

AVJennings Homes Limited
30 September 2003 Half-Year Report
Appendix 4D
ABN: 44 004 327 771

The half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, it is recommended that this report be read in conjunction with the annual report for the year ended 31 March 2003 and any public announcements made by AVJennings Homes Limited during the half-year in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Stock Exchange.

CONTENTS

Results for Announcement to the Market	3
Directors' Report	4
Condensed Statement of Financial Performance	6
Condensed Statement of Financial Position	7
Condensed Statement of Cash Flows	8
Notes to the Half -Year Financial Statements	9
Directors' Declaration	11
Independent Review Report	12
Other Information	14

AVJENNINGS HOMES LIMITED - ABN 44 004 327 771

Results for Announcement to the Market

HALF-YEAR ENDED 30 SEPTEMBER 2003

	6 months to 30 September		Change \$'000	Change %
	2003 \$'000	2002 \$'000		
Revenue from ordinary activities	300,469	253,467	47,002	18.5%
Profit from ordinary activities after tax attributable to members	38,983	20,373	18,610	91.3%
Net profit for the period attributable to members	38,983	20,373	18,610	91.3%
Dividends	Amount per security	Franked amount per security at 30% tax		
Interim dividend	3.5 cents	3.5 cents		
Previous corresponding period	3 cents	3 cents		
Record date for determining entitlements to dividend:	5 December 2003			
Payment date:	16 December 2003			
Explanation of results				
Please refer to the Review and Results of Operations section of the attached Directors' Report for an explanation of the results.				
In addition the following should be taken into account in considering the results for the period and those for the comparable period last year:				
<ul style="list-style-type: none"> - the introduction of <i>UIG Abstract 53: Pre Completion Contracts for the Sale of Residential Development Properties</i> became effective after 30 September 2002. The impact of applying UIG 53 on the current period compared to the accounting policies of the comparable period last year was to decrease revenue by \$6.6 million and net profit after tax by \$0.8 million for the half year ended 30 September 2003. This net decrease results from less revenue and profit being brought to account under UIG 53 for the six months to 30 September 2003 compared to amounts brought to account at 31 March 2003. - gross borrowing costs for the half year ended 30 September 2003 were \$3.7 million (2002: \$1.5 million) of which \$3.5 million (2002: \$1.3 million) was capitalised to inventories. Amortisation of borrowing costs previously capitalised to inventories and included in operational expenses was \$1.7 million (2002: \$1.4 million) for the half year ended 30 September 2003. 				

AVJENNINGS HOMES LIMITED - ABN 44 004 327 771

Directors' Report

30 September 2003

Your Directors submit their report for the half-year ended 30 September 2003.

DIRECTORS

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

Robert Clive Sutton (Chairman)

Louis Francis Milkovits (Managing Director)

Peter Keith Summers (Director - Finance)

Cheong Sae Peng (Non-Executive Director)

Cheong Por Ping (Non-Executive Director)

Elizabeth Sam (Non-Executive Director)

Leow Liang Chuang (Non-Executive Director)

REVIEW AND RESULTS OF OPERATIONS

Profit for the six months ended 30 September 2003 was \$55.8 million before tax and \$39.0 million after tax, an increase of 91.3% over the corresponding period last year. This increase in profit was achieved on increased revenues of \$300.5 million, up 18.5% on last year.

The greater rate of growth in profit compared to turnover resulted from increased turnover in the higher margin developments segment. This growth in turnover and profit reflects the Company's increased investment levels in land-based products in recent years.

In addition to generating significant profits from this segment, the Company has also increased its inventory levels to around 7,868 lots at 30 September 2003.

Profitability from the other business segment, project housing, remained relatively stable.

Overheads (excluding cost of sales) were maintained at the previous year's level, despite the increased turnover, reflecting further efficiencies.

The increased investment in development projects has led to an increase in debt levels. The debt to equity level at 30 September 2003 was 48% and the gearing ratio (based on net debt to total assets) was 24%. The increase in debt levels has enabled the growth in investments to exceed the growth in the level of retained earnings. This investment has underpinned the Company's excellent results in recent years and will be critical to future year's profits.

Directors consider debt levels to be at acceptable levels. Given that inventories are carried at historical costs, debt ratios stated above are conservative compared to when they are calculated on market values. Also, interest cover based on the six months to 30 September 2003 was 15 times.

Since the end of the financial period Directors have declared an interim dividend of 3.5 cents per share fully franked. The dividend for the corresponding period last year was 3 cents per share fully franked. This represents an increase of 17%. The Company has generally paid a lower proportion of its total year's dividends as an interim dividend.

AVJENNINGS HOMES LIMITED - ABN 44 004 327 771

Directors' Report (continued)

30 September 2003

EVENTS AFTER THE BALANCE DATE

Subsequent to the end of the reporting period, Directors have declared an interim dividend of 3.5 cents per share, fully franked. The dividend is payable on 16 December 2003.

ROUNDING

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to be 'L F Milkovits', is written on a light-colored background.

L F Milkovits
Director
Melbourne, 12 November 2003

AVJENNINGS HOMES LIMITED - ABN 44 004 327 771

Condensed Statement of Financial Performance

HALF-YEAR ENDED 30 SEPTEMBER 2003

CONSOLIDATED
6 months to 30 September

2003 2002
\$'000 \$'000

Revenues from Ordinary Activities

Sales Revenue	300,118	252,796
Other Revenue	351	671
Total Revenue	300,469	253,467

Expenses from Ordinary Activities excluding borrowing costs

Operational Expenses	214,214	193,081
Selling and Marketing Expenses	13,867	14,455
Administrative Expenses	16,369	16,733
Total Expenses	244,450	224,269
Borrowing Costs	203	141

Profit from Ordinary Activities before income tax expense

Income tax expense relating to Ordinary Activities	16,833	8,684
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Net Profit after related income tax expense attributable to members of the parent entity

38,983 **20,373**

Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity

0 0

Total changes in equity other than those resulting from transactions with owners as owners

38,983 **20,373**

Basic earnings (cents per share)	18.11	9.47
Diluted earnings (cents per share)	18.11	9.47

AVJENNINGS HOMES LIMITED - ABN 44 004 327 771

Condensed Statement of Financial Position

HALF-YEAR ENDED 30 SEPTEMBER 2003

	CONSOLIDATED	
	As at 30 September 2003 \$'000	As at 31 March 2003 \$'000
CURRENT ASSETS		
Cash Assets	16	14,055
Receivables	10,399	8,944
Accrued Income	109,539	62,393
Inventories	189,960	206,812
Other	2,851	2,453
TOTAL CURRENT ASSETS	312,765	294,657
NON-CURRENT ASSETS		
Inventories	180,800	133,650
Property, Plant and Equipment	7,611	7,591
Intangibles	5,891	6,137
TOTAL NON-CURRENT ASSETS	194,302	147,378
TOTAL ASSETS	507,067	442,035
CURRENT LIABILITIES		
Payables	72,245	94,090
Tax Liabilities	6,067	9,981
Interest Bearing Liabilities	9,430	4,949
Other Provisions	4,758	5,418
TOTAL CURRENT LIABILITIES	92,500	114,438
NON-CURRENT LIABILITIES		
Payables	44,163	10,936
Interest Bearing Liabilities	111,748	87,798
Other Provisions	12,480	6,604
TOTAL NON-CURRENT LIABILITIES	168,391	105,338
TOTAL LIABILITIES	260,891	219,776
NET ASSETS	246,176	222,259
EQUITY		
Contributed Equity	79,189	79,189
Reserves	486	486
Retained Profits	166,501	142,584
TOTAL EQUITY	246,176	222,259

AVJENNINGS HOMES LIMITED - ABN 44 004 327 771

Condensed Statement of Cash Flows

HALF-YEAR ENDED 30 SEPTEMBER 2003

CONSOLIDATED
6 months to 30 September

	Note	2003 \$'000	2002 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		279,365	278,941
Payments to suppliers, land vendors and employees		(281,477)	(281,842)
Interest received		135	123
GST paid (net)		(6,671)	(5,277)
Interest and other finance costs paid		(2,954)	(1,429)
Income taxes paid		(14,811)	(6,485)
NET OPERATING CASH FLOWS		<u>(26,413)</u>	<u>(15,969)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(863)	(1,462)
Other		71	223
NET INVESTING CASH FLOWS		<u>(792)</u>	<u>(1,239)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		20,303	33,000
Dividends paid		(15,066)	(17,218)
Other		(333)	(305)
NET FINANCING CASH FLOWS		<u>4,904</u>	<u>15,477</u>
NET DECREASE IN CASH HELD		(22,301)	(1,731)
Add opening cash brought forward		14,055	(3,608)
CLOSING CASH CARRIED FORWARD	5	<u><u>(8,246)</u></u>	<u><u>(5,339)</u></u>

AVJENNINGS HOMES LIMITED - ABN 44 004 327 771

Notes to the Half-Year Financial Statements

30 September 2003

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of AVJennings Homes Limited as at 31 March 2003. It is also recommended that the half-year financial report be considered together with any public announcements made by AVJennings Homes Limited and its controlled entities during the half-year ended 30 September 2003 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The half-year financial report has been prepared in accordance with the historical cost convention and except where stated does not take into account current valuations of non-current assets. Non-current assets are not stated at amounts in excess of their recoverable amounts.

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

(b) Changes in accounting policies

The accounting policies adopted are consistent with those applied in the 31 March 2003 annual financial report, except as follows:

- Employee benefits

The consolidated entity has applied the revised AASB 1028 "Employee Benefits" for the first time from 1 April 2003. The liability for wages and salaries and annual leave is now calculated using the remuneration rates the Company expects to pay when the obligation is settled, not wage and salary rates current at the reporting date.

In assessing the changes resulting from this accounting standard it has been determined that there has been no significant impact on the statement of financial performance or statement of financial position. As a result, there has been no adjustment required to opening retained earnings.

(c) Taxation

AVJennings Homes Limited and its wholly-owned subsidiaries implemented tax consolidation, in accordance with Tax Consolidation Legislation, on 1 July 2002. There was no material impact resulting from implementing tax consolidation.

CONSOLIDATED	
6 months to 30 September	
2003	2002
\$'000	\$'000

2. DIVIDENDS

During the reporting period the Company has paid or provided for dividends not previously recognised in retained profits as follows:

Final dividend on ordinary shares, paid on 25 July 2003	15,066	-
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The final dividend of 8 cents per share for 2002 was paid on 16 July 2002 but had been provided for at 31 March 2002.

Dividends declared since the end of the reporting period are detailed in note 4 below.

AVJENNINGS HOMES LIMITED - ABN 44 004 327 771

Notes to the Half-Year Financial Statements (Continued)

30 September 2003

3. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change in any contingent asset or contingent liability.

4. SUBSEQUENT EVENTS

Proposed Dividend

Subsequent to the end of the half year, Directors declared an interim dividend, amounting to 3.5 cents per share fully franked. The dividend is to be paid on 16 December 2003.

CONSOLIDATED
As at 30 **As at 31**
September **March**
2003 **2003**
\$'000 **\$'000**

5. RECONCILIATION OF CASH

Cash Assets	16	14,055
Bank overdraft (a)	(8,262)	-
	(8,246)	14,055

(a) The bank overdraft of \$8,262,000 is included in the total Current Interest Bearing Liabilities of \$9,430,000 in the Condensed Statement of Financial Position.

6. SEGMENT INFORMATION

Primary Reporting Business Segments	Project Housing		Developments		Consolidated	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Operating revenue						
Sales to customers outside the consolidated entity	85,238	93,317	214,880	159,479	300,118	252,796
Unallocated revenue					351	671
Total revenue	85,238	93,317	214,880	159,479	300,469	253,467
Segment result	4,290	4,667	55,811	28,820	60,101	33,487
Unallocated revenue					351	671
Unallocated expenses					(4,433)	(4,960)
Unallocated net borrowing costs					(203)	(141)
Consolidated entity operating profit					55,816	29,057
Total segment assets	12,311	19,766	476,993	390,594	489,304	410,360
Unallocated assets					17,763	31,675
Total assets					507,067	442,035
Total segment liabilities	11,630	14,599	98,910	81,242	110,540	95,841
Unallocated liabilities					150,351	123,935
Total liabilities					260,891	219,776

Segments are classified as follows:

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

Project housing: construction undertaken under a Home Building Agreement on non-company owned land.

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

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

AVJENNINGS HOMES LIMITED - ABN 44 004 327 771

Directors' Declaration

30 September 2003

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

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 30 September 2003 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Louis F Milkovits
Director

Melbourne, 12 November 2003

Independent review report to members of AVJennings Homes Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements, the other information set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules, and the directors' declaration, for AVJennings Homes Limited (the company) and the consolidated entity, for the half year ended 30 September 2003, but excludes the following sections:

- Results for Announcement to the Market; and
- Other Information.

The consolidated entity comprises both the company and the entities it controlled during the half year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the Corporations Act 2001, and the ASX Listing Rules as they relate to Appendix 4D. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the ASX and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, and the ASX Listing Rules as they relate to Appendix 4D, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

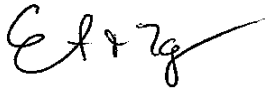
Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

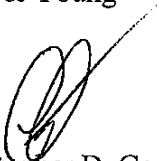
Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report, as defined in the scope section, of AVJennings Homes Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of AVJennings Homes Limited and the consolidated entity at 30 September 2003 and of their performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia and the ASX Listing Rules as they relate to Appendix 4D.



Ernst & Young



Christopher D. George
Partner

Sydney
12 November 2003

AVJENNINGS HOMES LIMITED - ABN 44 004 327 771

Other information

HALF-YEAR ENDED 30 SEPTEMBER 2003

	2003	2002		
Net Tangible Asset backing (NTA) - cents per ordinary security	111.6 cents	86.4 cents		
Control gained or lost over entities having material effect	Nil	Nil		
Date the ordinary dividend is payable	16 Dec 2003	16 Dec 2002		
Record date to determine entitlements to the dividend	5 Dec 2003	6 Dec 2002		
Interim dividend on all securities	2003 \$'000	2002 \$'000		
- Ordinary securities	7,533	6,457		
Total	7,533	6,457		
Details of aggregate share of profits (losses) of associates and joint venture entities:	2003 \$'000	2002 \$'000		
Profit (loss) from ordinary activities before tax	1,834	744		
Income tax on ordinary activities	550	223		
Profit (loss) from ordinary activities after tax	1,284	521		
Extraordinary items net of tax	0	0		
Net profit (loss)	1,284	521		
Adjustments	0	0		
Share of net profit of associates and joint venture entities	1,284	521		
Material interests in entities which are not controlled entities:				
Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
Equity accounted associates joint venture entities	Current period %	Previous corresponding period %	Current period \$'000	Previous corresponding period \$'000
Jannali Joint Venture	50%	50%	14	539
Regatta Waters/Parklake Joint Venture	50%	50%	1,275	(18)
Springbank Joint Venture	50%	50%	(5)	0
Total			1,284	521
Other material interests			0	0
Total			1,284	521