

Appendix 4D – Land & Homes Group Limited for the 6 Month Period Ended 31 December 2018

1. Company details

Name of entity:	Land & Homes Group Limited
ACN:	090 865 357
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the full-year ended 30 June 2018

2. Results for announcement to the market

		Period Ended	
	Change	31 Dec 2018	31 Dec 2017
Revenue		\$131,709	\$113,901
Loss from ordinary activities after tax attributable to the owners of Land & Homes Group Limited	up 15%	(\$1,599,943)	(\$1,382,823)
Net (loss) for the period attributable to the owners of Land & Homes Group Limited		(\$1,599,943)	(\$1,382,823)

3. Dividends Paid and Proposed

	Dividends Amount per security	Franked amount per security
Interim dividend	nil cents	nil cents
Previous corresponding period		
Interim dividend	nil cents	nil cents

4. Earnings Per Share

	Reporting period Cents	Previous period Cents
Loss per Share (Basic & Diluted)	(0.1584)	(0.1318)

5. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.0	1.3

6. Control Gained or Lost over Entities

No change in control over entities.

7. Compliance Statement

The report is based on financial statements which have been reviewed by an auditor, a copy of which is attached. The Review report has been modified to include an Emphasis of Matter paragraph.

Land & Homes Group Limited

ACN: 090 865 357

Interim Financial Statements

For the half-year ended 31 December 2018

Land & Homes Group Limited

ACN: 090 865 357 005

Contents

	Page
Financial Statements	
Directors' Report	2
Auditor's Independence Declaration	4
Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9
Directors' Declaration	13
Independent Auditor's Review Report	14

Land & Homes Group Limited

ACN: 090 865 357 005

Directors' Report

The Directors present their report on Land & Homes Group Limited (the "Company") and its subsidiaries (referred to hereafter as the "Group"), for the half year ended 31 December 2018.

Directors

The names of the Directors of the Group in office during the whole of the half-year and up to the date of this report are:

- Choon Keng (CK) Kho – Non-Executive Chairman
- Peter Henry Mackinlay – Independent Non-Executive Director / Deputy Chairman
- Patrick Chuan Thye Kho – Non-Executive Director
- Shawn Chuan Chi Kao – Independent Non-Executive Director
- Kwee Jee Lee – Independent Non-Executive Director
- Kim Huat Koh – Independent Non-Executive Director
- Grant Archibald – Independent Non-Executive Director
- Charles Chow Cher Lim – Non-Executive Director
- Siew Goh – Non-Executive Director

The directors have been in office since the start of the financial year to the date of this report.

Company Secretary

- Andrew Cooke

Principal activities and significant changes in nature of activities

The principal activity of the Group is to develop quality, medium to high-density residential apartments initially focusing in the city of Brisbane.

Review of operations and operating results

The loss after income tax of the Group for the period amounted to \$1,599,943 (2017: \$1,382,823).

Financial position

The net assets of the Group at 31 December 2018 are \$10,309,646 (31 December 2017: \$13,627,804).

Land & Homes Group Ltd has successfully issued \$3,530,299 in Convertible Notes A and \$454,106 in Convertible Notes B to cover shortfalls in working capital requirements as at reporting date. In addition to issuing further convertible notes, the company is also considering various options such as Joint Venture partners' participation.

The Group has also been successful in extending the \$1 million Singapore dollar loan to 31 March 2019 at an interest rate of 6% to be capitalised monthly.

In August 2018, the Group entered into a Heads of Agreement (subject to contract) to sell the 207 Wharf Street property for \$22,000,000. This was an unsolicited sale as the property was held by the Group for redevelopment purposes. Following further negotiations between the parties the proposed sale did not proceed and the Group engaged Savills and Knight Frank to run an expression of interest campaign in regards to potentially selling that property.

Events after the end of the reporting period

In February 2019, the group renegotiated its existing loan facility to finance the Wharf Street Property. The total available amount under the facility is \$15,960,000. The maturity date has been renewed to 24 February 2020. The facility establishment fee \$35,900 is payable to the lender upon signing the new loan agreement.

Since the 31st December 2018, a further \$530,000 Convertible Notes A have been issued (bringing the current total Convertible Notes A to \$4,060,594). No further Convertible Notes B have been issued.

Land & Homes Group Limited

ACN: 090 865 357 005

Auditor's independence declaration

A copy of the auditor's independence declaration in accordance with Section 307C of the Corporations Act 2001 is included on page 4 of the interim financial report.

This report is signed in accordance with a resolution of the Board of Directors.

Director: 

Choon Keng (CK) Kho

Dated this 28th day of February 2018

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Land & Homes Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2018, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is made in respect of Land & Homes Group Limited and the entities it controlled during the period.

DFK Laurence Varnay Audit Pty Ltd



Faizal Ajmat
Director

Sydney, 28 February 2019

We make it happen!



A member firm of DFK International a worldwide association of independent accounting firms and business advisers

Liability Limited by a scheme approved under Professional Standards Legislation



Level 12, 222 Pitt Street
Sydney NSW 2000
POSTAL ADDRESS
PO Box Q819 QVB NSW 1230
TELEPHONE +61 2 9264 5400
EMAIL audit@dfklv.com.au
WEB www.dfklv.com.au
ABN 49 615 581 372

Land & Homes Group Limited

ACN: 090 865 357 005

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2018

	Consolidated Entity	
	31 Dec 2018	31 Dec 2017
Revenue	\$	\$
Rental Income	131,375	113,637
Other Income	336	264
Revenue	131,711	113,901
Expenses		
Employee Benefits	(349,837)	(253,571)
Professional Fees	(136,215)	(131,920)
Share Registry Expenses	(5,247)	(5,890)
Insurance	(17,256)	(16,030)
Cost of ASX Reinstatement	-	-
Other Expenses	(82,379)	(82,452)
Travel Expenses	(44,753)	(49,542)
Wharf St Outgoings	(296,183)	(466,686)
Rental Costs	(52,392)	(33,513)
Share Option expense	-	-
Depreciation	(220,586)	(193,491)
Total Expenses	(1,204,848)	(1,233,095)
Loss Before Finance Costs and Income Tax	(1,073,137)	(1,119,194)
Finance costs	(526,806)	(263,629)
Loss before income tax	(1,599,943)	(1,382,823)
Income tax expense	-	-
Loss from Continuing Operations	(1,599,943)	(1,382,823)
Other Comprehensive Income	-	-
Total comprehensive loss	(1,599,943)	(1,382,823)
Earnings per share		
Basic earnings per share (cents)	(0.1584)	(0.1318)
Diluted earnings per share (cents)	(0.1584)	(0.1318)

The accompanying notes form part of these financial statements.

Land & Homes Group Limited

ACN: 090 865 357 005

Consolidated Statement of Financial Position

As at 31 December 2018

	Consolidated entity	
	31 Dec 2018	30 June 2018
	\$	\$
Assets		
Current Assets		
Cash and cash equivalents	13,169	18,512
Trade and other receivables	25,927	56,818
Other assets	528,638	528,638
Total Current Assets	567,734	603,968
Non-Current Assets		
Property, plant and equipment	9,718	14,562
Inventories	24,255,762	23,798,741
Investment property (Wharf Street)	21,657,866	21,873,608
Total Non-Current Asset	45,923,346	45,686,911
Total Assets	46,491,080	46,290,879
Liabilities		
Current Liabilities		
Trade and other payables	1,131,771	802,788
Borrowings	15,105,258	30,971,320
Total Current Liabilities	16,237,029	31,774,108
Non Current Liabilities		
Borrowings	19,944,405	2,607,102
Total Non Current Liabilities	19,944,405	2,607,102
Total Liabilities	36,181,434	34,381,210
Net Assets	10,309,646	11,909,669
EQUITY		
Issued capital	69,078,509	69,078,509
Accumulated Losses	(58,792,824)	(57,192,801)
Share Option Reserve	23,961	23,961
Total Equity	10,309,646	11,909,669

The accompanying notes form part of these financial statements.

Land & Homes Group Limited

ACN: 090 865 357 005

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2018

Consolidated entity	Ordinary Shares	Share Option Reserve	Retained Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2018	69,078,509	23,961	(57,192,881)	11,909,589
Loss attributable to members	-	-	(1,599,943)	(1,599,943)
Issue of shares	-	-	-	-
Transaction/Share Option costs	-	-	-	-
Share Option cost	-	-	-	-
Balance at 31 December 2018	69,078,509	23,961	(58,792,824)	10,309,646

Consolidated entity	Ordinary Shares	Share Option Reserve	Retained Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2017	69,078,509	23,961	(54,091,844)	15,010,626
Loss attributable to members	-	-	(1,382,823)	(1,382,823)
Issue of shares	-	-	-	-
Transaction/Share Option costs	-	-	-	-
Share Option cost	-	-	-	-
Balance at 31 December 2017	69,078,509	23,961	(55,474,667)	13,627,803

The accompanying notes form part of these financial statements.

Land & Homes Group Limited

ACN: 090 865 357 005

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2018

	Consolidated entity	
	31 Dec 2018	30 June 2018
	\$	\$
Cash Flows from Operating Activities:		
Receipts from customers	176,552	232,647
Payments to suppliers and employees	(726,287)	(1,642,777)
Interest received	336	1,944
Interest expense	(457,021)	(616,288)
Payments for land & development	(376,226)	(1,055,923)
Net cash used in operating activities	(1,382,646)	(3,080,397)
Cash Flows from Investing Activities:		
Payment for property, plant & equipment	-	-
Payment for investment property	-	-
Net cash acquired in acquisition	-	-
Net cash used in investing activities	-	-
Cash Flows from Financing Activities:		
Proceeds from borrowings – related parties	-	547,303
Payment of borrowings – related parties	-	-
Proceeds from borrowings – external lenders	1,377,303	2,617,312
Proceeds from issue of shares	-	-
Payment of share issuance transaction costs	-	-
Payment to Loan Offset Account	-	(326,001)
Net cash provided by financing activities	1,377,303	2,838,614
Net decrease in cash and cash equivalents held	(5,343)	(241,783)
Cash and cash equivalents at beginning of year	18,512	260,295
Cash and cash equivalents at end of financial year	13,169	18,512

The accompanying notes form part of these financial statements.

**Notes to the Financial Statement
For the Half-Year Ended 31 December 2018**

1 Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

(a) Going Concern

The financial report has been prepared on a going concern basis which contemplates the realisation of assets and settlements of liabilities in the ordinary course of business. For the half year ended 31 December 2018 Land & Homes Group Limited incurred a loss of \$1,599,943 and had net assets of \$10,309,646.

The directors consider the going concern basis to be appropriate. As detailed in 'The Financial Position' on page 4, the company has issued Convertible Notes, Class A and B to sophisticated investors. In addition to issuing further convertible notes, the company is also considering various options such as Joint Venture partners' participation. The company is also considering selling the Wharf Street property. Proceeds from this transaction will be used to repay the UOB Bank loan of \$15,960,000 as per the terms of the loan agreement. The balance of the proceeds will be used for working capital requirement and commencement of the development of Barry Parade project.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

(b) New, revised or amending Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations have been considered. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

Land & Homes Group Limited

ACN: 090 865 357 005

Notes to the Financial Statement For the Half-Year Ended 31 December 2018

2 Operating Segments

The Group operate in Australia is currently concentrating on an operating segment which develops quality, medium to high-density residential apartments, with its initial focus on the city of Brisbane.

3 Issued Capital

	31 December 2018	30 June 2018
	\$	\$
Fully Paid Ordinary Shares	<u>69,078,508</u>	<u>69,078,508</u>

(a) Movement in ordinary shares on issue

	No.	\$
At the beginning of the reporting period	1,049,389,293	69,078,508
Issue of shares		
Nil	-	-
At the end of the reporting period	<u>1,049,389,293</u>	<u>69,078,508</u>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Share Options

Share options have been allotted with the shares issued on 12th of August 2016, with an exercise price of \$0.20, expiring on 12 August 2021.

Share Options

	Shares Issued	Options Allotted
2 attaching listed options issued per share	172,113,684	344,227,368
Options for services rendered	-	<u>3,000,000</u>
Total	<u>172,113,684</u>	<u>347,227,368</u>

**Notes to the Financial Statement
For the Half-Year Ended 31 December 2018**

4 Earnings per share

(a) Reconciliation of earnings to profit or loss from continuing operations

	31 December 2018	31 December 2017
	\$	\$
Net loss for the period	<u>(1,599,943)</u>	<u>(1,599,943)</u>
Earnings used to calculate basic EPS from continuing operations	<u>(1,599,943)</u>	<u>(1,599,943)</u>
Earnings used in the calculation of dilutive EPS	<u>(1,599,943)</u>	<u>(1,599,943)</u>

(b) Weighted average number of ordinary shares during the period used in calculating basic EPS

	31 December 2018	31 December 2017
	No.	No.
Weighted average number of ordinary shares during the period used in calculating basic EPS	<u>1,010,102,469</u>	<u>1,010,102,469</u>
Weighted average number of ordinary shares during the period used in calculating diluted EPS	<u>1,010,102,469</u>	<u>1,010,102,469</u>

5 Events after the end of the Reporting Period

In February 2018, the group renegotiated its existing loan facility to finance the Wharf Street Property. The total available amount under the facility is \$15,960,000. The maturity date has been renewed to 24 February 2019. The facility establishment fee \$39,900 is payable to the lender upon signing the new loan agreement.

Since the 31st December 2017, a further \$495,065 Convertible Notes A have been issued (bringing the current total to \$1,081,565) and a further \$160,000 Convertible Notes B have been issued (bringing the current total to \$551,500).

No matters or circumstances have arisen since the end of the period which significantly affected or could significantly affect the operations of the Company, the results of those operations, or the state of affair of the company in future financial years.

6 Contingent Liabilities and Contingent Assets

The Company did not have any contingencies at 31 December 2018.

Land & Homes Group Limited

ACN: 090 865 357 005

Notes to the Financial Statement For the Half-Year Ended 31 December 2018

7 Related Party Transactions

Transactions with related parties:

	31 December 2018	31 December 2017
	\$	\$
<i>Purchase of services</i>		
Management and other professional fees	92,500	92,500

All purchases from related parties were on normal commercial terms.

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

	31 December 2018	30 June 2018
	\$	\$
<i>Payables to related parties</i>		
Balance brought forward	639,585	169,583
Payables on acquisition	-	-
Advances	147,470	470,002
Repayments	-	-
Total	787,055	639,585
<i>Loans from related parties</i>		
Balance brought forward	1,011,320	452,697
Advances	93,938	558,623
Repayments	-	-
Total	1,105,258	1,011,320

On the 27th February 2017, Land & Homes Group Ltd entered into a loan agreement with a related party, S.LH Corporation Pte Ltd (SLH). SLH agreed to lend up to \$1 million Singapore dollars to LHM for its overhead expenses. To date \$1,061,421 Singapore dollars has been drawn down (A\$1,105,258) from this facility including capitalised interest.

The loan expired on the 14th of June 2018, however LHM successfully negotiated an extension of the facility to 31 Mar 2019 at an annual interest rate of 6% which is to be capitalised.

8 Borrowings

As recorded in Note 5, In February 2018, the group renegotiated its existing loan facility to finance the Wharf Street Property. The total available amount under the facility is \$15,960,000. The maturity date has been renewed to 24 February 2019. The facility establishment fee \$35,900 is payable to the lender upon signing the new loan agreement. As a consequence the loan is classified as non – current liabilities.

The existing \$14,000,000 loan facility to finance Barry Parade development, is due to mature in October 2019. The Group intends to apply to UOB, to renew the loan by a further 12 months to October 2020. The loan is consequently classified as a current liability.

As the terms and conditions of both facilities remained unchanged, the refinancing amounts did not result in the recognition of a settlement gain or loss.

Land & Homes Group Limited


ACN: 090 865 357 005

Directors' Declaration

The directors of the Company declare that:

1. The interim financial statements and notes, as set out on pages 5 to 12 are in accordance with the Corporations Act 2001, including:
 - (a) Complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) Give a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

This declaration is made in accordance with a resolution of the Board of Directors.


Director:
Choon Keng (CK) Kho

Dated this 28th February 2018

Independent Auditor's Review Report to the Members of Land & Homes Group Limited

Report on the Half year Financial Report

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Land & Homes Group Limited (the company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2018, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Half-year Financial Report of Land & Homes Group Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

We draw attention to Note 1(a) in the Half-year Financial Report, which indicates that the ability of the Company to continue as a going concern is dependent upon the future successful raising of necessary funding through debt and equity. This condition indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Directors' Responsibility for the Half-year Financial Report

The Directors of the Company are responsible for:-

- the preparation of the Half-year 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 Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

We make it happen!



A member firm of DFK International a worldwide association of independent accounting firms and business advisers

Liability Limited by a scheme approved under Professional Standards Legislation



Level 12, 222 Pitt Street
Sydney NSW 2000

POSTAL ADDRESS

PO Box Q819 QVB NSW 1230

TELEPHONE +61 2 9264 5400

EMAIL audit@dfklv.com.au

WEB www.dfklv.com.au

ABN 49 615 581 372

Independent Auditor's Review Report to the Members of Land & Homes Group Limited

Auditor's Responsibility for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the Half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of *Land & Homes Group Limited*, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquires, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

DFK Laurence Varnay Audit Pty Ltd



Faizal Ajmat
Director
Sydney, 28 February 2019

We make it happen!



A member firm of DFK International a worldwide association of independent accounting firms and business advisers

Liability Limited by a scheme approved under Professional Standards Legislation



Level 12, 222 Pitt Street
Sydney NSW 2000

POSTAL ADDRESS

PO Box Q819 QVB NSW 1230

TELEPHONE +61 2 9264 5400

EMAIL audit@dfklv.com.au

WEB www.dfklv.com.au

ABN 49 615 581 372