

Commentary to ASX Appendix 4B

AVJENNINGS PROFIT JUMPS BY 93.4%

Residential property developer AVJennings today announced a 93.4 per cent jump in after-tax profits.

AVJennings Managing Director, Mr Louis Milkovits said that for the year ended March 31 2003, the Company had achieved after-tax profits of \$56.8 million compared with \$29.3 million in the previous year. Operating profit before tax was \$80.7 million compared with \$43.5 million in the previous year.

Mr Milkovits said the result was particularly pleasing considering profit had increased by 93.4 per cent while turnover had risen by 13.6 per cent. The increased profit is primarily due to the continuation of a successful business strategy which has involved:

- A major focus on the Company developing its own estates.
- The use of home building as a significant value adding and marketing device.
- Efficiencies in the management and execution of the Company's development and building programs.

Key points of the results for the financial year ended March 31, 2003:

- The Company will pay a fully franked final dividend for the year of 7 cents, bringing the total dividend for the year to 10 cents per share fully franked. This is a 5.3 per cent increase on the previous year.
- Earnings per share increased to 26 cents per share, a rise of 93.4 per cent on the previous year.
- Turnover for the year was \$529.5 million compared with \$466 million the previous year, an increase of 13.6 per cent.

- Total shareholder equity increased to \$222.3 million or \$1.03 per share compared to 80 cents per share last year.
- Return on average shareholder equity was 28.8 per cent, compared with 17.5 per cent for the previous year.
- Total assets increased 26.9 per cent to \$442 million reflecting greater investment in development projects.
- The Company's debt to equity ratio was 34.6 per cent compared with 17.8 per cent at the same time last year. Gearing as measured by net interest bearing debt to total assets increased to 17.4 per cent from 8.8 per cent. The Company records assets, including its land inventory, on a historic cost basis.

The result was also impacted by a mandatory change in Australian accounting standards relating to residential property development projects. This change, which requires the use of the percentage of completion method of accounting in certain circumstances, resulted in an increase in revenue of \$33 million, pre-tax profit of \$9.3 million and profit after tax of \$6.5 million.

Mr Milkovits said the increased debt and higher level of retained earnings had helped increase the Company's land holdings from 5900 lots to more than 6650 lots - many in Australia's most sought-after growth corridors. Despite the increase in debt levels, they remain at very acceptable levels and interest cover at 16 times is strong.

"Most of the turnover and profit was derived from urban redevelopment projects", he said.

"This was supported by land subdivision activity in outer suburbs and project home building.

"Urban redevelopment sites comprise about 50 per cent of AVJennings' inventory and although more capital intensive, tend to exhibit relatively stable sales rates even in a fluctuating housing market.

"AVJennings' primary market is second and subsequent home buyers which means it is not as exposed to potential market swings caused by first home buyers and investors. It does not target sales to investors", he said.

"The Company is not involved in CBD high rise development. Instead it has 70 projects in diverse markets across Australia. About 25 per cent of the Company's sales are of medium density product", he said.

Outlook

Mr Milkovits concluded that the combination of quality homes in sought after locations, strong consumer recognition of the AVJennings brand as well as a bank of developable lots has placed the Company in a good position for continued profitability and long term growth.

"Demand for development products remains strong based on the first 6 weeks activity of this financial year. Also encouraging is the increase in the Company's developable land inventory which will drive its future growth", said Mr Milkovits.

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visit our web site at www.avjennings.com.au (see corporate button)

Appendix 4B (rule 4.13(b))

Half yearly/preliminary final report

Introduced 1/7/2000. Amended 30/9/2001, 11/3/2002.

Name of entity

AVJENNINGS HOMES LIMITED

ABN	Half yearly (tick)	Preliminary final (tick)	Half year/financial year ended ('current period')
44 004 327 771	<input type="checkbox"/>	<input checked="" type="checkbox"/>	31 MARCH 2003

For announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A'000

Revenues from ordinary activities (<i>item 1.1</i>)	up	13.6%	to	529,458
Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members (<i>item 1.20</i>)	up	93.4%	to	56,753
Profit (loss) from ordinary activities after tax attributable to members (<i>item 1.23</i>)	up	93.4%	to	56,753
Profit (loss) from extraordinary items after tax attributable to members (<i>item 2.5(d)</i>)	gain (loss) of	NIL		
Net profit (loss) for the period attributable to members (<i>item 1.11</i>)	up	93.4%	to	56,753
Dividends (distributions)		Amount per security		Franked amount per security
Final dividend (<i>Preliminary final report only - item 15.4</i>)		7¢		7¢
Interim dividend (<i>Half yearly report only - item 15.6</i>)		3¢		3¢
Previous corresponding period (<i>Preliminary final report - item 15.5; half yearly report - item 15.7</i>)		8¢; 1.5¢		8¢; 1.5¢

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(b))
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+Record date for determining entitlements to the dividend,
(in the case of a trust, distribution) (*see item 15.2*)

11 July 2003

Brief explanation of omission of directional and percentage changes to profit in accordance with Note 1 and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

Consolidated profit and loss account

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues from ordinary activities	529,458	465,963
1.2 Expenses from ordinary activities (<i>see items 1.24 + 12.5 + 12.6</i>)	448,434	422,131
1.3 Borrowing costs	344	302
1.4 Share of net profit (loss) of associates and joint venture entities (<i>see item 16.7</i>)	0	0
1.5 Profit (loss) from ordinary activities before tax	80,680	43,530
1.6 Income tax on ordinary activities (<i>see note 4</i>)	(23,927)	(14,191)
1.7 Profit (loss) from ordinary activities after tax	56,753	29,339
1.8 Profit (loss) from extraordinary items after tax (<i>see item 2.5</i>)	0	0
1.9 Net profit (loss)	56,753	29,339
1.10 Net profit (loss) attributable to outside +equity interests	0	0
1.11 Net profit (loss) for the period attributable to members	56,753	29,339

Consolidated retained profits

1.12 Retained profits (accumulated losses) at the beginning of the financial period	92,309	83,417
1.13 Net profit (loss) attributable to members (<i>item 1.11</i>)	56,753	29,339
1.14 Net transfers to and from reserves	(21)	0
1.15 Net effect of changes in accounting policies	0	0

+ See chapter 19 for defined terms.

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1.16	Dividends and other equity distributions paid or payable	(6,457)	(20,447)
1.17	Retained profits (accumulated losses) at end of financial period	142,584	92,309

Profit restated to exclude amortisation of goodwill

		Current period \$A'000	Previous corresponding period \$A'000
1.18	Profit (loss) from ordinary activities after tax before outside equity interests (<i>items 1.7</i>) and amortisation of goodwill	56,753	29,339
1.19	Less (plus) outside +equity interests	0	0
1.20	Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members	56,753	29,339

Profit (loss) from ordinary activities attributable to members

		Current period \$A'000	Previous corresponding period \$A'000
1.21	Profit (loss) from ordinary activities after tax (<i>item 1.7</i>)	56,753	29,339
1.22	Less (plus) outside +equity interests	0	0
1.23	Profit (loss) from ordinary activities after tax, attributable to members	56,753	29,339

+ See chapter 19 for defined terms.

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Revenue and expenses from ordinary activities

AASB 1004 requires disclosure of specific categories of revenue and AASB 1018 requires disclosure of expenses from ordinary activities according to either their nature of function. Entities must report details of revenue and expenses from ordinary activities using the layout employed in their accounts. See also items 12.1 to 12.6.

		Current period \$A'000	Previous corresponding period \$A'000
1.24	Details of revenue and expenses		
	Cost of Sales	233,362	246,537
	Construction Services Expenses	138,686	99,780
	Operational Expenses	13,663	13,190
	Selling & Marketing Expenses	30,671	27,777
	Administrative Expenses	32,052	34,847
	Borrowing Costs	344	302
	Revenue from Ordinary Activities	529,458	465,963

Intangible and extraordinary items

		<i>Consolidated – current period</i>			
		Before tax \$A'000	Related tax \$A'000	Related outside +equity interests \$A'000	Amount (after tax) attributable to members \$A'000
		(a)	(b)	(c)	(d)
2.1	Amortisation of goodwill	0	0	0	0
2.2	Amortisation of other intangibles	492	0	0	492
2.3	Total amortisation of intangibles	492	0	0	492

+ See chapter 19 for defined terms.

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2.4	Extraordinary items (details)	0	0	0	0
2.5	Total extraordinary items	0	0	0	0
Comparison of half year profits <i>(Preliminary final report only)</i>		Current year - \$A'000		Previous year - \$A'000	
3.1	Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the <i>1st</i> half year (item 1.22 in the half yearly report)	20,373		13,957	
3.2	Consolidated profit (loss) from ordinary activities after tax attributable to members for the <i>2nd</i> half year	36,380		15,382	

Consolidated balance sheet		At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
Current assets				
4.1	Cash	14,055	16	479
4.2	Receivables	8,944	12,658	16,267
4.3	Accrued income	62,393	46,376	35,743
4.4	Inventories	206,812	154,911	184,883
4.5	Other (provide details if material)	2,453	2,815	4,576
4.6	Total current assets	294,657	216,776	241,948
Non-current assets				
4.7	Inventories	133,650	117,833	156,816
4.8	Other property, plant and equipment (net)	7,591	7,127	7,233
4.9	Intangibles (net)	6,137	6,629	6,383
4.10	Total non-current assets	147,378	131,589	170,432
4.11	Total assets	442,035	348,365	412,380
Current liabilities				
4.12	Payables	94,090	104,986	126,588
4.13	Tax liabilities	9,981	2,777	5,647
4.14	Interest bearing liabilities	4,949	4,093	6,401
4.15	Provisions	5,418	21,996	5,594
4.16	Total current liabilities	114,438	133,852	144,230

+ See chapter 19 for defined terms.

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	Non-current liabilities			
4.17	Payables	10,936	10,045	11,255
4.18	Interest bearing liabilities	87,798	28,035	61,054
4.19	Provisions	6,604	4,470	3,505
4.20	Total non-current liabilities	105,338	42,550	75,814
4.21	Total liabilities	219,776	176,402	220,044
4.22	Net assets	222,259	171,963	192,336

Consolidated balance sheet continued

	Equity			
4.23	Capital/contributed equity	79,189	79,189	79,189
4.24	Reserves	486	465	486
4.25	Retained profits (accumulated losses)	142,584	92,309	112,661
4.26	Equity attributable to members of the parent entity	222,259	171,963	192,336
4.27	Outside ⁺ equity interests in controlled entities	0	0	0
4.28	Total equity	222,259	171,963	192,336
4.29	Preference capital included as part of 4.33	NIL	NIL	NIL

Exploration and evaluation expenditure capitalised

To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit.

	Current period \$A'000	Previous corresponding period - \$A'000
5.1	Opening balance	0
5.2	Expenditure incurred during current period	0
5.3	Expenditure written off during current period	0
5.4	Acquisitions, disposals, revaluation increments, etc.	0

+ See chapter 19 for defined terms.

5.5	Expenditure transferred to Development Properties	0	0
5.6	Closing balance as shown in the consolidated balance sheet (item 4.11)	0	0

Development properties

(To be completed only by entities with mining interests if amounts are material)

		Current period \$A'000	Previous corresponding Period - \$A'000
6.1	Opening balance	0	0
6.2	Expenditure incurred during current period	0	0
6.3	Expenditure transferred from exploration and evaluation	0	0
6.4	Expenditure written off during current period	0	0
6.5	Acquisitions, disposals, revaluation increments, etc.	0	0
6.6	Expenditure transferred to mine properties	0	0
6.7	Closing balance as shown in the consolidated balance sheet (item 4.12)	0	0

Consolidated statement of cash flows

		Current period \$A'000	Previous corresponding period - \$A'000
	Cash flows related to operating activities		
7.1	Receipts from customers	552,495	481,559
7.2	Payments to suppliers and employees	(546,616)	(420,005)
7.5	Interest and other items of similar nature received	209	248
7.6	Interest and other costs of finance paid	(4,979)	(3,477)
7.7	Income taxes paid	(13,968)	(7,406)
7.8	Other – GST paid (net)	(6,854)	(2,706)
7.9	Net operating cash flows	(19,713)	48,213
	Cash flows related to investing activities		
7.10	Payment for purchases of property, plant and equipment	(2,594)	(3,293)
7.11	Proceeds from sale of property, plant and equipment	321	3,324

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7.17	Net investing cash flows	(2,273)	31
	Cash flows related to financing activities		
7.18	Principal repayments under finance leases	(640)	(436)
7.19	Proceeds from borrowings	63,964	0
7.20	Repayment of borrowings	0	(43,000)
7.21	Dividends paid	(23,675)	(13,990)
7.23	Net financing cash flows	39,649	(57,426)
7.24	Net increase (decrease) in cash held	17,663	(9,182)
7.25	Cash at beginning of period (see Reconciliation of cash)	(3,608)	5,574
7.27	Cash at end of period (see Reconciliation of cash)	14,055	(3,608)

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

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Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A'000	Previous Corresponding period - \$A'000
8.1 Cash on hand and at bank	14,055	16
8.2 Bank overdraft	0	(3,624)
8.3 Total cash at end of period (item 7.27)	14,055	(3,608)

+ See chapter 19 for defined terms.

Ratios	Current period	Previous corresponding Period
Profit before tax / revenue		
9.1 Consolidated profit (loss) from ordinary activities before tax (<i>item 1.5</i>) as a percentage of revenue (<i>item 1.1</i>)	15.2%	9.3%
Profit after tax / +equity interests		
9.2 Consolidated net profit (loss) from ordinary activities after tax attributable to members (<i>item 1.9</i>) as a percentage of equity (similarly attributable) at the end of the period (<i>item 4.26</i>)	25.5%	17.1%

Earnings per security (EPS)	Current period	Previous corresponding period
10.1 Calculation of the following in accordance with <i>AASB 1027: Earnings per Share</i>	(cents)	(cents)
(a) Basic EPS	26.37	13.63
(b) Diluted EPS (if materially different from (a))	-	-
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	215,226,332	215,226,332

NTA backing (see note 7)	Current period	Previous corresponding period
11.1 Net tangible asset backing per +ordinary security	(cents) 100.4	(cents) 76.8

Details of specific receipts/outlays, revenues/ expenses

	Current period \$A'000	Previous corresponding period - \$A'000
12.1 Interest revenue included in determining item 1.5	209	248
12.2 Interest revenue included in item 12.1 but not yet received (if material)	-	-
12.3 Interest costs excluded from borrowing costs, capitalised in asset values	4,940	3,211

+ See chapter 19 for defined terms.

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12.4	Outlays (except those arising from the +acquisition of an existing business) capitalised in intangibles (if material)	-	-
12.5	Depreciation and amortisation (excluding amortisation of intangibles)	2,134	2,301
12.6	Other specific relevant items not shown in item 1.24 (see note 15)	-	-

Control gained over entities having material effect

13.1	Name of entity (or group of entities)	N/A
13.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) since the date in the current period on which control was +acquired	N/A
13.3	Date from which such profit has been calculated	N/A
13.4	Profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) for the whole of the previous corresponding period	N/A

Loss of control of entities having material effect

14.1	Name of entity (or group of entities)	N/A
14.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) for the current period to the date of loss of control	N/A
14.3	Date to which the profit (loss) in item 14.2 has been calculated	N/A
14.44	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) while controlled during the whole of the previous corresponding period	N/A

+ See chapter 19 for defined terms.

14.5 Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control

N/A

Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 1005: Financial Reporting by Segments. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this report. However, the following is the presentation adopted in the Appendices to AASB 1005 and indicates which amounts should agree with items included elsewhere in this report.

SEGMENT INFORMATION

Primary Reporting Business Segments	Project Housing		Developments		Consolidated	
	2003	2002	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating revenue						
Sales to customers outside the consolidated entity	148,081	96,336	377,740	364,059	525,821	460,395
Other revenues from customers outside the consolidated entity	0	0	0	0	0	1,553
Unallocated revenue	0	0	0	0	3,637	4,015
Total revenue	148,081	96,336	377,740	364,059	529,458	465,963
Segment result	8,365	1,332	78,516	50,922	86,881	52,254
Unallocated revenue					3,637	5,568
Unallocated expenses					(9,494)	(13,990)
Unallocated net borrowing costs					(344)	(302)
Consolidated entity operating profit					80,680	43,530
Total segment assets	19,766	18,888	390,594	316,391	410,360	335,279
Unallocated assets					31,675	13,086
Total assets					442,035	348,365
Total segment liabilities	14,599	11,545	81,242	101,283	95,841	112,828
Unallocated liabilities					123,935	63,574
Total liabilities					219,776	176,402

Segments are classified as follows:

Developments: construction of dwellings on estates owned by the consolidated entity or in which the consolidated entity has an interest, or land development activity where sales are effected by a separate contract of sale for the land only.

Project Housing: construction undertaken under a Home Building Agreement on non-company owned estates.

Unallocated revenue : non-specific segment revenue, including such items as interest income and management fee income.

Unallocated expenses: non-specific segment items, including Head Office costs.

+ See chapter 19 for defined terms.

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Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	25 July 2003
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by the SCH Business Rules if +securities are +CHESS approved)	11 July 2003
15.3	If it is a final dividend, has it been declared? (<i>Preliminary final report only</i>)	Yes

Amount per security

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
15.4	(<i>Preliminary final report only</i>) Final dividend: Current year	7¢	7¢	0¢
15.5	Previous year	8¢	8¢	0¢
15.6	(<i>Half yearly and preliminary final reports</i>) Interim dividend: Current year	3.0¢	3.0¢	0¢
15.7	Previous year	1.5¢	1.5¢	0¢

Total dividend (distribution) per security (interim plus final)

(*Preliminary final report only*)

	Current year	Previous year	
15.8	+Ordinary securities	10¢	9.5¢
15.9	Preference +securities	-¢	-¢

+ See chapter 19 for defined terms.

Half yearly report – interim dividend (distribution) on all securities *or*
Preliminary final report – final dividend (distribution) on all securities

	Current period \$A'000	Previous corresponding period - \$A'000
15.10 +Ordinary securities	15,066	17,218
15.11 Preference +securities	-	-
15.12 Other equity instruments	-	-
15.13 Total	15,066	17,218

The +dividend or distribution plans shown below are in operation.

None.

The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions)

Refer below in comments by directors.

+ See chapter 19 for defined terms.

Details of aggregate share of profits (losses) of associates and joint venture entities

		Current period \$A'000	Previous corresponding period - \$A'000
16.1	Profit (loss) from ordinary activities before income tax	1,158	0
16.2	Income tax on ordinary activities	348	0
16.3	Profit (loss) from ordinary activities after income tax	810	0
16.4	Extraordinary items net of tax	0	0
16.5	Net profit (loss)	810	0
16.6	Outside +equity interests	0	0
16.7	Net profit (loss) attributable to members	810	0

- Revenues and expenses above are included in items 1.1 and 1.2

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition (“from xx/xx/xx”) or disposal (“to xx/xx/xx”).

<i>Name of entity</i>	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.9)	
	Current period	Previous corresponding period	Current period - \$A'000	Previous corresponding period- \$A'000
17.1 Equity accounted associates and joint venture entities				
Jannali Joint Venture	50%	50%	682	0
Regatta Waters/ Parklake Joint Venture	50%	0%	145	0
Springbank Joint Venture	50%	0%	(17)	0
17.2 Total			810	0
17.4 Other material interests				
17.4 Total			810	0

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current period

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

Category of +securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
18.1 Preference +securities <i>(description)</i>	NIL	NIL	N/A	N/A
18.2 Changes during current period				
(a) Increases through issues	NIL	NIL	N/A	N/A
(b) Decreases through returns of capital, buybacks, redemptions	NIL	NIL	N/A	N/A
18.3 +Ordinary securities	215,226,332	215,226,332		
18.4 Changes during current period				
(a) Increases through issues	NIL	NIL		
(b) Decreases through returns of capital, buybacks	NIL	NIL		
18.5 +Convertible debt securities <i>(description and conversion factor)</i>	NIL	NIL	N/A	N/A
18.6 Changes during current period				
(a) Increases through issues	NIL	NIL	N/A	N/A
(b) Decreases through securities matured, converted				
18.7 Options <i>(description and conversion factor)</i>	NIL	NIL	<i>Exercise Price</i>	<i>Expiry date (if any)</i>

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18.8	Issued during current period	NIL	NIL	N/A	N/A
18.9	Exercised during current period	NIL	NIL	N/A	N/A
18.10	Expired during current period	NIL	NIL	N/A	N/A
18.11	Debentures (totals only)	NIL	NIL		
18.12	Unsecured notes (totals only)	NIL	NIL		

Comments by directors

Comments on the following matters are required by ASX or, in relation to the half yearly report, by AASB 1029: Half-Year Accounts and Consolidated Accounts. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.

Basis of accounts preparation

If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Half-Year Accounts and Consolidated Accounts. It should be read in conjunction with the last + annual report and any announcements to the market made by the entity during the period. [Delete if preliminary final statement.]

Material factors affecting the revenues and expenses of the economic entity for the current period

See attached commentary.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

None.

+ See chapter 19 for defined terms.

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

It is anticipated that all dividends in relation to the next twelve months will be fully franked.

Changes in accounting policies since the last annual report are disclosed as follows.

(Disclose changes in the half yearly report in accordance with AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final report in accordance with AASB 1001: Accounting Policies-Disclosure.)

Early adoption of AASB 1044

The Company has elected to early adopt Australian Accounting Standard AASB 1044 “Provisions, Contingent Liabilities and Contingent Assets”. The final dividend has not been provided for in the financial statements, as it had not been declared at 31 March 2003, in accordance with Australian Accounting Standard AASB 1044. This deviates from the method adopted in previous years, where dividends declared subsequent to the end of a reporting period but relating to that period, were provided for in the accounts for that period. The effect of the change in policy, had it been applied in the previous year, would have been to increase retained profits and reduce current liabilities by \$17.218m.

Revenue and profit recognition on land and buildings being developed or held for resale

Sales revenue and profits relating to land or houses not yet completed are accounted for in accordance with UIG Abstract 53 dated 17 March 2003. Revenue and profit are recognised on a percentage of completion basis when the following conditions are satisfied:

- An unconditional sales contract exists;
- Total project revenues can be estimated with reasonable certainty;
- Total project costs can be estimated with reasonable certainty; and
- The percentage of completion can be estimated with reasonable certainty.

In determining whether the above-mentioned conditions exist, a project is defined as the lowest identifiable unit or group of units which are practically inter-dependant.

Recognition of revenue and profits in accordance with UIG Abstract 53 represents a change in accounting policy from prior years. The effect of this change has been to:

- Increase sales revenue by \$32.974m
- Increase profit before income tax by \$9.251m; and
- Increase net profit by \$6.476m.

+ See chapter 19 for defined terms.

Additional disclosure for trusts

19.1 Number of units held by the management company or responsible entity or their related parties.

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19.2 A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- initial service charges
- management fees
- other fees

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Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

Sheraton Towers Southgate, Melbourne

Date

6 August 2003

Time

10 am

Approximate date the ⁺annual report will be available

2 July 2003

Compliance statement

1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 12).

Identify other standards used

Urgent Issues Group Consensus Views

2 This report, and the ⁺accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed (see note 2).

4 This report is based on ⁺accounts to which one of the following applies.

(Tick one)



The ⁺accounts have been audited.

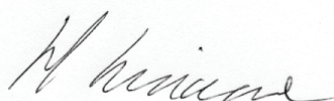


The ⁺accounts have been subject to review.

+ See chapter 19 for defined terms.

The ⁺accounts are in the process of being audited or subject to review. The ⁺accounts have *not* yet been audited or reviewed.

- 5 If the audit report or review by the auditor is not attached, details of any qualifications will follow immediately they are available. (*Half yearly report only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Act.*)
- 6 The entity has a formally constituted audit committee.



Sign here:

Date: 22 May 2003

Company Secretary

Print name: .Helga Linacre

Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section.

2. **True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.

3. **Consolidated profit and loss account**
 - Item 1.1 The definition of "revenue" and an explanation of "ordinary activities" are set out in *AASB 1004: Revenue*, and *AASB 1018: Statement of financial performance*.
 - Item 1.6 This item refers to the total tax attributable to the amount shown in item 1.5. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg, fringe benefits tax).

4. **Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.

5. **Consolidated balance sheet**

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(b))
Preliminary final report

Format The format of the consolidated balance sheet should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029: Half-Year Accounts and Consolidated Accounts*, and *AASB 1040: Statement of Financial Position*. Banking institutions, trusts and financial institutions identified in an ASIC Class Order dated 2 September 1997 may substitute a clear liquidity ranking for the Current/Non-Current classification.

Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last ⁺annual report, the entity must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the entity has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required. Trusts should also note paragraph 10 of *AASB 1029* and paragraph 11 of *AASB 1030: Application of Accounting Standards etc.*

6. **Consolidated statement of cash flows** For definitions of “cash” and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. ⁺Mining exploration entities may use the form of cash flow statement in Appendix 5B.

⁺ See chapter 19 for defined terms.

7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the +ordinary securities (ie, all liabilities, preference shares, outside +equity interests etc). +Mining entities are *not* required to state a net tangible asset backing per +ordinary security.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the +accounts. Details must include the contribution for each gain or loss that increased or decreased the entity's consolidated profit (loss) from ordinary activities and extraordinary items after tax by more than 5% compared to the previous corresponding period.
9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. However, an entity may report exact figures, if the \$A'000 headings are amended. If an entity qualifies under ASIC Class Order 98/0100 dated 10 July 1998, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A'000 headings are amended.
10. **Comparative figures** Comparative figures are the unadjusted figures from the previous corresponding period. However, if there is a lack of comparability, a note explaining the position should be attached.
11. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the +ASIC under the Corporations Act must also be given to ASX. For example, a directors' report and declaration, if lodged with the +ASIC, must be given to ASX.
12. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.
13. **Corporations Act financial statements** As at 1/7/96, this report may be able to be used by an entity required to comply with the Corporations Act as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
14. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.
15. **Relevant Items** AASB 1018 requires the separate disclosure of specific revenues and expenses which are not extraordinary but which are of a size, nature or incidence that disclosure is *relevant* in explaining the financial performance of the reporting entity. the term "relevance" is defined in AASB 1018. For foreign entities, there are similar requirements in other accounting standards normally accepted by ASX.
16. **\$ Dollars** If reporting is not in A\$, all references to \$A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to "000" must be changed to the reporting value.

+ See chapter 19 for defined terms.