

# Appendix 4E – Preliminary Final Report Given to the ASX Under Listing Rule 4.3A for the Year Ended 30 June 2017

## 1. Company details

Name of entity:	Land & Homes Group Limited
ACN:	090 865 357
Reporting period:	For the year ended 30 June 2017
Previous period:	For the year ended 30 June 2016

## 2. Results for announcement to the market

	<b>Current Year</b>
Revenue	up by \$2,111,260 to \$2,996,727
Profit from ordinary activities after tax attributable to (an improvement of \$1,605,009) the owners of Land & Homes Group Limited	\$14,666
Net profit for the period attributable to the owners (an improvement of \$1,605,009) of Land & Homes Group Limited	\$14,666

## 3. Dividends Paid and Proposed

	<b>Dividends Amount per security</b>	<b>Franked amount per security</b>
Final dividend	nil cents	nil cents
Interim dividend	nil cents	nil cents
<b>Previous corresponding period</b>		
Final dividend	nil cents	nil cents
Interim dividend	nil cents	nil cents

## 4. Statement of Profit or Loss and Other Comprehensive Income with Notes to the Statement

Refer to pages 3 - 9 of the 30 June 2017 preliminary financial report and accompanying notes for Land & Homes Group Limited.

## 5. Statement of Financial Position with Notes to the Statement

Refer to pages 3 – 9 of the 30 June 2017 preliminary financial report and accompanying notes for Land & Homes Group Limited.

## 6. Statement of Cash Flows with Notes to the Statement

Refer to pages 3 – 9 of the 30 June 2017 preliminary financial report and accompanying notes for Land & Homes Group Limited.

## 7. Commentary on Results

	<b>30 June 2017</b>	<b>30 June 2016</b>
Earnings per share		
Basic (and diluted) earnings per share	0.0014	(0.234)
Net tangible asset per share (\$/share)	0.014	0.007

**8. Control or Loss of control over entities**

No change to the subsidiaries held within the Group during the current Financial Year.

**9. Status of Audit**

The 30 June 2017 financial statements and accompanying notes for Land & Homes Group Limited are in the process of being audited. Currently the Directors understand that the audit is not subject to any disputes or qualifications and the audit is expected to be completed by September 2017.

**ANNUAL GENERAL MEETING:**

The Annual General Meeting is to be held on Wednesday 22nd November 2017.

**For further information:**

[www.landnhomesgroup.com](http://www.landnhomesgroup.com)

or

[info@landnhomesgroup.com](mailto:info@landnhomesgroup.com)

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
for the year ended 30 June 2017**

Revenue	2017 \$	2016 \$
Revenue	2,996,727	885,467
Other income	24,406	33,752
<b>Revenue</b>	<u>3,021,133</u>	<u>919,219</u>
<b>Expenses</b>		
Employee benefits	678,585	339,141
Management fee	185,001	200,725
Professional fees	126,197	856,164
Share registry	27,741	29,333
Share option expenses	23,961	-
Insurance	46,653	26,513
Capital raising costs	-	296,369
Travel expenses	116,638	104,400
Rental costs – Investment property	677,585	107,762
Depreciation	389,013	117,374
Other expenses	268,926	149,879
<b>Total expenses</b>	<u>2,540,300</u>	<u>2,227,660</u>
<b>Profit/(Loss) before finance costs and income tax</b>	<u>480,834</u>	<u>(1,308,441)</u>
Finance costs	466,168	281,902
<b>Profit/(Loss) before income tax</b>	<u>14,666</u>	<u>(1,590,343)</u>
Income tax expense	-	-
<b>Profit/(Loss) for the year</b>	<u>14,666</u>	<u>(1,590,343)</u>
Other comprehensive income	-	-
<b>Total comprehensive income/(Loss)</b>	<u>14,666</u>	<u>(1,590,343)</u>

**Consolidated Statement of Financial Position as at 30 June 2017**

	Note	2017 \$	2016 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		260,295	743,506
Trade and other receivables		147,703	68,398
Other assets		202,637	1,036,860
<b>Total Current Assets</b>		<u>610,635</u>	<u>1,848,764</u>
<b>Non-Current Assets</b>			
Property, plant and equipment		22,719	2,512
Inventories		22,742,819	-
Investment property		22,610,418	22,610,418
<b>Total Non-Current Asset</b>		<u>45,008,990</u>	<u>22,612,930</u>
<b>Total Assets</b>		<u><b>45,619,625</b></u>	<u><b>24,461,694</b></u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		196,301	1,066,710
Borrowings		17,412,697	16,960,000
<b>Total Current Liabilities</b>		17,608,998	18,026,710
<b>Non-Current Liabilities</b>			
Borrowings		13,000,000	-
<b>Total Non-Current Liabilities</b>		<u>13,000,000</u>	-
<b>Total Liabilities</b>		<u><b>30,608,998</b></u>	<u><b>18,026,710</b></u>
<b>Net Assets/(Liabilities)</b>		<u><b>15,010,627</b></u>	<u><b>6,434,984</b></u>
<b>EQUITY</b>			
Issued capital		69,078,509	60,541,493
Retained losses		(54,091,844)	(54,106,509)
Share Option Reserve		23,961	-
<b>Total Equity/(Deficiency in Equity)</b>		<u><b>15,010,627</b></u>	<u><b>6,434,984</b></u>

**Consolidated Statement of Changes in Equity for the year ended 30 June 2017**

Consolidated entity	Ordinary Shares	Share Option	Retained Losses	Total
	\$	Reserve	\$	\$
<b>Balance at 1 July 2016</b>	<b>60,541,493</b>	-	<b>(54,106,509)</b>	<b>6,434,984</b>
Profit attributable to members	-	-	14,666	14,666
Issue of shares	8,606,027	-	-	8,606,027
Transaction costs	(69,012)	-	-	(69,012)
Share Option Cost		23,961	-	
<b>Balance at 30 June 2017</b>	<b>69,078,508</b>	<b>23,961</b>	<b>(54,091,844)</b>	<b>15,010,627</b>

Consolidated entity	Ordinary Shares	Share Option	Retained Losses	Total
	\$	Reserve	\$	\$
<b>Balance at 1 July 2015</b>	<b>52,163,223</b>	-	<b>(52,453,877)</b>	<b>(290,654)</b>
Loss attributable to members	-	-	(1,590,343)	(1,590,343)
Issue of shares	8,727,289	-	(62,289)	8,665,000
Transaction costs	(349,019)	-	-	(349,019)
<b>Balance at 30 June 2016</b>	<b>60,541,493</b>	-	<b>(54,106,509)</b>	<b>6,434,984</b>

**Consolidated Statement of Cash flows for the year ended 30 June 2017**

	2017	2016
Note	\$	\$
<b>Cash Flows from Operating Activities:</b>		
Receipts from customers	3,513,733	1,068,972
Payments to suppliers and employees	(2,825,083)	(2,069,174)
Interest received	12,565	33,752
Interest expense	(466,168)	(281,902)
<b>Net cash used in operating activities</b>	<b>(21,507,771)</b>	<b>(1,248,352)</b>
<b>Cash Flows from Investing Activities:</b>		
Payment for property, plant & equipment	(27,051)	(2,512)
Payment for investment property	(15,203)	(22,057,630)
Net cash acquired in acquisition	-	5,127,344
<b>Net cash used in investing activities</b>	<b>(42,254)</b>	<b>(16,932,798)</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from borrowings – related parties	452,697	1,714,655
Payment of borrowings – related parties	(1,768,963)	(500,000)
Proceeds from borrowings – external lenders	14,000,000	15,960,000
Proceeds from issue of shares	8,606,028	2,055,000
Payment of share issuance transaction costs	(69,012)	(349,018)
Payment to Loan Offset Account	(153,936)	-
<b>Net cash provided by financing activities</b>	<b>21,066,614</b>	<b>18,880,637</b>
Net (decrease)/increase in cash and cash equivalents held	(483,211)	699,487
Cash and cash equivalents at beginning of year	743,506	44,019
<b>Cash and cash equivalents at end of financial year</b>	<b>260,295</b>	<b>743,506</b>

**Notes to the consolidated financial statements for the year ended 30 June 2017**

**Note 1: Basis of preparation of preliminary report**

The preliminary final report of Land & Homes Group Limited for the year ended 30 June 2016 has been prepared in accordance with ASX listing rule 4.3A and has been based on the annual report which is in the process of being audited. There are no known likely disputes or qualifications at this time. The financial report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Land & Homes Group Limited) and all of the subsidiaries the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiary entities are as follows:

- Brisbane Land Holdings Pty Limited
- BLH Wharf Pty Ltd; and
- Land & Homes Investment Pty Ltd.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

**Note 2: 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 year ended 30 June 2017 Land & Homes Group Limited made a profit of \$14,666 and had net current liabilities at 30 June 2017 of \$17,608,998.

The company is in the process of negotiating with its primary bankers to confirm waivers/variation of certain loan terms. The Directors consider that it is reasonable to expect that appropriate terms will be agreed.

The ability of the company to continue as a going concern is principally dependent upon the ability of the company to manage its cash flow and to secure additional funding by way of additional loans or by raising new capital. The directors consider that it is reasonable to expect that the company will be able to secure additional funding in light of recent positive developments in respect of each of its projects.

Should the company be unable to continue as a going concern it may be required to realise its assets and discharge 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>Note 3: Revenue and other income</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Rental Revenue	2,975,607	885,467
Interest Received	23,771	33,752
<b>Total</b>	<u>2,999,378</u>	<u>919,219</u>

<b>Note 4: Trade and other receivables</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>\$</b>	<b>\$</b>
Trade receivable	-	4,311
Other receivables	147,703	64,087
<b>Total</b>	<u>147,703</u>	<u>68,398</u>

<b>Note 5: Other assets</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>\$</b>	<b>\$</b>
Deposits	202,637	1,036,860
<b>Total</b>	<u>202,637</u>	<u>1,036,860</u>

A deposit of \$1,000,000 had been paid during the previous financial year in relation to the "Put and Call Option" Agreement to secure the acquisition of the Barry Parade property.

<b>Note 6: Inventories</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>\$</b>	<b>\$</b>
<b><i>Non-Current Property held for resale</i></b>		
Land at Cost	21,319,234	-
Capitalised Development Costs	1,423,585	-
<b>Aggregate Carrying Costs</b>	<u>22,742,819</u>	<u>-</u>

This property held as inventory located at 100 Barry Parade, Brisbane, is pledged as security with United Overseas Bank Ltd. (Refer Note 9).

<b>Note 7: Investment property</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	22,610,418	-
Further Capital expenses/Acquisitions – Wharf Street	15,203	22,727,792
Accumulated depreciation – Building Component	(382,169)	(117,374)
<b>Total</b>	<u>22,243,452</u>	<u>22,610,418</u>

The property located at 187, 191, 195, 199, 203, 207 and 2011A Wharf Street, Spring Hill, Brisbane was originally purchased for \$22,727,792, inclusive of stamp duty and other acquisition costs. The Group has applied the cost model. The total cost of \$22,742,995 was allocated between land (\$6,100,000) and buildings (\$16,642,995). The remaining expected useful economic life of the building has been determined to be 45 years and the building component has been depreciated on a



straight-line basis. To date, the Group has recognised a depreciation charge of \$499,543. The Directors believe that the fair value of the investment property as at 30 June 2017 is in excess of its carrying value and that the fair value at balance date was \$22,243,452.

<b>Note 8: Trade and other payables</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
<b>Current</b>	<b>\$</b>	<b>\$</b>
Trade and other payables	181,801	238,577
Accrued payroll liabilities	14,500	59,170
Loans	-	768,963
<b>Total</b>	<b>196,301</b>	<b>1,066,710</b>

<b>Note 9: Borrowings</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
<b>Current</b>	<b>\$</b>	<b>\$</b>
<b>Unsecured</b>		
Loan from Related Party Shareholder <sup>1</sup>	452,697	1,000,000
<b>Secured</b>		
Bank loan	16,960,000	-
Total unsecured current borrowings	17,412,697	1,000,000
<b>Non-Current</b>		
<b>Secured</b>		
Bank loan	13,000,000	15,960,000
Total secured current borrowings <sup>2</sup>	13,000,000	15,960,000
<b>Total Borrowings</b>	<b>29,960,000</b>	<b>16,960,000</b>

<sup>1</sup> The loan from S.LH Corporation Pte Ltd is interest bearing but unsecured (SLH), and provides for a total facility of \$1 million Singapore dollars to LHM for its overhead expenses.

In the prior year, Telok Ayer Holdings Pte Ltd and Telok Ayer Capital Pte Ltd provided an interest free loan to enable Land & Homes Group Limited to fund the initial advance deposit under the "Put and Call Option" Agreement for the purchase of a property located at 100 Barry Parade, Fortitude Valley. This loan was repaid on 19 August 2016.

<sup>2</sup>The loans from United Overseas Bank were entered into on 19 February 2016 for the purpose of purchasing the Wharf Street property (\$15,960,000) and 31<sup>st</sup> October 2016 for the purpose of buying the Barry Parade property (\$14,000,000). The loans are subject to an interest margin of 1.5% per annum over and above the relevant period Bank Bill Swap Reference Rate and are due for repayment on 24<sup>th</sup> February 2018 and 31<sup>st</sup> October 2018, respectively.

The properties are pledged as security for the United Overseas Bank loans.

#### **Assets pledged as security**

The bank loans are secured by way of first legal mortgages over the two properties.

The carrying amount of the assets pledged as security for current borrowings are:

	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>\$</b>	<b>\$</b>
<b>First mortgage</b>		
Inventories	22,742,819	-
Investment property	22,243,452	22,610,418
Inventories	<u>44,986,271</u>	<u>22,610,418</u>

**Fair value**

The fair value of financial liabilities is determined by reference to market prices where they exist or by discounting contractual cash flows by current market interest rates for liabilities with similar risk profiles.

**Note 10: Issued Capital**

	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>\$</b>	<b>\$</b>
1,049,389,293 (2016: 877,275,609) Ordinary shares fully paid	<u>69,078,508</u>	<u>60,541,493</u>

<b>Movement in ordinary shares on issue</b>	<b>2017 Number</b>	<b>2017 \$</b>	<b>2016 Number</b>	<b>2016 \$</b>
Balance at beginning of period	877,275,609	60,541,493	510,886,186	52,163,223
Share issue – 26 November 2015	-	-	25,000,000	500,000
Share issue – 19 January 2016	-	-	330,500,001	6,610,000
Share issue – 19 January 2016	-	-	7,775,000	1,555,000
Share issue – 14 April 2016	-	-	3,114,422	62,289
Transaction costs relating to share issues	-	(69,012)	-	(349,019)
Rights Issue – 12 August 2016	159,505,760	7,975,289	-	-
Private Placement – 12 August 2016	12,607,924	630,739	-	-
Balance at end of period	<u>1,049,389,293</u>	<u>69,078,509</u>	<u>877,275,609</u>	<u>60,541,493</u>

<b>Note 11: Cash Flow Information</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
<b>Reconciliation of net income to net cash provided by operating activities</b>	<b>\$</b>	<b>\$</b>
Profit/(Loss) after income tax	14,666	(1,590,343)
Depreciation	389,013	117,374
Share option expenses	23,961	-
<b>Change in assets and liabilities</b>		
(Increase) in inventories	(21,742,819)	-
(Increase) in trade debtors	(79,305)	(4,311)
(Decrease) in other debtors	-	20,218
(Decrease)/increase) in trade payables	(101,446)	192,591
(Decrease)/increase) in other payables	(11,841)	16,119
<b>Cash flow from operations</b>	<b>(21,507,771)</b>	<b>(1,248,352)</b>