



AVJennings Limited
ABN: 44 004 327 771

31 December 2007 Half-Year Report
Appendix 4D

The half-year 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 15 month period ended 30 June 2007 and any public announcements made by AVJennings Limited during the half-year in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Stock Exchange.



Contents

	Page
Results for Announcement to the Market.....	3
Directors' Report.....	4
Condensed Income Statement.....	7
Condensed Balance Sheet.....	8
Condensed Statement of Changes in Equity.....	9
Condensed Cash Flow Statement.....	10
Notes to the Half-Year Financial Statements.....	11
1 Corporate information.....	11
2 Summary of significant accounting policies.....	11
3 Revenues and expenses.....	13
4 Dividends paid and proposed.....	14
5 Contributed equity.....	15
6 Cash flow information.....	16
7 Segment information.....	17
8 Net tangible asset backing.....	19
9 Material interest in entities which are not controlled entities.....	19
10 Contingent assets and liabilities.....	20
11 Events after balance sheet date.....	20
Directors' Declaration.....	21
Independent Review Report to the Members of AVJennings Limited.....	22

AVJennings®

Results for Announcement to the Market

HALF-YEAR ENDED 31 DECEMBER 2007

	6 months to		Increase	
	31 December 2007 \$'000	30 September 2006 \$'000	\$'000	%
Revenues	265,376	212,363	53,013	25.0%
Profit/(loss) from ordinary activities after tax attributable to members	6,136	(2,357)	8,493	360.3%
Net profit/(loss) for the period attributable to members	6,136	(2,357)	8,493	360.3%
Dividends	Cents per security		Franked amount per security at 30% tax	
Interim dividend	nil		nil	
Previous corresponding period	nil		nil	
Comparative figures				
<p>For the 2007 financial year, the Company adopted a 30 June year end. The 2007 financial year reporting period was for the 15 months from 1 April 2006 to 30 June 2007. The comparative figures in the <i>Condensed Income Statement</i>, the <i>Condensed Statement of Changes in Equity</i>, the <i>Condensed Cash Flow Statement</i>, and Notes thereto, are therefore those for the 6 months ended 30 September 2006, which is the comparable interim period of the immediately preceding reporting period.</p>				
Explanation of results				
<p>Please refer to the Review of Operations section of the attached Directors' Report for an explanation of the results.</p>				

Directors' Report

For the half-year ended 31 December 2007

Your Directors present their Report on the Company and its controlled entities for the half-year ended 31 December 2007.

DIRECTORS

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

Mr Simon Cheong (Chairman)

Mr Jerome Rowley (Deputy Chairman)

Mr Louis F Milkovits

Mr Peter K Summers

Mrs Elizabeth Sam

Mr Herman R Hochstadt

Mr Bobby Chin

Mr Bruce G Hayman

REVIEW OF OPERATIONS

The Company's pre-tax profit for the 6 month period ended 31 December 2007 was \$8.8 million compared to a \$3.3 million pre-tax loss for the 6 month period ended 30 September 2006. Revenue for the 6 month period was up 25% to \$265.4 million from \$212.4 million for the 6 month period ended 30 September 2006.

The growth in the Company's performance is largely attributable to the strengthening of the market in Queensland and Victoria, in addition to certain major projects reaching revenue recognition stage in these states. The results were achieved, despite the continuation of the downturn in New South Wales, particularly on the Sydney urban fringe where market activity has been at an all time low. The result was also influenced by the Company's two apartment projects under construction in the inner Sydney suburbs of Cammeray and Killara not yet reaching revenue recognition stage, despite pre-sales being achieved and construction being well advanced. Contract building contributed negatively to the result due to inadequate performance of the Victorian operations over the period and low volumes of contract building sales in New South Wales. Contract building operations have been restructured and this division is expected to improve performance.

Contract signings for the 6 months to 31 December 2007 were \$313.8 million, up 24.4% from \$252.3 million for the period ended 30 September 2006. However, revenue recognised in the accounts for that period was \$265.4 million. The balance will be recognised in subsequent reporting periods.

Current financial half-year margins have remained in line with those achieved for the 15 month period that ended 30 June 2007. Margins continue to be a major issue due to state and local government charges on greenfield residential developments, particularly in New South Wales. However, recent price growth in Queensland and Victoria is likely to result in improved margins in future periods. There is an expectation that the New South Wales market will improve significantly due to the major imbalance between available housing and underlying demand. The Company is well positioned to benefit from such an improvement.

Net debt at 31 December 2007 was \$218.7 million, compared to \$119.2 million at 30 June 2007 and \$160.9 million at 31 March 2007, reflecting an increased investment in new development projects. The Company's land bank has grown by 40% to some 10,500 developable lots compared to some 7,500 a year ago.

Directors' Report

For the half-year ended 31 December 2007

DIVIDENDS

No interim dividend has been proposed, paid, or is payable in relation to the half-year ended 31 December 2007 (30 September 2006: nil).

COMPARATIVE FIGURES

For the 2007 financial year, the Company adopted a 30 June year end. The 2007 financial year reporting period was for the 15 months from 1 April 2006 to 30 June 2007. The comparative figures in the *Condensed Income Statement*, the *Condensed Statement of Changes in Equity*, the *Condensed Cash Flow Statement*, and Notes thereto, are therefore those for the 6 months ended 30 September 2006, which is the comparable interim period of the immediately preceding reporting period.

EVENTS AFTER BALANCE SHEET DATE

No matter or circumstance has arisen since 31 December 2007 that has significantly affected, or may significantly affect:

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

ROUNDING OF AMOUNTS


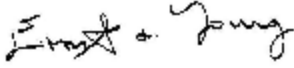

The Company is of a kind referred to in the Australian Securities and Investments Commission Class Order 98/0100 dated 10 July 1998. Accordingly, amounts in the *Directors' Report*, the Financial Statements and the Notes thereto have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Directors' Report

For the half-year ended 31 December 2007

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the following independence declaration from our auditors, Ernst & Young:

	■ Ernst & Young Centre 680 George Street Sydney NSW 2000 Australia GPO Box 2146 Sydney NSW 2001	■ Tel: 61 2 9246 5000 Fax: 61 2 9248 5059 DX: Sydney Stock Exchange 10172
<p>In relation to our review of the financial report of AVJennings Limited for the half-year ended 31 December 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.</p>		
		
<p>Ernst & Young</p>		
		
<p>David Simmonds Partner 21 February 2008</p>		

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



Louis Milkovits
Director

21 February 2008

Condensed Income Statement

For the half-year ended 31 December 2007

		Consolidated	
		6 months	
		to	
		31 December	30 September
		2007	2006
	Note	\$'000	\$'000
Continuing operations			
Revenues	3	265,376	212,363
Change in inventories, finished goods and work-in-progress		(213,069)	(175,853)
Other operational expenses		(4,581)	(3,625)
Advertising expenses		(4,724)	(4,465)
Display costs		(3,631)	(3,347)
Employee expenses		(22,363)	(20,848)
Depreciation and amortisation expense		(1,030)	(1,251)
Finance costs	3	(403)	(134)
Other expenses		(6,813)	(6,101)
Profit/(loss) from continuing operations before income tax		8,762	(3,261)
Income tax benefit/(expense)		(2,626)	904
Net profit/(loss) attributable to members of the parent		6,136	(2,357)
Earnings per share for profit from continuing operations attributable to ordinary equity holders of the parent		Cents	Cents
Basic earnings per share		2.71	(1.09)
Diluted earnings per share		2.71	(1.09)

Condensed Balance Sheet

As at 31 December 2007

	Note	Consolidated	
		31 December 2007 \$'000	30 June 2007 \$'000
CURRENT ASSETS			
Cash and cash equivalents		9,579	1,194
Trade and other receivables		17,803	22,451
Inventories		274,448	240,749
Other current assets		4,762	3,505
Total current assets		306,592	267,899
NON-CURRENT ASSETS			
Trade and other receivables		-	1,697
Inventories		285,681	248,899
Investment in associate		950	761
Property, plant and equipment		5,161	5,381
Intangible asset		3,800	4,046
Total non-current assets		295,592	260,784
Total assets		602,184	528,683
CURRENT LIABILITIES			
Trade and other payables		45,952	101,561
Interest-bearing loans and borrowings		13,865	26,280
Tax payable		1,478	1,028
Provisions		3,954	4,702
Total current liabilities		65,249	133,571
NON-CURRENT LIABILITIES			
Trade and other payables		25,177	9,699
Interest-bearing loans and borrowings		215,943	95,714
Deferred tax liabilities		19,112	18,047
Provisions		1,754	982
Total non-current liabilities		261,986	124,442
Total liabilities		327,235	258,013
Net assets		274,949	270,670
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	5	94,846	89,950
Retained earnings		180,103	180,720
Total equity		274,949	270,670

Condensed Statement of Changes in Equity

For the half-year ended 31 December 2007

CONSOLIDATED	Note	Attributable to equity holders of the parent		Total equity
		Issued capital \$'000	Retained earnings \$'000	\$'000
At 1 April 2006		79,189	179,318	258,507
Net income recognised directly in equity		-	-	-
Net loss for the period		-	(2,357)	(2,357)
Total recognised income and expense for the period		-	(2,357)	(2,357)
Ordinary share capital raised	5	10,761	-	10,761
Dividends	4	-	(10,761)	(10,761)
		10,761	(13,118)	(2,357)
At 30 September 2006		89,950	166,200	256,150
At 1 July 2007		89,950	180,720	270,670
Net income recognised directly in equity		-	-	-
Net profit for the period		-	6,136	6,136
Total recognised income and expense for the period		-	6,136	6,136
Ordinary share capital raised	5	4,896	-	4,896
Dividends	4	-	(6,753)	(6,753)
		4,896	(617)	4,279
At 31 December 2007		94,846	180,103	274,949

Condensed Cash Flow Statement

For the half-year ended 31 December 2007

	Consolidated 6 months to	
	31 December 2007	30 September 2006
Note	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	297,534	223,134
Payments to suppliers, land vendors and employees	(386,226)	(227,796)
Interest received	347	86
Interest paid	(7,560)	(8,371)
Income taxes paid	(1,109)	(5,249)
Net cash flows used in operating activities	(97,014)	(18,196)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	51	247
Purchase of property, plant and equipment	(421)	(295)
Investment in associate	(189)	-
Net cash flows used in investing activities	(559)	(48)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	198,285	76,369
Repayment of borrowings	(81,918)	(53,122)
Equity dividends paid	(6,753)	(10,761)
Proceeds from issue of shares	4,896	10,761
Net cash flows from financing activities	114,510	23,247
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,937	5,003
Cash and cash equivalents at the beginning of the half-year	(7,358)	(3,994)
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	9,579	1,009

Notes to the Half-Year Financial Statements

For the half-year ended 31 December 2007

1. CORPORATE INFORMATION

The financial report of AVJennings Limited and its subsidiary companies ("the Consolidated Entity") for the half-year ended 31 December 2007 was authorised for issue in accordance with a resolution of the Directors on 21 February 2008. The Company is incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange.

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

The Company received approval from ASIC to change its year end to 30 June. The ASIC order approving the change in year end was granted on 18 May 2006. The previous reporting period was for the 15 months from 1 April 2006 to 30 June 2007. In line with AASB 134 *Interim Financial Reporting*, the comparative figures in the *Condensed Income Statement*, the *Condensed Statement of Changes in Equity*, the *Condensed Cash Flow Statement*, and Notes thereto, are for the 6 months ended 30 September 2006, which is the comparable interim period of the immediately preceding reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all the 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 full financial report.

The half-year financial report should be read in conjunction with the financial report of AVJennings Limited for the 15 month period ended 30 June 2007.

It is also recommended that the half-year financial report be considered together with any public announcements made by AVJennings Limited and its controlled entities during the half-year ended 31 December 2007 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

a) Basis of preparation

The half-year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards, including AASB134 *Interim Financial Reporting* and other mandatory professional reporting requirements. The half-year financial report has been prepared on a historical cost basis. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The half-year 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 the Australian Securities and Investments Commission Class Order 98/0100. The Company is an entity to which the class order applies.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Notes to the Half-Year Financial Statements

For the half-year ended 31 December 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as those used in the financial statements for the 15 month period ended 30 June 2007, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2007.

c) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of the Consolidated Entity as at 31 December 2007.

Notes to the Half-Year Financial Statements

For the half-year ended 31 December 2007

3. REVENUES AND EXPENSES

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

	Consolidated 6 months to	
	31 December 2007 \$'000	30 September 2006 \$'000
Revenues		
Developments	177,729	135,427
Contract building	85,377	76,088
Finance revenue	347	86
Management fees	937	599
Site identification fees	750	-
Sundry revenue	236	163
Total revenues	265,376	212,363
Finance costs		
Bank loans and overdrafts	7,447	8,226
Finance charges payable under finance leases	58	48
Finance charges payable to land creditors	55	97
Total finance costs	7,560	8,371
Less: Amounts capitalised to inventories	(7,157)	(8,237)
Total finance costs expensed	403	134

Notes to the Half-Year Financial Statements

For the half-year ended 31 December 2007

4. DIVIDENDS PAID AND PROPOSED

		Consolidated 6 months to	
	Note	31 December 2007 \$'000	30 September 2006 \$'000
Dividends paid on ordinary shares during the half-year :			
2007 final of 3.0 cents per fully paid share, paid 29 October 2007. Fully franked @ 30% tax	4(a)	6,753	-
2006 final of 5.0 cents per fully paid share, paid 15 August 2006. Fully franked @ 30% tax		-	10,761
Total dividends paid during the period		6,753	10,761

	Consolidated	
	31 December 2007 \$'000	30 June 2007 \$'000
Franking credit balance		
Franking credits available for subsequent financial years based on a tax rate of 30% are:		
Franking account balance as at the end of the reporting period	23,431	25,216
Franking credits that will arise from the payment of income tax payable as at the end of the half-year	1,478	1,028
Total franking credit balance	24,909	26,244

No interim dividend has been proposed, paid, or is payable in relation to the half-year ended 31 December 2007 (30 September 2006: nil).

(a) The 2007 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 Half-Year Financial Statements

For the half-year ended 31 December 2007

5. CONTRIBUTED EQUITY

	Consolidated	
	31 December 2007 \$'000	30 June 2007 \$'000
Ordinary shares		
Issued and fully paid ordinary shares	94,846	89,950

Movement in issued share capital

As at the beginning of the period	89,950	79,189
Issued pursuant to the Dividend Reinvestment Plan (DRP)		
29 October 2007 - at an issue price of \$1.14 per ordinary share	4,896	-
15 August 2006 - at an issue price of \$1.08 per ordinary share	-	7,102
Issued pursuant to the DRP Underwriting Agreement		
19 September 2006 - at an issue price of \$1.11 per ordinary share	-	3,659
As at the end of the period	94,846	89,950

	Consolidated	
	31 December 2007 <i>Number</i>	30 June 2007 <i>Number</i>
Movement in ordinary shares on issue		
As at the beginning of the period	225,111,229	215,226,332
Issued pursuant to the Dividend Reinvestment Plan (DRP)		
29 October 2007	4,301,135	-
15 August 2006	-	6,575,707
Issued pursuant to the DRP Underwriting Agreement		
19 September 2006	-	3,309,190
As at the end of the period	229,412,364	225,111,229

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 half-year.

Notes to the Half-Year Financial Statements

For the half-year ended 31 December 2007

6. CASH FLOW INFORMATION

	Consolidated	
	31 December	30 June
	2007	2007
	\$'000	\$'000
<i>Reconciliation of cash</i>		
Cash at the end of the reporting period as shown in the <i>Condensed Cash Flow Statement</i> is reconciled to the related items in the <i>Condensed Balance Sheet</i> as follows:		
Cash at bank and in hand	9,579	1,194
Bank overdraft	-	(8,552)
Net cash on hand/(overdraft) at the end of the half-year	9,579	(7,358)

Notes to the Half-Year Financial Statements

For the half-year ended 31 December 2007

7. SEGMENT INFORMATION

The following table presents the revenues and results information regarding the business segments for the half-year ended 31 December 2007:

<i>Business segments</i>	<i>Continuing Operations</i>								<i>Total Operations</i>	
	Land		Integrated Housing		Apartments		Contract Building		Consolidated	
	31 December 2007 \$'000	30 September 2006 \$'000	31 December 2007 \$'000	30 September 2006 \$'000	31 December 2007 \$'000	30 September 2006 \$'000	31 December 2007 \$'000	30 September 2006 \$'000	31 December 2007 \$'000	30 September 2006 \$'000
Revenues										
External sales	101,847	59,182	70,437	76,604	7,132	240	85,377	76,088	264,793	212,114
Non-segment revenue	-	-	-	-	-	-	-	-	583	249
Total revenues	101,847	59,182	70,437	76,604	7,132	240	85,377	76,088	265,376	212,363
Results										
Segment results	20,317	4,876	5,400	3,728	(2,169)	(1,790)	(1,128)	1,955	22,420	8,769
Unallocated income	-	-	-	-	-	-	-	-	583	249
Unallocated depreciation and amortisation	-	-	-	-	-	-	-	-	(1,030)	(1,251)
Unallocated expenses	-	-	-	-	-	-	-	-	(12,808)	(10,894)
Unallocated interest expense	-	-	-	-	-	-	-	-	(403)	(134)
Profit/(loss) before tax									8,762	(3,261)
Income tax benefit/(expense)									(2,626)	904
Net profit/(loss)									6,136	(2,357)

Notes to the Half-Year Financial Statements

For the half-year ended 31 December 2007

7. SEGMENT INFORMATION (continued)

The following table presents the assets and liabilities information regarding the business segments for the half-year ended 31 December 2007:

<i>Business segments</i>	<i>Continuing Operations</i>								<i>Total Operations</i>	
	Land		Integrated Housing		Apartments		Contract Building		Consolidated	
	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June
	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets										
Segment assets	367,837	337,836	109,829	112,263	72,686	35,078	29,823	30,955	580,175	516,132
Unallocated assets	-	-	-	-	-	-	-	-	22,009	12,551
Total assets	367,837	337,836	109,829	112,263	72,686	35,078	29,823	30,955	602,184	528,683
Liabilities										
Segment liabilities	35,859	77,999	15,977	13,678	1,505	3,348	17,338	18,255	70,679	113,280
Unallocated liabilities	-	-	-	-	-	-	-	-	256,556	144,733
Total liabilities	35,859	77,999	15,977	13,678	1,505	3,348	17,338	18,255	327,235	258,013
Other segment information										
Capital expenditure	-	-	-	-	-	-	-	-	421	2,187

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 from an AVJennings development.

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

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

Notes to the Half-Year Financial Statements

For the half-year ended 31 December 2007

8. NET TANGIBLE ASSET BACKING

	Consolidated	
	31 December	30 June
	2007	2007
	Cents	Cents
<u>Net Tangible Asset backing (NTA) - per ordinary security</u>	<u>118.2</u>	<u>118.4</u>

Ordinary shares on issue as at 31 December 2007 were 229,412,364 (30 June 2007: 225,111,229). Refer to note 5 for details.

9. MATERIAL INTERESTS IN ENTITIES WHICH ARE NOT CONTROLLED ENTITIES

A number of controlled entities have entered into Joint Ventures. Information relating to the Joint Ventures is set out below:

Proportionately consolidated Joint Ventures	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit/(loss)	
	31 December 2007	30 September 2006	6 months to	
			31 December 2007 \$'000	30 September 2006 \$'000
Names of Joint Ventures				
Cammeray	50%	50%	90	-
Regatta Waters/ParkLake	50%	50%	1,669	997
Springbank	50%	50%	-	1,243
Eastwood	50%	-	59	-
Meridan Plains	50%	-	5	-
Total			1,823	2,240

Notes to the Half-Year Financial Statements

For the half-year ended 31 December 2007

10. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change to any contingent liabilities or contingent assets.

11. EVENTS AFTER BALANCE SHEET DATE

No matter or circumstance has arisen since 31 December 2007 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.

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Directors' Declaration

For the half-year ended 31 December 2007

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 31 December 2007 and the performance for the half-year ended on that date of the Consolidated Entity; and
 - (ii) comply with Accounting Standard AASB134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- b) There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board.



Louis Milkovits
Director

21 February 2008

To the members of AVJennings Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of AVJennings Limited, which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the half-year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 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* and other mandatory financial reporting requirements in Australia. As the auditor of AVJennings Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

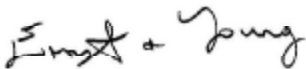
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of AVJennings Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



David Simmonds
Partner
Sydney
21 February 2008