

# **PBD Developments Limited**

(Comprising **PBD Developments Limited** ABN 12 009 134 114 and its controlled entities)

## **Appendix 4D and Financial Report for the half-year ended 31 December 2014**

This half-year financial report constitutes the Appendix 4D prepared in accordance with ASX Listing Rules and the *Corporations Act 2001*. This half-year financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by PBD Developments Limited during the intervening period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

# PBD Developments Limited

PBD Developments Limited ABN 12 009 134 114 (PBD, Company or Parent) comprises PBD and its controlled entities (Group).

## Appendix 4D

### for the half-year ended 31 December 2014

(previous corresponding period being the half-year ended 31 December 2013)

#### RESULTS FOR ANNOUNCEMENT TO THE MARKET

	\$'000	Up / Down	% movement
Revenue	21	Up	62
Loss after tax attributable to Shareholders	10,835	Down	197

There were no dividends proposed or declared by the Group to Shareholders since the end of the previous financial year.

Additional information	31 December 2014	30 June 2014
Net tangible assets (NTA) per Share – cents	1.4	1.5

Commentary on the results for the period can be found in the attached 31 December 2014 half-year Directors' report.

Additional Appendix 4D disclosure requirements can be found in the attached notes to the 31 December 2014 half-year financial report.



Hai-Young Lu  
Company Secretary

Sydney  
27 February 2015

# PBD Developments Limited

## December 2014 Half-Year Financial Report

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### GENERAL INFORMATION

The Financial Statements cover the Group. The Financial Statements are presented in Australian dollars, which is the Group's functional and presentation currency.

PBD is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 5, 99 Macquarie Street  
SYDNEY NSW 2000

A review of the Group's operations is included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 February 2015.

The Directors present their report on the Group, consisting of PBD and its controlled entities for the half-year ended 31 December 2014 and the Auditor's Review Report thereon.

## DIRECTORS

The Directors of PBD during the half-year and up until the date of this report are as follows:

Director	Position	Period of Directorship
Winson Chow	Chair	Full half-year
Cerena Fu	Non-Executive Director	Full half-year
David Hunt	Non-Executive Director	Full half-year
Marcus Seow	Non-Executive Director	Full half-year

## REVIEW AND RESULTS OF OPERATIONS

The Group has been executing the strategy announced in June 2014 with a focus on delivering its eastern seaboard projects.

During the half-year, the Group has focused on:

- Gaining approvals and undertaking the civil works for a land subdivision known as SeaSpray in Victoria
- Construction of townhouses known as Bridgeview in New South Wales
- Construction of a high rise apartment complex known as The Milton in Queensland
- Construction of a high rise apartment complex known as Burwood Square in New South Wales
- Sale of completed apartments at Oceanique in Western Australia
- Devising a strategy for Point Grey, PBD's masterplanned community in Western Australia

For the half year ended 31 December 2014 the Group reported a statutory loss after tax of \$10,835,000 (2013: loss of \$3,653,000). There was no income tax benefit recorded for the half year.

The underlying loss for the Group was \$1,791,000 higher than the underlying loss of \$3,380,000 recorded in the previous corresponding half-year. Key reconciling items between the Group's statutory loss and underlying loss are:

	For the half-year ended	
	31 December 2014	31 December 2013
Underlying loss after tax	(5,171)	(3,380)
Impairment of Oceanique apartments	(3,913)	-
Hedge gain	4,416	-
Foreign exchange loss	(5,000)	-
Depreciation of Peel Water	(490)	-
Burwood Square loan extension fee	(677)	-
Redundancy costs	-	(135)
Hedging costs	-	(80)
Other	-	(58)
<b>Net (loss) after tax attributable to Shareholders</b>	<b>(10,835)</b>	<b>(3,653)</b>

In the opinion of the Directors, the Group's underlying loss reflects the results generated from ongoing operating activities. The non-operating adjustments outlined above are considered to be non-cash or non-recurring in nature. These items are included in the Group's consolidated statutory result but excluded from the underlying result.

The Group has potential tax losses that it does not recognise on its balance sheet. The tax losses may be used against any tax liability arising as a result of any future profits, which is dependent on meeting the requirements of tax legislation.

**Portfolio Update***Western Australia*Oceanique, Mandurah (**Oceanique**)

PBD's primary focus is to finalise the sell-down of the remaining Oceanique apartments, with three having settled in February 2015. PBD continues to investigate all options to complete the sell-down in a difficult market.

Point Grey and Peel Water, Point Grey (**Point Grey**)

Management are considering their options in relation to Point Grey, which includes canvassing for potential buyers of these assets.

*Eastern Seaboard*Bridgeview, Annandale (**Bridgeview**)

Bridgeview's original feasibility forecast for completion to occur in the first quarter of 2015, however, due to delays experienced, completion of the project is now forecast to occur during the second half of FY2015, with settlements to follow. The contractual agreement in respect of Bridgeview has the first \$4.5 million of profit due to be paid to PBD, meaning that PBD's forecast profit from this project has not been impacted by these delays.

Burwood Square, Burwood (**Burwood Square**)

Burwood Square has experienced cost variances to original feasibility, all of which have been absorbed to date by the contingency. There is no further contingency available for Burwood Square. Construction completion is expected in the second half of FY2016, with settlements to follow.

The Milton, Brisbane (**The Milton**)

The Milton is tracking to original feasibility, with construction completion expected in the first half of FY2016, with settlements to follow.

SeaSpray, Point Cook (**SeaSpray**)

SeaSpray has commenced the staged settlement of housing lots, with 12 lots settled in February 2015 and a further 76 lots exchanged out of the remaining 236 lots.

**Short Term Outlook**

PBD will focus on delivering its existing projects and monitoring its cash flow given the cash constrained environment it is currently in.

**Capital management**

The restructure of PBD's business was completed during FY2014. The focus of FY2015 is to fund the business within its existing debt facility and cash flows and deliver projects to commence to return cash to PBD.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Group during the financial half-year.

**SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

With the exception of the settlement of (three) Oceanique apartments, no matters or circumstances have arisen since the end of the half-year and up until the date of this report which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent years.

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS  
ACT 2001**

PBD has obtained the Auditor's Independence Declaration, which is set out on page 5.

**ROUNDING**

The Group is an entity of a kind referred to in ASIC Class Order 98/100 and, in accordance with that Class Order, amounts in the financial report and Directors' report are rounded to the nearest one thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'Winson Chow', is written over a faint, illegible printed name.

Winson Chow  
Chair

Sydney  
27 February 2015

**DECLARATION OF INDEPENDENCE BY GRANT SAXON TO THE DIRECTORS OF PBD DEVELOPMENTS LIMITED**

As lead auditor for the review of PBD Developments Limited for the half-year ended 31 December 2014, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of PBD Developments Limited and the entities it controlled during the period.



**Grant Saxon**  
**Partner**

**BDO East Coast Partnership**

Sydney, 27 February 2015

## Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2014

	Group	
	For the half-year ended	
	31 December 2014 \$'000	31 December 2013 \$'000
<b>Revenue</b>		
Sale of goods	-	-
Finance	21	13
	<b>21</b>	<b>13</b>
Cost of sales	-	-
<b>Gross profit</b>	<b>21</b>	<b>13</b>
Other income	3	29
Advertising and marketing	(263)	(83)
Employee benefits	(863)	(847)
Depreciation and amortisation	(500)	(11)
Finance	(2,547)	(1,401)
Rates and taxes	(258)	(55)
Repairs and maintenance	(5)	(47)
Consultants and legal fees	(596)	(466)
Rental	(23)	(89)
Foreign exchange loss	(5,000)	(207)
Gain on derivatives	4,416	-
Net realisable write down of inventory	(3,913)	-
Burwood Square loan extension fee	(677)	-
Corporate recharge	(59)	-
Other	(571)	(464)
Loss on disposal of property, plant and equipment	-	(25)
<b>Loss from continuing operations before income tax</b>	<b>(10,835)</b>	<b>(3,653)</b>
Income tax	-	-
<b>Loss from continuing operations after income tax</b>	<b>(10,835)</b>	<b>(3,653)</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Change in fair value of available-for-sale financial assets	1,848	(1,624)
Other comprehensive income for the period, net of tax	1,848	(1,624)
<b>Total comprehensive income for the period attributable to Shareholders</b>	<b>(8,987)</b>	<b>(5,277)</b>
<b>Earnings per Share (cents per Share)</b>		
Basic earnings / (loss) per Share	(0.17)	(0.09)
Diluted earnings / (loss) per Share	(0.17)	(0.09)

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



	Note	Group	
		31 December 2014 \$'000	30 June 2014 \$'000
<b>Current assets</b>			
Cash and cash equivalents		1,743	2,321
Trade and other receivables		374	592
Inventories	2	27,257	18,780
Derivatives		1,879	-
Other assets		2,154	2,198
<b>Current assets</b>		<b>33,407</b>	<b>23,891</b>
Non-current assets held for sale		1,398	1,398
<b>Total current assets</b>		<b>34,805</b>	<b>25,289</b>
<b>Non-current assets</b>			
Inventories	2	52,802	65,066
Investments accounted for using the equity method	6	9,000	9,000
Property, plant and equipment		1,522	2,008
Other financial assets	9	62,032	59,719
<b>Total non-current assets</b>		<b>125,356</b>	<b>135,793</b>
<b>TOTAL ASSETS</b>		<b>160,161</b>	<b>161,082</b>
<b>Current liabilities</b>			
Trade and other payables		28,765	27,947
Derivatives		-	367
Provisions		73	88
<b>Total current liabilities</b>		<b>28,838</b>	<b>28,402</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities		39,619	32,867
Provisions		6	3
<b>Total non-current liabilities</b>		<b>39,625</b>	<b>32,870</b>
<b>TOTAL LIABILITIES</b>		<b>68,463</b>	<b>61,272</b>
<b>NET ASSETS</b>		<b>91,698</b>	<b>99,810</b>
<b>Equity</b>			
Contributed equity	3	269,626	269,626
Reserves		8,716	5,993
Accumulated losses		(186,644)	(175,809)
<b>Total equity</b>		<b>91,698</b>	<b>99,810</b>

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

	Note	Attributable to Shareholders			Total
		Contributed equity	Reserves	Accumulated losses	
		\$'000	\$'000	\$'000	
<b>Balance at 1 July 2013</b>		228,145	-	(167,240)	60,905
<i>Comprehensive income:</i>					
Loss for the period		-	-	(3,653)	(3,653)
Other comprehensive income		-	(1,624)	-	(1,624)
<b>Total comprehensive income for the period</b>		-	(1,624)	(3,653)	(5,277)
<i>Transactions with Shareholders:</i>					
Equity settled employee benefits		-	49	-	49
Issue of Shares	3	38,919	-	-	38,919
<b>Total transactions with Shareholders</b>		38,919	49	-	38,968
<b>Balance at 31 December 2013</b>		<b>267,064</b>	<b>(1,575)</b>	<b>(170,893)</b>	<b>94,596</b>
<b>Balance at 1 January 2014</b>		267,064	(1,575)	(170,893)	94,596
<i>Comprehensive income:</i>					
Loss for the period		-	-	(4,916)	(4,916)
Other comprehensive income		-	7,413	-	7,413
<b>Total comprehensive income for the period</b>		-	7,413	(4,916)	2,497
<i>Transactions with Shareholders:</i>					
Equity settled employee benefits		-	155	-	155
Issue of Shares	3	2,562	-	-	2,562
<b>Total transactions with Shareholders</b>		2,562	155	-	2,717
<b>Balance at 30 June 2014</b>		<b>269,626</b>	<b>5,993</b>	<b>(175,809)</b>	<b>99,810</b>
<b>Balance at 1 July 2014</b>		269,626	5,993	(175,809)	99,810
<i>Comprehensive income:</i>					
Loss for the period		-	-	(10,835)	(10,835)
Other comprehensive income		-	1,848	-	1,848
<b>Total comprehensive income for the period</b>		-	1,848	(10,835)	(8,987)
<i>Transactions with Shareholders:</i>					
Equity settled employee benefits		-	198	-	198
Equity settled benefits		-	677	-	677
<b>Total transactions with Shareholders</b>		-	875	-	875
<b>Balance at 31 December 2014</b>		<b>269,626</b>	<b>8,716</b>	<b>(186,644)</b>	<b>91,698</b>

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

	<b>Group</b>	
	<b>For the half-year ended</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (GST exclusive)	257	111
Payments to suppliers and employees (GST exclusive)	(2,548)	(2,754)
Interest received	21	13
Finance costs including interest and other costs of finance paid	-	(1,608)
GST paid	-	(92)
<b>Net cash flows (used in) operating activities</b>	<b>(2,270)</b>	<b>(4,330)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(14)	(7)
Proceeds from sale of property, plant and equipment	-	25
Payments for available-for-sale financial assets	(464)	(13,000)
Repayment of loans by related parties	-	-
<b>Net cash flows (used in) investing activities</b>	<b>(478)</b>	<b>(12,982)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	38,919
Proceeds from hedge	2,170	-
Proceeds from borrowings	-	12,000
Repayment of borrowings	-	(29,757)
<b>Net cash flows from financing activities</b>	<b>2,170</b>	<b>21,162</b>
Net (decrease) / increase in cash and cash equivalents	(578)	3,850
Cash and cash equivalents at the beginning of the period	2,321	(2,114)
<b>Cash and cash equivalents at the end of the period</b>	<b>1,743</b>	<b>1,736</b>

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

## **1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

PBD Developments Limited (**PBD**) is domiciled and incorporated in Australia. Its registered office and principal place of business is Level 5, 99 Macquarie Street, Sydney, New South Wales. The financial report of PBD consists of the financial statements of PBD and its controlled entities (**Group**). The financial report is presented in Australian dollars.

The significant accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

### **(a) Basis of preparation**

These general purpose financial statements for the half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities.

These general purpose financial statements for the half-year do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by PBD during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding half-year reporting period, unless otherwise stated.

### **(b) Going concern**

The 31 December 2014 half year financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. This is not withstanding that the Group continues to experience constraints around cash flow, with a net cash outflow from operations for the half year of \$2,270,000 (2013: \$4,330,000).

The Directors believe it is appropriate to prepare this financial report on a going concern basis. The Group has obligations to pay an amount for SeaSpray in June 2015 and an amount for Burwood Square in September 2015. To fund these, PBD is expecting to use the proceeds from the settlement of Oceanique apartments, Bridgeview and SeaSpray (as these are staged settlements).

The Directors will continue to closely monitor PBD's cash position within the constraints of the existing loan facility and cash flows from business activities given the various timings of inflows and outflows of cash. Whilst the Directors are confident of success with the current strategy, the timing of the cash inflows and outflows may vary, and this may generate uncertainty as to the timing of cash flows. Should the timing of cash flows be significantly different to those forecast, the Group may need to seek alternative financing options to enable it to settle its liabilities as they fall due.

These conditions give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. The Directors have concluded that there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due. On this basis the half year financial report has been prepared on a going concern basis.

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 half year financial statements. The half year financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount 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.

## 2. INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Both land under development and apartment projects under construction are measured at the lower of cost and net realisable value. Costs include the cost of acquisition, development, materials, borrowing costs and holding costs incurred during development and construction. Once development and construction is completed, borrowing costs and holding costs are expensed as incurred.

All land under development (including land undergoing the approvals process) and apartment construction projects are regarded as inventory and are classified as such in the statement of financial position. Development projects whereby the Group controls all the risks and benefits of the arrangement and is required to take ownership of any unsold parcels at the end of the project are also classified as land under development. Land and apartments are classified as current only when sales are expected to occur within the next 12 months.

Borrowing costs included in the cost of any land under development and apartment construction projects are those costs that would have been avoided if the expenditure on the acquisition and development of the land and building of the apartment project had not been made. Borrowing costs incurred while active development and construction is interrupted for extended periods are recognised as an expense.

	Group	
	31 December 2014	30 June 2014
	\$'000	\$'000
<b>Current</b>		
<i>Finished apartments</i>		
Cost of acquisition	221	159
Development and other costs	31,707	22,831
Interest capitalised	3,801	2,737
Impairment provision	(21,953)	(13,262)
<b>Total</b>	<b>13,776</b>	<b>12,465</b>
<i>Land under development</i>		
Cost of acquisition	13,417	6,315
Development and other costs	64	-
Interest capitalised	-	-
Impairment provision	-	-
<b>Total</b>	<b>13,481</b>	<b>6,315</b>
<b>Total current</b>	<b>27,257</b>	<b>18,780</b>
<b>Non-current</b>		
<i>Finished apartments</i>		
Cost of acquisition	-	62
Development and other costs	-	8,876
Interest capitalised	-	1,064
Impairment provision	-	(4,778)
<b>Total</b>	<b>-</b>	<b>5,224</b>

## 2. INVENTORIES (CONTINUED)

	Group	
	31 December 2014	30 June 2014
	\$'000	\$'000
<b>Non-current (continued)</b>		
<i>Land under development</i>		
Cost of acquisition	102,079	109,180
Development and other costs	8,220	8,159
Interest capitalised	1,480	1,480
Impairment provision	(58,977)	(58,977)
<b>Total</b>	<b>52,802</b>	<b>59,842</b>
<b>Total non-current</b>	<b>52,802</b>	<b>65,066</b>
<b>Total inventories net of impairment</b>	<b>80,059</b>	<b>83,846</b>

## 3. CONTRIBUTED EQUITY

	Group	
	31 December 2014	30 June 2014
	\$'000	\$'000
<b>Issued capital</b>		
Ordinary share capital	269,626	269,626
<b>Movements in ordinary share capital</b>		
Balance at beginning period	269,626	228,145
Shares issued	-	41,693
Transactions costs	-	(212)
<b>Balance at end of period</b>	<b>269,626</b>	<b>269,626</b>

## 4. DIVIDENDS

There were no dividends proposed or declared by the Group to Shareholders since the end of the previous financial year.

## 5. SEGMENT INFORMATION

In accordance *AASB 8 Operating Segments*, the Group has assessed for the half-year reporting period ended 31 December 2014 what information is necessary to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

Based upon this assessment, the Audit Committee of the Group determined that it operated in only one business segment, being property development in Australia. Operating results of the property development business segment are regularly reviewed by the Board to make decisions about resource allocation to that business and assess its performance.

**6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

	Group	
	31 December 2014	30 June 2014
	\$'000	\$'000
Investments in joint ventures – Bridgeview <sup>1</sup>	9,000	9,000

Interests in joint ventures are accounted for using the equity method of accounting.

- 1 This investment has been classified as a joint venture under Accounting Standard AASB 11 *Joint Arrangements*. Although the Group has no equity interest, it is entitled under the contractual arrangement for the joint venture to a share of net assets. The Group has rights to the first \$4,500,000 of surplus profits from the joint venture and as the project is currently forecast to make profit in excess of this amount the Group does not recognise any current losses from the joint venture vehicle.

**7. CURRENT ASSETS: NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**

	Group	
	31 December 2014	30 June 2014
	\$'000	\$'000
Land	1,398	1,398

The above asset is Lot 370 Country Club Drive at Port Bouvard Residential Estate. The asset is measured at the lower of its carrying amount and fair value less costs to sell.

**8. EXPENSES**

	Group	
	31 December 2014	31 December 2013
	\$'000	\$'000
Loss before income tax includes the following specific items:		
<i>Finance costs</i>		
Interest and finance charges paid / payable	2,547	1,401
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	5,000	-
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	23	89
<i>Write off of assets</i>		
Inventories	3,913	-

**9. OTHER FINANCIAL ASSETS**

Other financial assets represent the Group's investments in Burwood Square and The Milton and are classified as available-for-sale financial assets.

Available-for-sale financial assets for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 the fair value is calculated using quoted prices in active markets.
- Level 2 the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The available-for-sale financial assets are classified as being in level 3 of this hierarchy, and are measured at their estimated fair value at reporting date using discounted cash flow analysis. The inputs to this valuation process were the estimated cash flows resulting from these investments and the discount rate.

Movements for the half-year were:

	<b>Group</b>	
	<b>For the half-year ended</b>	
	<b>31 December 2014</b>	<b>30 June 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of period	59,719	-
Investments in projects	465	53,930
Change in fair value	1,848	5,789
<b>Balance at end of period</b>	<b>62,032</b>	<b>59,719</b>

The unobservable inputs were the discount rate used (20%) in discounting the estimated cash flows to their net present value and the expected net cash flows from the investments (post return of initial equity contributions). A change in these inputs would change the fair values of the investments as follows:

<b>Input variation</b>	<b>The Milton</b>	<b>Burwood Square</b>
Discount rate change of 2.5% (e.g. to 22.5%)	(1.8%) movement in fair value	(2.8%) movement in fair value
Cash flow change of 10%	(3.0%) movement in fair value	(10.5%) movement in fair value

**10. EVENTS AFTER BALANCE SHEET DATE**

With the exception of the settlement of three Oceanique apartments, no matters or circumstances have arisen since the end of the half-year and up until the date of this report which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent years.



In the opinion of the Directors of PBD Developments Limited:

- the attached Financial Statements and Notes thereto of the Group comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached Financial Statements and Notes thereto of the Group give a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



Winson Chow  
Director

Sydney  
27 February 2015

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of PBD Developments Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of PBD Developments Limited, which comprises the consolidated statement of financial position as at 31 December 2014, 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 half-year ended on that date, notes comprising a statement of 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's 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 control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the 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 PBD Developments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of PBD Developments Limited, would be in the same terms if given to the directors as at the time of this auditor's review 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 PBD Developments Limited is not in accordance with the *Corporations Act 2001* including:

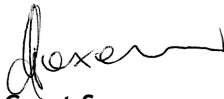
- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

## Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1(b) in the half-year financial report, which indicates that the consolidated entity incurred a net cash outflow from operations of \$2.27 million during the half-year ended 31 December 2014 (2013: \$4.33 million).

This condition, along with other matters as set forth in Note 1(b), indicates the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

**BDO East Coast Partnership**



**Grant Saxon**  
Partner

Sydney, 27 February 2015