

ASX Release (ASX Code: LHM)**2 MARCH 2020**

APPENDIX 4D – FINANCIAL REPORT HALF YEAR ENDED 31 DECEMBER 2020

Attached is the Company's Appendix 4D and Financial Report for the Half Year ended 31 December 2019.

Authorised by the Board.

For further information please contact:

Andrew J. Cooke,

Company Secretary

andrewcooke@landnhomesgroup.com

About Land & Homes Group Limited

Land & Homes Group Limited (LHM) is a property development company focused on the acquisition of prime sites for project development into quality residential, commercial and mixed-use apartments. The Company is listed on the Australian Securities Exchange. Its strategy is to hold a diverse portfolio of high-yield properties and projects at various stages of development and construction.

The Company's operations have been established in Brisbane to develop quality, medium to high-density residential apartments for an expanding market in the strong sustainable growth region of South East Queensland. Initially concentrating the business activity on Brisbane city, the residential products are to be developed in attractive convenient locations of inner Brisbane area suitable for a balance of both investors and owner occupiers.

The Company is well placed to leverage the credentials and track record of its major shareholder, the Lian Huat Group, in property development in Australia with strong networks and insight into the needs of investors from Asia. With this experience, LHM will realise its *Asia Vision* through the establishment of an experienced management team that has expertise in Australia's property market, urban planning, project management and finance, along with an intimate knowledge of the appetite and demands of the significant Asian market.

Please visit the Company web site for additional details: www.landnhomesgroup.com

Appendix 4D – Land & Homes Group Limited for the 6 Month Period Ended 31 December 2019

1. Company details

Name of entity:	Land & Homes Group Limited
ACN:	090 865 357
Reporting period:	For the half-year ended 31 December 2019
Previous period:	For the full-year ended 30 June 2019

2. Results for announcement to the market

		Period Ended	
	Change	31 Dec 2019	31 Dec 2018
Revenue	down 23%	\$101,543	\$131,711
Loss from ordinary activities after tax attributable to the owners of Land & Homes Group Limited	up 48%	(\$833,690)	(\$1,599,943)
Net (loss) for the period attributable to the owners of Land & Homes Group Limited	up 48%	(\$833,690)	(\$1,599,943)

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

	31 Dec 2019 Reporting period Cents	30 June 2019 Previous period Cents
Loss per Share (Basic & Diluted)	(0.0794)	(0.2917)

5. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.764	0.843

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 2019

Land & Homes Group Limited

ACN: 090 865 357 005

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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 2019.

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 \$833,690 (2018: \$1,599,943).

Financial position

The net assets of the Group at 31 December 2019 are \$8,014,848 (31 December 2018: \$10,309,646).

Land & Homes Group Ltd has successfully issued \$7,012,594 in Convertible Notes A and \$519,268 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.

After an unsuccessful campaign to sell its 207 Wharf Street property, the Group is now focused on a strategy to refurbish and lease out the available 4,965 sqm of commercial office space.

Events after the end of the reporting period

In February 2020, 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 2021. The facility establishment fee \$39,900 is payable to the lender upon signing the new loan agreement.

Since the 31st December 2019, a further \$300,000 Convertible Notes A have been issued (bringing the current total to \$6,812,594). No further Convertible Notes B have been issued.

The Group is currently in the process of extending the \$1 million Singapore dollar loan to 31 December 2020 at an interest rate of 7% to be capitalised monthly.


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 1st day of March 2020

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 2019, 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, 1 March 2020

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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 2019

	Consolidated Entity	
	31 Dec 2019	31 Dec 2018
Revenue	\$	\$
Rental Income	99,935	131,375
Other Income	1,608	336
Revenue	101,543	131,711
Expenses		
Employee Benefits	(339,773)	(349,837)
Professional Fees	557,274	(136,215)
Share Registry Expenses	(5,480)	(5,247)
Insurance	(34,047)	(17,256)
Other Expenses	(60,581)	(82,379)
Travel Expenses	(29,893)	(44,753)
Wharf St Outgoings	(262,522)	(296,183)
Rental Costs	(2,921)	(52,392)
Depreciation	(187,040)	(220,586)
Total Expenses	(364,983)	(1,204,848)
Loss Before Finance Costs and Income Tax	(263,440)	(1,073,137)
Finance costs	(570,250)	(526,806)
Loss before income tax	(833,690)	(1,599,943)
Income tax expense	-	-
Loss from Continuing Operations	(833,690)	(1,599,943)
Other Comprehensive Income	-	-
Total comprehensive loss	(833,690)	(1,599,943)
Earnings per share		
Basic earnings per share (cents)	(0.0794)	(0.1584)
Diluted earnings per share (cents)	(0.0794)	(0.1584)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2019

	Consolidated entity	
	31 Dec 2019	30 June 2019
	\$	\$
Assets		
Current Assets		
Cash and cash equivalents	658,698	542,814
Trade and other receivables	46,873	59,382
Total Current Assets	705,571	602,196
Non-Current Assets		
Property, plant and equipment	2,836	4,954
Inventories	25,595,703	24,922,905
Investment property (Wharf Street)	21,318,842	21,503,764
Total Non-Current Asset	46,917,381	46,431,623
Total Assets	47,622,952	47,033,819
Liabilities		
Current Liabilities		
Trade and other payables	913,502	1,408,061
Borrowings	15,202,740	31,111,913
Total Current Liabilities	16,116,242	32,519,974
Non Current Liabilities		
Borrowings	23,491,862	5,665,307
Total Non Current Liabilities	23,491,862	5,665,307
Total Liabilities	39,608,104	38,185,281
Net Assets	8,014,848	8,848,538
EQUITY		
Issued capital	69,078,509	69,078,509
Accumulated Losses	(61,087,622)	(60,253,932)
Share Option Reserve	23,961	23,961
Total Equity	8,014,848	8,848,538

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2019

Consolidated entity	Ordinary Shares	Share Option Reserve	Retained Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2019	69,078,509	23,961	(60,253,932)	8,848,538
Loss attributable to members	-	-	(833,690)	(833,690)
Balance at 31 December 2019	69,078,509	23,961	(61,087,622)	8,014,848

Consolidated entity	Ordinary Shares	Share Option Reserve	Retained Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2018	69,078,509	23,961	(57,192,801)	11,909,669
Loss attributable to members	-	-	(1,599,943)	(1,599,943)
Balance at 31 December 2018	69,078,509	23,961	(58,792,744)	10,309,726

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2019

	Consolidated entity	
	31 Dec 2019	30 June 2019
	\$	\$
Cash Flows from Operating Activities:		
Receipts from customers	112,480	251,202
Payments to suppliers and employees	(389,434)	(1,222,290)
Interest received	1,608	8,723
Interest expense	(823,394)	(908,294)
Payments for land & development	(618,376)	(1,124,164)
Net cash used in operating activities	(1,717,116)	(2,994,823)
Cash Flows from Financing Activities:		
Proceeds from borrowings – external lenders	1,833,000	2,990,487
Payment to Loan Offset Account	-	528,638
Net cash provided by financing activities	1,833,000	3,519,125
Net decrease in cash and cash equivalents held	115,884	524,302
Cash and cash equivalents at beginning of year	542,814	18,512
Cash and cash equivalents at end of financial year	658,698	542,814

The accompanying notes form part of these financial statements.

Notes to the Financial Statement
For the Half-Year Ended 31 December 2019

1 Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 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 2019 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 2019 Land & Homes Group Limited incurred a loss of \$893,690 and had net assets of \$8,014,848.

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.

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 2019

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 2019	30 June 2019
	\$	\$
Fully Paid Ordinary Shares	69,078,509	69,078,509

(a) Movement in ordinary shares on issue

	No.	\$
At the beginning of the reporting period	1,049,389,293	69,078,509
Issue of shares		
Nil	-	-
At the end of the reporting period	1,049,389,293	69,078,509

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.

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

Notes to the Financial Statement
For the Half-Year Ended 31 December 2019

4 Earnings per share

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

	31 December 2019	31 December 2018
	\$	\$
Net loss for the period	(833,690)	(1,599,943)
Earnings used to calculate basic EPS from continuing operations	(833,690)	(1,599,943)
Earnings used in the calculation of dilutive EPS	(833,690)	(1,599,943)

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

	31 December 2019	31 December 2018
	No.	No.
Weighted average number of ordinary shares during the period used in calculating basic EPS	1,010,102,469	1,010,102,469
Weighted average number of ordinary shares during the period used in calculating diluted EPS	1,010,102,469	1,010,102,469

5 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 \$39,900 is payable to the lender upon signing the new loan agreement.

Since the 31st December 2019, a further \$300,000 Convertible Notes A have been issued (bringing the current total to \$6,812,594). No further Convertible Notes B have been issued.

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 contingent assets at 31 December 2019.

These Interim Financial Statements disclose a liability to a Director related entity in the amount of \$225,744. The amount owed to the Director related entity is in dispute. The Director related entity claims that the amount due is \$960,317. The Director related entity believes that it is entitled to be paid management fees. No written Management Agreement exists between the Company with the Director related entity or any other entity and accordingly the majority of Directors do not believe that the Company has any obligation to pay the management fees claimed by the Director related party. Management fees that had been previously accrued by the Company have now been reversed in the financial records of the Company with the approval of a majority of Directors.

In the event of any legal claim arising from the Director related entity in the future, the majority of the Board are of the view that such claim would be fully contested.

Given the matters referred to above, certain directors have not returned their Directors confirmation for the period ending 31 December 2019. A majority of Directors believes that the remuneration disclosed in these Interim Financial Statements is correct.

There were no other contingent liabilities.

Notes to the Financial Statement

For the Half-Year Ended 31 December 2019

7 Related Party Transactions

Transactions with related parties:

	31 December 2019	31 December 2018
	\$	\$
<i>Rendering/Purchase of services</i>		
Management and other professional fees	(641,667)	92,500

All purchases from related parties were on normal commercial terms. During the current period, there was a write off of management fees.

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

	31 December 2019	30 June 2019
	\$	\$
<i>Loans from related parties</i>		
Balance brought forward	1,151,913	1,011,320
Advances	50,827	140,593
Repayments / Adjustments	225,744	-
Total	1,428,484	1,151,913

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. With effect from 1 January 2018 the loan was assigned by SLH to Khosland Management Pte Ltd (Khosland). Khosland is associated with the Company's Chairman Mr. CK Kho. To date \$1,135,146 Singapore dollars has been drawn down (A\$1,202,740) from this facility including capitalised interest.

The loan (which has an interest rate of 7% capitalised monthly) expired on the 31st of December 2019, however Khosland has agreed to an extension to 26 May 2020.

8 Borrowings

As recorded in Note 5, 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 2021. The facility establishment fee \$39,900 is payable to the lender upon signing the new loan agreement. As a consequence the loan is classified as a current liabilities.

The existing \$14,000,000 loan facility to finance Barry Parade development, is due to mature in October 2020. The Group intends to apply to UOB, to renew the loan by a further 12 months to October 2021. 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

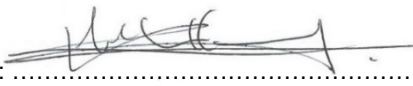
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Directors' Declaration

The directors of the Company declare that:

1. The interim financial statements and notes, as set out on pages 4 to 11 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 2019 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 1 March 2020

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 2019, the consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2019, 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 2019 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 Group 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 Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

We also draw attention to Note 6 in the Half-year Financial Report pertaining to contingent liabilities. In the event of any legal claim arising from the director related entity in the future, the majority of the Board is of the view that such claim will be fully contested.

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.

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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 2019 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, 1 March 2020

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