



Sunbridge Group Limited and its Controlled Entities

Level 31, 120 Collins Street, Melbourne, Vic 3000

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www.sunbridge.com.au

ASX ANNOUNCEMENT

29 August 2014

ASX Market Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

By electronic lodgement

Appendix 4D and Half-year Financial Report

Sunbridge Group Limited (ASX: SBB) lodges the attached Appendix 4D and the half-year Financial Report for the period ended 30 June 2014.

This document contains all the half-year information required by ASX LR 4.2A. The information enclosed should be read in conjunction with the most recent annual financial report.

Sunbridge Group Limited Communications and Investor Relations:

<http://www.sunbridge.com.au>



SUNBRIDGE GROUP LIMITED
and its controlled entities

ABN 40 163 886 020

HALF-YEAR FINANCIAL REPORT
Incorporating the requirements of Appendix 4D

30 JUNE 2014

Appendix 4D

1. Company Details

Name of Entity

Sunbridge Group Limited

ABN

40 163 886 020

Half year ended ("current period")

30 June 2014

Half year ended ("previous period")

30 June 2013

2. Results for announcement to the market

				AUD \$
2.1 Revenues from continuing operations	Up	31% to	43,815,206	
2.2 Profit / (loss) from continuing operations after tax attributable to members	Up	11% to	6,751,955	
2.3 Net profit / (loss) for the period attributable to members	Up	11% to	6,751,955	
2.4 Dividends	Amount per security		Franked amount per security	
Interim dividend declared	N/A		N/A	
2.5 Record date for determining entitlements to the dividend			N/A	
2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable figures to be understood				
The 31% increase above is comprised of the increase of revenue and the fluctuation in the exchange rates used in translation.				
Revenue in RMB:				
Period	HY 2013	HY 2014	Change in percentage	
Amount	211,502,108	246,152,843	16.38%	
The RMB to AUD exchange rates used in translation are as follows:				
Period	HY 2013	HY 2014	Change in percentage	
Average exchange rates RMB to AUD	0.1579	0.1780	12.73%	

3. Net tangible assets per security	30 June 2013	30 June 2014
Net tangible asset backing per ordinary security	N/A	9.67 cents

Note: There were no shares issued as at 30 June 2013.

4. Details of entities over which control has been gained or lost

4.1. Control gained over entities

N/A

4.2. Control lost over entities

N/A

5. Dividends

Individual dividends per security

	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim dividend: Current year	N/A	N/A	N/A	N/A
Previous year	30 April 2014	0.06 cents	N/A	N/A

6. Dividend reinvestment plans

The dividend or distribution plans shown below are in operation.

N/A	
The last date(s) for receipt of election notices for the dividend or distribution plans.	N/A

7. Details of associates and joint entities

N/A

8. Foreign entities

For foreign entities, details of origin of accounting standards used in compiling the report.

PRC GAAP and Chinese Accounting Standards

9. If the accounts are subject to audit dispute or qualification, details are described below.

N/A

Sign here:



Date:

29 August 2014

Director

Print Name:

Wayne V Reid

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Directors' Report

The Directors of Sunbridge Group Limited ('Sunbridge' or 'the Company') present their Report together with the financial statements of the Consolidated Entity, being Sunbridge and its Controlled Entities ('the Group') for the half-year ended 30 June 2014.

Director details

The following persons were Directors of Sunbridge during or since the end of the financial half-year:

- Mr Jia Yin Xu
- Mr Wayne V Reid
- Mr Ting Jiang
- Mr Andrew J Plympton
- Prof. Oiang An Liu

Review of operations and financial results

Commentary on Half-year Results

Through this report, the Board seeks to provide an update to its Shareholders and the market on the results achieved for the first half of 2014 financial year (ended 30 June 2014). It should be noted that the Group's financial year runs from January to December each year.

The Sunbridge Group realised an after tax profit of \$AUD6.75 million for the half year ended 30 June 2014 financial year which represents an increase of 11% on the previous comparative period. The Company's cash and cash equivalents reserves remain strong at \$AUD30.5 million.

Corporate Results Summary

For the first half year of 2014, the Sunbridge Group, through its wholly owned China based subsidiaries, achieved:

- Group revenue for the first half year (excluding interest received) was up by 31% to \$AUD43.8 million compared to 2013 first half year's revenue of \$AUD33.4 million;
- Sunbridge's direct stores generated total revenues of \$AUD 1.8 million, a significant increase from first half year of 2013's revenues of \$AUD 0.7 million through improved brand recognition and effective management and expanding of the Group's own stores. The number of stores has increased to 24 in 2014 from 5 comparative to first half of 2013.
- Group NPBT of \$AUD9.34 million for the half year 2014, an increase of 15% over the previous comparative period NPBT of \$AUD8.13 million;
- Group NPAT of \$AUD6.75 million. An increase of 11% over the previous comparative period NPAT of \$AUD6.06 million;
- Foreign exchange translation loss impacting on comprehensive income of \$AUD2.9 million;
- Continuing strong cash reserves of \$AUD30.5 million;

As one of China's leading brands in menswear, Sunbridge continues to grow its market share despite strong competitive pressures. Sunbridge's sales revenues alone, increased by 31% over prior period, with gross margin holding steady at 33% (2013: 34%).



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Directors' Report

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 3 of this financial report and forms part of this Directors Report.

Signed in accordance with a resolution of the Directors.

Wayne V Reid
Chairman

29 August 2014

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF SUNBRIDGE GROUP LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Sunbridge Group Limited for the half-year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S J Gray
Partner – Audit & Assurance

Adelaide, 29 August 2014

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2014

	Notes	30-Jun-2014 \$	30-Jun-2013 \$
Revenue	6	43,815,206	33,396,183
Cost of sales		(29,323,030)	(22,008,062)
Gross profit		14,492,176	11,388,121
Other income		52,626	45,495
Less expenses:			
Operating expenses		(3,930,867)	(2,336,910)
Administration expenses		(991,980)	(736,624)
Finance costs		(282,869)	(227,116)
Profit before tax		9,339,086	8,132,966
Income tax expense		(2,587,131)	(2,074,486)
Profit for the period		6,751,955	6,058,480
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss		-	-
Exchange differences on translating foreign operations		(2,924,491)	4,027,814
Total comprehensive income for the period attributable to owners of the parent		3,827,464	10,086,294
		30-Jun-2014	30-Jun-2013
Earnings per share on profit attributable to members			
Diluted earnings per share (cents)	7	1.43	N/A
Basic earnings per share (cents)	7	1.43	N/A

The accompanying notes form part of these financial statements.



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Consolidated Statement of Financial Position

As at 30 June 2014

	Notes	30-Jun-2014 \$	31-Dec-2013 \$
Assets			
Current			
Cash and cash equivalents		30,465,049	27,856,579
Trade and other receivables		14,355,595	18,689,883
Security deposits to suppliers		1,884,828	1,817,514
Inventories		4,847,027	4,537,344
Total current assets		51,552,499	52,901,320
Non-current			
Property, plant and equipment	8	4,491,708	4,440,842
Intangible assets	9	1,043,379	385,841
Total non-current assets		5,535,087	4,826,683
Total assets		57,087,586	57,728,003
Liabilities			
Current			
Trade and other payables		4,702,866	3,864,836
Financial liabilities	10	4,730,000	9,150,495
Current tax liabilities		985,306	1,587,678
Total liabilities		10,418,172	14,603,009
Net assets		46,669,414	43,124,994
Equity			
Share capital	11	12,495,825	12,495,825
Reserves		6,804,590	9,279,081
Retained earnings		27,368,999	20,900,088
Total equity		46,669,414	43,124,994

The accompanying notes form part of these financial statements.



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Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2014

	Share Capital	Retained Earnings	Foreign Exchange Reserve	Other Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2014	12,495,825	20,900,088	2,957,819	6,771,262	43,124,994
Dividends paid for year ended 31 December 2013	-	(283,044)	-	-	(283,044)
Profit for the period	-	6,751,955	-	-	6,751,955
Other comprehensive income	-	-	(2,924,491)	-	(2,924,491)
Total comprehensive income for the period (subtotal)	-	6,751,955	(2,924,491)	-	3,827,464
Balance at 30 June 2014	12,495,825	27,368,999	33,328	6,771,262	46,669,414

The accompanying notes form part of these financial statements.

For the half-year ended 30 June 2013

	Share Capital	Retained Earnings	Foreign Exchange Reserve	Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2013	8,430,622	7,000,037	(2,614,637)	6,771,262	19,587,284
Profit for the period	-	6,058,481	-	-	6,058,481
Other comprehensive income for the period	-	-	4,027,814	-	4,027,814
Total comprehensive income for the period (subtotal)	-	6,058,481	4,027,814	-	10,086,295
Balance at 30 June 2013	8,430,622	13,058,518	1,413,177	6,771,262	29,673,578

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Consolidated Statement of Cash Flows

For the half-year ended 30 June 2014

	Notes	30-Jun-2014 \$	30-Jun-2013 \$
Cash flows from operating activities			
Receipts from customers		47,229,801	36,297,142
Payments to suppliers, employees and others		(33,853,830)	(23,453,266)
Interest received		51,777	-
Finance costs		(282,869)	(227,116)
Income tax paid		(3,083,543)	(2,382,096)
Net cash flows from operating activities		10,061,336	10,234,664
Cash flows from investing activities			
Purchase of intangible assets		(1,166,332)	-
Purchase of property, plant and equipment		(388,720)	(406,874)
Proceeds from sale of property, plant and equipment		-	344,149
Net cash flows from investing activities		(1,555,052)	(62,725)
Cash flows from financing activities			
Proceeds from borrowings		-	1,926,030
Repayment of borrowings		(3,809,800)	-
Dividends paid		(182,521)	-
Net cash flows from financing activities		(3,992,321)	1,926,030
Net increase/decrease in cash held		4,513,963	12,097,969
Cash at the beginning of the period		27,856,579	8,632,696
Effects of movements in foreign exchange rates on cash holdings in foreign currencies		(1,905,493)	2,297,764
Cash at the end of the period		30,465,049	23,028,429

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Notes to the Condensed Interim Consolidated Financial Statements

1. Nature of operations

The principal activity of Sunbridge Group Limited and subsidiaries' ('the Group') was the sale of the menswear.

The Group operates in two business segments, wholesale of clothing apparel to franchised distributors and retail sales of clothing apparel by company owned stores.

There were no other significant changes in the nature of the consolidated Group's principal activities during the half year of 2014.

The Group currently operates in one geographical segment, being the People's Republic of China.

2. General information and basis of preparation

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 30 June 2014 and are presented in Australian dollar (\$AUD), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2013 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 29 August 2014

3. Significant accounting policies

The Group's management believes that the Group is well positioned and has sufficient capital and liquidity to service its operating activities and debt. The Group's objectives and policies for managing capital, credit risk and liquidity risk are described in its recent annual financial statements.

The dividend payments have been made in April as declared as the result of the underlying performance of the business, its continuing strong cash generating capability and the positive financial position.

4. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.



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The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2013. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

5. Significant events and transactions

There are no significant events or transaction during the period under review other than those disclosed in the interim financial statements.

6. Segment reporting

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

The following operating segments have been noted:

- Wholesale of clothing apparel to franchised distributors; and
- Retail sales of clothing apparel by company owned stores.

During the six month period ended 30 June 2014, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

The revenues and profit generated by each of the Group's operating segments and segment assets are summarised as follows:

	Wholesales	Retail Sales	Unallocated	Total
6 months to 30-Jun-2014	\$	\$	\$	\$
Segment revenues	42,022,387	1,792,819	-	43,815,206
Segment cost of sales	(28,553,491)	(769,539)	-	(29,323,030)
Segment other expenses	(4,297,201)	(498,922)	(409,594)	(5,205,717)
Segment results (Profit after tax)	6,758,532	393,269	(399,846)	6,751,955

	Wholesales	Retail Sales	Unallocated	Total
6 months to 30-Jun-2013	\$	\$	\$	\$
Segment revenues	32,684,294	711,889	-	33,396,183
Segment cost of sales	(21,626,824)	(381,238)	-	(22,008,062)
Segment other expenses	(2,881,549)	(232,276)	(186,825)	(3,300,650)
Segment results (Profit after tax)	6,163,632	73,782	(178,933)	6,058,481

	Wholesales	Retail Sales	Unallocated	Total
	\$	\$	\$	\$
Total segment assets				
30 June 2014	54,514,059	-	2,573,527	57,087,586
30 June 2013	42,849,813	52,259	3,342,815	46,244,887



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7. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company (Sunbridge) as the numerator, i.e. no adjustments to profits were necessary during the six (6) months period to 30 June 2014.

The number of ordinary shares used in the calculation of the diluted earnings per share is the same as the number used in the calculation of basic earnings per share, as options are not considered to be dilutive.

	6 months to 30-Jun-2014	6 months to 30-Jun-2013
Profit used to calculate basic and dilutive EPS	\$6,751,955	\$6,058,480
Weighted average number of shares used in basic and diluted EPS	471,738,000	N/A

8. Property, plant and equipment

The following tables show the movements in property, plant and equipment:

	Office equipment	Direct store equipment	Land and Buildings	Construction in progress	Total
	\$	\$	\$	\$	\$
Cost					
At 1 January 2014	32,599	-	2,927,021	1,714,273	4,673,893
Additions		348,880		51,600	400,480
Exchange differences	(2,176)	(11,760)	(195,346)	(114,409)	(323,691)
At 30 June 2014	30,423	337,120	2,731,675	1,651,464	4,750,682
Accumulated Depreciation					
At 1 January 2014	28,159	-	204,892	-	233,051
Depreciation for the period	844	13,810	28,270	-	42,924
Exchange differences	(1,908)	(465)	(14,627)	-	(17,000)
At 30 June 2014	27,095	13,345	218,534	-	258,974
Net book value					
At 30 June 2014	3,328	323,776	2,513,140	1,651,464	4,491,708
At 31 December 2013	4,440		2,722,129	1,714,273	4,440,842
Carrying amounts					
At 1 January 2014	4,440		2,722,129	1,714,273	4,440,842
Additions	-	348,880	-	51,600	400,480
Depreciation expenses	(844)	(13,810)	(28,270)	-	(42,924)
Exchange differences	(268)	(11,295)	(180,718)	(114,409)	(306,690)
At 30 June 2014	3,328	323,776	2,513,140	1,651,464	4,491,708



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	Office equipment	Land and Buildings	Construction in progress	Total
	\$	\$	\$	\$
Cost				
At 1 January 2013	24,402	2,423,566	1,419,414	3,867,382
Additions	3,129	-	-	3,129
Exchange differences	5,068	503,455	294,859	803,382
At 31 December 2013	32,599	2,927,021	1,714,273	4,673,893
Accumulated Depreciation				
At 1 January 2013	(21,948)	(121,178)	-	(143,126)
Depreciation for the period	(1,652)	(58,541)	-	(60,193)
Exchange differences	(4,560)	(25,172)	-	(29,732)
At 31 December 2013	(28,160)	(204,891)	-	(233,051)
Net book value				
At 31 December 2013	4,439	2,722,130	1,714,273	4,440,842
At 31 December 2012	2,454	2,302,388	1,419,414	3,724,256
Carrying amount				
At 1 January 2013	2,454	2,302,388	1,419,414	3,724,256
Addition	3,129	-	-	3,129
Depreciation expenses	(1,652)	(58,541)	-	(60,193)
Exchange differences	508	478,283	294,859	773,650
At 31 December 2013	4,439	2,722,130	1,714,273	4,440,842

9. Intangible assets

Intangible assets include franchising rights and software and their movements are summarised as follows:

	6 months to 30-Jun-2014	Year to 31-Dec-2013
	\$	\$
Gross carrying amount		
At the beginning of the period	483,540	348,789
Addition, separately acquired	1,207,018	62,296
Exchange differences	(72,959)	72,455
At end of the period	1,617,599	483,540
Amortisation and impairment		
At the beginning of the period	97,699	20,517
Amortisation	499,893	72,918
Exchange differences	(23,372)	4,264
At end of the period	574,220	97,699
Carrying amount at end of the period	1,043,379	385,841
Carrying amount at the beginning of the period	385,841	328,272

In order to capture a greater margin in the retailing process, 19 direct stores were acquired at 31 March 2014 from existing distributors. The cost of the acquisition of franchise rights are recognized as intangible assets and are amortised over the estimated useful life.



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10. Financial liabilities

The financial liabilities of the Group include the following:

	6 months to 30-Jun-2014	Year to 31-Dec-2013
	\$	\$
Notes payable	-	2,699,995
Short term borrowings	4,730,000	6,450,500
	4,730,000	9,150,495

The notes payable has been repaid during the first half year of 2014.

11. Share capital

	6 months to 30-Jun-2014	Year to 31-Dec-2013
Amounts in shares:		
Shares issued and fully paid:		
Beginning of the period	471,738,000	1
Shares issued for acquisition of Mega Rich	-	449,999,999
Shares issued following capital raising	-	21,738,000
End of the period	471,738,000	471,738,000

12. Dividends

During the first six (6) months of 2014, the directors declared and made the payment of unfranked dividend for the total of \$284,034 to its equity shareholders (first six (6) months of 2013: \$nil).

The dividend payments have been made in 30 April 2014 as declared as the result of the underlying performance of the business, its continuing strong cash generating capability and the positive financial position.

13. Contingent liabilities

The Group has no contingent liabilities or contingent assets as at 30 June 2014. (2013: \$nil).

14. Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The value of the Group's financial assets and financial liabilities are determined by its short-term book value which is also its fair value.



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15. Events after the reporting date

After the reporting date, no material events occurred which had a significant impact on our results of operations, financial position and net assets.



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Directors' Declaration

In the opinion of the Directors of Sunbridge Group Limited:

- a. The consolidated financial statements and notes of Sunbridge Group Limited are in accordance with the *Corporations Act 2001*, including:
 - i. Giving a true and fair view of its financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
 - ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
- 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.

Signed in accordance with a resolution of the Directors:

Director
Wayne V Reid

Dated on 29 August 2014

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SUNBRIDGE GROUP LIMITED

We have reviewed the accompanying half-year financial report of Sunbridge Group Limited (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors’ declaration of the consolidated entity, comprising both 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 Sunbridge Group Limited 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 controls 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 consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 Sunbridge Group Limited consolidated entity’s financial position as at 30 June 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 Sunbridge Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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 complied with the independence requirements of the Corporations Act 2001.

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 Sunbridge 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 30 June 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S J Gray
Partner – Audit & Assurance

Adelaide, 29 August 2014