AVFM Limited

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Report to Shareholders
Half Year Results

The Directors of AVFM Limited (AVU) are pleased to report a first half after-tax profit of $913,064 for the half year ending 31 December 2005, and announce a fully franked $0.5 cent interim dividend per share (previous corresponding period – Nil).

	*Half Year** *31/12/04*	***Half Year*** ***31/12/05***	***% Increase***
EBIT	$163,081	**$1,032,679**	**533%**
NPAT	$197,868	**$ 913,064**	**361%**

	*Half Year** *30/6/05*	***Half Year*** ***31/12/05***	***% Increase***
EBIT	$289,280	**$1,032,679**	**257%**
NPAT	$370,860	**$ 913,064**	**146%**

* The above comparative figures have been adjusted for AIFRS. There was no tax payable on the comparative result at 31 December 2004 and reduced tax payable on the six month period to 30 June 2005, due to the offset of tax losses. Additionally, the Company derived interest income which is excluded for the purposes of calculating EBIT. In consequence, the EBIT for both prior periods was less than the reported NPAT.

The 2005 half year result primarily reflects full six month contributions from the Company's key investee companies, Carroll, Pike and Piercy Pty Ltd ("CPP") and Garnaut Private Client Advisers Pty Ltd ("GPCA"). Both financial services businesses are on track to achieve double digit growth this year and are presently well ahead of budget.

As announced during the period, the Company increased its stake in CPP by a further 11% to 39%. Since 31 December, 2005 the Company has acquired a further 10% of CPP. In consequence, the Company now holds a 49% interest in CPP.

The Company's recent investment in Balnave Corporate Limited has also reaped a substantial return for the half year. Balnave executed two material advisory and underwriting mandates, resulting in an extremely impressive first half earnings outcome. The challenge ahead for Balnave, in which the Company holds a 30% interest, is to further develop its business base and profile over the next two to three years.

The Company's investment in the Armytage Strategic Opportunities Fund ("ASOF") achieved a 6.4% overall gain for the period and declared an initial 1 cent per unit distribution.

The Company's operating expenses were within budget for the six month period and continue to be actively managed.

During the period, the Company issued a further 15,513,618 shares, of which 13,328,618 represented exercise of options. The balance were issued as part consideration for the purchase of the additional 11% stake in CPP. The Company now has approximately 81.86 million shares on issue.

The Company is continuing to review opportunities in its own right and in conjunction with its investee companies. Various initiatives at investee company level are expected to underpin earnings growth in the 2007 financial year and beyond. The Company, which remains debt free, is also actively evaluating prospective acquisitions which meet its criteria, within the financial services sector.

On the back of the strong first half result, the Company has determined to pay a fully franked $0.5 cent interim dividend. The Company's shares will go ex-dividend on 15th March 2006, with the record date being 21st March 2006.

The forward outlook for the Company is positive. The Directors are confident the Company will achieve excellent profit growth and dividend growth for the full year. Of equal importance, the Company and its investee companies are well advanced in putting in place initiatives to ensure sustainable earnings growth in the 2007 financial year and beyond.

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