

1. Company details

Name of entity:	Sunland Group Limited
ABN:	65 063 429 532
Reporting period:	For the half-year ended 31 December 2017
Previous period:	For the half-year ended 31 December 2016

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	89.5% to	194,975
Profit from ordinary activities after tax attributable to the shareholders of Sunland Group Limited	up	312.3% to	20,650
Profit for the half-year attributable to the shareholders of Sunland Group Limited	up	312.3% to	20,650
		31 December 2017	31 December 2016
		Cents	Cents
Basic earnings per share		13.6	3.1
Diluted earnings per share		13.6	3.1

Dividends

	Amount per security	Franked amount per security
	Cents	Cents
To be paid:		
Interim dividend declared 22 February 2018	5.0	5.0

Date the dividend is payable: 21 March 2018

Record date for determining entitlements to the dividend: 7 March 2018

	Amount per security	Franked amount per security
	Cents	Cents
Paid this period:		
FY17 final dividend paid September 2017	4.0	4.0
Special dividend paid September 2017	2.0	2.0

3. Net tangible assets

	Reporting period	Previous period
	Cents	Cents
Net tangible assets per ordinary security	<u>247</u>	<u>239</u>

4. Control gained over entities

Name of entities (or group of entities)	Sunland No. 38 Pty Ltd, Sunland No. 39 Pty Ltd, Sunland No. 40 Pty Ltd, Sunland No. 41 Pty Ltd, Sunland No. 42 Pty Ltd
Date control gained	18 August 2018

Sunland Group Limited

ABN 65 063 429 532

Consolidated interim financial report for the half year ended 31 December 2017

Directors' Report

The Directors present their report together with the financial report of Sunland Group Limited and its controlled entities (Sunland or the Group), for the half-year ended 31 December 2017 and the independent auditor's report thereon.

Comparative results are referenced through the Directors' Report as "1H17" for the half year ended 31 December 2016; and "2017" being for the year ended 30 June 2017.

Directors

The following persons were Directors of Sunland Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Soheil Abedian, Executive Chairman
Mr Sahba Abedian, Managing Director
Mr Ron Eames, Non Executive Director
Mr Craig Carracher, Non Executive Director
Mr Chris Freeman AM, Non Executive Director
Ms Rebecca Frizelle, Non Executive Director (appointed 15 January 2018)

Principal Activities

Sunland Group Limited is a company limited by shares that is incorporated and domiciled in Australia. The principal activities of the consolidated entity are residential property development and construction. The Group conducts these activities through its two core business segments of "Residential Housing and Urban Development" and "Multistorey" developments. The Residential Housing and Urban Development segment comprises medium density integrated housing developments and land subdivision. The Multistorey segment comprises medium-rise projects generally between five and 15 storeys, and high-rise developments above 15 storeys. The delivery of Sunland's projects is completed by specialist in-house teams experienced in land acquisition and project feasibility analysis, design, project management, construction, and sales and marketing. The vertically integrated structure of the Group ensures the efficient delivery of projects to achieve Sunland's desired project returns.

There was no significant change in the principal activities of the Group.

Consolidated Result

The consolidated profit after tax for the half-year attributable to members of Sunland Group Limited was \$20.7 million (1H17: \$5.0 million).

The strong half year result is attributable to the performance of Sunland's Queensland residential developments. This included the continued settlement of the Group's luxury Abian residential tower in Brisbane, providing a material contribution from the multistorey segment. The operating profit of the Company, together with the continuing application of the on-market share buy-back program, has contributed significantly to the increases seen in earnings per share and net tangible assets per share.

Operating and Financial Review

Operating and Financial Highlights

- Net profit after tax of \$20.7 million, driven by both the residential housing and multi storey segments.
- The Group declared a fully franked interim dividend of 5 cents per share.
- Strong balance sheet capacity, with \$17.8 million in cash and \$183.8 million in undrawn working capital lines.
- Surplus cash generated by project settlements have reduced the Group's debt by \$89.4m million since June 2017.
- Surplus cash generated by the Group's operations has funded the buy back and cancellation of a further 2.1 million shares for an average value of \$1.72 per share. Over the past nine years, the Company reduced its issued capital by 54% at an average price of \$0.94 per share, representing a significant discount to the Group's net asset base.

- The Group acquired a new site in Brisbane for \$5.5m.
- Earnings per share based on the number of consolidated shares on issue as at the balance date was 13.6 cents (1H17: 3.1 cents).
- Overall gearing has reduced materially since June 2017 and remains at manageable levels, with 23% debt to assets and 35% debt to equity. A higher leverage is utilised to finance multistorey developments, while the land and housing segment is typically leveraged at approximately 35% (debt to inventory value).
- The Group achieved a development margin of 22% return on cost, exceeding its target of 20%.
- The Group has collected its settlement receivables of \$74.9 million from June 2017 and at December 2017, accrued \$13.3m in settlement receivables for various projects delivered around half year end. The settlements for these accruals occur primarily through January and February and cash receipts are applied to the reduction of finance facilities.
- Strong forecast cash flow generated from existing projects.
- Net tangible assets per share increased to \$2.47 (2017: \$2.39) representing growth of 3.3%.

Group Development Portfolio

Sunland's development pipeline comprises 5,138 land, housing and multistorey products with a total end value of \$3.6 billion (based upon obtaining certain development approvals), providing a healthy portfolio of premium quality projects to be delivered primarily over the next three to five years. Sunland's emerging retail portfolio has an estimated value of \$235m on completion, bringing the total portfolio value to \$3.9 billion. The Group continues to review opportunities to replenish its development portfolio with one new housing site acquired in Brisbane for \$5.5 million. Capacity is held to complete further acquisitions that meet the Group's return profile.

As at the date of this report, Sunland had 14 active projects in Queensland, New South Wales and Victoria. These projects include land, housing and multistorey projects at various points in their delivery cycle. Projects including Abian, Magnoli Residences, Ancora, The Terraces and The Heights (QLD); Dahlia Residences (NSW); and Carré Residence (VIC), have contributed to revenue during this period.

The Group's multistorey portfolio made a material contribution during the period with all except three apartments at Abian in the Brisbane CBD now settled. The Group anticipates a continued contribution from this segment when construction of Marina Concourse, Benowa, is scheduled to be completed towards the end of the financial year. This business segment continues to expand and will become more active and contribute to earnings as concept designs and approvals are finalised, projects are launched, financed and delivery commenced. Sunland has focused on enhancing contributions from this segment with the reintroduction of medium-rise projects at Palm Beach and The Lakes in Mermaid Waters currently in the development pipeline. These medium-rise projects will contribute significantly to Group earnings in future years. Additional multistorey projects within the Group's development portfolio include 272 Hedges Avenue in Mermaid Beach, Greenmount Residences in Coolangatta, One Marine Parade in Labrador and Grace on Coronation in Brisbane. Sunland awaits clarity from the local authority and Queensland government on the Gold Coast Spit master plan before determining the approach for the redevelopment of Mariners' Cove, which continues as an operating retail and marina precinct, generating holding income for the Group.

The Group's Residential Housing and Urban Development segment continues to deliver through various stages of each project, supporting earnings and cash flow.

Group operating activities

Development Activities

Sunland's development activities continued to generate strong earnings for the Group during the first half of the 2018 financial year. The Group's projects in Sydney and Melbourne are presold and delivery continues at 18 MacPherson Street, Warriewood (Sydney) and Gardens, Chirnside Park (Melbourne). Despite there being no new project launches in these areas, the Group achieved 179 sales to the value of \$92.7 million during the period from Queensland projects. These include land and housing at The Heights, Pimpama, and housing projects at Ancora, Hope Island, Shea, St Lucia and The Terraces, Sunshine Coast. The multi storey Marina Concourse at Benowa is more than 50% sold with the display apartment recently opened to the public. Contracted presales for projects that have been released across the development portfolio total 372 as at 31 December 2017, with a combined value of \$308 million.

Construction of the six storey, medium-rise apartment buildings at Marina Concourse, located adjacent to the Royal Pines Marina, is scheduled for completion later this financial year. Multistorey projects in the preliminary design and approval stages include 272 Hedges Avenue (high-rise), Greenmount Residences (medium-rise), One Marine Parade (high-rise), The Lanes Residences (medium-rise), Aer Residences (medium-rise), and Magnoli Apartments (medium-rise) on the Gold Coast. The Grace on Coronation project in Toowong was approved by Brisbane City Council in 2015 and the Land and Environment Court recently dismissed an appeal against this approval. Sunland is waiting on the Queensland Supreme Court's judgment on an appeal against the Land and Environment Court's decision, which is expected over the next few months.

Those multistorey projects in the planning phase will not generate revenue until the projects are completed and the risks and rewards have transferred. Sunland is focused on finalising the design and approvals for these projects to release them to the market and achieve the presales required for funding and commencement of construction. In the meantime, One Marine Parade, Mariner's Cove and Greenmount Resort continue to generate revenue streams that cover the holding costs of these development sites.

The Group's revenue from property sales is weighted towards the first half of the financial year, achieving \$191.6 million (1H16: \$95.4 million) during the period. This was generated from 238 accounting settlements (1H16: 178 accounting settlements). Major revenue contributors were from the Residential Housing and Urban Development segment and include Magnoli Residences, The Heights, Park Terraces and Ancora (QLD); and Carré Residences (VIC).

The Group achieved its targeted development margin (return on cost) across the portfolio of 22% (excluding marketing costs, which are expensed ahead of recognising revenue - refer Segment Report). The Residential Housing and Urban Development segment achieved a return of 22%, and the multistorey portfolio achieved a return of 21%.

Other Group Operations

Other revenues include net holding incomes generated by various sites until approvals are granted and development commences. These include One Marine Parade, Mariner's Cove, and Greenmount Resort on the Gold Coast.

Investment properties held by the Group also generate ongoing investment income and include Royal Pines Marina and The Lakes, both located on the Gold Coast. The Royal Pines Marina is occupied by Sunland's Gold Coast office, as well as other retail and commercial tenants, generating annual net revenue of some \$0.3 million. The Lakes retail area currently comprises some 3,000 square metres of lettable area generating \$1.1 million of annual net income. The Group has lodged a development application to deliver a further 17,000 square metres of retail and commercial space at this location called "The Lanes", which has the potential to diversify the Group's earnings profile.

During the period, the Marcus Lee claim (proceeding number 982/15) was discontinued. The impact of this matter has been fully recognised in the income statement as at 31 December 2017.

Capital Management and Dividends

The Group has undertaken a series of share buy-back programs over the past eight/nine years, which have more than halved the consolidated shares on issue. The shares have been purchased at an average price of \$0.94 over the course of these programs, which is a significant discount to the Group's net tangible asset base per share. It has also contributed to the Group's increase in earnings per share and net asset value per share, delivering significant long-term benefit and value to its shareholders.

Directors have previously stated that the Group intends to pay fully franked dividends of between 40% and 50% of net operating earnings as a dividend payment policy. The Group has paid fully franked dividends totaling 10 cents per share over the last 12 months. Directors have given guidance of 11 cents per share for this financial year with an interim payment of 5 cents per share (fully franked) payable 21 March 2018.

Sunland utilises debt facilities to assist in the funding of its development projects. The approach differs between operational segments. The Residential Housing and Urban Development segment is generally leveraged to around 35% of inventory value. A greater leverage is sought for Multistorey projects as the development

programs are longer and equity can be retained to pursue other opportunities. The Group has access to other sources of funding that provide a longer dated and alternative form of debt capital that complements the senior debt funding of the Group's development portfolio.

Cash received from settlements during the period have repaid the Abian project finance facility of \$132 million and significantly reduced the outstanding principle on the Group's working capital facilities. The reduction in the Group's debt levels has resulted in good capacity to continue the delivery of the existing development portfolio, as well as realising any acquisition opportunities that may arise.

Rounding of amounts

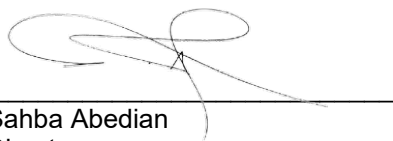
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Sahba', is written over a horizontal line.

Sahba Abedian
Director

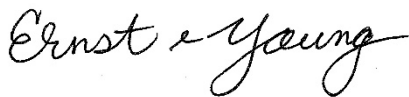
22 February 2018

Auditor's Independence Declaration to the Directors of Sunland Group Limited

As lead auditor for the review of Sunland Group Limited for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Sunland Group Limited and the entities it controlled during the financial period.



Ernst & Young



Wade Hansen
Partner
Brisbane
22 February 2018

Sunland Group Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2017

Sunland Group
ESTABLISHED
1981

		Consolidated	
		31	31
		December	December
	Note	2017	2016
		\$'000	\$'000
Revenue			
Revenue from the sale of properties		191,645	95,407
Revenue from project services		-	5,025
Other revenue from operations	4	3,285	2,291
Other income / expense		45	169
Expenses			
Cost of goods sold- property developments	5	(158,999)	(82,967)
Cost of project services		(82)	(4,051)
Cost of other operations		(699)	(504)
Employee benefits expense		(3,673)	(4,933)
Depreciation and amortisation expense		(833)	(794)
Other administration expenses		(1,411)	(3,151)
Profit before income tax expense		29,278	6,492
Income tax expense		(8,628)	(1,483)
Profit after income tax expense for the half-year attributable to the shareholders of Sunland Group Limited		20,650	5,009
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the shareholders of Sunland Group Limited		<u>20,650</u>	<u>5,009</u>
		Cents	Cents
Basic earnings per share		13.6	3.1
Diluted earnings per share		13.6	3.1

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

Sunland Group Limited
Consolidated statement of financial position
As at 31 December 2017

Sunland Group
ESTABLISHED
1981

		Consolidated	
		31	
	Note	December	30 June
		2017	2017
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		17,815	14,617
Trade and other receivables		20,853	79,053
Inventories		169,262	182,861
Other		1,575	483
Total current assets		<u>209,505</u>	<u>277,014</u>
Non-current assets			
Inventories		314,102	340,500
Investment properties		25,910	24,769
Property, plant and equipment		8,449	8,886
Total non-current assets		<u>348,461</u>	<u>374,155</u>
Total assets		<u>557,966</u>	<u>651,169</u>
Liabilities			
Current liabilities			
Trade and other payables		10,517	25,778
Borrowings	8	-	1,555
Income tax payable		9,766	4,270
Provisions		4,113	4,185
Other		659	1,077
Total current liabilities		<u>25,055</u>	<u>36,865</u>
Non-current liabilities			
Payables		2,000	2,000
Borrowings	8	128,658	216,508
Deferred tax		30,085	31,322
Provisions		498	452
Other		106	183
Total non-current liabilities		<u>161,347</u>	<u>250,465</u>
Total liabilities		<u>186,402</u>	<u>287,330</u>
Net assets		<u>371,564</u>	<u>363,839</u>
Equity			
Issued capital	7	150,837	154,421
Retained earnings		<u>220,727</u>	<u>209,418</u>
Total equity		<u>371,564</u>	<u>363,839</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Sunland Group Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2017

Sunland Group
ESTABLISHED
1981

Consolidated	Issued capital \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2016	167,709	188,707	356,416
Profit after income tax expense for the half-year	-	5,009	5,009
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	5,009	5,009
<i>Transactions with shareholders in their capacity as shareholders:</i>			
Dividends provided for or paid	-	(8,191)	(8,191)
Balance at 31 December 2016	<u>167,709</u>	<u>185,525</u>	<u>353,234</u>
Consolidated	Issued capital \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2017	154,421	209,418	363,839
Profit after income tax expense for the half-year	-	20,650	20,650
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	20,650	20,650
<i>Transactions with owners in their capacity as owners:</i>			
Dividends provided for or paid	-	(9,341)	(9,341)
Share buy-back	(3,584)	-	(3,584)
Balance at 31 December 2017	<u>150,837</u>	<u>220,727</u>	<u>371,564</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Sunland Group Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2017

Sunland Group
ESTABLISHED
1981

	Consolidated	
	31	31
	December	December
Note	2017	2016
	\$'000	\$'000
Cash flows from operating activities		
Cash receipts from operations	272,515	111,947
Cash payments to suppliers and employees	(161,966)	(199,897)
Interest received	794	239
Interest and other finance costs paid	(6,370)	(7,117)
Income taxes (paid) / refunded	(4,369)	4,058
Net cash from/(used in) operating activities	100,604	(90,770)
Cash flows from investing activities		
Cash paid on acquisition of property, plant and equipment	(318)	(1,422)
Payments for construction of investment properties	(1,188)	(2,567)
Proceeds from sale of subsidiary	-	177
Proceeds from disposal of property, plant and equipment	66	-
Advances to / (repayment of) loans from joint operations	-	1,720
Net cash used in investing activities	(1,440)	(2,092)
Cash flows from financing activities		
Proceeds from borrowings	8 -	85,204
Repayment of borrowings	8 (83,041)	-
Purchase of shares through share buy-back	7 (3,580)	-
Payment of share buy-back transaction costs	7 (4)	-
Dividends paid to company's shareholders	6 (9,341)	(8,191)
Net cash from/(used in) financing activities	(95,966)	77,013
Net increase/(decrease) in cash and cash equivalents	3,198	(15,849)
Cash and cash equivalents at the beginning of the financial half-year	14,617	19,949
Cash and cash equivalents at the end of the financial half-year	17,815	4,100

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Segment information

Operating segments

	Land & Housing \$'000	Multi-storey \$'000	Other segments \$'000	Total \$'000
31 December 2017				
Revenue recognised from operations	104,867	86,779	2,490	194,136
Development costs incurred in delivery				
Finance costs expensed	(3,400)	(1,568)	-	(4,968)
Other development costs expensed	(81,504)	(70,423)	(1,121)	(153,048)
Total development costs	(84,904)	(71,991)	(1,121)	(158,016)
Segment result – development return				
Return on development costs	19,963	14,788	1,369	36,120
Return on costs	22%	21%		
Overall return for combined development operations:				
22%				
Other transactions during period				
Marketing	(1,002)	(298)	-	(1,300)
Net realisable value of inventory adjustments and warranties	(351)	(534)	-	(885)
Gain on disposal of a subsidiary				45
Interest income				794
Unallocated expenses				(5,496)
Profit from ordinary activities before tax				29,278
Assets				
Segment assets	287,077	219,320	28,935	535,332
Unallocated corporate assets				22,634
Consolidated total assets				557,966

The consolidated entity comprises the following main segments:

- Land and Housing - development and sale of land (urban development), medium density residential housing products and project service
- Multistorey - development and sale of medium rise projects (generally between five and fifteen storeys) and high rise projects (above fifteen storeys)
- Other - Operating results from investment properties and net holding income

Management approaches and manages project acquisitions and feasibilities using primarily a “return on cost” methodology with a target of 20% return on development costs. Development costs include land, consultants, construction costs, statutory charges and finance costs required to deliver the project. These costs are capitalised for accounting and expensed as revenue is generated through the settlements of a project as it is progressively completed, usually on a staged basis.

Marketing costs are managed separately and are expensed for accounting, ahead of recognising revenue from a project. This can distort the reported return on projects and each segment, particularly where projects (which are mostly staged) are delivered over multiple reporting periods. Operating segment disclosures therefore separate marketing and other one off costs expensed during a reporting period in order to assess the consistency of returns on development costs associated with the projects and each segment.

Unallocated corporate expenses are generally corporate overhead costs being employee benefits and administration expenses that are not directly attributable to the operating segments.

Note 1. Segment information (continued)

31 December 2016	Land & Housing \$'000	Multi-storey \$'000	Other segments \$'000	Total \$'000
Revenue recognised from operations	100,432	-	2,052	102,484
Development costs incurred in delivery				
Finance costs expensed	(2,653)	-	-	(2,653)
Other development costs expensed	(82,401)	-	(942)	(83,343)
Total development costs	(85,054)	-	(942)	(85,996)
Segment result – development return				
Return on development costs	15,378	-	1,110	16,488
Return on costs	18%	-		
Overall return for combined development operations: 18%				
Other transactions during period				
Marketing	(1,369)	(435)	-	(1,804)
Net realisable value of inventory adjustments and warranties	143	17	-	160
Gain on disposal of a subsidiary				169
Interest income				239
Unallocated expenses				(8,440)
Profit from ordinary activities before tax				6,492
Assets				
Segment assets	362,395	281,480	24,656	668,531
Unallocated corporate assets				12,492
Consolidated total assets				681,023

Note 2. Corporate information

These interim financial statements are of the consolidated entity consisting of Sunland Group Limited and its controlled entities (the Group) and are presented in Australian dollars.

Sunland Group Limited is a company limited by shares, incorporated and domiciled in Australia. The Group's principal activities are residential property development and construction. Its registered office and principal place of business is:

Suite 2602, "One One One Eagle Street"
 Level 26, 111 Eagle Street
 Brisbane Qld 4000

Note 3. Basis of preparation of the half-year financial report

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 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 2017 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.

Note 4. Other revenue from operations

	Consolidated	
	31	31
	December	December
	2017	2016
	\$'000	\$'000
Investment property income #	1,028	838
Holding income *	1,155	846
Interest income	794	239
Other revenue	308	368
	<u>3,285</u>	<u>2,291</u>

Investment property income represents the gross revenue generated by rental and operating activities from properties intended to be held as investments for ongoing, non-development revenue.

* Holding income represents the net returns generated by rental and operating activities from inventory whilst development approvals are being sought and before construction commences on the site.

Note 5. Cost of goods sold

	Consolidated 31 December 2017 \$'000	31 December 2016 \$'000
Cost of goods sold- property developments	154,031	80,314
Finance costs expensed through cost of goods sold- property developments	4,968	2,653
	<u>158,999</u>	<u>82,967</u>

Note 6. Equity - Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated 31 December 2017 \$'000	31 December 2016 \$'000
Final fully franked dividend for the previous financial year of 4 cents per share	6,227	8,191
Special fully franked dividend paid of 2 cents per share	3,114	-
	<u>9,341</u>	<u>8,191</u>

On 22 February 2018, the directors declared an interim dividend of 5 cents per share (1H 2017: 4 cents), fully franked at a rate of 30%. The total estimated distribution of \$7,683,284 (1H 2017 \$6,371,000) is based on the number of shares outstanding (including treasury shares) as at the date of issue of these financial statements.

Note 7. Equity - issued capital

	31 December 2017 Shares	30 June 2017 Shares	Consolidated 31 December 2017 \$'000	30 June 2017 \$'000
Share capital	<u>150,338,459</u>	<u>152,415,668</u>	<u>150,837</u>	<u>154,421</u>

Movements in ordinary share capital

Details	Date	Shares	\$'000
Balance	1 July 2017	152,415,668	154,421
Share buy-back		<u>(2,077,209)</u>	<u>(3,584)</u>
Balance	31 December 2017	<u>150,338,459</u>	<u>150,837</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

During the half year, the Group purchased and cancelled 2,077,209 shares on market (HY16 nil). The average price paid per share was \$1.72. The share buy-back is not complete.

Note 8. Financing Arrangements

The Group had access to the following borrowing facilities at the end of the reporting period. The facilities have been split into "working capital" facilities and "project specific" facilities. The undrawn amount of the project specific facilities are available progressively for the purpose of delivering the projects they are funding:

	Consolidated	
	31	
	December	30 June
	2017	2017
	\$'000	\$'000
Working capital facilities available		
Working capital facilities available	213,600	226,600
Facilities utilised	(25,010)	(113,010)
Bank guarantees	(4,832)	(3,753)
Available working capital facilities not utilised at balance date	<u>183,758</u>	<u>109,837</u>
	Consolidated	
	31	
	December	30 June
	2017	2017
Project specific facilities available		
Project specific facilities available	36,000	31,000
Facilities utilised	(6,000)	(7,555)
Available project specific facilities not utilised at balance date	<u>30,000</u>	<u>23,445</u>
	Consolidated	
	31	
	December	30 June
	2017	2017
	\$'000	\$'000
Corporate facilities available		
Corporate facilities available	50,000	50,000
Facilities utilised	(50,000)	(50,000)
Available corporate facilities not utilised at balance date	<u>-</u>	<u>-</u>
	Consolidated	
	31	
	December	30 June
	2017	2017
Unsecured notes available		
Unsecured notes available	50,000	50,000
Facilities utilised	(50,000)	(50,000)
Available unsecured notes not utilised at balance date	<u>-</u>	<u>-</u>

The variance between the facilities utilised at balance date and the carrying value of bank loans is attributable to the inclusion of pre-paid borrowing costs in the carrying value of interest bearing bank loans under the effective interest method.

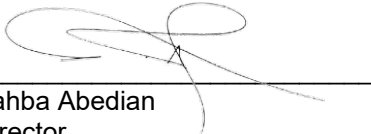
The Group does not have any financial instruments measured at fair value. The fair value of cash, trade and other payables and trade and other receivables approximate their carrying values, largely due to the short-term maturities of these instruments.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Sahba Abedian
Director

22 February 2018

Independent Auditor's Review Report to the Members of Sunland Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Sunland Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and 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 the Group is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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.

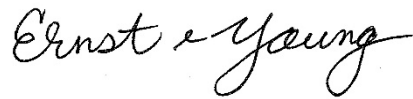
Auditor's Responsibility

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 Engagements 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 consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, 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 enquiries, primarily of persons responsible for 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*.



Ernst & Young



Wade Hansen
Partner
Brisbane
22 February 2018