

AVJENNINGS REPORTS INTERIM PRE TAX PROFIT OF \$8.8 MILLION

Melbourne: 21 February 2008. Residential property developer AVJennings Limited (ASX : AVJ), today announced a pre-tax profit of \$8.8 million for the 6 month period ended 31 December 2007 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.

Performance

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.

6 month results to 31 December 2007	
Revenue (\$m)	265.4
Net profit before tax (\$m)	8.8
Net profit after tax (\$m)	6.1
Net funds employed (\$m)	493.6
NTA/Share (\$)	1.18
Debt/Equity	79.5%
Debt/Total Assets	36.3%
Earnings per share (cents per share)	2.71
Developable lots controlled or managed	10,500

Dividend

In light of the Company's strategy to increase its developable land inventory and the current investment opportunities available, the Directors have decided not to declare an interim dividend.

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