

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 2015

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 half-year financial report is to be read in conjunction with the annual financial report for the year ended 30 June 2015 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 2015

(previous corresponding period being the half-year ended 31 December 2014)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	\$'000	Up / Down	% movement
Revenue	26,160	Up	NC
Profit after tax attributable to Shareholders	5,583	Up	NC

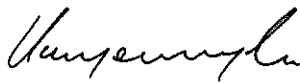
NC – Not comparable with previous half-year period.

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

Additional information	31 December 2015	30 June 2015
Net tangible assets (NTA) per Share – cents	1.4	1.4

Commentary on the results for the period can be found in the attached 31 December 2015 half-year Directors' report.

Additional Appendix 4D disclosure requirements can be found in the attached notes to the 31 December 2015 half-year financial report.



Hai-Young Lu
Company Secretary
Sydney
24 February 2016

PBD Developments Limited December 2015 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

Principal Activities

The principal activity of the Group during the half year was the development and sale of residential land and built-form products. The Company has interests in developments on the east coast of Australia and developments in the Mandurah / Peel Region of Western Australia.

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 24 February 2016.

The Directors present their report on the Group, consisting of PBD and its controlled entities for the half-year ended 31 December 2015 and the Independent 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
Arthur Dew	Chair	Appointed to the board on 3 December 2015, appointed Chair on 18 December 2015
Mark Wong Tai Chun	Alternate Director to Arthur Dew	Alternate Director to Arthur Dew from 3 December 2015
Winson Chow	Chair	Resigned 18 December 2015
Cerena Fu	Non-Executive Director	Full half-year
Marcus Seow	Non-Executive Director	Full half-year

REVIEW AND RESULTS OF OPERATIONS

The Group continues to execute its strategy with a focus on delivering its eastern seaboard projects.

During and since the half-year, key events of the Group included:

- Completing construction and undertaking staged settlements of Bridgeview in New South Wales. Settlement of one of the last two townhouses will successfully complete the project.
- Completing construction and commencing settlements for The Milton in Queensland, with PBD receiving \$20.5 million to date, being circa 70% of PBD's investment in the project.
- Significantly progressing PBD's 247 lot land subdivision at SeaSpray in Victoria, with construction of stages 1 to 6 completed and construction for stages 7 and 8 forecast for completion second calendar quarter of 2016, and a total of circa 62% settled to date.
- Ensuring that the staged settlements at Burwood Square commenced on time commencing from January 2016.
- Continuing to sell apartments at Oceanique in Western Australia, with four apartments remaining.
- The Development Application (DA) has been submitted to renew stage 1 at Point Grey, PBD's masterplanned community in Western Australia.
- Undertook a successful \$21.65 million rights issue to part repay foreign currency denominated debt.
- PBD fully repaid the remainder of its foreign currency denominated debt facility with the proceeds from a new Australian dollar debt facility, which has also been repaid post half-year. PBD intends to redraw from this facility when required.
- PBD paid in full its deferred payments in respect of Burwood Square and SeaSpray.
- Tian An China Investments Company Limited (**Tian An China**) through its wholly owned subsidiary, Oasis Star Limited (**Oasis Star**) acquired a 19.9% shareholding from Mulpha Strategic Limited (**Mulpha**). Tian An China is a company listed on the main board of The Stock Exchange of Hong Kong Limited who acquired Mulpha's 19.9% shareholding in July 2015. A subsequent capital raising in October 2015 increased Oasis Star's holding to 32.8%.

Tian An China is a major real estate and investment company concentrating on large-scale developments centering on the main cities of Northern, Eastern and Southern China. Tian An China is engaged principally in the development of apartments, villas, office buildings and commercial properties, property investment and property management with a current market capitalisation of approximately HKD5.952 billion.

For the half-year ended 31 December 2015, the Group reported a statutory profit after tax of \$5,583,000 (2014: loss of \$10,835,000). PBD has not recognised a tax expense on its statutory profit as it will seek to offset its brought forward tax losses against its taxable profit for the 2016 financial year.

The underlying profit for the Group was \$7,148,000, compared with an underlying loss of \$5,171,000 recorded in the previous corresponding half-year. Key reconciling items between the Group's statutory profit / (loss) and underlying profit / (loss) are:

	For the half-year ended	
	31 December 2015	31 December 2014
Underlying profit / (loss) after tax	7,148	(5,171)
Impairment of Oceanique apartments	-	(3,913)
Hedge gain	1,668	4,416
Foreign exchange loss	(2,743)	(5,000)
Depreciation of Peel Water	(490)	(490)
Burwood Square loan extension fee	-	(677)
Net profit / (loss) after tax attributable to Shareholders	5,583	(10,835)

In the opinion of the Directors, the Group's underlying profit 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)

Currently four available apartments, with four sales achieved during the period. Management continues to focus on the sell down of these apartments.

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

Management has obtained the Development Application to renew stage 1.

Lot 370, Port Bouvard, Dawesville (Lot 370)

Lot 370 currently has a DA for 71 short stay apartments and is for sale.

Eastern Seaboard

Bridgeview, Annandale, New South Wales (Bridgeview)

21 of the 23 townhouses have been settled with total proceeds of circa \$14 million received on equity and profits to date. The last two townhouses are due to settle by mid-March 2016, thereby completing the Bridgeview project.

Burwood Square, Burwood, New South Wales (Burwood Square)

Burwood Square has achieved 100% residential pre-sales (excluding the Penthouse). Tower C was completed in January 2016, with 52 of 53 residential apartments settled to date within the tower. Construction of Burwood Square is anticipated for completion in the second half of FY2016.

Subsequent to the period end, PBD reached an agreement with B1, its joint venture partner, to have a secured priority position (ranking behind the senior external financier) and receive fixed cash proceeds from the Burwood Square project, further de-risking its investment. PBD will receive a completion payment of approximately \$33.9 million in total, with \$0.34 million received to date. The completion payment is secured against the assets of the entities holding the Burwood Square development.

As PBD expect to receive the completion payment within 12 months, the investment balance has been classified in current assets as at 31 December 2015.

The Milton, Brisbane, Queensland (The Milton)

Construction of The Milton has now been completed with the project in the settlement phase, with 88% of the available apartments settled and \$20.5 million in proceeds received to date, circa 70% of equity in the project. It is forecast for settlements to be finalised during calendar year 2016. Management is currently focussed on the sell-down of the remaining apartments and the leasing and then sale of the retail / commercial element of the project. As The Milton is nearing completion and the remaining settlements are expected to be received within 12 months, the investment balance has been classified in current assets as at 31 December 2015.

SeaSpray, Point Cook, Victoria (SeaSpray)

SeaSpray, located in Point Cook, Victoria has been significantly progressed during the Period. SeaSpray is PBD's 247 lot land subdivision with construction of stages 1 to 6 completed and construction for stages 7 and 8 forecast for completion second calendar quarter of 2016, with over 62% settled to date. There are a further 54 lots exchanged out of the remaining 92 lots.

Short Term Outlook

PBD will focus on identifying residential developments that meet its investment strategy and criteria.

Capital management

PBD is focussed on eliminating its corporate level debt to ensure the business is in a stable position to continue its residential property developments. It expects to achieve this target in FY2016.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than those items disclosed in the review of operations and portfolio update above, there were no significant changes in the state of affairs of the Group during the financial half-year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Subsequent to the period end, PBD reached an agreement with B1, its joint venture partner, to have a secured priority position (ranking behind the senior external financier) and receive fixed cash proceeds from the Burwood Square project, further de-risking its investment. PBD will receive a completion payment of approximately \$33.9 million in total, with \$0.34 million received to date. The completion payment is secured against the assets of the entities holding the Burwood Square development.

Other than the above, 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 periods.

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:



Marcus Seow
Director
Sydney
24 February 2016

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 2015, 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, 24 February 2016

PBD Developments Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2015

December 2015 Half-Year Financial Report

	Group	
	For the half-year ended	
	31 December 2015 \$'000	31 December 2014 \$'000
Revenue		
Sale of goods	26,144	-
Finance	16	21
	26,160	21
Cost of sales	(19,986)	-
Gross profit	6,174	21
Other income	10	3
Share of profits of joint venture accounted for using the equity method	5,734	-
Advertising and marketing	(6)	(263)
Employee benefits	(918)	(863)
Depreciation and amortisation	(496)	(500)
Finance	(2,248)	(2,547)
Rates and taxes	(182)	(258)
Repairs and maintenance	(4)	(5)
Consultants and legal fees	(493)	(596)
Rental	(60)	(23)
Foreign exchange loss	(2,743)	(5,000)
Gain on derivatives	1,668	4,416
Net realisable write down of inventory	-	(3,913)
Burwood Square loan extension fee	-	(677)
Corporate recharge	(46)	(59)
Other	(807)	(571)
Profit / (Loss) from continuing operations before income tax	5,583	(10,835)
Income tax	-	-
Profit / (Loss) from continuing operations after income tax for the half-year attributable to the owners of PBD	5,583	(10,835)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Change in fair value of available-for-sale financial assets, net of tax	2,222	1,848
Other comprehensive income for the period, net of tax	2,222	1,848
Total comprehensive income / (loss) for the half-year attributable to the owners of PBD	7,805	(8,987)
Earnings per Share (cents per Share)		
Basic earnings / (loss) per Share	0.08	(0.17)
Diluted earnings / (loss) per Share	0.05	(0.17)

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

PBD Developments Limited
Consolidated statement of financial position
As at 31 December 2015

December 2015 Half-Year Financial Report

	Note	Group	
		31 December 2015 \$'000	30 June 2015 \$'000
Current assets			
Cash and cash equivalents		26,021	4,470
Trade and other receivables		5,082	1,921
Inventories	2	14,722	30,495
Investments accounted for using the equity method	6	725	-
Available-for-sale financial assets	9	55,391	-
Other assets		688	2,331
Current assets		102,629	39,217
Non-current assets held for sale	7	1,462	1,462
Total current assets		104,091	40,679
Non-current assets			
Inventories	2	48,194	48,194
Investments accounted for using the equity method	6	-	9,000
Property, plant and equipment		513	1,022
Derivatives		-	1,095
Available-for-sale financial assets	9	-	69,830
Total non-current assets		48,707	129,141
TOTAL ASSETS		152,798	169,820
Current liabilities			
Trade and other payables		5,990	31,187
Provisions		92	85
Total current liabilities		6,082	31,272
Non-current liabilities			
Interest bearing liabilities		22,000	42,337
Provisions		9	8
Total non-current liabilities		22,009	42,345
TOTAL LIABILITIES		28,091	73,617
NET ASSETS		124,707	96,203
Equity			
Contributed equity	3	290,149	269,626
Reserves		19,705	17,307
Accumulated losses		(185,147)	(190,730)
Total equity		124,707	96,203

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

PBD Developments Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2015

December 2015 Half-Year Financial Report

	Note	Attributable to Shareholders				Total
		Contributed equity	Available-for-sale movement reserve	Share-based payment reserve	Accumulated losses	
		\$'000	\$'000	\$'000	\$'000	
Balance at 1 July 2014		269,626	5,789	204	(175,809)	99,810
<i>Comprehensive income:</i>						
Loss for the period		-	-	-	(10,835)	(10,835)
Other comprehensive income		-	1,848	-	-	1,848
Total comprehensive income for the period		-	1,848	-	(10,835)	(8,987)
<i>Transactions with Shareholders:</i>						
Equity settled employee benefits		-	-	198	-	198
Equity settled benefits	3	-	-	677	-	677
Total transactions with Shareholders		-	-	875	-	875
Balance at 31 December 2014		269,626	7,637	1,079	(186,644)	91,698
Balance at 1 January 2015		269,626	7,637	1,079	(186,644)	91,698
<i>Comprehensive income:</i>						
Loss for the period		-	-	-	(4,086)	(4,086)
Other comprehensive income		-	8,449	-	-	8,449
Total comprehensive income for the period		-	8,449	-	(4,086)	4,363
<i>Transactions with Shareholders:</i>						
Equity settled employee benefits		-	-	142	-	142
Total transactions with Shareholders		-	-	142	-	142
Balance at 30 June 2015		269,626	16,086	1,221	(190,730)	96,203
Balance at 1 July 2015		269,626	16,086	1,221	(190,730)	96,203
<i>Comprehensive income:</i>						
Profit for the period		-	-	-	5,583	5,583
Other comprehensive income		-	2,222	-	-	2,222
Total comprehensive income for the period		-	2,222	1,221	5,583	7,805
<i>Transactions with Shareholders:</i>						
Equity settled employee benefits		-	-	176	-	176
Issue of Shares	3	21,652	-	-	-	21,652
Capital raise costs	3	(1,129)	-	-	-	(1,129)
Total transactions with Shareholders		20,523	-	176	-	20,699
Balance at 31 December 2015		290,149	18,308	1,397	(185,147)	124,707

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

	Group	
	For the half-year ended	
	31 December 2015	31 December 2014
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (GST exclusive)	22,983	257
Payments to suppliers and employees (GST exclusive)	(24,319)	(2,548)
Interest received	16	21
Finance costs including interest and other costs of finance paid	(1,837)	-
Other income	10	-
Net cash flows used in operating activities	(3,147)	(2,270)
Cash flows from investing activities		
Payments for property, plant and equipment	(6)	(14)
Proceeds from sale of property, plant and equipment	19	-
Payments for available-for-sale financial assets	(339)	(464)
Receipts from available-for-sale financial assets	17,000	-
Deferred payments for available-for-sale financial assets	(7,750)	-
Receipts from joint venture	14,009	-
Proceeds from deposits	1,596	-
Net cash flows received from / (used in) investing activities	24,529	(478)
Cash flows from financing activities		
Proceeds from issue of shares	21,652	-
Transaction costs on issue of shares	(1,129)	-
Proceeds from hedge	2,764	2,170
Repayment of borrowings	(23,118)	-
Net cash flows from financing activities	169	2,170
Net (decrease) / increase in cash and cash equivalents	21,551	(578)
Cash and cash equivalents at the beginning of the period	4,470	2,321
Cash and cash equivalents at the end of the period	26,021	1,743

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 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 'Interim Financial Reporting'.

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 2015 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

During the half-year period, a restructuring process was completed in order to eliminate the Group's foreign currency risk on its corporate level debt and provide working capital to the Group as it seeks out new investments. Key points of the restructuring process were as follows:

- Completion of a rights issue during October 2015, which raised \$21.65 million (before costs);
- Establishment of a new unsecured loan facility with AP Finance Limited; and
- Proceeds of the rights issue and the new unsecured loan facility were used to fully repay the foreign currency denominated Sun Hung Kai facility.

Having completed the rights issue, the repayment of the Sun Hung Kai facility, the establishment of a new \$22 million facility with AP Finance Limited and the commencement of the realisation of PBD's assets, the Group is now in a strong position to continue with its strategy of expanding into residential developments on the eastern seaboard.

In consideration of the above, the Directors are of the view that the Group will be able to pay its debts as and when they fall due. As a result, the Group's financial statements have been prepared on a going concern basis.

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 2015	30 June 2015
	\$'000	\$'000
Current		
<i>Finished apartments</i>		
Cost of acquisition	63	94
Development and other costs	9,066	13,498
Interest capitalised	1,087	1,618
Impairment provision	(4,801)	(7,465)
Total	5,415	7,745
<i>Land under development</i>		
Cost of acquisition	5,145	14,439
Development and other costs	4,162	8,311
Total	9,307	22,750
Total current	14,722	30,495

2. INVENTORIES (CONTINUED)

	Group	
	31 December 2015 \$'000	30 June 2015 \$'000
Non-current (continued)		
<i>Land under development</i>		
Cost of acquisition	97,496	97,496
Development and other costs	8,195	8,195
Interest capitalised	1,480	1,480
Impairment provision	(58,977)	(58,977)
Total	48,194	48,194
Total non-current	48,194	48,194
Total inventories net of impairment	62,916	78,689

3. CONTRIBUTED EQUITY

	Group	
	31 December 2015 \$'000	30 June 2015 \$'000
Issued capital		
Ordinary share capital	290,149	269,626
Movements in ordinary share capital		
Balance at beginning period	269,626	269,626
Shares issued	21,652	-
Transactions costs	(1,129)	-
Balance at end of period	290,149	269,626

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 2015 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 residential property development in Australia. Operating results of the residential 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 2015	30 June 2015
	\$'000	\$'000
Investments in joint ventures – Bridgeview	725	9,000

Movements for the half-year were:

Balance at beginning of period	9,000	9,000
Share of profits from joint venture	5,734	-
Receipts from joint venture	(14,009)	-
Balance at end of period	725	9,000

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

21 of the 23 townhouses have been settled with total proceeds of \$14 million received on equity and profits to date. As the Group intends to complete the project in the second half of FY2016, the investment balance has been classified in current assets as at 31 December 2015.

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

	Group	
	31 December 2015	30 June 2015
	\$'000	\$'000
Land	1,462	1,462

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 2015	31 December 2014
	\$'000	\$'000
Profit / Loss before income tax includes the following specific items:		
<i>Finance costs</i>		
Interest and finance charges paid / payable	2,248	2,547
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	2,743	5,000
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	57	23
<i>Write off of assets</i>		
Inventories	-	3,913

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets represent the Group's investments in Burwood Square and The Milton, which 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 the 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:

	Group	
	For the half-year ended	
	31 December 2015	30 June 2015
	\$'000	\$'000
Balance at beginning of period	69,830	59,719
Investments in projects	338	899
Change in fair value	2,223	10,296
Return from projects	(17,000)	(1,084)
Balance at end of period	55,391	69,830

The unobservable inputs were the discount rate used 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:

Input variation	The Milton	Burwood Square
Discount rate change of 2.5%	1% movement in fair value	1% movement in fair value
Cash flow change of 10%	10% movement in fair value	10% movement in fair value

As the Group intends to receive the remaining cash flows from The Milton and Burwood Square projects within 12 months, the investment balances have been classified in current assets as at 31 December 2015.

10. EVENTS AFTER BALANCE SHEET DATE

Subsequent to the period end, PBD reached an agreement with B1, its joint venture partner, to have a secured priority position (ranking behind the senior external financier) and receive fixed cash proceeds from the Burwood Square project, further de-risking its investment. PBD will receive a completion payment of approximately \$33.9 million in total, with \$0.34 million received to date. The completion payment is secured against the assets of the entities holding the Burwood Square development.

Other than the above, 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 periods.

11. RELATED PARTY TRANSACTIONS

Effective 8 October 2015, the Group entered into a new loan facility of \$22,000,000 with AP Finance Limited. The loan is unsecured, repayable on 30 September 2017 with interest of 4% per annum payable quarterly in arrears. AP Finance Limited is an indirect wholly-owned subsidiary of Allied Properties (H.K.) Limited. PBD's largest shareholder Oasis Star Limited is a 100% owned subsidiary of Tian An China Investments which is 48.66% indirectly held by Allied Properties (H.K.) Limited.

12. NON-CASH INVESTING AND FINANCING ACTIVITIES

During the period, \$22,000,000 drawdown under the AP Finance Limited financing facility was paid directly to Sun Hung Kai International Bank (Brunei) Limited (**SHK**) as partial settlement of PBD's existing loan facility with SHK.

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 2015 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.



MarcusSeow
Director
Sydney
24 February 2016

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 2015, 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 2015 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 2015 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*.

BDO East Coast Partnership

A handwritten signature in black ink that reads 'BDO' with a horizontal line underneath.

A handwritten signature in black ink that reads 'Grant Saxon' in a cursive style.

Grant Saxon
Partner

Sydney, 24 February 2016