



AVJennings Limited
ABN: 44 004 327 771

30 June 2009 Preliminary Final Report
and
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 2008 and any public announcements made by AVJennings Limited during the year ended 30 June 2009 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 2009

	12 months 30 June 2009 \$'000	12 months 30 June 2008 \$'000	Decrease	
			\$'000	%
Revenues	504,798	517,649	(12,851)	(2.5)%
(Loss) / net profit from ordinary activities after tax attributable to members	(12,723)	11,231	(23,954)	(213.3)%
(Loss) / net profit for the year attributable to members	(12,723)	11,231	(23,954)	(213.3)%
Dividends	Cents per security		Franked amount per security at 30% tax	
Final dividend	NIL		NIL	
Previous corresponding period Final dividend	2.0		2.0	
Explanation of results				
Please refer to the Review of Operations section of the attached Directors' Report for an explanation of the results.				

Directors' Report

For the year ended 30 June 2009

Your Directors present their Report on the Company and its controlled entities for the year ended 30 June 2009.

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.

Mr Simon Cheong (Chairman)

Mr Jerome Rowley (Deputy Chairman)

Mr Peter K Summers

Mr Louis F Milkovits (Resigned 1 December 2008)

Mrs Elizabeth Sam

Mr Herman R Hochstadt

Mr Bobby Chin

Mr Bruce G Hayman

REVIEW OF OPERATIONS

OVERVIEW:

For the full year ended 30 June 2009, revenue was \$504.8 million compared to \$517.6 million for the previous corresponding period. The second half resulted in an after tax loss of \$3.0 million compared to a first half loss of \$9.7 million. The full year result was therefore an after tax loss of \$12.7 million compared to an after tax profit of \$11.2 million for the previous corresponding period.

In the current economic climate, focus has been on capital and cashflow management and this has resulted in reduced debt and stronger balance sheet ratios. The Company is in full compliance with its debt covenants.

Whilst market conditions remain challenging, the Company is concentrating on matters within its control. Following the appointment of Peter Summers as Chief Executive Officer in February 2009, a new Executive Team has been created utilising internal resources and further strengthened by additional appointments from outside the Company. In conjunction with the Executive Team, Directors have undertaken a review of strategy and operational aspects of the Company, especially in relation to Contract Building.

Operationally, the second half saw a number of improved outcomes compared to the first half including:

- Significant cash generation that resulted in lower debt levels.
 - Net debt decreased 40.4% from \$171.1 million at 31 December 2008 to \$102.0 million, representing a debt to equity ratio of 35.2% and debt to assets of 21.2%.
 - Including the Company's proportionate share of debt from joint ventures which have been equity accounted, net debt at 30 June 2009 was \$125.0 million compared to \$200.2 million at 31 December 2008.

Directors' Report

For the year ended 30 June 2009

REVIEW OF OPERATIONS (continued)

OVERVIEW: (continued)

- Contract Signings for the six months were up 60.6% from \$183.7 million to \$295.0 million with the majority of this increase occurring in the June 2009 quarter. A substantial proportion of these contracts will result in revenue recognition in the 2010 financial year, particularly the second half of the year.
- Turnover was up 9% from \$241.8 million to \$263.0 million.
- Increased momentum in relation to the roll out of new displays and product.

As at 30 June 2009, the Company's net assets per share was \$1.06 and net tangible assets per share was \$1.04. This follows a full review of asset carrying values, which did not result in any write downs of the Company's projects, reflecting the conservative approach to acquisitions adopted in recent years. However, \$1 million (pre-tax) was written down in relation to the carrying value of display homes.

The result for the year includes an unrealised loss of \$3.1 million (after tax) on interest rate hedging contracts. The Company regularly has in place such contracts to prudently limit its interest rate exposure. Due to interest rate reductions, mainly in the first half, the current market value of these contracts has decreased resulting in the unrealised loss.

The result reflects the challenging external environment that has existed in recent years for the Company and the industry in general. Many of the challenges have resulted from the global financial crisis. However, they also reflect the impact of substantial government charges and delays and costs resulting from the poor planning approval process as discussed under Integrated Housing Developments below.

SEGMENT RESULTS:

Integrated Housing Developments:

Integrated Housing turnover for the year increased by 34.8% to \$145.6 million. The improved performance emerged as a result of this type of product offering affordable housing options accommodating current economic conditions and being suited to the Federal Government's First Home Owners Boost.

This increase enabled the Company to generate significant cashflows resulting in reduced debt levels. However, margins remained low as the new housing market has continued to carry significant costs, particularly in New South Wales, due to:

- Additional holding costs caused by planning and building approval delays.
- Substantial government charges and levies.

These costs continue to accumulate and impact on the industry's ability to deliver sufficient supply of affordable housing stock to meet Australian housing needs.

Directors' Report

For the year ended 30 June 2009

REVIEW OF OPERATIONS (continued)

SEGMENT RESULTS: (continued)

Land Developments:

Land turnover for the year decreased by 23.4% to \$166.4 million. The Company's major land customer base is other builders who tend to take a more prudent approach to purchasing in challenging market conditions. Additionally, many of these builders have faced difficulties sourcing bank financing, thereby further limiting sales to this customer category.

Margins on land sales decreased during the year due to the impact of amortising holding costs incurred in previous years and the full year impact of price decreases, reflecting an industry wide trend, initiated in the second half of the previous financial year. Land was also impacted by the issue of carrying costs referred to in Integrated Housing above.

Apartments Developments:

The Company currently has 2 apartment projects in New South Wales, both within 15 kilometres of the Sydney CBD. Only one of these, Kirra on Powell at Killara, New South Wales is at revenue recognition stage. Kirra is a prestige development which, whilst representing excellent value for a quality product, is in the high end market segment which has been slow in Sydney. The remaining apartment project, Verve at Erskineville, is recording strong pre-sales as it offers affordable housing options within a prime location. Revenue recognition for Verve is forecast to commence in December 2009.

Contract Building:

Contract Building turnover decreased by 5.0% to \$158.9 million as a result of poor contract signing levels in the prior year and the first half to 31 December 2008. The business segment remains a challenge. However, the Company expects that the strengthening of management together with the introduction of new product, opening of new displays, new workflow systems which will greatly improve efficiency and a reinforced focus on customer service, will result in significant improvement in 2010 and beyond. Improvements have already emerged as evidenced by the second half which has seen a 79.7% increase in contract signings from \$67.7 million to \$121.6 million and improved margins on new contracts. This increased contract signings level will translate into increased revenue in the financial year just commenced.

Even though this second half outcome has been significantly aided by the Federal Government's First Home Owners Boost, the Company's traditional market segment is second and subsequent home buyers and recovery in this segment, and the internal improvements referred to above, will be the main drivers for better outcomes from this division.

Directors' Report

For the year ended 30 June 2009

REVIEW OF OPERATIONS (continued)

BALANCE SHEET:

Review of Carrying Values

Whilst Directors and management continually monitor inventory carrying values, the current market environment has seen extra focus placed on this at 30 June 2009. The review process has not identified any development projects requiring a write down based on the realisable values that are estimated to be derived from the development intentions for each project.

Directors and management have also examined the carrying value of other assets. The outcome of this review has been a provision of approximately \$1 million (pre-tax) against the carrying values of Contract Building display homes. This provision relates to over capitalisation on some displays, as well as price reductions to ensure sales are achieved on a timely basis, thereby reducing funds employed.

Number of Lots & NTA

As at 30 June 2009, net tangible assets per share was \$1.04 (net assets was \$1.06 per share). Total lots owned or under management or control were 9,825. Based on FY09's utilisation rate of 1,840 lots, this would equate to approximately 5 years supply which is consistent with historical levels.

FUNDING:

The Company's main banking facilities mature on 30 September 2009. The Company has received and accepted a detailed Indicative Term Sheet in respect of the facilities for a further 12 months. Subject to the banks' usual credit approval process, final documentation is expected to be signed within the next 4-5 weeks. The Company expects that the renewed facilities will be sufficient for the Company's normal ongoing business operations.

Lower reliance on the main banking facilities has been achieved through a number of joint venture arrangements and development agreements which have reduced cash requirements under the facilities and preserved capital. As previously reported, the Company continues to explore new funding structures and arrangements.

As at 30 June 2009, the net debt level as reported in the balance sheet was \$102.0 million. This represented 35.2% of equity and 21.2% of total assets. Taking into account the Company's proportionate share of debt within equity accounted joint ventures, net debt was \$125.0 million with debt to equity of 43.1% and debt to assets of 23.9%.

Directors' Report

For the year ended 30 June 2009

REVIEW OF OPERATIONS (continued)

RESIDENTIAL PROPERTY FUND:

In February 2009, the Company announced its intention to launch the AVJennings Residential Property Fund.

To date, feedback on the structure of the fund has been positive and has confirmed the Company's belief that there is a market requirement for this type of product. However, the capacity of many potential investors continues to be constrained due to them being over-weight to property at this time.

The Company remains committed to the fund and its long term strategic benefits. Accordingly, Directors have decided that it is important to take a long term view and that additional time be allowed to let potential investors participate, rather than react to short term market issues.

OUTLOOK:

Decreased interest rates and the introduction of the First Home Owners Boost have, to a degree, had a positive impact as evidenced by the increase in contract signings for the second half. However, the Company continues to be faced with market pressures and challenges such as holding costs, caused by planning and building approval delays and substantial government charges and levies, and consumer confidence, which continues to be impacted by factors such as rising unemployment and difficulties customers face sourcing finance. Consequently, it is anticipated that the remainder of 2009 will continue to be challenging.

Nevertheless, the Company is well positioned for the future and expects 2010 to show improved financial and operational performance. It has a land bank of some 9,825 lots under control or management, equivalent to approximately 5 years supply, and whilst operating in the current economic climate, maintains a conservative approach to managing the business. Additionally, the majority of projects are under development or have development approval and are targeted at the affordable housing segment of the market which has been, and is likely to remain in the short to medium term, the strongest market segment.

The improvement in contract signings in the second half of the financial year ended 30 June 2009 will underpin much of this improvement. However, the timing of projects and getting jobs to site for Contract Building will see most of the accounting outcomes reflected in the second half of the financial year just commenced.

DIVIDENDS

No dividend has been proposed, paid, or is payable in relation to the financial year ended 30 June 2009 (30 June 2008: 2.0 cents per share).

COMPARATIVE FIGURES

To ensure meaningful comparison, some comparative figures in the Financial Statements and Notes thereto have been reclassified in line with current year's classification.

Directors' Report

For the year ended 30 June 2009

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Consolidated Entity's main banking facilities expire on 30 September 2009. As a result, the borrowings under these facilities are shown as a current liability on the *Consolidated Balance Sheet* at 30 June 2009.

EVENTS AFTER BALANCE SHEET DATE

Other than the update relating to funding referred to under Review of Operations, no matter or circumstance has arisen since 30 June 2009 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 Company is of a kind referred to in the Australian Securities and Investments Commission Class Order 98/0100 dated 10 July 1998. Accordingly, amounts in the *Directors' Report*, the Financial Statements and the Notes thereto have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Consolidated Income Statement

For the year ended 30 June 2009

		Consolidated	
		12 months	12 months
		30 June	30 June
		2009	2008
	Note	\$'000	\$'000
Revenues	3	504,798	517,649
Share of profits of associates and joint ventures accounted for using the equity method	10	1,481	126
Change in inventories, finished goods and work-in-progress		(432,428)	(417,234)
Other operational expenses		(8,431)	(8,625)
Other income	3	11	1
Advertising expenses		(6,960)	(9,266)
Display costs		(9,555)	(7,365)
Employee expenses		(45,599)	(45,661)
Depreciation and amortisation expense		(1,984)	(2,242)
Finance costs	3	(1,109)	(520)
Unrealised (loss) / gain on interest rate derivatives		(4,412)	623
Other expenses		(13,744)	(12,035)
(Loss) / profit from continuing operations before income tax		(17,932)	15,451
Income tax credit / (expense)		5,209	(4,220)
(Loss) / net profit attributable to members of the parent		(12,723)	11,231
Earnings per share for (loss)/profit from continuing operations attributable to ordinary equity holders of the parent		Cents	Cents
Basic earnings per share		(4.68)	4.87
Diluted earnings per share		(4.68)	4.87

Consolidated Balance Sheet

As at 30 June 2009

	Note	Consolidated	
		30 June 2009 \$'000	30 June 2008 \$'000
CURRENT ASSETS			
Cash and cash equivalents	6	6,475	6,950
Trade and other receivables		15,395	19,470
Inventories		188,539	246,478
Tax receivable		-	1,501
Other current assets		4,367	6,887
Total current assets		214,776	281,286
NON-CURRENT ASSETS			
Derivatives financial instruments		-	1,047
Inventories		217,434	258,076
Investments accounted for using the equity method		40,021	32,733
Property, plant and equipment		5,207	4,880
Intangible asset		3,062	3,554
Total non-current assets		265,724	300,290
Total assets		480,500	581,576
CURRENT LIABILITIES			
Trade and other payables		51,134	65,669
Derivatives financial instruments		3,364	-
Interest-bearing loans and borrowings		109,152	20,020
Provisions		4,831	5,239
Total current liabilities		168,481	90,928
NON-CURRENT LIABILITIES			
Trade and other payables		5,318	7,324
Interest-bearing loans and borrowings		460	156,340
Deferred tax liabilities		15,651	21,772
Provisions		847	767
Total non-current liabilities		22,276	186,203
Total liabilities		190,757	277,131
Net assets		289,743	304,445
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity and treasury shares	5	122,578	119,247
Reserves		22	-
Retained earnings		167,143	185,198
Total equity		289,743	304,445

Consolidated Statement of Changes in Equity

For the year ended 30 June 2009

	Note	Attributable to equity holders of the parent			Total equity
		Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	\$'000
At 1 July 2007		89,950	-	180,720	270,670
Profit for the year		-		11,231	11,231
Total income and expenses for the year		-		11,231	11,231
Equity transactions					
- Ordinary share capital raised	5(a)	29,297		-	29,297
- Dividends	4	-		(6,753)	(6,753)
		29,297	-	4,478	33,775
At 30 June 2008		119,247	-	185,198	304,445
At 1 July 2008		119,247	-	185,198	304,445
Loss for the year		-		(12,723)	(12,723)
Total income and expenses for the year		-		(12,723)	(12,723)
Equity transactions					
- Ordinary share capital raised	5(a)	3,590		-	3,590
- Treasury shares acquired	5(b)	(259)		-	(259)
- Foreign currency translation reserve			1	-	1
- Share based payment reserve (Non vesting)/allocation of shares for equity related employee benefits			21	-	21
- Dividends	4	-		(5,332)	(5,332)
		3,331	22	(18,055)	(14,702)
At 30 June 2009		122,578	22	167,143	289,743

Consolidated Cash Flow Statement

For the year ended 30 June 2009

	Note	Consolidated	
		12 months 30 June 2009 \$'000	12 months 30 June 2008 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		559,795	572,448
Payments to suppliers, land vendors and employees		(468,134)	(589,274)
Interest and other finance costs paid	3	(15,434)	(18,722)
Income taxes refunded (paid)		706	(3,024)
Net cash from (used in) operating activities		76,933	(38,572)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current assets		292	444
Payments for property, plant and equipment		(2,230)	(1,724)
Interest received	3	567	670
Distribution received		240	-
Investments in associates and joint venture entities		(7,528)	(31,972)
Net cash used in investing activities		(8,659)	(32,582)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		135,922	279,474
Repayment of borrowings		(201,738)	(215,648)
Payment of finance lease liability		(932)	(908)
Payment for treasury shares acquired	5(b)	(259)	-
Equity dividends paid		(1,742)	(1,857)
Proceeds from issue of shares	5(a)	-	24,401
Net cash (used in) from financing activities		(68,749)	85,462
NET INCREASE (DECREASE) IN CASH HELD		(475)	14,308
Cash and cash equivalents at the beginning of the year		6,950	(7,358)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	6,475	6,950

Notes to the Preliminary Final Report

For the year ended 30 June 2009

1. CORPORATE INFORMATION

The Preliminary Final Report of AVJennings Limited and its subsidiary companies ('the Consolidated Entity') for the financial year ended 30 June 2009 was authorised for issue in accordance with a resolution of the Directors on 14 August 2009. The Company is incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Consolidated Entity are described in Note 7 *Segment Information*.

This Preliminary Final Report has been prepared in accordance with the requirements of the Australian Securities Exchange listing rules.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This Preliminary Final Report does not constitute the full financial report for the year ended 30 June 2009.

This Preliminary Final Report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the Annual Financial Report.

This Preliminary Final Report should be read in conjunction with the Annual Financial Report of AVJennings Limited as at 30 June 2008 as well as the half-year accounts as at 31 December 2008.

It is also recommended that this Preliminary Final Report be considered together with any public announcements made by AVJennings Limited and its controlled entities during the year ended 30 June 2009 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

a) *Basis of preparation*

This general purpose preliminary financial report for the year ended 30 June 2009 has been prepared in accordance with applicable Accounting Standards and the *Corporations Act 2001*. The financial report has been prepared on a historical cost basis.

The consolidated financial report is presented in Australian Dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under Australian Securities and Investments Commission Class Order 98/0100. The Company is an entity to which the class order applies.

b) *Significant accounting policies*

These consolidated financial statements have been prepared using the same accounting policies as used in the financial statements for the year ended 30 June 2008.

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the reporting period ended 30 June 2009. When applied in future periods, these recently issued or amended standards are not expected to have a material impact on the Company's financial performance or financial position; however, they may impact Financial Report Disclosures.

Notes to the Preliminary Final Report

For the year ended 30 June 2009

3. REVENUES AND EXPENSES

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

	Consolidated	
	12 months 30 June 2009 \$'000	12 months 30 June 2008 \$'000
Revenues		
Developments	341,659	345,274
Contract building	158,856	167,222
Interest revenue	567	670
Management fees	2,697	2,327
Rental revenue	52	127
Unrealised gain on interest rate derivatives	-	623
Sundry revenue	967	1,406
	504,798	517,649
Other income		
Gain on disposal of property, plant and equipment	11	1
	11	1
Total revenues and other income	504,809	517,650
Finance costs		
Bank loans and overdrafts	15,303	18,548
Finance charges payable under finance leases	131	119
Finance charges payable to land creditors	-	55
Total finance costs	15,434	18,722
Less: Amount capitalised to inventories	(14,325)	(18,202)
Total finance costs expensed	1,109	520

Notes to the Preliminary Final Report

For the year ended 30 June 2009

4. DIVIDENDS PAID AND PROPOSED

		Consolidated	
	Note	12 months 30 June 2009 \$'000	12 months 30 June 2008 \$'000
<i>Dividends paid on ordinary shares during the year</i>			
2008 final of 2.0 cents per fully paid share, paid 31 October 2008. Fully franked @ 30% tax	(a)	5,332	
2007 final of 3.0 cents per fully paid share, paid 29 October 2007. Fully franked @ 30% tax			6,753
Total dividends paid during the year		5,332	6,753
<i>Franking credit balance</i>			
Franking credits available for subsequent financial years based on a tax rate of 30% are:			
Franking account balance as at the end of year		22,125	25,116
Total franking credit balance		22,125	25,116

No dividend has been proposed, paid or is payable in relation to the financial year ended 30 June 2009 (30 June 2008: 2.0 cents per share).

(a) The 2008 final dividend was the subject of a Dividend Reinvestment Plan. Details of shares issued under the plan are set out in note 5.

Notes to the Preliminary Final Report

For the year ended 30 June 2009

5. CONTRIBUTED EQUITY AND TREASURY SHARES

(a) Ordinary shares

	Consolidated	
	30 June 2009 \$'000	30 June 2008 \$'000
Ordinary shares - issued and fully paid	122,837	119,247
As at the beginning of the year	119,247	89,950
Issued pursuant to the Rights Issue, net of associated costs		
5 June 2008 - at an issue price of \$0.67 per ordinary share		24,401
Issued pursuant to the Dividend Reinvestment Plan (DRP)		
31 October 2008 - at an issue price of \$0.45 per ordinary share	3,590	
29 October 2007 - at an issue price of \$1.14 per ordinary share		4,896
	3,590	29,297
As at the end of the year	122,837	119,247

	Consolidated	
	30 June 2009 Number	30 June 2008 Number
Movement in ordinary shares on issue:		
As at the beginning of the year	266,624,462	225,111,229
Issued pursuant to the Rights Issue		
5 June 2008		37,212,098
Issued pursuant to the Dividend Reinvestment Plan (DRP)		
31 October 2008	7,964,232	
29 October 2007		4,301,135
	7,964,232	41,513,233
As at the end of the year	274,588,694	266,624,462

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 financial year.

Notes to the Preliminary Final Report

For the year ended 30 June 2009

5. CONTRIBUTED EQUITY AND TREASURY SHARES (Continued)

(b) Treasury shares

	Consolidated	
	30 June	30 June
	2009	2008
	\$'000	\$'000
Treasury shares acquired	259	-

The Company operates the AVJ Deferred Employee Share Plan Trust (Trust). The main purpose of the Trust is to hold unvested performance shares as part of the Plan. Under Australian Accounting Standards, the Trust qualifies as an equity compensation plan special purpose entity and its results are included in those for the Consolidated Entity. Any shares held by the Trust are accounted for as treasury shares and treated as a reduction in the share capital of the Consolidated Entity. Treasury shares are recognised at original cost.

6. CASH AND CASH EQUIVALENTS

	Consolidated	
	30 June	30 June
	2009	2008
	\$'000	\$'000
Reconciliation of cash		
Cash at the end of the reporting period as shown in the <i>Consolidated Cash Flow Statement</i> is reconciled to the related items in the <i>Consolidated Balance Sheet</i> as follows:		
Cash at bank and in hand	6,475	6,950
Net cash at the end of the year	6,475	6,950

Notes to the Preliminary Final Report

For the year ended 30 June 2009

7. SEGMENT INFORMATION

The following table presents the revenues and results information regarding business segments for the year ended 30 June 2009.

<i>Business segments</i>	<i>Continuing Operations</i>								<i>Total Operations</i>	
	<i>Land</i>		<i>Integrated Housing</i>		<i>Apartments</i>		<i>Contract Building</i>		<i>Consolidated</i>	
	<i>30 June 2009 \$'000</i>	<i>30 June 2008 \$'000</i>	<i>30 June 2009 \$'000</i>	<i>30 June 2008 \$'000</i>	<i>30 June 2009 \$'000</i>	<i>30 June 2008 \$'000</i>	<i>30 June 2009 \$'000</i>	<i>30 June 2008 \$'000</i>	<i>30 June 2009 \$'000</i>	<i>30 June 2008 \$'000</i>
Revenues										
External sales	166,371	217,323	145,634	108,064	29,654	19,887	158,856	167,222	500,515	512,496
Share of profits/(loss) of associates and joint ventures	1,110	184	371	(58)	-	-	-	-	1,481	126
Non-segment revenue	-	-	-	-	-	-	-	-	4,294	5,154
Total revenues	167,481	217,507	146,005	108,006	29,654	19,887	158,856	167,222	506,290	517,776
Results										
Segment results	10,468	40,073	9,537	5,672	(1,828)	(4,284)	(8,312)	(5,600)	9,865	35,861
Unallocated income	-	-	-	-	-	-	-	-	4,294	5,154
Unallocated depreciation and amortisation	-	-	-	-	-	-	-	-	(1,984)	(2,242)
Unallocated expenses*	-	-	-	-	-	-	-	-	(28,998)	(22,802)
Unallocated interest expense	-	-	-	-	-	-	-	-	(1,109)	(520)
(Loss) / profit before tax									(17,932)	15,451
Income tax credit / (expenses)									5,209	(4,220)
Net (loss) / profit									(12,723)	11,231

* Unallocated expenses for the year ended 30 June 2009 include \$4,412,000 of unrealised loss on interest rate derivatives.

Notes to the Preliminary Final Report

For the year ended 30 June 2009

7. SEGMENT INFORMATION (continued)

The following table presents the assets and liabilities information regarding business segments as at 30 June 2009.

<i>Business segments</i>	<i>Continuing Operations</i>								<i>Total Operations</i>	
	<i>Land</i>		<i>Integrated Housing</i>		<i>Apartments</i>		<i>Contract Building</i>		<i>Consolidated</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Assets										
Segment assets	259,989	331,513	112,028	130,470	52,917	65,724	42,513	34,302	467,447	562,009
Unallocated assets	-	-	-	-	-	-	-	-	13,053	19,567
Total assets	259,989	331,513	112,028	130,470	52,917	65,724	42,513	34,302	480,500	581,576
Liabilities										
Segment liabilities	22,970	30,758	9,978	16,056	3,943	5,219	17,175	22,614	54,066	74,647
Unallocated liabilities	-	-	-	-	-	-	-	-	136,691	202,484
Total liabilities	22,970	30,758	9,978	16,056	3,943	5,219	17,175	22,614	190,757	277,131
Other segment information										
Capital expenditure	-	-	-	-	-	-	-	-	2,230	1,724

Land: Builders buy land from AVJennings onto which they package their building products, or end customers buy land from an AVJennings estate and choose their own builder.

Integrated Housing: The customer buys a completed home or townhouse within an AVJennings development.

Apartments: The customer buys a completed apartment within an AVJennings development.

Contract Building: The customer contracts to build a home with AVJennings on land they have sourced themselves.

Notes to the Preliminary Final Report

For the year ended 30 June 2009

8. NET TANGIBLE ASSET BACKING

	Consolidated	
	30 June 2009 Cents	30 June 2008 Cents
Net Tangible Asset backing (NTA) - cents per ordinary security	104.4	112.9

Ordinary shares on issue as at 30 June 2009 were 274,588,694 (2008: 266,624,462). Refer to note 5 for details.

9. INTEREST IN JOINT VENTURE OPERATIONS

A number of controlled entities have entered into joint ventures which are proportionately consolidated. Information relating to the joint ventures is set out below:

Proportionately consolidated Joint Ventures	Percentage of ownership interest held at end of year or date of disposal		Contribution to profit/(loss) before tax	
	30 June 2009	30 June 2008	30 June 2009 \$'000	30 June 2008 \$'000
Names of Joint Ventures				
Cammeray	50%	50%	1,157	1,515
Regatta Waters/ParkLake	50%	50%	38	1,685
Springbank (Burton)	50%	50%	-	-
Cheltenham	50%	50%	(29)	-
Total			1,166	3,200

No control has been either gained or lost over any other entities that may have a material effect on the results of the Consolidated Entity (2008: NIL).

Notes to the Preliminary Final Report

For the year ended 30 June 2009

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The interest in an associate or a joint venture entity is accounted for using the equity method of accounting and is carried at cost. Under the equity method, the consolidated entity's share of the results of the associate or the joint venture entity is recognised in the *Consolidated Income Statement*, and the share of movements in reserves is recognised in the *Consolidated Balance Sheet*. The information is set out below:

Equity accounted Associates & Joint Ventures	Percentage of ownership interest held at end of period or date of disposal		Contribution to profit/(loss) before tax	
	30 June 2009	30 June 2008	30 June 2009 \$'000	30 June 2008 \$'000
Names of Associates & Joint Ventures				
Epping JV	10%	10%	700	203
Creekwood (Meridan Plains)	50%	50%	117	(19)
Eastwood	50%	50%	355	(58)
Sydney Olympic Park Development	50%	50%	-	-
Woodville	50%	50%	309	-
Total			1,481	126

11. CONTINGENT ASSETS AND LIABILITIES

Performance guarantees

Contingent liabilities in respect of certain performance guarantees, granted by controlled entities in the normal course of business to unrelated parties, at 30 June 2009, amounted to \$29,393,000 (2008: \$34,709,000). No liability is expected to arise.

Financial guarantees

Contingent liabilities in respect of certain financial guarantees, granted by controlled entities in the normal course of business to unrelated parties, at 30 June 2009, amounted to \$968,000 (2008: \$4,273,000). No liability is expected to arise.

12. EVENTS AFTER BALANCE SHEET DATE

Other than the update relating to funding referred to under Review of Operations, no matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect:

- i) the Consolidated Entity's operations in the future financial years; or
- ii) the results of those operations in future financial years; or
- iii) the Consolidated Entity's state of affairs in future financial years.

AVJennings[®]

Directors' Declaration

For the year ended 30 June 2009

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

In the opinion of the Directors:

- a) The financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
 - (i) give a true and fair view of the financial position as at 30 June 2009 and the performance for the financial year ended on that date of the Consolidated Entity; and
 - (ii) comply with Australian Accounting Standards and the Corporations Regulations 2001; and
- b) There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.
- c) This report is based on the financial statements that are in the process of being audited, and therefore no audit report has been attached.

On behalf of the Board.



Peter Summers
Director

14 August 2008