Housing matters. Community matters.




Annual Report 2018
AVJennings Limited ABN 44 004 327 771

AVJennings®

Contents

Chairman's Report

Dear Fellow Shareholders,

On behalf of the Board of Directors, I am pleased to present our 2018 Annual Report.

This year, the Company recognized revenue of $374.3 million and profit before tax of $45.1 million, driven by strong contribution by projects in New South Wales. Though overall top-line and bottom-line figures were lower compared to FY17, the Company continues to execute its strategy and develop in the right direction with revenue, earnings and dividends on the uptrend. Over the past four years, revenue and earnings per share have increased at compounded annual growth rates of 10.6% and 13.4% respectively.

Gross profit margin and profit before tax margin continue to hold well and were relatively stable compared to FY17 at 24.5% and 12.0% respectively. Strong operating cashflows of $47.9 million was recorded in FY18, which allowed the Company to reduce net debt from $164.1 million to $130.7 million. Net gearing ratio dropped to 20.4%, giving greater financial capacity and flexibility for future acquisitions.

The consistent financial performance and strong net operating cash flow provided the Board with the confidence to declare a fully franked final dividend of 3.0 cents per share, taking total dividends declared for the year to 5.0 cents per share, in line with FY17.

The Dividend Reinvestment Plan was reactivated this year to provide shareholders additional flexibility of choice while steadily growing the Company's capital base over time. This will continually strengthen our position to take advantage of any opportunities that may emerge.

Our business continues to have a strong underlying base with a land bank of more than 9,300 lots and we look to further grow this base. Melbourne and Sydney have been difficult markets in which to acquire new sites in any volume but the team continues to assess and bid on opportunities. Over 880 lot equivalents were acquired during the year with notable acquisitions in Kogarah and Huntley in New South Wales, and another two greenfield sites in Brisbane, Ripley and Deebing Heights.

The geographic diversification of the Company's land holdings is expected to be further enhanced by the acquisition of a 580 lot, residential land development site, 37km north of Auckland's Central Business District, that received regulatory approval after 30 June.

The fundamental drivers of demand for residential property remain positive with low interest rates and inflationary expectations combined with population growth and shortages of detached dwellings, townhouses and low-rise apartments in Sydney, Melbourne and Auckland.

The continuing focus on delivering traditional housing solutions in prime markets, as affordably as possible, maintains our exposure to the deepest and most stable residential markets. As at 30 June 2018, we have work in progress of over 1,900 lots and sales contracts covering more than 1,000 lots on hand, providing the Company a solid platform heading into FY19.

Lastly, I would like to thank our Directors for their invaluable guidance; our employees for their dedicated commitment throughout the year; and our shareholders and customers for their strong support.

Simon Cheong
Chairman

FY18 Highlights

FINANCIAL SCALE

- Revenue $374.3m, - 6.8%
- PBT $45.1m, -11.7%
- Strong net operating cash flow $47.9m (FY17 -$13.2m)
- Cash receipts from customers +10.3% to $450.8m

STABLE BUSINESS PLATFORM

- Good progress on major projects in Victoria
- WIP pipeline of ~2K lots
- Exciting NZ acquisition of 575 lots (Hall Farm)
- Sales contracts in hand covering > 1,000 lots
- Cobbitty Stage 6 to settle (~$6.1m PBT)

BALANCED APPROACH TO CAPITAL MANAGEMENT

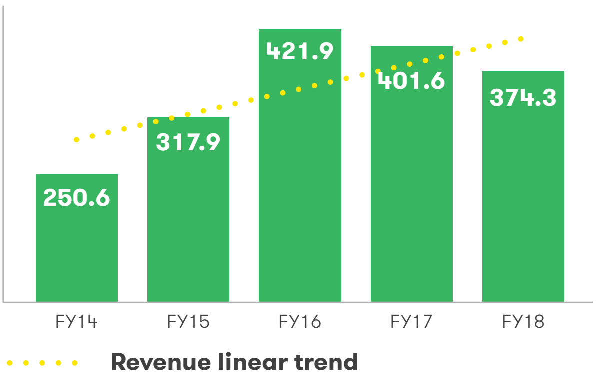
- Total dividends maintained at 5 CPS fully franked
- Reduced net debt by -20.3% to $130.7m
- ~9.4k lots under control (~10k incl. Hall Farm)

	FY18	FY17	% change	FY16	FY15
Revenue	**$374.3m**	$401.6m	(6.8)%	$421.9m	$317.9m
Statutory Profit before Tax	**$45.1m**	$51.0m	(11.7)%	$58.8m	$48.2m
Statutory Profit after Tax	**$31.3m**	$35.7m	(12.2)%	$40.9m	$34.4m
Gross Margins	**24.5%**	24.0%	0.5pp	25.2%	26.8%
Inventory Provision Write Back (After tax)	**$0.8m**	$3.5m	(78.0)%	$2.6m	$2.6m
Net tangible assets (NTA)	**$396.2m**	$378.2m	4.8%	$361.1m	$334.5m
NTA per share	**$1.00**	$0.99	1.8%	$0.95	$0.88
EPS (cents per share)	**8.1**	9.3	(12.7)%	10.7	9
Dividend fully franked (CPS)	**5**	5	0%	5	4

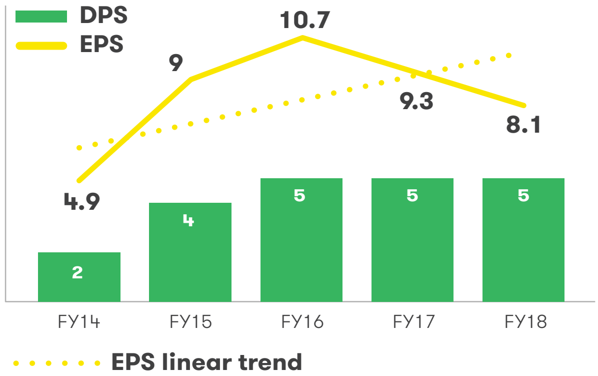
FY18 Highlights

Steady growth since FY14

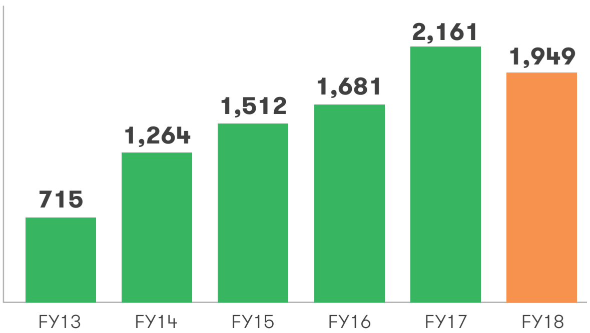
Revenue ($M)



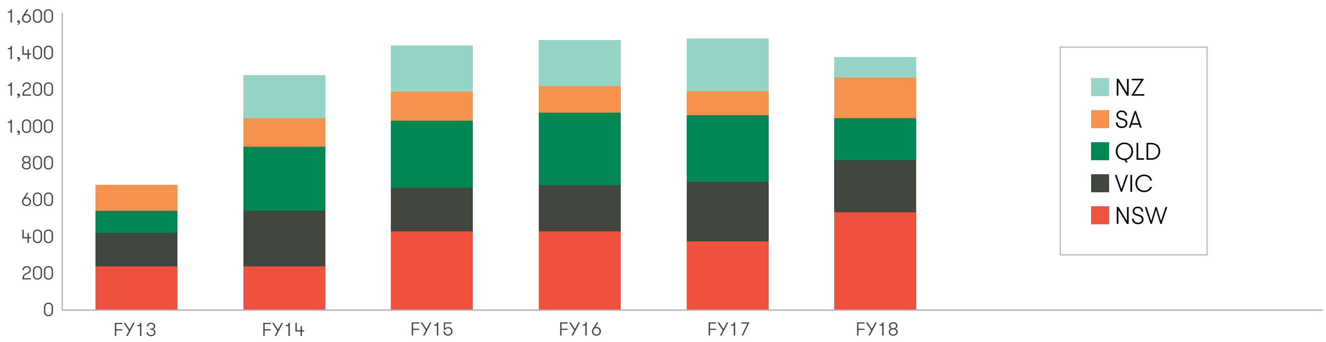
Earnings and dividend growth (CPS)



Work in progress (lots)



Settlement volumes by region (cash basis)



Chief Executive Officer's Report

During the year we continued to have two parts to our business.

The first part related to projects which have been mature and ongoing and formed the basis for over four years of strong growth. In the main, these projects continued to see favourable market conditions in our larger operations, especially New South Wales, which underpinned our reported result for FY18.

This part of our business did have some challenges and delays in completing some stages resulted in certain contracts not reaching the point necessary for revenue and profit to be recognised by 30 June. The most material of these was Stage 6 at Acadian Hills at Cobbitty, in Sydney, the impact of which was a deferral of some $6.1 million net profit before tax.

Overall, this part of our business is operating at a reasonably mature level. Had Stage 6 at Acadian Hills been recognised, the result for FY18 would have been almost the same as for FY17. It is expected similar outcomes will be achieved from these mature projects for the next financial year, even allowing for some softening in markets such as Melbourne and Sydney.

The second part of our business has been to advance newer projects to the stage where they are contributing to profit.

For AVJennings this is important as we have a number of significant projects that don't replace existing projects but add to them in a whole-of-business sense. Other than in a minor way, the results for FY18 don't adequately reflect the continued advancement of relatively new projects which haven't formed part of our results in recent years. It is when these projects are added to our mature projects that we will see further growth.

These new projects are also the part of the business that can experience the greatest delays due to planning and other constraints. Much more so than when you do get to site and are under way with development. Delays then tend to be more related to weather and short term trade availability issues.

It is disappointing some of these projects did not contribute to the FY18 results, however, they are now very close to doing so and will most certainly have a material impact on the FY19 results and beyond.

The most significant of these are both in Victoria.

Waterline, our large urban infill site in Williamstown, is progressing well, with the 12 dwelling "Lonsdale" townhouses due to settle in the first half of FY19. The prestigious "Gem" apartment building will reach practical completion early next year and is expected to commence contributing revenue late in the second half of FY19.

In Lyndarum North, we had 396 contracts on hand as at 30 June 2018 and settlement of these will begin to flow in the first half of FY19.

In coming years, we will see significant contributions from these projects and other even more recent acquisitions and they will provide future upward momentum for the business into FY19 and beyond.

There have been other challenges in our business which we have or are addressing. South Australia has had difficult market conditions but we continue to improve our projects so that they provide compelling propositions for our customers.

Queensland has underperformed this year and we are addressing operational aspects of that part of our business. It has a good project base and we believe will provide much stronger returns going forward. I know the Queensland team are passionate and committed to achieving this.

As part of our constant search for improvement we looked at our operational structure during the year, which has led to the creation of a Chief Operating Officer role. We continue to look at other areas to improve performance and create new opportunities, including innovation in the built form space trialing new construction techniques in order to continue to address the affordability issue.

As our Chairman, Simon Cheong, points out in his report, we remain keen to continue to grow the business and our balance sheet is in excellent shape to provide capacity for such growth.

For more than 85 years, AVJennings has helped people build a brighter future by creating communities they feel a part of. I am always proud of the commitment of the staff of AVJennings to this and the way they support our wider involvement in the community, especially our long term partnership with the Steve Waugh Foundation.

I thank them and our wonderful business partners for their efforts in the last year.

I would also like to thank our Chairman, Simon Cheong, who continues to demonstrate his support and passion for AVJennings, and my other fellow Directors.

Finally, I would like to thank you, our shareholders, for your continued interest and support of AVJennings.

Peter Summers
Chief Executive Officer

Community Matters

Australia's original community builder is officially recognised

Sir Albert Jennings was driven by the desire to improve the way Australians live long before 'lifestyle' shows filled our screens.

AVJennings – both the man and the company – have always championed the principles of community. These principles are now recognised as central to good property development. So it's fitting to see Sir Albert's contribution officially acknowledged at the Property Council of Australia Awards, where he was recently inducted into the Australian Property Hall of Fame.

Born in Melbourne in 1896, Albert Jennings trained as a dentist before switching careers to become a real estate auctioneer. His work gave him a clear insight into why people chose to buy the homes they did. Through the combined power of better design, better planning and better building, he saw a gap in the market for quality homes at a lower cost than previously possible.

In 1932, in the depths of the Great Depression and with almost one in three people out of work, Albert put his money where his principles were. He mortgaged his family home and formed the AVJennings Construction Company. This business would create new housing projects and sell off-the-plan – a strategy that became a hallmark of his business. Where other home builders often sold poorly- serviced weatherboard houses, AVJennings would match their prices – but with larger brick houses, with hot-water systems and already connected to the sewer system.

By the 1960s, Albert and his team had cornered the market in appealing, affordable designs, well-planned community developments with display homes which are common practice today.

Albert's greatest legacy was creating an innovation culture (not that it was called so at the time) that has since permeated the entire property industry.

An excellent example of this came in 1951, when AVJennings was awarded a contract by the Federal Government to build 1,850 homes in Canberra within two years. Facing labour shortages, Albert enticed 150 German carpenters and bricklayers to the nation's capital. Remember this is just six years after the end of World War II. He affectionately dubbed them the 'Jennings Germans'.

Many of his innovations are things we now take for granted. Before he introduced them, there were no display homes, no off-the-plan sales, no cul-de-sacs, no new homes complete with fitted wardrobes. He gave us all of this and more.

Peter Summers, CEO of AVJennings, says, "He was passionate about R&D and employed a whole department of people focused on innovation, long before it was an industry buzzword."

At the grand age of 73, Albert became Sir Albert Jennings, knighted for his services to the property industry. In true AV style, he famously joked with staff that if any of them called him Sir he would fine them 'two bob'.

Sir Albert stepped down from his company in 1972 but remained active within the industry. For 21 years after his retirement, Sir Albert would drive to the Jennings headquarters in the Melbourne suburb of Mulgrave every Wednesday for lunch and a chat with his staff.

Peter Summers says it was an honour to represent AVJennings at this year's induction ceremony, saying Sir Albert "left a giant personal and professional footprint". Indeed.

Committed to Creating & Supporting Communities

It is difficult to overstate the importance of community to our everyday lives. No matter how independent we are as individuals, we want to belong. We need to feel included. The author Frances Moore Lappé wrote that community is vital to our survival. "It isn't a luxury, a nice thing; community is essential to our wellbeing."

Indeed, researchers have discovered that being an active contributor to the community, particularly as a volunteer, has a positive influence on wellbeing. In other words, when we help others we feel good about ourselves.

AVJennings believes in being an active contributor to the community and we do this in a variety of ways, some of them unstructured, such as allowing individual staff members who volunteer for organisations like the S.E.S. (State Emergency Service) to take time off; other staff members provide their expertise pro bono to community organisations such as Rotary; and both the Company as a whole and its individual employees, raise funds for charity through a variety of activities.

One of the most effective ways we contribute to the community is through sponsorship. There is no denying there is often a commercial benefit to sponsorship such as promoting the AVJennings brand. However, what is equally important to us is partnering with organisations who themselves make a positive contribution to the community or provide unique opportunities for our staff (and sometimes their families) to engage in personal development.

Many of the organisations and individuals we support are low profile, but they make a significant contribution to their local community such as Puka Up (mental health) and the Williamstown Literary Festival. Other organisations have a higher profile such as:

- Steve Waugh Foundation
- The Captain's Ride
- Melbourne Boomers (WNBL)
- Queensland Firebirds (Super Netball)
- St Kilda Football Club (AFL)

In 2012, AVJennings became the founding corporate partner of the Steve Waugh Foundation which supports children, young adults and their families living with a rare disease who would otherwise not receive help. Each year the company and its staff participate in a range of fundraising activities for the Foundation, including the sale of a home in the 'Renee' series. Our generous suppliers pitch in with labour and materials to construct a new home. This year two commercial cleaners bought the 'Renee 5' and one of the reasons they did is because net proceeds go to the Steve Waugh Foundation.

We sponsor two professional women's sports teams, the Boomers and the Firebirds, because we believe in aspiration. Women should have an equal opportunity to play sport at the highest level and girls deserve to have female role models in professional sport.

AVJennings also partners with the St Kilda Football Club. The Saints have led the way in promoting the value of inclusion, a sense of belonging that is the fabric of a vibrant community.

We are proud to have three ambassadors who put a 'human face' to our sponsorships and more importantly share our values.

Former Australian cricket captain Steve Waugh has been an ambassador for our company for eight years and is one of the most respected figures in the country, not only for his success as a cricketer but for the charitable work he does in India and Australia.

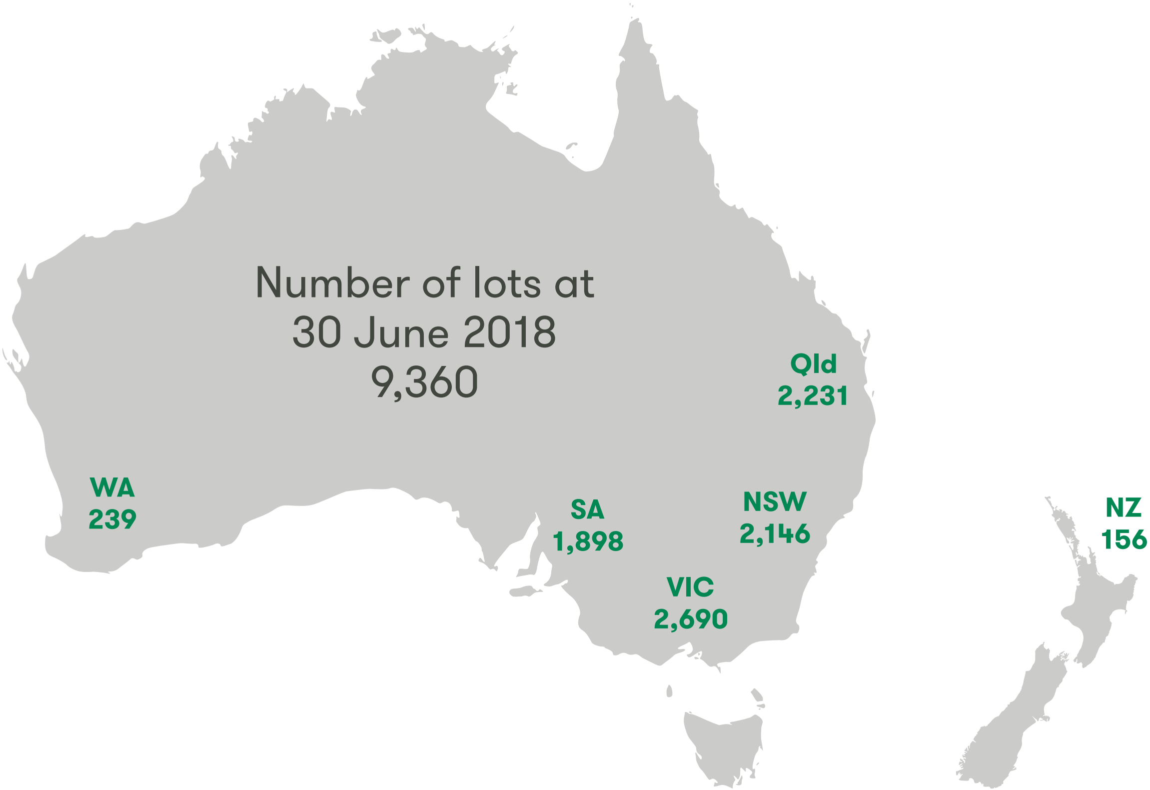
Another national team captain, Laura Geitz, who retired from elite netball this year joined AVJennings as a corporate ambassador in 2017. As a young mother, Laura is passionate about promoting an active and healthy lifestyle, particularly to other mums, and she is a wonderful role model to girls and young women.

And St Kilda key forward Josh Bruce is not only a successful AFL player and young father but has a strong interest in housing. He's doing a carpentry apprenticeship through Trade Industry Victoria.

AVJennings is a community developer. We do that by creating great places to live but also by partnering with others who improve our community through inclusion, diversity and belonging.

Proud sponsors of

Property Portfolio



Project Pipeline

As at 30 June 2018

	Project Name	Remaining # of Lots	Pre	FY 2019	FY 2020	FY 2021	FY 2022	Post
NEW SOUTH WALES	Argyle, Elderslie	164						
	Magnolia, Hamlyn Terrace	62						
	Evergreen, Spring Farm (South)	91						
	Evergreen, Spring Farm (East)	453						
	Seacrest, Sandy Beach	79						
	Arcadian Hills, Cobbitty Stages 1–8	201						
	Arcadian Hills, Cobbitty Stages 9&10	67						
	Cobbitty Road, Cobbitty	57						
	Warnervale	595						
	Evergreen, Spring Farm PDA	79						
	Kogarah (apartment project)	67						
	Hayes Lane, Huntley	231						
QUEENSLAND	Creekwood, Caloundra	80						
	Glenrowan, Mackay	177						
	Essington Rise, Leichhardt	6						
	Parkside, Bethania	94						
	Enclave, Bridgeman Downs	11						
	Kersley Lane, Kenmore	19						
	Anise, Bridgeman Downs	63						
	Riverton, Jimboomba	1196						
	Deebing Springs, Deebing Heights	210						
	Rochedale	81						
	Ripley 1	294						
NZ	Hobsonville Point, Buckley B	156						
VICTORIA	Lyndarum, Wollert	95						
	Lyndarum North, Wollert JV	2129						
	Arlington Rise, Portarlington	50						
	Hazelcroft, Doreen	1						
	Waterline, Williamstown	415						
SOUTH AUSTRALIA	Pathways, Murray Bridge	53						
	River Breeze, Goolwa North	80						
	St Clair	292						
	Eyre at Penfield	1473						
WESTERN AUSTRALIA	Indigo China Green, Subiaco Fine China Precinct	83						
	Viridian China Green, Subiaco Fine China Precinct	14						
	The Heights Kardinya	94						
	Viveash	16						
	Parkview, Ferndale	32						

TOTAL NO. OF REMAINING LOTS **9,360***

*excludes 11 remnant lots

Directors' Report

The Directors of AVJennings Limited present their report together with the Financial Report of the Group (referred to hereafter as "AVJennings" or "Group") and the Auditor's Report thereon for the year ended 30 June 2018. The Group comprises AVJennings Limited ("Company" or "Parent") and its controlled entities.

DIRECTORS

The Directors of AVJennings Limited during the financial year and up until the date of this Report are as follows. Directors were in office for the entire period unless otherwise stated.

S Cheong	Non-Executive Chairman
RJ Rowley	Non-Executive Deputy Chairman
PK Summers	Managing Director and Chief Executive Officer
E Sam	Non-Executive Director
B Chin	Non-Executive Director
BG Hayman	Non-Executive Director
TP Lai	Non-Executive Director
BL Tan	Non-Executive Director

PRINCIPAL ACTIVITY

The principal activity of the Group during the year was Residential Development.

OPERATING RESULTS

The consolidated profit after tax for the financial year was $31.3 million (2017: $35.7 million).

DIVIDENDS

Dividends paid to members during the financial year were as follows:

	2018 $'000	2017 $'000
Cash dividends declared and paid		
2016 final dividend of 3.5 cents per share, paid 23 September 2016. Fully franked @ 30% tax	–	13,455
2017 interim dividend of 1.5 cents per share, paid 7 April 2017. Fully franked @ 30% tax	–	5,766
2017 final dividend of 3.5 cents per share, paid 19 September 2017. Fully franked @ 30% tax	13,455	–
2018 interim dividend of 2.0 cents per share, paid 19 April 2018. Fully franked @ 30% tax	7,688	–
Total cash dividends declared and paid	**21,143**	**19,221**

The Dividend Reinvestment Plan (DRP) was activated for the 2018 interim dividend. Details of shares issued under the DRP are disclosed in note 14(a).

Subsequent to the end of the financial year, the Directors have declared a fully franked final dividend of 3.0 cents per share to be paid on 11 October 2018 (2017: 3.5 cents). The DRP remains active. Any DRP shortfall for the final dividend will not be underwritten.

Directors' Report

OPERATING AND FINANCIAL REVIEW

Financial Results

For the year ended 30 June 2018, the Company reported a profit before tax of $45.1 million. Profit after tax was $31.3 million (30 June 2017: $35.7 million). When adjusted for the impact of the writeback in the inventory loss provision of $1.1 million before tax (FY2017: $5.1 million), the underlying profit before and after tax declined approximately 4% and 5% respectively.

On 6 August 2018, the Company provided a market update in relation to its year end result. Determination of the result involved resolution of the timing, and not the certainty, of revenue recognition of a stage at Arcadian Hills, Cobbitty, New South Wales which had a PBT contribution of approximately $6.1 million. The issues involved were complicated and required time to review. After considering accounting and other requirements, a decision was made to exclude the item from the FY2018 result.

Business Overview

The FY2018 result has been primarily driven by projects that have been in production over recent years. The Company expects that contributions from more recent acquisitions will provide future upward momentum for the business into FY2019.

A significant contributor will be Lyndarum North (joint venture) at Wollert, Melbourne. A small amount of revenue and profit was booked from this project very late in FY2018. This was limited by the Company not being able to recoup lost time which mainly resulted from previous planning delays.

At 30 June 2018, there were 396 contracts on hand for this project which have not been realised as FY2018 revenue or profit. Settlements on these lots are due to commence in the first half of FY2019 with approximately 361 lots of the pre-sales due to settle in FY2019 (AVJ share is 49%).

Sales of the GEM apartments at Waterline continue at a solid rate with 63% of the apartments sold at 30 June, including the first penthouse. Construction for the GEM apartments is progressing satisfactorily.

The final new project of scale that is currently under construction is Riverton at Jimboomba in Brisbane. Earthworks for stage 1 have commenced and some presales achieved. However, significant advancement of the project is not expected until the back end of FY2019.

Directors declared a fully franked final dividend of 3.0 cents per share be paid in October 2018, taking total dividends declared for FY2018 to 5.0 cents per share, in line with the prior year.

The Company's Directors have determined that the Dividend Reinvestment Plan (DRP) will apply to the final dividend. Shares issued under the DRP will attract a 2.5% discount to the weighted average market price over the 5 trading days from the ex-dividend date. The DRP will not be underwritten.

Balance Sheet and Land Holdings

Controlled land inventory fell moderately to 9,373 lots (30 June 2017: 9,654 lots) as settlements outweighed acquisitions, which included an apartment site in Kogarah, New South Wales (67 lot equivalents) and land projects at Huntley, New South Wales (231 lot equivalents) and in Queensland at Ripley (294 lot equivalents), Deebing Heights (210 lot equivalents) and Rochedale (81 lot equivalents).

The geographic diversification of the Company's land holdings will be further enhanced by the pending acquisition of a 575 lot, residential land development site, 35km north of Auckland's CBD. The acquisition remains subject to regulatory approval however, the approval application is at an advanced stage and settlement is expected in October/November 2018.

Strong cash from operations has assisted a reduction in net debt to $130.7 million, down from $164.1 million at 30 June 2017. As such, gearing remains low with net debt to total assets of only 20% (30 June 2017: 23%) and the Company extended its Club banking facilities by a further 12 months to 30 September 2020.

Outlook

The fundamental drivers of demand for residential property remain positive with low interest rate and inflationary expectations combined with population growth and shortages of detached dwellings, townhouses and low-rise apartments in Sydney, Melbourne and Auckland.

Activity in key residential markets has been very high in recent years, placing significant pressure on development and construction processes. The Company believes that, as some markets soften, it will benefit as activity eventually returns to levels that are more sustainable over the longer term.

The Company continues to be confident about the future as its continuing focus on delivering traditional housing solutions in prime markets as affordably as possible exposes it to the deepest and most stable residential markets.

In FY2019, the Company expects to benefit from continued strength in the Sydney market and settlements from the Lyndarum North and Waterline projects in Victoria in particular.

The Company expects positive revenue and earnings momentum given current levels of production, strong pre-sales volumes and continued progress of key projects.

Directors' Report

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

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

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The prospects and business strategies of the Group are discussed in the operating and financial review of this Report.

ENVIRONMENTAL REGULATION

The Group's operations are subject to various environmental regulations under both Commonwealth and State legislation, particularly in relation to its property development activities. The Group's practice is to ensure that where operations are subject to environmental regulations, those obligations are identified and appropriately addressed. This includes the obtaining of approvals, consents and requisite licences from the relevant authorities and complying with their requirements.

To the best of the Directors' knowledge, property development activities have and are being undertaken in compliance with these requirements.

INFORMATION ON THE DIRECTORS

Simon Cheong B.Civ.Eng. MBA

Director since 20 September 2001. Mr Cheong has over 35 years experience in real estate, banking and international finance. He currently serves as Chairman and Chief Executive Officer of SC Global Developments Pte Ltd. Mr Cheong has formerly held positions with Citibank (Singapore) as their Head of Real Estate Finance for Singapore as well as with Credit Suisse First Boston as a Director and Regional Real Estate Head for Asia (excluding Japan). In 1996, Mr Cheong established his own firm, SC Global Pte Ltd, a real estate and hotel advisory and direct investment group specialising in structuring large and complex transactions worldwide. He was twice elected President of the prestigious Real Estate Developers' Association of Singapore (REDAS) for 2 terms from 2007 until 2010. He served on the Board of the Institute of Real Estate Studies, National University of Singapore from 2008 to 2011 and was a board member of the Republic Polytechnic Board of Governors from 2008 to 2011. He was also a Council Member of the Singapore Business Federation, a position he held from 2007 to 2010. On 1 June 2017, Mr Cheong was appointed as a non-executive Director of Singapore Airlines Limited. Resident of Singapore.

Responsibilities:

Chairman of the Board, Non-Executive Director, Chairman of Investments Committee, Member of Remuneration Committee, Member of Nominations Committee.

Directorships held in other listed entities:

Singapore Airlines Limited from 1 June 2017.

Jerome Rowley SF Fin, FAICD

Director since 22 March 2007. Mr Rowley has been a career banker since the early 1970s with Citigroup, Morgan Grenfell and ABN Amro. From 1992 until 2002, he served as Managing Director and CEO of ABN Amro Australia and Head of Relationship Management and Structured Finance for ABN Amro, Asia Pacific. He has been active in both wholesale and investment banking domestically and internationally. During his career, Mr Rowley devoted considerable effort towards the recognition, understanding and management of risk as a means of profit optimization. Of particular significance was his involvement in advising and funding including debt, equity and hybrids, of infrastructure projects in both Australia and Asia Pacific. Resident of Sydney.

Responsibilities:

Deputy Chairman of the Board, Non-Executive Director, Chairman of Risk Management Committee, Member of Audit Committee, Member of Investments Committee, Member of Nominations Committee.

Directorships held in other listed entities:

None.

Peter K Summers B.Ec. CA

Director since 27 August 1998. Mr Summers is a Chartered Accountant and has been employed with the Company and its related corporations since 1984, when he joined the Jack Chia Australia Ltd Group from Price Waterhouse (now PricewaterhouseCoopers). During Mr Summers' early period with the Group, he held various management and directorship roles within the Group. Following the acquisition of the AVJennings residential business in September 1995, Mr Summers was appointed Chief Financial Officer, becoming Finance Director of AVJennings in August 1998. He was appointed Managing Director and Chief Executive Officer of the Company on 19 February 2009. Mr Summers has extensive experience in general and financial management as well as mergers and acquisitions. Resident of Melbourne.

Responsibilities:

Managing Director and Chief Executive Officer.

Directorships held in other listed entities:

None.

Elizabeth Sam B.A. Hons. (Economics)

Director since 20 September 2001. Mrs Sam has over 40 years experience in international banking and finance. She has served on numerous high level Singaporean government financial and banking review committees and was the Chairman of the International Monetary Exchange from 1987-1990 and 1993-1996. Mrs Sam is a Director of SC Global Developments Pte Ltd, the Company's major shareholder. Resident of Singapore.

Responsibilities:

Non-Executive Director, Chairman of Nominations Committee, Chairman of Remuneration Committee.

Directorships held in other listed entities:

None.

Directors' Report

INFORMATION ON THE DIRECTORS (continued)

Bobby Chin CA (ICAEW) B.Acc.

Director since 18 October 2005. Mr Chin is currently the Chairman of NTUC Fairprice Co-operative Limited, NTUC Fairprice Foundation Limited and the Housing & Development Board. He is the Deputy Chairman of NTUC Enterprise Co-operative Limited and a Director of Singapore Labour Foundation. He serves as a member of the Singapore Council of Presidential Advisers. Mr Chin served 31 years with KPMG Singapore and was its Managing Partner from 1992 until September 2005. He is an Associate Member of the Institute of Chartered Accountants in England and Wales. Resident of Singapore.

Responsibilities:

Non-Executive Director, Chairman of Audit Committee, Member of Nominations Committee (effective 14 August 2018).

Directorships held in other listed entities:

Yeo Hiap Seng Limited, since 15 May 2006.

Ho Bee Investment Limited, since 29 November 2006.

Singapore Telecommunications Limited, since 1 May 2012.

Other Directorships:

Temasek Holdings (Private) Limited, since 10 June 2014.

Bruce G Hayman

Director since 18 October 2005. Mr Hayman has many years commercial management experience with over 20 of those at operational Chief Executive or General Manager level. He is currently Chairman of Chartwell Management Services where he brings his very wide business experience to clients by way of the leadership, marketing, business performance and coaching programs he offers. He has fulfilled senior management roles both in Australia and overseas for companies such as Nicholas Pharmaceutical Group, Dairy Farm Group, Hong Kong Land and Seagram Corporation. During his time in Singapore, he held the position of Foundation President of the Singapore Australia Business Council now known as AUSTCHAM Singapore. He has also served as CEO of the Australian Rugby Union and as Chairman of the Board of the Rugby Club Ltd. He is Chairman of the Ella Foundation and a Director of Diabetes NSW. Resident of Sydney.

Responsibilities:

Non-Executive Director, Member of Remuneration Committee, Member of Nominations Committee, Member of Investments Committee, Member of Risk Management Committee.

Directorships held in other listed entities:

None.

Teck Poh Lai B.A. Hons. (Economics)

Director since 18 November 2011. Mr Lai has been a career banker since the late 1960s. He joined Citibank Singapore in April 1968, rising through the ranks to become Vice President and Head of the Corporate Banking Division. During his time with Citibank, Mr Lai undertook international assignments with Citibank in Jakarta, New York and London. His last position with Citigroup was as Managing Director of Citicorp Investment Banking Singapore Ltd (Corporate Finance and Capital Market Activities) from 1986 to 1987. Mr Lai joined Oversea-Chinese Banking Corporation (OCBC) in January 1988 as Executive Vice President and Division Head of Corporate Banking. He moved on to various other senior management positions in OCBC, such as Head of Information Technology and Central Operations and Risk Management. He was head of Group Audit prior to retiring in April 2010. Resident of Singapore.

Responsibilities:

Non-Executive Director, Member of Audit Committee, Member of Remuneration Committee, Member of Investments Committee.

Directorships held in other listed entities:

PT Bank OCBC NISP Tbk (Commissioner) since 4 September 2008.

Oversea-Chinese Banking Corporation since 1 June 2010.

Boon Leong Tan DipUrbVal (Auckland University, NZ)

Director since 9 June 2017. Mr Tan has over 36 years of experience in real estate investment and asset management. He is a non-executive Director of SC Global Developments Pte Ltd, the Company's major shareholder.

Mr Tan last held the position of Group Chief Operating Officer cum Chief Executive Officer (Singapore Investments) in Mapletree Investments Pte Ltd, a real estate company wholly-owned by Temasek Holdings (Private) Limited. Prior to his career in Mapletree Investments, Mr Tan served in Temasek Holdings (Private) Limited from 1995 to 2003 and held the position of Managing Director (Strategic Investments). His portfolio included Temasek Holdings' investments in real estate in Asia and Australia. His eight year career in Temasek Holdings included stints in venture capital investments in the IT sector, infrastructure investments in the energy and transportation sectors, and investments in financial services. Mr Tan had also served in the Inland Revenue Authority of Singapore (IRAS) from 1975 to 1995 where he last held the position of Tax Director in the Superscale grade. Resident of Singapore.

Responsibilities:

Non-Executive Director, Member of Investments Committee.

Directorships held in other listed entities:

None.

Directors' Report

INFORMATION ON THE COMPANY SECRETARY

Carl D Thompson LLB B. Comm

Company Secretary since 12 January 2009. Mr Thompson previously held the company secretary and general counsel role at Downer EDI Limited. Prior to that he was a partner at national law firm Corrs Chambers Westgarth, practising in corporate and commercial work. Resident of Melbourne.

REMUNERATION REPORT (Audited)

This Remuneration Report is provided in accordance with the requirements of the Corporations Act 2001 (the Act) and has been audited as required by section 308(3C) of the Act.

1. Key Management Personnel (KMP) defined

The name and position of each KMP whose remuneration is disclosed in this Report are set out below:

(i) *Directors*

S Cheong	Non-Executive Chairman
RJ Rowley	Non-Executive Deputy Chairman
PK Summers	Managing Director and Chief Executive Officer
E Sam	Non-Executive Director
B Chin	Non-Executive Director
BG Hayman	Non-Executive Director
TP Lai	Non-Executive Director
BL Tan	Non-Executive Director

(ii) *Executives*

CD Thompson	Company Secretary/ General Counsel
L Mahaffy	Chief Financial Officer
SC Orlandi [1]	Chief Operating Officer
L Hunt	General Manager, Human Resources

(1) Appointed Chief Operating Officer on 14 August 2018. Prior to this, Mr Orlandi was Chief Strategy Officer.

2. Remuneration Framework

2.1 Remuneration Governance

The Board has established a Remuneration Committee which comprises four Non-Executive Directors and is responsible for determining and reviewing remuneration arrangements for KMP and other senior management personnel.

The Committee is responsible for providing a remuneration structure that attracts, retains and motivates staff, which is aligned with shareholder interests and addresses market and other stakeholder views.

2.2 External Advisers

No remuneration consultant made any remuneration recommendation as defined in Section 9B of the Corporations Act 2001 during the year ended 30 June 2018.

2.3 Non-Executive Director (NED) Remuneration Arrangements

At the Annual General Meeting (AGM) in the year 2000, shareholders approved a maximum annual aggregate fee pool of $400,000 for NEDs. The allocation to individual NEDs is determined after considering factors such as time commitment, the size and scale of the Company's operations, skill sets, participation in committee work, in particular chairmanship of committees and fees paid to directors of comparable companies. NEDs do not receive any retirement benefits or performance-based remuneration.

Three NEDs, Mr S Cheong, Mrs E Sam and Mr BL Tan do not receive fees. However, AVJennings pays a consulting fee to the Ultimate Parent Entity, SC Global Developments Pte Ltd. This consulting fee is not included in the NEDs fee pool. The fees are paid pursuant to a consultancy and advisory agreement for the provision of the following:

- Services of at least two directors on the Board;
- Assistance in sourcing and facilitating financial and banking requirements particularly from Asian- based and other institutions;
- Assistance in secretarial and administrative matters in connection with the Company's Singapore listing;
- Sourcing and facilitating business, commercial and investment opportunities; and
- Ancillary advice.

The appropriateness of the agreement and the reasonableness of the fees is assessed annually by the Australian-based independent NEDs taking into account the actual services provided, comparable market data for similar services, the benefits to the Company and the likely cost of replacement of the services provided. This review has been undertaken annually over the past few years and the Australian-based NEDs have, on each occasion, concluded that the fee is appropriate in all the circumstances. The annual fees payable are $600,000 and have been fixed at this level for over ten years. The agreement may be terminated by either party giving six months' notice or by the Company on 30 days' notice for cause.

The remuneration of NEDs is detailed on page 21.

2.4. Executive Remuneration Arrangements

Executive remuneration includes a mix of fixed and variable remuneration. Variable remuneration includes short term incentives, long term incentives and retention components.

i) Fixed Remuneration

Fixed Remuneration is represented by Total Employment Cost (TEC) which comprises base remuneration and superannuation contributions.

TEC is reviewed annually or on promotion/appointment to the role. TEC is benchmarked against market data for comparable roles in the market. The Company sets TEC based on relevant market analysis, the scope and nature of the role and the individual's performance, skills and responsibilities.

The fixed component of remuneration of other KMP's is detailed on page 22.

REMUNERATION REPORT (Audited) (continued)

2.4. Executive Remuneration Arrangements (continued)

ii) Variable Remuneration

A) Short Term Incentive (STI)

Executives participate in a STI plan which assesses achievement against Key Performance Measures (KPM). Each executive has KPMs that are aligned to company, business unit and individual performance. An STI payment is awarded to the extent performance is achieved against the KPMs set at the beginning of the financial year, as appropriate, and with regards to relevant business unit and company performance.

STI awards for the executive team in the 2018 financial year were based on the scorecard measures and weightings disclosed below. These targets were set by the Remuneration Committee and align with the Group's strategic and business objectives. They are reviewed annually.

The CEO has a target STI opportunity of 35% of TEC and other Executives have a STI opportunity of 17% to 30% of TEC.

The variable "at risk" component of executive remuneration ensures that a proportion of remuneration varies with performance (both of the individual and, as appropriate, the business unit and the Company as a whole).

Allocation of Overall Performance Incentive between Components (shown as % of TEC)

Position	Total At Risk (%)	STI (%)	LTI (%)	Retention (%)
CEO	100	35	40	25
Senior Executives	33	17	8	8
State General Managers	50	30	10	10

The proportions of STI, LTI and retention components take into account:

- Market practice;
- The objectives that the Board seeks to achieve and the behaviours which support that outcome;
- The desirability of Senior Executives having a significant equity interest in the Company so as to better align their interest with shareholders;
- The desire for Senior Executives to receive equity as a proportion of remuneration; and
- The service period before Executives can receive equity rewards.

The table below provides an overview of the STI against key financial and non-financial performance measures.

		CEO	Senior Executives	State General Managers
Financial and Business Performance				
Underlying Profit Performance	• Group profit before tax. • Return on NFE (Net Funds Employed).	70%	30% to 40%	50%
Business Performance	• Cost to income ratio. • Appropriate and efficient capital management. • Alignment of priorities and allocation of resources. • Market conditions, in particular performance in the prevailing market. • Implementation of Company strategy and improvement in underlying health of the Company. • Increase in the Group's market share of residential property sector. • Risk management.			
Non-Financial				
Customer and Stakeholder Performance	• Customer Advocacy.	30%	60% to 70%	50%
People	• Employee retention and engagement. • Leadership.			
Safety and Environment	• Providing a safe work environment. • Minimise the impact of our activities on the environment.			

Directors' Report

REMUNERATION REPORT (Audited) (continued)

2.4. Executive Remuneration Arrangements (continued)

The Remuneration Committee determines the STI to be paid based on an assessment of the extent to which the KPMs are met. The STI payment is made within two months of the financial year end. The Committee has the discretion to adjust STIs upwards or downwards in light of unexpected circumstances or unintended consequences.

Based on achievements of the Group in the 2018 financial year and performance against individual KPMs, the Remuneration Committee determined that Executives achieved between 40% and 100% of their target opportunity (average 84%). In making this assessment, the Committee considered the following factors:

- Performance in implementing Company strategy.
- Performance in the prevailing market.
- The financial result.
- Performance against individual KPMs.

B) Long Term Incentive (LTI)

LTI awards are only made to Executives who are in a position to have an impact on the Group's performance and the creation of shareholder value over the longer term.

LTI remuneration is provided by the Issue of Rights and includes a performance and a retention component. The use of Rights as an incentive reduces the upfront cash requirements of the Company (as shares do not need to be acquired for allocations). Participants do not receive dividends on Rights (as distinct from shares).

LTI and Retention

Retention Rights are granted in three equal tranches which vest in each of the three succeeding years following the year of grant.

Retention component – years of service	Percentage of rights vesting
one year	33.33%
two years	33.33%
three years	33.34%

LTI and performance

Up to 50% of the Performance Rights granted vest depending on AVJennings' average growth rate in Earnings Per Share (EPS) over the three financial years for performance comparison.

Up to 50% of the Performance Rights granted vest depending on AVJennings' Return on Equity (ROE) over the three financial years for performance comparison. The Return on Equity (ROE) component of the Performance Rights uses market capitalisation as a proxy for equity.

The performance conditions are tested at the end of the three-year measurement period. The service rights are split into three tranches that progressively vest each year subject to satisfaction of the service condition. The CEO's participation was determined as 40% (Performance Rights) and 25% (Service Rights) of TEC respectively.

The operation of the EPS, ROE and Retention hurdles are set out below.

AVJennings' EPS growth rate over the three year performance period	Percentage of rights vesting
< 5%	Nil
5%	50% of the allocation for the hurdle
5% –10%	Pro-rata between 50% and 100%
>=10%	100% of the allocation for the hurdle

AVJennings' ROE over the three year performance period	Percentage of rights vesting
<12%	Nil
12%	50% of the allocation for the hurdle
15%	75% of the allocation for the hurdle
>=18%	100% (Straight line interpolation between 12% and 18%)

Rights have been granted to KMP as detailed in the table on page 19.

The delayed May 2015 Grant was made for the FY15 year (with performance conditions testing in September 2018).

The September 2015 Grant was made for the FY16 year (with performance conditions testing in September 2018).

The September 2016 Grant was made for the FY17 year (with performance conditions testing in September 2019).

The September 2017 Grant was made for the FY18 year (with performance conditions testing in September 2020).

The fair value of the Rights at the date of the Grant is determined by the Plan manager using an appropriate valuation model. The fair value is expensed over the period in which the performance and/or service conditions are fulfilled with a corresponding increase in share-based payment reserve in equity. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the *Consolidated Statement of Comprehensive Income* represents the movement in cumulative expense recognised between the beginning and end of that period.

Directors' Report

REMUNERATION REPORT (Audited) (continued)

2.4. Executive Remuneration Arrangements (continued)

The following is the status of Rights granted to KMP under the FY15 and subsequent year LTI Plans:

KMP	Year of Grant	Fair Value at grant date	Rights at beginning of the year	Rights granted	Rights vested	Rights at end of the year
PK Summers	FY15	$386,528	499,760	–	(82,654)	417,106
PK Summers	FY16	$341,129	485,872	–	(78,997)	406,875
PK Summers	FY17	$372,970	721,355	–	(87,309)	634,046
PK Summers	FY18	$384,170	–	636,504	–	636,504
CD Thompson	FY15	$51,035	–	–	(14,186)	44,740
CD Thompson	FY16	$59,904	76,267	–	(18,077)	58,190
CD Thompson	FY17	$65,649	125,641	–	(19,978)	105,663
CD Thompson	FY18	$67,621	–	110,981	–	110,981
L Mahaffy	FY15	$46,660	53,874	–	(12,969)	40,905
L Mahaffy	FY16	$54,769	69,729	–	(16,527)	53,202
L Mahaffy	FY17	$60,022	114,872	–	(18,266)	96,606
L Mahaffy	FY18	$61,825	–	101,469	–	101,469
SC Orlandi	FY15	$41,301	47,686	–	(11,479)	36,207
SC Orlandi	FY16	$48,479	61,721	–	(14,629)	47,092
SC Orlandi	FY17	$53,129	101,680	–	(16,168)	85,512
SC Orlandi	FY18	$54,725	–	89,816	–	89,816
L Hunt	FY15	$31,538	36,414	–	(8,766)	27,648
L Hunt	FY16	$37,021	47,133	–	(11,172)	35,961
L Hunt	FY17	$40,571	77,646	–	(12,347)	65,299
L Hunt	FY18	$41,789	–	68,586	–	68,586
Total		**$2,300,835**	**2,578,576**	**1,007,356**	**(423,524)**	**3,162,408**

AVJennings prohibits executives from entering into arrangements to protect the value of unvested LTI awards. This prohibition includes entering into hedging arrangements in relation to AVJennings securities.

3. Group Performance

The table below shows the Group's earnings performance as well as the movement in the Group's Earnings per Share (EPS), Total Shareholder Return (TSR) and Market Capitalisation over the last 5 years.

Financial Report Date	Profit After Tax $'000	Basic EPS Cents	TSR* Cents	Market Capitalisation $'000	Return on Market Capitalisation %
30 June 2014	18,782	4.94	13.0	216,715	8.67
30 June 2015	34,385	9.03	10.5	245,694	14.00
30 June 2016	40,912	10.71	(4.0)	213,968	19.12
30 June 2017	35,717	9.31	15.0	253,164	14.11
30 June 2018	31,347	8.13	10.0	278,074	11.27

* TSR is the aggregate of the movement in the share price and dividends paid per share during the year ended 30 June.

Directors' Report

REMUNERATION REPORT (Audited) (continued)

4. Employment Contracts

i) Chief Executive Officer

Mr Summers' employment contract does not have a termination date and does not stipulate a termination payment. However, it specifies a six-month notice period. Details regarding the remuneration paid to Mr Summers are contained in the table on page 22.

ii) Other Executives

The other Executives are full time permanent employees with employment contracts. The employment contracts do not have termination dates or termination payments. However, they specify a notice period of three months.

5. Remuneration of KMP

Details of the nature and amount of each element of remuneration of Directors and Executives are set out in the tables on pages 21 and 22. The Directors are the same as those identified in the *Directors' Report*.

6. Remuneration Options: Granted and Vested During the Year

No options were either granted or exercised during the year. There are currently no unexercised or outstanding options. None of the Directors or Executives hold any options.

7. Shareholdings of KMP

The number of shares in the Company held during the financial year by each KMP of the Group, including their related parties, are set out below.

	Opening Balance	Vested as Remuneration	On market Purchase/ (Disposal)	Other [2]	Closing Balance
For the year ended 30 June 2018					
Directors					
S Cheong	203,818,030	–	–	5,568,796	**209,386,826**
E Sam	209,349	–	–	5,719	**215,068**
PK Summers	3,920,188	248,960	–	31,168	**4,200,316**
RJ Rowley	252,000	–	–	6,502	**258,502**
Executives					
CD Thompson	1,372,557	52,241	–	13,661	**1,438,459**
L Mahaffy	182,447	47,762	(100,713)	–	**129,496**
SC Orlandi	367,431	42,276	–	3,916	**413,623**
L Hunt	239,075	32,285	–	1,256	**272,616**
Total	**210,361,077**	**423,524**	**(100,713)**	**5,631,018**	**216,314,906**
For the year ended 30 June 2017					
Directors					
S Cheong	192,318,030	–	11,500,000	–	**203,818,030**
E Sam	209,349	–	–	–	**209,349**
PK Summers	3,119,775	800,413	–	–	**3,920,188**
RJ Rowley	252,000	–	–	–	**252,000**
D Tsang [1]	837,396	–	–	(837,396)	**-**
Executives					
CD Thompson	1,227,106	145,451	–	–	**1,372,557**
L Mahaffy	49,463	132,984	–	–	**182,447**
SC Orlandi	249,720	117,711	–	–	**367,431**
L Hunt	149,186	89,889	–	–	**239,075**
Total	**198,412,025**	**1,286,448**	**11,500,000**	**(837,396)**	**210,361,077**

(1) Resigned 9 June 2017.

(2) Includes shares acquired under the Dividend Reinvestment Plan. Refer to note 14.

Directors' Report

REMUNERATION REPORT (Audited) (continued)

8. Remuneration Tables

i) Non-Executive Directors

		Short-Term	Post Employment	
	Year	**Fees $**	**Superannuation[(2)] $**	**Total $**
S Cheong [(1)]	**2018**	**–**	**–**	**–**
	2017	–	–	–
RJ Rowley	**2018**	**77,626**	**7,374**	**85,000**
	2017	58,219	26,781	85,000
E Sam [(1)]	**2018**	**–**	**–**	**–**
	2017	–	–	–
B Chin	**2018**	**60,000**	**–**	**60,000**
	2017	60,000	–	60,000
BG Hayman	**2018**	**45,662**	**4,338**	**50,000**
	2017	45,662	4,338	50,000
TP Lai	**2018**	**50,000**	**–**	**50,000**
	2017	50,000	–	50,000
BL Tan [(1)]	**2018**	**–**	**–**	**–**
	2017	–	–	–
Total	**2018**	**233,288**	**11,712**	**245,000**
Total	2017	213,881	31,119	245,000

(1) These Directors were not paid fees. A consulting fee of $50,000 per month was paid to the ultimate parent entity SC Global Developments Pte Ltd which covers the services of these Directors. International airfares to attend meetings are paid for by a related entity.

(2) Payments to Defined Contribution Plans consist of Superannuation Guarantee Contribution payments as well as employee voluntary contributions.

(a) Directors are also reimbursed for airfares (other than the international airfares for those Directors referred to in (1) above), and other expenses relating to the provision of their services.

Directors' Report

REMUNERATION REPORT (Audited) (continued)

8. Remuneration Tables (continued)

ii) Other KMP

		Short-Term				Post Employment	Other Long-Term	Share-based	Total	Performance Related
	Year	Salary $	Accrued Annual Leave $	STI $	Other[2] $	Superannuation[1] $	Accrued Long Service Leave $	LTI (includes Retention) $	$	%
PK Summers	**2018**	**476,165**	**12,781**	**186,178**	**91,828**	**20,049**	**28,539**	**433,004**	**1,248,544**	**36.84**
	2017	480,902	21,933	200,840	70,309	19,616	27,972	386,513	1,208,085	35.17
CD Thompson	**2018**	**385,688**	**4,133**	**67,623**	**-**	**20,049**	**18,763**	**72,261**	**568,517**	**18.35**
	2017	374,303	(6,772)	65,653	-	19,616	18,776	65,487	537,063	17.91
L Mahaffy	**2018**	**350,910**	**27,164**	**24,731**	**-**	**20,049**	**11,454**	**66,067**	**500,375**	**11.64**
	2017	340,539	(4,364)	51,022	-	19,616	8,503	59,874	475,190	16.61
SC Orlandi	**2018**	**308,308**	**4,200**	**54,726**	**-**	**20,049**	**11,820**	**58,479**	**457,582**	**18.45**
	2017	299,177	6,597	47,819	-	19,687	11,608	52,998	437,886	16.56
L Hunt	**2018**	**229,496**	**(1,313)**	**37,612**	**-**	**20,049**	**13,120**	**44,656**	**343,620**	**17.54**
	2017	218,626	3,729	34,488	-	19,669	10,554	40,471	327,537	16.29
Total	**2018**	**1,750,567**	**46,965**	**370,870**	**91,828**	**100,245**	**83,696**	**674,467**	**3,118,638**	
Total	2017	1,713,547	21,123	399,822	70,309	98,204	77,413	605,343	2,985,761	

(1) Payments to Defined Contribution Plans consist of Superannuation Guarantee Contribution payments as well as employee voluntary contributions.
(2) 'Other' relates to the value of motor vehicle benefits.

Directors' Report

MEETINGS OF DIRECTORS AND DIRECTORS' COMMITTEES

The number of meetings of Directors and Directors' committees held during the year, for the period the Director was a Member of the Board or a Committee, and the number of meetings attended by each Director are detailed below.

	Full Meetings of Directors		Meetings of Committees							
			Audit		Remuneration		Nominations		Risk Management	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
S Cheong	5	5	–	–	1	1	1	1	–	–
RJ Rowley	5	5	3	3	–	–	1	1	2	2
PK Summers	5	5	–	–	–	–	–	–	–	–
E Sam	5	5	–	–	1	1	1	1	–	–
B Chin	5	5	3	3	–	–	–	–	–	–
BG Hayman	5	5	–	–	1	1	1	1	2	2
TP Lai	5	5	3	3	1	1	–	–	–	–
BL Tan	5	5	–	–	–	–	–	–	–	–

Investments Committee

The Investments Committee does not formally meet in person. It conducts physical inspections of certain major development sites and receives detailed briefings from management on all major development sites prior to consideration of formal acquisition proposals which are dealt with by way of circular resolution.

DIRECTORS' INTERESTS

The relevant interests of the Directors in the shares of the Company at the date of this Report are:

Director	Number
S Cheong	209,386,826
E Sam	215,068
PK Summers	4,200,316
RJ Rowley	258,502

INDEMNIFYING OFFICERS

During the year, the Group paid a premium in respect of a contract insuring its Directors and employees against liabilities that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as Officers of entities in the Group. In accordance with common practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

ROUNDING

ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 is applicable to the Group and in accordance with that Instrument, amounts in the Financial Report and the *Directors' Report* are rounded to the nearest thousand dollars, unless otherwise indicated.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is set out on page 24.

Directors' Report

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the following Independence Declaration from our auditors, Ernst & Young:

EY
Building a better working world

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF AVJENNINGS LIMITED

As lead auditor for the audit of AVJennings Limited for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of AVJennings Limited and the entities it controlled during the financial year.

Ernst & Young
5 September 2018

Mark Conroy
Partner

NON-AUDIT SERVICES

The Group's auditor, Ernst & Young, has not provided any non-audit services during the year.

Signed in accordance with a resolution of the Directors.

Simon Cheong
Director

Peter Summers
Director

5 September 2018

Consolidated Statement of Comprehensive Income

	Note	2018 $'000	2017 $'000
Revenues	2	**374,317**	**401,632**
Cost of sales		(282,710)	(305,053)
Gross profit		**91,607**	**96,579**
Share of profits/(losses) of associates and joint venture entities accounted for using the equity method		226	(28)
Change in inventory loss provisions	2	1,111	5,057
Selling and marketing expenses		(7,285)	(10,297)
Employee expenses		(24,392)	(24,600)
Other operational expenses		(7,534)	(7,069)
Management and administration expenses		(8,192)	(8,120)
Depreciation expense	2	(269)	(298)
Finance costs	2	(190)	(195)
Profit before income tax		**45,082**	**51,029**
Income tax	3	(13,735)	(15,312)
Profit after income tax		**31,347**	**35,717**
Other comprehensive income (OCI)			
Foreign currency translation		(714)	(109)
Other comprehensive loss for the year		**(714)**	**(109)**
Total comprehensive income for the year		**30,633**	**35,608**
Profit for the year attributable to owners of the Company		**31,347**	**35,717**
Total comprehensive income for the year attributable to owners of the Company		**30,633**	**35,608**
Earnings per share (cents per share):			
Basic earnings per share	30	8.13	9.31
Diluted earnings per share	30	8.13	9.31

Consolidated Statement of Financial Position

	Note	2018 $'000	2017 $'000
CURRENT ASSETS			
Cash and cash equivalents	4	8,491	15,562
Trade and other receivables	5	95,096	121,872
Inventories	6	193,340	211,073
Other assets	7	7,150	3,073
Total current assets		**304,077**	**351,580**
NON-CURRENT ASSETS			
Trade and other receivables	5	24,329	38,131
Inventories	6	295,037	308,133
Equity accounted investments	22	10,721	8,449
Available-for-sale financial asset	8	2,880	2,880
Plant and equipment	9	536	792
Intangible assets	10	2,816	2,816
Total non-current assets		**336,319**	**361,201**
Total assets		**640,396**	**712,781**
CURRENT LIABILITIES			
Trade and other payables	11	38,358	75,553
Interest-bearing loans and borrowings	12	13,407	2,607
Tax payable	3(c)	10,597	5,257
Provisions	13	6,019	5,607
Total current liabilities		**68,381**	**89,024**
NON-CURRENT LIABILITIES			
Trade and other payables	11	23,397	37,449
Interest-bearing loans and borrowings	12	125,799	177,016
Deferred tax liabilities	3(d)	23,079	27,422
Provisions	13	742	867
Total non-current liabilities		**173,017**	**242,754**
Total liabilities		**241,398**	**331,778**
Net assets		**398,998**	**381,003**
EQUITY			
Contributed equity	14	167,943	160,436
Reserves	15(a)	6,906	6,622
Retained earnings	15(c)	224,149	213,945
Total equity		**398,998**	**381,003**

Consolidated Statement of Changes in Equity

		Attributable to equity holders of AVJennings Limited				Total equity
	Note	Contributed Equity $'000	Foreign Currency Translation Reserve $'000	Share-based Payment Reserve $'000	Retained Earnings $'000	$'000
At 1 July 2016		**160,436**	**3,833**	**2,189**	**197,449**	**363,907**
Comprehensive income:						
Profit for the year		–	–	–	35,717	35,717
Other comprehensive loss for the year		–	(109)	–	–	(109)
Total comprehensive (loss)/income for the year		**–**	**(109)**	**–**	**35,717**	**35,608**
Transactions with owners in their capacity as owners						
– Share-based payment expense reversed (forfeited shares)	28(a)	–	–	(110)	–	(110)
– Share-based payment expense	28(a)	–	–	819	–	819
– Dividends paid	16	–	–	–	(19,221)	(19,221)
Total transactions with owners in their capacity as owners		**–**	**–**	**709**	**(19,221)**	**(18,512)**
At 30 June 2017		**160,436**	**3,724**	**2,898**	**213,945**	**381,003**
At 1 July 2017		**160,436**	**3,724**	**2,898**	**213,945**	**381,003**
Comprehensive income:						
Profit for the year		–	–	–	31,347	31,347
Other comprehensive loss for the year		–	(714)	–	–	(714)
Total comprehensive (loss)/income for the year		**–**	**(714)**	**–**	**31,347**	**30,633**
Transactions with owners in their capacity as owners:						
– Ordinary share capital raised	14(a)	7,688	–	–	–	7,688
– Treasury shares acquired	14(b)	(181)	–	–	–	(181)
– Share-based payment expense	28(a)	–	–	998	–	998
– Dividends paid	16	–	–	–	(21,143)	(21,143)
Total transactions with owners in their capacity as owners		**7,507**	**–**	**998**	**(21,143)**	**(12,638)**
At 30 June 2018		**167,943**	**3,010**	**3,896**	**224,149**	**398,998**

Consolidated Statement of Cash Flows

	Note	2018 $'000	2017 $'000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		450,776	408,600
Payments to suppliers and employees		(378,095)	(394,782)
Finance costs including interest paid	2	(12,212)	(10,544)
Income tax paid	3(c)	(12,575)	(16,501)
Net cash from/(used in) operating activities	17	**47,894**	**(13,227)**
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for plant and equipment	9	(15)	(119)
Interest received	2	1,410	860
Dividends received from joint venture entity	22	–	208
Additional investment in joint venture entity	22	(2,047)	–
Net cash (used in)/from investing activities		**(652)**	**949**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		154,182	230,975
Repayment of borrowings		(194,599)	(226,875)
Payment for treasury shares	14(b)	(181)	–
Dividends paid	16	(21,143)	(19,221)
Proceeds from issue of shares	14(a)	7,688	–
Net cash used in financing activities		**(54,053)**	**(15,121)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(6,811)**	**(27,399)**
Cash and cash equivalents at beginning of year		15,562	43,086
Effects of exchange rate changes on cash and cash equivalents		(260)	(125)
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	**8,491**	**15,562**

Notes to the Consolidated Financial Statements

Section A – How the numbers are calculated

Section A1 Segment information

1. OPERATING SEGMENTS

AVJennings operates primarily in residential development.

The Group determines segments based on information that is provided to the Managing Director who is the chief operating decision maker (CODM). The CODM assesses the performance and makes decisions about the resources to be allocated to the segment. Each segment prepares a detailed finance report on a monthly basis which summaries the following:

- Historic results of the segment; and
- Forecast of the segment for the remainder of the year.

Reportable segments

Australian states and New Zealand where the company operates:

Includes activities relating to Land Development, Integrated Housing and Apartments Development.

Other:

Includes numerous low value items, amongst the most significant of which is interest.

Notes to the Consolidated Financial Statements

1. OPERATING SEGMENTS (continued)

The following table presents the revenues and results information regarding operating segments:

Operating segments	NSW 2018 $'000	NSW 2017 $'000	VIC 2018 $'000	VIC 2017 $'000	QLD 2018 $'000	QLD 2017 $'000	SA 2018 $'000	SA 2017 $'000	NZ 2018 $'000	NZ 2017 $'000	Other 2018 $'000	Other 2017 $'000	Total 2018 $'000	Total 2017 $'000
Revenues														
External sales	195,478	168,028	57,024	73,230	51,360	82,541	52,777	27,768	14,551	47,883	–	–	371,190	399,450
Management fees	–	–	644	846	318	215	15	23	–	–	–	–	977	1,084
Other revenue	–	–	–	–	–	–	–	–	–	–	2,150	1,098	2,150	1,098
Total segment revenues	**195,478**	**168,028**	**57,668**	**74,076**	**51,678**	**82,756**	**52,792**	**27,791**	**14,551**	**47,883**	**2,150**	**1,098**	**374,317**	**401,632**
Results														
Segment results	53,704	42,397	1,207	2,229	1,112	8,051	(410)	(1,286)	4,127	9,924	2,834	2,177	62,574	63,492
Share of profits/(losses) of associates and JVs accounted for using the equity method	–	42	(3)	–	–	–	(1)	(7)	–	–	230	(63)	226	(28)
Change in inventory loss provisions	720	5,775	–	–	391	–	–	(718)	–	–	–	–	1,111	5,057
Unallocated depreciation and amortisation	–	–	–	–	–	–	–	–	–	–	–	–	(269)	(298)
Unallocated expenses	–	–	–	–	–	–	–	–	–	–	–	–	(18,370)	(16,999)
Unallocated interest expense	–	–	–	–	–	–	–	–	–	–	–	–	(190)	(195)
Profit before income tax													45,082	51,029
Income tax													(13,735)	(15,312)
Profit after income tax													**31,347**	**35,717**

Notes to the Consolidated Financial Statements

1. OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities information regarding operating segments:

Operating segments	NSW		VIC		QLD		SA		NZ		Other		Total	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**
Assets														
Segment assets	221,638	220,419	170,326	184,446	108,063	122,691	71,028	92,615	44,128	66,124	25,213	26,486	640,396	712,781
Total assets	**221,638**	**220,419**	**170,326**	**184,446**	**108,063**	**122,691**	**71,028**	**92,615**	**44,128**	**66,124**	**25,213**	**26,486**	**640,396**	**712,781**
Liabilities														
Segment liabilities	26,224	27,503	54,611	58,685	6,507	26,405	4,992	5,231	18,032	45,662	131,032	168,292	241,398	331,778
Total liabilities	**26,224**	**27,503**	**54,611**	**58,685**	**6,507**	**26,405**	**4,992**	**5,231**	**18,032**	**45,662**	**131,032**	**168,292**	**241,398**	**331,778**

Notes to the Consolidated Financial Statements

Section A2 Profit and Loss information

2. REVENUES AND EXPENSES

Revenues

	2018 $'000	2017 $'000
Sales of land and built form	371,190	399,450
Interest received	1,410	860
Management fees received/receivable	977	1,084
Other	740	238
Total revenues	**374,317**	**401,632**

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

Development projects and land sales

Revenue from the sale of land, houses and apartments is recognised when the significant risks, rewards of ownership and effective control have been transferred to the buyer. This has been determined to generally occur on settlement.

Revenue from land sales is recognised prior to settlement when a signed unconditional contract for sale exists, the significant risks, rewards of ownership and effective control have been transferred to the buyer, and there is no management involvement to the degree usually associated with ownership.

Interest revenue

Revenue is recognised as interest accrues using the effective interest rate method.

Management fees

Revenue is recognised as services are performed.

Dividends

Dividends are recognised as revenue when the right to receive payment is established.

Notes to the Consolidated Financial Statements

2. REVENUES AND EXPENSES (continued)

Expenses

	Note	2018 $'000	2017 $'000
Cost of sales include:			
Amortisation of finance costs capitalised to inventories		17,220	12,898
Depreciation expense			
Leasehold improvements	9	28	29
Plant, equipment and motor vehicles	9	241	269
Total depreciation expense		**269**	**298**
Finance costs			
Bank loans and overdraft		12,212	10,544
Less: Amount capitalised to inventories		(12,022)	(10,349)
Finance costs expensed		**190**	**195**
Impairment of assets			
Net decrease in inventory loss provisions		**1,111**	**5,057**

For the year ended 30 June 2018, the movement in inventory loss provisions resulted from a realignment of future assumptions with current market conditions specifically relating to relevant projects in New South Wales and Queensland.

Notes to the Consolidated Financial Statements

3. INCOME TAX

	2018 $'000	2017 $'000
(a) Income tax expense		
The major components of income tax are:		
Current income tax		
Current income tax charge	17,955	11,332
Adjustment for prior year	(7)	(7)
Deferred income tax		
Current temporary differences	(4,212)	3,977
Adjustment for prior year	(1)	10
Income tax reported in the *Consolidated Statement of Comprehensive Income*	**13,735**	**15,312**

(b) Numerical reconciliation between aggregate tax recognised in the Consolidated Statement of Comprehensive Income and tax calculated per the statutory income tax rate

Accounting profit before income tax	**45,082**	**51,029**
Tax at Australian income tax rate of 30% (2017 – 30%)	13,525	15,309
Share of equity accounted Joint Venture (profit)/losses	(69)	8
Other non-deductible items	363	144
Foreign jurisdiction (losses)/gains	(21)	2
Effect of lower tax rate in foreign jurisdictions	(55)	(154)
Adjustment for prior year	(8)	3
Income tax expense	**13,735**	**15,312**
Effective tax rate	**30%**	**30%**

(c) Numerical reconciliation from income tax expense to income taxes paid

Income tax expense	**13,735**	**15,312**
Timing differences recognised in deferred tax	4,213	(3,987)
Adjustment for prior year	7	7
Exchange rate translation difference	(20)	(45)
Current year tax payable at year end	(10,597)	(5,257)
Prior year tax paid in current year	5,237	10,471
Cash taxes paid per *Consolidated Statement of Cash Flows*	**12,575**	**16,501**

Notes to the Consolidated Financial Statements

3. INCOME TAX (continued)

(d) Recognised deferred tax assets and liabilities

	Opening balance $'000	Expense /(benefit) $'000	Foreign exchange variance $'000	Closing balance $'000
Deferred income tax movement for the year ended 30 June 2018:				
Deferred tax assets				
– inventories	4,251	(1,179)	–	3,072
– prepayments and accruals	1,164	(297)	–	867
– provisions on employee entitlement	1,518	109	(1)	1,626
– other	214	(77)	–	137
Deferred tax assets	**7,147**	**(1,444)**	**(1)**	**5,702**
Deferred tax liabilities				
– inventories	(21,851)	1,594	–	(20,257)
– unearned revenue	(11,459)	3,842	131	(7,486)
– prepayments and accruals	(368)	220	–	(148)
– brand name	(845)	-	–	(845)
– other	(46)	1	–	(45)
Deferred tax liabilities	**(34,569)**	**5,657**	**131**	**(28,781)**
Net deferred tax liabilities	**(27,422)**	**4,213**	**130**	**(23,079)**
Deferred income tax movement for the year ended 30 June 2017:				
Deferred tax assets				
– inventories	6,769	(2,518)	–	4,251
– prepayments and accruals	1,344	(180)	–	1,164
– provisions on employee entitlement	1,446	72	–	1,518
– other	288	(74)	–	214
Deferred tax assets	**9,847**	**(2,700)**	**–**	**7,147**
Deferred tax liabilities				
– inventories	(22,190)	339	–	(21,851)
– unearned revenue	(9,954)	(1,507)	2	(11,459)
– prepayments and accruals	(135)	(233)	–	(368)
– provisions on employee entitlement	(152)	152	–	-
– brand name	(845)	-	–	(845)
– other	(8)	(38)	–	(46)
Deferred tax liabilities	**(33,284)**	**(1,287)**	**2**	**(34,569)**
Net deferred tax liabilities	**(23,437)**	**(3,987)**	**2**	**(27,422)**

Notes to the Consolidated Financial Statements

3. INCOME TAX (continued)

(e) Tax consolidation legislation

AVJennings Limited and its wholly owned Australian controlled entities are in a tax consolidated group.

The entities in the tax consolidated group have entered into a tax sharing agreement which limits the joint and several liabilities of the wholly owned entities in the case of a default by the head entity, AVJennings Limited.

The entities in the tax consolidated group have also entered into a tax funding agreement to fully compensate/be compensated by AVJennings Limited for current tax balances and deferred tax assets or unused tax losses and credits transferred.

(f) Accounting

Income tax expense is calculated at the applicable tax rate and recognised in the profit and loss for the year, unless it relates to other comprehensive income or transactions recognised directly in equity.

The tax expense comprises current and deferred tax. Broadly, current tax represents the tax expense paid or payable for the current year. Deferred tax accounts for tax on temporary differences. Temporary differences generally occur when income and expenses are recognised by tax authorities and for accounting purposes in different periods.

Deferred tax assets, including those arising from tax losses, are only recognised to the extent it is probable that sufficient taxable profits will be available to utilise the losses in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Section A3 Balance Sheet information

4. CASH AND CASH EQUIVALENTS

	2018 $'000	2017 $'000
Cash at bank and in hand	**8,491**	**15,562**

Accounting

Cash and cash equivalents in the *Consolidated Statement of Financial Position* comprise cash at bank and in hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Notes to the Consolidated Financial Statements

5. TRADE AND OTHER RECEIVABLES

	2018 $'000	2017 $'000
Current		
Trade receivables	81,731	113,999
Related party receivables	2,060	3,580
Other receivables	11,305	4,293
Total current trade and other receivables	**95,096**	**121,872**
Non-current		
Trade receivables	14,003	32,583
Related party receivables	5,492	1,096
Other receivables	4,834	4,452
Total non-current trade and other receivables	**24,329**	**38,131**

(i) Accounting

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

Individual receivables that are known to be uncollectible are written-off when identified. A provision for impairment is recognised when there is objective evidence that the collection of the receivable is doubtful. The provision is calculated as the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the effective interest rate.

(ii) Allowance for impairment loss

No impairment loss (2017: $Nil) has been recognised by the Group in the current year.

At 30 June, the ageing analysis of trade receivables is as follows:

			Number of days overdue				
	Total $'000	Not due $'000	0-30 $'000	31-60 $'000	61-90 $'000	+ 91 $'000	+ 91# $'000
2018	95,734	95,731	–	–	–	3	–
2017	146,582	146,570	–	6	3	3	–

Considered impaired.

The carrying value of receivables is assumed to approximate their fair value.

The Group does not have any significant credit risk exposure to a single customer. Receivables in respect of land and built form require full settlement prior to passing of title.

Notes to the Consolidated Financial Statements

6. INVENTORIES

	Note	2018 $'000	2017 $'000
Current			
Broadacres			
Land to be subdivided – at cost		35,320	8,980
Borrowing and holding costs capitalised	6(a)	2,844	3,894
Impairment provision		(875)	(480)
Total broadacres		37,289	12,394
Work-in-progress			
Land subdivided or in the course of being subdivided – at cost		51,444	61,529
Development costs capitalised		22,169	45,796
Houses and apartments under construction – at cost		24,125	19,033
Borrowing and holding costs capitalised	6(a)	12,372	15,563
Impairment provision		(607)	(1,838)
Total work-in-progress		109,503	140,083
Completed inventory			
Completed houses and apartments – at cost		35,633	45,980
Completed residential land lots – at cost		8,802	10,974
Borrowing and holding costs capitalised	6(a)	2,367	2,757
Impairment provision		(254)	(1,115)
Total completed inventory		46,548	58,596
Total current inventories		**193,340**	**211,073**
Non-current			
Broadacres			
Land to be subdivided – at cost		219,527	202,243
Borrowing and holding costs capitalised	6(a)	26,380	24,319
Impairment provision		(8,015)	(10,000)
Total broadacres		237,892	216,562
Work-in-progress			
Land subdivided or in the course of being subdivided – at cost		39,829	39,102
Development costs capitalised		8,003	32,629
Houses and apartments under construction – at cost		2,145	9,722
Borrowing and holding costs capitalised	6(a)	7,210	9,958
Impairment provision		(202)	–
Total work-in-progress		56,985	91,411
Completed inventory			
Completed residential land lots – at cost		178	178
Borrowing and holding costs capitalised	6(a)	11	11
Impairment provision		(29)	(29)
Total completed inventory		160	160
Total non-current inventories		**295,037**	**308,133**
Total inventories		**488,377**	**519,206**

Notes to the Consolidated Financial Statements

6. INVENTORIES (continued)

(a) Borrowing costs attributable to qualifying assets are capitalised. These include interest, fees and costs associated with interest rate derivatives and have been capitalised at a weighted average rate of 6.27% (2017: 6.12%).

(b) Inventory with a carrying value of $116,235,000 (2017: $110,179,000) was pledged as security for project specific borrowings (refer to note 12(b)). The Group's remaining inventory has been pledged as security for the main banking facility (refer to note 12(a)).

Accounting

Inventories are carried at the lower of cost and net realisable value (NRV).

Cost includes costs of acquisition, development, interest capitalised and all other costs directly related to specific projects. Borrowing and holding costs such as rates and taxes incurred after completion of development and construction are expensed. Costs expected to be incurred under penalty clauses and rectification provisions are also included.

NRV is the estimated selling price in the ordinary course of business less the estimated costs to complete and sell the inventory. NRV is estimated using the most reliable evidence at the time, including expected fluctuations in selling price and estimated costs to complete and sell.

Movement in impairment provisions

	2018 $'000	2017 $'000
At beginning of year	13,462	21,027
Amounts utilised	(2,369)	(2,508)
Amounts reversed	(1,111)	(5,057)
At end of year	**9,982**	**13,462**

7. OTHER ASSETS

	2018 $'000	2017 $'000
Prepayments	2,249	2,971
Deposits	4,901	102
Total other current assets	**7,150**	**3,073**

Notes to the Consolidated Financial Statements

8. AVAILABLE-FOR-SALE FINANCIAL ASSET

	2018 $'000	2017 $'000
Property Fund Units	**2,880**	**2,880**

These comprise units in unlisted property funds which don't have an active market. As the range of reasonable fair values can be significant and estimates cannot be made reliably, the units are measured at cost less impairment.

The Company intends to hold the property fund units until development activity is completed, and all product sold.

Impairment testing

Available-for-sale financial assets (AFS) are tested when an indicator of impairment exists.

An asset is impaired if the recoverable amount, calculated as the higher of value in use and fair value less costs to sell, is less than its carrying amount.

None of the financial assets are either past due or impaired.

Notes to the Consolidated Financial Statements

9. PLANT AND EQUIPMENT

	2018 $'000	2017 $'000
Leasehold improvements		
At cost	376	376
Less: accumulated depreciation	(314)	(286)
Total leasehold improvements	**62**	**90**
Plant and equipment		
At cost	6,715	6,711
Less: accumulated depreciation	(6,241)	(6,009)
Total plant and equipment	**474**	**702**
Total plant and equipment	**536**	**792**

(i) Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the year are set out below:

For the year ended 30 June 2017	Note	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Carrying amount at 1 July 2016		120	865	985
Additions		2	117	119
Disposals		(3)	(11)	(14)
Depreciation charge	2	(29)	(269)	(298)
Carrying amount at 30 June 2017		**90**	**702**	**792**
For the year ended 30 June 2018				
Carrying amount at 1 July 2017		90	702	792
Additions		–	15	15
Disposals		–	(2)	(2)
Depreciation charge	2	(28)	(241)	(269)
Carrying amount at 30 June 2018		**62**	**474**	**536**

(ii) Accounting

Plant and equipment is stated at historical cost less accumulated depreciation and impairment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets using the following rates which are consistent with the prior year:

Plant and equipment	3-7 years
Leasehold improvements	3-10 years

Notes to the Consolidated Financial Statements

10. INTANGIBLE ASSETS

	2018 $'000	2017 $'000
Brand name at cost	9,868	9,868
Less: accumulated amortisation	(7,052)	(7,052)
Total intangible assets	**2,816**	**2,816**

The intangible asset relates to the value of the "AVJennings" brand name which was acquired as part of a business combination in 1995. On recognition, the asset was determined to have a finite life of 20 years and was amortised over the expected useful life. In accordance with the accounting policy discussed below, the amortisation period and the amortisation method for an intangible asset are reviewed at least each financial year-end. A review carried out at 31 December 2009 determined that the brand name has indefinite useful life. This change in accounting estimate has been applied prospectively with amortisation ceasing as of 31 December 2009.

The brand name is tested for impairment annually, or more frequently if there are indicators of impairment. At 30 June 2018, there were no indicators of impairment.

Accounting

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair value as at the date of the acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

11. TRADE AND OTHER PAYABLES

	2018 $'000	2017 $'000
Current		
Unsecured		
Land creditors	12,229	43,332
Trade creditors	8,298	9,766
Related party payables	150	150
Deferred Income	2,158	1,029
Other creditors and accruals	15,523	21,276
Total current payables	**38,358**	**75,553**
Non-Current		
Unsecured		
Land creditors	18,884	32,742
Related party payables	2,978	2,978
Deferred Income	1,535	1,729
Total non-current payables	**23,397**	**37,449**

Accounting

Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid.

Due to the short-term nature of current payables, their carrying amount is assumed to approximate their fair value. Non-current land creditors have been discounted using a rate of 6.86% (2017: 6.01%).

Notes to the Consolidated Financial Statements

12. INTEREST-BEARING LOANS AND BORROWINGS

	2018 $'000	2017 $'000
Current		
Bank overdraft	–	3
Bank loans	13,407	2,604
Total current interest-bearing liabilities	**13,407**	**2,607**
Non-current		
Bank loans	125,799	177,016
Total non-current interest-bearing liabilities	**125,799**	**177,016**

Accounting

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset whilst in active development. Qualifying assets are assets that take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed as incurred.

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

Interest-bearing loans and borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Subsequently, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Fees paid on establishment of loan facilities are capitalised as a prepayment and amortised over the period of the facility.

Borrowings are classified as current liabilities unless there is an unconditional right to defer repayment for at least 12 months after the reporting date.

Notes to the Consolidated Financial Statements

12. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Financing arrangements

The Group has access to the following lines of credit:

	Note	Available $'000	Utilised $'000	Unutilised $'000
30 June 2018				
Main banking facilities	12(a)			
– bank overdraft		5,000	–	5,000
– bank loans		225,000	98,586	126,414
– performance bonds		20,000	7,079	12,921
		250,000	**105,665**	**144,335**
Project funding facilities	12(b)			
– bank loans		**70,000**	**40,620**	**29,380**
Contract performance bond facilities	12(c)			
– performance bonds		**45,000**	**28,531**	**16,469**

	Note	Available $'000	Utilised $'000	Unutilised $'000
30 June 2017				
Main banking facilities	12(a)			
– bank overdraft		5,000	3	4,997
– bank loans		225,000	139,000	86,000
– performance bonds		20,000	9,931	10,069
		250,000	**148,934**	**101,066**
Project funding facilities	12(b)			
– bank loans		**92,000**	**40,620**	**51,380**
Contract performance bond facilities	12(c)			
– performance bonds		**35,000**	**26,936**	**8,064**

At 30 June 2018 main banking facilities are interchangeable up to $47 million (2017: $47 million) between the bank loans and performance bonds.

During the current and prior year, there were no defaults or breaches of any covenants relating to the facilities.

Notes to the Consolidated Financial Statements

12. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Significant terms and conditions

(a) Main banking facilities

The Group's main banking facilities mature on 30 September 2020. These facilities are secured by a fixed and floating charge over all the assets and undertakings of the entities within the Group that are obligors under the main banking facilities, and by first registered mortgages over various real estate inventories other than those controlled by the Group under project development agreements and those assets pledged as security for project funding (see note 12(b)). The Parent Entity has entered into a cross deed of covenant with various controlled entities to guarantee obligations of those entities in relation to the main banking facilities (see note 21). The weighted average interest rate including margin on the main banking facilities at 30 June 2018 was 3.32% (2017: 3.00%). Subsequent to the year end, the main banking facilities have increased from $250 million to $300 million.

(b) Project funding facilities

Project funding facilities are secured by:

- a fixed and floating charge over the assets of the entity involved in the relevant project, namely, AVJennings Waterline Pty Ltd; and
- a first registered mortgage over certain real estate inventories of the entity involved in the relevant project, namely, AVJennings Waterline Pty Ltd.

The lines of credit shown are maximum limits which are available progressively as projects are developed. The expiry date for the facility at the reporting date was November 2019. The project funding facilities are to reduce to $50 million in June 2019. The outstanding amounts are expected to be repaid or refinanced prior to expiry of the facility. As at 30 June 2018, the balance outstanding on the bank loan facilities was $40,620,000 (2017: $40,620,000).

	2018 $'000	2017 $'000
The carrying amounts of the pledged assets are as follows:		
Waterline, Victoria	117,703	111,021

The weighted average interest rate including margin on the project funding loans at 30 June 2018 was 3.37% (2017: 3.17%).

(c) Contract performance bond facilities

The Group has entered into Contract performance bond facilities of $45,000,000 (2017: $35,000,000) which are subject to review annually. The facilities expire on 31 December 2018 and management expects the annual review which is underway, to be completed shortly and the facilities extended for a further 12 months. The performance bond facilities are secured by Deeds of Indemnity between the Parent Entity and various controlled entities. Details of the controlled entities, included in the Deeds of Indemnity are set out in note 21.

13. PROVISIONS

	2018 $'000	2017 $'000
Current		
Employee benefits	6,019	5,607
Total current provisions	**6,019**	**5,607**
Non-current		
Employee benefits	742	867
Total non-current provisions	**742**	**867**

Accounting

Provisions

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The non-current portion is discounted using corporate bond rates.

Notes to the Consolidated Financial Statements

14. CONTRIBUTED EQUITY

	2018 Number	2017 Number	2018 $'000	2017 $'000
Ordinary shares	394,926,905	384,423,851	170,481	162,793
Treasury shares	(495,632)	(842,089)	(2,538)	(2,357)
Share Capital	**394,431,273**	**383,581,762**	**167,943**	**160,436**
(a) Movement in ordinary share capital				
At beginning of year	384,423,851	384,423,851	162,793	162,793
Issued under the Dividend Reinvestment Plan	7,252,488	–	5,309	–
Issued pursuant to the Underwriting Agreement	3,250,566	–	2,379	–
At end of year	**394,926,905**	**384,423,851**	**170,481**	**162,793**

On 23 February 2018, the Company announced a fully franked interim dividend of 2 cents per share to be paid on 19 April 2018. The Company also announced that the Dividend Reinvestment Plan (DRP) would be reactivated for this dividend.

The DRP offered shares in the capital of the Company (Shares) to each shareholder of the Company with a registered address in Australia and New Zealand (and otherwise as determined pursuant to the DRP) by way of reinvestment of some or all of their Dividend entitlement.

On 23 March 2018, the Company announced it had entered into an underwriting agreement to underwrite the subscription of shares offered under the DRP held by shareholders other than the ultimate parent entity, SC Global Developments Pte Ltd, who had elected to fully participate in the DRP. The issue price per share under the DRP was $0.732, being the average of the daily volume weighted average price of all AVJennings' shares sold on the ASX during the Pricing Period, which commenced on 23 March 2018 and concluded on 29 March 2018, less a 2.5% discount.

On 19 April 2018, AVJennings issued:

- 7,252,488 Shares to shareholders of AVJennings under the DRP; and
- 3,250,566 Shares to the Underwriter pursuant to the Underwriting Agreement.

The shares issued under the DRP and the Underwriting Agreement raised $7,688,000 in total.

(b) Movement in treasury shares	2018 Number	2017 Number	2018 $'000	2017 $'000
At beginning of year	(842,089)	(2,338,154)	(2,357)	(2,357)
On market acquisition of shares	(248,020)	–	(181)	–
Employee Share Scheme Issue	594,477	1,496,065	–	–
At end of year	**(495,632)**	**(842,089)**	**(2,538)**	**(2,357)**

During the year, 248,020 treasury shares were purchased by the AVJ Deferred Employee Share Plan Trust at a cost of $181,000.

Holders of ordinary shares are entitled to dividends and to one vote per share at shareholder meetings.

Accounting

Incremental costs directly attributable to the issue of ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Shares held by the AVJ Deferred Employee Share Plan Trust are disclosed as treasury shares and deducted from contributed equity.

Notes to the Consolidated Financial Statements

15. RESERVES AND RETAINED EARNINGS

(a) Reserves

	Note	Foreign Currency Translation Reserve $'000	Share-based Payment Reserve $'000	Total $'000
At 1 July 2016		**3,833**	**2,189**	**6,022**
Foreign currency translation		(109)	–	(109)
Share-based payment expense	28(a)	–	709	709
At 30 June 2017		**3,724**	**2,898**	**6,622**
Foreign currency translation		(714)	–	(714)
Share-based payment expense	28(a)	–	998	998
At 30 June 2018		**3,010**	**3,896**	**6,906**

(b) Nature and purpose of reserves

Foreign currency translation reserve

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income as explained in note 36(e) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to the Consolidated Statement of Comprehensive Income when the net investment is disposed of.

Share-based payment reserve

The share-based payment reserve is used to recognise the fair value of rights to shares or shares issued to employees, with a corresponding increase in employee expense in the *Statement of Comprehensive Income*.

(c) Retained earnings	2018 $'000	2017 $'000
Movements in retained earnings were as follows:		
At beginning of year	213,945	197,449
Profit after income tax	31,347	35,717
Dividends declared and paid	(21,143)	(19,221)
At end of year	**224,149**	**213,945**

Notes to the Consolidated Financial Statements

16. DIVIDENDS

	2018 $'000	2017 $'000
Cash dividends declared and paid		
2016 final dividend of 3.5 cents per share, paid 23 September 2016. Fully franked @ 30% tax	–	13,455
2017 interim dividend of 1.5 cents per share, paid 7 April 2017. Fully franked @ 30% tax	–	5,766
2017 final dividend of 3.5 cents per share, paid 19 September 2017. Fully franked @ 30% tax	13,455	–
2018 interim dividend of 2.0 cents per share, paid 19 April 2018. Fully franked @ 30% tax	7,688	–
Total cash dividends declared and paid	**21,143**	**19,221**
Dividends proposed		
2017 final dividend of 3.5 cents per share, paid 19 September 2017. Fully franked @ 30% tax	–	13,455
2018 final dividend of 3.0 cents per share, to be paid 11 October 2018. Fully franked @ 30% tax	11,848	–
Total dividends proposed	**11,848**	**13,455**

The Company's DRP has been re-activated.

	2018 $'000	2017 $'000
Dividend franking account		
Franking credits available for subsequent financial years based on a tax rate of 30%	**22,951**	**15,652**

The above balance is based on the balance of the dividend franking account at year-end adjusted for:

- franking credits that will arise from the payment of the amount provided for income tax; and
- franking debits that will arise from the payment of dividends proposed at year-end.

Notes to the Consolidated Financial Statements

Section A4 Cash Flow information

17. CASH FLOW STATEMENT RECONCILIATION

Reconciliation of profit after tax to net cash flow used in operating activities

	2018 $'000	2017 $'000
Profit after tax	**31,347**	**35,717**
Adjustments for non-cash items:		
Depreciation	269	298
Net loss on disposal of plant and equipment	2	14
Interest revenue classified as investing cash flow	(1,410)	(860)
Share of (profit)/losses of associates and joint venture entities	(226)	28
Change in inventory loss provisions	(3,480)	(7,565)
Share-based payments expense	998	709
Change in operating assets and liabilities:		
Decrease in inventories	34,309	41,396
Decrease/(increase) in trade and other receivables	40,578	(32,249)
Increase in other current assets	(4,077)	(933)
(Decrease)/increase in deferred tax liability	(4,343)	3,985
Increase/(decrease) in current tax liability	5,502	(5,237)
Decrease in trade and other payables	(51,862)	(47,949)
Increase/(decrease) in provisions	287	(581)
Net cash from/(used in) operating activities	**47,894**	**(13,227)**

Notes to the Consolidated Financial Statements

Section B – Risk

18. JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements involves the use of certain critical accounting estimates and requires management to exercise judgement. These estimates and judgements are continually reviewed based on historical experience, current and expected market conditions as well as other relevant factors.

(i) Judgements

In applying the Group's accounting policies, management makes judgements, which can significantly affect the amounts recognised in the Consolidated Financial Statements. This includes the determination of whether revenue recognition criteria have been satisfied on sales of land lots with deferred settlement terms.

(ii) Estimates and assumptions

Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Estimates of net realisable value of inventories:

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made of the net amount expected to be realised from the sale of inventories, and the estimated costs to complete.

Profit recognised on developments:

The calculation of profit for land lots and built form is based on actual costs to date and estimates of costs to complete.

19. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, payables, loans and borrowings, financial guarantee contracts, available-for-sale financial asset, cash and short-term deposits.

The Group's treasury department focuses on the following main financial risks: interest rate risk, foreign currency risk, credit risk and liquidity risk. Financial risk activities are governed by appropriate policies and procedures and financial risks are identified, measured and managed in accordance with policies and risk objectives.

Responsibility for the monitoring of financial risk exposure and the formulation of appropriate responses rests with the Chief Financial Officer.

The Board reviews and approves these policies.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument or associated future cash flows will fluctuate because of changes in market interest rates. The exposure to market interest rates primarily relates to interest-bearing loans and borrowings issued at variable rates.

In assessing interest rate risk, the Group considers loan maturity and cash flow profiles and the outlook for interest rates.

The Group uses various techniques, including interest rate swaps, caps and floors to hedge the risk associated with interest rate fluctuations. These derivatives do not qualify for hedge accounting and changes in fair value are recognised in profit and loss. However, the forecast cash position together with the current benign outlook for medium term interest rates has resulted in the Group retaining all of the drawn debt at variable rates of interest.

Notes to the Consolidated Financial Statements

19. FINANCIAL RISK MANAGEMENT (continued)

(i) Interest rate risk (continued)

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and their fair value is reassessed at the end of each reporting period. Derivative financial instruments are not held for trading purposes.

At balance date, the following variable rate borrowings were outstanding:

	2018		2017	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	$'000	%	$'000
Cash	1.43	(8,491)	1.48	(15,562)
Bank overdrafts	–	–	5.50	3
Bank loans	3.33	139,206	3.03	179,620
Net financial liabilities		**130,715**		**164,061**
Borrowings not hedged		**130,715**		**164,061**

The following table shows the impact on profit after tax if interest rates changed by 50 basis points. The calculation is based on borrowings and cash held at year-end. It assumes that interest is capitalised to qualifying assets as shown in note 2:

	Profit After Tax Higher/(Lower)	
	2018 $'000	2017 $'000
+50 basis points	(153)	(108)
–50 basis points	153	108

(ii) Foreign currency risk

Foreign currency risk arises from NZD denominated assets (balance sheet risk) or from transactions or cash flows denominated in NZD (cash flow risk).

The following table demonstrates the sensitivity to a change in AUD/NZD exchange rates on exposures existing at balance date.

With all other variables held constant, profit after tax and equity would have been affected as follows:

	Profit After Tax Higher/(Lower)		Equity Higher/(Lower)	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
AUD/NZD +10%	(102)	(413)	(173)	(424)
AUD/NZD – 10%	102	413	173	424

(iii) Credit risk

Credit risk is the risk that a counterparty will not meet its contractual obligations under a financial instrument, leading to a financial loss. Credit risk arises from cash and cash equivalents, trade and other receivables, available-for-sale financial asset, financial instruments and from granting of financial guarantees.

Contracts for Land, Integrated Housing and Apartments usually require payment in full prior to passing of title to customers and collateral is therefore unnecessary. In the event that title is to pass prior to full payment being received, appropriate credit verification procedures are performed before contract execution.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with Group policy. Surplus funds are typically applied to repay drawn loans to minimise borrowing costs. Counterparties are limited to financial institutions approved by the Board.

The granting of financial guarantees also exposes the Group to credit risk, being the maximum amount that would have to be paid if the guarantee is called on. As the amounts payable under the guarantees are not significantly greater than the original liabilities, this risk in not material. See note 33 for details regarding financial guarantees.

The Group has no significant concentrations of credit risk.

Notes to the Consolidated Financial Statements

19. FINANCIAL RISK MANAGEMENT (continued)

(iv) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group manages its liquidity risk by monitoring forecast cash flows on a fortnightly basis and matching the maturity profiles of financial assets and liabilities. These are reviewed by the Chief Financial Officer and presented to the Board as appropriate. The objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and committed available credit facilities.

The current main banking facilities are due to mature on 30 September 2020 and are therefore non-current. In addition, the Group operates certain project funding facilities which are discussed in note 12(b). The maturity profile of all debt facilities is monitored on a regular basis by the Chief Financial Officer and ongoing financing plans presented to the Board for approval well in advance of maturity.

At 30 June 2018, 9.6% (2017: 1.5%) of the Group's interest-bearing loans and borrowings will mature in less than one year.

The table below summarises the maturity profile of the Group's financial assets and liabilities based on contractual undiscounted payments.

Year ended 30 June 2018	< 6 months $'000	6–12 months $'000	> 1–5 years $'000	Total $'000
Financial Assets				
Cash and cash equivalents	8,491	–	–	8,491
Trade and other receivables	61,716	33,380	24,329	119,425
	70,207	**33,380**	**24,329**	**127,916**
Financial Liabilities				
Trade and other payables	28,567	9,791	23,397	61,755
Interest-bearing loans and borrowings*	2,326	15,643	130,275	148,244
Financial Guarantees	2,135	–	–	2,135
	33,028	**25,434**	**153,672**	**212,134**
Net maturity	**37,179**	**7,946**	**(129,343)**	**(84,218)**

Year ended 30 June 2017	< 6 months $'000	6–12 months $'000	> 1–5 years $'000	Total $'000
Financial Assets				
Cash and cash equivalents	15,562	–	–	15,562
Trade and other receivables	100,505	21,367	38,131	160,003
	116,067	**21,367**	**38,131**	**175,565**
Financial Liabilities				
Trade and other payables	61,881	13,672	37,449	113,002
Interest-bearing loans and borrowings*	2,701	5,280	183,923	191,904
Financial Guarantees	2,135	–	–	2,135
	66,717	**18,952**	**221,372**	**307,041**
Net maturity	**49,350**	**2,415**	**(183,241)**	**(131,476)**

* Expected settlement amounts of interest-bearing loans and borrowings include an estimate of the interest payable to the date of expiry of the facilities.

In addition to maintaining sufficient short term assets to meet short term payments, at reporting date, the Group has approximately $190 million (2017: $161 million) of unused credit facilities available. Please refer to note 12.

Notes to the Consolidated Financial Statements

19. FINANCIAL RISK MANAGEMENT (continued)

(v) Fair value

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities:

	Year ended 30 June 2018				Year ended 30 June 2017			
	Quoted prices in active markets (Level 1) $'000	Significant observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000	Quoted prices in active markets (Level 1) $'000	Significant observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Financial liabilities								
Interest-bearing loans and borrowings	–	139,206	–	139,206	–	179,623	–	179,623
	–	139,206	–	139,206	–	179,623	–	179,623

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

20. CAPITAL MANAGEMENT

In managing capital, management's objective is to achieve an efficient capital structure which optimises the weighted average cost of capital commensurate with business requirements and prudential considerations.

During the year ended 30 June 2018, a total dividend of $21,143,000 was paid (2017: $19,221,000).

Management monitors capital mix through the debt to equity ratio (net debt/total equity) and the debt to total assets ratio (net debt/total assets) calculated below:

	Consolidated	
	2018 $'000	2017 $'000
Interest-bearing loans and borrowings	139,206	179,623
Less: cash and cash equivalents	(8,491)	(15,562)
Net debt	130,715	164,061
Total equity	398,998	381,003
Total assets	640,396	712,781
Net debt to equity ratio	**32.8%**	**43.1%**
Net debt to total assets ratio	**20.4%**	**23.0%**

Notes to the Consolidated Financial Statements

Section C – Group Structure

21. CONTROLLED ENTITIES

(a) Investment in controlled entities

The following economic entities are the controlled entities of AVJennings Limited:

	% Equity Interest		Included in Banking Cross Deed of Covenant [2]	
ECONOMIC ENTITY [1]	**2018**	**2017**	**2018**	**2017**
Entities included in the Closed Group				
A.V. Jennings Real Estate Pty Limited	100	100	No	No
AVJennings Real Estate (VIC) Pty Limited	100	100	No	No
AVJennings Holdings Limited[3]	100	100	Yes	Yes
AVJennings Properties Limited[3]	100	100	Yes	Yes
Jennings Sinnamon Park Pty Limited	100	100	No	No
Long Corporation Limited[3]	100	100	Yes	Yes
Orlit Pty Limited[3]	100	100	Yes	Yes
Sundell Pty Limited[3]	100	100	Yes	Yes
AVJennings Housing Pty Limited[3]	100	100	Yes	Yes
AVJennings Home Improvements S.A. Pty Limited[3]	100	100	Yes	Yes
AVJennings Mackay Pty Limited[3]	100	100	Yes	Yes
Entities excluded from the Closed Group				
Crebb No 12 Pty Limited	100	100	Yes	Yes
Dunby Pty Limited	100	100	Yes	Yes
Epping Developments Limited	100	100	No	No
Montpellier Gardens Pty Limited	100	100	Yes	Yes
AVJ ODP Pty Limited[4]	100	100	No	No
AVJennings (Cammeray) Pty Limited	100	100	Yes	Yes
AVJennings Syndicate No 3 Limited	100	100	No	No
AVJennings Syndicate No 4 Limited[3]	100	100	Yes	Yes
AVJennings Officer Syndicate Limited[3]	100	100	Yes	Yes
AVJennings Properties SPV No 1 Pty Limited	100	100	No	No
AVJennings Properties SPV No 2 Pty Limited	100	100	Yes	Yes
AVJennings Properties SPV No 4 Pty Limited	100	100	Yes	Yes
AVJennings Wollert Pty Limited	100	100	Yes	Yes
AVJ Erskineville Pty Limited	100	100	Yes	Yes
AVJ Hobsonville Pty Limited	100	100	Yes	Yes
AVJennings Properties SPV No 9 Pty Limited	100	100	Yes	Yes
AVJennings SPV No 10 Pty Limited	100	100	No	No
AVJennings SPV No 19 Pty Limited	100	100	Yes	No
AVJennings SPV No 20 Pty Limited	100	100	No	No
AVJennings SPV No 22 Pty Limited	100	100	Yes	No
AVJennings SPV No 23 Pty Limited	100	100	No	No
AVJennings SPV No 24 Pty Limited	100	100	No	No
AVJBOS Nominees Pty Limited[4]	100	100	No	No
AVJBOS Eastwood Developments Pty Limited[4]	100	100	No	No
AVJBOS Eastwood Finance Pty Limited[4]	100	100	No	No

Notes to the Consolidated Financial Statements

21. CONTROLLED ENTITIES (continued)

(a) Investment in controlled entities (continued)

	% Equity Interest		Included in Banking Cross Deed of Covenant [2]	
ECONOMIC ENTITY [1]	**2018**	**2017**	**2018**	**2017**
Entities excluded from the Closed Group (continued)				
Creekwood Developments Pty Limited[3]	100	100	Yes	Yes
Portarlington Nominees Pty Limited	100	100	Yes	Yes
AVJennings St Clair Pty Limited	100	100	Yes	Yes
St Clair JV Nominee Pty Limited	100	100	Yes	Yes
AVJennings Properties Wollert SPV Pty Limited	100	100	No	No
AVJennings Waterline Pty Limited	100	100	No	No

(1) All entities are incorporated in Australia. With the exception of AVJ Hobsonville Pty Limited which has a branch in New Zealand, all entities operate within Australia.

(2) These entities, including AVJennings Limited, are included under the Banking Cross Deed of Covenant referred to in note 12(a).

(3) These entities, including AVJennings Limited, are included in the Deeds of Indemnity for performance bond facilities referred to in note 12(c).

(4) Deregistered on 8 August 2018.

(b) Ultimate parent

AVJennings Limited is the ultimate Australian parent entity. SC Global Developments Pte Ltd is the ultimate parent entity.

(c) Deeds of cross guarantee

Certain entities within the Group are parties to deeds of cross guarantee under which each controlled entity guarantees the debts of the others. By entering into these deeds, the controlled entities are relieved from the requirement to prepare Financial Statements and Directors' Reports under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission (ASIC). Those entities included in the Closed Group are listed in note 21(a). These entities represent a "Closed Group" for the purposes of the Corporations Instrument, and as there are no other parties to the deeds of cross guarantee that are controlled by AVJennings Limited, they also represent the "Extended Closed Group".

(d) Corporations Instrument closed group

Certain controlled entities were granted relief by ASIC (under provisions of Corporations Instrument) from the requirement to prepare separate audited financial statements, where deeds of indemnity have been entered into between the Parent Entity and the Controlled Entities to meet their liabilities as required (refer to note 21(c)).

The Extended Closed Group referred to in the *Directors' Declaration* therefore comprises all of the entities within the Corporations Instrument. Certain entities falling outside of the Extended Closed Group are listed in note 21(a), and are therefore required to prepare separate annual financial statements.

The *Consolidated Statement of Comprehensive Income* for those controlled entities which are party to the deed is as follows:

	Closed Group	
	2018 $'000	**2017 $'000**
Revenues	240,082	209,949
Cost of property development sold	(170,670)	(144,675)
Other expenses	(39,315)	(39,220)
Profit before income tax	**30,097**	**26,054**
Income tax	(9,214)	(8,079)
Profit after income tax	**20,883**	**17,975**

Notes to the Consolidated Financial Statements

21. CONTROLLED ENTITIES (continued)

(d) Corporations Instrument closed group (continued)

The *Consolidated Statement of Financial Position* for those controlled entities which are party to the deed is as follows:

	2018 $'000	2017 $'000
CURRENT ASSETS		
Cash and cash equivalents	7,433	15,035
Trade and other receivables	177,186	221,428
Inventories	98,337	110,102
Other assets	1,782	2,504
Total current assets	**284,738**	**349,069**
NON-CURRENT ASSETS		
Trade and other receivables	17,708	5,548
Inventories	114,356	112,828
Equity accounted investments	7,709	5,431
Available-for-sale financial asset	2,880	2,880
Plant and equipment	536	792
Intangible assets	2,816	2,816
Total non-current assets	**146,005**	**130,295**
Total assets	**430,743**	**479,364**
CURRENT LIABILITIES		
Trade and other payables	21,871	30,483
Tax payable	9,717	4,307
Provisions	5,896	5,491
Total current liabilities	**37,484**	**40,281**
NON-CURRENT LIABILITIES		
Trade and other payables	11,917	18,167
Interest-bearing loans and borrowings	94,000	139,000
Deferred tax liabilities	20,788	23,482
Provisions	742	867
Total non-current liabilities	**127,447**	**181,516**
Total liabilities	**164,931**	**221,797**
Net assets	**265,812**	**257,567**
EQUITY		
Contributed equity	167,943	160,436
Reserves	3,896	2,898
Retained earnings	93,973	94,233
Total equity	**265,812**	**257,567**

Notes to the Consolidated Financial Statements

21. CONTROLLED ENTITIES (continued)

(d) Corporations Instrument closed group (continued)

The *Consolidated Statement of Changes in Equity* for those controlled entities which are party to the deed is as follows:

	Closed Group	
	2018 $'000	**2017 $'000**
At beginning of year	257,567	258,104
Comprehensive income:		
Profit for the year	20,883	17,975
Total comprehensive income for the year	20,883	17,975
Transactions with owners in their capacity as owners		
– Ordinary share capital raised	7,688	–
– Treasury shares acquired	(181)	–
– Share-based payment expense	998	709
– Dividends paid	(21,143)	(19,221)
Total transactions with owners in their capacity as owners	(12,638)	(18,512)
At end of year	**265,812**	**257,567**

22. EQUITY ACCOUNTED INVESTMENTS

	2018 $'000	**2017 $'000**
Associate	–	5
Joint Ventures	10,721	8,444
Total equity accounted investments	**10,721**	**8,449**

Accounting

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in associate and joint ventures are accounted for using the equity method. Under the equity method, investments in these entities are carried at cost plus post acquisition changes in the Group's share of net assets of these entities.

The aggregate of the Group's share of profit or loss after tax of associate and joint ventures is disclosed in the *Consolidated Statement of Comprehensive Income*. The Group's share of movements is recognised in reserves. Dividends received from an associate or a joint venture are recognised as a reduction in the carrying amount of the investment. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture, until the underlying assets are realised by the associate or joint venture on consumption or sale.

If there is objective evidence that the investment in the associate or joint venture is impaired, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises it in the *Consolidated Statement of Comprehensive Income*.

The operations of the Associate have been wound down over the past few years. The partnership was terminated during the year.

Notes to the Consolidated Financial Statements

22. EQUITY ACCOUNTED INVESTMENTS (continued)

Interest in Joint Ventures

	Interest held	
	2018	**2017**
Joint Venture and principal activities		
Woodville – Land Development and Building Construction	50.0%	50.0%
Pindan Capital Group Dwelling Trust – Building Construction	33.3%	33.3%

	2018 $'000	**2017 $'000**
Movements in carrying amount		
At beginning of year	8,444	8,680
Contributions made	2,047	–
Dividends received	–	(208)
Share of profit/(loss)	230	(28)
At end of year	**10,721**	**8,444**

The Group's share of the individually immaterial Joint Ventures' assets, liabilities, revenues and expenses are as follows:

	2018 $'000	**2017 $'000**
Share of assets and liabilities		
Current assets	222	3,495
Non-current assets	13,871	11,947
Total assets	14,093	15,442
Current liabilities	648	4,580
Non-current liabilities	2,724	2,418
Total liabilities	3,372	6,998
Net assets	**10,721**	**8,444**
Share of revenues and expenses		
Revenues	4,920	1,513
Cost of property developments sold	(3,594)	(804)
Expenses	(1,097)	(722)
Profit/(loss) before income tax	229	(13)
Income tax	1	(15)
Profit/(loss) after income tax	**230**	**(28)**

Notes to the Consolidated Financial Statements

23. INTEREST IN JOINT OPERATIONS

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

	Interest Held	
	2018	**2017**
Joint Operation name, principal place of business and principal activities		
Wollert Joint Venture (Victoria) – Land Development and Building Construction	49%	49%
Cusack Lane Development Joint Venture (Queensland) – Land Development	50%	50%

Accounting

A Joint Operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities of the Joint Operation. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The proportionate interests in the assets, liabilities, revenues and expenses of Joint Operations have been recognised in the Financial Statements under the appropriate headings.

The Group's share of the individually immaterial Joint Operations' assets, liabilities, revenues and expenses are as follows:

	2018 $'000	**2017 $'000**
Share of assets and liabilities		
Current assets	17,793	7,395
Non-current assets	49,690	51,387
Total assets	**67,483**	**58,782**
Current liabilities	3,376	2,581
Non-current liabilities	8,174	10,077
Total liabilities	**11,550**	**12,658**
Net assets	**55,933**	**46,124**
Share of revenues and expenses		
Revenues	898	9
Cost of property developments sold	(672)	–
Other expenses	(786)	(511)
Loss before income tax	**(560)**	**(502)**
Income tax	168	151
Loss after income tax	**(392)**	**(351)**
Total comprehensive loss for the year	**(392)**	**(351)**

Notes to the Consolidated Financial Statements

Section D – Other information

24. CORPORATE INFORMATION

The Consolidated Financial Statements of AVJennings Limited for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the Directors on 5 September 2018.

AVJennings Limited (the Parent) is a for-profit Company limited by shares domiciled and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange and the Singapore Exchange through SGX Globalquote. The Ultimate Parent is SC Global Developments Pte Ltd, a company incorporated in Singapore which owns 53.02% of the ordinary shares in AVJennings Limited.

The Group ("AVJennings" or "Group") consists of AVJennings Limited ("Company" or "Parent") and its controlled entities.

The nature of the operations and principal activities of the Group are provided in the *Directors' Report*.

25. STATEMENT OF COMPLIANCE

These Consolidated Financial Statements are general purpose financial reports. They have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, the *Corporations Act 2001* and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

26. BASIS OF PREPARATION

These Financial Statements have been prepared on a going concern basis, using historical cost convention. All figures in the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations Instrument 2016/191*, unless otherwise indicated.

Where necessary, comparative information has been restated to conform to the current year's disclosures.

27. RELATED PARTY DISCLOSURES

(a) Ultimate parent

AVJennings Limited is the ultimate Australian Parent entity. SC Global Developments Pte Ltd (incorporated in Singapore) is the Ultimate Parent entity.

(b) Share and share option transactions with Directors and Director-related entitiess

The aggregate number of shares and options held at the reporting date either directly or indirectly or beneficially by the Directors or by an entity related to those Directors of AVJennings Limited are as follows:

	Owned by Directors directly, or indirectly or beneficially	
	2018 Number	**2017 Number**
Fully paid ordinary shares	214,060,712	208,199,567

(c) Entity with significant influence over AVJennings Limited

209,386,826 ordinary shares equating to 53.02% of the total ordinary shares on issue (2017: 203,818,030 and 53.02% respectively) were held by SC Global Developments Pte Ltd and its subsidiaries in the Parent Entity at 30 June 2018. Certain Directors of SC Global Developments Pte Ltd are also Directors of AVJennings Limited. Details of Directors' interests in the shares of the Parent Entity are set out in the *Directors' Report*.

(d) Parent Entity amounts receivable from and payable to controlled entities

An impairment assessment is undertaken each reporting period to determine whether there is objective evidence that a related party receivable is impaired. At 30 June 2018, there is no evidence of impairment and recoverability is considered probable (2017: Nil).

Notes to the Consolidated Financial Statements

27. RELATED PARTY DISCLOSURES (continued)

(e) Transactions with related parties

	Note	2018 $	2017 $
Entity with significant influence over the Group:			
SC Global Developments Pte Ltd			
Consultancy fee paid/payable	(i)	600,000	600,000
Joint Ventures:			
Eastwood JV	(ii)		
Dividends received		–	207,500
Woodville JV			
Accounting services fee received/receivable		1,684	19,500
Joint Operations:			
Wollert JV			
Management fee received/receivable		642,631	845,929
Accounting services fee received/receivable		50,000	50,000
Cusack Lane Development JV			
Management fee received/receivable		317,626	215,231
Accounting services fee received/receivable		50,000	33,881

(i) Consultancy fees paid to SC Global Developments Pte Ltd of $600,000 (2017: $600,000).
(ii) Ceased to be a joint venture on 22 February 2017.

(f) Joint ventures and Joint operations in which related entities in the Group are venturers

Joint arrangements in which the Group has an interest are set out in notes 22 and 23.

(g) Outstanding balances arising from provision of services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties.

	2018 $'000	2017 $'000
Current receivables		
Joint Ventures	2,060	973
Non-current receivables		
Joint Ventures and others	4,336	1,096
Current payables		
SC Global Developments Pte Ltd	150	150

(h) Amounts advanced to and received from related parties

Amounts advanced		
Joint Ventures and others	1,156	2,607
Amounts received		
Joint Ventures	2,978	2,978

Notes to the Consolidated Financial Statements

27. RELATED PARTY DISCLOSURES (continued)

(i) Remuneration of Key Management Personnel (KMP)

	2018 $	2017 $
Short-term		
– Salary/Fees	1,983,855	1,927,428
– Accrued annual leave	46,965	21,123
– STI	370,870	399,822
– Other [(1)]	91,828	70,309
Post employment		
– Superannuation [(2)]	111,957	129,323
Long-term		
– Accrued Long service leave	83,696	77,413
Share-based payment	674,467	605,343
	3,363,638	**3,230,761**

(1) 'Other' represents the value of motor vehicle benefits.

(2) Payments to Defined Contribution Plans consist of Superannuation Guarantee Contribution payments as well as employee voluntary contributions.

(j) Terms and conditions of transactions with related parties

Transactions with related parties are made at arm's length both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free, at call and settlement occurs in cash.

28. SHARE-BASED PAYMENT PLANS

(a) Recognised share-based payment expenses

Total expenses arising from share-based payment transactions and disclosed as part of employee benefit expenses are shown in the table below:

	2018 $'000	2017 $'000
Expense arising from equity-settled share-based payment transactions	998	819
Expense reversed on forfeiture of shares	–	(110)
Total expense arising from share-based payment transactions	**998**	**709**

The share-based payment plan is described in note 28(b).

Notes to the Consolidated Financial Statements

28. SHARE-BASED PAYMENT PLANS (continued)

(b) Type of share-based payment plan

LTI awards are only made to executives who are in a position to have an impact on the Group's performance and the creation of shareholder value over the long term.

LTI remuneration is provided by the Issue of Rights and includes a performance and a retention component. The use of Rights as an incentive reduces the upfront cash requirements of the Company (as shares do not need to be acquired for allocations) and because participants do not receive dividends on Rights (as distinct from shares).

LTI and retention

Retention Rights are granted in three equal tranches which vest in each of the three succeeding years following the year of grant.

Retention component – years of service	Percentage of rights vesting
one year	33.33%
two years	33.33%
three years	33.34%

LTI and performance

Up to 50% of the Performance Rights granted vest depending on AVJennings' average growth rate in Earnings Per Share (EPS) over the next three financial years.

Up to 50% of the Performance Rights granted vest depending on AVJennings' Return on Equity (ROE) over the next three financial years. The Return on Equity (ROE) component of the Performance Rights uses market capitalisation as a proxy for equity.

The performance conditions are tested at the end of the three-year measurement period. The service rights are split into three tranches that progressively vest each year subject to satisfaction of the service condition. The CEO's participation was determined as 40% (Performance Rights) and 25% (Service Rights) of TEC respectively.

The operation of the EPS, ROE and Retention hurdles are set out below.

AVJennings' EPS growth rate over the three year performance period	Percentage of rights vesting
< 5%	Nil
5%	50% of the allocation for the hurdle
5% –10%	Pro-rata between 50% and 100%
>=10%	100% of the allocation for the hurdle

AVJennings' ROE over the three year performance period	Percentage of rights vesting
<12%	Nil
12%	50% of the allocation for the hurdle
15%	75% of the allocation for the hurdle
>=18%	100% (Straight line interpolation between 12% and 18%)

Accounting

The fair value of the Rights at the date of the grant is determined using an appropriate valuation model. The fair value is expensed over the period in which the performance and/or service conditions are fulfilled with a corresponding increase in share-based payment reserve in equity. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the *Consolidated Statement of Comprehensive Income* represents the movement in cumulative expense recognised between the beginning and end of that period. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Notes to the Consolidated Financial Statements

28. SHARE-BASED PAYMENT PLANS (continued)

(c) Summary of rights granted

The following is the status of rights granted (both KMP and other executives) from FY15 onwards under the restructured share-based remuneration:

	Total rights granted	Rights vested to date	Rights forfeited to date	Unvested rights at 30 June 2018
FY2015 Grant	1,363,583	(474,158)	(252,408)	637,017
FY2016 Grant	1,587,251	(592,493)	(232,816)	761,942
FY2017 Grant	1,859,171	(252,799)	(97,085)	1,509,287
FY2018 Grant	1,671,573	–	–	1,671,573
Total	**6,481,578**	**(1,319,450)**	**(582,309)**	**4,579,819**

29. AUDITOR'S REMUNERATION

	2018 $	2017 $
Ernst & Young		
Audit and assurance services		
– Audit and review of the financial reports of the Group	297,540	303,974
– Share of audit and review costs of the financial reports of the Group's joint ventures	6,499	3,901
Total auditor's remuneration	**304,039**	**307,875**

30. EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the Parent by the sum of the weighted average number of ordinary shares outstanding during the year (adjusted for treasury shares) and the weighted average number of ordinary shares, if any, that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	2018 $'000	2017 $'000
Profit attributable to ordinary equity holders of the Parent	31,347	35,717

	2018 Number	2017 Number
Weighted average number of ordinary shares	386,247,296	384,423,851
Treasury shares	(495,632)	(842,089)
Weighted average number of ordinary shares for EPS	385,751,664	383,581,762

Notes to the Consolidated Financial Statements

31. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the Parent Entity show the following aggregate amounts:

	2018 $'000	2017 $'000
Balance Sheet		
Current assets	61,959	53,454
Total assets	**225,245**	**216,740**
Current liabilities	6	6
Total liabilities	**6**	**6**
Shareholders' equity		
Contributed equity	167,943	160,436
Reserves		
Share-based payment reserve	3,896	2,898
Retained earnings	53,400	53,400
Total equity	**225,239**	**216,734**
Profit for the year	**–**	**–**
Total comprehensive income for the year	**–**	**–**

(b) Guarantees entered into by the Parent Entity

The Parent Entity has not provided any financial guarantees other than those mentioned in notes 12(a), 12(c) 21(c) and 33.

(c) Contingent liabilities of the Parent Entity

Please refer to note 33 for details of the Parent Entity's contingent liabilities.

32. COMMITMENTS

Operating lease commitments – Group as lessee

Operating leases include property, display homes, computer equipment leases and leases for motor vehicles provided under novated leases. Certain property leases include inflation escalation and market review clauses. No renewal or purchase options exist in relation to operating leases, and no operating leases contain restrictions on financing or other leasing activities.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2018 $'000	2017 $'000
Operating leases		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities:		
Within one year	2,255	2,143
After one year, but not more than five years	1,977	3,144
Total operating leases	**4,232**	**5,287**
Represented by:		
Non-cancellable operating leases	3,754	5,271
Cancellable operating leases	478	16
Total operating leases	**4,232**	**5,287**

Notes to the Consolidated Financial Statements

33. CONTINGENCIES

Unsecured

Cross guarantees

The Parent Entity has entered into deeds of cross guarantee in respect of the debts of certain of its controlled entities as described in note 21(c).

Contract performance bond facilities

The Parent Entity has entered into Deeds of Indemnity with various controlled entities to indemnify the obligation of those entities in relation to the Contract performance bond facilities. Details of these entities are set out in note 21. Contingent liabilities in respect of certain performance bonds, granted by the Group's financiers, in the normal course of business as at 30 June 2018 amounted to $28,531,000 (2017: $26,936,000).

No liability is expected to arise.

Legal issues

From time to time a controlled entity defends actions served on it in respect of rectification of building faults and other issues. It is not practicable to estimate the amount, if any, which the entity could be liable for in this respect. The Directors anticipate that the resolution of any such matters currently outstanding will not have a material effect on the Group's results.

Secured

Banking facilities

The Parent Entity has entered into a cross deed of covenant with various controlled entities to guarantee the obligations of those entities in relation to the banking facilities. Details of these entities are set out in note 21.

Performance guarantees

Contingent liabilities in respect of certain performance guarantees, granted by the Group bankers in the normal course of business to unrelated parties, at 30 June 2018, amounted to $4,943,000 (2017: $7,796,000). No liability is expected to arise.

Financial guarantees

Financial guarantees granted by the Group's bankers to unrelated parties in the normal course of business at 30 June 2018, amounted to $2,135,000 (2017: $2,135,000). No liability is expected to arise.

34. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

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

35. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The new and amended standards adopted by the Group for the year ended 30 June 2018 have not had a significant impact on the current period or any prior period and are not likely to have a significant impact on future periods.

Certain new accounting standards have been published that are not mandatory for the year ended 30 June 2018 and have not been adopted early by the Group. The Group's assessment of the impact of these new standards is set out below:

AASB 9 Financial Instruments: (effective 1 January 2018 / applicable for the Group 1 July 2018)

AASB 9 addresses the classification, measurement and derecognition of financial assets, financial liabilities and hedging and a new impairment model for financial assets.

The adoption of AASB 9 is not expected to have a material impact.

AASB 15 Revenue from Contracts with Customers: (effective 1 January 2018 / applicable for the Group 1 July 2018)

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue and AASB 111 Construction Contracts.

The core principle of AASB 15 is that revenue is recognised when control of goods or services passes to the customer.

AASB 15 is unlikely to have a material impact on land and built form revenue currently recognised on settlement.

However, the standard is expected to have a material impact on the recognition of revenue from land sales prior to settlement. AVJennings currently recognises revenue when an unconditional contract for sales exists, the significant risks and rewards of ownership have been transferred to the buyer, and there is no managerial involvement to a degree usually associated with ownership.

Notes to the Consolidated Financial Statements

35. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

AASB 15 Revenue from Contracts with Customers (continued)

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and includes increased disclosure requirements. The new standard is based on the principle that revenue is recognised at a point in time when control of the goods or service passes to the customer. For certain contracts, the substance as well as legal clauses will need to be considered in determining the point at which control passes. This will require judgement, however, we have summarised below the types of contractual arrangements where revenue is currently recognised prior to settlement and the Group's assessment of the potential impact:

- In the year to 30 June 2018, the company recognised revenue on sales of land on deferred terms to builders in New Zealand. Adoption of AASB 15 is not expected to impact revenue recognition as the builder gains control of the land on completion of the physical works and can commence building at that point.
- Sales of englobo land on deferred terms are also not expected to be impacted by the new standard. Control passes when the contract is unconditional, physical works are complete and the purchaser has unfettered rights to the land - which can be before settlement.
- Revenue on sales to builders in Australia under put and call arrangements, historically recognised prior to settlement, may be deferred until settlement if it is only at this point that control is considered to pass.

The Company intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2018 with no restatement of comparatives. Consequently, for contracts that had not settled and control had not passed at 30 June 2018, but revenue could be recognised under AASB 118 Revenue because the significant risks and rewards had transferred to the buyer, revenue and costs will be recognised again on settlement from 1 July 2018. The post-tax profit effect of amounts recognised in the year ended 30 June 2018 will be reversed by adjusting opening retained earnings.

For contracts where control is deemed to have passed to the purchaser before 30 June 2018, revenue will not be recognised again on settlement and there will be no adjustment to retained earnings.

AASB 16 Leases: (effective 1 January 2019/applicable for the Group 1 July 2019)

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. This standard will predominantly affect lessees, bringing all major leases on balance sheet. Whilst the total amount of expense recorded in the income statement is expected to remain unchanged over the full lease term, the timing of expense recognition could accelerate. The expense would be re-characterised as interest expense and amortisation expense instead of rent. Assets and liabilities will increase as "right of use assets" and "leasing liabilities" are recorded for operating leases.

AVJennings has performed an assessment of AASB 16 on its existing operating lease arrangements as a lessee. Based on the preliminary assessment and using a discount rate of approximately 6.86%, the Group would recognise right of use assets approximating 1% of total assets and lease liabilities approximating 2% of total liabilities if the Standard were to be implemented at 30 June 2018. Assuming there are no material changes to the business, AVJennings expects the percentage of right of use assets and lease liabilities to remain at similar levels. The transition adjustment is yet to be determined and will be calculated upon the finalisation of the assessment.

36. OTHER ACCOUNTING POLICIES

Significant accounting policies relating to particular items are set out in the relevant notes. Other significant accounting policies adopted in the preparation of the financial report are set out below.

a) Basis of consolidation

The *Consolidated Financial Statements* comprise the financial statements of AVJennings Limited and its subsidiaries as at 30 June 2018. Subsidiaries are entities over which the Group has control. Control is achieved when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and deconsolidated from the date control ceases.

The financial statements of subsidiaries are prepared for the same period as the Parent, adopting consistent accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows are fully eliminated in preparing the Consolidated Financial Statements.

The AVJ Deferred Employee Share Plan Trust was formed to administer the Group's employee share scheme. This Trust is consolidated, as the substance of the relationship is that the Trust is controlled by the Group. Shares held by the Trust are disclosed as treasury shares and deducted from contributed equity.

b) Business combinations

Business combinations are accounted for using the acquisition method. This involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values. Acquisition-related costs are expensed as incurred.

Notes to the Consolidated Financial Statements

36. OTHER ACCOUNTING POLICIES (continued)

c) Leases

Leases where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. The Group did not have any finance leases at year end.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the *Consolidated Statement of Financial Position* based on their nature.

d) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or as part of the cost of acquisition of the asset or the expense item as applicable
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the *Consolidated Statement of Financial Position*. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the *Consolidated Statement of Cash Flows* on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

e) Foreign currency translation

(i) Functional and presentation currency

The Group's functional and presentation currency is Australian Dollars.

(ii) Translation of Group Companies' functional currency to presentation currency

The results and financial positions of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each *Statement of Financial Position* presented are translated at the closing rate at the date of that *Statement of Financial Position*;
- income and expenses for each *Statement of Comprehensive Income* are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Directors' Declaration

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

1) In the opinion of the Directors:

   i) the Consolidated Financial Statements and Notes are in accordance with the *Corporations Act 2001*, including;

      a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of their performance for the year ended on that date; and

      b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*;

   ii) the Consolidated Financial Statements and Notes also comply with International Financial Reporting Standards as disclosed in note 25; and

   iii) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2018.

3) In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 21 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

Simon Cheong
Director

5 September 2018

Peter Summers
Director

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working world

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Independent Auditor's Report to the Members of AVJennings Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of AVJennings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Independent Auditor's Report to the Members of AVJennings Limited (continued)

1. Net realisable value (NRV) of inventories

Why significant

Approximately 76% of the Group's total assets comprise development inventories. Inventories are carried at the lower of cost and net realisable value and the directors assess this with reference to the following:

- Inventory costs incurred to date
- Capitalised costs to date
- Forecast costs to complete
- Average historic and forecast selling price and sales rate per project

This was considered a key audit matter as it involves a significant degree of judgment and can present a range of alternative outcomes. The net realisable value analysis performed was based on a combination of the current project feasibility models and an overlay analysis that takes into account changes to the underlying assumptions based on the impact of changing market conditions and changes to strategy.

There is judgment involved in determining the appropriate allocation of cost of sales recognised upon the realisation of inventories.

Disclosure of inventories is included in Note 6 of the financial report.

Disclosure of significant judgments is included in Note 18 of the financial report.

How our audit addressed the key audit matter

Our audit procedures focused on assessing the judgments and assumptions made by the Group in the feasibilities underpinning the net realisable value assessments.

Our procedures included the following:

- Assessed and tested the effectiveness of relevant controls over cost accumulation
- Interviewed Project Managers to understand the status and progress of a sample of developments
- Assessed the impairment methodology, project margin analysis and feasibility models prepared by management for a sample of developments in progress
- Identified higher risk projects, based on our judgment, and evaluated the assumptions adopted. In doing so, we:
  - Compared the forecast sales revenue assumptions to the most recent historical or comparable sales and external market data where available
  - Corroborated the costs projected to signed contracts or actual costs incurred for current or comparable projects
  - Assessed contingency estimates for remaining development risks
- Performed sensitivity analyses in relation to the key forward looking assumptions including sales price achieved, cost per lot and escalation rates
- Tested the mathematical accuracy of the feasibilities tested.

2. Revenue and gross margin recognition

Why significant

The Group's policy is to recognise revenue when the significant risks, rewards and ownership and effective control has been transferred to the buyer. This is generally once settlement has occurred, however revenue may be recognised prior to settlement when a signed unconditional contract for sale exists, and the significant risks and rewards of ownership and effective control have been transferred to the buyer, and there is no ongoing management involvement to the degree usually associated with ownership.

The Group recognised $95.2 million in sales revenue prior to settlement as at 30 June 2018.

Revenue recognition for unsettled sales is considered an area of judgment.

The gross margin recognised on development sales is based upon the costs attributed to the inventory asset prior to sale and which can be subject to judgment.

Disclosure of revenue is included in Note 2 of the financial report.

Disclosure of significant judgments is included in Note 18 of the financial report.

How our audit addressed the key audit matter

Our audit procedures included the following:

- Assessed the accounting policies and judgments applied by the Group on the recognition of revenue and determination of cost of sales for appropriateness.
- Assessed the recognition of revenue for a sample of unsettled sales to ensure compliance with the Group's accounting policies. In doing so, for identified samples, we:
  - Reviewed underlying sales contracts
  - Performed site visits close to year end
  - Obtained relevant documents to determine the status of the projects at year end
- We assessed whether revenue and cost of sales were recognised in the correct period for revenue recognised around the balance sheet date.
- Assessed the appropriate recognition of cost of sales for the contracts selected.

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Independent Auditor's Report to the Members of AVJennings Limited (continued)

Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information comprises the information in the Company's Annual Report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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Independent Auditor's Report to the Members of AVJennings Limited (continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 22 of the Directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of AVJennings Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
Sydney

5 September 2018

Shareholder Information

As at 12 September 2018

1. NUMBER OF SHAREHOLDERS AND DISTRIBUTION OF EQUITY SECURITIES

	Australian Securities Exchange	Singapore Exchange	Total
Range of Holdings of Ordinary Shares			
1 – 1,000	613	265	878
1,001 – 5,000	862	593	1,455
5,001 – 10,000	376	189	565
10,001 – 100,000	914	203	1,117
100,001 – and over	179	26	205
Total number of holders	**2,944**	**1,276**	**4,220**
Number of holders of less than a marketable parcel	**371**	**126**	**497**

2. SUBSTANTIAL SHAREHOLDERS

As disclosed by latest notices received by the Company:

Name	Ordinary Shares	%
SCGlobal Developments Pte Ltd	209,386,826	53.02

Shareholder Information

As at 12 September 2018

3. TWENTY LARGEST SHAREHOLDERS ON THE AUSTRALIAN REGISTER

Name	Ordinary Shares	%
The Central Depository (Pte) Ltd	216,203,146	54.75
BNP Paribas Nominees Pty Ltd <DRP>	16,038,210	4.06
HSBC Custody Nominees (Australia) Ltd	15,440,157	3.91
Citicorp Nominees Pty Ltd	10,121,647	2.56
Brazil Farming Pty Ltd	7,271,016	1.84
Gillcorp Pty Limited	6,343,003	1.61
John E Gill Operations Pty Ltd	5,609,105	1.42
John E Gill Trading Pty Ltd	5,598,712	1.42
Pacific Custodians Pty Ltd	4,958,808	1.26
JP Morgan Nominees Australia Ltd	4,163,713	1.05
Horrie Pty Ltd	3,585,355	0.91
Luton Pty Ltd	2,773,770	0.70
URB Investments Ltd	2,353,693	0.60
Mr D R M Gill and Mrs J M Gill <Gill Super Fund A/c>	1,958,511	0.50
Mr Bradley John Newcombe	1,825,000	0.46
Jamplat Pty Ltd	1,700,000	0.43
Ago Pty Ltd	1,682,044	0.43
Hillmorton Custodians Pty Ltd	1,236,954	0.31
Peter Summers	1,171,953	0.30
Carlcorp Pty Ltd	1,125,313	0.28
Total	**311,160,110**	**78.79**

Shareholder Information

As at 12 September 2018

4. TWENTY LARGEST SHAREHOLDERS ON THE SINGAPORE REGISTER

Name	Ordinary Shares	%
UOB Nominees (2006) Pte Ltd	184,115,725	46.62
United Overseas Bank Nominees Pte Ltd	11,570,545	2.93
Trimount Pte Ltd	1,705,293	0.43
Oei Hong Leong Foundation Pte Ltd	1,502,060	0.38
Lim Chin Tiong	1,408,420	0.36
Raffles Nominees (Pte) Ltd	1,045,424	0.26
Tsang Sze Hang	860,275	0.22
DBS Nominees Pte Ltd	836,015	0.21
Rowland Wong Kwok Ho	769,292	0.19
Vesmith Investments Pte Ltd	652,222	0.17
Pansbury Investments Pte Ltd	509,716	0.13
Hexacon Construction Pte Ltd	368,480	0.09
UOB Kay Hian Pte Ltd	338,613	0.09
OCBC Nominees Singapore Pte Ltd	275,162	0.07
Teo Chiang Long	257,496	0.07
Ng Poh Cheng	220,627	0.06
Chng Bee Suan	218,620	0.06
Wee Kim Choo @ Elizabeth Sam	215,068	0.05
Lim Kong Wee	206,465	0.05
Chua Hung Koon Edmond	197,900	0.05
Total	**207,273,418**	**52.48**

Percentages are calculated on the total number of shares on issue.

5. VOTING RIGHTS

Ordinary Shareholder

On a show of hands, every member present in person or by representative, proxy or attorney shall have one vote, and on a poll each fully paid share shall have one vote.

6. TOTAL NUMBER OF SHARES

The total number of shares on issue and listed on the Australian Securities Exchange is 394,926,905.

Company Particulars

DIRECTORS

Mr Simon Cheong
Mr Jerome Rowley
Mrs Elizabeth Sam
Mr Bobby Chin
Mr Lai Teck Poh
Mr Bruce Hayman
Mr Tan Boon Leong
Mr Peter Summers

COMPANY SECRETARY

Mr Carl Thompson

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 4, 108 Power Street
Hawthorn Vic 3122
Telephone +61 3 8888 4800

AUDITORS

Ernst & Young
200 George Street
Sydney NSW 2000

BANKERS

Commonwealth Bank of Australia Ltd (Bankwest Division)
DBS Bank
HSBC Bank Australia Ltd
United Overseas Bank Ltd
Oversea-Chinese Banking Corporation Ltd

STOCK EXCHANGE LISTINGS

Australia

The Company is listed on:
The Australian Securities Exchange
Level 4, 525 Collins Street
Melbourne Vic 3000

Singapore

The Company's shares are also quoted and traded on:
The Singapore Exchange
11 North Buona Vista Drive #06-07
The Metropolis Tower 2
Singapore 138589
through SGX Globalquote (formerly known as
the Central Limit Order Book System (CLOB)).

SHARE REGISTRY

Australia

Link Market Services Ltd
Tower 4
727 Collins Street, Docklands Vic 3008
Telephone: +61 1300 554 474

Singapore

The Central Depository (Pte) Ltd
11 North Buona Vista Drive #06-07
The Metropolis Tower 2
Singapore 138589
Telephone +65 6535 7511

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company
will be held at:
Metropol Meeting Room 2
Crown Metropol Melbourne
8 Whiteman Street
Southbank Vic 3006.
Friday, 23 November 2018 at 10.00 a.m.

DIVIDENDS

Dividends paid in the year under review:
Final Dividend of $0.035 for FY17 paid on 19 September 2017
Interim Dividend of $0.02 for FY18 paid on 19 April 2018

AVJennings®