AVJennings Limited
ABN: 44 004 327 771

30 June 2023 Preliminary Final Report
Appendix 4E

This Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, it is recommended that this Report be read in conjunction with the Annual Report for the year ended 30 June 2022 and any public announcements made by AVJennings Limited during the year ended 30 June 2023 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

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AVJennings®

Results for Announcement to the Market

Appendix 4E for the year ended 30 June 2023

	2023 $'000	2022 $'000	Increase $'000	Increase %
Revenues	274,309	222,814	51,495	23.1%
Profit after tax	21,264	13,078	8,186	62.6%
Profit attributable to owners of the Company	21,264	13,078	8,186	62.6%

Dividends	Cents per share	Franked amount per share at 30% tax
Current year		
Interim dividend	1.10	1.10
Final dividend	-	-
Total dividend	**1.10**	**1.10**
Previous year		
Interim dividend	1.10	1.10
Final dividend	0.67	0.67
Total dividend	**1.77**	**1.77**

Record date for determining entitlements to dividend:	N/A
Payment date:	N/A

The Operating and Financial Review in the Directors' Report provides an explanation of the results.

Directors' Report

For the year ended 30 June 2023

The Directors of AVJennings Limited present their Report together with the Preliminary Final Report of the Group (referred to hereafter as "AVJennings", "Group" or "Company") for the year ended 30 June 2023. 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
P Kearns	Managing Director and Chief Executive Officer
B Chin	Non-Executive Director
BG Hayman	Non-Executive Director
TP Lai	Non-Executive Director
L Chung	Non-Executive Director
LM Mak	Non-Executive Director

OPERATING AND FINANCIAL REVIEW

FINANCIAL RESULTS

AVJennings' Profit Before Tax (PBT) of $30.8m for the year ended 30 June 2023, is up 72% on the prior year (FY22 PBT: $17.9m). Profit After Tax was $21.3m (FY22: $13.1m).

Significant growth was achieved in lot settlements with 732 lots settled during the year compared to 608 in the prior year. This represents a 20% increase, primarily driven by strong demand for AVJenning's land as the impact of the previous year's sales, driven by HomeBuilder stimulus, settle.

Gross margins showed meaningful improvement, rising 2.9 percentage points to 31.7% (FY22: 28.8%) and driven by strongly performing land projects. This underscores AVJenning's ability to manage costs effectively and optimise pricing through uncertain periods.

Recognising the impact of project delays and cost increases on some projects, provisions of $4.5m were made during the year. This proactive measure addresses likely future risks associated with project execution and reinforces our commitment to responsible financial management.

Macroeconomic conditions, including the impact of 12 interest rate rises in Australia since May 2022, and general uncertainty around home builders for land purchases have collectively contributed to reduced buyer confidence and market uncertainty. As a result, contract signings experienced a decline with 348 signings during the year (FY22: 853). Despite these challenges, 321 lots are presold, at a value of $130m, to be carried in to FY24. This, along with enquiry rates in line with our longer-term averages, indicate an underlying level of demand, although tempered by external factors in the short term.

AVJennings' net operating cashflow in FY23 of ($41m) was down $74m on FY22, driven by a significant increase in production activities across apartments, built-form housing and large land projects in early stages of development. Net operating cashflows included $42m of investment related to restocking activities during the year. Net financing cash inflows were $53m as more debt was drawn down to fund production and acquisition activities.

A conservative approach to debt management was maintained with gearing levels remaining at the lower end of the range at 18.2%. A share buyback program was initiated during the year, resulting in the repurchase of 77,271 shares. However, due to macroeconomic headwinds and forward market uncertainty, the share buyback was suspended in June 2023.

A final dividend was not declared in FY23 also in response to forward market uncertainty resulting in a total dividend declared, fully franked, in respect to FY23 of 1.10 cents per share. The DRP will remain suspended. Collectively, these decisions demonstrate AVJenning's commitment to financial stability and risk mitigation in the current environment.

OPERATIONS OVERVIEW

During FY23, AVJennings successfully navigated a dynamic landscape marked by significant weather events and shifting market conditions. The key points that shaped our operations and strategies throughout the year are highlighted below.

The first half of FY23 was affected by significant wet weather on the east coast, leading to construction delays and disruptions. Additionally, extreme weather events in New Zealand throughout the year further impacted construction programs and overall project timelines. Our teams worked diligently throughout to mitigate the effects of weather-related impacts and to ensure delivery of our projects. Weather conditions improved markedly in the second half of FY23.

Recognising the slowdown in demand driven by macroeconomic factors, we have capitalised on the ability to slow production to balance capital management, market supply and purchaser demand. Our focus remains on being 'shovel ready' to swiftly respond to the market recovery when it occurs and capitalise on future opportunities.

Supply chain shortages that shaped the last 18 months have mostly abated and the rate of cost escalation has moderated. This has allowed us to manage our costs, and the impact on project budgets, more effectively. While supply chains have improved, labour shortages and wage pressures were a notable challenge during FY23, particularly for built-form product. These constraints have required us to adapt our delivery approach as we do not see labour costs abating in the short-term.

An encouraging, more recent shift in demand towards built-form product presents a strategic opportunity for us. Our internal design and construction teams enable us to rapidly adjust delivery of our project pipeline to meet these changing customer demands.

In response to recent supply chain and labour challenges, as well as the growing demand for built-form housing, we invested in a joint venture with Pro9 Global (Pro9) during the year. Pro9 is a manufacturer of a prefabricated walling system that delivers outstanding sustainability benefits to both customers and our production programs. The 9.4 NatHERS energy ratings recently achieved on an AVJennings home in Queensland with Pro9 product is testament to the superior sustainability outcomes for our customers. The investment in Pro9 will see its manufacturing capability brought onshore, allowing greater integration of the Pro9 solution into our built-form offering and ultimately, providing alternative solutions to labour shortages and the ability to quickly respond to changes in demand.

FY23 lot settlements were primarily comprised of land settlements with key FY23 settlement contributors including Lyndarum North (VIC), Ara Hills (NZ), Riverton (QLD), Cadence (QLD) and Aspect (VIC). The breadth of these settlements underscores our commitment to delivering sustainable growth across a diverse portfolio.

Directors’ Report

For the year ended 30 June 2023

The Company retains a very strong, and geographically diversified, pipeline as the basis for future growth with 14,094 lots under control. With 1,510 lots currently under development, we remain focused on delivering high-quality developments that meet our customers’ expectations. Approximately 62% of the lots under development are intended to be held for built-form housing development in the near term. As at the end of FY23, we have 72 unsold completed lots for sale.

In the first half of FY23, we made strategic acquisitions to enhance our portfolio including:

- Beaudesert (QLD) - 1,146 land lots
- Macarthur (NSW) - 725 apartments
- Mundamia PDA (NSW) - 308 land lots
- South Ripley PDA (QLD) - 400 land lots

In light of market uncertainty and sustained price expectations, we have more recently scaled back our acquisition activities until buying conditions improve and as we prioritise prudent capital management.

Planning challenges continue to persist across a number of projects, leading to protracted planning outcomes on many projects. While these conditions have posed obstacles, we continue to work collaboratively with the necessary authorities to obtain successful planning outcomes.

OUTLOOK

As we navigate through the evolving landscape of the residential property market, we continue to see several macroeconomic opportunities that bode well for our growth prospects once consumer confidence improves. Simultaneously, we are mindful of the near-term risks that demand our attention and strategic planning.

The substantially heightened inflow of immigration, currently at its highest since 2008, presents a significant opportunity for AVJennings. As the population increases, so too does demand for housing and at a time when supply is well below long-term levels. The National Housing Finance and Investment Corporation (NHFIC) forecasts this to worsen with a shortfall of 175,000 homes by 2027. This limited availability of housing across land, built-form housing and apartments continues to drive demand in the market.

Although demand is currently tempered, we expect an increase in consumer confidence to translate through to increased demand once the macroeconomic environment stabilises. The recent growth in house prices in the established market usually has the effect of pushing potential home buyers into the market. As a residential property developer with a diversified product offering, AVJennings is uniquely positioned to capitalise on this trend by quickly responding to changes in market sentiment and increasing supply to market in line with demand.

While we believe we are near the top of the interest rate cycle, the possibility of further increases in interest rates and rising costs of living both pose a risk to the housing market. These risks typically deter potential borrowers, as seen in falling conversion rates and a relatively low level of pre-sales carried in to FY24. While enquiry levels are down on last year, they are consistent with longer-term levels with green shoots of customer demand beginning to appear. We expect muted sales levels to continue until there is greater certainty in the interest rate cycle and inflation moderation.

Equally, our business remains exposed to fluctuations in financing costs and sustained, elevated interest rates may impact our overall profitability.

While many of the supply chain risks of FY22 have settled, labour rates continue to increase in conjunction with historically low levels of unemployment. Our long-term relationships with suppliers, strong visibility of our forward pipeline, fixed pricing for larger projects and our high employee engagement score of 4.07 out of 5 all help to offset the impact of these risks on our profitability.

Directors' Report
For the year ended 30 June 2023

Following many builders facing financial difficulty over the past 18 months and the progressive nature of payments for separate house and land purchases, we have recently noted a growing trend of customers favouring built-form housing over more traditional land-based purchases. This creates a competitive advantage for AVJennings to capitalise on where we can flex to deliver the mix of both high-quality built-form housing and land lots within our communities based on demand.

Our recent investment in Pro9's prefabricated wall system, will help us to further expedite efficient delivery of built-form housing across our projects once its Australian manufacturing capability is established. Pro9 will also deliver significantly improved customer outcomes in relation to sustainability, quality and certainty, building on the already significant achievements realised.

As we look ahead, to facilitate delivery of an increasing proportion of built-form and to position the Company for growth when the market recovers, current capital management initiatives, along with the structure of our existing debt facilities, are under active review. These activities are focused on ensuring we are well positioned to take advantage of improving market conditions into FY24 and beyond.

Despite the near-term risks, AVJennings remains confident about the future due to the robust macroeconomic opportunities, our commitment to adaptability and customer-focused products and experiences and the modernisation work around our business and capital structure already under way. These elements set us up well to take advantage of the market recovery. We will continue to prioritise quality, customer satisfaction, innovation and disciplined capital management to position ourselves as a resilient and leading player in the residential development market. Our history of over 90 years is testament to our ability to do so successfully.

DIVIDENDS

A fully franked interim dividend of 1.1 cents per share was paid on 24 March 2023 (30 June 2022 interim dividend: 1.1 cents). The Group decided not to pay a final dividend in FY23 in response to forward market uncertainty. The DRP will also remain suspended.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2023 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.

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 stated.

Signed in accordance with a resolution of the Directors.

Philip Kearns AM
CEO and Managing Director
21 August 2023

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Revenue from contracts with customers	3	274,309	222,814
Revenue		**274,309**	**222,814**
Cost of sales	4	(187,379)	(158,702)
Gross profit		**86,930**	**64,112**
Share of (loss)/profit of equity accounted investments	11	(169)	1,647
Change in equity accounted investment provisions	4	-	(1,489)
Change in inventory loss provisions	4	(4,475)	-
Fair value adjustment to investment property	12	(88)	(4)
Selling and marketing expenses		(4,953)	(3,469)
Employee expenses	4	(27,537)	(28,815)
Other operational expenses		(6,561)	(4,950)
Management and administration expenses		(10,754)	(7,472)
Depreciation and amortisation expenses	4	(1,656)	(1,743)
Finance income	4	400	127
Finance costs	4	(589)	(303)
Other income	4	282	296
Profit before income tax		**30,830**	**17,937**
Income tax	5	(9,566)	(4,859)
Profit after income tax		**21,264**	**13,078**
Other comprehensive income			
Foreign currency translation gain/(loss)		866	(1,755)
Other comprehensive income/(loss)		**866**	**(1,755)**
Total comprehensive income		**22,130**	**11,323**
Profit attributable to owners of the Company		**21,264**	**13,078**
Total comprehensive income attributable to owners of the Company		**22,130**	**11,323**
Earnings per share (cents):			
Basic earnings per share		5.24	3.22
Diluted earnings per share		5.24	3.22

Consolidated Statement of Financial Position
As at 30 June 2023

	Notes	2023 $'000	2022 $'000
Current assets			
Cash and cash equivalents		12,983	3,274
Receivables		16,769	14,566
Inventories		226,487	150,448
Tax receivable		-	922
Other assets		5,628	3,283
Total current assets		**261,867**	**172,493**
Non-current assets			
Receivables		1,799	1,155
Inventories		588,217	538,396
Investment property	12	1,668	1,756
Equity accounted investments	11	4,884	5,053
Financial assets at fair value through profit or loss	11	3,500	-
Plant and equipment		993	2,059
Right-of-use assets		5,432	5,783
Intangible assets		2,816	2,816
Total non-current assets		**609,309**	**557,018**
Total assets		**871,176**	**729,511**
Current liabilities			
Payables		134,380	93,935
Lease liabilities		1,053	1,252
Tax payable		3,294	523
Provisions		6,617	6,732
Total current liabilities		**145,344**	**102,442**
Non-current liabilities			
Payables		107,530	88,141
Borrowings		171,301	109,190
Lease liabilities		4,607	4,962
Deferred tax liabilities		17,796	15,599
Provisions		1,416	1,148
Total non-current liabilities		**302,650**	**219,040**
Total liabilities		**447,994**	**321,482**
Net assets		**423,182**	**408,029**
Equity			
Contributed equity	7	173,172	173,506
Reserves		8,224	6,810
Retained earnings		241,786	227,713
Total equity		**423,182**	**408,029**

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

		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 2021		**173,740**	**2,843**	**6,110**	**226,416**	**409,109**
Comprehensive income:						
Profit for the year		-	-	-	13,078	13,078
Loss for the year		-	(1,755)	-	-	(1,755)
Total comprehensive income for the year		**-**	**(1,755)**	**-**	**13,078**	**11,323**
Transactions with owners in their capacity as owners:						
- Treasury shares acquired	7(b)	(234)	-	-	-	(234)
- Share-based payment expense reversed		-	-	(969)	-	(969)
- Share-based payment expense		-	-	581	-	581
- Dividends paid	6	-	-	-	(11,781)	(11,781)
Total transactions with owners in their capacity as owners		**(234)**	**-**	**(388)**	**(11,781)**	**(12,403)**
At 30 June 2022		**173,506**	**1,088**	**5,722**	**227,713**	**408,029**
At 1 July 2022		**173,506**	**1,088**	**5,722**	**227,713**	**408,029**
Comprehensive income:						
Profit for the year		-	866	-	21,264	22,130
Total comprehensive income for the year		**-**	**866**	**-**	**21,264**	**22,130**
Transactions with owners in their capacity as owners:						
- Treasury shares acquired	7(b)	(299)	-	-	-	(299)
- Share-based payment expense reversed		-	-	(93)	-	(93)
- Share-based payment expense		-	-	641	-	641
- Share buyback and cancellation	7(a)	(35)	-	-	-	(35)
- Dividends paid	6	-	-	-	(7,191)	(7,191)
Total transactions with owners in their capacity as owners		**(334)**	**-**	**548**	**(7,191)**	**(6,977)**
At 30 June 2023		**173,172**	**1,954**	**6,270**	**241,786**	**423,182**

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		298,894	275,568
Payments to other suppliers and employees (inclusive of GST)		(323,137)	(229,406)
Interest paid	4	(13,120)	(7,271)
Income tax paid		(3,621)	(5,783)
Net cash (used in)/from operating activities		**(40,984)**	**33,108**
Cash flows from investing activities			
Payments for plant and equipment		(827)	(253)
Payments for financial assets at fair value through profit or loss		(2,156)	-
Interest received	4	400	127
Net cash used in investing activities		**(2,583)**	**(126)**
Cash flows from financing activities			
Proceeds from borrowings		171,377	96,934
Repayment of borrowings		(109,266)	(126,293)
Principal element of lease payments		(1,266)	(1,429)
Net payment for treasury shares		(299)	(234)
Dividends paid	6	(7,191)	(11,781)
Share buy back on market	7(a)	(35)	-
Net cash from/(used in) financing activities		**53,320**	**(42,803)**
Net increase/(decrease) in cash and cash equivalents		**9,753**	**(9,821)**
Cash and cash equivalents at beginning of the year		3,274	13,099
Effects of exchange rate changes on cash and cash equivalents		(44)	(4)
Cash and cash equivalents at end of the year		**12,983**	**3,274**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

1. CORPORATE INFORMATION

AVJennings is a for profit company limited by shares, domiciled and incorporated in Australia. The Company's shares are publicly traded on the Australian Securities Exchange (ASX) and the Singapore Exchange through SGX GlobalQuote. The Consolidated Financial Statements of the Company for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Directors on 16 August 2023.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These Consolidated Financial Statements have been prepared using accounting policies which are consistent with those adopted in the annual financial statements for the year ended 30 June 2022.

It is recommended that this Report be read in conjunction with the Annual Report for the year ended 30 June 2022 and considered together with any public announcements made by AVJennings Limited during the year ended 30 June 2023 in accordance with continuous disclosure obligations of the ASX listing rules.

This Report is presented in Australian Dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated. The accounting policies adopted are consistent with those of the previous financial year.

While some amendments and interpretations apply for the first time in 2023, they do not have a significant impact on the Consolidated Financial Statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2023

3. REVENUES FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregated revenue information

The disaggregation of the Group's revenue from contracts with customers is set out below:

Operating Segments	**NSW**	**VIC**	**QLD**	**SA**	**NZ**	**Other ***	**Total**
30 June 2023	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Types of goods or services							
Sale of land	28,945	33,372	33,246	17,671	30,552	1,850	145,636
Sale of integrated housing	49,919	5,365	30,607	10,106	-	-	95,997
Sale of apartments	-	908	-	-	-	2,070	2,978
Property development & other services	-	29,698	-	-	-	-	29,698
Total revenue from contracts with customers	**78,864**	**69,343**	**63,853**	**27,777**	**30,552**	**3,920**	**274,309**
Timing of revenue recognition							
Goods transferred at a point in time	78,864	39,645	63,853	27,777	30,552	3,920	244,611
Services transferred over time	-	29,698	-	-	-	-	29,698
Total revenue from contracts with customers	**78,864**	**69,343**	**63,853**	**27,777**	**30,552**	**3,920**	**274,309**

Operating Segments	**NSW**	**VIC**	**QLD**	**SA**	**NZ**	**Other***	**Total**
30 June 2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Types of goods or services							
Sale of land	18,898	16,753	36,039	8,774	11,488	-	91,952
Sale of integrated housing	57,791	24,864	21,009	4,027	-	-	107,691
Sale of apartments	-	13,999	-	-	-	6,523	20,522
Property development & other services	-	2,649	-	-	-	-	2,649
Total revenue from contracts with customers	**76,689**	**58,265**	**57,048**	**12,801**	**11,488**	**6,523**	**222,814**
Timing of revenue recognition							
Goods transferred at a point in time	76,689	55,616	57,048	12,801	11,488	6,523	220,165
Services transferred over time	-	2,649	-	-	-	-	2,649
Total revenue from contracts with customers	**76,689**	**58,265**	**57,048**	**12,801**	**11,488**	**6,523**	**222,814**

*Relates to Western Australia.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2023

3. REVENUES FROM CONTRACTS WITH CUSTOMERS (continued)

(b) Revenue recognition accounting policy

(i) Sale of land, integrated housing and apartments

Revenue from the sale of land, houses, and apartments is recognised at a point in time when control is transferred to the customer. In most cases, transfer of control occurs at settlement when legal title passes to the customer, and an enforceable right to payment exists.

In certain contractual arrangements, as detailed below, the customer obtains control before settlement. In these cases, revenue is recognised prior to settlement once the customer has obtained control and a right to payment exists:

- Revenue from the sales of land on deferred terms to builders in New Zealand.
  The builder gains control of the land at the point when the contract is unconditional, physical works on land are complete, and building can be commenced.

- Sales of englobo land on deferred terms.
  Control passes to the customer when the contract is unconditional, physical works on land are complete, and the customer has unconditional rights to the land before settlement.

- Revenue from the sales of land to builders in Australia.
  In this scenario, land is sold to the builder who is the ultimate purchaser, rather than acting as a conduit between AVJennings and a retail purchaser. The builder obtains control of the land when certain conditions are met: the contract becomes unconditional, physical works on the land are completed, and building can be commenced.

(ii) Property development and other services

AVJennings Properties Limited provides property development and other services to joint venture arrangements entered into by other entities within the Group. The performance obligation is satisfied over-time and revenue is progressively recognised based on the terms of the service agreement.

(iii) Financing components

The Group does not expect to have any contracts for the sale of land, integrated housing and apartments where the duration between the transfer of the goods to the customer and payment by the customer exceeds one year in Australia.

In the case of certain contracts for the sale of land in New Zealand and the provision of services in Australia, the duration may exceed one year.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2023

4. INCOME AND EXPENSES

	2023 $'000	2022 $'000
Revenues		
Revenue from contracts with customers	274,309	222,814
Total revenues	**274,309**	**222,814**
Cost of sales include:		
Utilisation of inventory provisions	(3,057)	(2,359)
Amortisation of finance costs capitalised to inventories	6,067	6,975
Impairment of assets		
Provision - equity accounted investment	-	1,489
Increase in inventory loss provisions	4,475	-
Employee expenses include:		
Retirement payment to Key Management Personnel	-	2,983
Depreciation and amortisation expense		
Depreciation of owned assets	241	204
Amortisation of right-of-use assets	1,415	1,539
Total depreciation and amortisation expense	**1,656**	**1,743**
Finance income		
Interest from financial assets held for cash management purposes	400	127
Finance costs		
Bank loans and overdrafts	12,806	6,989
Interest on lease liabilities	314	282
Total finance costs	13,120	7,271
Less: Amount capitalised to inventories	(12,531)	(6,968)
Finance costs expensed	**589**	**303**
Other income		
Rent from investment property	129	105
Sundry income	153	191
Total other income	**282**	**296**

Notes to the Consolidated Financial Statements
For the year ended 30 June 2023

5. INCOME TAX

	2023 $'000	2022 $'000
(a) Income tax expense		
The major components of income tax are:		
Current income tax		
- Current income tax charge	7,209	4,591
- Adjustment for prior year	160	(229)
Deferred income tax		
- Current temporary differences	2,197	311
- Adjustment for prior year	-	186
Income tax expense reported in the *Consolidated Statement of Comprehensive Income*	**9,566**	**4,859**

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

	2023 $'000	2022 $'000
Accounting profit before income tax	**30,830**	**17,937**
Tax at Australian income tax rate of 30%	9,249	5,381
Net share of equity accounted joint venture loss/(profit)	51	(494)
Other non-deductible items	308	96
Foreign jurisdiction gain/(losses)	19	(30)
Effect of lower tax rate in foreign jurisdiction	(221)	(51)
Adjustment for prior year	160	(43)
Income tax expense	**9,566**	**4,859**
Effective tax rate	**31%**	**27%**

Notes to the Consolidated Financial Statements
For the year ended 30 June 2023

6. DIVIDENDS

	2023 $'000	2022 $'000
Cash dividends declared and paid		
2021 final dividend of 1.8 cents per share, paid 23 September 2021. Fully franked @ 30% tax	-	7,312
2022 interim dividend of 1.1 cents per share, paid 25 March 2022. Fully franked @ 30% tax	-	4,469
2022 final dividend of 0.67 cents per share, paid 22 September 2022. Fully franked @ 30% tax	2,722	-
2023 interim dividend of 1.1 cents per share, paid 24 March 2023. Fully franked @ 30% tax	4,469	-
Total cash dividends declared and paid	**7,191**	**11,781**
Dividends proposed		
2022 final dividend of 0.67 cents per share, paid 22 September 2022. Fully franked @ 30% tax	-	2,722
Total dividends proposed	**-**	**2,722**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

7. CONTRIBUTED EQUITY

	2023 Number	2022 Number	2023 $'000	2022 $'000
Ordinary shares	406,153,457	406,230,728	177,926	177,961
Treasury shares	(785,878)	(498,815)	(4,754)	(4,455)
Share capital	**405,367,579**	**405,731,913**	**173,172**	**173,506**

(a) Movement in ordinary share capital	**Number**	**Number**	**$'000**	**$'000**
At the beginning of the year	406,230,728	406,230,728	177,961	177,961
Shares buyback and cancellation	(77,271)	-	(35)	-
At the end of the year	**406,153,457**	**406,230,728**	**177,926**	**177,961**

(b) Movement in treasury shares	**Number**	**Number**	**$'000**	**$'000**
At the beginning of the year	(498,815)	(735,799)	(4,455)	(4,221)
On market acquisition of shares	(694,065)	(498,815)	(299)	(234)
Employee share scheme issue	407,002	735,799	-	-
At the end of the year	**(785,878)**	**(498,815)**	**(4,754)**	**(4,455)**

During the financial year, the Group engaged in an on-market share buyback and repurchased 77,271 shares (30 June 2022: nil). Following the repurchase, the acquired shares were subsequently cancelled.

Treasury shares are held by AVJ Deferred Employee Share Plan Trust (AVJDESP) and deducted from contributed equity.

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

Notes to the Consolidated Financial Statements
For the year ended 30 June 2023

8. OPERATING SEGMENTS

The Group 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 of each segment and makes decisions regarding the allocation of resources to each segment. Each segment prepares a detailed finance report on a monthly basis which summarises the historic results of the segment; and forecast of the segment for the remainder of the year.

Reportable segments

Jurisdictions:

This includes activities relating to land development, integrated housing and apartments development.

Other:

This includes activities relating to apartments in Western Australia and numerous other low value items.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2023

8. OPERATING SEGMENTS (continued)

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

	NSW		VIC		QLD		SA		NZ		Other		Total	
Operating Segments	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenues														
External sales	78,864	76,689	66,726	55,616	63,853	57,048	27,777	12,801	30,552	11,488	3,920	6,523	271,692	220,165
Management fees	-	-	2,617	2,649	-	-	-	-	-	-	-	-	2,617	2,649
Total segment revenues	**78,864**	**76,689**	**69,343**	**58,265**	**63,853**	**57,048**	**27,777**	**12,801**	**30,552**	**11,488**	**3,920**	**6,523**	**274,309**	**222,814**
Results														
Segment results	19,893	19,410	(3,507)	(1,959)	5,843	(480)	908	(1,402)	10,759	2,507	984	(716)	34,880	17,360
Share of (loss)/profit of equity accounted investments	-	-	-	-	-	-	-	-	-	-	(169)	1,647	(169)	1,647
Other non-segment revenue	-	-	-	-	-	-	-	-	-	-	553	318	553	318
Rent from investment property	-	-	129	105	-	-	-	-	-	-	-	-	129	105
Change in inventory loss provisions	(2,263)	-	(625)	-	(1,587)	-	-	-	-	-	-	-	(4,475)	-
Fair value adjustments	-	-	(88)	(4)	-	-	-	-	-	-	-	-	(88)	(4)
Provision - equity accounted investment	-	-	-	-	-	-	-	-	-	-	-	(1,489)	-	(1,489)
Profit before income tax													30,830	17,937
Income tax													(9,566)	(4,859)
Net profit													**21,264**	**13,078**

Notes to the Consolidated Financial Statements
For the year ended 30 June 2023

8. OPERATING SEGMENTS (continued)

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

Operating Segments	NSW		VIC		QLD		SA		NZ		Other		Total	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**
Assets														
Segment assets	232,460	171,869	332,457	286,011	164,015	122,041	33,543	43,012	90,367	89,812	18,334	16,766	871,176	729,511
Total assets	**232,460**	**171,869**	**332,457**	**286,011**	**164,015**	**122,041**	**33,543**	**43,012**	**90,367**	**89,812**	**18,334**	**16,766**	**871,176**	**729,511**
Liabilities														
Segment liabilities	64,413	30,475	120,324	127,912	57,889	19,710	1,506	2,481	21,260	28,757	182,602	112,147	447,994	321,482
Total liabilities	**64,413**	**30,475**	**120,324**	**127,912**	**57,889**	**19,710**	**1,506**	**2,481**	**21,260**	**28,757**	**182,602**	**112,147**	**447,994**	**321,482**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

9. NET TANGIBLE ASSET BACKING

	2023	2022
Net Tangible Asset (NTA) backing - cents per ordinary share	103.7	99.9

The number of ordinary shares used in the computation of NTA as at 30 June 2023 was 405,367,579 (30 June 2022: 405,731,913). Refer to Note 7 for details.

Net tangible assets are calculated by deducting intangible assets from net assets, based on the respective balance sheet headings.

10. INTEREST IN JOINT OPERATIONS

The Group has a 49% interest in Wollert Joint Venture (Victoria). The Group's interest is accounted for through proportional consolidation, where the profits and loss of Joint Operation is included in the *Consolidated Statement of Comprehensive Income* under the following classifications.

	2023 $'000	2022 $'000
Revenues	18,595	14,921
Cost of sales	(14,778)	(12,988)
Other expenses	(1,614)	(562)
Profit before income tax	**2,203**	**1,371**
Income tax	(661)	(411)
Profit after income tax	**1,542**	**960**

Notes to the Consolidated Financial Statements
For the year ended 30 June 2023

11. EQUITY ACCOUNTED INVESTMENTS

Interests in a joint venture are accounted for using the equity method of accounting and are initially carried at cost. Under the equity method, the Group's share of the results of the joint venture are recognised in the *Consolidated Statement of Comprehensive Income*, and the share of movements in reserves is recognised in the *Consolidated Statement of Financial Position*. The information is set out below:

Joint Ventures	**Interest held**		**Share of (loss)/profit**	
	30 June 2023	30 June 2022	2023 $'000	2022 $'000
Pindan Capital Group Dwelling Trust	33.3%	33.3%	(169)	1,647
Pro9 Australia Pty Ltd	5.0%	-	-	-
(Loss)/profit after income tax			**(169)**	**1,647**

In September 2021, several Pindan entities acted as trustees for the trusts holding the investment in Pindan Capital Group Dwelling Trust. During that time, Pindan Capital Pty Limited (liquidated) agreed to sell shares in the trustee entities to Dorado Syndicate 59 Pty Limited on behalf of the unitholders. As a result, the Pindan Group no longer possesses any legal or beneficial interest in the trusts or the underlying projects. The legal ownership of these assets now belongs to Dorado Syndicate 59 Pty Limited, acting as trustee for the unitholders, while the beneficial interest lies with the unitholders, including AVJennings.

Pro9 Australia Pty Ltd is a Joint Venture established in June 2023 between AVJennings and Pro9 Global Limited. Its primary objective is to manufacture the highly durable and energy-efficient Pro9 prefabricated walling system in Australia. As of 30 June 2023, AVJennings holds a 5% equity interest in the joint venture, while Pro9 Global Limited holds a 95% equity interest. The investment is classified as a joint venture since it is jointly controlled by both parties.

In June 2023, AVJennings provided a loan amounting to $3.5 million (30 June 2022: nil) to the Pro9 Joint Venture. Once the Australian manufacturing plant is effectively set up by the Joint Venture, this loan, as well as any future loans, are convertible into an equity interest of the Joint Venture. In total, the initial equity investment and the converted loans collectively will lead to a 50/50 Joint Venture with Pro9 Global Limited.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2023

12. INVESTMENT PROPERTY

The Group has an investment property at Waterline Place, Victoria. This relates to a retail property being held for long term yield and capital appreciation.

The Group values its investment property at fair value, and revaluations are recognised through the profit and loss statement. External, independent property valuers conduct valuations at least once every three years, in compliance with accounting standards. The most recent external valuation was conducted by Knight Frank on 24 November 2021. In the intervening years, internal valuations are prepared.

As of 30 June 2023, the property was valued at $1,668,000 using the income capitalisation approach, with a capitalisation rate of 6.20% (30 June 2022: 5.75%).

	2023	2022
	$'000	$'000
Opening balance at 1 July	1,756	1,760
Fair value adjustment to investment property	(88)	(4)
Closing balance at 30 June	**1,668**	**1,756**

13. BORROWINGS

The borrowings consist of bank loans which are recorded at amortised cost.

The Group remains compliant with all lending covenants.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2023

14. CONTINGENCIES

Secured

Performance guarantees

Contingent liabilities in respect of certain performance guarantees, granted by the Group's bankers in the normal course of business to unrelated parties, at 30 June 2023, amounted to $7,931,000 (30 June 2022: $4,579,000). No material 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 2023, amounted to $768,000 (30 June 2022: $1,515,000). No material liability is expected to arise.

Unsecured

Contract performance bond facility

The Parent Entity has entered into Deeds of Indemnity with various controlled entities to indemnify the obligation of those entities in relation to Contract performance bond facilities. Contingent liabilities in respect of certain performance bonds, granted by the Group's financiers, in the normal course of business as at 30 June 2023, amounted to $30,227,000 (30 June 2022: $34,764,000). No material liability is expected to arise.

15. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2023 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.

16. STATUS OF REVIEW OF ACCOUNTS

This Report is based on accounts which are in the process of being audited.