Land & Homes Group Limited

ACN: 090 865 357

Annual Financial Report

For the Year Ended 30 June 2016

Land & Homes Group Limited

ACN: 090 865 357

Contents

Directors' Report
30 June 2016

The Directors present their report on Land & Homes Group Limited (the "Company") and its subsidiaries (referred to hereafter as the "Group"), for the financial year ended 30 June 2016.

Directors

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

- Choon Keng (CK) Kho – Non-Executive Chairman (appointed 18 January 2016)
- Peter Henry Mackinlay – Independent Non-Executive Director / Deputy Chairman (appointed 18 January 2016)
- Patrick Chuan Thye Kho – Non-Executive Director (appointed 18 January 2016)
- Shawn Chuan Chi Kao – Independent Non-Executive Director (appointed 16 February 2016)
- Kwee Jee Lee – Independent Non-Executive Director
- Kim Huat Koh – Independent Non-Executive Director
- Grant Archibald – Independent Non-Executive Director (appointed 18 January 2016)
- Charles Chow Cher Lim – Non-Executive Director
- Siew Goh – Executive Director & COO

Unless noted above, all directors have been in office since the start of the financial year to the date of this report.

Company Secretary

- Andrew Cooke (appointed 1 March 2016)
- Elizabeth Hunt (resigned 29 February 2016)

Details of the company secretary's experience are set out below under 'Information on Directors'.

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 focussing on the city of Brisbane. The principal activity of the Group was updated in the year, due to a strategic change in the direction of the group, following the relisting on the ASX.

Operating results

The loss after income tax of the Group for the financial year amounted to $1,590,343 (2015: $1,257,751).

Financial position

The net assets of the Group at 30 June 2016 are $6,434,984 (2015: net liabilities of $290,654)

Dividends Paid or Recommended

No dividends were paid during the period and no recommendation is made as to the payment of a dividend.

Review of operations and business strategy

On 2 November 2015, MOV Corporation Limited changed its name to Land & Homes Group Limited and issued a Prospectus to raise funds to position the business for re-quotation on the Australian Securities Exchange ("ASX"). On 28 January 2016 Land & Homes Group Limited officially announced that it had been successfully reinstated on to the ASX.

The Land & Homes Group, intends to focus on servicing the growing needs of property investors from Asia who are targeting investment in Australia. Through its board and management, the Group will have strong ties to Asian markets. As a result, the Group will be well positioned to meet the needs of the growing number of qualified offshore investors from the wider region, including Singapore and Hong Kong.

The Group has formulated a strategy to invest in and develop property in Australia and provide a property development platform for quality commercial, residential and mixed use properties, including land for development or redevelopment. It is the Group's intention to invest and earn recurrent income or to sell when appropriate to realise capital gains on these investments.

The Group's preferred property development model is to develop quality, medium to high density residential apartments in South East Queensland, focussing initially on Brisbane. The residential developments are to be in attractive, convenient locations of the inner Brisbane area suitable for a balance of both investors and owner occupiers.

The Group successfully acquired its first property on 24 February 2016. The first acquisition was a 2,433 sqm property located at 207 Wharf Street, Spring Hill. The Group intends to redevelop the existing property as a multi-storey residential development of up to 30 levels.

On 2 May 2016, the Group entered into a 'Put and Call Option' Agreement to secure the acquisition of its second property at 100 Barry Parade, Fortitude Valley. The Group is proposing to develop the property which has a current development approval into a two-tower development comprising of between 400 and 450, one and two bedroom apartments, ground floor retail facilities and basement car parking.

Significant changes in the state of affairs

Significant changes in the state of the affairs of the Group for the financial year were as follows:

(a) Increase in contributed equity of $8,378,270, resulting from the issue of 366,389,423 shares. For additional information refer to note 16 on page 36 of this annual report.

(b) Borrowings of $15,960,000 from United Overseas Bank for the purpose of purchasing the Wharf Street property. For additional details refer to note 15 on page 35 of this annual report.

Events after the end of the reporting period

Capital raising
Subsequent to the end of the financial year the Company undertook capital raising comprising:

- A fully underwritten pro-rata renounceable rights offer of ordinary fully paid shares with attaching options that raised $7,975,288 before costs. The offer comprised of new shares with an issue price of $0.05 per share and two attaching options per share with an exercise price of $0.20 and an expiry of 12 August 2021.
- A private placement for the oversubscriptions in the above rights issue which generated an additional $630,396. The placement is on the same terms as the rights issue and comprises of ordinary fully paid shares with an issue price of $0.05 per share and two attaching options per share with an exercise price of $0.20 expiring on 12 August 2021.
- A private placement of 3,000,000 options on 12 August 2016 as part of a fee arrangement for services rendered. These options have an exercise price of $0.20 and an expiry date of 12 August 2021.
- A $14 million credit offer letter was provided by United Overseas Bank Limited on 6 September 2016 and this was accepted by the Group. At the date of this report the facility had not been drawn down. The loan bears an interest margin of 2% per annum over and above the relevant period Bank Bill Swap Reference Rate. Principal repayments of $500,000 are to be made semi-annually commencing on 1 March 2017 with the remaining balance payable two years from the drawdown date. The loan will be secured by a first registered mortgage over the Barry Parade property, a first registered general security agreement over the Group's present and after acquired property, a corporate guarantee from Land & Homes Group Limited and Brisbane Land Holdings Pty Ltd, supported by the mortgaged Wharf Street property, and a cash deposit of $500,000 to be held in a set-off account.

Investment property – Barry Parade
A second advance instalment of $1,000,000 was made on 27 July 2016 under the terms of the Put and Call Option Agreement to acquire the Barry Parade property. This property is due to settle on 31 October 2016.

Except for the matters set out above, no other matters or circumstances have arisen since the end of the period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely developments

Other than information disclosed elsewhere in this annual report, information on likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this directors' report because the directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the Group.

Environmental regulations

The Group is subject to compliance with both Commonwealth and State environment protection legislation. The directors are satisfied that adequate policies and procedures are in place to ensure the Group's compliance with the applicable legislation. The Group is not aware of any incidents that have resulted in material non-compliance with environmental regulations during the financial year and up to the date of the directors' report.

Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the financial year and to the date of this report are:

Mr Choon Keng (CK) Kho	**Non-Executive Chairman (Appointed 18 January 2016)**
Qualifications	Mr CK Kho graduated with First Class Honours in BSc (Engineering) from King's College University of London. He was also awarded the President's Scholarship by the Government of Singapore.
Experience	Mr Kho served in the Singapore Civil Service until joining Lian Huat Group in Singapore in 1985 and has extensive experience in developing major property projects in Australia, Singapore and China. After joining the Lian Huat Group, Mr Kho was responsible in upgrading and modernising the group's management systems and expansion plan while preserving the qualities of the traditional Chinese ethics and culture to lead the group to be one with the international perspectives and practices and yet nimble with long-term vision. Mr Kho is the Non-Executive Chairman of LionHub Group Limited (ASX:LHB).
Deemed interest in shares	590,909,092
Mr Peter Henry Mackinlay	**Non-Executive Director / Deputy Chairman (Appointed 18 January 2016)**
Qualifications	Mr Mackinlay is a Fellow of the Australian Institute of Company Directors, Fellow of FINSEA and a Life Member of the Overseas Bankers Association of Australia.
Experience	Mr Mackinlay has been in the banking industry since 1961, having commenced with the National Bank of Australasia in managerial roles in Australia, Singapore and Hong Kong. In 1995, Mr Mackinlay was recruited by Singapore based Overseas Union Bank Limited as a Regional Head for Australia and New Zealand. From 2001, Mr Mackinlay was appointed as Head of Australasia, Overseas Union Bank of Singapore and retired in March 2014 when he was CEO of Australia and New Zealand of United Overseas Bank, Singapore, following the merger with Overseas Union Bank. In April 2002, Mr Mackinlay was appointed by the Singapore Government as the Honorary Business Representative (Sydney) for International Enterprise Singapore and held that position until December 2008.
Interest in shares	Nil
Mr Patrick Chuan Thye Kho	**Non-Executive Director (Appointed 18 January 2016)**
Qualifications	Mr Patrick Kho read Electrical and Electronic Engineering in St Johns College in the University of Cambridge and graduated in 1988 with a Second Class Upper BA degree. He subsequently obtained a MA from the University of Cambridge in 1991. Mr Kho is also a Chartered Financial Analyst.
Experience	A Singapore Armed Forces scholar, Mr Kho served his scholarship bond with the Singapore Armed forces until 1996 when he left to join Lian Huat Group. During his 12 years military career, Mr Kho served in various command and staff leadership positions in the Republic of Singapore Air Force. In the field, he commanded Air Defence Artillery missile units while in the HQ he was responsible for the air force manpower planning and policy as well as the development of air force training policy. As the Group Managing Director of Lian Huat Group, Mr Kho manages the Lian Huat Group's Singapore property development and investment businesses as well as the Lian Huat Group's property investments and hotel businesses in Australia and China. In recent years, he spearheaded property development projects in Singapore. Mr Kho is a Non-Executive Director with LionHub Group Limited (ASX:LHB).
Deemed interest in shares	590,909,092

Mr Shawn Chuan Chi Kao	**Non-Executive Director (Appointed 16 February 2016)**
Qualifications	Mr Kao obtained his Business Administration degree from Fullerton University in the USA and a Masters degree in Hotel Management in 2009 from Hotel and Tourism Management Institute (HTMi) in Switzerland.
Experience	Mr Kao is an experienced investment and real estate professional with extensive expertise in China and Singapore. Among his executive and non-executive roles in Asia, he is currently Chairman of San Teh Ltd, an SGX listed company with extensive business in China and Singapore, which include real estate, hotel investment and manufacturing. In addition, Mr Kao actively involves himself in trade associations, having assumed the leadership positions of Vice President at the Shanghai Overseas Chinese Chamber of Commerce in 2004, providing assistance to those who are interested in running businesses in China and promoting investment in China. Mr Kao is the Chairman of San Teh Xing Ltd (SGX:S46)
Deemed interest in shares	207,356,000

Ms Kwee Jee Lee	**Non-Executive Director**
Qualifications	Ms Lee obtained her BSc (Hons) and MSc from the University of Singapore and attended an Executive Development Programme in INSEAD, Fontainebleau.
Experience	Ms Lee had very extensive experience in both the public and private sector. She spent about 20 years in the public sector formulating and overseeing policies in the Ministries of Finance, Defence and the Environment of the Government of Singapore. Her scope of work included finance and budgetary control, personnel and human resource allocation, public relations and international relations. Ms Lee also spent another 20 plus years in the private sector, working in manufacturing, electronic and technology companies, including Electronic Component of General Electric (USA), TDB Holdings Pte Ltd, ST Aerospace Pte Ltd, and Singapore Technologies Pte Ltd. She held key positions in these companies, mostly specialised in human resources and building up of strategic relationships for these companies, both locally and internationally, to expand and promote their operations and businesses. Prior to her retirement, Ms Lee was the SVP (Strategic Relations and Corporate Communications) of Singapore Technology Telemedia Pte Ltd where she spent a little over 9 years building and strengthening external relationships with the media, the public and international partners. Ms Lee is a Non-Executive Director with LionHub Group Limited (ASX:LHB).
Interest in shares	Nil

Mr Kim Huat Koh	**Non-Executive Director**
Qualifications	Mr Koh was a Singapore Government scholar. He graduated from National University of Singapore in Bachelor of Engineering (civil), 2nd Upper Honors. He spent many years serving the Singapore Government in different departments. They included administrative service of Singapore Government, its diplomatic mission in Shanghai and Government of Singapore Investment Corporation (GIC).
Experience	Mr Koh has extensive experience as a member on the boards of many private and publicly listed companies, including Singapore and Hong Kong-listed Rowsley Ltd, UPP Holdings Ltd, Eagle Brand Holdings Ltd and Hong Kong Fortune Ltd. He was Executive Director of Hong Kong Fortune Ltd in 1994 and retired in May 2013 as Executive Chairman of UPP Ltd. Mr Koh also has intimate knowledge of China and of property development. He was head of Singapore's diplomatic missions in Shanghai from 1991 till 1994. He then went on to head up the property businesses for Chia Tai group in China. Chia Tai was then one of the largest foreign investors in China. Its property investments include the commercial downtown of Pudong, Shanghai and other cities. Prior to his retirement last year, he was also a director of Vantage Bay, a company involved in property development in Iskandar Johor. Mr Koh is a Non-Executive Director with LionHub Group Limited (ASX:LHB).
Interest in shares	Nil

Directors' Report

30 June 2016

Mr Grant Archibald	**Non-Executive Director (Appointed 18 January 2016)**
Qualifications	Mr Archibald is a graduate in Construction Management of RMIT in Melbourne and a Full Member of the Australian Institute of Building since 1974.
Experience	Mr Archibald spent 10 years in Melbourne as a construction company executive before moving to Sydney and gaining extensive experience in the overall delivery of major hotels, large-scale retail and residential projects. Since 1993, he has acted as CEO and director of a number of major development project companies for investors from Malaysia, Singapore and China. In this role he was responsible for the successful undertaking of substantial property investment commitments. Mr Archibald's duties and experience have included most aspects of the related fiduciary duties required for corporate formation, operation, governance and accountability. From 2008 to 2012 Mr Archibald was a senior management executive for a publicly listed development corporation based in Shanghai, where he was responsible to lead the international consultant team on developing large scale mixed use projects. Mr Archibald returned to Australia and established a residential property development company undertaking a variety of large scale projects for Chinese and Australian investors.
Interest in shares	Nil

Mr Charles Chow Cher Lim	**Non-Executive Director**
Qualifications	Mr Lim started his career in corporate banking with an American bank in Singapore. Mr Lim has also been stationed in various countries including China, Hong Kong and Thailand in banking, securities and other industries. He holds a B.A. Hons (Economics & Finance) degree from the University of California, Los Angeles.
Experience	Mr Lim has over 20 years of experience in Finance and Management. He was formerly a Chief Financial Officer and Executive Director of a public listed company in Singapore that had investments in property, publishing, and manufacturing of consumer products, in various countries including Australia, UK, France, and several South East Asian countries. In that capacity, he had executed several cross-border M&A and other corporate finance transactions. Mr Lim is CEO of LionHub Group Limited (ASX:LHB).
Interest in shares	Nil

Ms Siew Goh	**Executive Director & Chief Operations Officer**
Qualifications	Prior to Ms Goh's return to Australia, she was an Associate Director in a Singapore based investment company, Temasek Holdings Limited (one of the biggest sovereign fund managers in the world) and has also spent several years working in Temasek's subsidiaries – Temasek Management Services Pty Ltd and Singapore Technologies Pte Ltd. Ms Goh led a team to plan, organise and manage high profile events in Singapore, Asia and Europe for diplomats and senior regional corporate leaders.
Experience	Ms Goh has extensive experience working in regional corporate environment. She has a diverse range of industry skills and experience in the areas of international corporate events management, marketing communications and strategic relations. Ms Goh is the Head of Operations of LionHub Group Limited (ASX:LHB).
Interest in shares	Nil

Information on Company Secretaries

Mr Andrew Cooke	**Appointed 1 March 2016**
Qualifications	LLB, FAICS
Experience	Andrew has more than twenty years' experience in law and corporate finance and has served as the Company Secretary of a number of listed companies. He is responsible for the company secretarial function together with stock exchange and regulatory compliance.
Ms Elizabeth Hunt	**Resigned 29 February 2016**
Qualifications	BSc, Master of Accounting and Graduate of the Australian Institute of Company Directors.
Experience	Elizabeth has over fifteen years' corporate and accounting experience with a particular interest in governance. Elizabeth's knowledge includes IPO management, governance & risk, company secretarial matters, ASX listing requirements, ASIC and other statutory reporting requirements, and financial accounting and reporting.

REMUNERATION REPORT (AUDITED)

Remuneration policy

The remuneration policy of Land & Homes Group Limited has been designed to align Key Management Personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Land & Homes Group Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best KMP to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the Group is as follows:

- The remuneration policy has been developed by the Board of Directors.
- A base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, and performance incentives.
- Performance incentives are based on predetermined key performance indicators.
- Incentives paid in the form of options or rights are intended to align the interests of the KMP and Group with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The Remuneration Committee reviews KMP packages annually by reference to the Group's performance, executive performance and comparable information from industry sector. The Remuneration Committee consists of Choon Keng (CK) Kho, Patrick Chuan Thye Kho, Kwee Jee Lee and Kim Huat Koh.

The performance of KMP is measured against criteria agreed bi-annually with each executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

KMP receive a superannuation guarantee contribution required by the law, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

Upon retirement, KMP are paid employee benefit entitlements accrued to the date of retirement. Any options not exercised before or on the date of termination will lapse.

All remuneration paid to KMP is valued at the cost to the Group and expensed. The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Remuneration Committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is $600,000 as approved at the general meeting on 2 November 2015.

Relationship between remuneration policy and company performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on key performance indicators, and the second being the issue of options to directors and executives to encourage the alignment of personal and shareholder interests.

Performance conditions linked to remuneration

The key performance indicators (KPIs) are set annually, with a certain level of consultation with KMP to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Employment details of members of KMP

The following table provides employment details of persons who were, during the financial year, members of KMP of the Group. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

The names of the directors of Land & Homes Group Limited and their position are set out on page 3 above. The other key management personnel of the Group consisted of the following Senior Executives:

Noel Woodward – Chief Executive Officer (commenced employment on 13 June 2016)
Simon Tillbrook – General Manager (commenced employment on 27 July 2015)

Table of benefits and payments

	Short-term employee benefits				Post-employment benefits			
2016	**Salary, fees and leave**	**Bonus**	**Non monetary**	**Termination payments**	**Superannuation**	**Share based payments**	**Total**	**Proportion of remuneration that is performance based**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Directors								
Choon Keng (CK) Kho (Chairman)[1]	-	-	-	-	-	-	-	-
Peter Henry Mackinlay[2]	29,165	-	-	-	2,771	-	31,936	-
PatrickChuan Thye Kho[3]	-	-	-	-	-	-	-	-
Shawn Chuan Chi Kao[5]	12,068	-	-	-	-	-	12,068	-
Kwee Jee Lee	28,925	-	-	-	2,748	-	31,673	-
Kim Huat Koh	31,424	-	-	-	-	-	31,424	-
Grant Archibald[4]	14,166	-	-	-	1,346	-	15,512	-
Charles Chow Cher Lim	-	-	-	-	-	-	-	-
Siew Goh[12]	-	-	-	-	-	-	-	-
	115,748	-	-	-	6,865	-	122,613	
Senior Executives								
Noel Woodward, CEO[7]	15,998	-	-	-	1,027	-	17,025	-
Simon Tillbrook, General Manager[8]	168,260	-	-	-	15,985	-	184,245	-
	184,258	-	-	-	17,012	-	201,270	
Total	**300,006**	**-**	**-**	**-**	**23,877**	**-**	**323,883**	

Directors' Report
30 June 2016

2015	Short-term employee benefits				Post-employment benefits			
	Salary, fees and leave	Bonus	Non monetary	Termination payments	Superannuation	Share based payments	Total	Proportion of remuneration that is performance based
	$	$	$	$	$	$	$	%
Non-executive Directors								
Kwee Jee Lee	23,333	-	-	-	2,217	-	25,550	-
Charles Chow Cher Lim	-	-	-	-	-	-	-	-
Siew Goh	-	-	-	-	-	-	-	-
Kim Huat Koh	17,500	-	-	-	-	-	17,500	-
Steve Nicols[6 / 11]	-	-	-	-	-	140,000[11]	140,000	-
Adam Blumenthal[9 / 11]	-	-	-	-	-	140,000[11]	140,000	-
Gregory Comelsen[10]	16,000	-	-	-	-	-	16,000	-
	56,833	**-**	**-**	**-**	**2,217**	**280,000**	**339,050**	

[1]Choon Keng (CK) Kho was appointed as Chairman on 18 January 2016.
[2]Peter Henry Mackinlay was appointed as a director and deputy Chairman on 18 January 2016.
[3]Patrick Chuan Thye Kho was appointed as a director on 18 January 2016.
[4]Grant Archibald was appointed as a director on 18 January 2016.
[5]Shawn Chuan Chi Kao was appointed as a director on 16 February 2016.
[6]Steve Nichols resigned on 3 December 2014.
[7]Noel Woodward commenced employment on 13 June 2016.
[8]Simon Tillbrook commenced employment on 27 July 2015 and resigned 8 September 2016.
[9]Adam Blumenthal resigned on 3 December 2014.
[10]Gregory Comelsen resigned on 3 December 2014.
[11]Shares were issued to Steven Nicols and Adam Blumenthal as approved by shareholders 3 December 2014 and represent unpaid directors fees for the 1 March 2012 to 30 June 2014.
[12]Siew Goh was appointed Chief Operating Officer 16 February 2016.

Securities received that are not performance related

No members of KMP are entitled to receive securities which are not performance-based as part of their remuneration package.

Cash performance-related bonuses

No cash bonuses, performance related bonuses and share based payments were made during the current financial year.

Directors' Report
30 June 2016

Equity holdings of key management personnel

Directors' Interests

The relevant interest of each director in the shares and options issued by the Group, as notified by the Directors to the ASX in accordance with section 205G (1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares	Options over ordinary shares
30 June 2016		
Non-Executive Directors		
Choon Keng (CK) Kho (Chairman)	590,909,092	181,818,184
Patrick Chuan Thye Kho	590,909,092	181,818,184
Shawn Chuan Chi Kao	207,356,000	114,712,000

Option holdings

No options were held by key management personnel during the financial year ended 30 June 2016.

Service Contracts

Service contracts have been entered into by the Group with senior executives, describing the components and amounts of remuneration applicable on their initial appointment, including terms and performance criteria for performance-related cash bonuses. These contracts do not fix the amount of remuneration increases from year to year. Remuneration levels are reviewed generally each year by the Remuneration Committee to align with changes in job responsibilities and market salary expectations.

Noel Woodward	
Contract term	Commenced 13 June 2016 with no fixed term.
Base salary	$321,063 per annum inclusive of superannuation.
Termination payments	Either Mr Woodward or the Group may terminate his employment by giving the other two months' written notice. The Group may end Mr Woodward's employment without notice for cause.
Simon Tillbrook	
Contract term	Commenced 27 July 2015 with no fixed term.
Base salary	$197,100 per annum inclusive of superannuation
Termination payments	Either Mr Tillbrook or the Group may terminate his employment by giving the other three months' written notice. Simon Tillbrook resigned 8 September 2016.

No other transactions with Key Management Personnel occurred during the 2016 year.

"End of Remuneration Report (Audited)"

Directors' Report
30 June 2016

Meetings of directors

During the financial year, one meeting of directors (including committees of directors) was held. All committees were formed in May 2016 and attendance by each director during the year was as follows:

	Directors' Meetings		Audit and Risk Management Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Choon Keng (CK) Kho	1	1	-	-	1	1
Peter Henry Mackinlay	1	1	1	1	-	-
Kwee Jee Lee	1	1	1	1	1	1
Charles Chow Cher Lim	1	1	1	1	-	-
Siew Goh	1	1	-	-	-	-
Kim Huat Koh	1	1	-	-	1	1
Patrick Chuan Thye Kho	1	1	1	1	1	1
Grant Archibald	1	1	-	-	-	-
Shawn Chuan Chi Kao	1	1	-	-	-	-

Share options

Unissued ordinary shares of Land & Homes Group Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
12 August 2016	12 August 2021	Nil	319,011,528
12 August 2016	12 August 2021	Nil	25,215,828
12 August 2016	12 August 2021	Nil	3,000,000

Under the Rights Issue completed on 12 August 2016, two listed options are attached to each new share issued, resulting in 319,011,528 options issued with an exercise price of $0.20. Due to oversubscription, the Group made a private placement of 12,607,914 shares with 25,215,828 attaching options on the same terms as the Rights Issue. In addition, the Group made a private placement of 3,000,000 options as part of a fee arrangement for services rendered.

There were no options issued under an employee share option plan during the period.

Indemnification and insurance of officers and auditors

During the financial year, the Group paid insurance premiums of $28,343, to insure the Directors and Officers of the Group against certain risks associated with their activities as Officers of the Company.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the Group.

Proceedings on behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

Directors' Report
30 June 2016

Non-audit services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board of Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

There were no non-audit services paid or payable to the auditor of the parent entity, its related practices and non-related audit firms during the year ended 30 June 2016 (2015: Nil).

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2016 has been received and can be found on page 14 of the financial report.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Director: ....
Choon Keng Kho

Dated this day 30th day of September 2016 in Sydney

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Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY NAME OF IAN HOOPER TO THE DIRECTORS OF LAND & HOMES GROUP LIMITED

As lead auditor of Land & Homes Group Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Ian Hooper
Partner

BDO East Coast Partnership

Sydney, 30 September 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2016

	Note	Consolidated Entity 2016 $	2015 $
Revenue			
Revenue	3	885,467	-
Other income	3	33,752	-
Revenue		919,219	-
Expenses			
Employee benefits		339,141	403,398
Management fee		200,725	24,361
Professional fees		856,164	95,522
Share registry		29,333	7,204
Convertible note expenses		-	491,400
Insurance		26,513	11,740
Capital raising costs		296,369	143,943
Travel expenses		104,400	-
Rental costs – Investment property		107,762	-
Depreciation		117,374	-
Other expenses		149,879	80,183
Total expenses		2,227,660	1,257,751
Loss before finance costs and income tax		(1,308,441)	(1,257,751)
Finance costs		281,902	-
Loss before income tax		(1,590,343)	(1,257,751)
Income tax expense	5	-	-
Loss for the year		(1,590,343)	(1,257,751)
Other comprehensive income		-	-
Total comprehensive income		(1,590,343)	(1,257,751)
Earnings per share			
Basic earnings per share (cents)	6	(0.234)	(0.363)
Diluted earnings per share (cents)	6	(0.234)	(0.363)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position

As at 30 June 2016

	Note	Consolidated entity 2016 $	2015 $
Assets			
Current Assets			
Cash and cash equivalents	8	743,506	44,019
Trade and other receivables	9	68,398	20,218
Other assets	10	1,036,860	-
Total Current Assets		1,848,764	64,237
Non-Current Assets			
Property, plant and equipment	12	2,512	-
Investment property	13	22,610,418	-
Total Non-Current Asset		22,612,930	-
Total Assets		**24,461,694**	**64,237**
Liabilities			
Current Liabilities			
Trade and other payables	14	1,066,710	354,891
Borrowings	15	16,960,000	-
Total Current Liabilities		18,026,710	354,891
Total Liabilities		**18,026,710**	**354,891**
Net Assets/(Liabilities)		**6,434,984**	**(290,654)**
EQUITY			
Issued capital	16	60,541,493	52,163,223
Retained losses		(54,106,509)	(52,453,877)
Total Equity/(Deficiency in Equity)		**6,434,984**	**(290,654)**

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

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2016

Consolidated entity	Ordinary Shares	Retained Losses	Total
	$	$	$
Balance at 1 July 2015	**52,163,223**	**(52,453,877)**	**(290,654)**
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)
Balance at 30 June 2016	**60,541,493**	**(54,106,509)**	**6,434,984**

Consolidated entity	Ordinary Shares	Retained Losses	Total
	$	$	$
Balance at 1 July 2014	**51,177,198**	**(51,196,126)**	**(18,928)**
Loss attributable to members	-	(1,257,751)	(1,257,751)
Issue of shares	1,060,343	-	1,060,343
Transaction costs	(74,318)	-	(74,318)
Balance at 30 June 2015	**52,163,223**	**(52,453,877)**	**(290,654)**

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

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2016

	Note	Consolidated entity 2016 $	Consolidated entity 2015 $
Cash Flows from Operating Activities:			
Receipts from customers		1,068,972	-
Payments to suppliers and employees		(2,069,174)	(320,396)
Interest received		33,752	-
Interest expense		(281,902)	-
Net cash used in operating activities	23	**(1,248,352)**	**(320,396)**
Cash Flows from Investing Activities:			
Payment for property, plant & equipment		(2,512)	-
Payment for investment property		(22,057,630)	-
Net cash acquired in acquisition	19	5,127,344	-
Net cash used in investing activities		**(16,932,798)**	**-**
Cash Flows from Financing Activities:			
Proceeds from borrowings – related parties		1,714,655	264,262
Payment of borrowings – related parties		(500,000)	-
Proceeds from borrowings – external lenders		15,960,000	-
Proceeds from issue of shares		2,055,000	145,000
Payment of share issuance transaction costs		(349,018)	(74,318)
Net cash provided by financing activities		**18,880,637**	**334,944**
Net increase in cash and cash equivalents held		699,487	14,548
Cash and cash equivalents at beginning of year		44,019	29,471
Cash and cash equivalents at end of financial year	8	**743,506**	**44,019**

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

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

Corporate Information

The financial statements of Land & Homes Group Limited (the 'Group') for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 30th September 2016 and covers the consolidated entity consisting of Land & Homes Group Limited and its subsidiaries as required by the Corporations Act 2001. Land & Homes Group Limited is a for-profit entity for the purpose of preparing these financial statements.

The financial statements are presented in Australian dollars.

Land & Homes Group Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The address of the registered office is Level 3, 148 Elizabeth Street, Sydney, NSW, 2000, and the principal place of business is Suite 1401, Level 14, 10 Eagle Street, Brisbane, Queensland, 4000, Australia.

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*, as appropriate for a for-profit entity.

These financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs.

Going Concern

The financial statements have 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 2016 the Group incurred a loss of $1,590,343 and had net current liabilities at 30 June 2016 of $16,177,946.

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising capital from equity and debt markets. These conditions indicate a material uncertainty that may cast a significant doubt on the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors believe there are reasonable grounds to believe that the Group will continue as a going concern, after considering the following factors:

- Subsequent to the year end the Group successfully raised $8,605,684 from a right issue;

- The Group has negotiated with the Group's main lender to provide a new financing facility to purchase Barry Parade. A $14 million credit offer letter was provided by United Overseas Bank Limited on 6 September 2016 and this was accepted by the Group. At the date of this report the facility had not been drawn down. The loan bears an interest margin of 2% per annum over and above the relevant period Bank Bill Swap Reference Rate. Principal repayments of $500,000 are to be made semi-annually commencing on 1 March 2017 with the remaining balance payable two years from the drawdown date. The loan is secured by a first registered mortgage over the Barry Parade property, a first registered general security agreement over the Group's present and after acquired property, a corporate guarantee from Land & Homes Group Limited and Brisbane Land Holdings Pty Ltd, supported by the mortgaged Wharf Street property, and a cash deposit of $500,000 to be held in a set-off account;

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

Note 1: Summary of Significant Accounting Policies

- The Group is looking to refinance the Wharf Street debt facility by 31 December 2016.
- The directors are confident that the Group's working capital requirement will be funded from current cash reserves which will be supported by related party entities.

Should the Group 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 Group be unable to continue as a going concern and meet its debts as and when they fall due.

(b) Basis of consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of Land & Homes Group Limited and its subsidiaries at 30 June each year. Subsidiaries are entities (including structured entities) over which the Group has control. The Group has control over an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the group and are deconsolidated from the date that control ceases. A list of subsidiaries is provided at Note 11.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and statement of financial position respectively. Total comprehensive income is attributable to owners of Land & Homes Group Limited and non-controlling interests even if this results in the non-controlling interests having a debit balance.

Note 1: Summary of Significant Accounting Policies (continued)

Changes in ownership interest

Transactions with non-controlling interests that increase or decrease the Group's ownership interest in a subsidiary, but which do not result in a change of control, are accounted for as transactions with equity owners of the Group. An adjustment is made between the carrying amount of the Group's controlling interest and the carrying amount of the non-controlling interests to reflect their relative values in the subsidiary. Any difference between the amount of the adjustment to the non-controlling interest and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Land & Homes Group Limited.

Where the Group loses control of a subsidiary but retains significant influence, joint control, or an available-for-sale investment, the retained interest is remeasured to fair value at the date that control is lost and the difference between fair value and the carrying amount is recognised in profit or loss. This fair value is the initial carrying amount for the retained investment in associate, joint venture or available-for-sale financial asset. If no ownership interest is retained, or if any remaining investment is classified as available-for-sale, any amounts previously recognised in other comprehensive income in respect of the entity are accounted for as if the Group had directly disposed of the related assets or liabilities and may be recognised in profit or loss. To the extent that the Group retains significant influence or joint control, balances of other comprehensive income relating to the associate or joint venture entity will only be reclassified from other comprehensive income to profit or loss to the extent of the reduced ownership interest so that the balance of other comprehensive income represents the Group's proportionate share of other comprehensive income of the associate/joint venture.

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group retains significant influence or control, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss, where appropriate.

(c) Business Combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the Group on acquisition date. Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the Group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the Group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed when incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity and transaction costs arising on the issue of debt as part of the consideration are accounted for in accordance with note 1(r).

Where the Group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or joint venture, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Where the Group obtains control of a subsidiary that was previously accounted for as an available-for-sale investment, any balance on the available-for-sale reserve related to that investment is recognised in profit or loss as if the Group had disposed directly of the previously held interest.

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value at the date of exchange using the entity's incremental borrowing rate as the discount rate.

Note 1: Summary of Significant Accounting Policies (continued)

Contingent consideration is classified as equity or financial liabilities. Amounts classified as financial liabilities are subsequently remeasured to fair value at the end of each reporting period, with changes in fair value recognised in profit or loss.

Assets and liabilities from business combinations involving entities or businesses under common control are accounted for at the carrying amounts recognised in the Group's controlling shareholder's consolidated financial statements.

(d) Revenue recognition

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Rental income

Rental income on investment properties is accounted for on a straight-line basis over the lease term. Contingent rentals are recognised as income in the periods when they are earned.

Interest

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(e) Income tax

The income tax expense (income) for the period is the tax payable on the current period's taxable income (loss) based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income and equity are also recognised directly in other comprehensive income and equity, respectively.

Land & Homes Group Limited has formed a tax consolidated group with the wholly-owned subsidiaries Brisbane Land Holdings Pty Ltd and BLH Wharf Pty Ltd. The tax consolidation legislation has been implemented from the date of acquisition of these entities and Land & Homes Group Limited is the head entity in the tax consolidated group. These entities are taxed as a single entity and deferred tax assets and liabilities have been offset in these consolidated financial statements.

Note 1: Summary of Significant Accounting Policies (continued)

(f) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

(g) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

(h) Trade receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 30 and 90 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Objective evidence of impairment includes financial difficulties of the debtor, default payments or debts more than 120 days overdue. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and are not, in the view of the directors, sufficient to require the de-recognition of the original instrument.

(i) Investments and Other Financial Assets

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which the Group commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

Held for trading

Investments held for trading are measured at fair value with gains or losses recognised in profit or loss. A financial asset is classified as held-for-trading if acquired principally for the purpose of selling in the short term or if it is a derivative that is not designated as a hedge. Assets in this category are classified as current assets in the statement of financial position if they are expected to be settled within 12 months, otherwise they are classified as non-current assets.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold-to-maturity and are measured at amortised cost subsequent to initial recognition using the effective interest method. If the Group were to sell other than an insignificant amount of held-to-maturity investments, the whole category is then reclassified as available-for-sale.

Note 1: Summary of Significant Accounting Policies (continued)

Available-for-sale financial assets

Available-for-sale financial assets comprise investments in listed and unlisted entities and any non-derivatives that are not classified as any other category of financial assets, and are classified as non-current assets (unless management intends to dispose of the investment within 12 months of the end of the reporting period). After initial recognition, these investments are measured at fair value with gains or losses recognised in other comprehensive income (available-for-sale investments reserve). Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment) the full amount including any amount previously charged to other comprehensive income is recognised in profit or loss. Purchases and sales of available-for-sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in other comprehensive income. On sale, the amount held in available-for-sale reserves associated with that asset is recognised in profit or loss as a reclassification adjustment. Interest on corporate bonds classified as available-for-sale is calculated using the effective interest rate method and is recognised in finance income in profit or loss.

Investments in subsidiaries, associates and joint ventures are accounted for in the consolidated financial statements as described in note 1(b).

Reversals of impairment losses on equity instruments classified as available-for-sale cannot be reversed through profit or loss. Reversals of impairment losses on debt instruments classified as available-for-sale can be reversed through profit or loss where the reversal relates to an increase in the fair value of the debt instrument occurring after the impairment loss was recognised in profit or loss.

The fair value of quoted investments are determined by reference to the Securities Exchange quoted market bid prices at the close of business at the end of the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Loans and receivables

Non-current loans and receivables include loans due from related parties repayable within 366 days of the end of the reporting period. As these are non-interest bearing, fair value at initial recognition requires an adjustment to discount these loans using a market-rate of interest for a similar instrument with a similar credit rating. The discount is debited on initial recognition to the investment in associate.

Impairment losses are measured as the difference between the investment's carrying amount and the present value of the estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the investment's original effective interest rate. Impairment losses are recognised in profit or loss.

(j) Fair Values

Fair values may be used for financial asset and liability measurement as well as for sundry disclosures.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the Group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use. In measuring fair value, the Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

Note 1: Summary of Significant Accounting Policies (continued)

(k) Plant and equipment

Plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

Depreciation on plant and equipment is calculated on a straight-line basis over the estimated useful life, or in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term, as follows:

- Computer equipment 3 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in profit or loss in the year that the item is derecognised.

(l) Investment property

Investment properties comprise significant portions of freehold office buildings that are held for long-term rental yields and / or for capital appreciation. Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 45 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

(m) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases and capitalised at inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

When assets are leased out under finance leases, the present value of the lease payments is recognised as a lease receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the lease term using the net investment method which reflects a constant periodic rate of return.

Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying value of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2016

Note 1: Summary of Significant Accounting Policies (continued)

(n) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and generally have 30-day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Borrowings

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the loans and borrowings using the effective interest method. Fees paid for establishing loan facilities are recognised as transaction costs if it is probable that some or all of the facility will be drawn down, and deferred until the draw down occurs. If it is not probable that the facility will be drawn down, fees are capitalised as prepayments for liquidity services and amortised over the period to which the facility relates.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract has been discharged, cancelled or expires. The difference between the carrying amount of the borrowing derecognised and the consideration paid is recognised in profit or loss as other income or finance costs.

Where the terms of a borrowing are renegotiated and the Group issues equity instruments to a creditor to extinguish all or part of a borrowing, the equity instruments issued as part of the debt for equity swap are measured at the fair value of the equity instruments issued, unless the fair value cannot be measured reliably, in which case, they are measured at the fair value of the debt extinguished. The difference between the carrying amount of the debt extinguished and the fair value of the equity instruments issued is recognised as a gain or loss in profit or loss. All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(p) Other Liabilities

Other liabilities comprise non-current amounts due to related parties that do not bear interest and are repayable within 366 days of the end of the reporting period. As these are non-interest bearing, fair value at initial recognition requires an adjustment to discount these loans using a market-rate of interest for a similar instrument with a similar credit rating (Group's incremental borrowing rate). The discount is credited to profit or loss immediately and amortised using the effective interest method.

(q) Employee Benefit Provisions

Short-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave expected to be settled wholly within 12 months after the end of the reporting period are recognised in other liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

Other long-term employee benefit obligations

Liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the reporting period. They are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using corporate bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

Note 1: Summary of Significant Accounting Policies (continued)

Regardless of when settlement is expected to occur, liabilities for long service leave and annual leave are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

Retirement benefit obligations

The Group has a defined contribution superannuation fund. Contributions are recognised as expenses as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(r) Contributed Equity

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. The fair value of a liability portion of a convertible note is determined using a market rate of interest for an equivalent non-convertible note and stated on an amortised cost basis until conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option and is shown as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

(s) Dividends

Provision is made for dividends declared, and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

(t) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of Land & Homes Group Limited, adjusted for the after-tax effect of preference dividends on preference shares classified as equity, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2016

Note 1: Summary of Significant Accounting Policies (continued)

(u) GST

Revenues and expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(v) Financial Guarantees

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and at the end of each subsequent reporting period at the higher of the amount determined under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of a financial guarantee contract is the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee.

(w) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

Key estimates

Useful life of investment property

The investment property has been recorded at cost with a useful life of 45 years. At the time of acquisition the total cost of $22,727,792 was allocated between land ($6,100,000) and buildings ($16,627,792). 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. The Group recognised a depreciation charge of $117,374 for the period from property settlement date to year end.

Key judgements

Provision for impairment of receivables
The value of the provision for impairment of receivables is estimated by considering the ageing of receivables, communication with the debtors and prior history.

Impairment of investment property
The carrying value of the investment property, is reviewed against the market valuation for any evidence of impairment at each balance sheet date.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

Note 1: Summary of Significant Accounting Policies (continued)

(x) Parent Entity Financial information

The financial information for the parent entity, Land & Homes Group Limited, included in note 20, has been prepared on the same basis as the consolidated financial statements, except as follows:

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are accounted for at cost. Dividends received from associates and joint ventures are recognised as revenue in the parent entity's profit or loss, rather than being deducted from the carrying amount of the investment.

Financial guarantees

Guarantees in relation to loans of subsidiaries that are provided for no compensation are accounted for as contributions and recognised as part of the cost of the investment in subsidiary.

(y) Accounting Standards Issued But Not Yet Effective

A number of new standards, amendments of standards and interpretations are effective for annual periods beginning after 1 July 2016, and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* becomes mandatory for the Group’s 2019 financial statements and includes changes to the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment. It also includes a new hedge accounting model to simplify hedge accounting requirements and more closely align hedge accounting with risk management activities.

AASB 15 Revenue from contracts with customers

AASB 15 *Revenue from Contracts* becomes mandatory for the Group’s 2019 financial statements and outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and replaces AASB 111 *Construction Contracts*, AASB 118 *Revenue*, Interpretation 13 *Customer Loyalty Programmes*, Interpretation 15 *Agreements for Construction of Real Estate*, Interpretation 18 *Transfer of Assets from Customers* and Interpretation 131 *Revenue-Barter Transactions Involving Advertising Services*. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expect to be entitled in exchange for those goods or services.

AASB 16 Leases

AASB 16 *Leases* becomes mandatory for the Group’s reporting on or after 1 January 2019 financial statements and removes the classification of leases between finance and operating leases, effectively treating all leases as finance leases for the lessee. The purpose is to provide greater transparency of a lessee’s financial leverage and capital employed.

The Group has not yet determined the potential effect of these standards on the Group’s future financial statements.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

Note 2: Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision makers in assessing performance and determining the allocation of resources.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Operating segments are determined on the basis of financial information reported to the Board which is at the consolidated entity level.

Management currently identifies the consolidated entity as having only one operating segment, being the acquisition of prime sites for project development into quality residential, commercial and mixed-use apartments. Accordingly, all significant operating decisions are based upon analysis of the consolidated entity as one segment. The financial results from the segment are equivalent to the financial statements of the Group.

	Consolidated entity	
	2016	2015
	$	$

Note 3: Revenue and other income

Revenue - Rental revenue	885,467	-
Other income - Interest received	33,752	-
Total	919,219	-

Note 4: Expenses

Loss before income tax expense includes the following specific expenses:		
Depreciation expense	117,374	-
Wage & salary expense	314,681	401,181
Superannuation expense	24,460	2,217
Finance costs	281,902	-
Rental expense on operating leases	107,762	-

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

Note 5: Income Tax Expense

	Consolidated entity 2016 $	Consolidated entity 2015 $
(a) The major components of tax expense/(credit) comprise:		
Current tax benefit	-	-
Deferred tax arising from origination and reversal of temporary differences	-	-
Total income tax expense	-	-

(b) The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2016 $	2015 $
Prima facie tax payable/(receivable) on profit/(loss) from ordinary activities before income tax at 30% (2015: 30%)	(477,103)	(377,325)
Increase/(decrease) in income tax due to the tax effect of:		
Non-deductible expenses	1,589	-
Current year tax loss not recognised	475,514	377,325
Income tax attributable to entity	-	-

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in the statement of financial position for the following items:

	2016 $	2015 $
Unused tax losses	1,585,047	1,257,751
Accruals	4,836	12,915
	1,589,883	1,270,666

Carried forward tax losses from prior years and the current period may not be available to be offset against future taxable profits, due to their being both a change of ownership and change in the principal activity of the business.

	2016 $	2015 $
Deferred tax assets not taken up at 30% (2015: 30%)	**476,965**	**381,200**

This future income tax benefit will only be obtained if:

i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and
iii) no changes in tax legislation adversely affect the Group in realising the benefit.

Note 6: Earnings per Share

	2016 $	2015 $
(a) Reconciliation of earnings to profit or loss		
(Loss) from continuing operations	(1,590,343)	(1,257,751)

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

	2016	2015
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	678,475,296	346,653,828
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**678,475,296**	**346,653,828**

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

	Consolidated entity 2016 $	Consolidated entity 2015 $
Note 6: Earnings per share (continued)		
Earnings per share		
From continuing operations:		
Basic earnings per share (cents)	(0.234)	(0.363)
Diluted earnings per share (cents)	(0.234)	(0.363)

On 12 August 2016, 347,227,356 options were issued under the Rights issue which would have significantly increased the amount of weighted-average number of ordinary shares used to calculate diluted earnings per share had these been issued at the end of the reporting period.

Note 7: Auditors' Remuneration

During the year the following fees were paid or payable for services to BDO East Coast Partnership:

	2016 $	2015 $
Audit services – Audit and review of financial reports	58,500	18,500
Total	58,500	18,500

Note 8: Cash and cash equivalents

	2016 $	2015 $
Cash at bank and in hand	743,506	44,019

Cash at bank and in hand is non-interest bearing.

Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2016 $	2015 $
Cash and cash equivalents	743,506	44,019

A floating charge over cash and cash equivalents has been provided for certain debts. Refer to Note 15 for further details.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

	Consolidated entity 2016 $	Consolidated entity 2015 $
Note 9: Trade and other receivables		
Trade receivable	4,311	-
Other receivables	64,087	20,218
Total	68,398	20,218

Credit risk
There were no trade receivables that were past due or impaired at the end of the reporting period. As there are no receivables at year end which are considered to be impaired at balance date, no provision for impairment has been recognised.

Note 10: Other assets		
Deposits	1,036,860	-
Total	1,036,860	-

A deposit of $1,000,000 had been paid during the financial year in relation to the "Put and Call Option" Agreement to secure the acquisition of the Barry Parade property. For further details refer to note 24.

Note 11: Interests in Subsidiaries

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group 2016 %	Ownership interest held by the Group 2015 %
Land & Homes Investment Pty Ltd	Australia	100	0
Brisbane Land Holdings Pty Limited	Australia	100	0
BLH Wharf Pty Ltd	Australia	100	0

	Consolidated entity 2016 $	Consolidated entity 2015 $
Note 12: Property, plant and equipment		
Plant and equipment		
At cost	2,512	-
Accumulated depreciation	-	-
Total non-current property, plant and equipment	2,512	-

Movements in carrying amounts:

Consolidated entity	Plant and equipment 2016 $	Plant and equipment 2015 $
Carrying amount at the beginning of the financial year	-	-
Additions	2,512	-
Depreciation	-	-
Carrying amount at the end of the financial year	2,512	-

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

	Consolidated entity 2016 $	Consolidated entity 2015 $
Note 13: Investment Property		
At Cost		
Balance at beginning of year	-	-
Acquisitions – Wharf Street	22,727,792	-
Accumulated depreciation – Building component	(117,374)	-
Balance at end of year	22,610,418	-

During the year Land & Homes Group Limited purchased a property located at 187, 191, 195, 199, 203, 207 and 2011A Wharf Street, Spring Hill, Brisbane for $22,727,792, inclusive of stamp duty and other acquisition costs. The Group has applied the cost model. At the time of acquisition the total cost of $22,727,792 was allocated between land ($6,100,000) and buildings ($16,627,792). 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. The Group recognised a depreciation charge of $117,374 for the period from property settlement date to year end. The Directors believe that the fair value of the investment property as at 30 June 2016 is in excess of its carrying value and that the fair value at balance date was $22,610,418.

The following amounts have been recognised in profit or loss:

	2016 $	2015 $
Rental income	885,467	-
Direct operating expenses arising from investment property that generated rental income during the year	107,762	-

Details of contractual obligations to purchase, construct or develop investment properties and contractual obligations for repairs, maintenance and enhancements of investment properties are disclosed in the Commitments note (refer note 22).

	2016 $	2015 $
Note 14: Trade and other payables		
Current		
Trade and other payables	238,577	47,580
Accrued expenses & accrued payroll liabilities	59,170	43,050
Payable to related parties	768,963	264,261
Total	1,066,710	354,891

For further information regarding related party transactions refer to note 18.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

	Consolidated entity 2016 $	Consolidated entity 2015 $
Note 15: Borrowings		
Current		
Unsecured		
Loan from Related Party Shareholder[1]	1,000,000	-
Total unsecured current borrowings	1,000,000	-
Secured		
Bank loan	15,960,000	-
Total secured current borrowings[2]	15,960,000	-
Total current borrowings	16,960,000	-

[1]The loan from Telok Ayer Holdings Pte Ltd and Telok Ayer Capital Pte Ltd was 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 is to be repaid from proceeds of the Rights Issue as outlined in the Prospectus dated 28 June 2016. This loan was subsequently repaid on 19 August 2016.

[2]The loan from United Overseas Bank was entered into on 19 February 2016 for the purpose of purchasing the Wharf Street property. The loan is subject to an interest margin of 1.5% per annum over and above the relevant period Bank Bill Swap Reference Rate and is due for repayment on 31 March 2017.

Assets pledged as security

The bank loan is secured by way of a first legal mortgage over the commercial office building located at 207 Wharf Street, Spring Hill, Brisbane.

The carrying amount of the asset pledged as security for current borrowings is:

	2016 $	2015 $
Non-current		
First mortgage		
Investment property	22,610,418	-

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. Due to the short-term nature of the Group's borrowings, the carrying amounts also reflect the fair values of these loans.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

	2016 $	2015 $
Note 16: Issued Capital		
877,275,609 (2015: 510,886,186) Ordinary shares fully paid	60,541,493	52,163,223

Movement in ordinary shares on issue	2016 Number	2016 $	2015 Number	2015 $
Balance at beginning of period	510,886,186	52,163,223	331,508,339	51,177,198
Share Issue - 1 December 2014	-	-	463,138,889	915,343
Consolidation of capital (1:73)	-	-	(783,761,042)	-
Share issue - 4 February 2015	-	-	500,000,000	145,000
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	-	(349,019)	-	(74,318)
Balance at end of period	877,275,609	60,541,493	510,886,186	52,163,223

Ordinary shares issued in the year to 30 June 2016 comprised of the following:

(a) 26 November 2015: 25,000,000 shares at $0.02 each ($500,000) in relation to share placement
(b) 19 January 2016: 330,500,001 convertible redeemable preference shares issued at $0.02 each ($6,610,000) in relation to the acquisition of Brisbane Land Holdings Pty Ltd (refer to note 19). These preference shares were converted to ordinary shares on 28 January 2016 following Land & Homes Group's reinstatement on the Australian Securities Exchange as per the terms of the Subscription Agreement.
(c) 19 January 2016: 7,775,000 shares at $0.20 each ($1,555,000) in relation to share placement.
(d) 14 April 2016: 3,114,422 shares at $0.02 each ($62,289) to Equinex Investments Ltd in relation to advice concerning the capital restructure in December 2014.

Ordinary shares issued in the year to 30 June 2015 comprised of the following:

(a) On 1 December 2014, shareholders approved the following recapitalisation plan at a general meeting of the Company:
  (i) 248,138,889 shares in the capital of the Company (on a pre–consolidation basis) to historical convertible note holders at a deemed value of $491,400. The shares were issued on 4 December 2014.
  (ii) 71,000,000 shares in the capital of the Company (on a pre–consolidation basis) in payment of unpaid directors' fees to Adam Blumenthal at a deemed value of $140,000. The shares were issued on 4 December 2014.
  (iii) 71,000,000 shares in the capital of the Company (on a pre–consolidation basis) in payment of unpaid directors' fees to Steven Nicols at a deemed value of $140,000. The shares were issued on 4 December 2014.
  (iv) 73,000,000 shares in the capital of the Company (on a pre–consolidation basis) in payment of unpaid fees relating to sourcing projects and analysis and travel incurred by Landpath Pty Ltd at a deemed value of $143,943. The shares were issued on 4 December 2014.
  (v) Existing shareholders, converting loan holders and creditors converting debts to shares, will be paid an ex-gratia payment of $0.00050336801 cash per share by the investment group.
(b) On 4 February 2015 the Company allotted and issued 500 million post consolidation shares to the Mr Choon Keng (CK) Kho and / or Mr Patrick Chuan Thye Kho and / or Lian Keng Enterprises to raise $145,000.

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the Company in proportion to the number of, and amounts paid, on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands, and on a poll has one vote for each share held, but in respect of partly paid shares will have a fraction of a vote in proportion to the amount paid up on those shares.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

Note 16: Issued capital (continued)

Capital risk management

Management controls the capital of the Group in order to maintain an optimal debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. In order to achieve these objectives, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

It is the Group's policy to maintain its gearing ratio within the range of 65-75%. The Group's gearing ratio at the end of the reporting period is shown below.

Gearing ratios	Consolidated entity 2016 $
Net debt	16,216,494
Total equity	6,434,984
Total capital	22,651,478
Gearing ratio	72%

The Board made the decision to take on debt finance in 2016 to fund the acquisition of the Wharf Street property, as well as fund the initial advance deposit for the Barry Street property (refer note 15).

Note 17: Financial Risk Management

The Group 's financial instruments consist mainly of deposits with banks, accounts receivable, accounts payable, payables to related parties and borrowings.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated entity	
	2016 $	2015 $
Financial Assets		
Cash and cash equivalents	743,506	44,019
Trade and other receivables	1,105,258	20,218
Total financial assets	1,848,764	64,237
Financial Liabilities		
Trade and other payables	297,747	90,630
Payables to related parties	768,963	264,261
Borrowings	16,960,000	-
Total financial liabilities	18,026,710	354,891

Financial risk management policies

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Note 17: Financial Risk Management (continued)

There have been no substantive changes in the Group’s exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board of Directors has overall responsibility for the establishment of the Group’s financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities.

The day-to-day risk management is carried out by the Group’s finance function under policies and objectives which have been designed and implemented by the Board of Directors. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

Land & Homes Group Limited does not actively engage in the trading of financial assets for speculative purposes.

Mitigation strategies for specific risks faced are described below:

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group and arises principally from the Group's cash deposits and receivables.

It is the Group’s policy that all customers who wish to trade on credit terms undergo a credit assessment process which takes into account the customer’s financial position, past experience and other factors. Credit limits are then set based on ratings in accordance with the limits set by the Board of Directors. These limits are reviewed on a regular basis.

Included within trade and other receivables is the $1,000,000 initial advance deposit being held in trust for the purchase of the Barry Parade property (refer to note 24 for further details).

The maximum exposure to credit risk, without taking into account the value of any collateral or other security, in the event that the other parties fail to perform their obligations under financial instruments for each class of reporting recognised financial asset at the reporting date is the carrying amount of those assets as indicated in the statement of financial position.

Refer to note 9 for a summary of the Group’s exposure to credit risk relating to receivables at the end of the financial year.

Cash and cash equivalents:

In order to manage the Group’s credit risk arising from cash deposits, only reputable banks and financial institutions are dealt with.

The credit risk on cash and cash equivalents is limited given that the counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2016

Note 17: Financial Risk Management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its financial obligations as they fall due.

Financing arrangements

The following financing facilities were available to the Group at the end of the reporting period:

	Consolidated entity	
	2016	**2015**
	$	**$**
Bank Loans		
Used at the end of the reporting period	15,960,000	-
Unused at the end of the reporting period	-	-
	15,960,000	-

The bank loan has been fully drawn and is fully repayable by 31 March 2017.

The table below analyses the Group's financial liabilities into maturity groupings based on the remaining period from the balance date to the contractual maturity date. As amounts disclosed in the table are the contractual undiscounted cash flows including future interest payments, these balances will not necessarily agree with the amounts disclosed in the statement of financial position.

	Consolidated entity				
	Carrying amount	**Contractual cash flows**	**Less than 6 months**	**6 to 12 months**	**1 to 3 years**
	$	**$**	**$**	**$**	**$**
2016					
Payables	1,066,710	1,066,170	1,066,710	-	-
Related party loan	1,000,000	1,000,000	1,000,000	-	-
Bank loan	15,960,000	15,960,000	-	15,960,000	-
Total	18,026,710	18,026,170	2,066,710	15,960,00	-

	Consolidated entity				
	Carrying amount	**Contractual cash flows**	**Less than 6 months**	**6 to 12 months**	**1 to 3 years**
	$	**$**	**$**	**$**	**$**
2015					
Payables	354,891	354,891	354,891	-	-
Related party loan	-	-	-	-	-
Bank loan	-	-	-	-	-
Total	354,891	354,891	354,891	-	-

The Group is currently in negotiations with United Overseas Bank to extend the repayment term of the bank loan of $15,960,000, currently this facility expires 31 March 2017.

The related party loan was settled in August from the proceeds of the Rights Issue. Refer to note 24 for further details.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

Note 17: Financial Risk Management (continued)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates, foreign exchange rates or other market factors. The Group is not exposed to material price risk relating to equity securities or foreign exchange.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is exposed to earnings volatility on floating rate instruments.

The Group monitors its interest rate exposure continuously and also considers on a continual basis alternative financing opportunities.

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity period is set out in the below tables.

	30 June 2016		30 June 2015	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
Floating Rate Balances:	%	$	%	$
Cash and cash equivalents	1.11	743,506	-	44,019
Borrowings	3.56	(15,960,000)	-	-
Net exposure to interest rate risk		(15,216,494)		44,019

The Group's fixed rate borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB 7.

Sensitivity

Based on the simulations performed, the annual impact on profit and loss of a one percent shift in interest rates, with all other variables held constant, is estimated to be a maximum increase or decrease of $24,565.

(d) Fair value measurements

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- Inputs for the asset or liability that are not based in observable market data (unobservable inputs) (level 3).

At 30 June 2016 the Group did not have any financial instruments that were measured and recorded at fair value. The aggregate fair values of all financial assets and liabilities approximate their carrying values at the balance date.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

Note 18: Related party transactions

Ultimate parent company:

Land & Homes Group Limited

Controlled entities:

Interests in controlled entities are disclosed in note 11.

Key management personnel compensation:

	Consolidated entity	
	2016	**2015**
	$	**$**
Short-term employment benefits	300,006	56,833
Post-employment benefits	23,877	2,217
Long-term benefits	-	-
Share-based payments	-	280,000
	323,883	339,050

Detailed remuneration disclosures are provided in the remuneration report on pages 8 to 11.

Transactions with other related parties:

The following transactions occurred with related parties:

	Consolidated entity	
	2016	**2015**
	$	**$**
Purchases of services		
Management and other professional fees	200,725	79,053

All purchases from related parties were on normal commercial terms.

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

	Consolidated entity
	2016
	$
Payables to related parties	
Balance brought forward	264,261
Payables on acquisition of subsidiaries	290,122
Advances	714,580
Repayments	(500,000)
Total	768,963
Loans from related parties	
Balance brought forward	-
Advances	1,000,000
Repayments	-
Total	1,000,000

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2016

Note 18: Related party transactions (continued)

Amounts owing to related parties for sale and purchases of goods and services are unsecured and interest free and are included in the balances of trade and other payables.

The loan from a related party is unsecured and due to the short-term nature of the loan, it is interest free. This loan was fully repaid on 19 August 2016.

Note 19: Acquisition of Subsidiaries

On 19 February 2016 the Group acquired 100% of the issued share capital of Brisbane Land Holdings Pty Limited and BLH Wharf Pty Limited. The operating results, assets and liabilities of the group were consolidated from 19 January 2016. Brisbane Land Holdings Pty Limited is a property development company focused on the acquisition of prime sites for project development into quality residential, commercial and mixed-use apartments.

The following table summarises the acquisition date fair value of each major class of consideration transferred.

Purchase Consideration	**$**
Convertible Redeemable Preference Shares	6,610,000
Total Purchase consideration	6,610,000

The fair value of the 330,500,000 shares issued as part of the consideration paid for Brisbane Land Holdings Pty Limited was based on the agreed issue price of $0.02. Acquisition related costs were included in the consolidated income statement for the year end 30 June 2016. The recognised fair values of assets and liabilities recognised as at the date of the acquisition are as follows:

	$
Cash and cash equivalents	5,127,344
Trade and other receivables	1,617,104
Investment property	186,213
Trade and other payables	(320,661)
Total identifiable net assets acquired	6,610,000

The valuation techniques used for measuring the fair value of material assets acquired were as follows. Subsequent to acquisition, the acquired business has contributed to the consolidated revenue by $684,723 and to the net loss by ($358,258). It is impracticable for the Group to determine the financial impact on the combined entity, as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period, due to the lack of available data for the period prior to acquisition.

Trade and other receivables: Fair value was based on assessed market rental returns adjusted for known changes to market conditions.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2016

Note 20: Parent entity information

The *Corporations Act 2001* requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by regulation 2M.3.01 which requires the following limited disclosure in regards to the parent entity Land & Homes Group Limited. The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the accounting policy described in note 1.

	Parent entity	
	2016	**2015**
	$	**$**
Current assets	2,205,215	64,237
Non-current assets	6,612,485	-
Total Assets	**8,817,700**	**64,237**
Current liabilities	2,255,993	354,891
Non-current liabilities	-	-
Total Liabilities	**2,255,993**	**354,891**
Net Assets	**6,561,707**	**(290,654)**
Issued capital	60,541,493	52,163,223
Retained earnings	(53,979,786)	(52,453,877)
Total equity	**6,561,707**	**(290,654)**
Loss for the year	(1,463,621)	(1,257,751)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**(1,463,621)**	**(1,257,751)**

Note 21: Contingencies

The Group did not have any contingent liabilities at 30 June 2016 and 30 June 2015.

Note 22: Commitments

Capital commitments

	Consolidated entity	
	2016	**2015**
	$	**$**
Investment property	19,000,000	-

A Put and Call Option Agreement was entered into on 2 May 2016 to purchase the property located at 100 Barry Parade, Fortitude Valley for $20,000,000, exclusive of GST. The Agreement became unconditional on 23 May 2016 and the initial advance deposit of $1,000,000 had been paid at the end of the financial reporting period. A further deposit of $1,000,000 was made in July 2016 and the remaining balance is payable on 31 October 2016.

Lease commitments

Non-cancellable operating leases – future minimum lease payments		
Payable:		
Within one year	70,083	-
Later than one year but not later than five years	146,855	-
Later than five years	-	-
	216,938	-

The Group leases the property at level 14, 10 Eagle Street, Brisbane under a non-cancellable operating lease expiring on 17 July 2019. The lease has a fixed annual rental increase and does not include any commitments for a lease renewal option. Lease conditions do not impose any restrictions on the ability of the Group from borrowing further funds.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2016

Note 22: Commitments (continued)

Lease receivable

	Consolidated entity	
	2016	**2015**
	$	**$**
Non-cancellable operating lease receivable from investment property tenants		
Receivable:		
Within one year	1,957,436	-
Later than one year but not later than five years	-	-
Later than five years	-	-
	1,957,436	-

The investment property is leased to a tenant on an operating lease expiring on 31 March 2017 with a renewal option of a further 12 months.

Note 23: Cash flow information

Reconciliation of loss after income tax to net cash flow from operating activities

Loss after income tax	(1,590,343)	(1,257,751)
Depreciation	117,374	-
Director fees issued in shares	-	423,943
Convertible note expense	-	491,400
Change in assets and liabilities		
(Increase)/decrease in trade debtors	(4,311)	(17,774)
(increase)/decrease in other debtors	20,218	-
Increase/(decrease) in trade payables	192,591	39,786
Increase/(decrease) in other payables	16,119	-
Net cash (used) in operating activities	(1,248,352)	(320,396)

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2016

Note 24: Subsequent events

Capital raising

Subsequent to the end of the financial year the Company undertook capital raising comprising:

- A fully underwritten pro-rata renounceable rights offer of ordinary fully paid shares with attaching options that raised $7,975,288 before costs. The offer comprised of new shares with an issue price of $0.05 per share and two attaching options per share with an exercise price of $0.20 and an expiry of 12 August 2021.
- A private placement for the oversubscriptions in the above rights issue which generated an additional $630,396. The placement is on the same terms as the rights issue and comprises of ordinary fully paid shares with an issue price of $0.05 per share and two attaching options per share with an exercise price of $0.20 expiring on 12 August 2021.
- A private placement of 3,000,000 options on 12 August 2016 as part of a fee arrangement for services rendered. These options have an exercise price of $0.20 and an expiry date of 12 August 2021.
- A $14 million credit offer letter was provided by United Overseas Bank Limited on 6 September 2016 and this was accepted by the Group. At the date of this report the facility had not been drawn down. The loan bears an interest margin of 2% per annum over and above the relevant period Bank Bill Swap Reference Rate. Principal repayments of $500,000 are to be made semi-annually commencing on 1 March 2017 with the remaining balance payable two years from the drawdown date. The loan is secured by a first registered mortgage over the Barry Parade property, a first registered general security agreement over the Company's present and after acquired property, a corporate guarantee from Land & Homes Group Limited and Brisbane Land Holdings Pty Ltd, supported by the mortgaged Wharf Street property, and a cash deposit of $500,000 to be held in a set-off account.

Investment property – Barry Parade

A second advance instalment of $1,000,000 was made on 27 July 2016 under the terms of the Put and Call Option Agreement to acquire the Barry Parade property. The property is due to settle on the 31 October 2016.

Directors' Declaration
30 June 2016

In the directors opinion:

- The attached financial statements and notes thereto comply with Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes thereto comply with International Financials Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- The attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date;
- There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295 (5)(a) of the Corporations Act 2001

On behalf of the directors

Director: ....
Choon Keng Kho

Dated this day 30th day of September 2016 in Sydney

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Land & Homes Group Limited

Report on the Financial Report

We have audited the accompanying financial report of Land & Homes Group Limited and its controlled entities, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Land & Homes Group Limited and its controlled entities, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Land & Homes Group and its controlled entities is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter

We draw attention to Note 1 in the 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, along with other matters as set out in Note 1, indicate 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 11 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Land & Homes Group Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

Ian Hooper
Partner

Sydney, 30 September 2016