



AVJennings Limited  
ABN: 44 004 327 771

31 December 2022 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 2022 and any public announcements made by AVJennings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

# AVJennings®

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## Results for Announcement to the Market

Appendix 4D for the half-year ended 31 December 2022

	For the half-year ended		Increase	
	31 December 2022 \$'000	31 December 2021 \$'000	\$'000	%
Revenues	140,434	116,876	23,558	20.1%
Profit after tax	15,191	8,144	7,047	86.5%
Profit attributable to owners of the Company	15,191	8,144	7,047	86.5%
<b>Dividends</b>	Cents per share		Franked amount per share at 30% tax	
<u>Current year</u>				
Interim dividend	1.10		1.10	
<b>Total dividend</b>	<b>1.10</b>		<b>1.10</b>	
<u>Previous year</u>				
Interim dividend	1.10		1.10	
<b>Total dividend</b>	<b>1.10</b>		<b>1.10</b>	
Record date for determining entitlements to dividend:	9 March 2023			
Payment date:	24 March 2023			
<i>The Operating and Financial Review in the Directors' Report provides an explanation of the results.</i>				

# Directors' Report

For the half-year ended 31 December 2022

The Directors present their Report on the Company and its controlled entities for the half-year ended 31 December 2022.

## 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	Non-Executive Chairman
RJ Rowley	Non-Executive Deputy Chairman
P Kearns	Chief Executive Officer and Managing Director
B Chin	Non-Executive Director
BG Hayman	Non-Executive Director
TP Lai	Non-Executive Director
L Chung	Non-Executive Director
LM Mak	Non-Executive Director

## OPERATING AND FINANCIAL REVIEW

### Financial Results

The Company recorded Net Profit Before Tax of \$21.8m for the half year ended 31 December 2022 up 105.7% on the prior corresponding period (pcp) (31 December 2021: \$10.6m) and Profit After Tax of \$15.2m (31 December 2021: \$8.1m). The half year result includes one-off expenses totalling \$2.2m.

### Business Overview

Revenue was \$140.4m for the half year, an increase of 20.1% over the pcp of \$116.9m. Whilst the impact of COVID-19 is still being felt, AVJennings has been able to deliver and settle a high proportion of the pipeline of sales that had built up during FY22, with 415 lots contributing to revenue compared to 340 for 1H FY22, representing an increase of 22.1% over the pcp.

There were notable contributions from land sales in stage 3A1 'Ara Hills' at Orewa in Auckland, New Zealand; housing and land sales in stage 4, 800A and 800B at 'Evergreen' in Spring Farm and housing sales in stage 1, 8A and 8C at 'Arcadian Hills' in Cobbitty, NSW; housing and land sales in stages 2C and 2D at 'Riverton' in Jimboomba and land sales in stages 3A and 3B at 'Cadence' in Ripley, Queensland, and land sales for stages 1 and 2 at 'Aspect' in Mernda, Victoria.

The impact of skilled labour and material shortages affecting the civil and sub-contractor trade base is still being felt in our business. While the effect of government stimulus programs and homebuilder grants continue to flow through the sector, the Company has been impacted by adverse weather conditions which continue to affect production targets across all Australian and New Zealand sites.

The strong financial performance during the period has been due to the quality, price point and location of our projects which means we are able to deliver land and homes that customers demand and are affordable. All regions contributed solidly to the half year result, particularly from NSW, QLD and NZ.

# Directors' Report

For the half-year ended 31 December 2022

## OPERATING AND FINANCIAL REVIEW (continued)

The Company has been experiencing a transition in demand from land sales to integrated housing as completed housing remains under supplied across our markets. While at the same time, rapidly rising interest rates have resulted in a weakening of both consumer sentiment and borrowing capacity. This is having a significant impact on enquiries corresponding with a fall in sales rates and some softening in prices in certain regions.

The Company remained active in acquiring land for future growth, in line with its growth strategy. During the first half of FY23, the Company made a number of strategic capital efficient acquisitions including:

- A large-scale urban infill site yielding 700+ mid-rise apartments and mixed uses located in the strong growth area of Macarthur/Campbelltown in south-west Sydney.
- 308 lot site to be developed via a Development Rights Agreement at Mundamia, NSW, an urban release area of Nowra.
- 418 lots acquired via a Development Rights Agreement at Ripley, south-west of Brisbane.
- A circa 1,146 lot appropriately zoned greenfield development in Beaudesert in south-east Queensland on deferred payment terms with forecast commencement in 2027.

### Balance Sheet and Land Holdings

As of 31 December 2022, the Company had 1,612 lots under development (30 June 2022: 1,888 lots). Management is focused on balancing project development with underlying demand to ensure that the Company is not carrying excessive amounts of unsold inventory. As at 31 December 2022 total completed and unsold stock represented only 3.5% of total lots under development. The Company's total long-term inventory pipeline, including land under option, increased by 13% to 14,395 lots (30 June 2022: 12,733 lots).

Our financial position and capital structure remains strong with an existing \$300m club loan facility, with net debt at 31 December 2022 of \$150m (30 June 2022: \$105.9m). This represents a Net Debt to Total Assets ratio of 17.7% (30 June 2022: 14.5%), with the Company well placed to expand activity.

Net Cash from Operations for the six months was negative \$40.3m (31 December 2021: positive \$31.2m), which includes \$32.8m (31 December 2021: \$12.0m) relating to land acquisitions during the period being the new sites in Mundamia and Macarthur in New South Wales and Beaudesert in Queensland, as well as a staged payment for Clyde in Victoria. The increase in expenditure is also in line with the strategic focus to increase built form throughout the business. .

### Outlook

The Company had 425 presold lots that are carried into 2H2023 (31 December 2021: 586 presales), of which a high proportion is forecast to be revenue-recognised this financial year.

Settlements are anticipated to be well-spread across the business from existing presold lots, with the 'Lyndarum North' at Wollert and 'Waterline Place' at Williamstown projects in Victoria; 'Rosella Rise' at Warnervale, New South Wales; 'Arbor' at Rochedale in Queensland; 'Eyre' at Penfield, South Australia; and 'Ara Hills' at Orewa in Auckland all expected to contribute meaningfully to second half performance.

# Directors' Report

For the half-year ended 31 December 2022

## OPERATING AND FINANCIAL REVIEW (continued)

However, in the short-term, the impact of the RBA's actions of rapidly increasing the cash rate to 3.35% from a low of 0.1% in April 2022 is having a significant impact on the property industry. As a result, enquiry levels have softened to around half the peak activity levels from a year ago. Much will depend upon how the current economic cycle plays out, further government stimulus packages, such as stamp duty concessions, low deposit mortgage schemes, and the length of time before interest rates begin to stabilise.

The Company is focused on matching production levels with sales demand to ensure that there is adequate stock levels and appropriate product mix without holding excessive unsold stock. This includes meeting the changing demands of customers and ultimately the production mix from land to built form. While rising interest rates will result in an increase in holding costs, the Company expects to recover these as part of normal operations.

Fundamentals for the industry and our business continue to be solid as there is an undersupply of housing affecting all sectors across social, affordable and market housing. With immigration levels expected to increase, housing and land supply remain top priority for federal and all state governments. Unemployment levels remain at all-time lows and with rental vacancy rates at less than 1% there continues to be an elevated level of demand for housing from both owner occupiers and investors returning to the market.

As the Australian and New Zealand economies continue to reopen and net migration returns to more normal levels it is expected that underlying demand for housing will remain strong. Further, the banking sectors willingness to provide lending to our customers for appropriately priced and located housing, is expected to support sales. In the face of this, we are confident that we will continue to deliver strong returns over the medium to long term.

## DIVIDENDS

Based on the half year result, Directors resolved to declare a fully franked interim cash dividend of 1.1 cents per share (31 December 2021: 1.1 cents per share). After considering the final dividend paid on 21 September 2022 for the year ended 30 June 2022, this represents a grossed up fully franked annual yield of 6.2% (based upon on a share price of 41.0 cents).

The DRP will remain suspended.

# Directors' Report

For the half-year ended 31 December 2022

## 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 2022 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.



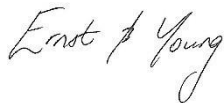
Philip Kearns AM  
Director  
16 February 2023

## Auditor's Independence Declaration to the Directors of AVJennings Limited

As lead auditor for the review of the half-year financial report of AVJennings Limited for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of AVJennings Limited and the entities it controlled during the financial period.



Ernst & Young



Glenn Maris  
Partner  
16 February 2023



# Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2022

		31 December 2022	31 December 2021
	Note	\$'000	\$'000
<b>Continuing operations</b>			
Revenue from contracts with customers	3	140,434	116,876
<b>Revenue</b>		<b>140,434</b>	<b>116,876</b>
Cost of sales	4	( 91,327 )	( 83,300 )
<b>Gross profit</b>		<b>49,107</b>	<b>33,576</b>
Share of (loss)/profit of joint ventures	11	( 10 )	1,759
Change in equity accounted investment provisions	4	-	( 1,489 )
Change in inventory loss provisions	4	( 1,400 )	-
Fair value adjustment to investment property	12	( 51 )	( 20 )
Selling and marketing expenses		( 2,099 )	( 1,407 )
Employee expenses	4	( 14,447 )	( 15,508 )
Other operational expenses		( 2,664 )	( 2,271 )
Management and administration expenses	4	( 5,816 )	( 3,217 )
Depreciation and amortisation expenses	4	( 855 )	( 887 )
Finance income	4	146	73
Finance costs	4	( 236 )	( 137 )
Other income	4	143	113
<b>Profit before income tax</b>		<b>21,818</b>	<b>10,585</b>
Income tax	5	( 6,627 )	( 2,441 )
<b>Profit after income tax</b>		<b>15,191</b>	<b>8,144</b>
<b>Other comprehensive income (OCI)</b>			
Foreign currency translation gain		1,967	856
<b>Other comprehensive income</b>		<b>1,967</b>	<b>856</b>
<b>Total comprehensive income</b>		<b>17,158</b>	<b>9,000</b>
Profit attributable to owners of the Company		<b>15,191</b>	<b>8,144</b>
Total comprehensive income attributable to owners of the Company		<b>17,158</b>	<b>9,000</b>
<b>Earnings per share (cents):</b>			
Basic earnings per share		3.74	2.00
Diluted earnings per share		3.74	2.00

# Consolidated Statement of Financial Position

As at 31 December 2022

	Note	31 December 2022 \$'000	30 June 2022 \$'000
<b>Current assets</b>			
Cash and cash equivalents		14,038	3,274
Receivables		31,270	14,566
Inventories		171,153	150,448
Tax receivable		-	922
Other assets		2,737	3,283
<b>Total current assets</b>		<b>219,198</b>	<b>172,493</b>
<b>Non-current assets</b>			
Receivables		1,765	1,155
Inventories		608,934	538,396
Investment property	12	1,705	1,756
Equity accounted investments	11	5,043	5,053
Plant and equipment		874	2,059
Right-of-use assets		5,182	5,783
Intangible assets		2,816	2,816
<b>Total non-current assets</b>		<b>626,319</b>	<b>557,018</b>
<b>Total assets</b>		<b>845,517</b>	<b>729,511</b>
<b>Current liabilities</b>			
Payables		119,954	93,935
Lease liabilities		1,305	1,252
Tax payable		4,303	523
Provisions		6,239	6,732
<b>Total current liabilities</b>		<b>131,801</b>	<b>102,442</b>
<b>Non-current liabilities</b>			
Payables		105,674	88,141
Borrowings		163,997	109,190
Lease liabilities		4,409	4,962
Deferred tax liabilities		15,260	15,599
Provisions		1,739	1,148
<b>Total non-current liabilities</b>		<b>291,079</b>	<b>219,040</b>
<b>Total liabilities</b>		<b>422,880</b>	<b>321,482</b>
<b>Net assets</b>		<b>422,637</b>	<b>408,029</b>
<b>Equity</b>			
Contributed equity	7	173,359	173,506
Reserves		9,096	6,810
Retained earnings		240,182	227,713
<b>Total equity</b>		<b>422,637</b>	<b>408,029</b>

# Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2022

	Attributable to equity holders of AVJennings Limited				Total Equity	
	Note	Contributed Equity \$'000	Foreign Currency Translation Reserve \$'000	Share-based Payment Reserve \$'000	Retained Earnings \$'000	\$'000
<b>At 1 July 2021</b>		<b>173,740</b>	<b>2,843</b>	<b>6,110</b>	<b>226,416</b>	<b>409,109</b>
<i>Comprehensive income:</i>						
Profit for the half-year		-	-	-	8,144	8,144
Gain for the half-year		-	856	-	-	856
<b>Total comprehensive income for the half-year</b>		<b>-</b>	<b>856</b>	<b>-</b>	<b>8,144</b>	<b>9,000</b>
<i>Transactions with owners in their capacity as owners:</i>						
- Share-based payment expense reversed		-	-	(909)	-	(909)
- Share-based payment expense		-	-	298	-	298
- Dividends paid	6	-	-	-	(7,312)	(7,312)
<b>Total transactions with owners in their capacity as owners</b>		<b>-</b>	<b>-</b>	<b>(611)</b>	<b>(7,312)</b>	<b>(7,923)</b>
<b>At 31 December 2021</b>		<b>173,740</b>	<b>3,699</b>	<b>5,499</b>	<b>227,248</b>	<b>410,186</b>
<b>At 1 July 2022</b>		<b>173,506</b>	<b>1,088</b>	<b>5,722</b>	<b>227,713</b>	<b>408,029</b>
<i>Comprehensive income:</i>						
Profit for the half-year		-	-	-	15,191	15,191
Gain for the half-year		-	1,967	-	-	1,967
<b>Total comprehensive income for the half-year</b>		<b>-</b>	<b>1,967</b>	<b>-</b>	<b>15,191</b>	<b>17,158</b>
<i>Transactions with owners in their capacity as owners:</i>						
- Treasury shares acquired	7(b)	(147)	-	-	-	(147)
- Share-based payment expense reversed		-	-	(14)	-	(14)
- Share-based payment expense		-	-	333	-	333
- Dividends paid	6	-	-	-	(2,722)	(2,722)
<b>Total transactions with owners in their capacity as owners</b>		<b>(147)</b>	<b>-</b>	<b>319</b>	<b>(2,722)</b>	<b>(2,550)</b>
<b>At 31 December 2022</b>		<b>173,359</b>	<b>3,055</b>	<b>6,041</b>	<b>240,182</b>	<b>422,637</b>

# Consolidated Statement of Cash Flows

For the half-year ended 31 December 2022

	Note	31 December 2022 \$'000	31 December 2021 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		137,164	149,366
Payments to other suppliers and employees (inclusive of GST)		( 169,413 )	( 111,163 )
Interest paid	4	( 5,794 )	( 3,508 )
Income tax paid		( 2,269 )	( 3,542 )
<b>Net cash (used in)/from operating activities</b>		<b>( 40,312 )</b>	<b>31,153</b>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		( 329 )	( 171 )
Interest received	4	146	73
<b>Net cash used in investing activities</b>		<b>( 183 )</b>	<b>( 98 )</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		95,153	41,236
Repayment of borrowings		( 40,346 )	( 71,660 )
Principal element of lease payments		( 644 )	( 747 )
Net payment for treasury shares		(148)	-
Dividends paid	6	( 2,722 )	(7,312)
<b>Net cash from/(used in) financing activities</b>		<b>51,293</b>	<b>( 38,483 )</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>10,798</b>	<b>( 7,428 )</b>
Cash and cash equivalents at beginning of the year		3,274	13,099
Effects of exchange rate changes on cash and cash equivalents		( 34 )	-
<b>Cash and cash equivalents at end of the period</b>		<b>14,038</b>	<b>5,671</b>

# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

## 1. CORPORATE INFORMATION

The Consolidated Report of AVJennings Limited for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of the Directors on 16 February 2023. 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 (ASX) and the Singapore Exchange through SGX GlobalQuote.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The half-year condensed financial report has been prepared in accordance with the requirements of the *Corporations Act 2001*, *AASB 134 Interim Financial Reporting* and other mandatory professional requirements.

It is recommended that this Report be read in conjunction with the Annual Report for the year ended 30 June 2022 and considered together with any public announcements made by AVJennings Limited during the half-year ended 31 December 2022 in accordance with 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.

Some amendments and interpretations apply for the first time in 2022, but do not have a significant impact on the Consolidated Financial Statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

### ***Comparative Figures***

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

# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

## 3. REVENUES FROM CONTRACTS WITH CUSTOMERS

### (a) Disaggregated revenue information

The disaggregation of the Group's revenue from contracts with customers is set out below:

Operating Segments 31 December 2022	NSW \$'000	VIC \$'000	QLD \$'000	SA \$'000	NZ \$'000	Other * \$'000	Total \$'000
<b>Types of goods or services</b>							
Sale of land	9,080	20,478	26,354	11,656	30,625	-	98,193
Sale of integrated housing	25,980	5,365	5,676	1,498	-	-	38,519
Sale of apartments	-	908	-	-	-	1,655	2,563
Property development & other services	-	1,159	-	-	-	-	1,159
<b>Total revenue from contracts with customers</b>	<b>35,060</b>	<b>27,910</b>	<b>32,030</b>	<b>13,154</b>	<b>30,625</b>	<b>1,655</b>	<b>140,434</b>

<b>Timing of revenue recognition</b>							
Goods transferred at a point in time	35,060	26,751	32,030	13,154	30,625	1,655	139,275
Services transferred over time	-	1,159	-	-	-	-	1,159
<b>Total revenue from contracts with customers</b>	<b>35,060</b>	<b>27,910</b>	<b>32,030</b>	<b>13,154</b>	<b>30,625</b>	<b>1,655</b>	<b>140,434</b>

Operating Segments 31 December 2021	NSW \$'000	VIC \$'000	QLD \$'000	SA \$'000	NZ \$'000	Other* \$'000	Total \$'000
<b>Types of goods or services</b>							
Sale of land	7,643	7,640	21,539	4,312	11,488	-	52,622
Sale of integrated housing	27,352	12,173	4,474	2,117	-	-	46,116
Sale of apartments	-	12,124	-	-	-	4,333	16,457
Property development & other services	-	1,681	-	-	-	-	1,681
<b>Total revenue from contracts with customers</b>	<b>34,995</b>	<b>33,618</b>	<b>26,013</b>	<b>6,429</b>	<b>11,488</b>	<b>4,333</b>	<b>116,876</b>

<b>Timing of revenue recognition</b>							
Goods transferred at a point in time	34,995	31,937	26,013	6,429	11,488	4,333	115,195
Services transferred over time	-	1,681	-	-	-	-	1,681
<b>Total revenue from contracts with customers</b>	<b>34,995</b>	<b>33,618</b>	<b>26,013</b>	<b>6,429</b>	<b>11,488</b>	<b>4,333</b>	<b>116,876</b>

\*Relates to Western Australia

### (b) Revenue recognition accounting policy

#### (i) Sale of land, integrated housing and apartments

Revenue from the sale of land, houses and apartments is recognised at a point in time when control is transferred to the customer. Except for certain contractual arrangements discussed on page 15, this occurs at settlement when legal title passes and an enforceable right to payment exists.

# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

## 3. REVENUES FROM CONTRACTS WITH CUSTOMERS (continued)

For the following contractual arrangements, revenue is recognised prior to settlement where the customer has obtained control, and a right to payment exists:

- Revenue from the sales of land on deferred terms to builders in New Zealand. The builder gains control of the land at the point when the contract is unconditional, physical works are complete and building can be commenced.
- Sales of englobo land on deferred terms. Control passes when the contract is unconditional, physical works are complete and the customer has unfettered rights to the land before settlement.
- Revenue from the sales of land to builders in Australia where the builder is the ultimate purchaser and not a conduit between AVJennings and a retail purchaser. The builder gains control of the land at the point when the contract is unconditional, physical works are complete and building can be commenced.

### *(ii) Property development and other services*

AVJennings Properties Limited provides property development and other services to joint venture arrangements entered into by other entities within the Group. The performance obligation is satisfied over-time and revenue is progressively recognised based on the terms of the service agreement.

### *(iii) Financing components*

The Group does not expect to have any contracts for the sale of land, integrated housing and apartments where the duration between the transfer of the goods to the customer and payment by the customer exceeds one year in Australia.

In the case of certain contracts for the sale of land in New Zealand and the provision of services in Australia, the duration may exceed one year.

# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

## 4. INCOME AND EXPENSES

	31 December 2022 \$'000	31 December 2021 \$'000
<b>Revenues</b>		
Revenue from contracts with customers	140,434	116,876
<b>Total revenues</b>	<b>140,434</b>	<b>116,876</b>
<b>Cost of sales include:</b>		
Utilisation of inventory provisions	( 2,331 )	( 1,948 )
Amortisation of finance costs capitalised to inventories	3,697	3,536
<b>Impairment of assets</b>		
Provision - equity accounted investment	-	1,489
Impairment loss - software costs	1,367	-
Increase in inventory loss provisions	1,400	-
<b>Employee expenses include:</b>		
Retirement payment to Key Management Personnel	-	2,945
<b>Depreciation and amortisation expense</b>		
Depreciation of owned assets	111	98
Amortisation of right-of-use assets	744	789
<b>Total depreciation and amortisation expense</b>	<b>855</b>	<b>887</b>
<b>Finance costs</b>		
Bank loans and overdrafts	5,639	3,377
Interest on lease liabilities	155	131
Total finance costs	5,794	3,508
Less: Amount capitalised to inventories	( 5,558 )	( 3,371 )
<b>Finance costs expensed</b>	<b>236</b>	<b>137</b>
<b>Other income</b>		
Rent from investment property	64	34
Sundry income	79	79
<b>Total other income</b>	<b>143</b>	<b>113</b>



# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

## 5. INCOME TAX

	31 December 2022 \$'000	31 December 2021 \$'000
<b>(a) Income tax expense</b>		
The major components of income tax are:		
Current income tax		
- Current income tax charge	6,857	2,992
- Adjustment for prior year	160	( 226 )
Deferred income tax		
- Current temporary differences	( 240 )	( 508 )
- Adjustment for prior year	( 150 )	183
<b>Income tax reported in the Consolidated Statement of Comprehensive Income</b>	<b>6,627</b>	<b>2,441</b>
<b>(b) Numerical reconciliation between aggregate tax recognised in the Consolidated Statement of Comprehensive Income and tax calculated per the statutory income tax rate:</b>		
<b>Accounting profit before income tax</b>	<b>21,818</b>	<b>10,585</b>
Tax at Australian income tax rate of 30%	6,545	3,176
Net share of equity accounted joint venture loss/(profit)	3	( 528 )
Share-based payment expense/(reversal)	96	( 183 )
Other non-deductible items	31	86
Foreign jurisdiction losses	36	5
Effect of lower tax rate in foreign jurisdiction	( 244 )	( 72 )
Adjustment for prior year	160	( 43 )
<b>Income tax expense</b>	<b>6,627</b>	<b>2,441</b>
<b>Effective tax rate</b>	<b>30%</b>	<b>23%</b>

# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

## 6. DIVIDENDS

	31 December 2022 \$'000	31 December 2021 \$'000
<b><i>Cash dividends declared and paid</i></b>		
2021 final dividend of 1.8 cents per share, paid 23 September 2021. Fully franked @ 30% tax	-	7,312
2022 final dividend of 0.67 cents per share, paid 21 September 2022. Fully franked @ 30% tax	2,722	-
<b>Total cash dividends declared and paid</b>	<b>2,722</b>	<b>7,312</b>
<b><i>Dividends proposed</i></b>		
2022 interim dividend of 1.1 cents per share, paid 25 March 2022. Fully franked @ 30% tax	-	4,469
2023 interim dividend of 1.1 cents per share, paid 24 March 2023. Fully franked @ 30% tax	4,469	-
<b>Total dividends proposed</b>	<b>4,469</b>	<b>4,469</b>

# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

## 7. CONTRIBUTED EQUITY

	31 December 2022 Number	30 June 2022 Number	31 December 2022 \$'000	30 June 2022 \$'000
Ordinary shares	406,230,728	406,230,728	177,961	177,961
Treasury shares	-	( 498,815 )	( 4,602 )	( 4,455 )
<b>Share capital</b>	<b>406,230,728</b>	<b>405,731,913</b>	<b>173,359</b>	<b>173,506</b>
<b>(a) Movement in ordinary share capital</b>	<b>Number</b>	<b>Number</b>	<b>\$'000</b>	<b>\$'000</b>
<b>At the beginning and end of the year</b>	<b>406,230,728</b>	<b>406,230,728</b>	<b>177,961</b>	<b>177,961</b>
<b>(b) Movement in treasury shares</b>	<b>Number</b>	<b>Number</b>	<b>\$'000</b>	<b>\$'000</b>
At the beginning of the year	( 498,815 )	( 735,799 )	( 4,455 )	( 4,221 )
On market acquisition of shares	( 322,298 )	( 498,815 )	( 147 )	( 234 )
Employee share scheme issue	821,113	735,799	-	-
<b>At the end of the period</b>	<b>-</b>	<b>( 498,815 )</b>	<b>( 4,602 )</b>	<b>( 4,455 )</b>

Treasury shares are held by AVJ Deferred Employee Share Plan Trust (AVJDESP) and deducted from contributed equity.

Holders of ordinary shares are entitled to dividends and to one vote per share at shareholder meetings.

# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

## 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 revenue from the sale of apartments in Western Australia and numerous low value items.

# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

## 8. OPERATING SEGMENTS (continued)

The following table presents the revenues and results information regarding operating segments:

<i>Operating Segments</i>	NSW		VIC		QLD		SA		NZ		Other		Total	
	31 December		31 December		31 December		31 December		31 December		31 December		31 December	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenues</b>														
External sales	35,060	34,995	26,751	31,937	32,030	26,013	13,154	6,429	30,625	11,488	1,655	4,333	139,275	115,195
Management fees	-	-	1,159	1,681	-	-	-	-	-	-	-	-	1,159	1,681
<b>Total segment revenues</b>	<b>35,060</b>	<b>34,995</b>	<b>27,910</b>	<b>33,618</b>	<b>32,030</b>	<b>26,013</b>	<b>13,154</b>	<b>6,429</b>	<b>30,625</b>	<b>11,488</b>	<b>1,655</b>	<b>4,333</b>	<b>140,434</b>	<b>116,876</b>
<b>Results</b>														
Segment results	8,003	6,971	(760)	(213)	2,870	(567)	1,156	1,225	11,972	3,532	(251)	(799)	22,990	10,149
Share of (loss)/profit of joint venture	-	-	-	-	-	-	-	-	-	-	(10)	1,759	(10)	1,759
Other non-segment revenue	-	-	-	-	-	-	-	-	-	-	225	152	225	152
Rent from investment property	-	-	64	34	-	-	-	-	-	-	-	-	64	34
Change in inventory loss provisions	(1,400)	-	-	-	-	-	-	-	-	-	-	-	(1,400)	-
Fair value adjustments	-	-	(51)	(20)	-	-	-	-	-	-	-	-	(51)	(20)
Provision - equity accounted investment	-	-	-	-	-	-	-	-	-	-	-	(1,489)	-	(1,489)
Profit before income tax													21,818	10,585
Income tax													(6,627)	(2,441)
<b>Net profit</b>													<b>15,191</b>	<b>8,144</b>

# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

## 8. OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities information regarding operating segments:

<i>Operating Segments</i>	NSW		VIC		QLD		SA		NZ		Other		Total	
	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun
	2022	2022	2022	2022	2022	2022	2022	2022	2022	2022	2022	2022	2022	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>														
Segment assets	221,015	171,869	297,494	286,011	163,653	122,041	40,790	43,012	99,316	89,812	23,249	16,766	845,517	729,511
<b>Total assets</b>	<b>221,015</b>	<b>171,869</b>	<b>297,494</b>	<b>286,011</b>	<b>163,653</b>	<b>122,041</b>	<b>40,790</b>	<b>43,012</b>	<b>99,316</b>	<b>89,812</b>	<b>23,249</b>	<b>16,766</b>	<b>845,517</b>	<b>729,511</b>
<b>Liabilities</b>														
Segment liabilities	59,435	30,475	110,921	127,912	55,196	19,710	1,283	2,481	29,358	28,757	166,687	112,147	422,880	321,482
<b>Total liabilities</b>	<b>59,435</b>	<b>30,475</b>	<b>110,921</b>	<b>127,912</b>	<b>55,196</b>	<b>19,710</b>	<b>1,283</b>	<b>2,481</b>	<b>29,358</b>	<b>28,757</b>	<b>166,687</b>	<b>112,147</b>	<b>422,880</b>	<b>321,482</b>

# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

## 9. NET TANGIBLE ASSET BACKING

	31 December 2022	30 June 2022
Net Tangible Asset (NTA) backing - cents per ordinary share	103.3	99.9

The number of ordinary shares used in the computation of NTA as at 31 December 2022 was 406,230,728 (30 June 2022: 405,731,913). Refer to note 7 for details.

Net tangible assets are calculated using the values of net assets less intangible assets, as per the respective balance sheet headings.

## 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:

	31 December 2022 \$'000	31 December 2021 \$'000
Revenues	8,120	7,827
Cost of sales	(6,642)	(5,714)
Other expenses	(461)	(261)
<b>Profit before income tax</b>	<b>1,017</b>	<b>1,852</b>
Income tax	(305)	(556)
<b>Profit after income tax</b>	<b>712</b>	<b>1,296</b>

# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Interests in a joint venture are accounted for using the equity method of accounting and are initially carried at cost. Under the equity method, the Group's share of the results of the joint venture 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 joint ventures	Interest held		Share of (loss)/profit	
	31 December 2022	31 December 2021	31 December 2022 \$'000	31 December 2021 \$'000
Pindan Capital Group Dwelling Trust	33.3%	33.3%	(10)	1,759
<b>(Loss)/profit after income tax</b>			<b>(10)</b>	<b>1,759</b>

## 12. INVESTMENT PROPERTY

The Group accounts for its investment property at fair value and revaluations are recognised through profit and loss. The fair value at reporting date has been determined by the Directors with reference to the latest external valuation performed by Knight Frank on 24 November 2021.

The Capitalisation Approach using a capitalisation rate of 6.0% (30 June 2022: 5.75%) and Direct Comparison Approach methods have been adopted in determining the fair value.

	31 December 2022 \$'000	30 June 2022 \$'000
<b>Opening balance at 1 July</b>	1,756	1,760
Loss from fair value remeasurement	(51)	(4)
<b>Closing balance at end of period</b>	<b>1,705</b>	<b>1,756</b>

## 13. BORROWINGS

The borrowings consist of bank loans which are recorded at amortised cost.

The Group remains compliant with all lending covenants.



# Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

## 14. 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 31 December 2022, amounted to \$4,538,000 (30 June 2022: \$4,579,000). 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 31 December 2022, amounted to \$1,105,000 (30 June 2022: \$1,515,000). 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 31 December 2022, amounted to \$33,649,000 (30 June 2022: \$34,764,000). No material liability is expected to arise.

## 15. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 31 December 2022 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.

## 16. STATUS OF REVIEW OF ACCOUNTS

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

# AVJennings®

## Directors' Declaration

For the half-year ended 31 December 2022

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

In the opinion of the Directors:

- a) The Consolidated Financial Statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position as at 31 December 2022 and of the performance for the half-year ended on that date; and
  - (ii) complying with *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board.



Philip Kearns AM  
*Director*

16 February 2023

# Independent Auditor's Review Report to the Members of AVJennings Limited

## Report on the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of AVJennings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2022, 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.

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 the Group does not comply with the *Corporations Act 2001*, including:

- a) Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial 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*.

### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

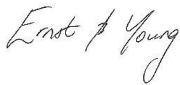
### Directors' responsibilities for the half-year financial report

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 control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibilities for the review of the half-year financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2022 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*.

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.



Ernst & Young



Glenn Maris  
Partner  
Sydney  
16 February 2023