

**ABN 64 089 311 026**

GRANDBRIDGE LIMITED

Annual Financial Report 2018

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Grandbridge Limited and its controlled entities

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## Company Information

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### Directors

David Breeze – Executive Chairman  
Charles Maling – Non-Executive Director  
Maureen Peterson – Non-Executive Director

### Registered Office

14 View Street  
NORTH PERTH WA 6006

### Principal Business Address

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NORTH PERTH WA 6006  
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Website: [www.grandbridge.com.au](http://www.grandbridge.com.au)  
E-mail: [admin@grandbridge.com.au](mailto:admin@grandbridge.com.au)

### Auditor

HLB Mann Judd  
Level 4  
130 Stirling Street  
PERTH WA 6000

### Share Registry

Advanced Share Registry Limited  
110 Stirling Highway  
NEDLANDS WA 6009

### Australian Securities

#### Exchange Listing

Australian Securities Exchange Limited  
(Home Exchange: Perth, Western Australia)  
ASX Code: GBA

### Australian Business Number

64 089 311 026

# Review of Operations

Grandbridge Limited and its controlled entities

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## Current Investments

### MEC Resources Ltd (Grandbridge 3.62%)

Grandbridge Limited successfully coordinated the spin off and Australian Securities Exchange listing of the energy and minerals investment company MEC Resources Ltd ("MEC"). MEC is registered as a Pooled Development Fund under the Pooled Development Fund Act (1992). It has been formed to invest in exploration companies that are targeting potentially large energy and mineral resources. Most individual investors will pay no capital gains tax on the sale of their MEC shares and have the opportunity to receive dividends completely tax free.

GBA previously provided services to MEC and Advent Energy Ltd ("Advent") under Agreements entered into in 2005 and 2008. In November 2016, MEC and Advent terminated the MEC Services Agreement and Advent Services Agreement. Pursuant to the MEC Services Agreement and the Advent Services Agreement, payment for termination became due and payable by MEC and Advent at that time. Grandbridge has now issued a writ which claims \$212,052 against MEC and \$128,640 against Advent.

On 24 May 2017 MEC announced that the Venture Capital Board of Innovation and Science Australia had granted a further two year exemption to the Company valid until 5 August 2019 under Section 25 of the *Pooled Development Funds Act 1992* (Cth). A Pooled Development Fund ("PDF") may only invest 30% of its shareholder funds in any particular investee.

The 2018 MEC half year financial report to 31 December 2017 released on 27 Feb 2018, confirmed that the MEC subsidiary Advent Energy had (spending) commitments "...for its exploration permits of \$4,497,500 over the next 12 months" in order to maintain tenure. In the 2017 MEC Annual Report an amount was confirmed of \$2.5m of required permit compliance expenditures to retain EP386.

On 21 July 2017 MEC announced the withdrawal of its statutory demand against BPH prior to a settlement conference between MEC, BPH and GBA to seek a global resolution of the respective legal disputes.

On 1 September 2017 BPH received a writ from MEC Resources Ltd for an amount of \$270,000 plus interest and costs and then received on 2 October 2017 an application for summary judgement in relation to this claim. The application by MEC for summary judgement was heard in December 2017 in the District Court of Western Australia. The summary judgement application decision in the claim by MEC Resources Ltd for \$270,000 plus interest and costs was handed down on 23 February 2018. The MEC application was dismissed by the court. BPH disputes the basis of the claim by MEC and its interest claims, and BPH asserts that there has not been an Event of Default and that the loan is not due and owing. BPH had previously advised the market on 4 July 2017 that it has a claim against MEC of \$388,050 plus interest and costs and has advised it will continue to pursue this matter.

On 12 October 2017 MEC announced the appointment of a specialist firm to assist in finding joint venture partners for 3D seismic for PEP11. No announcement on any partner from this appointment has been made to date.

On 5 December 2017 MEC announced a conditional farmin with RL Energy Ltd, a company controlled by Greg Channon, who until immediately prior to the announcement was a director of Advent.

On 8 January 2018 MEC announced that an extension of the PEP11 permit had been granted until 2021. The drilling of a well in PEP11 is a confirmed year 4 minimum commitment as set out in that announcement with this program to be completed by 12 February 2020 prior to a 3D seismic survey of 500 sq km .

A further announcement on 8 January 2018 confirmed Advent was planning the plug and abandonment of the three Bonaparte Basin wells Waggon Creek, Vienta and Weaber in the 2018 dry season .This has not occurred. In the MEC prospectus lodged with ASIC on 16 May 2018 it was advised that a well management plan, environmental plan and safety case must be submitted to the DMIRS by 28 September 2018 for the decommissioning of Waggon Creek-1 and Vienta -1 wells.

On 15 February 2018 MEC was placed in a trading halt after the ASX had asked a series of questions by letters dated 31 January 2018 and 9 February 2018. MEC confirmed in a letter dated 14 February 2018 and released on 15 February 2018 in relation to RL Energy that "there can be no certainty that the provision of funding to finalise the phase 2 3D seismic works will be finalised" (page 2) and "in respect of the 3D seismic

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works...the second phase “(the 3D seismic works) “will be subject to RL Energy securing funding at the relevant time “(page 1).

On 19 Feb 2018 MEC announced that the 3D farmin transaction with RL Energy, a company controlled by previous Advent Director Greg Channon’s family company, would need MEC shareholder approval under ASX Listing Rule 10. Mr Channon’s company would, under the proposed agreement, earn an unspecified percentage interest in the PEP11 permit by funding the 3D project only up to a maximum of \$4m. MEC has previously estimated the cost of this 500 sq km of 3D at least up to \$8m.

On 23 February 2018 MEC announced that the 2D seismic survey in PEP11, at the Baleen drill prospect, was now planned for April 2018.

On 28 March 2018 BPH announced it had served Notices of Demand on MEC Resources and Advent Energy for outstanding loans of \$225,486 and \$164,744 respectively and on 4 April 2018 writs were issued against MEC and Advent for these amounts. The total amounts claimed against MEC and its subsidiaries by both BPH and GBA is \$820,661. A statement of claim in the District Court of Western Australia in this matter was lodged on 6 June 2018.

## *Capital raisings*

During the reporting period MEC raised \$1,998,906 cash from the issue of shares.

MEC has a 50% interest in Advent.

## **Advent Energy Ltd - Oil and Gas (Grandbridge 7.0% direct)**

Grandbridge currently holds an interest of 7.0% in unlisted Australian exploration company Advent Energy Ltd (“Advent”).

Advent has assembled a range of hydrocarbon permits which contain near term production opportunities with pre-existing infrastructure and exploration upside.

Advent’s assets include EP386 and RL1 (100%) in the onshore Bonaparte Basin in the north of Western Australia and Northern Territory and PEP11 (85%) in the offshore Sydney Basin.

The Sydney Basin is a proven petroleum basin with excellent potential for the discovery of gas. Advent has demonstrated an active hydrocarbon system with seeps reported in the offshore area and sampling has indicated the presence of thermogenic hydrocarbon gas. This is considered to occur in basins actively generating hydrocarbons and/or that contain excellent migration pathways. Previous drilling has shown that the early Permian geological sequence is mature for hydrocarbons.

Undiscovered gross prospective recoverable gas resources for structural targets within the PEP11 offshore permit have been estimated at 5.7 Tcf (at the Best Estimate level). A Low Estimate of 0.3 Tcf and High Estimate of 67.8 Tcf has been assessed by Pangean Resources in 2010. PEP 11 lies adjacent to the most populous region of Australia and the major industrial hub and port of Newcastle. A high resolution 2D seismic survey has been conducted to assist in the drilling of the Baleen target approximately 30 km south of Newcastle.

Advent is investigating a considerable potential shale gas resource within EP386 and RL1. Studies indicate significant potential upside in prospective shale gas resources with an estimated (Best Estimate) prospective recoverable resource of 9.8 Tcf (Low Estimate is 1.9 Tcf and High Estimate is 25.4 Tcf).

A 2C Contingent Resource of 11.5 Bcf (1C is 0.3 Bcf and 3C is 45.8 Bcf) for the Weaber Gas Field (RL1) has been assessed by an independent third party as a component of Advent’s drive to commercialise its 100% owned onshore Bonaparte Basin assets. The development of the Kununurra region in northern Western Australia, including the Ord Irrigation Expansion Project and numerous resource projects, provides an opportunity for Advent to potentially develop its nearby gas resources for the benefit of the region along with Advent and its shareholders.

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The information in this section contains material extracted from the ASX announcements of MEC Resources Limited (ASX: MMR), the major shareholder in Advent.

## (i) PEP 11

PEP11, offshore Sydney Basin adjacent to Newcastle-Sydney offshore New South Wales, is held 85% and operated by Asset Energy Pty Ltd ("Asset"), a wholly owned subsidiary of Advent.

PEP11 holds significant structural targets potentially capable of comprising multi-Tcf natural gas resources. The offshore Sydney Basin has been lightly explored to date, including a multi-vintage 2D seismic data coverage and a single exploration well, New Seaclem-1 (2010). Its position as the only petroleum title offshore New South Wales provides a significant opportunity should natural gas be discovered in commercial quantities in this petroleum title. It lies adjacent to the Sydney-Newcastle region and the existing natural gas network servicing the east coast gas market.

On 24 November 2017 the Advent AGM presentation 'Strategic Summary: Tactics to Success' confirmed the strategy of "Complete current 2D seismic commitment to deliver shallow hazard survey work ...to deliver 'drill ready' gas prospect ..and.. actively pursue farm-out ..for early drilling, capturing near-term rig availability off Australia's coast."

On 10 January 2018 MEC announced the acceptance by NOPSEMA of the Baleen 2D High Resolution Seismic Plan. This approval process took approximately 7 months for a seismic program with a primary survey area of just 9 square km.

The proposed PEP11 3D seismic program is for an area of 500 sq km (Refer 8 Jan 2018). The anticipated operational area for a seismic survey of 500 sq km is 2500 sq km. The whale migration period offshore NSW is between May to November which will exclude seismic operations during this time.

In April 2018 Advent undertook a high resolution 2D seismic data over the Baleen prospect designed to evaluate (amongst other things) shallow geohazard indications including shallow gas accumulations that can affect future potential drilling operations. On the 19 April 2018 it was announced that processing of this 2D data would take approximately 2 months. No announcement about the processing has been made to date.

It is a drilling prerequisite that a site survey is made prior to drilling at the Baleen location.

## (ii) EP386 and RL1

EP386 and RL1 are held by Advent's 100% subsidiary Onshore Energy Pty Ltd ("Onshore"). The petroleum titles lie in the onshore Bonaparte Basin, one of Australia's most prolific hydrocarbon producing basins. The petroleum wells Waggon Creek-1, Vienta-1 (EP386) and Weaber-4 (RL1) are cased and suspended.

On 29 March 2018 an Instrument of Direction was issued by the WA Department of Mines under S.95(1) of the Petroleum and Geothermal Energy resources Act 1967 to Onshore. The Instrument of Direction is available on the WA Govt. website and relates to Waggon Creek and Vienta wells in EP386 in the onshore Bonaparte Basin in WA. The Instrument of Direction to plug and abandon the wells must be completed by March 2020. The wet season means this work must be completed during mid-year 2019.

On 3 April 2018 MEC announced a two year extension to the EP386 permit to enable this work to be completed.

## **BPH Energy Limited (Grandbridge 8.65%)**

BPH Energy Limited ("BPH") is a diversified company holding investments in the biotechnology and resources sector. BPH holds a significant interest (24%) in unlisted oil and gas exploration company, Advent Energy Ltd, targeting multi-trillion cubic feet (Tcf) prospective resources. BPH is also commercialising Australian biomedical technologies emerging from collaborative research by leading universities, medical institutes and hospitals across Australia including Cortical Dynamics Limited's Brain Anaesthesia Response (BAR) Monitor; a device that measures a patient's brain electrical activity (EEG) to indicate the response to drugs administered during surgery.

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## *Capital raisings*

On 23 November 2017 BPH announced a one for one non-renounceable entitlement issue at an issue price of \$0.002 per share to raise up to approximately \$1,177,404. The issue closed in January 2018 with 366,485,400 shares being issued for \$566,940 in cash and \$166,030 of debt extinguishment.

On 19 April 2018 BPH issued 11,000,000 shares in lieu of cash payment for \$22,000 consulting fees.

## **Cortical Dynamics Ltd (Grandbridge 6.04%)**

The Cortical Dynamics Limited ("Cortical") BAR monitoring system (BARM) measures a patient's brain electrical activity, the EEG, in order to indicate how deeply anaesthetised a patient is during an operation via an adhesive sensor applied to the forehead. The BAR monitor is designed to assist anaesthetists and intensive care staff in ensuring patients do not wake unexpectedly, as well as reducing the incidence of side effects associated with the anaesthetic.

Having achieved Therapeutic Goods Administration ("TGA") certification and the CE Mark, Cortical is now able to market the BAR monitor within Australia and Europe, one of the worlds' largest EEG brain function monitoring equipment markets

Cortical was a winner of the Australian Technologies Competition ("ATC") Advanced Manufacturing category, runner up in the Australian Technology Company of the Year, and runner up in the Med Tech and Pharma category in 2016. ATC has established itself as Australia's premier technology accelerator. The competition provides mentoring for innovative SMEs and awards those who are best positioned to become global success stories. Over the last five years, the competition has generated over \$250 million dollars in investment and project opportunities for Australian SMEs.

Australian and international government partners of the ATC include the Australian Department of Industry, Innovation and Science, the City of Melbourne, the NSW Department of Industry, Hong Kong Trade & Development Council and UK Trade & Investment.

Cortical announced a number of developments during the period which included:-

- On 18 October 2017 BPH confirmed a European trial with Hôpital Foch in Paris, France. The arrangement with Hôpital Foch was the second installation of the BAR Monitor technology internationally (after New Zealand) and the first for Cortical in Europe.
- On 14 November 2017 BPH advised of the appointment of Reno Wright Smith & Partners ("RWS") to undertake marketing activities to assist Cortical to enter the European market with the Brain Anaesthesia Response ("BAR") monitor technology. RWS, based in Chicago, Illinois, are specialists in commercialisation for early stage medical technologies. The RWS President, David Smith, has a background in medical device marketing & general management for 25+ years including with Coopervision, Carl Zeiss, Biocompatibles International plc, Cohesion Technologies, Tenaxis Medical Inc & Device Technologies Australia
- On 20 November 2017 BPH advised of the appointment of Dr Bruce Whan as Corporate Development Director to assist to further the development of Cortical. Bruce Whan has a background in industry covering a range of research, operations and management positions, including the management of innovation and commercialisation of R&D, in particular from the public research sector. He was Director of Swinburne University of Technology's commercialisation unit for 12 years and a member of the Commercialisation Australia board.
- On 13 December 2017 BPH confirmed the European Patent Office had granted a further patent titled, 'EEG Analysis System'.
- On 14 December 2017 BPH advised that the Cortical BAR Monitor was being used in evaluation trials in a further major hospital in Melbourne. This is the second installation of the BAR Monitor technology in Melbourne, with further units being evaluated in Queensland, and internationally in New Zealand and Europe.

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- On 22 December 2017 BPH advised that investee Cortical was to be further evaluated in a Sydney hospital in 2018. These trials introduce the BAR Monitor to a number of anaesthetists to assess its function, which in turn assists Cortical to better understand how best to address the needs of the market, underpinning its marketing campaign.
- On 16 January 2018 BPH advised that the Cortical BAR Monitor was being used in a set of evaluation trials in a further Melbourne hospital.
- On 19 April 2018 BPH advised that Cortical had signed an agreement for the distribution of its BAR Monitor in South Korea. The distribution agreement arose as a result of an invitation by Austrade to attend and present at the Austrade Korean Medtech Innovation Showcase
- On 29 April 2018 BPH advised that Cortical had signed its first European Distribution agreement covering the BARM for the Benelux Countries of Belgium, Netherlands and Luxembourg. Cortical will initially focus on the Total Intravenous Anaesthesia (“TIVA”) market within Europe. TIVA provides a method of inducing and maintaining general anaesthesia intravenously without the use of any inhalation agents.

## *Capital raisings*

During the reporting period Cortical issued 2,240,000 fully paid ordinary at an issue price of \$0.10 per share to fund its ongoing activities.

## **Molecular Discovery Systems Limited (Grandbridge 20%)**

Molecular Discovery Systems Limited (“MDSystems”), launched in 2006 and spun off from BPH in 2010, is an associate of BPH and conducts drug discovery and validation of biomarkers for disease, therapy and diagnostics.

MDSystems has been working with the Molecular Cancer Research Group at the Harry Perkins Institute of Medical Research to validate HLS5 as a novel tumour suppressor gene, particularly for liver cancer.

The Molecular Cancer Research Group has developed a pre-clinical model of liver cancer where the expression of Hls5 is ablated i.e. it mimics, in part, patients that have low HLS5 (TRIM35) and develop liver cancer.

# Directors' Report

Grandbridge Limited and its controlled entities

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The directors of Grandbridge Limited ("Grandbridge" or "the Company") present their report on the company and its controlled entities ("consolidated entity") for the financial year ended 30 June 2018.

## Directors

The names of directors in office at any time during or since the end of the year are:

D L Breeze  
C Maling  
M Peterson

## Company Secretary

Mr David Breeze was appointed Company Secretary on 23 November 2016. He has over twenty years' experience in the management of listed entities.

## Principal Activities

The principal activity of the consolidated entity during the financial year was the development of the company's investments in investees BPH Energy Limited, MEC Resources Ltd and Advent Energy Ltd.

There were no significant changes in the nature of the consolidated entity's principal activities during the financial year.

## Operating Results

The consolidated entity has reported a net loss after tax for the year ended 30 June 2018 of \$734,263 (30 June 2017: loss \$439,777), which is stated after (i) an impairment charge of \$293,750 (2016: \$1,169,150) on the revaluation of the Company's investment in Advent Energy Limited (ii) consulting and legal expenses of \$182,176 partly relating to ongoing legal disputes (2017: \$238,163), (iii) a reduction in employee expenses to \$111,091 (2017: \$177,922) (iv) unrealised losses on the revaluation of financial investments of \$217,307 (2017: loss of \$128,044). The consolidated entity has a working capital deficit of \$273,958 at period end (2017: deficit \$215,423).

## Dividends

The directors recommend that no dividend be paid in respect of the current period and no dividends have been paid or declared since the commencement of the period (2017: \$Nil).

## Review of Operations

A review of operations is set out on pages 1 to 5 and forms part of this Directors' Report.

## Financial Position

The net assets of the consolidated entity decreased by \$732,115 to \$332,995 at 30 June 2018.

## Significant Changes in State Of Affairs

The Company's shares were suspended on ASX on 1 June 2017 pending compliance with ASX Listing Rule 12.2 and remain in suspension. There were no other significant changes in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

## Environmental Issues

The consolidated entity's operations are not subject to significant environmental regulation under Commonwealth and State law.



# Directors' Report

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## After Balance Date Events

There are no matters or circumstances other than set out elsewhere in this financial report that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

## Information on Directors

### ***D L Breeze (appointed 24 December 1999)***

*Managing Director, Executive Chairman and Company Secretary – Age 65*

Shares held – 10,023,502

Unlisted Options held – nil

David is a Corporate Finance Specialist with extensive experience in the stock broking industry and capital markets. He has been a corporate consultant to Daiwa Securities; and held executive and director positions in the stock broking industry.

David has a Bachelor of Economics and a Masters of Business Administration, and is a Fellow of the Financial Services Institute of Australasia, and a Fellow of the Institute of Company Directors of Australia. He has published in the Journal of Securities Institute of Australia and has also acted as an Independent Expert under the Corporations Act. He has worked on the structuring, capital raising and public listing of over 70 companies involving in excess of \$250M. These capital raisings covered a diverse range of areas including oil and gas, gold, food, manufacturing and technology.

David Breeze was a Director of MEC and Advent from April 2005 and November 2005 respectively and was removed from the ASIC register by MEC and Advent directors from MEC on 23 November 2016 and Advent on 26 November 2016. He has neither resigned nor been removed by shareholders and disputes the actions taken by the Directors of each company.

In the past three years David has also held the following listed company directorships:

BPH Energy Limited (from February 2001 to present)

David is also a director of Cortical Dynamics Limited, Molecular Discovery Systems Limited and Diagnostic Array Systems Limited.

### ***C Maling (appointed 26 November 2016)***

*Non-Executive Director – Age 64*

Shares held – 12,250

Unlisted Options held – nil

Mr Charles Maling was formerly the Communications Officer for the Office of the Western Australian State Government Environmental Protection Authority with a responsibility for advising the Chairman of the EPA on media issues. He has a Bachelor of Sociology and Anthropology with a Media minor. Charles worked with the Western Australian State Government Department of the Environment for 14 years and further 8 years for the EPA. His administrative roles included environmental research (including a major study on Perth Metropolitan coastal waters and Western Australian estuaries) environmental regulation and enforcement and media management.

In the past three years Charles has held the following listed company directorships:

BPH Limited (October 2017 to present)

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## ***M Peterson (appointed 26 November 2016)***

*Non-Executive Director – Age 62*

Shares held – 3,000

Unlisted Options held – nil

Maureen Peterson is a finance manager. She worked with Westpac Bank for 14 years in administrative and supervisory roles in the computer centre. For the last 20 years she has worked in finance roles in credit management including with Sealanes, Volvo Australia, Activ Foundation, Royal Perth Hospital, Marketforce Advertising and Brownes Dairy.

In the past three years Maureen has not held any listed company directorships

## **Future Developments**

The consolidated entity will continue to develop and expand the business of investing in private enterprises and listed equity markets.

## **Meetings of Directors**

There were no board meetings during the year. The board consults by phone on operational matters.

## **Indemnifying Officers or Auditors**

During or since the end of the financial year the company has not given an indemnity or entered an agreement to indemnify, but has paid or agreed to pay insurance premiums for directors and officers of the company. The company has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was \$12,500. The company has not indemnified the current or former auditor of the company

# Directors' Report

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## Remuneration Report (Audited)

This report details the nature and amount of remuneration for key management personnel of Grandbridge Ltd. The remuneration report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the consolidated entity.

This information provided in this Remuneration Report has been audited as required by Section 308(3C) of the Corporations Act 2001.

### *Key Management Personnel*

The Directors and other key management personnel of the consolidated entity during or since the end of the financial year were:

D L Breeze -	Executive Chairman, Managing Director and Company Secretary
C Maling -	Non-Executive Director
M Peterson -	Non-Executive Director

All the parties have held their current position for the whole of the financial year and since the end of the financial year unless otherwise stated.

### *Remuneration Policy*

The remuneration policy of Grandbridge Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives as determined by the board and/or shareholders. The remuneration report as contained in the 2017 financial accounts was adopted at the company's 2017 Annual General Meeting. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the consolidated entity, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the consolidated entity is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the board.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- The remuneration for all executive packages is reviewed annually by reference to the consolidated entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

### *Remuneration Philosophy*

The performance of the Company depends upon the quality of the Directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration

The performance of executives is measured against criteria agreed biannually with each executive and is based predominantly on the forecast growth of the consolidated entity's profits and shareholder value. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

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The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits. Individuals, however, may choose to sacrifice part of their salary to increase superannuation contributions.

Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using an appropriate valuation methodology.

The board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The maximum pool of non-executive director fees approved by shareholders is \$250,000. Payments to non-executive directors are based on market practice, duties and accountability. Independent external advice is sought when required on payments to non-executive directors. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan. The board does not have a policy in relation to the limiting of risk to directors and executives in relation to the shares and options provided.

## *Employment Contracts of Directors and Senior Executives*

The employment conditions of the Managing Director, David Breeze, is formalised in a continuing contract of employment. The employment contract of the Managing Director stipulates a six month resignation period. The company may terminate an employment contract without cause by providing six months written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment of six months of the individual's fixed salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time. Any options not exercised before or on the date of termination will not lapse.

## *Details of Remuneration*

The remuneration for each director and each of the executive officers of the consolidated entity receiving the highest remuneration during the year was as follows:

### **2018**

Key Management Person	Short-term Benefits			Post-employment Benefits	
	Cash, Salary & Fees	Bonus	Non-cash benefit	Other	Superannuation
D L Breeze	142,100	-	-	-	5,900
C Maling	25,000	-	-	-	-
M Peterson	25,000	-	-	-	-

### **2018 (continued)**

Key Management Person	Long-term Benefits	Share-based payment		Total	Performance Related	Compensation relating to options
	Other	Equity	Options			
				\$	%	%
D L Breeze	-	-	-	148,000	-	-
C Maling	-	-	1,074	26,074	-	4.1%
M Peterson	-	-	1,074	26,074	-	4.1%

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Key Management Person	Short-term Benefits			Post-employment Benefits	
	Cash, Salary & Fees	Bonus	Non-cash benefit	Other	Superannuation
D L Breeze	131,514	-	-	-	6,391
C Maling (appointed 27 November 2016)	16,123	-	-	-	-
M Peterson (appointed 27 November 2016)	16,123	-	-	-	-
K G Hollingsworth (resigned 27 November 2016)	8,610	-	-	-	-
D Ambrosini (resigned 23 November 2016)	71,515	-	-	-	5,572

2017 (continued)

Key Management Person	Long-term Benefits	Share-based payment		Total	Performance Related	Compensation relating to options
	Other	Equity	Options	\$	%	%
D L Breeze	-	-	-	137,905	-	-
C Maling (appointed 27 November 2016)	-	-	-	16,123	-	-
M Peterson (appointed 27 November 2016)	-	-	-	16,123	-	-
K G Hollingsworth (resigned 27 November 2016)	-	-	-	8,610	-	-
D Ambrosini (resigned 23 November 2016)	-	-	-	77,087	-	-

## Interest in the Shares and Options of the Company and Related Bodies Corporate

The following relevant interests in shares and options of the company were held by Key Management Personnel:

Shares	Balance 1 July 2017	Received as Compensation	Options Exercised	Net Change Other	Balance 30 June 2018
D Breeze	10,023,502	-	-	-	10,023,502
C Maling	12,250	-	-	-	12,250
M Peterson	3,000	-	-	-	3,000

Options	Balance 1 July 2017	Granted as Compensation	Forfeited on resignation	Balance 30 June 2018	Total Vested 30 June 2018	Total Exercisable 30 June 2018	Total Unexercisable 30 June 2018
D Breeze	-	-	-	-	-	-	-
C Maling	-	250,000	-	250,000	250,000	250,000	-
M Peterson	-	250,000	-	250,000	250,000	250,000	-

The following share-based payment arrangements were in existence for Key Management Personnel at 30 June 2018:

Option Series	Grant date	Expiry date	Exercise Price	Grant date fair value	Vesting date	No. of Options
30/11/2017	30/11/2017	30/11/2022	\$0.05	\$0.004	30/11/2017	500,000

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The following options lapsed unexercised during the year:

Grant Date	Date of Expiry	Exercise Price	Number Under Option	Fair Value at Grant Date
01/07/2013	30/06/2018	\$0.15	173,334	\$0.004

## *Company performance, shareholder wealth and director and executive remuneration*

The following table shows the gross revenue and the operating result for the last 5 years for the listed entity, as well as the share price at the end of the respective financial years. The company's shares were suspended on ASX at 30 June 2018.

	2014	2015	2016	2017	2018
Revenue	\$815,663	\$708,429	\$677,754	\$831,585	\$329,029
Net profit / (loss)	\$(40,410)	\$(813,007)	\$26,830	\$(439,777)	\$(734,263)
Share price at year end	\$0.03	\$0.03	\$0.03	\$0.02	\$0.02
Earnings / (loss) per share (cents)	(0.14)	(2.84)	0.08	(1.44)	(2.4)

## Options

At the date of this report, the unissued ordinary shares of Grandbridge Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number Under Option	Fair Value at Grant Date	Vesting Date
28/11/2013	31/12/2018	\$0.12	250,000	\$0.0104	28/11/2013
30/11/2017	30/11/2022	\$0.05	500,000	\$0.004	30/11/2017

During the year ended 30 June 2018 no (2017: Nil) ordinary shares of Grandbridge Limited were issued on the exercise of options granted under the Grandbridge Limited Employee Option Plan. No options or shares have been issued since year end. No amounts are unpaid on any of the ordinary shares.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

## Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

## Non-audit Services

No fees for non-audit services were paid or payable to the external auditors during the year ended 30 June 2018 (2017: \$Nil).

## Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2018 is set out on page 13.

This directors' report is signed in accordance with a resolution of directors made pursuant to S298(2) of the Corporations Act 2001.



David Breeze

Dated this 28 September 2018

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the consolidated financial report of Grandbridge Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia  
28 September 2018



**B G McVeigh**  
Partner

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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# Corporate Governance

Grandbridge Limited and its controlled entities

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The Board of Directors of Grandbridge Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of the company on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines and accountability as the basis for the administration of corporate governance.

A copy of the Company's Corporate Governance Statement can be found on the Company's website at [www.grandbridge.com.au](http://www.grandbridge.com.au)



# Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

	Note	Consolidated	
		2018 \$	2017 \$
Revenue	2	329,029	831,585
Other losses	2	(213,323)	(127,951)
Administration expenses		(269,411)	(215,058)
Impairment charge	3	(293,750)	(1,169,150)
Payables written back		75,000	-
Provision against loans written back		-	32,502
Investment written off		(1,652)	(18,293)
Consulting and legal expenses		(182,176)	(238,163)
Depreciation		(587)	(1,100)
Finance expense		(1,780)	(2,045)
Employee expenses	3	(111,091)	(177,922)
Insurance expenses		(16,424)	(25,647)
Share based payment expense		(2,148)	-
Occupancy expenses		(37,782)	(40,576)
Other expenses from ordinary activities		(4,904)	(4,900)
Loss before income tax		(730,999)	(1,156,718)
Income tax (expense) / benefit	4	(3,264)	716,941
Loss from continuing operations		(734,263)	(439,777)
<i>Other comprehensive income</i>			
Reclassification of revaluation reserve (net of tax)		-	(3,589,600)
Other comprehensive loss (net of tax)		-	(3,589,600)
Loss attributable to members of the parent entity		(734,263)	(439,777)
Total comprehensive loss attributable to members of the Company		(734,263)	(4,029,377)
<i>Earnings Per Share –</i>			
<i>Basic and diluted earnings per share (cents per share)</i>	7	(2.40)	(1.44)

The accompanying notes form part of, and should be read in conjunction with, these financial statements,

# Statement of Financial Position

as at 30 June 2018

Grandbridge Limited and its controlled entities

		<b>Consolidated</b>	
	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>Current Assets</b>			
Cash and cash equivalents	8	10,052	56,869
Trade and other receivables		-	15,602
Financial assets	9	1,037,158	888,642
Other current assets		9,204	18,290
<b>Total Current Assets</b>		<b>1,056,414</b>	<b>979,403</b>
<b>Non-Current Assets</b>			
Financial assets	9	627,834	1,304,334
Property, plant & equipment	10	3,326	-
<b>Total Non-Current Assets</b>		<b>631,160</b>	<b>1,304,334</b>
<b>Total Assets</b>		<b>1,687,574</b>	<b>2,283,737</b>
<b>Current Liabilities</b>			
Trade and other payables	11	1,170,728	1,122,510
Borrowings	12	88,033	-
Provisions	13	71,611	72,316
<b>Total Current Liabilities</b>		<b>1,330,372</b>	<b>1,194,826</b>
<b>Non-Current Liabilities</b>			
Provisions	13	24,207	23,801
<b>Total Non-Current Liabilities</b>		<b>24,207</b>	<b>23,801</b>
<b>Total Liabilities</b>		<b>1,354,579</b>	<b>1,218,627</b>
<b>Net Assets</b>		<b>332,995</b>	<b>1,065,110</b>
<b>Equity</b>			
Issued capital	14	3,609,420	3,609,420
Reserves	15	325,714	323,566
Accumulated losses		(3,602,139)	(2,867,876)
<b>Total Equity</b>		<b>332,995</b>	<b>1,065,110</b>

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

# Statement of Changes in Equity

for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

	Ordinary Share Capital \$	Accumulated losses \$	Option Reserve \$	Fair Value Reserve \$	Total \$
<b>Balance at 30 June 2016</b>	3,609,420	(2,428,099)	323,566	3,589,600	5,094,487
Net loss for the year	-	(439,777)	-	-	(439,777)
Other comprehensive income net of income tax	-	-	-	(3,589,600)	(3,589,600)
Total comprehensive loss for the year	-	(439,777)	-	(3,589,600)	(4,029,377)
<b>Balance at 30 June 2017</b>	3,609,420	(2,867,876)	323,566	-	1,065,110
Net loss for the year	-	(734,263)	-	-	(734,263)
Other comprehensive income net of income tax	-	-	-	-	-
Total comprehensive loss for the year	-	(734,263)	-	-	(734,263)
Share based payment expense	-	-	2,148	-	2,148
<b>Balance at 30 June 2018</b>	3,609,420	(3,602,139)	325,714	-	332,995

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

# Statement of Cash Flows

for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

		Consolidated	
	Note	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		377,006	490,412
Payments to suppliers and employees		(511,497)	(598,235)
Income tax paid		(10,420)	(3,542)
Interest paid		(993)	(1,564)
<b>Net cash used in operating activities</b>	17	(145,904)	(112,929)
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment		(3,913)	-
Payment for listed investments		(87,726)	-
Repayment of loan by related entity		103,000	120,000
<b>Net cash from investing activities</b>		11,361	120,000
<b>Cash flows from financing activities</b>			
Loan from related entity		87,726	-
<b>Net cash from investing activities</b>		87,726	-
Net (decrease) / increase in cash and cash equivalents		(46,817)	7,071
Cash and cash equivalents at the beginning of the financial year		56,869	49,798
<b>Cash and cash equivalents at the end of the financial year</b>	8	10,052	56,869

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

# Notes to the Financial Statements for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

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## 1. Statement of Significant Accounting Policies

### Corporate Information

The financial report includes the consolidated financial statements and the notes of Grandbridge Limited and its controlled entities ('consolidated entity' or 'group'). Grandbridge Limited is a company incorporated and domiciled in Australia. The Company's shares are currently suspended on the ASX. The financial report was authorised for issue on 28 September 2018 by the board of directors.

### Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, and the Corporations Act 2001. Grandbridge Ltd is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where stated below.

### Compliance with IFRS

The consolidated financial statements of the Grandbridge Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### Financial Position and Going Concern

The consolidated entity has reported a net loss after tax for the year ended 30 June 2018 of \$734,263 (30 June 2017: loss \$439,777), which is stated after (i) an impairment charge of \$293,750 (2016: \$1,169,150) on the revaluation of the Company's investment in Advent Energy Limited (ii) consulting and legal expenses of \$182,176 partly relating to ongoing legal disputes (2017: \$238,163), (iii) a reduction in employee expenses to \$111,091 (2017: \$177,922) (iv) unrealised losses on the revaluation of financial investments of \$217,307 (2017: loss of \$128,044).

The consolidated entity has a working capital deficit of \$273,958 at period end (2017: deficit \$215,423) which includes cash assets of \$10,052 (30 June 2017: \$56,869) and trade creditors and other payables of \$1,170,728 (30 June 2017: \$1,122,510).

Included in trade creditors and payables are balances totalling \$673,851 payable to directors. The directors have reviewed their expenditure and commitments for the consolidated entity and have implemented methods of costs reduction. The directors as a part of their cash monitoring, have voluntarily suspended cash payments for their directors' fees to conserve cash resources until such time that the consolidated entity has sufficient cash resources.

The consolidated entity has investments in listed entities totalling \$335,072 (Note 9(c)) as at 30 June 2018 which are classified as current assets in the statement of financial position. These assets are considered to be liquid and if required, a portion of these investments can be sold to obtain cash reserves for the consolidated entity however no sales have been forecast as the Company does not believe this to be necessary.

The consolidated entity is involved in a legal dispute with MEC Resources Ltd.

# Notes to the Financial Statements for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

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## 1. Statement of Significant Accounting Policies (continued)

### Financial Position and Going Concern (continued)

The directors have prepared cash flow forecasts that indicate that the consolidated entity will have sufficient cash flows for a period of at least 12 months from the date of this report.

Based on the cash flow forecasts, directors' voluntarily suspending cash payments for their fees and the value of the listed investments, the directors are satisfied that the going concern basis of preparation is appropriate.

The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Should the consolidated entity not be successful in raising additional funds through the issue of new equity, borrowings or sale of investments, should the need arise or should there be an unfavourable outcome in the legal dispute with MEC Resources Ltd, there is a material uncertainty that may cast significant doubt as to whether or not the consolidated entity will be able to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities as and when they fall due and in the normal course of business and at the amounts stated in the financial report.

The financial statements do not include any adjustments relative to the recoverability and classification of recorded asset amounts or, to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

### Accounting Policies

#### (a) Principles of Consolidation

##### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

A list of controlled entities is contained in Note 16 to the financial statements. All controlled entities have a June financial year-end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

## 1. Statement of Significant Accounting Policies (continued)

### Accounting Policies (continued)

#### (a) Principles of Consolidation (continued)

##### *(ii) Associates*

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds from 20% to 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

##### *(iii) Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

##### *(iv) Changes in ownership interests*

Changes in the group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

# Notes to the Financial Statements for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

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## 1. Statement of Significant Accounting Policies (continued)

### Accounting Policies (continued)

#### (b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the statement of financial position date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the profit and loss except where it relates to items that may be recognised directly to equity, in which case the deferred tax is adjusted directly outside profit and loss.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Grandbridge Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Grandbridge Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The group notified the Australian Taxation Office on 30 June 2006 that it had formed an income tax consolidated group to apply from 30 June 2006. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.



# Notes to the Financial Statements for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

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## 1. Statement of Significant Accounting Policies (continued)

### Accounting Policies (continued)

#### (c) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost less accumulated depreciation and impairment losses.

##### *Plant and equipment*

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss income during the financial period in which they are incurred.

##### *Depreciation*

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Computers	33 %
Office Furniture	15 %

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

#### (d) Financial Instruments

##### *Recognition and Initial Measurement*

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit and loss income immediately. Financial instruments are classified and measured as set out below.

## 1. Statement of Significant Accounting Policies (continued)

### Accounting Policies (continued)

#### (d) Financial Instruments (continued)

##### *Derecognition*

Financial assets are recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are recognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit and loss.

##### *Classification and Subsequent Measurement*

#### (i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives, or designated as measured at fair value to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

#### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

#### (iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories.

The group also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss.

#### (iv) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

##### *Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and valuation models using market inputs prepared by independent experts.

## 1. Statement of Significant Accounting Policies (continued)

### Accounting Policies (continued)

#### (d) Financial Instruments (continued)

##### *Impairment*

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged or significant decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

##### (i) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

##### (ii) Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

#### (e) Impairment of Assets

The group reviews non-financial assets, other than deferred tax assets, at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

## 1. Statement of Significant Accounting Policies (continued)

### Accounting Policies (continued)

#### (e) Impairment of Assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### (f) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to statement of financial position. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits using the government bond rate.

Past service costs are recognised immediately in profit or loss.

#### (g) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

#### (h) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases (Note 23). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

#### (i) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

#### (j) Revenue

Interest revenue is recognised when it is probable that the economic benefits will flow to the group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Revenue from the rendering of a service is recognised upon the delivery of the service to clients.

All revenue is stated net of the amount of goods and services tax (GST).

#### (k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

## 1. Statement of Significant Accounting Policies (continued)

### Accounting Policies (continued)

#### (l) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days. The carrying amounts of trade and other payables are assumed to be the same as their fair values due to their short-term nature. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### (m) Share based payments

Share based compensation benefits are provided to employees via the company's Employee Option plan. The fair value of options granted under the Company's Employee Option Plan is recognized as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognized over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

#### (n) Earnings per share

Basic earnings per share (EPS) is calculated as net profit/loss attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

#### (o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### (p) Critical accounting estimates and judgments

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

##### *Key estimates — Impairment*

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Included in the assets of the consolidated entity are loans receivable of \$702,085 (30 June 2017: \$890,297).

## 1. Statement of Significant Accounting Policies (continued)

### Accounting Policies (continued)

#### (p) Critical accounting estimates and judgments (continued)

##### *Key Judgments – Fair value of financial assets*

The fair values of unlisted securities not traded in an active market are measured at fair value, using valuation methodologies. A re-assessment of fair value of the Company's investment in Advent occurred during the resulting in an impairment charge of \$293,750 (2017: \$1,169,150).

#### (q) Application of New and Revised Accounting Standards

##### *Standards and Interpretations applicable to 30 June 2018*

In the year ended 30 June 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

##### *Standards and Interpretations in issue not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods. Those which may have a significant to the Group are set out below. The Group does not plan to adopt these standards early.

*AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).*

AASB 9 (2014), published in December 2014, replaces the existing guidance AASB 9 (2009), AASB 9 (2010) and AASB 139 *Financial Instruments: Recognition and Measurement* and is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The new standard results in changes to accounting policies for financial assets and liabilities covering classification and measurement, hedge accounting and impairment. The standard eliminates the existing 139 categories of held to maturity, loans and receivables and available for sale. The Group has financial assets in relation to available-for-sale equity investments of \$607,834. Under AASB 9, the Group is able to elect to continue classify these investments as at fair value through other comprehensive income. Accordingly, the Group does not expect any impact to the classification and measurement of these financial assets. However, gains or losses realised on the sale of the financial assets at fair value through other comprehensive income will no longer be transferred to profit or loss but instead be reclassified below the line from the fair value reserve to retained earnings. During the current financial year such gains of \$Nil were recognised in profit or loss in relation to the disposal of available-for-sale financial assets.

The impairment requirements of the new standard for financial assets are based on a forward looking 'expected credit loss' (ECL) model either on a 12-month or lifetime basis rather than the current 'incurred loss' model. The new impairment model will apply to financial assets at amortised cost or fair value through other comprehensive income, except for investments in equity instruments, and to contract assets. The Group has assessed these changes and determined that based on the current financial assets held at reporting date, the Group will apply the simplified approach and record impairment based on lifetime expected losses.

The changes in the Group's accounting policies from the adoption of AASB 9 will be applied retrospectively from 1 July 2018 onwards, with the practical expedients permitted under the standard and the comparatives will not be restated.

The directors do not anticipate that the adoption of AASB 9 will have a material impact on the Group's financial instruments.

## 1. Statement of Significant Accounting Policies (continued)

### Accounting Policies (continued)

#### (q) Application of New and Revised Accounting Standards

*AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 July 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).*

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

Based on a preliminary assessment performed, the effects of AASB 15 are not expected to have a material effect on the Group.

*AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 July 2019).*

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and lease liability for all leases (excluding short-term leases with a lease term 12 months or less of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application. The directors do not anticipate that the adoption of AASB 16 will have a material effect on the Group.

No other new standards, amendments to standards and interpretations are expected to affect the Group's consolidated financial statements.

# Notes to the Financial Statements for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

## 2. Revenue and Other Income

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>Revenue</i>		
Corporate advice and management fees	328,549	818,104
Underwriting fees	-	13,000
Interest revenue – other entities	480	481
	<u>329,029</u>	<u>831,585</u>
<i>Other (losses) / income</i>		
Unrealised losses on financial investments (i)	(217,307)	(128,044)
Other	3,984	93
	<u>(213,323)</u>	<u>(127,951)</u>

(i) The company revalues its listed investments to market prices.

## 3. Expenses Included in the Profit for the Year

### Employee Expenses

Salary	96,052	197,549
Superannuation	6,275	16,234
Other payroll expenses / adjustments	8,764	(35,861)
	<u>111,091</u>	<u>177,922</u>

### Impairment charge

Impairment charge	293,750	4,758,750
Reclassification of revaluation reserve in relation to associate	-	(3,589,600)
	<u>293,750</u>	<u>1,169,150</u>

## 4. Income Tax Expense

a) The components of income tax expense / (benefit) comprise:

Adjustments recognised in the current year in relation to the current tax of prior years	3,264	3,541
Current tax	-	6,399
Deferred income tax (credit)	-	(726,881)
	<u>3,264</u>	<u>(716,941)</u>

Deferred income tax (credit) included in income tax expense comprises:

Decrease in deferred tax assets	-	701,067
(Decrease) in deferred tax liabilities	-	(1,427,948)
	<u>-</u>	<u>(716,941)</u>



# Notes to the Financial Statements for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>4. Income Tax Expense (continued)</b>		
b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Accounting loss before tax	(730,999)	(1,156,718)
Prima facie tax (benefit) on loss from ordinary activities before income tax at 27.5% (2017: 27.5%)	(201,025)	(318,097)
Tax effect of amounts which are not (taxable) / recognised in calculating taxable income:		
Effect of change in income tax rate	-	(60,573)
Effect of previously recognised and unused tax losses now derecognised as deferred tax assets	-	318,830
Expense relating to prior period	3,264	3,542
Temporary differences	201,025	(660,643)
Income tax expense / (benefit) recognised	<u>3,264</u>	<u>(716,941)</u>
c) Unused tax losses for which no deferred tax asset has been recognised	<u>1,152,174</u>	<u>1,099,107</u>
Potential tax benefit at 27.5% (2017: 27.5%)	<u>316,848</u>	<u>302,254</u>

## 5. Key Management Personnel Compensation

Names and positions held of consolidated and parent entity key management personnel are set out below. They were in office for the whole financial year unless stated otherwise.

D L Breeze -	Executive Chairman, Managing Director and Company Secretary Company Secretary
C Maling -	Non-Executive Director
M Peterson -	Non-Executive Director

	<b>Consolidated</b>	
	<b>2018 (\$)</b>	<b>2017(\$)</b>
Short term employee benefits	192,100	243,885
Post-employment benefits	5,900	11,963
Share based payments	2,148	-
	<u>200,148</u>	<u>255,848</u>

Key management personnel remuneration has been included in the Remuneration report section of the directors' report.

Included in trade creditors and payables is director fee and salary accruals of \$1,038,814 (30 June 2017: \$908,814) relating to:	Amount Owing 30 June 2018 (\$)
David Breeze	503,572
Charles Maling	41,123
Maureen Petersen	41,123
Directors who have previously resigned	452,996
Balance owing at 30 June 2018	1,038,814

Included in Borrowings (refer Note 11) is a loan of \$88,033 (including accrued interest) from a director, Mr David Breeze, at an interest rate of 8% per annum. The loan is unsecured with a repayment date of 14 December 2018. At the date of this report \$29,302 of the loan had been repaid.

# Notes to the Financial Statements for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

## 6. Auditors' Remuneration

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial report		
<i>Auditors</i>		
HLB Mann Judd		
Underprovision in prior year	626	2,624
Current year	17,000	17,000
	<u>17,626</u>	<u>19,624</u>

There were no non-audit services provided by the auditors during the period under review.

## 7. Earnings per Share

### (a) Reconciliation of earnings to profit or loss

Net loss attributable to members of the parent entity	(734,263)	(439,777)
Loss used to calculate basic EPS	(734,263)	(439,777)
Loss profit used in the calculation of dilutive EPS	(734,263)	(439,777)

	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares outstanding during the year		
Used in calculating basic EPS	30,633,364	30,633,364
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	30,633,364	30,633,364
Earnings per share (cents per share)	(2.4)	(1.44)
Diluted earnings per share (cents per share)	(2.4)	(1.44)

## 8. Cash and Cash Equivalents

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and in hand	10,052	56,869
	<u>10,052</u>	<u>56,869</u>

### *Reconciliation of cash*

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	10,052	56,869
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# Notes to the Financial Statements for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>9. Financial Assets</b>		
<i>Current</i>		
Investments in listed entities (c)	335,072	-
Loans receivable (b)	702,086	888,642
	<u>1,037,158</u>	<u>888,642</u>
<i>Non-current</i>		
Security deposit (a)	20,000	20,000
Loans receivable (b)	-	1,655
Shares:		
Investments in listed entities (c)	-	381,095
Investments in unlisted entities (d)	607,834	901,584
	<u>627,834</u>	<u>1,304,334</u>
(a) The security deposit is for a performance bond provided by the Company's bank to the Australian Securities and Investments Commission.		
(b) Loans receivable -		
Unsecured loans to related entities	1,718,572	1,906,783
Provisions against unsecured loans	(1,016,486)	(1,016,486)
Unsecured loans to related entities	<u>702,086</u>	<u>890,297</u>
(c) Financial assets carried at fair value through profit and loss -		
BPH Energy Limited	83,556	83,556
MEC Resources Limited	248,556	292,419
Strategic Elements Limited	2,960	5,120
Total	<u>335,072</u>	<u>381,095</u>
(d) Available for sale financial assets – at fair value		
Molecular Discovery Systems Limited	20,334	20,334
Advent Energy Limited	587,500	881,250
Total	<u>607,834</u>	<u>901,584</u>

Loans to other entities are non-interest bearing and payable on demand. During the prior period the Company reversed a \$373,195 provision against its unsecured loan with BPH Energy Ltd and raised a provision of \$340,692 against fees relating to the termination of contracts with MEC Resources Limited and Advent Energy Limited. The provision relating to the termination of contracts can be reversed upon payment of the outstanding fees. Refer to Note 18 for the fair value disclosures in relation to financial assets.

## 9. Financial Assets (continued)

### *Advent Energy Limited ("Advent")*

A re-assessment of the fair value of the Company's investment in Advent occurred during the period resulting in a reduction in carrying value of \$293,750 (2017: \$4,578,750). In the prior reporting period the Company reported an impairment charge of \$1,169,150 after set off against a prior period revaluation gain of \$3,589,600.

Advent and its subsidiaries have reported no minimum work commitments for its exploration permits over the next 12 months from its reporting date under the terms of its petroleum titles in order to maintain tenure. It has reported work program commitments of \$18,225,000 for its exploration permits in a period greater than one year and less than five years. To assist in meeting these commitments, both MEC and Advent have stated they are continually seeking and reviewing potential sources of both equity and debt funding. Advent has stated it is now embarking on a campaign to attract new investors and /or joint venture partners. Its management has confidence that a suitable outcome will be achieved however there is no certainty at that this will result in further funding being made available.

In relation to the Group's exploration commitments in the PEP 11 area Advent's wholly owned subsidiary, Asset Energy Pty Ltd has a commitment to drill an exploration well by 12 Feb.2020 .Advent have reported a conditional farm-in agreement with RL Energy for 3D which requires a change in the permit commitment and which is subject to both funding and regulatory approval by the National Offshore Petroleum Titles Administrator ("NOPTA") NOPTA..

On 29 March 2018 an Instrument of Direction was issued by the WA Department of Mines under S.95 (1) of the Petroleum and Geothermal Energy resources Act 1967 to Onshore. The Instrument of Direction is available on the WA Govt. website and relates to Waggon Creek and Vienta wells in EP386 in the onshore Bonaparte Basin in WA. The Instrument of Direction to plug and abandon the wells must be completed by March 2020 .Advent has commitments to provide a well management plan ,environmental plan and safety case for the decommissioning of Waggon Creek and Vienta by 28 September 2018.

The RL Energy application in PEP11 and those made by Advent for EP386 may not be approved. In addition, Advent is committed to drill an exploration well and perform a seismic survey by the end of March 2020 for EP 386.

Asset Energy Pty Ltd has invested over \$25 million in the PEP11 title in recent history, and, along with its JV partner Bounty Oil and Gas NL, is committed to continuing to explore for and ultimately exploit any petroleum accumulations which may be identified in this title area. Other projects may impact the ability of Advent to raise funds.

The above conditions indicate the uncertainty that may affect the ability of the Group to realise the carrying value of its investment in Advent in the ordinary course of business. The valuation is dependent on approvals for variations and extension to work programs being approved by government.

# Notes to the Financial Statements for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

	Consolidated	
	2018	2017
	\$	\$
<b>10. Property, Plant and Equipment</b>		
At cost	121,304	117,391
Accumulated depreciation	(117,978)	(117,391)
Total Property, Plant and Equipment	<u>3,326</u>	<u>-</u>
Carrying amount at the beginning of the year	-	1,100
Additions	3,913	-
Depreciation expense	(587)	(1,100)
Carrying amount at the end of the year	<u>3,326</u>	<u>-</u>
<b>11. Trade and Other Payables</b>		
Trade payables	100,141	176,650
Sundry payables and accrued expenses	1,070,587	945,860
	<u>1,170,728</u>	<u>1,122,510</u>
Trade payables are non-interest bearing and usually paid within 60 days.		
<b>12. Borrowings</b>		
Current		
Related party borrowings	88,033	-
	<u>88,033</u>	<u>-</u>

The loan has been provided by a director, Mr David Breeze, at an interest rate of 8% per annum. The loan is unsecured with a repayment date of 14 December 2018.

# Notes to the Financial Statements for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

## 13. Provisions

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Current	71,611	72,316
Non-Current	24,207	23,801
	<u>95,818</u>	<u>96,117</u>
<i>Employee entitlements:</i>		
Opening balance at 1 July	89,718	128,528
Increase / (decrease) in provision	8,764	(38,810)
Balance at 30 June	<u>98,482</u>	<u>89,718</u>
Current	74,275	65,917
Non-Current	24,207	23,801
	<u>98,482</u>	<u>89,718</u>
<i>Income tax provision</i>		
Current		
Opening balance at 1 July	6,399	-
Paid	(10,420)	-
Increase in provision	1,357	6,399
Balance at 30 June	<u>(2,664)</u>	<u>6,399</u>

## 14. Issued Capital

30,633,364 (2017: 30,633,364) fully paid ordinary shares \$3,609,420      \$3,609,420

The company does not have an authorised share capital and the shares issued have no par value.

### a. Ordinary Shares:

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
At the beginning of reporting period	30,633,364	30,633,364
At the end of reporting period	<u>30,633,364</u>	<u>30,633,364</u>

### *Fully Paid Ordinary Share Capital*

Fully paid ordinary shares carry one vote per share and carry the right to dividends. The company's shares were suspended on ASX at the date of this report.

### b. Options

The following options were on issue at the end of the reporting period:

<b>Total number</b>	<b>Exercise price</b>	<b>Expiry date</b>
250,000	\$0.12	31 December 2018
500,000	\$0.05	30 November 2022
<u>750,000</u>		

The holders of options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

# Notes to the Financial Statements for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

## 14. Issued Capital (continued)

### Capital risk management

The group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

The focus of the group's capital risk management is:

- the current working capital position against the requirements of the group to meet corporate overheads;
- to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position at 30 June 2018 and 30 June 2017 are as follows:

	Consolidated	
	2018	2017
	\$	\$
Cash and cash equivalents	10,052	56,869
Trade and other receivables	-	15,602
Financial assets	1,037,158	888,642
Other current assets	9,204	18,290
Trade and other payables	(1,170,728)	(1,122,510)
Borrowings	(88,033)	-
Provisions	(71,611)	(72,316)
Working capital position	(273,958)	(215,423)

Please refer to Note 1 of the financial report for disclosure and details regarding the group's financial position.

## 15. Reserves

### (a) Option Reserve

The option reserve records items recognized as expenses in respect of share options.

Opening balance	323,566	323,566
Option expense during the year	2,148	-
Closing balance	325,714	323,566

### (b) Asset Revaluation Reserve

The asset revaluation reserve records the revaluation of available for sale investments to fair value.

Opening balance	-	3,589,600
Fair value adjustment	-	(3,589,600)
Closing balance	-	-

# Notes to the Financial Statements for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

## 16. Controlled Entities

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest %	
			2018	2017
<i>Parent Entity</i>				
Grandbridge Limited	Investment	Australia		
<i>Subsidiaries of Grandbridge Limited</i>				
Grandbridge Securities Pty Limited	Corporate Advisory	Australia	100	100
Grandbridge Equities Pty Limited	Dormant	Australia	100	100
e-Shares.com.au Pty Limited	Domain Names	Australia	100	100

## 17. Cash Flow Reconciliation

	Consolidated	
	2018	2017
	\$	\$
Reconciliation of cash flow from operations with loss from ordinary activities after income tax:		
Operating loss after income tax	(734,263)	(439,777)
<i>Non-cash items:</i>		
Depreciation	587	1,100
Impairment charge	293,750	1,169,150
Investment written off	1,652	18,293
Share based payments	2,148	-
Unrealised losses on revaluation of investments	217,307	128,044
Reversal of provision against unsecured loans	-	(32,503)
Contract termination fees	-	(340,692)
<i>Changes in net assets and liabilities:</i>		
Decrease / (increase) in trade and other receivables	15,602	(15,602)
Decrease in other assets	9,086	6,387
Decrease in provisions	(299)	(32,412)
Decrease in net deferred tax liabilities	-	(726,882)
Increase in trade payables and accruals	48,526	151,965
Net cash used in operating activities	(145,904)	(112,929)
Changes in financial liabilities arising from financing activities:		
Balance at 1 July	-	-
Net cash flow from financing activities	87,726	-
Interest	307	-
Balance at 30 June	88,033	-



## 18. Financial Risk Management

### a) Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, short-term investments, investments held for trading, accounts receivable and payable, and loans to and from related parties. The main purpose of non-derivative financial instruments is to raise finance for group operations policies.

#### *i. Financial Risk Exposures and Management*

The main risks the group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk, equity price risk.

##### *Interest rate risk*

The group's financial assets that are affected by interest rate risk are the group's cash and cash equivalents and term deposits held. The group's financial liabilities are currently not exposed to interest rate risk as the group has no variable rate interest bearing financial liabilities.

##### *Liquidity risk*

The group manages liquidity risk by monitoring forecast cash flows.

##### *Credit risk*

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

##### *Equity price risk*

The group is exposed to equity price risks arising from equity investments. The performance of equity investments are reviewed biannually to market. The group holds diversified portfolio with investments in biotech and oil & gas exploration to manage this risk.

##### *Equity Price Sensitivity Analysis*

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices for investments had been 5% higher/lower the net loss for the year ended 30 June 2018 would increase/decrease \$16,754 (2017: increase / decrease by \$15,555) as a result of the changes in fair value of financial assets at fair value through profit and loss.

The group's sensitivity to equity prices has not changed significantly from the prior year.

##### *Foreign currency risk*

The group is not exposed to any material risks in relation to fluctuations in foreign exchange rates.

# Notes to the Financial Statements for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

## 18. Financial Risk Management (continued)

### b) Financial Instruments

#### *i. Interest rate risk*

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2018	Average Interest Rate %	Fixed Interest Rate \$	Variable Interest Rate \$	Non-Interest Bearing \$	Total \$
<b>Financial Assets</b>					
Cash and cash equivalents	0.03%	-	10,052	-	10,052
Deposits		-	-	20,000	20,000
Trade and other receivables		-	-	-	-
Receivables		-	-	702,086	702,086
Investments		-	-	942,906	942,906
Total Financial Assets		-	56,869	1,664,992	1,675,044
<b>Financial Liabilities</b>					
Trade and other payables		-	-	1,170,728	1,170,728
Borrowings	8%	88,033	-	-	88,033
Total financial liabilities		88,033	-	1,170,128	1,258,761

2017	Average Interest Rate %	Variable Interest Rate \$	Non-Interest Bearing \$	Total \$
<b>Financial Assets</b>				
Cash and cash equivalents	0.01%	56,869	-	56,869
Deposits		-	20,000	20,000
Trade and other receivables		-	15,602	15,602
Receivables		-	890,297	890,297
Investments		-	1,282,679	1,282,679
Total Financial Assets		56,869	2,208,578	2,265,447
<b>Financial Liabilities</b>				
Trade and other payables		-	1,122,510	1,122,510
Total financial liabilities		-	1,122,510	1,122,510

# Notes to the Financial Statements for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

## 18. Financial Risk Management (continued)

### b) Financial Instruments (continued)

#### ii. Fair Values

The fair values of:

- Term receivables are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.
- Listed investments have been valued at the quoted market bid price at balance date. For unlisted investments where there is no organised financial market, the fair value has been based on valuation techniques incorporating non-market data prepared by independent valuers.
- Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings to their present value.
- Other assets and liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

Aggregate fair values and carrying amounts of financial assets and financial liabilities at balance date.

	2018		2017	
	Carrying Amount	Net fair value	Carrying Amount	Net fair value
<b>Financial Assets</b>				
Financial assets at fair value through profit or loss	335,072	335,072	381,095	381,095
Available for sale assets	607,834	607,834	901,584	901,584
Loan receivables	702,086	702,086	890,297	890,297
	<u>1,644,992</u>	<u>1,644,992</u>	<u>2,172,976</u>	<u>2,172,976</u>
<b>Financial Liabilities</b>				
Trade and other payables	1,170,728	1,170,728	1,122,510	1,122,510
Borrowings	88,033	88,033	-	-
	<u>1,258,761</u>	<u>1,258,761</u>	<u>1,122,510</u>	<u>1,122,510</u>

Loan receivables are loans to other entities, non-interest bearing and payable on demand.

# Notes to the Financial Statements for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

## 18. Financial Risk Management (continued)

### b) Financial Instruments (continued)

#### iii. Sensitivity Analysis

##### Interest Rate Risk

The group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks

##### *Interest Rate Sensitivity Analysis*

At 30 June 2018, the effect on consolidated profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2018	2017
	\$	\$
Change in profit		
— Increase in interest rate by 1%	104	572
— Decrease in interest rate by 0.5%	(2)	(2)

### c) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between and of the levels for recurring fair value measurements during the year.

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments; and
- the fair value of the remaining financial instruments is determined with reference to similar instruments and valuation models using non-market inputs prepared by independent experts.

# Notes to the Financial Statements for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

## 18. Financial Risk Management (continued)

### c) Fair value measurements recognised in the statement of financial position (continued)

#### 30 June 2018

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
- Investments in listed entities	335,072	-	-	335,072
Available for sale financial assets				
- Investments in unlisted entities	-	587,500	20,334	607,834
Total	335,072	587,500	20,334	942,906

#### 30 June 2017

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
- Investments in listed entities	381,095	-	-	381,095
Available for sale financial assets				
- Investments in unlisted entities	-	881,250	20,334	901,584
Total	381,095	881,250	20,334	1,282,679

Reconciliation of fair value measurements of financial assets:

	2018			2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Opening balance	381,095	881,250	20,334	317,194	-	5,678,627
Transfer to level 2	-	-	-	-	5,640,000	(5,640,000)
Shares acquired in rights issues	171,284	-	-	191,945	-	-
Investment written off	-	-	-	-	-	(18,293)
Total loss through the profit and loss	(217,307)	(293,750)	-	(128,044)	(4,758,750)	-
Closing balance	335,072	587,500	20,334	381,095	881,250	20,334

## 19. Events after the Balance Date

No matters or circumstances other than set out elsewhere in this financial report that have arisen since the end of the financial year, that have significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

# Notes to the Financial Statements for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

## 20. Operating Segments

### *Identification of reportable segments*

The group has identified its operating segments based on the internal reports that are reviewed and used by the managing director and his management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The operating segments are identified by management based on the industry in which the entity makes its investments or provides services. Discrete financial information about each of these operating segments is reported to the managing director and his management team on at least a monthly basis.

The group holds investments in two principal industries and these are biotechnology, and oil and gas exploration and development.

The group also provides consultancy and management services to a number of different entities and receives a monthly fee for these services.

### *Accounting policies and inter-segment transactions*

The accounting policies used by the group in reporting segments are the same as those contained in Note 1 to the accounts and applied in the prior reporting period.

### Segment Revenue and Results

The following is an analysis of the group's revenue and results from continuing operations by reportable segment:

	Segment Revenue		Segment Profit/Loss	
	2018	2017	2018	2017
	\$	\$	\$	\$
Consulting Services	328,549	831,104	188,345	187,230
Investing	-	-	(217,307)	(128,044)
Unallocated	480	481	4,464	574
Total for continuing operations	<u>329,029</u>	<u>831,585</u>	<u>(24,498)</u>	<u>59,760</u>
Administration expenses			(269,411)	(215,058)
Depreciation and Amortisation			(587)	(1,100)
Impairment charge			(293,750)	(1,169,150)
Other			<u>(142,753)</u>	<u>168,830</u>
Loss before tax (continuing operations)			<u>(730,999)</u>	<u>(1,156,718)</u>

Revenue reported above represents revenue generated from external customers. There were no intersegment sales during the year (2017: \$Nil).

### *Segment Assets and Liabilities*

	2018	2017
	\$	\$
<i>Segment Assets</i>		
Investing	962,908	1,302,679
Corporate	724,666	981,058
Total Assets	<u>1,687,574</u>	<u>2,283,737</u>
<i>Segment Liabilities</i>		
Corporate	<u>1,354,579</u>	<u>1,218,627</u>
Total Liabilities	<u>1,354,579</u>	<u>1,218,627</u>

# Notes to the Financial Statements for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

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## 21. Related Party Transactions

### (a) Director related entity

- (i) BPH Energy Limited ("BPH") has a common Managing Director, Mr David Breeze, and is therefore a related party of the Company. During the period the Company charged BPH \$152,509 (2017: \$252,595) in administration and service fees. At balance date \$413,641 (2017: \$624,966) was receivable by Grandbridge from the BPH group. Grandbridge received \$Nil (2017: \$10,370) during the period for management services in relation to a share placement. Grandbridge's 100% subsidiary, Grandbridge Securities Limited, received \$Nil (2017: \$8,750) in respect of the underwriting of a share issue.
- (ii) David Breeze was a Director of MEC and Advent from April 2005 and November 2005 respectively and was removed from the ASIC register by MEC and Advent directors from MEC on 23 November 2016 and Advent on 26 November 2016. He has neither resigned nor removed by shareholders and disputes the actions taken by the Directors of each company. In the prior period the Company charged MEC Resources Limited and Advent Energy Limited \$80,323 and \$48,727 respectively in respect of Grandbridge's provision of administration, office accommodation and services, and also charged those entities a total of \$340,692 with respect to the termination of those agreements.
- (iii) Cortical Dynamics Limited has a common Chairman, Mr David Breeze, and is therefore a related party of the Company. During the period the Company charged Cortical \$176,340 (2017: \$85,398) in administration and service fees. Grandbridge's 100% subsidiary, Grandbridge Securities Limited, received \$Nil (2017: \$4,250) in respect of the underwriting of a share issue.

### (b) Equity interests in controlled entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 16.

### (c) Directors' remuneration

Details of directors' remuneration and retirement benefits are disclosed in the Director's Report and Note 5.

### (d) Controlling entity

The parent entity in the consolidated entity is Grandbridge Limited.

### (e) Transactions with Key Management Personnel

Office rent occupancy fees of \$30,245 (2017: \$34,204) were incurred to a director related entity.

A loan has been provided by a director, Mr David Breeze, at an interest rate of 8% per annum. The loan is unsecured with a repayment date of 14 December 2018. The outstanding balance at period end, including accrued interest, was \$88,033 (refer Note 12).

### (f) Loans to and from subsidiaries

Loans from the parent entity to and from subsidiaries are non-interest bearing and repayable on demand. These loans are unsecured. As at reporting date, the net amount payable by the parent entity to its subsidiary, Grandbridge Securities Pty Ltd, was \$394,575 (2017: \$470,076).

# Notes to the Financial Statements for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

## 22. Share-Based Payments

The following share-based payment arrangements existed at 30 June 2018:

Number of shares Under Option	Grant Date	Date of Expiry	Exercise Price	Fair Value at Grant Date	Vesting Date
250,000	28/11/2013	31/12/2018	\$0.12	\$0.010	28/11/2013
500,000	30/11/2018	30/11/2022	\$0.05	\$0.004	30/11/2018
750,000					

All options granted to key management personnel are for ordinary shares in Grandbridge Limited, which confer a right of one ordinary share for every option held.

During the year, 500,000 options were issued. The options were issued on 30 November 2017 and expire on 30 November 2022 with a strike price of \$0.05 per option.

The fair value of the options granted is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used.

Fair value at grant date	\$0.004
Share price at grant date	\$0.02
Exercise price	\$0.05
Expected volatility	50%
Expected life	5 years
Expected dividends	Nil
Risk-free interest rate	2.5%
Valuation	\$2,148

	2018		2017	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	423,334	\$0.13	423,334	\$0.13
Issued	500,000	\$0.05		
Expired	(173,334)	\$0.15	-	-
Outstanding at year-end	750,000	\$0.07	423,334	\$0.13
Exercisable at year-end	750,000	\$0.07	423,334	\$0.13

No options were exercised during the year ended 30 June 2018 (2017: Nil). Included in the statement of comprehensive income is share based payments of \$2,148 (2017: \$Nil) which relates, in full, to equity.



## 23. Contingent Assets and Liabilities

The Company is a party to the following legal actions.

### MEC Resources Ltd (ASX: MMR) and Advent Energy Ltd- Writ

On 13 September 2017 Grandbridge served a writ for a total of \$340,692 against MEC Resources Ltd (ASX: MMR) and Advent Energy Ltd. At or around 24 November 2016, MEC and Advent terminated the MEC Services Agreement and Advent Services Agreement. Pursuant to these Agreements payment for termination became due and payable by MEC and Advent at that time. Grandbridge made demand for payment of the termination payments and no payment was made or settlement offer made. The Grandbridge writ claims \$212,052 against MEC and \$128,640 against Advent. On 22 January 2018 Grandbridge lodged a Statement of Claim in respect of these amounts plus interest and costs with the District Court of Western Australia.

### MEC Resources Ltd (ASX: MMR) and Advent Energy Ltd- Writ

On 4th April 2018, GBA served a Writ issued in the District Court of Western Australia on MEC Resources for claims as detailed against MEC Resources Limited for the amount of \$42,203, Advent Energy Limited for the amount of \$274,005, Asset Energy Pty Ltd for the amount of \$114,223. Advent Energy Limited is controlled by MEC Resources Ltd. Asset Energy Pty Ltd is a subsidiary of Advent Energy Ltd. The writs follow the failure of these parties, following demand, to pay outstanding debts by 5pm on 29 March 2018.

### Claim

The company has received a claim from Deborah Ambrosini, a former CFO and Company Secretary of the Company for an amount of \$116,516 following her termination. The company disputes the validity of the claim and intends to defend the action.

### Statutory Demand

The company has received a statutory demand from Kevin Hollingsworth, a former Director of the company for an amount of \$248,309.32. The company disputes this position and intends to have the statutory demand set aside. Grandbridge has advised Mr Hollingsworth that the conditions precedent for payment has not occurred and that any Directors fees are not due and owing.

### Fair Work Commission ("FWC")

On 28 December 2017 Grandbridge announced it had appealed a decision of the FWC in respect of a jurisdictional matter in relation to coverage of the FWC for a dismissed employee who had made an unparticularised compensation claim. The company had denied liability. The Company won this case. Its appeal was upheld, the original decision quashed, and the question of whether the Company complied with the small Business Fair Dismissal Code referred to a Deputy President of the FWC. The Deputy President determined that David Breeze, a Director of Grandbridge had reasonable grounds that the employees conduct was sufficiently serious to justify immediate dismissal. The Deputy President was satisfied that the Code had been met and the application made was dismissed. This decision was then appealed on 13 April by the employee to the Full Bench of the FWC. The application to appeal by the employee was refused by the Full Bench in a decision handed down on the 10 May 2018.

# Notes to the Financial Statements for the year ended 30 June 2018

Grandbridge Limited and its controlled entities

## 24. Commitments

At reporting date there are no capital commitments in the consolidated entity.

The operating lease relates to premises used by the company in its operations. The operating lease is subject to annual CPI indexation. The lease does not contain an option to purchase the leased property.

*Payments recognised as an expense:*

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Minimum lease payment	30,245	34,204
<i>Operating Lease Commitments</i>		
- not later than 12 months	24,610	24,610
- between 12 months and 5 years	5,127	29,737
Minimum lease payments	29,737	54,347

## 25. Parent Entity Disclosures

### Financial Position

#### Assets

Current assets	985,338	979,483
Non-current assets	781,160	1,224,684
Total asset	1,766,498	2,204,167

#### Liabilities

Current liabilities	1,321,835	1,115,256
Non-current liabilities	418,841	23,801
Total liabilities	1,740,676	1,139,057

#### Equity

Issued Capital	3,609,420	3,609,420
Retained earnings	(3,909,312)	(2,867,876)
Asset Revaluation Reserve	-	-
Option Reserve	325,714	323,566
Total equity	25,822	1,065,110

### Financial Performance

Loss after tax for the year	(1,041,436)	(37,884)
Other comprehensive income	-	-
Total comprehensive income	(1,041,436)	(37,884)

# Directors Declaration

Grandbridge Limited and its controlled entities

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The directors of the company declare that:

1. the financial statements and notes, as set out on pages 15 to 48, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001;
  - (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the consolidated entity;
2. the Financial Statements and Notes comply with International Accounting Standards as disclosed in Note 1;
3. the directors have been given the declarations required by S295A of the Corporations Act 2001;
4. in the directors' opinion 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 made pursuant to S295(5) of the Corporations Act 2001.



.....  
David Breeze  
Managing Director

Dated this 28 September 2018

**Independent Auditor's Report**

To the Members of Grandbridge Limited

**REPORT ON THE AUDIT OF THE FINANCIAL REPORT**

**Opinion**

We have audited the financial report of Grandbridge Limited ("the Company") and its controlled entities ("the consolidated entity"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the consolidated entity is 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 2018 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

**Material Uncertainty Related to Going Concern**

We draw attention to Note 1 in the financial report, which indicates the existence of a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Material Uncertainty Related to Carrying Value of Investment in Advent Energy Limited**

We also draw attention to Note 9 in the financial report which indicates a material uncertainty in relation to the consolidated entity's ability to realise the carrying value of its investment in Advent Energy Limited in the ordinary course of business. Our opinion is not modified in respect of this matter.

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern*, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Valuation of financial assets</b> Refer to note 9 of the Financial Statements</p>	
<p>The consolidated entity has financial assets of loan receivables totalling \$702,086, financial assets carried at fair value of \$335,072 and available for sale financial assets at fair value of \$607,834 at balance date. The consolidated entity recorded an impairment expense of \$293,750 on its investment in Advent Energy Limited that is accounted for as an available for sale financial asset at fair value.</p> <p>We considered this to be a key audit matter as it is important to users' understanding of the financial statements as a whole and involves judgement in relation to the determination of fair value.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>- We considered the ability of the other party to repay its loan with the consolidated entity to determine if any additional provisions were required.</li> <li>- We assessed the consolidated entity's valuation of individual investment holdings. Where readily observable data was available, we sourced that independently.</li> <li>- For investments where there was less or little observable market data, including level 2 and 3 holdings as disclosed in note 18, we obtained and assessed other relevant valuation data.</li> <li>- We assessed the appropriateness of the disclosures included in the relevant notes to the financial report.</li> </ul>

## Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Directors for the Financial Report**

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

In preparing the financial report, the directors are responsible for assessing the ability of the consolidated entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **REPORT ON THE REMUNERATION REPORT**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Grandbridge Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**28 September 2018**



**B G McVeigh**  
**Partner**

# Additional Securities Exchange Information

Grandbridge Limited and its controlled entities

Additional information required by Australian Securities Exchange Limited and not shown elsewhere in this report as follows.

The information is made up to 12 September 2018

## 1. Substantial Shareholder

The name of the substantial shareholder listed in the company's register is:

Shareholder	Shares	%
Trandcorp Pty Limited	9,845,500	32.14

## 2. Distribution of Shareholders

Range of Holding	Shareholders	Number Ordinary Shares	%
1 – 1,000	166	102,509	0.34%
1,001 – 5,000	186	474,801	1.55%
5,001 – 10,000	58	482,168	1.57%
10,001 – 100,000	159	6,091,439	19.89%
100,001 and over	42	23,482,447	76.66%
	<b>611</b>	<b>30,633,364</b>	<b>100%</b>

The number of shareholders holding an unmarketable parcel was 611.

## 3. Distribution of Option holders

Range of Holding	Option holders	Number of Options	%
100,001 and over	3	750,000	100%
	3	750,000	100%

## 4. Voting Rights - Shares

All ordinary shares issued by Grandbridge Limited carry one vote per share without restriction.

## 5. Voting Rights - Options

The holders of share options do not have the right to vote.

## 6. Restricted Securities

There are no restricted securities on issue.

## 7. On-market buyback

There is no current on-market buyback.



# Additional Securities Exchange Information

Grandbridge Limited and its controlled entities

## 8. Twenty Largest Shareholders

The names of the twenty largest shareholders of the ordinary shares of the company are:

Name	Number of ordinary fully paid shares	% held of issued ordinary capital
Trandcorp Pty Ltd	4,490,022	14.66
Trandcorp Pty Ltd <Trandcorp Super Fund A/C>	3,959,243	12.92
Trandcorp Pty Ltd	1,396,235	4.56
Mr Emyr Wyn Jones <Jones Family Psf A/C>	1,262,383	4.12
Mr Dennis Graham Hulse	931,000	3.04
Mr John-Paul Lisica + Ms Celyna Ziolkowski	800,000	2.61
Mr Jeffrey Howard Latimer + Mrs Judith Ann Latimer <Latimer S/F A/C>	745,833	2.43
Boonyin Investments Pty Limited	700,000	2.29
Ms Maria Marciniak	621,527	2.03
Granborough Pty Ltd <AJ & J King S/F A/C>	600,000	1.96
Mr Roland Boillat + Mrs Sheena Boillat	511,865	1.67
Mr Anthony Keith Avotins	500,922	1.64
Kinetas Pty Ltd	424,000	1.38
GRP Trading Pty Ltd	418,823	1.37
Alert Empire Pty Ltd <Alert Superfund A/C>	380,000	1.24
Mr Geoffrey Clifford Morgan + Mrs Dorina Alayon Morgan + Mr Kevin Patrick Morgan <Cherry Superfund A/C>	370,000	1.21
Jomot Pty Ltd	346,299	1.13
Mr Walter Graham	340,942	1.11
Mr Geoffrey Robert Lyon	320,000	1.04
Asgard Capital Management Ltd <1058226 Breeze Superfund A/C>	300,000	0.98
<b>Total</b>	<b>19,419,094</b>	<b>63.39</b>