

SUNLAND GROUP LIMITED

ABN 65 063 429 532

ASX CODE: (SDG)

Appendix 4D

Half year report for the 6 months ended

31 December 2014

Results for announcement to the market

Revenues from ordinary activities	up	76.2%	to	\$A'000 101,855
Profit from ordinary activities after tax attributable to members	up	10.2%	to	3,268
Net profit for the period attributable to members	up	10.2%	to	3,268
Interim dividend		Amount per security		Franked amount per security
Interim dividend – fully franked at 30% (announced on 27 February 2015)		2 cents		100%
Previous corresponding period – fully franked at 30% (special dividend)		2 cents		100%
Date the dividend is payable		27 March 2015		
Record date for determining entitlements to the dividend		11 March 2015		
Trading ex-dividend		6 March 2015		
Dividends paid				
A fully franked dividend of 2 cents per share (\$3,656,000) was paid on 25 September 2014.				

Earnings per security (EPS)	Current period	Previous corresponding period
Basic EPS	1.8 cents	1.7 cents
Diluted EPS	1.8 cents	1.7 cents

Net Tangible Assets per security	Current period	Previous corresponding Period (Dec 13)
Net Tangible Assets	196 cents	192 cents

Sunland Group Limited
Appendix 4D
Half year report for the 6 months ended 31 December 2014
(continued)

Acquisition/disposal of controlled entities

Control was lost over the following entities during the period:

Name	Date of loss of control	Ownership at 30 June 2014	Ownership at 31 December 2014
Sunland Developments No. 3 Pty Ltd*	16 July 2014	100%	0%
Sunland Southbank Pty Ltd*	16 July 2014	100%	0%
Viennendale Pty Ltd*	16 July 2014	100%	0%
Sunland Developments No. 1 Pty Ltd*	3 December 2014	100%	0%
Marington Pty Ltd*	3 December 2014	100%	0%

* These companies were de-registered

Control was gained over the following entities during the period:

Name	Date of gain of control	Ownership at 30 June 2014	Ownership at 31 December 2014
Sunland Developments No. 30 Pty Ltd	4 July 2014	0%	100%
Sunland Developments No. 31 Pty Ltd	4 July 2014	0%	100%
Sunland Developments No. 32 Pty Ltd	4 July 2014	0%	100%
SEIF Pty Limited (as trustee)	6 November 2014	0%	0%

Details of associates and / or joint venture entities

Name	Ownership at 30 June 2014	Ownership at 31 December 2014
Sunland Diversified Land Fund No.2	19.9%	19.9%

This information should be read in conjunction with the most recent annual financial report. Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half year ended 31 December 2014.

**SUNLAND GROUP LIMITED
and its Controlled Entities**

ABN 65 063 429 532

**Interim report
for the half-year 31 December 2014**

Sunland Group Limited

ABN 65 063 429 532

Interim report - 31 December 2014

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

Sunland Group Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

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

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on page 1, which is not part of these interim financial statements.

The interim financial statements were authorised for issue by the Directors on 27th February 2015.

Directors' report

The Directors present their report together with the financial report of Sunland Group Limited and its controlled entities (Sunland or the Group), for the half-year ended 31 December 2014 and the independent auditor's report thereon.

Directors

The following persons held office as Directors of Sunland Group Limited during the financial period:

Dr Soheil Abedian, Chairman
Mr Sahba Abedian, Managing Director
Mr Ron Eames, Non Executive Director
Mr Craig Carracher, Non Executive Director

On 5 November 2014, Sunland announced the appointment of Mr Chris Freeman AM as an independent Non-Executive Director, effective from 12 January 2015.

Principal activities

Sunland Group Limited is a company limited by shares that is incorporated and domiciled in Australia. The principal activities of the consolidated entity is residential property development and construction. The Group conducts these activities through its two core business segments of "Urban Development & Residential Housing" and "Multi-Storey" developments. The Urban Development and Residential Housing segment comprises land subdivision and medium density integrated housing developments. The Multi-Storey segment comprises medium-rise projects generally between five and 10 storeys, and high-rise developments above 10 storeys. The delivery of Sunland's projects are completed by specialist in-house teams experienced in land acquisition and project feasibility analysis, design, project management, construction, and sales and marketing. The vertically integrated structure of the Group ensures the efficient delivery of projects to achieve Sunland's vision.

Consolidated result

The consolidated profit after income tax for the half-year attributable to members of Sunland Group Limited was \$3.3 million, an increase of 10% on the previous half year's result (1H 2014: \$3.0 million).

Review and results of operations

- Net profit after tax of \$3.3 million.
- Directors have declared a fully franked interim dividend of 2.0 cents per share.
- Balance sheet provides good capacity, with \$11.0 million in cash and \$72.2 million in undrawn credit lines.
- Surplus cash and increased gearing is being utilised to replenish and deliver the Group's national portfolio.
- \$97 million in new site acquisitions in QLD and NSW, with \$79 million acquired on deferred settlement terms.
- Basic earnings per share 1.8 cents (1H 2014: 1.7 cents) representing growth of 6%.
- Gearing remains at conservative levels, with 23% debt to assets and 32% debt to equity.
- Strong forecast cash flow generated from existing projects.

Sunland's earnings are weighted to the second half of the 2015 financial year as existing projects such as Carré Residences (VIC), Whyte Residences (VIC) and Concourse Villas (QLD) are delivered and settled.

Group Development Portfolio

Sunland has strategically positioned itself by acquiring premium sites along Australia's eastern seaboard that will provide a sustainable medium to long-term earnings profile for the Group.

Sunland continued to grow its national portfolio during the half-year period, with new site acquisitions totalling \$97 million across its core segments of Urban Development & Residential Housing and Multi-Storey, providing an additional yield of 1,650 allotments with a combined end gross realisation of \$1.0 billion.

New site acquisitions include:

- 41.9 ha Lakeview site at Mermaid Waters on the Gold Coast (Urban Development & Residential Housing and Multi-Storey) for \$61 million;
- 3 ha site in Warriewood in Sydney's Northern Beaches (Residential Housing) for \$18 million; and
- 4.7 ha site in Palm Beach on the Gold Coast (Residential Housing & Multi-Storey) for \$18 million.

Review and results of operations (continued)

The Lakeview and Warriewood sites have been acquired on deferred terms and will settle in June 2015 and September 2015 respectively. Cash generated from the delivery of existing projects, together with bank debt, will be utilised to acquire these sites.

Sunland's national development pipeline currently comprises 6,854 urban development & residential housing and multi-storey products with a total end value of \$3.8 billion. The Group's acquisition strategy over the past few years has provided a strong portfolio of premium quality projects, the bulk of which will be delivered over the next five years. Projects, such as Heights (Pimpama, QLD) and Lakeview will continue to contribute to the Group's earnings over the longer term.

Sunland's design-driven residential portfolio continues to be delivered in line with the market conditions. Sunland has 17 active projects along Australia's east coast. These projects are at various points in their delivery cycle, from Abian (QLD) which commenced construction in June 2014, to Whyte Residences (VIC), Dahlia (NSW), Concourse Villas (QLD) and Peninsula Residences (QLD) which are approaching completion and have settlements commencing during the second half of the 2015 financial year.

Capital management

Directors have declared an interim dividend of 2.0 cents per share fully franked, to be paid 27 March 2015. The suspension of the Group's dividend reinvestment plan continues.

Sunland's capital management strategy remains focused on enhancing operational efficiencies across the business and reducing risk through product and geographic diversification. Directors will also continue to evaluate opportunities to recycle capital through strategic counter-cyclical transactions that will assist in releasing inherent inventory value within the portfolio and assist with funding the development operations going forward.

Other capital management initiatives include the utilisation of various structures that spread the project and funding risks associated with the Group's development pipeline. Deferred acquisition structures are also utilised where possible and all of these structures assist with the efficient management of the Group's capital base.

Development activities

Sunland's development activities along the eastern seaboard of Australia continued to generate strong earnings for the Group during the half-year ended 31 December 2014.

During the half-year period 474 sales across all core segments were recorded, totalling \$284 million (1H 2014: 281 sales for value of \$130 million). The Group targets a development margin of 20% return on development costs (including finance costs) which was achieved during the period.

The Urban Development & Residential Housing segment contributed revenue of \$78.3 million from 154 settlements during the period (1H 2014: \$51.6 million from 143 settlements). Major contributors in medium density development included Peninsula Residences (QLD) and The Parc (NSW). Land subdivision developments contributing to revenue included Bushland Beach (QLD) and Bluestone Green (VIC).

Sunland's Multi-Storey segment contributed revenue of \$19.0 million from 40 settlements at the completed Marina Residences development at Royal Pines on the Gold Coast. This project represents the Group's first multi-storey development since 2008 and was completed in May 2014. The Multi-Storey segment comprises 62% of the Group's total development portfolio (by value), with projects located at key growth areas in south-east Queensland including Abian (Brisbane) and proposed developments in Toowong (Grace on Coronation), Palm Beach, Labrador, Broadbeach and Mariner's Cove. It is expected this segment will make significant contributions to earnings in the ensuing three to five years as the medium-rise and high-rise projects are progressively delivered.

Based on the current market conditions and project delivery timeframes, Sunland expects to achieve some 280 settlements during the second half of the financial year, which will contribute to the balance of the Group's forecast full year result.

Other Group Operations

Project Services provided a modest contribution during the period associated with the Group's management of Sunland projects by joint ventures and other projects that are partially owned. Current projects are limited to Sanctuary Cove and Sunland Diversified Land Fund No2, and the level of activity adjusts as these projects are delivered.

Rounding

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

Audit Independence

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 20. The report is made in accordance with a resolution of the Directors.



Mr Sahba Abedian
Managing Director
Dated at Brisbane this 27 February 2015

Sunland Group Limited
Consolidated statement of comprehensive income
For the half-year 31 December 2014

	Notes	31 December 2014 \$'000	31 December 2013 \$'000
Revenue from the sale of properties		97,323	51,625
Revenue from project services		993	2,125
Revenue from other operations	2(a)	3,539	4,045
Total Revenues		101,855	57,795
Share of profits/(losses) of Associates		-	60
Other income/(expense)	2(b)	-	6,606
Changes in inventories and work in progress	2(c)	(83,419)	(42,169)
Cost of project services		(957)	(1,875)
Cost of other operations		(2,002)	(2,279)
Employee benefits expense		(5,363)	(4,978)
Depreciation and amortisation expense		(607)	(290)
Finance costs		(12)	(10)
Administration and other expenses	2(d)	(3,104)	(9,639)
		(95,464)	(54,574)
Profit before income tax		6,391	3,221
Income tax benefit/(expense)	3	(3,123)	(255)
Net profit attributable to members of Sunland Group Limited		3,268	2,966
Total comprehensive income attributable to members of Sunland Group Limited		3,268	2,966
		Cents	Cents
Earnings per share attributable to the ordinary equity holders of the Group:			
Basic earnings per share		1.8	1.7
Diluted earnings per share		1.8	1.7

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

Sunland Group Limited
Consolidated statement of financial position
As at 31 December 2014

	Notes	31 December 2014 \$'000	30 June 2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		11,015	14,657
Trade and other receivables		14,994	19,105
Current tax receivables		2,888	3,534
Inventories	5	184,434	135,671
Derivative financial instruments		292	-
Other current assets		309	2,705
Total current assets		213,932	175,672
Non-current assets			
Receivables		313	305
Inventories	5	269,932	284,870
Property, plant and equipment		4,813	4,891
Investment properties		4,527	4,586
Investments accounted for using the equity method		232	232
Total non-current assets		279,817	294,884
Total assets		493,749	470,556
LIABILITIES			
Current liabilities			
Trade and other payables		14,338	18,040
Interest bearing liabilities		35,784	33,078
Provisions	6	6,152	9,361
Other current liabilities		435	560
Total current liabilities		56,709	61,039
Non-current liabilities			
Trade and other payables		2,000	2,000
Interest bearing liabilities		77,519	51,268
Deferred tax liabilities		7,218	6,511
Provisions	6	403	248
Other liabilities		704	-
Total non-current liabilities		87,844	60,027
Total liabilities		144,553	121,066
Net assets		349,196	349,490
EQUITY			
Issued Capital	7	195,662	195,662
Retained earnings		153,534	153,828
Total equity		349,196	349,490

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

Sunland Group Limited
Consolidated statement of cash flows
For the half-year 31 December 2014

	Notes	31 December 2014 \$'000	31 December 2013 \$'000
Cash flows from operating activities			
Cash receipts from operations		113,683	64,659
Cash payments for operations		(138,976)	(158,067)
Interest received		252	336
Interest and other finance costs paid		(3,198)	(1,159)
Income taxes (paid)/refunded		(431)	(3,169)
Net cash (outflow) from operating activities		<u>(28,670)</u>	<u>(97,400)</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(842)	(574)
Repayments of loans by third parties		425	1,299
Proceeds from sale of subsidiary		-	3
Proceeds from sale of debt instrument		-	4,543
Net cash (outflow) inflow from investing activities		<u>(417)</u>	<u>5,271</u>
Cash flows from financing activities			
Payment of share buy-back costs		-	(8)
Purchase of shares through share buy-back		-	(10,020)
Proceeds from borrowings		40,464	85,971
Repayment of borrowings		(11,456)	-
Dividends paid to company's shareholders	4	(3,563)	(3,563)
Net cash inflow from financing activities		<u>25,445</u>	<u>72,380</u>
Net (decrease) in cash and cash equivalents		<u>(3,642)</u>	<u>(19,749)</u>
Cash and cash equivalents at the beginning of the financial year		<u>14,657</u>	<u>29,341</u>
Cash and cash equivalents at end of period		<u>11,015</u>	<u>9,592</u>

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

Sunland Group Limited
Consolidated statement of changes in equity
For the half-year 31 December 2014

	Notes	Attributable to equity holders of Sunland Group Limited			Total \$'000
		Ordinary Shares \$'000	Retained earnings \$'000	Other reserves \$'000	
For the half-year ended 31 December 2014					
Balance at 1 July 2014		195,662	153,829	-	349,491
Profit for the year		-	3,268	-	3,268
Total comprehensive income for the period		-	3,268	-	3,268
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	4	-	(3,563)	-	(3,563)
Shares issued	7	5,950	-	-	5,950
Treasury shares	7	(5,950)	-	-	(5,950)
		-	(3,563)	-	(3,563)
Balance at 31 December 2014		195,662	153,534	-	349,196
For the half-year ended 31 December 2013					
Balance at 1 July 2013		205,688	139,923	6,779	352,390
Profit for the year		-	2,966	-	2,966
Total comprehensive income for the period		-	2,966	-	2,966
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	4	-	(3,563)	-	(3,563)
Share buy-back		(10,020)	-	-	(10,020)
Transaction costs of share buy-back		(8)	-	-	(8)
		(10,028)	(3,563)	-	(13,591)
Balance at 31 December 2013		195,660	139,326	6,779	341,765

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

1 Summary of significant accounting policies

Basis of preparation of half-year report

The half-year financial report of Sunland Group Limited (the "Group") does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of Sunland Group Limited as at 30 June 2014.

It is also recommended that the half-year financial report be considered together with any public announcements made by Sunland Group Limited and its controlled entities in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

(a) Basis of accounting

The half-year financial report is an interim consolidated financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards including AASB 134 *Interim Financial Reporting*.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Changes in accounting policy, disclosures, standards and interpretations

The accounting policies applied in the half-year financial report are the same as those applied by the consolidated entity in the Financial Report of Sunland Group Limited for the year ended 30 June 2014.

As disclosed in note 4 to the 30 June 2014 financial statements, Sunland changed its accounting policy on revenue recognition to being that the significant risks and rewards of ownership are at times transferred at points earlier than settlement. This policy was consistently applied for this interim reporting period, including the comparative balances. There was no material impact on comparatives and opening balances.

(c) Critical estimates

The preparation of the financial statements requires the use of certain accounting estimates. It also requires the use of judgement in the application of the Group's accounting policies. Estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

2 Revenue and expenses

(a) Other revenues

	31 December 2014 \$'000	31 December 2013 \$'000
Rental income	1,297	1,232
Interest received	252	336
Other operating revenue	1,990	2,477
	<u>3,539</u>	<u>4,045</u>

(b) Other income

Net gain/(loss) of foreign exchange	-	175
Net gain on sale of subsidiary *	-	1,888
Net gain on sale of debt instrument **	-	4,543
	<u>-</u>	<u>6,606</u>

* In the prior period, the Group exited the balance of its Dubai exposure resulting in a \$1,888,000 profit contribution.

** In the prior period, the net gain on the sale of debt instrument resulted from the repayment of the instrument following the sale of the security mortgage for the Waterline Estate, Redland Bay, Brisbane.

(c) Change in inventories and work in progress

Cost of goods sold excluding finance costs	82,178	41,002
Finance costs	2,226	982
Net realisable value of inventory adjustments/(gain)	(985)	185
	<u>83,419</u>	<u>42,169</u>

(d) Administration and other expenses

Legal expenses	123	8,121
Other administration expenses	2,981	1,518
Total administration and other expenses	<u>3,104</u>	<u>9,639</u>

3 Income tax

A reconciliation between income tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	31 December 2014 \$'000	31 December 2013 \$'000
Profit from continuing operations before income tax expense	6,391	3,221
Tax at the Australian tax rate of 30.0% (2014 - 30.0%)	(1,917)	(966)
Reversal of gain on loss of control for sale of Dubai subsidiary	-	566
Expenses not deductible for tax purposes and other non-temporary differences	(161)	145
Adjustment in respect of current income tax of previous year	(1,045)	-
Income tax (expense)/benefit reported in the profit and loss	(3,123)	(255)

4 Dividends

Ordinary shares

	For the six months ended 31 December	
	2014 \$'000	2013 \$'000
Cash dividends paid to the equity holders of the Group:		
Annual final dividend for the year ended 30 June 2014: 2.0 cents (2013: 2.0 cents)	3,563	3,563
Dividends on ordinary shares approved but not recognised as a liability as at 31 December:		
Interim dividend: 2.0 cents (2014: 2.0 cents)	3,563	3,563

5 Inventories

	31 December 2014 \$'000	30 June 2014 \$'000
Current		
Development properties, including land subdivision, other land and buildings under construction, at cost	185,357	136,821
Net realisable provision of development properties	(923)	(1,150)
	184,434	135,671
Non-current		
Development properties, including land subdivision, other land and buildings under construction, at cost	274,949	290,645
Net realisable provision of development properties	(5,017)	(5,775)
	269,932	284,870

6 Provisions

Current		
Employee benefits	1,786	1,534
Warranty costs (a)	3,466	6,077
Legal costs (b)	900	1,750
	6,152	9,361
Non-current		
Employee benefits - long service leave	63	63
Office fit-out restoration provision	340	185
	403	248

(a) Warranty costs

Provision is made for the estimated warranty claims in respect of properties sold which are still under warranty at the end of the reporting period. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

(b) Legal matters

The Group initiates and defends legal actions to protect its rights and remedies against what the Group deems as wrongful acts and claims against it. These actions are considered with the benefits of advice from its legal advisors and costs are expensed as incurred during these actions.

6 Provisions (continued)

(b) Legal matters (continued)

In previous financial periods, the Group provided for Respondents' costs awarded against Sunland in respect to the trial conducted in the Victorian Supreme Court and the Court of Appeal. Those costs associated with the trial and part of the costs associated with the appeal are paid. A portion of the appeal costs that have been recently claimed is yet to be reviewed so the total amount is yet to be finalised. A provision of \$900,000 remains available in respect to the claim yet to be finalised.

7 Contributed equity

(a) Share capital

	31 December 2014 Shares	30 June 2014 Shares	31 December 2014 \$'000	30 June 2014 \$'000
Ordinary shares - fully paid	178,144,223	185,851,810	195,662	205,688
Share buy-back plan	-	(7,707,587)	-	(10,026)
Shares issued	3,500,000	-	5,950	-
Treasury shares	(3,500,000)	-	(5,950)	-
	178,144,223	178,144,223	195,662	195,662

As at 31 December 2014, no options were outstanding over unissued ordinary shares of the company.

Treasury shares refer to those shares issued to SEIF Pty Limited as trustee for the Sunland Employee Retirement Fund ("SERF") in accordance with shareholders' approval of Item 4 of the Notice of Meeting tabled at Sunland's Annual General Meeting 6 November 2014. The shares are fully paid ordinary shares in the capital of the company and rank equally with all other existing shares from the date issued. Under accounting standards, Sunland is deemed to control SERF and the shares (and associated transactions) are eliminated on consolidation, thereby deducting these issued shares from issued capital whilst held by the Trustee. As these shares are deemed not to have been issued by the consolidated entity, they are not included in Sunland's disclosures associated with net tangible assets and earnings per share. No gain or loss on treasury shares is recognised in profit and loss. Upon disposal, any gain will be recognised to a component of equity.

8 Segment Information

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

The operating segments are identified by management based on the manner in which the product is sold and the nature of the services provided. Discrete financial information about each of these operating segments is reported to the executive management team on at least a monthly basis.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Legal fees
- Employee benefits expenses
- Group corporate marketing expenses
- Accounting and audit fees
- Office administration expenses and outgoings

Segment results, being development return, assets and liabilities include items directly attributed to a segment as well as those that can be allocated on a reasonable basis. Segment revenue, expenses and results include transfers between business segments, these are eliminated on consolidation. Unallocated items mainly comprise corporate assets and expenses.

Operating Segments

The consolidated entity comprises the following main segments:-

- Urban Development and Residential Housing (Land and Housing) - development and sale of land (urban development) and medium density housing projects
- Multistorey - development and sale of medium rise projects generally between five and ten storeys and high rise projects above ten storeys.

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

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

8 Segment Information (continued)

Operating Segments	Land & Housing	Multi-Storey	Other	Consolidated
	\$'000	\$'000	\$'000	\$'000
31 December 2014				
Revenue				
Revenue recognised from operations	78,286	19,037	4,280	101,603
Interest revenue				252
Total operating revenue				<u>101,855</u>
Development costs incurred in delivery				
Finance costs expensed	(1,997)	(235)	(12)	(2,244)
Other development costs expensed	(63,389)	(15,225)	(3,567)	(82,181)
Total development costs	<u>(65,386)</u>	<u>(15,460)</u>	<u>(3,579)</u>	<u>(84,425)</u>
Segment result - development return	12,900	3,577	701	17,178
Return on development costs	20%	23%	20%	20%
Other costs expensed during period				
Marketing	(2,077)	(731)	-	(2,808)
Adjustments for impairment and warranties	985	(750)		235
Interest revenue				252
Unallocated corporate expenses				<u>(8,466)</u>
Profit from ordinary activities before tax				6,391
Income tax expense/(benefit)				<u>(3,123)</u>
Net profit for the year				<u>3,268</u>
Depreciation and amortisation	-	-	607	607
31 December 2014				
Assets				
Segment Assets	349,628	113,332	10,238	473,198
Investment in associate				232
Unallocated corporate assets				<u>20,319</u>
Consolidated total assets				<u>493,749</u>

8 Segment Information (continued)

Operating Segments	Land & Housing	Multi-Storey	Other	Consolidated
	\$'000	\$'000	\$'000	\$'000
31 December 2013				
Revenue				
Revenue recognised from operations	51,625	-	5,834	57,459
Interest revenue				336
Total operating revenue				<u>57,795</u>
Development costs incurred in delivery				
Finance costs expensed	(982)	-	(10)	(992)
Other development costs expensed	(38,919)	-	(4,486)	(43,405)
Total development costs	<u>(39,901)</u>	<u>-</u>	<u>(4,496)</u>	<u>(44,397)</u>
Segment result - development return	11,724	-	1,338	13,062
Return on development costs	29%	0%	30%	29%
Other costs expensed during period				
Marketing	(1,282)	(528)	-	(1,810)
Adjustments for impairment and warranties	(10)	-	(175)	(185)
Gain on sale of subsidiary				1,888
Gain on sale of debt instrument				4,543
Share of net profit/(loss) from associate				60
Net gain/(loss) on foreign exchange				175
Interest revenue				336
Unallocated corporate expenses				<u>(14,848)</u>
Profit from ordinary activities before tax				3,221
Income tax expense/(benefit)				<u>(255)</u>
Net profit for the year				<u>2,966</u>
Depreciation and amortisation	-	-	290	290
30 June 2014				
Assets				
Segment Assets	324,740	111,967	10,554	447,261
Investment in associate				232
Unallocated corporate assets				<u>23,063</u>
Consolidated total assets				<u>470,556</u>

9 Financing arrangements

The consolidated entity has access to the following lines of credit:

	31 December 2014 \$'000	30 June 2014 \$'000
Total facilities available	190,180	202,137
Facilities utilised at balance date	114,032	85,041
Bank guarantees	3,957	4,344
Facilities not used at balance date	72,191	112,752

(i) In the current period, \$3,957,000 (30 June 2014: \$4,344,000) provided as bank guarantees have reduced the bank loan facilities availability.

The carrying value of the Group's current and non-current borrowings approximate their fair value. Pre-paid borrowing costs explains any difference between the proceeds and the redemption amount over the period of the borrowings using the effective interest method.

The terms of the extended facilities entered into during the current period have terms which are similar to facilities already held by Sunland at the end of the previous financial period.

10 Contingencies

Apart from the discussion in note 6b, the Group had no material changes to contingent liabilities at 31 December 2014 (2013: \$nil).

11 Events occurring after the reporting period

On 27 February 2015, the directors declared an interim dividend of 2 cents per fully paid ordinary share (1H 2014: 2 cents), fully franked at a tax rate of 30%. The aggregate amount of the dividend to be paid on 27 March 2015 will be \$3,563,000.

No other material matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity.

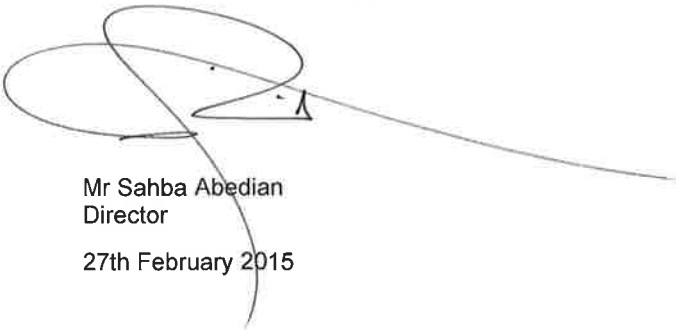
Sunland Group Limited
Directors' declaration
31 December 2014

In accordance with a resolution of the directors of Sunland Group Limited, I state that:

In the Directors' opinion:

- (a) The financial statements and notes of Sunland Group Limited for the half-year ended 31 December 2014 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards and the *Corporations Regulations 2001*

- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Mr Sahba Abedian
Director
27th February 2015

To the members of Sunland Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sunland Group Limited, which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Sunland Group Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

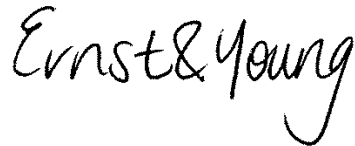
Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sunland Group Limited is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



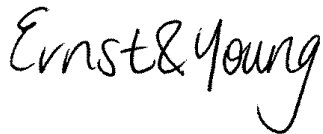
Ernst & Young



Alison de Groot
Partner
Brisbane
27 February 2015

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

In relation to our review of the financial report of Sunland Group Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Alison de Groot
Partner
Brisbane
27 February 2015