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Grandbridge Limited and its controlled entities

Appendix 4D - Half year report

Results for announcement to the market

Name of Entity	Grandbridge Limited
ABN	64 089 311 026
Financial Year Ended	31 December 2014
Previous Corresponding Reporting Period	31 December 2013

\$A'000

Revenues from ordinary activities	down	5%	To	386
Net loss from ordinary activities after tax attributable to members	Up	277%	To	(357)
Net loss for the period attributable to members	Up	277%	To	(357)
The decrease in net loss to a profit positions can be attributed to the unrealised profits recorded on the listed investments of GBA. The overall value of investments held by the company increased during the half year.				
Dividends (distributions)	Amount per security		Franked amount per security	
Final dividend	Nil		Nil	
Interim dividend				
Previous corresponding period	N/A		N/A	

Other notes to the condensed financial statements

	Current period	Previous corresponding Period
Ratios		
Profit before tax / revenue		
Consolidated profit (Loss) from ordinary activities before tax as a percentage of revenue	(132.00%)	61.86%
Profit after tax / equity interests		
Consolidated net profit / (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	(10.10%)	5.72%

	Current period	Previous corresponding Period
NTA Backing		
Net tangible asset backing per ordinary security	37.93cps	57.28cps

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Commentary on Results

The consolidated loss of the economic entity after providing for income tax amounted to \$357,532 (2013: profit \$202,432).

The company's listed investments were revalued to market at 31 December 2014 resulting in a non-cash loss of \$83,620 (31 December 2013: profit \$222,442). Further the Company raised a provision against its unsecured loan with BPH Energy Ltd resulting a non-cash loss of \$470,335. This provision can be reversed upon payment of the loan.

During the year the main focus of the company has been preparing and executing strategic initiatives and investment activities in the resources sector and corporate advisory work principally involving the company's investments into BPH Energy Ltd, Advent Energy Ltd and MEC Resources Ltd.

The net assets of the economic entity have decreased to \$7,674,202 at 31 December 2014.

Developments in the company's listed investments include:

BPH Energy Limited

Cortical Dynamics Ltd

- Cortical is progressing the BAR monitor toward regulatory approval in Australia and Europe. In 2013 Cortical lodged an application for Conformity Assessment Certification with the Australian therapeutics and goods administration (TGA), a review which comprises of an on-site audit of a company's manufacturing facility in addition to the examination of the device's clinical evidence.

The on-site audit showed Cortical to satisfactorily comply with the manufacturing standard established under the *Therapeutic Goods Act 1989*. Satisfactorily complying with the TGA on-site audit validates Cortical's Quality Management System to a standard that is recognised for the design, development and manufacturing of safe medical devices.

Late 2014 Cortical Dynamics Ltd voluntarily withdrew its Conformity Assessment application after receiving feedback from the TGA. Cortical subsequently refined its application to better reflect the Essential Principles of the TGA and submitted an amended application in February 2015. TGA certification will allow Cortical to market the BAR monitor within Australia.

- During period Cortical re-located its manufacturing and research facility to the STC incubator in Scoresby Victoria. The re-location to the STC - a facility designed to promote commercialisation and entrepreneurship around next-generation innovation - will provide the network and support to further advance the development and commercialisation of the BAR monitor.

Molecular Discover Systems Ltd

- The team at the Harry Perkins Institute of Medical Research has begun examining the liver sections of aged HLS5 knockout mice for the presence or absence of cancer. This experiment is a precursor to a larger, long-term experiment which will further define HLS5's role in liver cancer progression and development.

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MEC Resources Ltd

Advent Energy Ltd

- During the period, Advent Energy's wholly owned subsidiary, Asset Energy Pty Ltd (**Asset**), received a 12 month suspension of its PEP11 permit year 2 work program of a 200 km 2D seismic survey and geotechnical studies.
- Asset commenced preparation of an Environment Plan for approval by National Offshore Petroleum Safety and Environmental Management Authority prior to undertaking the seismic acquisition in the PEP11 permit, offshore NSW.
- Advent Energy continued with commercial discussions, planning and engineering evaluation for development of its conventional gas resources in EP386 and RL1, onshore Bonaparte Basin

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Company Information

Directors

D L Breeze – Executive Chairman
K G Hollingsworth – Non-Executive Director
D Ambrosini –Executive Director

Company Secretary

Deborah Ambrosini

Registered Office

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NORTH PERTH WA 6006

Principal Business Address

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NORTH PERTH WA 6006
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www.grandbridge.com.au
E-mail: admin@e-shares.com.au

Auditor

Nexia Perth Audit Services Pty Ltd
Level 3, 88 William Street
PERTH WA 6000

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Australian Stock Exchange Listing

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

Australian Business Number

64 089 311 026

Directors' Report

Grandbridge Limited and its controlled entities

The directors of Grandbridge Limited submit herewith the financial report for the half year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the company during or since the end of the period are:

D L Breeze

K G Hollingsworth

D Ambrosini

Review of Operations

Grandbridge Limited has reported a net loss before tax for the first half of the financial year of \$510,617 (2013: profit \$252,005).

Other Activity

The Directors are currently continuing their investment strategy as outlined in the annual report for 30 June 2014.

Operating Results

Operating loss for the consolidated entity after tax for the period was \$357,532 (2013: profit \$202,432).

Changes in State Of Affairs

During the period 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.

Subsequent Events

Other than referred to in note 8 of these financial accounts, there have not been any matters or circumstance that have arisen since the end of the period, that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

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.

Auditor's Independence

The directors received a declaration of independence from the auditor. This is included in the financial report on page 3.

Directors' Report (continued)

Grandbridge Limited and its controlled entities

Signed in accordance with a resolution of the directors made pursuant to s306(3) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'D L Breeze'.

D L Breeze
Executive Chairman
PERTH, 24 February 2015

Auditor's independence declaration under section 307C of the Corporations Act 2001

To the directors of Grandbridge Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2014, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani
Director

Perth 24 February 2015

Directors' Declaration

Grandbridge Limited and its controlled entities

The directors declare that:

- (a) 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; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'D L Breeze', with a stylized flourish at the end.

D L Breeze
Executive Chairman
PERTH, 24 February 2015

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2014

Grandbridge Limited and its controlled entities

		Consolidated	
	Note	31 December 2014 \$	31 December 2013 \$
Revenue from ordinary activities	4	386,825	407,371
Other Income	4	931	244,911
Administration expenses		(91,146)	(93,774)
Loss on revaluation of investments		(83,620)	-
Provision against loans		(470,335)	-
Consulting expenses		(20,917)	(17,072)
Depreciation and amortisation expense		(1,127)	(2,239)
Employee benefits expense		(169,367)	(217,364)
Insurance expenses		(12,923)	(16,512)
Occupancy expenses		(43,408)	(42,713)
Other expenses		(5,530)	(10,603)
(Loss)/profit before income tax		(510,617)	252,005
Income tax benefit/(expense)		153,085	(49,573)
(Loss)/profit from continuing operations		(357,532)	202,432
Profit/(Loss) attributable to members of the parent entity		(357,532)	202,432
Other Comprehensive Income			
Net losses on available-for-sale financial assets		(5,875,000)	-
Income tax relating to components of other comprehensive income		1,762,500	-
Total other comprehensive income		(4,112,500)	-
Total Comprehensive Income for the period		(4,470,032)	202,432
Earnings Per Share -			
Basic (cents per share)		(0.013)	0.717
Diluted (cents per share)		(0.013)	0.717

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position as at 31 December 2014

Grandbridge Limited and its controlled entities

		Consolidated	
	Note	31 December 2014 \$	30 June 2014 \$
Current Assets			
Cash and cash equivalents	5	49,300	85,519
Financial assets	9	85,000	160,000
Other current assets		18,006	17,776
Total Current Assets		152,306	263,295
Non-Current Assets			
Financial assets	9	10,231,561	16,471,626
Property, plant & equipment		2,916	4,045
Deferred tax assets		568,018	436,354
Total Non-Current Assets		10,802,495	16,912,025
Total Assets		10,954,801	17,175,320
Current Liabilities			
Trade and other payables		764,624	711,971
Financial Liabilities		55,166	55,166
Short-term provisions		67,747	84,194
Total Current Liabilities		887,537	851,331
Non-Current Liabilities			
Long-term provisions		47,449	45,375
Deferred tax liabilities		2,345,613	4,134,476
Total Non-Current Liabilities		2,393,062	4,179,851
Total Liabilities		3,280,599	5,031,182
Net Assets		7,674,202	12,144,138
Equity			
Issued capital	6	3,539,920	3,539,920
Reserves		6,133,736	10,246,140
Retained Earnings		(1,999,454)	(1,641,922)
Total Equity		7,674,202	12,144,138

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the half year ending 31 December 2014

Grandbridge Limited and its controlled entities

Consolidated	Ordinary Share Capital \$	Retained Profits / (Accumulated losses) \$	Option Reserve \$	Asset Revaluation Reserve \$	Total \$
Balance as at 1 July 2013	3,539,920	(1,601,512)	319,979	9,922,850	12,181,237
Net profit for the period	-	202,432	-	-	202,432
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	202,432	-	-	202,432
Transactions with owners in their capacity as owners					
Net option expense movement	-	-	3,095	-	3,095
Shares issued during the period	-	-	-	-	-
Balance for the half year ended 31 December 2013	3,539,920	(1,399,080)	323,074	9,922,850	12,386,764
Balance as at 1 July 2014	3,539,920	(1,641,922)	323,290	9,922,850	12,144,138
Net loss for the period	-	(357,532)	-	-	(357,532)
Other comprehensive income	-	-	-	(4,112,500)	(4,112,500)
Total comprehensive income for the period	-	(357,532)	-	(4,112,500)	(4,470,032)
Transactions with owners in their capacity as owners					
Net option expense movement	-	-	96	-	96
Balance for the half year ended 31 December 2014	3,539,920	(1,999,454)	323,386	5,810,350	7,647,202

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows for the half year ended 31 December 2014

Grandbridge Limited and its controlled entities

		Consolidated	
	Note	31 December 2014 \$	31 December 2013 \$
Cash Flows From Operating Activities			
Cash receipts from customers		253,100	275,077
Cash payments to suppliers and employees		(309,321)	(339,788)
Interest received		772	1,012
Income Taxes Paid		-	(416)
Net cash used in operating activities		(55,449)	(64,115)
Cash Flows From Investing Activities			
Payment for property, plant and equipment		-	-
Loans Repaid by other entities		20,000	50,000
Net cash provided by investing activities		20,000	50,000
Cash Flows From Financing Activities			
Interest paid		(770)	(1,167)
Net cash provided by financing activities		(770)	(1,167)
<i>Net decrease in Cash and Cash Equivalents Held</i>		<i>(36,219)</i>	<i>(15,282)</i>
<i>Cash and Cash Equivalents at the Beginning Of The Period</i>		<i>85,519</i>	<i>107,522</i>
Cash and Cash Equivalents at The End Of The Period	5	49,300	92,240

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the half year ended 31 December 2014

Grandbridge Limited and its controlled entities

1. CORPORATE INFORMATION

The financial report of Grandbridge Limited (the company) and its controlled entities for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 24 February 2015.

Grandbridge Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 Interim Financial Reporting.

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

The half-year financial report should be read in conjunction with the Annual Financial Report of Grandbridge Limited as at 30 June 2014.

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

It is also recommended that the half-year financial report be considered together with any public announcements made by Grandbridge Limited and its controlled entities during the half-year ended 31 December 2014 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(b) Significant Accounting Policies

The half-year condensed consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2014, except for the impact of the standards below in Note 2(c). The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Notes to the Financial Statements (continued)

for the half year ended 31 December 2014

Grandbridge Limited and its controlled entities

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) New standards

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 1031 'Materiality' (2013)
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
- Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
- Part C: 'Materiality'

Impact of the application of AASB 1031 'Materiality' (2013)

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031 does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

Impact of the application of AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'

The Group has applied the amendments to AASB 10, AASB 12 and AASB 127 for the first time in the current year. The amendments to AASB 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to AASB 12 and AASB 127 to introduce new disclosure requirements for investment entities.

Notes to the Financial Statements (continued)

for the half year ended 31 December 2014

Grandbridge Limited and its controlled entities

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As the Company is not an investment entity (assessed based on the criteria set out in AASB 10 as at 1 January 2014), the application of the amendments does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

Impact of the application of AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'

The Group has applied the amendments to AASB 132 for the first time in the current year. The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments does not have any material impact on the amounts recognised in the Group's condensed consolidated financial statements.

Impact of the application of AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'

The Group has applied the amendments to AASB 136 for the first time in the current year. The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by AASB 13 'Fair Value Measurements'.

The application of these amendments does not have any material impact on the disclosures in the Group's condensed consolidated financial statements.

Impact of the application of AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'

This amending standard makes amendments to particular Australian Accounting Standards to delete references to AASB 1031, at the same time it makes various editorial corrections to Australian Accounting Standards as well. The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

Impact of the application of AASB 2014-1 'Amendments to Australian Accounting Standards'

Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycle'

The Annual Improvements 2010-2012 Cycle include a number of amendments to various AASBs, which are summarised below.

Notes to the Financial Statements (continued)

for the half year ended 31 December 2014

Grandbridge Limited and its controlled entities

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amendments to AASB 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to AASB 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to AASB 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of AASB 9 or AASB 139 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to AASB 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to AASB 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to AASB 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The 'Annual Improvements 2011-2013 Cycle' include a number of amendments to various AASBs, which are summarised below.

The amendments to AASB 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to AASB 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, AASB 139 or AASB 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within AASB 132.

Notes to the Financial Statements (continued)

for the half year ended 31 December 2014

Grandbridge Limited and its controlled entities

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amendments to AASB 140 clarify that AASB 140 and AASB 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- (a) the property meets the definition of investment property in terms of AASB 140; and
- (b) the transaction meets the definition of a business combination under AASB 3.

Part C – 'Materiality'

This amending standard makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031, which historically has been referenced in each Australian Accounting Standard.

The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

Note that AASB 14 'Regulatory Deferral Accounts' and AASB 2014-1 'Amendments to Australian Accounting Standards – Part D: 'Consequential Amendments arising from AASB 14' is not applicable to the Group as the Group is not a first-time adopter of Australian Accounting Standards.

(d) Financial Position

The consolidated entity has incurred a net loss before tax for the period ended 31 December 2014 of \$510,617 (2013: profit of \$252,005), which is mainly attributable to the Company raising a provision against its unsecured loan with BPH Energy Ltd.

The consolidated entity has a working capital deficit of \$735,231 as at 31 December 2014 (30 June 2014: deficit of \$521,618) including cash assets of \$49,300 as at 31 December 2014 (30 June 2014: \$85,519) along with trade creditors and other payables of \$764,624 (30 June 2014: \$711,971). Included in the working capital deficit are loan receivables of \$85,000 at 31 December 2014 (30 June 2014: \$160,000) from other entities.

Included in other payables are amounts payable to the directors of the company of \$565,000 (30 June 2014: \$515,002). 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 director's fees to conserve cash resources and have undertaken not to call upon the fees for payment for a period ending 12 months from the date of the approval of this financial report.

The consolidated entity has investments in listed entities totalling \$328,145 as at 31 December 2014, which are classified as non-current assets in the statement of financial position. These assets are liquid and if required, a portion of these investments can be sold to obtain cash reserves for the consolidated entity.

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.

Notes to the Financial Statements (continued)

for the half year ended 31 December 2014

Grandbridge Limited and its controlled entities

Based on the cash flow forecasts and the ability to sell investments in listed entities if necessary, 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.

3. SEGMENT INFORMATION

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.

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	
	2014	2013	2014	2013
	\$	\$	\$	\$
Consulting Services	386,825	406,359	221,706	136,180
Investing	-	222,442	(83,621)	222,442
Unallocated	931	1,012	-	-
Total for continuing operations	387,756	629,813	138,085	358,622
Administration expenses			(91,146)	(93,774)
Depreciation and Amortisation			(1,127)	(2,239)
Other			(556,429)	(10,604)
(Loss)/profit before tax			(510,617)	252,005

Revenue reported above represents revenue generated from external customers. There were no intersegment sales in the year (2013: \$nil).

Notes to the Financial Statements (continued)

for the half year ended 31 December 2014

Grandbridge Limited and its controlled entities

	Consolidated	
	31 December 2014	30 June 2014
Segment Assets and Liabilities	\$	\$
Segment Assets		
Consulting Services	-	-
Investing	9,199,272	15,157,888
Corporate	1,755,529	2,017,432
Total Assets	10,954,801	17,175,320
	31 December 2014	30 June 2014
Segment Liabilities	\$	\$
Consulting Services	-	-
Investing	55,166	55,166
Corporate	3,225,433	4,975,916
Total Liabilities	3,280,599	5,031,082

4. REVENUE, INCOME AND EXPENSES

	Consolidated	
	31 December 2014	31 December 2013
	\$	\$
Revenue		
Advisory / Corporate revenue	386,825	406,359
Interest revenue : other entities	-	1,012
Total revenue	386,825	407,371
Other income		
Unrealised gains on financial investments	-	222,442
Other income	931	22,469
	931	244,911

Notes to the Financial Statements (continued)

for the half year ended 31 December 2014

Grandbridge Limited and its controlled entities

5. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2014 \$	30 June 2014 \$
For the purpose of the half-year consolidated condensed statement of cash flows, cash and cash equivalents comprise the following:		
Cash at bank and in hand	49,300	85,519
	49,300	85,519

6. CONTRIBUTED EQUITY

	Consolidated	
	31 December 2014 \$	30 June 2014 \$
Ordinary shares (i)	3,539,920	3,539,920
	3,539,920	3,539,920

(i) Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Number	\$
Movement in ordinary shares on issue		
As at 1 July 2014	28,220,114	3,539,920
Issued during the period	-	-
As at 31 December 2014	28,220,114	3,539,920

7. CONTINGENT LIABILITIES

There were no contingent liabilities at balance date.

Notes to the Financial Statements (continued)

for the half year ended 31 December 2014

Grandbridge Limited and its controlled entities

8. EVENTS SUBSEQUENT TO BALANCE DATE

There have not been any matters or circumstances that have arisen since the end of the half 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, other than as disclosed elsewhere in the financial report.

9. FINANCIAL ASSETS

	Consolidated	
	31 December 2014 \$	30 June 2014 \$
Current		
Loans receivable (d)	85,000	160,000
	Consolidated	
	31 December 2014 \$	30 June 2014 \$
Non-Current		
Security deposit (a)	20,000	20,000
Investments in listed entities (b)	328,145	411,761
Investments in unlisted entities (c)	8,851,127	14,726,127
Loans receivable (d)	1,032,289	1,313,738
	10,231,561	16,471,626

Fair Value of Financial Assets

The methods and valuation techniques used for the purpose of measuring fair value of the company's financial assets are unchanged compared to the previous reporting period.

For financial instruments that are measured at fair value on a non-recurring basis, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair value. This applies to the financial assets described in (d) below.

(a) The security deposit is for a performance bond provided by the Company's bank to the Australian Securities and Investment Commission.

(b) Financial Assets carried at Fair Value through the profit and loss (Level 1):

Notes to the Financial Statements (continued)

for the half year ended 31 December 2014

Grandbridge Limited and its controlled entities

	Consolidated	
	31 December 2014 \$	30 June 2014 \$
BPH Energy Limited	23,724	27,113
MEC Resources Ltd	292,421	360,648
Strategic Elements Limited	12,000	24,000
	328,145	411,761
(c) Available for sale financial Assets - at fair value (Level 3):		
Molecular Discovery Systems Limited	20,334	20,334
*Advent Energy Limited	8,812,500	14,687,500
AFFSDA	18,293	18,293
	8,851,127	14,726,127
*Advent Energy - During the period the Company reduced the balance reported for the fair value of Advent reflecting the decline of the price of oil and oil equivalents during the period.		
(d) Loans Receivable:		
Unsecured loans due from other entities	1,502,624	1,473,738
Provision against unsecured loans	(470,335)	-
	1,032,289	-

Independent Auditor's Review Report to the members of Grandbridge Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Grandbridge Limited and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Interim Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, and the *Corporations Act 2001*. This responsibility includes: establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Grandbridge Limited, would be in the same terms if given to the directors as at the time of this report.

Nexia Perth Audit Services Pty Ltd

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Conclusion

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

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

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani
Director

Perth 24 February 2015