local precinct structure plan and related regulatory processes.

Despite the disruption of a protracted federal election campaign and some ongoing policy uncertainties, the outlook for key residential property industry demand drivers remains positive, particularly in the context of traditional housing. Low interest rates and inflation, positive population growth and continuing shortages of detached and semi-detached houses and low rise apartments in Sydney, Melbourne and Auckland should all help underpin demand from the owner-occupiers and local investors targeted by AVJennings. While activity patterns and growth rates in some markets are changing, the usual bias of results towards the second half of the financial year will remain and contract signings in FY2017 are expected to be at a similar level to that achieved in 2016.

# Directors' Report

For the year ended 30 June 2016

## DIVIDENDS

A final dividend of 3.0 cents per share for the year ended 30 June 2015 was paid on 23 September 2015 and a fully franked interim dividend of 1.5 cents per share was paid on 15 April 2016 (2015: 1.0 cent). Subsequent to the end of the financial year, the Directors have recommended a fully franked final dividend of 3.5 cents per share to be paid on 23 September 2016. The Dividend Reinvestment Plan remains suspended.

## SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to 30 June 2016, the Group has extended its Club Borrowing Facility expiry date from 30 September 2017 to 30 September 2018.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect:

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

## ROUNDING

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

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



Peter Summers  
*Director*  
18 August 2016

# Consolidated Statement of Comprehensive Income

For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Revenues	3	421,884	317,903
Cost of sales		(315,731)	(232,641)
<b>Gross profit</b>		<b>106,153</b>	<b>85,262</b>
Share of (losses)/profits of associates and joint venture entities accounted for using the equity method	11	(583)	1,569
Change in inventory loss provisions	3	3,665	3,720
Other operational expenses		(5,479)	(4,953)
Selling and marketing expenses		(11,002)	(7,126)
Employee expenses		(24,797)	(20,402)
Depreciation expense		(275)	(300)
Finance costs	3	(526)	(863)
Management and administration expenses		(8,373)	(8,736)
<b>Profit before income tax</b>		<b>58,783</b>	<b>48,171</b>
Income tax	4	(17,871)	(13,786)
<b>Profit after income tax</b>		<b>40,912</b>	<b>34,385</b>
<b>Other comprehensive income</b>			
Foreign currency translation		2,042	(1,397)
<b>Other comprehensive income/(loss) for the year</b>		<b>2,042</b>	<b>(1,397)</b>
<b>Total comprehensive income for the year</b>		<b>42,954</b>	<b>32,988</b>
Earnings per share (cents per share):			
Basic earnings per share		10.71	9.03
Diluted earnings per share		10.71	9.03



# Consolidated Statement of Financial Position

As at 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	43,086	37,812
Trade and other receivables		106,060	69,364
Inventories		209,939	204,942
Tax receivable		-	143
Other assets		2,140	2,060
<b>Total current assets</b>		<b>361,225</b>	<b>314,321</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		21,694	12,818
Inventories		343,098	312,007
Equity accounted investments		8,684	10,667
Available-for-sale financial assets		2,880	2,880
Plant and equipment		985	605
Intangible assets		2,816	2,816
<b>Total non-current assets</b>		<b>380,157</b>	<b>341,793</b>
<b>Total assets</b>		<b>741,382</b>	<b>656,114</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		120,611	117,461
Interest-bearing loans and borrowings		10,057	3,008
Tax payable		10,494	-
Provisions		6,261	5,510
<b>Total current liabilities</b>		<b>147,423</b>	<b>125,979</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables		40,355	51,556
Interest-bearing loans and borrowings		165,466	123,716
Deferred tax liabilities		23,437	16,775
Provisions		794	742
<b>Total non-current liabilities</b>		<b>230,052</b>	<b>192,789</b>
<b>Total liabilities</b>		<b>377,475</b>	<b>318,768</b>
<b>Net assets</b>		<b>363,907</b>	<b>337,346</b>
<b>EQUITY</b>			
Contributed equity	6	160,436	160,436
Reserves		6,022	3,074
Retained earnings		197,449	173,836
<b>Total equity</b>		<b>363,907</b>	<b>337,346</b>

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Note	Attributable to Equity Holders of the Parent			Total Equity	
		Contributed Equity \$'000	Foreign Currency Translation Reserve \$'000	Share-based Payment Reserve \$'000	Retained earnings \$'000	\$'000
<b>At 1 July 2014</b>		<b>160,436</b>	<b>3,188</b>	<b>1,173</b>	<b>150,983</b>	<b>315,780</b>
Profit for the year		-	-	-	34,385	34,385
Other comprehensive loss for the year		-	(1,397)	-	-	(1,397)
Total comprehensive income for the year		-	(1,397)	-	34,385	32,988
Transactions with owners in their capacity as owners						
- Share-based payment expense reversed (forfeited shares)		-	-	(326)	-	(326)
- Share-based payment expense		-	-	436	-	436
- Dividends paid	5	-	-	-	(11,532)	(11,532)
		-	(1,397)	110	22,853	21,566
<b>At 30 June 2015</b>		<b>160,436</b>	<b>1,791</b>	<b>1,283</b>	<b>173,836</b>	<b>337,346</b>
<b>At 1 July 2015</b>		<b>160,436</b>	<b>1,791</b>	<b>1,283</b>	<b>173,836</b>	<b>337,346</b>
Profit for the year		-	-	-	40,912	40,912
Other comprehensive income for the year		-	2,042	-	-	2,042
Total comprehensive income for the year		-	2,042	-	40,912	42,954
Transactions with owners in their capacity as owners						
- Share-based payment expense reversed (forfeited shares)		-	-	(19)	-	(19)
- Share-based payment expense		-	-	925	-	925
- Dividends paid	5	-	-	-	(17,299)	(17,299)
		-	2,042	906	23,613	26,561
<b>At 30 June 2016</b>		<b>160,436</b>	<b>3,833</b>	<b>2,189</b>	<b>197,449</b>	<b>363,907</b>

# Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		417,922	317,278
Payments to suppliers and employees		(432,880)	(320,115)
Finance costs including interest paid		(12,566)	(10,396)
Income tax paid		(786)	(1,127)
<b>Net cash used in operating activities</b>		<b>(28,310)</b>	<b>(14,360)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of plant and equipment		2	6
Payments for plant and equipment		(735)	(273)
Interest received		526	863
Distributions received from associates and joint venture entities		-	18,750
Dividends received from joint venture entity		1,400	5,350
Payment for available-for-sale financial asset		-	(1,380)
Investments in associates and joint venture entities		-	(6,090)
<b>Net cash from investing activities</b>		<b>1,193</b>	<b>17,226</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		454,482	240,177
Repayment of borrowings		(405,683)	(199,036)
Dividends paid	5	(17,299)	(11,532)
<b>Net cash from financing activities</b>		<b>31,500</b>	<b>29,609</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		<b>4,383</b>	<b>32,475</b>
Cash and cash equivalents at beginning of year		37,812	4,796
Effects of exchange rate changes on cash and cash equivalents		891	541
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>7</b>	<b>43,086</b>	<b>37,812</b>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

## 1. CORPORATE INFORMATION

The Consolidated Report of AVJennings Limited for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on 18 August 2016. The Company is a for profit company limited by shares domiciled and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange and the Singapore Exchange through SGX Globalquote.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

It is recommended that this Report be read in conjunction with the Annual Report for the year ended 30 June 2015 and considered together with any public announcements made by AVJennings Limited during the year ended 30 June 2016 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 2015 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 year ended 30 June 2016.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

## 3. REVENUES AND EXPENSES

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

	2016	2015
	\$'000	\$'000
<b>Revenues</b>		
Sales of land and built form	420,203	307,888
Interest received	526	863
Management fees received/receivable	785	6,613
Other	370	2,539
<b>Total revenues</b>	<b>421,884</b>	<b>317,903</b>
<b>Cost of sales include:</b>		
Amortisation of finance costs capitalised to inventories	15,454	10,172
<b>Finance costs</b>		
Bank loans and overdrafts	12,566	10,396
Less: Amount capitalised to inventories	(12,040)	(9,533)
<b>Finance costs expensed</b>	<b>526</b>	<b>863</b>
<b>Impairment of assets</b>		
Decrease in inventory loss provisions	(3,665)	(3,720)
<b>Total impairment reversed</b>	<b>(3,665)</b>	<b>(3,720)</b>

For the year ended 30 June 2016, the movement in the provision resulted from a realignment of future assumptions with current market conditions predominantly driven by projects in New South Wales and Queensland.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

## 4. INCOME TAX

	2016 \$'000	2015 \$'000
The major components of income tax are:		
Current income tax		
Current income tax charge	11,442	915
Adjustment for prior year	10	41
Deferred income tax		
Current year temporary differences	6,425	12,871
Adjustment for prior year	( 6 )	( 41 )
<b>Income tax reported in the <i>Consolidated Statement of Comprehensive Income</i></b>	<b>17,871</b>	<b>13,786</b>

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

	2016 \$'000	2015 \$'000
<b>Accounting profit before income tax</b>	<b>58,783</b>	<b>48,171</b>
Tax at Australian income tax rate of 30% (2015 - 30%)	17,635	14,451
Adjustment for prior year	4	-
Non-assessable equity accounted share of Joint Venture losses/(profits)	175	( 471 )
Other non-deductible items and variations	57	( 194 )
<b>Aggregate income tax</b>	<b>17,871</b>	<b>13,786</b>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

## 5. DIVIDENDS

	2016 \$'000	2015 \$'000
<i>Dividends paid and recognised</i>		
2014 final dividend of 2.0 cents per share, paid 18 September 2014. Fully franked @ 30% tax	-	7,688
2015 interim dividend of 1.0 cent per share, paid 8 April 2015. Fully franked @ 30% tax	-	3,844
2015 final dividend of 3.0 cents per share, paid 23 September 2015. Fully franked @ 30% tax	11,532	-
2016 interim dividend of 1.5 cents per share, paid 15 April 2016. Fully franked @ 30% tax	5,767	-
<b>Total dividends paid</b>	<b>17,299</b>	<b>11,532</b>
<i>Dividends proposed</i>		
2015 final dividend of 3.0 cents per share, paid 23 September 2015. Fully franked @ 30% tax	-	11,532
2016 final dividend of 3.5 cents per share, to be paid 23 September 2016. Fully franked @ 30% tax	13,455	-
<b>Total dividends proposed</b>	<b>13,455</b>	<b>11,532</b>

The Company's Dividend Reinvestment Plan remains suspended.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

## 6. CONTRIBUTED EQUITY

	2016 Number	2015 Number	2016 \$'000	2015 \$'000
Ordinary shares	384,423,851	384,423,851	162,793	162,793
Treasury shares	(2,338,154)	(3,502,401)	(2,357)	(2,357)
<b>Share capital</b>	<b>382,085,697</b>	<b>380,921,450</b>	<b>160,436</b>	<b>160,436</b>

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

(a) Movement in ordinary share capital	Number	Number	\$'000	\$'000
As at the beginning of the year	384,423,851	384,423,851	162,793	162,793
<b>As at the end of the year</b>	<b>384,423,851</b>	<b>384,423,851</b>	<b>162,793</b>	<b>162,793</b>

(b) Movement in treasury shares	Number	Number	\$'000	\$'000
As at the beginning of the year	(3,502,401)	(4,221,605)	(2,357)	(2,357)
Employee share scheme issue	1,164,247	719,204	-	-
<b>As at the end of the year</b>	<b>(2,338,154)</b>	<b>(3,502,401)</b>	<b>(2,357)</b>	<b>(2,357)</b>

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

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



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

## 7. CASH AND CASH EQUIVALENTS

	2016	2015
	\$'000	\$'000
<b><i>Reconciliation to Consolidated Statement of Cash Flows</i></b>		
For the purposes of <i>Consolidated Statement of Cash Flows</i> , cash and cash equivalents comprise the following:		
<b>Cash at bank and in hand</b>	<b>43,086</b>	<b>37,812</b>

## 8. OPERATING SEGMENTS

The Group operates primarily in residential development.

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

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

### **Reportable segments**

#### *Jurisdictions:*

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

#### *Other:*

This includes numerous low value items, amongst the most significant of which are interest and certain sales commissions.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

## 8. OPERATING SEGMENTS (continued)

The following table presents the revenues and results information regarding operating segments for the year ended 30 June 2016:

<i>Operating segments</i>	NSW		VIC		QLD		SA		NZ		Other		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Revenues</b>														
External sales	166,750	83,504	68,912	49,833	99,042	102,249	41,246	35,808	44,253	36,494	-	-	420,203	307,888
Management fees	50	5,559	710	277	-	-	22	58	3	719	-	-	785	6,613
Other revenue	-	-	-	-	-	-	-	-	-	-	896	3,402	896	3,402
<b>Total segment revenues</b>	<b>166,800</b>	<b>89,063</b>	<b>69,622</b>	<b>50,110</b>	<b>99,042</b>	<b>102,249</b>	<b>41,268</b>	<b>35,866</b>	<b>44,256</b>	<b>37,213</b>	<b>896</b>	<b>3,402</b>	<b>421,884</b>	<b>317,903</b>
<b>Results</b>														
Segment results *	38,593	23,572	2,787	2,698	14,163	12,701	4,515	6,489	13,303	10,622	168	1,070	73,529	57,152
Share of (losses)/profits of associates and JVs accounted for using the equity method	17	1,569	-	(1)	-	-	(5)	1	-	-	(595)	-	(583)	1,569
Change in inventory loss provisions	2,949	3,720	-	-	716	-	-	-	-	-	-	-	3,665	3,720
Other income	-	-	-	-	-	-	-	-	-	-	896	3,402	896	3,402
Unallocated depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	(275)	(300)
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(17,923)	(16,510)
Unallocated interest expense	-	-	-	-	-	-	-	-	-	-	-	-	(526)	(862)
Profit before tax													58,783	48,171
Income tax													(17,871)	(13,786)
<b>Net profit</b>													<b>40,912</b>	<b>34,385</b>

\* Segment results include utilisation of inventory loss provisions of \$5,524,000 (30 June 2015: \$12,522,000)

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

### 8. OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities information regarding operating segments as at 30 June 2016:

<i>Operating Segments</i>	NSW		VIC		QLD		SA		NZ		Other		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Assets</b>														
Segment assets	216,793	188,455	188,256	185,145	99,274	86,762	95,188	101,704	84,422	49,847	57,449	44,201	741,382	656,114
<b>Total assets</b>	<b>216,793</b>	<b>188,455</b>	<b>188,256</b>	<b>185,145</b>	<b>99,274</b>	<b>86,762</b>	<b>95,188</b>	<b>101,704</b>	<b>84,422</b>	<b>49,847</b>	<b>57,449</b>	<b>44,201</b>	<b>741,382</b>	<b>656,114</b>
<b>Liabilities</b>														
Segment liabilities	53,113	48,796	70,527	98,182	14,530	7,279	6,088	5,156	62,586	25,621	170,631	133,734	377,475	318,768
<b>Total liabilities</b>	<b>53,113</b>	<b>48,796</b>	<b>70,527</b>	<b>98,182</b>	<b>14,530</b>	<b>7,279</b>	<b>6,088</b>	<b>5,156</b>	<b>62,586</b>	<b>25,621</b>	<b>170,631</b>	<b>133,734</b>	<b>377,475</b>	<b>318,768</b>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

## 9. NET TANGIBLE ASSET BACKING

	2016	2015
Net Tangible Asset backing (NTA) - cents per ordinary security	94.5	87.8

The number of ordinary shares used in the computation of NTA as at 30 June 2016 was 382,085,697 (30 June 2015: 380,921,450). Refer to note 6 for details.

## 10. INTEREST IN JOINT OPERATIONS

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

	2016 \$'000	2015 \$'000
Revenues	3,088	15,606
Cost of property developments sold	( 2,695 )	( 11,082 )
Other expenses	( 188 )	( 946 )
<b>Profit before income tax</b>	<b>205</b>	<b>3,578</b>
Income tax	( 62 )	( 1,073 )
<b>Profit after tax</b>	<b>143</b>	<b>2,505</b>

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

## 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 are recognised in the *Consolidated Statement of Comprehensive Income*, and the share of movements in reserves is recognised in the *Consolidated Statement of Financial Position*. The information is set out below:

Equity accounted Associates & Joint Venture Entities	Interest held		Share of net (loss)/profit	
	30 June 2016	30 June 2015	2016 \$'000	2015 \$'000
Epping JV	10.0%	10.0%	-	(1)
Eastwood JV	50.0%	50.0%	17	1,569
Woodville JV	50.0%	50.0%	(5)	1
Pindan Capital Group Dwelling Trust	33.3%	33.3%	(595)	-
<b>(Loss)/profit after tax</b>			<b>(583)</b>	<b>1,569</b>

## 12. INTEREST-BEARING LOANS AND BORROWINGS

Fair values of interest-bearing loans and borrowings are determined by using the DCF method with a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

Interest-bearing loans and borrowings are classified as level 2 financial instruments. The carrying value represents the approximate fair value at reporting date.

The Group remains compliant with all lending covenants.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

## 13. CONTINGENCIES

### **Secured**

#### ***Performance guarantees***

Contingent liabilities in respect of certain performance guarantees, granted by the Group's bankers in the normal course of business to unrelated parties, at 30 June 2016, amounted to \$8,724,000 (30 June 2015: \$6,977,000). No material liability is expected to arise.

#### ***Financial guarantees***

Financial guarantees granted by the Group's bankers to unrelated parties in the normal course of business at 30 June 2016, amounted to \$5,593,000 (30 June 2015: \$2,801,000). No material liability is expected to arise.

### **Unsecured**

#### ***Contract performance bond facility***

The Parent Entity has entered into Deeds of Indemnity with various controlled entities to indemnify the obligation of those entities in relation to Contract performance bond facilities. Contingent liabilities in respect of certain performance bonds, granted by the Group's financiers, in the normal course of business as at 30 June 2016, amounted to \$22,239,000 (30 June 2015: \$21,134,000). No material liability is expected to arise.

## 14. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to 30 June 2016, the Group has extended its Club Borrowing Facility expiry date from 30 September 2017 to 30 September 2018.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect:

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

## 15. STATUS OF REVIEW OF ACCOUNTS

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