AVJennings Limited
ABN: 44 004 327 771

30 June 2013 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 2012 and any public announcements made by AVJennings Limited during the year ended 30 June 2013 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

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Contents

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Results for Announcement to the Market

Appendix 4E for the year ended 30 June 2013

	2013 $'000	2012 $'000	Increase/(Decrease) $'000	%
Revenues	158,462	188,809	(30,347)	(16.1)%
Loss after tax	(15,266)	(29,828)	14,562	48.8%
Net loss attributable to members	(15,266)	(29,828)	14,562	48.8%

Dividends	Cents per security	Franked amount per security at 30% tax
Current year		
Interim/Final dividend	NIL	NIL
Total dividend	**NIL**	**NIL**
Previous year		
Interim dividend	0.5	0.5
Total dividend	**0.5**	**0.5**

The Company's Dividend Re-Investment Plan remains suspended.

Explanation of results

The Review of Operations in the attached Directors' Report provides an explanation of the results.

Directors' Report

For the year ended 30 June 2013

Your Directors present their Report on the Company and its controlled entities for the year ended 30 June 2013.

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

REVIEW OF OPERATIONS

Financial Results

The Company recorded an after tax loss of $15.3 million for the financial year to 30 June 2013 (2012: $29.8 million loss after tax). A full year profit after tax of $0.8 million was recorded before the impact of provisions for loss on inventory taken up as at 31 December 2012 (no inventory provisions were recorded in the second half).

The profit after tax for the second half significantly improved to $3.8 million (six months to 31 December 2012: $3.0 million loss after tax and before inventory provisions), reflecting ramped up activity compared with the first half.

Full year revenue of $158.5 million was down from $188.8 million in the previous year, however, second half revenue of $105.6 million almost doubled that of the six months to 31 December 2012 due to the completion of inventory and gradually improving market conditions, particularly in New South Wales.

These results were achieved despite relatively subdued lender appetite for residential property at both the producer and consumer ends of some micro-markets.

Two further significant events occurred in the second half.

Firstly, the Company successfully concluded discussions with its Club Lenders and the Club Facility maturity date was extended to 30 September 2015. The Company remains compliant with all lending covenants and is actively progressing its strategy of diversifying funding sources.

Directors' Report

For the year ended 30 June 2013

REVIEW OF OPERATIONS (continued)

Secondly, the Company successfully completed an Entitlement Offer that raised $40.0 million after transaction costs. This more than offset the effect of increased production and settlement payments in respect of previous acquisitions.

Net Debt at balance date on a proportionate consolidation basis was $83.3 million (2012: $129.0 million).

Business Overview and Outlook

The working capital cycle in residential property development is typically longer than that of most other industries and, where it extends beyond balance dates, can mean that reported results sometimes do not clearly reflect market conditions over the whole of the period under review. Time and money expended on rebuilding work in progress levels in one period may therefore be disproportionately reflected in increased sales, settlements and revenue in succeeding periods.

Although demand was relatively subdued over much of the financial year, activity in the second half significantly outstripped that in the preceding six months during which the Company expanded investment in production (especially built form). This investment is in line with the strategy disclosed to the market and directly responds to the ongoing benign interest rate environment, low inflationary expectations and the chronic under-supply of housing in some areas, as well as the Company's perception of improvements in other demand drivers such as affordability, consumer confidence, subsidies for first home buyers that are now more explicitly focused on new production, together with tightening rental vacancy rates in certain areas of Sydney.

Consumer confidence in the key New South Wales market seems to have lifted over the last six months in particular, reversing a decade-long trend, while that in southern Queensland has shown more recent signs of improvement as pricing has realigned with historical relativities to the other eastern capitals. Performance of the Company's Victorian estates remains stable and fair, reflecting the Company's belief that the local market is steadily correcting for the oversupply of developed stock built up in some locations during the overheated market of 2010-11. The South Australian market is stable but subdued, however, the Company's key projects in that State ('St Clair' and 'Eyre' at Penfield) have reached important milestones and are now much better placed than in the previous period to capture their share of available demand in the future. The Auckland residential market is experiencing significant demand that should continue to leave the Company's Hobsonville Point joint venture project with Government fortunately placed for the foreseeable future.

Pleasingly, the Company benefitted from the solid rise in second half contract signings and settlements without undue margin sacrifice or the need to offer significant inducements of the sort anecdotally reported.

Directors' Report

For the year ended 30 June 2013

REVIEW OF OPERATIONS (continued)

The following table illustrates the up-tick in lots under development (both land only and built form) since the low point of early in fiscal 2012:

667 at 30 June 11;
572 at 31 Dec 11;
318 at 30 June 12;
554 at 31 Dec 12; and
715 at 30 June 13

A substantial amount of the work in progress reported as at 30 June 12 was completed during the second half, with 177 lots at 'Hobsonville Point' NZ, 60 lots at 'Arena' VIC and 33 lots at 'Arlington Rise' VIC (amongst others) being finalised.

While the production cycle is lengthy, headway is being made with older lots exiting work in progress being progressively replaced as newer projects reach maturity or come on stream (notably the first stage of 'Arcadian Hills', Cobbitty NSW following the resolution of a lengthy planning-related preliminary works delay), leaving management confident that the Company is firmly on the path towards lifting work in progress and revenue to levels it has not seen for several years.

Completed and unsold stock is at acceptable levels.

Although customer preference continues to favour built form in most markets, the Company has recently noticed a resurgence of interest in land only on some of its estates, which if sustained will help smooth the inherently higher demand that increased production can place upon working capital.

An appropriate focus on overhead and cost control is now ingrained in the Company's culture and that control is expected to be enhanced in the future as the new accounting system is bedded down.

Total lots under control stood at 9,952 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 mechanisms to secure future development opportunities in specific micro-markets.

Market fundamentals 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 2014-2015 supporting the nascent rise in consumer confidence and transaction levels experienced in some markets.

Directors' Report

For the year ended 30 June 2013

DIVIDENDS

No dividend has been proposed, paid, or is payable in relation to the year ended 30 June 2013 (2012 Interim: 0.5 cents).

COMPARATIVE FIGURES

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Consolidated Entity has extended its Club Borrowing Facility expiry date from 30 September 2013 to 30 September 2015.

Pursuant to an Entitlement Offer for 2 new shares for every 5 held, the Company raised $39,956,388 after transaction costs and issued 109,835,157 new fully paid ordinary shares on 3 June 2013, increasing the total number of fully paid ordinary shares on issue to 384,423,851.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 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.

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

Peter Summers
Director
16 August 2013

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2013

	Note	2013 $'000	2012 $'000
Revenues	3	158,462	188,809
Share of profits of associates and joint ventures accounted for using the equity method	11	1,294	5,759
Cost of property developments sold		(125,061)	(151,244)
Provision for loss on inventories	3	(22,964)	(48,621)
Provision for loss on equity accounted investments	3	-	(1,311)
Other operational expenses		(4,729)	(5,595)
Advertising expenses		(2,931)	(3,250)
Display costs		(969)	(1,007)
Employee expenses		(16,712)	(19,088)
Depreciation and amortisation expense		(381)	(353)
Finance costs	3	(492)	(475)
Fair value gain/(loss) on interest rate derivatives		187	(119)
Other expenses		(8,995)	(9,459)
Loss before income tax		**(23,291)**	**(45,954)**
Income tax credit	4	8,025	16,126
Loss after income tax		**(15,266)**	**(29,828)**
Net loss for the year		**(15,266)**	**(29,828)**
Other comprehensive income			
Foreign currency translation (recyclable through profit and loss)		1,076	100
Other comprehensive income for the year		**1,076**	**100**
Total comprehensive loss for the year		**(14,190)**	**(29,728)**
Earnings per share for loss attributable to ordinary equity holders of the parent:			
Basic earnings per share		(5.46)	(10.99)
Diluted earnings per share		(5.49)	(11.03)

Consolidated Statement of Financial Position

As at 30 June 2013

	Note	2013 $'000	2012 $'000
CURRENT ASSETS			
Cash and cash equivalents	7	11,649	4,560
Trade and other receivables		23,033	33,690
Inventories		109,068	73,872
Tax receivable		-	514
Other current assets		1,211	2,112
Total current assets		**144,961**	**114,748**
NON-CURRENT ASSETS			
Trade and other receivables		4,120	1,832
Inventories		281,745	353,152
Investments accounted for using the equity method		25,181	24,407
Property, plant and equipment		993	1,174
Deferred tax assets		3,087	-
Intangible assets		2,816	2,816
Total non-current assets		**317,942**	**383,381**
Total assets		**462,903**	**498,129**
CURRENT LIABILITIES			
Trade and other payables		65,365	46,946
Derivative financial instruments		-	187
Interest-bearing loans and borrowings		7,171	1,100
Tax payable		449	-
Provisions		4,036	3,667
Total current liabilities		**77,021**	**51,900**
NON-CURRENT LIABILITIES			
Trade and other payables		6,956	47,520
Interest-bearing loans and borrowings		82,720	123,137
Deferred tax liabilities		-	5,938
Provisions		845	641
Total non-current liabilities		**90,521**	**177,236**
Total liabilities		**167,542**	**229,136**
Net assets		**295,361**	**268,993**
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	6	160,960	121,096
Reserves		2,200	430
Retained earnings		132,201	147,467
Total equity		**295,361**	**268,993**

Consolidated Statement of Changes in Equity

For the year ended 30 June 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 2011		**121,835**	**(417)**	**323**	**182,787**	**304,528**
Loss for the year		-	-	-	(29,828)	(29,828)
Other comprehensive income for the year		-	100	-	-	100
Total comprehensive loss for the year		-	100	-	(29,828)	(29,728)
Transactions with owners in their capacity as owners						
- Treasury shares acquired	6(b)	(739)	-	-	-	(739)
- Foreign currency translation reserve		-	60	-	-	60
- Share-based payment reserve		-	-	364	-	364
- Dividends paid	5	-	-	-	(5,492)	(5,492)
		(739)	160	364	(35,320)	(35,535)
At 30 June 2012		**121,096**	**(257)**	**687**	**147,467**	**268,993**
At 1 July 2012		**121,096**	**(257)**	**687**	**147,467**	**268,993**
Loss for the year		-	-	-	(15,266)	(15,266)
Other comprehensive income for the year		-	1,076	-	-	1,076
Total comprehensive loss for the year		-	1,076	-	(15,266)	(14,190)
Transactions with owners in their capacity as owners						
- Ordinary share capital raised	6(a)	39,956		-	-	39,956
- Treasury shares acquired	6(b)	(92)	-	-	-	(92)
- Foreign currency translation reserve		-	304	-	-	304
- Share-based payment reserve		-	-	390	-	390
		39,864	1,380	390	(15,266)	26,368
At 30 June 2013		**160,960**	**1,123**	**1,077**	**132,201**	**295,361**

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	Note	2013 $'000	2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		182,136	188,798
Payments to suppliers, land vendors and employees		(171,824)	(230,949)
Interest paid		(9,822)	(10,809)
Income tax paid		(40)	(3,498)
Net cash from (used in) operating activities		**450**	**(56,458)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		33	53
Purchase of property, plant and equipment		(228)	(641)
Interest received		492	481
Distribution received		520	1,380
Investments in associates and joint venture entities		-	(1,361)
Net cash from (used in) investing activities		**817**	**(88)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		77,932	103,601
Repayment of borrowings		(112,278)	(48,482)
Payment of finance lease liability		-	(30)
Payment for treasury shares	6(b)	(92)	(739)
Equity dividends paid	5	-	(5,492)
Proceeds from issue of shares	6(a)	39,956	-
Net cash from financing activities		**5,518**	**48,858**
NET INCREASE/(DECREASE) IN CASH HELD		**6,785**	**(7,688)**
Cash and cash equivalents at beginning of year		4,560	12,260
Effects of exchange rate changes on cash and cash equivalents		304	(12)
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	**11,649**	**4,560**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

1. CORPORATE INFORMATION

The Consolidated Report of AVJennings Limited for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the Directors on 16 August 2013. The Company is incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange and the Singapore Exchange through the Central Limit Order Book System (CLOB).

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This Report has been prepared in accordance with Australian Accounting Standards.

It is recommended that this Report be read in conjunction with the Annual Report for the year ended 30 June 2012 and considered together with any public announcements made by AVJennings Limited during the year ended 30 June 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 2012 affected any of the amounts recognised in the current year or any prior year and are not likely to affect future periods.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the year ended 30 June 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 year ended 30 June 2013

3. REVENUES AND EXPENSES

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

	2013 $'000	2012 $'000
Revenues		
Developments	150,516	181,022
Home Improvements	303	2,060
Interest revenue	492	481
Management fees	4,535	2,913
Rental revenue	5	18
Royalty revenue	1,007	1,258
Sundry revenue	1,604	1,057
Total revenues	**158,462**	**188,809**
Finance costs		
Bank loans and overdrafts	9,822	10,809
Total finance costs	9,822	10,809
Less: Amount capitalised to inventories	(9,330)	(10,334)
Finance costs expensed	**492**	**475**
Impairment of assets		
Provision for loss on inventories	22,964	48,621
Equity accounted investments impaired	-	1,311
Total impairment	**22,964**	**49,932**

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

4. INCOME TAX

	2013 $'000	2012 $'000
Income tax		
The major components of income tax credit are:		
Current income tax		
Current income tax charge	916	196
Adjustment for prior year	(383)	(710)
Deferred income tax		
Current year temporary differences	(8,556)	(16,450)
Adjustment for prior years	(2)	838
Income tax credit reported in the *Consolidated Statement of Comprehensive Income*	**(8,025)**	**(16,126)**

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

	2013 $'000	2012 $'000
Accounting loss before income tax	**(23,291)**	**(45,954)**
Tax at Australian income tax rate of 30% (2012 - 30%)	(6,987)	(13,787)
Adjustment for prior years	(686)	128
Equity accounted share of Joint Venture profits	(368)	(1,603)
Other non-deductible items and variations	16	(864)
Aggregate income tax credit	**(8,025)**	**(16,126)**

5. DIVIDENDS

	2013 $'000	2012 $'000
Dividends paid and recognised		
2011 final dividend of 1.5 cents per fully paid share, paid 19 October 2011. Fully franked @ 30% tax	-	4,119
2012 interim dividend of 0.5 cents per fully paid share, paid 11 April 2012. Fully franked @ 30% tax	-	1,373
Total dividends paid	**-**	**5,492**

The Company's Dividend Reinvestment Plan remains suspended.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

6. CONTRIBUTED EQUITY

	2013 Number	2012 Number	2013 $'000	2012 $'000
Ordinary shares	384,423,851	274,588,694	162,793	122,837
Treasury shares	(3,365,100)	(3,071,187)	(1,833)	(1,741)
Share capital			**160,960**	**121,096**

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

On 24 April 2013, the Company announced a Non-Renounceable Entitlement Offer (Entitlement Offer). The Entitlement Offer was undertaken on the basis of 2 new shares for every 5 held on 3 May 2013. The shares were offered at $0.375 per new share which represented a 4.5% discount to the volume weighted average price of the shares on the 20 trading days to 19 April 2013. Shareholders with registered addresses situated outside Australia, New Zealand and Singapore were not eligible to participate in the Entitlement Offer. The additional funds were to be applied to support general working capital requirements including:

- settlement of development sites previously acquired and development of these projects;
- development of owned land and land controlled under project development agreements; and
- investment in built form on selected projects.

The Entitlement Offer raised $39,956,388 after net transaction costs of $1,231,796. On 3 June 2013, 109,835,157 new fully paid ordinary shares were issued increasing the total number of fully paid ordinary shares on issue to 384,423,851.

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.

(b) Movement in treasury shares	2013 Number	2012 Number	2013 $'000	2012 $'000
As at the beginning of the year	(3,071,187)	(1,708,786)	(1,741)	(1,002)
Acquisition of shares by AVJ Deferred Employee Share Plan Trust	(293,913)	(1,695,735)	(92)	(739)
Employee share scheme issue	-	333,334	-	-
As at the end of the year	**(3,365,100)**	**(3,071,187)**	**(1,833)**	**(1,741)**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

6. CONTRIBUTED EQUITY (continued)

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

	2013 $'000	2012 $'000
Reconciliation to Consolidated Statement of Cash Flows		
For the purposes of *Consolidated Statement of Cash Flows,* cash and cash equivalents comprise the following:		
Cash at bank and in hand	**11,649**	**4,560**

8. OPERATING SEGMENTS

Identification of reportable segments

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

The operating segments are identified by management based on the states in which the Consolidated Entity sells its products and services. Discrete financial information about each of these operating businesses is reported on a monthly basis.

Types of products and services

The Consolidated Entity operates primarily in residential development.

Accounting policies

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

Operating segments

States:

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

New Zealand has been identified and disclosed as a separate segment as it is now assessed separately by the chief operating decision makers. The 30 June 2012 comparatives have been restated to reflect this new segment.

Other:

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

8. OPERATING SEGMENTS (continued)

The following table presents the revenues and results information regarding operating segments for the year ended 30 June 2013:

Operating segments	NSW		VIC		QLD		SA		NZ		Other		Total	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Revenues														
External sales	42,934	41,827	27,855	71,961	37,783	45,620	26,963	17,423	15,284	6,251	-	-	150,819	183,082
Management fees	2,248	1,516	810	627	-	68	133	108	1,344	594	-	-	4,535	2,913
Other revenue	-	-	-	-	-	-	-	-	-	-	3,108	2,814	3,108	2,814
Total segment revenues	**45,182**	**43,343**	**28,665**	**72,588**	**37,783**	**45,688**	**27,096**	**17,531**	**16,628**	**6,845**	**3,108**	**2,814**	**158,462**	**188,809**
Results														
Segment results	1,746	3,446	1,957	9,620	(1,153)	4,214	3,222	920	3,858	866	114	(473)	9,744	18,593
Impairment of assets	(1,565)	(28,885)	(3,111)	-	(18,207)	(19,958)	(81)	(1,089)	-	-	-	-	(22,964)	(49,932)
Fair value movement in interest rate derivatives	-	-	-	-	-	-	-	-	-	-	-	-	187	(119)
Other income	-	-	-	-	-	-	-	-	-	-	3,108	2,814	3,108	2,814
Unallocated depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	(381)	(353)
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(12,493)	(16,482)
Unallocated interest expense	-	-	-	-	-	-	-	-	-	-	-	-	(492)	(475)
Loss before tax													(23,291)	(45,954)
Income tax													8,025	16,126
Net loss													**(15,266)**	**(29,828)**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

8. OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities information regarding operating segments as at 30 June 2013:

Operating	NSW		VIC		QLD		SA		NZ		Other		Total	
Segment	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Assets Segment assets	122,558	133,880	106,068	113,489	122,631	152,075	70,240	75,656	21,990	12,348	19,416	10,681	462,903	498,129
Total assets	**122,558**	**133,880**	**106,068**	**113,489**	**122,631**	**152,075**	**70,240**	**75,656**	**21,990**	**12,348**	**19,416**	**10,681**	**462,903**	**498,129**
Liabilities Segment liabilities	7,127	10,081	18,068	27,283	40,402	50,149	19,468	26,730	2,425	492	80,052	114,401	167,542	229,136
Total liabilities	**7,127**	**10,081**	**18,068**	**27,283**	**40,402**	**50,149**	**19,468**	**26,730**	**2,425**	**492**	**80,052**	**114,401**	**167,542**	**229,136**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

9. NET TANGIBLE ASSET BACKING

	2013 cents	2012 cents
Net Tangible Asset backing (NTA) - cents per ordinary security	76.1	96.9

Ordinary shares on issue as at 30 June 2013 were 384,423,851 (30 June 2012: 274,588,694). Refer to note 6 for details.

10. INTEREST IN JOINT VENTURE OPERATIONS

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

	2013 $'000	2012 $'000
Revenues	31,240	12,549
Cost of property developments sold	(22,376)	(10,358)
Other expenses	(1,702)	(1,641)
Profit before income tax	**7,162**	**550**
Income tax	(2,149)	(165)
Net profit attributable to members of the parent	**5,013**	**385**

Notes to the Consolidated Financial Statements

For the year ended 30 June 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)	
Name of Associate & Joint Ventures	30 June 2013	30 June 2012	2013 $'000	2012 $'000
Epping JV	10%	10%	67	395
Arlington Rise JV	-	-	-	20
Creekwood (Meridan Plains)	-	-	-	4,776
Eastwood	50%	50%	1,231	308
Sydney Olympic Park Development	-	50%	-	-
Woodville	50%	50%	(4)	260
Profit after tax			**1,294**	**5,759**

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

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

During the year, the investment in Sydney Olympic Park Development, which has been written down to its net realisable value in the previous year, was written off due to termination of the agreement.

12. INTEREST-BEARING LOANS AND BORROWINGS

The Consolidated Entity has extended its Club Facility expiry date from 30 September 2013 to 30 September 2015 with its Club lenders. The Consolidated Entity remains compliant with all lending covenants.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

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 30 June 2013, amounted to $7,811,000 (2012: $13,263,000). 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 30 June 2013, amounted to $12,470,000 (2012: $15,846,000). 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 30 June 2013, amounted to $7,396,000 (2012: $4,424,000). No material liability is expected to arise.

14. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 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.

15. STATUS OF REVIEW OF ACCOUNTS

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