STAGGERING $431m LOSS FOR JENNINGS

By JAN McCALLUM

JENNINGS Ltd yesterday reported a profit of $9.29 million for the year to June 30 but an extraordinary loss of $433 million on its forced asset sales took it to a bottom-line loss of $431.68 million.

The property and building company announced it had written down property values, taken losses on assets and provided for future losses in a bid to create a firm foundation for rebuilding the equity base.

Jennings had negative shareholders' funds of $211.7 million at year end.

The extraordinary loss included $100 million provided for losses from the sale of the Californian home builder A-M Homes, a $17 million loss on the retirement living division, $73 million on the Southgate project, $289 million on the construction services business and $50 million on Brisbane's Broadway on the Mall project.

Jennings' sales revenue was $622.26 million, compared with $977.09 million in the previous year and its operating profit before tax of $8.68 million came from the AV Jennings housing business and the Californian housing business.

Under a reconstruction agreed in August with its bankers and major shareholder, Fletcher Challenge, Jennings will slim down to its Australian housing business, which directors said experienced a gradual improvement in market conditions.

The company declared all its losses on non-core assets as extraordinary and did not report any abnormal items affecting net profit.

There was no tax charge and no dividend.

Directors expect to close the contract of sale for A-M Homes this week, selling out in exchange for 15 per cent of a merged company of A-M and another Californian home builder.

The company wrote off $37 million from the value of Daydream Island resort to reflect the fall in the value of tourism assets.

Other losses included an $8 million writedown for the Manly Hotel site, $10 million from Willsmere institution in Kew and $8 million from Elizabeth City centre, $6.5 million on shares in Fletcher Challenge and $8.6 million on securities held in Centro Properties.

Jennings made a $32 million provision for holding costs on unsold non-core assets to cover interest, rates and taxes and any other expenses on the properties until they are sold.

The company said quitting the Southgate and Glen Centre projects in Melbourne would enhance short and medium term cash flows considerably.

Shareholders are due to vote on the proposed reconstruction in early to mid December.