



## Appendix 4E - Preliminary Final Report

Name of Entity	Grandbridge Limited
ABN	64 089 311 026
Financial Year Ended	Year ended 30 June 2015
Previous Corresponding Reporting Period	Year ended 30 June 2014

### Results for announcement to the market

\$A'000

Revenues and other income from ordinary activities	Down	13%	to	708
Net Loss from ordinary activities after tax attributable to members	Up	1912%	to	(813)
Net Loss for the period attributable to members	Down	1912%	to	(813)
<b>Dividends (distributions)</b>		<b>Amount per security</b>		<b>Franked amount per security</b>
Final dividend		nil		nil
Interim dividend				
Previous corresponding period		n/a		n/a

### Other notes to the condensed financial statements

<b>Ratios</b>	<b>Current period</b>	<b>Previous corresponding Period</b>
<b>Profit before tax / revenue</b>		
Consolidated profit (loss) from ordinary activities before tax as a percentage of revenue	(152.14%)	6.91%
<b>Profit after tax / equity interests</b>		
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	(16.04%)	(0.33%)

<b>NTA Backing</b>	<b>Current period</b>	<b>Previous corresponding period</b>
Net tangible asset backing per ordinary security	18.88cps	59.23cps



	Current period	Previous corresponding period
<b>Statement of Retained Earnings</b>		
Balance at beginning of the year	(1,641,922)	(1,601,512)
Net loss attributable to members of the parent entity	(813,007)	(40,410)
Total available for appropriation	(2,454,929)	(1,641,922)
Dividends paid	-	-
Balance at year end	(2,454,929)	(1,641,922)

## Commentary on Results

The consolidated loss of the economic entity after providing for income tax amounted to \$813,007 (2014: \$40,410).

The net assets of the economic entity have decreased by \$7,076,565 to \$5,067,573 at 30 June 2015. The reduction in net assets has occurred after the company reduced the fair value of its investment in Advent Energy Ltd reflecting the decline in energy stocks during the year.

The decrease in the value of listed investments has resulted in a net loss on the revaluation of investments of \$175,241 (2014 net loss: \$4,526) for the year end 30 June 2015.

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 been examining the liver sections of aged HLS5 knockout mice. This experiment is a precursor to a larger, long-term experiment which will further define HLS5's role in liver cancer progression and development.

#### **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
- Advent Energy continued with commercial discussions, planning and engineering evaluation for development of its conventional gas resources in EP386 and RL1, onshore Bonaparte Basin. This includes discussions with potential third party infrastructure providers to contribute expertise and resources to the conceptual commercialisation of a virtual pipeline gas delivery methodology in the east Kimberley region. This commercialisation strategy is aided by the completion of key road infrastructure constructed by the State and Federal Governments as part of the East Kimberley Development Package that encroaches upon Advent's gas resources in EP386 and RL1.
- Advent Energy's wholly owned subsidiary, Onshore Energy Pty Ltd, received a 12 month suspension of its EP386 permit year 2 work program of one exploration well
- During the period, Advent Energy, along with its Joint Venturers, lodged an application to the Western Australian Department of Mines & Petroleum to surrender EP325 in the Exmouth Sub-basin of the Carnarvon Basin.

The Seafarms Group is progressing the potential development of Project Sea Dragon, a proposed world scale aquaculture operation adjacent to MEC Resources' investee Advent Energy's EP386 and RL1 gas resources spanning the border of northern Western Australia and Northern Territory. Land access rights for Legune Station have been acquired by the Seafarms Group which will allow progression to application for regulatory approvals and commencement of a bankable feasibility study. A Letter Of Intent was signed by Advent Energy with the proponents of Project Sea Dragon in 2013 for the potential supply of energy to the aquaculture operation

For further commentary please refer to the attached audited annual report

# Additional Securities Exchange Information

Grandbridge Ltd and its controlled entities

---

## Compliance Statement

1. This report has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act or other standards acceptable to the ASX.
2. This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed.
4. This report is based on accounts to which one of the following applies.

☒

The accounts have been audited

☐

The accounts are in the process of being audited or subject to review.

☐

The accounts have been subject to review.

☐

The accounts have not yet been audited.



Sign here: .....

Director

Date: 27<sup>th</sup> August 2015

Print name: David Breeze

ABN 64 089 311 026

GRANDBRIDGE LIMITED

Annual Financial Report 2015

# Contents

Grandbridge Limited and its controlled entities

---

	Page Number
Directors' Report.....	1
Auditor's Independence Declaration.....	9
Corporate Governance .....	10
Consolidated Statement of Profit or Loss and Other Comprehensive Income .....	17
Consolidated Statement of Financial Position .....	18
Consolidated Statement of Changes in Equity.....	19
Consolidated Statement of Cash Flows .....	20
Notes to the Consolidated Financial Statements .....	21
Directors' Declaration .....	52
Independent Auditor's Report.....	53
Additional Securities Exchange Information .....	55

---

## Company Information

### Directors

David Breeze – Executive Chairman  
Kevin Hollingsworth – Non-Executive Director  
Deborah Ambrosini – Executive Director

### Registered Office

14 View Street  
NORTH PERTH WA 6006

### Principal Business Address

14 View Street  
NORTH PERTH WA 6006  
Telephone: (08) 9328 8400  
Facsimile: (08) 9328 8733  
Website: [www.e-shares.com.au](http://www.e-shares.com.au)  
[www.grandbridge.com.au](http://www.grandbridge.com.au)  
E-mail: [admin@e-shares.com.au](mailto:admin@e-shares.com.au)

### Auditor

Nexia Perth Audit Services Pty Ltd  
Level 3, 88 William 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

# Directors' Report

Grandbridge Limited and its controlled entities

---

The directors of Grandbridge Limited present their report on the company and its controlled entities for the financial year ended 30 June 2015.

## Directors

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

D L Breeze  
K G Hollingsworth  
D Ambrosini

## Company Secretary

Ms Deborah Ambrosini continues in her role of company secretary. She also holds the position of Chief Financial Officer of the Company and has over 15 years' experience in Corporate accounting roles.

## Principal Activities

The principal activity of the economic 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 economic entity's principal activities during the financial year.

## Operating Results

The consolidated loss of the economic entity after providing for income tax amounted to \$813,007 (2014: \$40,410).

## 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.

## Review of Operations

The decrease in the value of listed investments has resulted in a net loss on the revaluation of investments of \$175,241 (2014 net loss: \$4,526) for the year end 30 June 2015. 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 Limited, Advent Energy Ltd and MEC Resources Ltd.

## Financial Position

The net assets of the economic entity have decreased by \$7,076,565 to \$5,067,573 at 30 June 2015. The reduction in net assets has occurred after the company reduced the fair value of its investment in Advent Energy Ltd reflecting the decline in energy stocks during the year.

## Significant Changes in State Of Affairs

On 17 March 2015 Grandbridge announced a Share Purchase Plan. The plan was open to existing shareholders who were able to purchase up to \$15,000 worth of stock at a 20% discount to the average market price of the Company's shares calculated over the five days prior to and including the record date. The plan was closed on 4 May 2015 and raised \$69,500.

## After Balance Date Events

There have not been any matters or circumstances 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.

# Directors' Report

Grandbridge Limited and its controlled entities

---

## Future Developments

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

## Current Investments

### BPH Energy Limited

BPH Energy Limited ("BPH") is a diversified company holding investments in the biotechnology and resources sector. BPH holds a significant interest in unlisted oil and gas exploration company, Advent Energy Ltd, targeting multi-trillion cubic feet (Tcf) prospective resources. BPH is also commercialising a portfolio of Australian biomedical technologies emerging from collaborative research by leading universities, medical institutes and hospitals across Australia.

Biomedical technologies in the commercialisation stage include:

- Diagnostic Array Systems Pty Ltd; BacTrak (a faster and more effective method for detecting infectious disease)
- 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
- HLS5 Tumour Suppress Gene; a genetic marker for early and accurate cancer detection

### Molecular Discovery Systems Limited

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.

In 2014 after careful consideration of general market conditions and available resources, MDSYSTEMS made a decision to suspend its early stage drug discovery program. This change was made effective from July 2014.

### MEC Resources Ltd

Grandbridge Limited successfully coordinated the spin off and Australian Securities Exchange listing of the energy and minerals investment company MEC Resources Ltd.

MEC Resources Ltd ("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.

MEC provides carefully selected companies in the energy and mineral exploration sectors with development and exploration funding. MEC has identified investment opportunities with a number of specific characteristics including: large targets; a stage of development that permits a strategic investor or IPO within several years; strong and experienced management team and a definitive competitive advantage.

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.

### Advent Energy Ltd - Oil and Gas

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.

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. Included in these assets in EP386 recoverable resource estimates range from 53.3 Bcf (Low) to 1,326.3 Bcf (High) of Prospective Resources, with a Best Estimate of 355.9 Bcf of gas.



# Directors' Report

Grandbridge Limited and its controlled entities

---

The rapid development of the Kununurra region in northern Western Australia, including the Ord Irrigation Expansion Project and numerous resource projects, provides an exceptional opportunity for Advent to potentially develop its nearby gas resources for the benefit of the region along with Advent and its shareholders.

The Sydney Basin is a proven petroleum basin with excellent potential for the discovery of gas and oil. 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 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.

## Information on Directors

### **D L Breeze**

*Managing Director and Executive Chairman – Age 61*

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 also holds directorships in other listed entities including MEC Resources Ltd and BPH Energy Limited.

### **K G Hollingsworth**

*Non-Executive Director – Age 62*

Shares held – 70,002

Unlisted Options held – 250,000

Kevin Hollingsworth is a Certified Practising Accountant, a Cost and Management Accountant and a Registered Tax Agent. Mr Hollingsworth is a Fellow of CPA Australia. He is also a Past Councillor and Past Chairman of their National Industry and Commerce Committee. Mr Hollingsworth is also a Fellow of The Chartered Institute of Management Accountants (UK) (CIMA). He is also Past National President of CIMA Australia and is currently a National Councillor of CIMA Australia.

Mr Hollingsworth spent 10 years working for small and medium size enterprises in England before returning to Australia to set up his own accountancy business and advisory company in the early 1980's.

His company specialises in providing services to small and medium enterprises including Strategic Business Advice, Financial Management, Business Planning and Controls, Business Appraisals, Management and Analytical Assessments and Strategic Management Accounting.

### **D Ambrosini**

*Executive Director and Company Secretary – Age 41*

Shares held – nil

Unlisted Options held – nil

Deborah is a chartered accountant with over 15 years' experience in accounting and business development spanning the biotechnology, mining, IT communications and financial services sectors. She has extensive experience both nationally and internationally in financial and business planning, compliance and taxation.

# Directors' Report

Grandbridge Limited and its controlled entities

---

Deborah is a member of the Institute of Chartered Accountants in Australia and was a state finalist in the 2009 Telstra Business Woman Awards. Deborah was also a recipient of the highly regarded 40 under 40 award held by the WA Business News.

Deborah is also a director of ASX listed MEC Resources Ltd.

## Remuneration Report (Audited)

This report details the nature and amount of remuneration for key management personnel of Grandbridge.

### **Key Management Personnel**

D L Breeze - Executive Chairman and Managing Director (CEO)

K G Hollingsworth - Non-Executive Director

D Ambrosini – Executive Director and Company Secretary

## 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 2014 financial accounts was adopted at the company's 2014 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 economic 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 economic 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 economic entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of executives is measured against criteria agreed biannually with each executive and is based predominantly on the forecast growth of the economic entity's profits and shareholders' value. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. 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.

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. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

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. 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 economic 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.

# Directors' Report

Grandbridge Limited and its controlled entities

## Employment contracts of directors and senior executives

The employment conditions of the managing director, David Breeze, and Chief Financial Officer Deborah Ambrosini are formalised in contracts of employment. The directors are permanent employees of Grandbridge Limited. 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. The CFO's contract stipulates a four week notice period. 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 lapse.

## Details of Remuneration for the year ended 30 June 2015

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:

### Key Management Personnel Compensation

#### 2015

Key Management Person	Short-term Benefits				Post-employment Benefits
	Cash, Salary & Fees	Bonus	Non-cash benefit	Other	Superannuation
D L Breeze	127,624	-	-	-	7,374
K G Hollingsworth	25,000	-	-	-	-
D Ambrosini	171,704	-	-	-	13,936

#### 2015 (continued)

Key Management Person	Long-term Benefits	Share-based payment		Total	Performance Related
	Other	Equity	Options	\$	%
D L Breeze	-	-	-	134,998	-
K G Hollingsworth	-	-	-	25,000	-
D Ambrosini	-	-	-	185,640	-

#### 2014

Key Management Person	Short-term Benefits				Post-employment Benefits
	Cash, Salary & Fees	Bonus	Non-cash benefit	Other	Superannuation
D L Breeze	127,616	-	-	-	7,179
K G Hollingsworth	25,000	-	-	-	-
D Ambrosini	200,950	-	-	-	16,275

# Directors' Report

Grandbridge Limited and its controlled entities

## 2014 (continued)

Key Management Person	Long-term Benefits	Share-based payment		Total	Performance Related
	Other	Equity	Options	\$	%
D L Breeze	-	-	-	134,795	-
K G Hollingsworth	-	-	2,603	27,603	-
D Ambrosini	-	-	-	217,225	-

The following share-based payment arrangements were in existence relating to directors remuneration.

## 2015

Option Series	Grant date	Expiry date	Exercise Price	Grant date fair value	Vesting date	No. of Options
28 November 2013	28/11/2013	31/12/2018	\$0.12	\$0.0104	Vest at grant date	250,000

## 2014

Option Series	Grant date	Expiry date	Exercise Price	Grant date fair value	Vesting date	No. of Options
28 November 2013	28/11/2013	31/12/2018	\$0.12	\$0.0104	Vest at grant date	250,000
12 November 2009	12/11/2009	31/12/2014	\$0.35	\$0.028	Vest at grant date	2,000,000

There are no further service or performance criteria that need to be met in relation to options granted.

There were no share based payments compensation provided to directors in the current year.

## 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. Analysis of the actual figures shows an increase in the net loss of the current year which is due primarily to the Company raising a provision against its unsecured loans during the year resulting a non-cash loss of \$955,817. This provision can be reversed upon payment of the loans.

	2011	2012	2013	2014	2015
Revenue	1,464,127	827,786	834,768	815,663	708,429
Net Profit	(2,805,377)	(469,770)	(325,745)	(40,410)	(813,007)
Share price at Year end	\$0.09	\$0.05	\$0.03	\$0.03	\$0.03
Earnings per share (cents)	(9.94)	(1.66)	(1.15)	(0.14)	(2.84)

End of remuneration report.

# Directors' Report

Grandbridge Limited and its controlled entities

## Meetings of Directors

During the financial year, two meetings of directors (including committees of directors) was held. Attendances by each director during the year were:

Directors' Meetings		
	Number eligible to attend	Number attended
D L Breeze	2	2
K G Hollingsworth	2	2
D Ambrosini	2	2

## 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 following directors 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 \$12,637.

- D Breeze
- D Ambrosini
- K Hollingsworth

The company has not indemnified the current or former auditor of the company.

## 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
21/01/2011	21/01/2016	\$0.45	100,000	\$0.05	21/01/2014
01/07/2013	30/06/2018	\$0.15	173,334	\$0.004	01/07/2014 – 1/3 01/07/2015 – 1/3 01/07/2016 – 1/3
28/11/2013	31/12/2018	\$0.12	250,000	\$0.010	28/11/2013

During the year ended 30 June 2015 nil (2014: nil) ordinary shares of Grandbridge Limited were issued on the exercise of options granted under the Grandbridge Limited Employee Option Plan. No further shares have been issued since that date. No amounts are unpaid on any of the 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.

# Directors' Report

Grandbridge Limited and its controlled entities

---

## Environmental Issues

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

## Non-audit Services

No fees for non-audit services were paid or payable to the external auditors during the year ended 30 June 2015 (2014: Nil).

## Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 9.

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

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

David Breeze

Dated this 27th August 2015

**Lead 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 audit for the financial year ended 30 June 2015 there have been:

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

NPAS

**Nexia Perth Audit Services Pty Ltd**

Amar Nathwani

**Amar Nathwani**  
**Director**

Perth  
27 August 2015

# Corporate Governance

Grandbridge Limited and its controlled entities

---

The board of directors of the company is responsible for the corporate governance of the economic 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.

## CORPORATE GOVERNANCE DISCLOSURES

Grandbridge Limited ("the company") and the board are committed to achieving and demonstrating the highest standards of corporate governance. The board continues to review the framework and practices to ensure they meet the interests of shareholders. The company and its controlled entities together are referred to as the group in this statement.

## COMPOSITION OF THE BOARD

The composition of the board is determined in accordance with the following principles and guidelines:

- the board should comprise a reasonable level of independent non-executive directors;
- the board should comprise at least one director with an appropriate range of qualifications and expertise; and
- the board shall meet at regular intervals and follow meeting guidelines set down to ensure all directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

When a vacancy exists, through whatever cause, or where it is considered that the board would benefit from the service of a new director with particular skills, the board selects a candidate or panel of candidates with the appropriate expertise.

The board then appoints the most suitable candidate, who must stand for election at the next general meeting of shareholders. The company does not have a formal Nomination Committee.

## REMUNERATION AND NOMINATION COMMITTEES

The company does not have a formal Remuneration or Nomination Committees. The full board attends to the matters normally attended to by a Remuneration Committee and a Nomination committee. Remuneration levels are set by the company in accordance with industry standards to attract suitable qualified and experienced directors and senior executives.

## AUDIT COMMITTEE

The company does not have a formal Audit Committee. The full board carried out the functions of an Audit Committee. Due to the status of the company and the relatively straight forward accounts of the company anticipated in the financial year, the directors believe that at the moment there would be no additional benefits obtained by establishing such a committee. The board follows the Audit Committee Charter, a copy of which is available on request.

## BOARD RESPONSIBILITIES

As the board acts on behalf of and is accountable to the shareholders, it seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The board seeks to discharge these responsibilities in a number of ways. The responsibility for the operation and administration of the economic entity is delegated by the board to the managing director. The board ensures that the managing director is appropriately qualified and experienced to discharge his responsibilities, and has in place procedures to assess the performance for the company's officers, employees, contractors and consultants.



# Corporate Governance

Grandbridge Limited and its controlled entities

The board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the board. It has a number of mechanisms in place to ensure this is achieved, including the following:

- Board approval of a strategic plan, designed to meet shareholder needs and manage business risk;
- Implementation of operating plans and budgets by management and board monitoring progress against budget; and
- Procedures to allow directors, in the furtherance of their duties, to seek independent professional advice at the company's expense.

## MONITORING OF THE BOARD'S PERFORMANCE

In order to ensure that the board continues to discharge its responsibilities in an appropriate manner, the performance of all directors is to be reviewed annually by the chairperson. Directors whose performance is unsatisfactory are asked to retire.

## BEST PRACTICE RECOMMENDATION

Outlined below are the 8 Essential Corporate Governance Principles as outlined by the ASX and the Corporate Governance Council. The company has complied with the Corporate Governance Best Practice Recommendations except as identified below.

Action taken and reasons if not adopted
<p><b>Principle 1: Lay solid foundations for management and oversight</b></p> <p>The relationship between the board and senior management is critical to the group's long-term success. The directors are responsible to the shareholders for the performance of the group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the group is properly managed.</p> <p>The responsibilities of the board include:</p> <ul style="list-style-type: none"><li>• providing strategic guidance to the group including contributing to the development of and approving the corporate strategy;</li><li>• reviewing and approving business plans, and financial plans including major capital expenditure initiatives;</li><li>• overseeing and monitoring:<ul style="list-style-type: none"><li>• organisational performance and the achievement of the group's strategic goals and objectives and</li><li>• progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments</li></ul></li><li>• monitoring financial performance including approval of the annual and half-year financial reports;</li><li>• appointment, performance assessment and, if necessary, removal of the managing director;</li><li>• ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team including the CFO and the company secretary;</li><li>• ensuring there are effective management processes in place and approving major corporate initiatives;</li><li>• enhancing and protecting the reputation of the organization; and</li><li>• overseeing the operation of the group's system for compliance and risk management reporting to shareholders.</li></ul> <p>Day to day management of the group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the board to the managing director and senior executives.</p>

# Corporate Governance

Grandbridge Limited and its controlled entities

## Action taken and reasons if not adopted

### Principle 2: Structure the board to add value

The board operates in accordance with the broad principles set out in its charter. The charter details the board's composition and responsibilities.

The board seeks to ensure that :

- at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the group and directors with an external or fresh perspective; and
- the size of the board is conducive to effective discussion and efficient decision-making.

### Directors' independence

The board has adopted specific principles in relation to directors' independence. These state that when determining independence, a director must be a non-executive and the board should consider whether the director:

- is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- is or has been employed in an executive capacity by the company or any other group member within three years before commencing to serve on the board;
- within the last three years has been a principal of a material professional adviser or a material consultant to the company or any other group member, or an employee materially associated with the service provided;
- has a material contractual relationship with the company or a controlled entity other than as a director of the group;
- is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's independent exercise of their judgement.

Materiality for these purposes is determined on both quantitative and qualitative bases. A transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the director's performance.

The board assesses independence each year. To enable this process, the directors must provide all information that may be relevant to the assessment.

### Board members

Details of the members of the board, their experience, expertise, qualifications, term of office, relationships affecting their independence and their independent status are set out in the directors' report under the heading "Information on directors". At the date of signing the directors' report, there is one non-executive directors and two executive directors, one of whom has no relationships adversely affecting independence and so is deemed independent under the principles set out above.

- Mr Breeze has business dealings with the group as disclosed in note 22 to the financial report.
- Mr Breeze, although meeting other criteria, and bringing independent judgement to bear in his role, is not defined as an independent director.

### Term of office

The company's constitution specifies that all non-executive directors must retire from office no later than the third annual general meeting (AGM) following their last election. Where eligible, a director may stand for re-election, subject to the following limitations:

- on attaining the age of 72 years a director will retire, by agreement, at the next AGM and will not seek re-election.

## Action taken and reasons if not adopted

### Chair and managing director

The chair is responsible for leading the board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and managing the board's relationship with the company's senior executives. In accepting the position, the chair has acknowledged that it will require a significant time commitment and has confirmed that other positions will not hinder his effective performance in the role of chair.

The managing director is responsible for implementing group strategies and policies.

The chairman does not satisfy the Independence test as the role of the chairman and the managing director is exercised by the same person. The board is of the opinion that the chairman's role as chairman of the board is appropriate given his experience and knowledge of the business.

### Committees

The number of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2015, and the number of meetings attended by each director is disclosed on page 7.

It is the company's practice to allow its executive directors to accept appointments outside the company. No appointments of this nature were accepted during the year ended 30 June 2015.

The company is not of a size at the moment that justifies having a separate Nomination Committee. However, matters typically dealt with by such a committee are dealt with by the Executive Committee.

Notices of meetings for the election of directors comply with the ASX Corporate Governance Council's best practice recommendations.

### Principle 3: Promote ethical and responsible decision making

The company has developed a statement of values which has been fully endorsed by the board and applies to all directors and employees. The Statement is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the group's integrity and to take into account legal obligations and reasonable expectations of the company's stakeholders.

The Statement requires that at all times all company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies.

The company's share trading policy is set out on the company's website.

The purchase and sale of company securities by directors and employees is monitored by the board.

The company's policy regarding diversity is set out on the company's website.

The company's diversity policy does not include measurable objectives as the board believes that the company will not be able to successfully meet these given the size and stage of development of the company. If the company's activities increase in size, nature and scope in the future, the suitable measurable objectives will be agreed and put into place.

The company is committed to Diversity and Equal Opportunity within its workforce placing particular focus on the level of gender diversity at senior levels of the organisation. The company ensures this is achieved by :

- ensuring recruitment and selection practices enable the availability of a diverse candidate pool for appointments at senior levels;
- development of high potential women;
- implementation of flexible working arrangements and
- ensuring remuneration practices are free from gender bias.

# Corporate Governance

Grandbridge Limited and its controlled entities

## Action taken and reasons if not adopted

Given the size of the company the directors do not consider it appropriate to set and include measurable objectives in relation to diversity within the annual report. Notwithstanding this the company strives to provide the best possible opportunities for current and prospective employees of all backgrounds in such a manner that best adds to overall shareholder value and which reflects the values, principles and spirit of the Company's Diversity Policy.

One of Grandbridge's 3 directors is female.

### Principle 4: Safeguard integrity in financial reporting

Adopted except as follows:-

The company does not have a separate Audit Committee. The full board carries out the functions of an Audit Committee. The board has the authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

Due to the status of the company and the relatively straight forward accounts of the company, the directors at the moment can see no additional benefits to be obtained by establishing such a committee.

The board follows the Audit Committee Charter, a copy of which is available on request.

The company is not of a size at the moment that justifies having an internal audit division.

### External auditors

The board's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. Nexia was appointed as the external auditor in 2012. It is the Corporation Act's policy to rotate audit engagement partners on listed companies at least every five years. A partner should not be re-assigned to a listed entity audit engagement if this equates to the partner serving in this role for more than 5 out of 7 successive years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the directors' report and in note 6 to the financial statements. The external auditors provide an annual declaration of their independence to the board.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

### Principle 5&6: Make timely and balanced disclosures and respect the rights of shareholders Continuous disclosure and shareholder communication

The company has policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the group that a reasonable person would expect to have a material effect on the price of the company's securities. These policies and procedures also include the arrangements the company has in place to promote communication with shareholders and encourage effective participation at general meetings.

The company secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the group's operations, the material used in the presentation is released to the ASX and posted on the company's web site. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.

# Corporate Governance

Grandbridge Limited and its controlled entities

## Action taken and reasons if not adopted

All shareholders receive a copy of the company's annual (full or concise) and half-yearly reports. In addition, the company seeks to provide opportunities for shareholders to participate through electronic means. Recent initiatives to facilitate this include making all company announcements, media briefings, details of company meetings, and financial reports available on the company's website.

### Principle 7: Recognise and manage risk

The board and senior executives are responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the company policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the group's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. The board actively promotes a culture of quality and integrity.

The responsibility for the operation and administration of the economic entity is delegated by the board to the managing director. The board ensures that the managing director is appropriately qualified and experienced to discharge his responsibilities, and has in place procedures to assess the performance for the company's officers, employees, contractors and consultants. The board receives monthly updates as to the effectiveness of the company's management of material risks that may impede meeting business objectives.

The board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the board. It has a number of mechanisms in place to ensure this is achieved, including the following:

- Board approval of a strategic plan, designed to meet shareholder needs and manage business risk;
- Implementation of operating plans and budgets by management and board monitors progress against budget;
- Procedures to allow directors, in the furtherance of their duties, to seek independent professional advice at the company's expense.

Control procedures cover management accounting, financial reporting, project appraisal, IT security, compliance and other risk management issues. The managing director is required to ensure that appropriate controls are in place to effectively manage the identified risks. This is monitored by the board on a monthly basis.

### The environment

Information on compliance with significant environmental regulations is set out in the directors' report.

### Corporate reporting

The managing director and CFO have made the following certifications to the board:

- that the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and group and are in accordance with relevant accounting standards; and
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material respects in relation to financial reporting risks.

# Corporate Governance

Grandbridge Limited and its controlled entities

---

---

## Action taken and reasons if not adopted

---

### Principle 8: Remunerate fairly and responsibly

The company is not of a size at the moment that justifies having a separate Remuneration Committee. However, matters typically dealt with by such a committee are dealt with by the board.

The board makes specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors. The board also reviews gender pay equity on an annual basis to ensure equality.

Each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description.

Further information on directors' and executives' remuneration, including principles used to determine remuneration, is set out in the directors' report under the heading "Remuneration report". In accordance with group policy, participants in equity-based remuneration plans are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.

The board with the managing director also assumes responsibility for overseeing management succession planning, including the implementation of appropriate executive development programmes and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions.

---

# Statement of Profit or Loss and Other Comprehensive Income

## for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

		Consolidated	
	Note	2015 \$	2014 \$
Revenue	2	708,429	815,663
Other income/(losses)	2	(137,274)	17,943
Administration expenses		(195,594)	(193,190)
Provision against loans	9(d)	(955,817)	-
Consulting and Legal expenses		(32,891)	(30,106)
Depreciation and amortisation expenses		(2,114)	(3,955)
Employee expenses	3	(340,231)	(423,788)
Insurance expenses		(24,515)	(28,484)
Occupancy expenses		(85,292)	(83,385)
Other expenses from ordinary activities		(11,310)	(14,301)
Profit/(Loss) Before Income Tax		(1,076,609)	56,397
Income tax (expense)/benefit	4	263,602	(96,807)
Profit/Loss from continuing operations		(813,007)	(40,410)
Profit/(Loss) attributable to members of the parent entity		(813,007)	(40,410)
Other Comprehensive income			
Items that are or may be reclassified to profit and loss			
Net losses on available-for-sale financial assets	19(c)	(9,047,500)	-
Income tax relating to components of other comprehensive income		2,714,250	-
Total other comprehensive income		(6,333,250)	-
Total Comprehensive income for the period		(7,146,257)	(40,410)
Loss Per Share –			
Basic and diluted loss per share (cents per share)	7	(2.84)	(0.14)

The accompanying notes form part of these financial statements.

# Statement of Financial Position as at 30 June 2015

Grandbridge Limited and its controlled entities

		Consolidated	
	Note	2015 \$	2014 \$
<b>Current Assets</b>			
Cash and cash equivalents	8	101,765	85,519
Financial Assets	9	-	160,000
Other current assets		24,895	17,776
<b>Total Current Assets</b>		126,660	263,295
<b>Non-Current Assets</b>			
Financial assets	9	6,589,516	16,471,626
Property, plant & equipment	10	2,225	4,045
Deferred tax assets	11	683,340	436,354
<b>Total Non-Current Assets</b>		7,275,081	16,912,025
<b>Total Assets</b>		7,401,741	17,175,320
<b>Current Liabilities</b>			
Trade and other payables	12	817,187	711,971
Financial Liabilities	13	-	55,166
Short-term provisions	14	66,399	84,194
<b>Total Current Liabilities</b>		883,586	851,331
<b>Non Current Liabilities</b>			
Long-term provisions	14	51,915	45,375
Deferred tax liabilities	11	1,398,667	4,134,476
<b>Total Non Current Liabilities</b>		1,450,582	4,179,851
<b>Total Liabilities</b>		2,334,168	5,031,182
<b>Net Assets</b>		5,067,573	12,144,138
<b>Equity</b>			
Issued capital	15	3,609,420	3,539,920
Reserves	16	3,913,082	10,246,140
Accumulated losses		(2,454,929)	(1,641,922)
<b>Total Equity</b>		5,067,573	12,144,138

The accompanying notes form part of these statements



# Statement of Changes in Equity

for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

	Ordinary Share Capital \$	Accumulate d losses \$	Option Reserve \$	Fair Value Reserve \$	Total \$
<b>Balance at 1 July 2013</b>	3,539,920	(1,601,512)	319,979	9,922,850	12,181,237
Net loss for the year	-	(40,410)	-	-	(40,410)
Other comprehensive income net of income tax	-	-	-	-	-
<b>Total Comprehensive income for the year</b>	-	(40,410)	-	-	(40,410)
Transactions with owners in their capacity as owners					
Option expense during the year	-	-	3,311	-	3,311
<b>Balance at 30 June 2014</b>	3,539,920	(1,641,922)	323,290	9,922,850	12,144,138
<b>Balance at 1 July 2014</b>	3,539,920	(1,641,922)	323,290	9,922,850	12,144,138
Net loss for the year	-	(813,007)	-	-	(813,007)
Other comprehensive income net of income tax (note 9(c))	-	-	-	(6,333,250)	(6,333,250)
<b>Total Comprehensive income for the year</b>	-	(813,007)	-	(6,333,250)	(7,146,257)
Transactions with owners in their capacity as owners					
Shares issued under share purchase plan	69,500	-	-	-	69,500
Option expense during the year	-	-	192	-	192
<b>Balance at 30 June 2015</b>	3,609,420	(2,454,929)	323,482	3,589,600	5,067,573

The accompanying notes form part of these financial statements.

# Statement of Cash Flows for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

	Note	Consolidated	
		2015 \$	2014 \$
<hr/>			
<b>Cash Flows From Operating Activities</b>			
Receipts from customers		456,844	527,708
Payments to suppliers and employees		(607,742)	(651,488)
Interest received/paid		771	3,632
Income taxes paid		-	(416)
<b>Net cash used in operating activities</b>	18	(150,127)	(120,564)
<hr/>			
<b>Cash Flows From Investing Activities</b>			
Proceeds from sale of equity investments		57,167	-
Loans and advances from related entities		40,000	100,000
Payment for property, plant and equipment		(294)	-
<b>Net cash provided by investing activities</b>		96,873	100,000
<hr/>			
<b>Cash Flows From Financing Activities</b>			
Receipts from issue of shares		69,500	(1,439)
<b>Net cash used in financing activities</b>		69,500	(1,439)
<hr/>			
<i>Net increase (decrease) in Cash and Cash Equivalents Held</i>		16,246	(22,003)
<i>Cash and Cash Equivalents At the Beginning Of The Financial Year</i>		85,519	107,522
<b>Cash and Cash Equivalents At The End Of The Financial Year</b>	8	101,765	85,519

The accompanying notes form part of these statements

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

---

## 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 group' or 'group').

Grandbridge Limited is a company incorporated and domiciled in Australia. The company is listed on the ASX.

The financial report was authorised for issue on 27th August 2015 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

The consolidated entity has incurred a net loss before tax for the year ended 30 June 2015 of \$1,076,609 (30 June 2014 profit :\$56,397), 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 \$715,422 (excluding employee provisions and prepayments) as at 30 June 2015 (30 June 2014: deficit of \$521,618) which includes cash assets of \$101,765 as at 30 June 2015 (30 June 2014: \$85,519) and trade creditors and other payables of \$817,187 (30 June 2014: \$711,971).

Included in trade creditors and payables is director fee and salary accruals of \$647,258 (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 directors' fees and salary to conserve cash resources until such time that the consolidated entity has sufficient cash resources.

The consolidated entity has investments in listed entities totalling \$217,321 (Note 19 (c)) as at 30 June 2015, which are classified as non-current assets in the statement of financial position. As in prior years 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 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 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

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

---

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

business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

### 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 17 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.

##### *(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 between 20% and 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.

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

---

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

### Accounting Policies (continued)

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

##### (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.

#### (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 economic 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 2015

Grandbridge Limited and its controlled entities

---

## 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 economic 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 economic 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 sheet 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.

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

---

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

### Accounting Policies (continued)

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

##### Derecognition

Financial assets are derecognised 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 derecognised 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 AFS 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.

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

---

## 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.

##### *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.

##### *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.



# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

---

## 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 services 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 25). 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.

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

---

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

### Accounting Policies (continued)

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.

#### (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.

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

---

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

### Accounting Policies (continued)

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

##### *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 amounts receivable of \$673,568 (30 June 2014: \$1,473,738). During the period the Company raised a provision against its unsecured loans with BPH Energy Ltd, Cortical Dynamics Ltd and Molecular Discovery Systems Ltd resulting in a non-cash expense of \$955,817. This provision can be reversed upon payment of the loans.

##### *Recognition of deferred tax assets for unused tax losses*

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 Group will derive sufficient future assessable income or have sufficient taxable temporary differences to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

##### *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- Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ending 30 June 2015 is included in the following note. Note 19(c) – Fair Value of available for sale assets.

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

##### **New and amended standards adopted in the current year**

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2014:

- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting*
- Interpretation 21 *Accounting for Levies*
- AASB 2014-1 *Amendments to Australian Accounting Standards*

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

##### **New standards not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

##### *AASB 9 Financial Instruments*

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.

AASB 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

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

The standard is not expected to have a material impact on the group's financial instruments.

### AASB 15 Revenue from Contracts with Customers

AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 July 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

AASB 15 is mandatory for financial years commencing on or after 1 January 2017. Management is currently assessing the impact of the new rules. At this stage, the group is not able to estimate the impact of the new rules on the group's financial statements. The group will make more detailed assessments of the impact over the next twelve months.

## 2. Revenue and Other Income

	Consolidated	
	2015	2014
	\$	\$
<b>Revenue</b>		
Advisory / Corporate revenue	707,658	814,616
Interest revenue : other entities	771	1,047
<b>Total revenue</b>	<b>708,429</b>	<b>815,663</b>
<b>Other income</b>		
Unrealised losses on financial investments (i)	(175,241)	(4,526)
Australian Taxation excess ac refund	-	22,469
Net gain on sale of equity investments	37,967	-
	<b>(137,274)</b>	<b>17,943</b>

(i) The company revalued its listed investments to market rates.

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

### Expenses

#### Employee Expenses

Salary	321,305	369,817
Superannuation	29,989	34,208
Share based payments	192	3,311
Other Payroll expenses	(11,255)	16,452
<b>Total expenses</b>	<b>340,231</b>	<b>423,788</b>

## Grandbridge Limited and its controlled entities

31

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

## 5. Key Management Personnel Compensation

Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:

### Key Management Personnel

D L Breeze - Executive chairman and managing director (CEO)

K G Hollingsworth - Non-executive director

D Ambrosini – Executive director and company secretary

	Consolidated	
	2015	2014
	\$	\$
Short term employee benefits	324,328	353,566
Long term employee benefits	21,310	22,821
Share based payments	-	2,603
	345,638	378,990

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

### Shareholdings

#### Number of Shares Held by Key Management Personnel 2015

	Balance 1.7.2014	Received as Compensation	Options Exercised	Net Change Other	Balance 30.6.2015
D Breeze	10,023,502	-	-	-	10,023,502
K Hollingsworth	70,002	-	-	-	70,002
D Ambrosini	-	-	-	-	-

Included in trade creditors and payables is director fee and salary accruals of \$647,258 (30 June 2014: \$515,002). Director	Amount Owing 30 June 2015
David Breeze	261,474
Kevin Hollingsworth	214,976
Deborah Ambrosini	81,238
Directors who have previously resigned	89,570
Balance owing at 30 June 2015	647,258

### Shareholdings

#### Number of Shares Held by Key Management Personnel 2014

	Balance 1.7.2013	Received as Compensation n	Options Exercised	Net Change Other	Balance 30.6.2014
D Breeze	10,023,502	-	-	-	10,023,502
K Hollingsworth	70,002	-	-	-	70,002
C T Lim	-	-	-	-	-
D Ambrosini	-	-	-	-	-

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

## 5. Key Management Personnel Compensation (continued)

### Options and Rights Holdings

#### Number of Options Held by Key Management Personnel 2015

	Balance 1.7.2014	Granted as Compensation	Options Exercised	Net Change Other*	Balance 30.6.2015	Total Vested 30.6.2015	Total Exercisable 30.6.2015	Total Unexercisable 30.6.2015
D Breeze	2,000,000	-	-	(2,000,000)	-	-	-	-
K Hollingsworth	250,000	-	-	-	250,000	250,000	250,000	-
D Ambrosini	-	-	-	-	-	-	-	-

#### 2014

	Balance 1.7.2013	Granted as Compensation	Options Exercised	Net Change Other	Balance 30.6.2014	Total Vested 30.6.2014	Total Exercisable 30.6.2014	Total Unexercisable 30.6.2014
D Breeze	4,000,000	-	-	(2,000,000)	2,000,000	2,000,000	2,000,000	-
K Hollingsworth	250,000	250,000	-	(250,000)	250,000	250,000	250,000	-
D Ambrosini	-	-	-	-	-	-	-	-

\*The Net Change Other reflected above includes those options that have expired or have been forfeited by holders as well as options issued during the year under review.

## 6. Auditors' Remuneration

### Consolidated

2015  
\$

2014  
\$

Remuneration of the auditor of the parent entity for:

- auditing or reviewing the financial report

Nexia Perth Audit Services

13,737

16,500

Remuneration of other auditors of subsidiaries for:

- auditing or reviewing the financial report of subsidiaries

Nexia Perth Audit Services

1,500

1,500

15,237

18,000

No non-audit services were provided.

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

	Consolidated	
	2015 \$	2014 \$
<b>7. Earnings per share</b>		
(a) Reconciliation of Earnings to Profit or Loss		
Net loss and profit attributable to members of the parent entity	(813,007)	(40,410)
Loss used to calculate basic EPS	(813,007)	(40,410)
Loss used in the calculation of dilutive EPS	(813,007)	(40,410)
(b) Weighted average number of ordinary shares outstanding during the year	<b>No.</b>	<b>No.</b>
used in calculating basic EPS	28,583,805	28,220,114
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	28,583,805	28,220,114
Loss per share	(2.84)	(0.14)

In 2015, the company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options will result in a decreased net loss per share.

	Consolidated	
	2015 \$	2014 \$
<b>8. Cash and cash equivalents</b>		
Cash at Bank and in hand	95,357	79,174
Short-term bank deposits	6,408	6,345
	101,765	85,519
<b>Reconciliation of cash</b>		
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	101,765	85,519



# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

		Consolidated	
		2015	2014
		\$	\$
<b>9. Financial Assets</b>			
<b>Current</b>			
Loans receivable (d)		-	160,000
<b>Non-Current</b>			
Security deposit (a)		20,000	20,000
Shares:			
Investments in listed entities (b)		217,321	411,761
Investments in unlisted entities (c)		5,678,627	14,726,127
Loans receivable (d)		673,568	1,313,738
		<u>6,589,516</u>	<u>16,471,626</u>
(a) The security deposit is for a performance bond provided by the company's bank to the Australian Securities and Investments Commission.			
(b) Financial Assets carried at Fair Value through Profit and Loss -			
BPH Energy Limited		23,724	27,113
MEC Resources Limited		185,197	360,648
Strategic Elements Limited		8,400	24,000
Total		<u>217,321</u>	<u>411,761</u>
(c) Available for sale financial assets – at fair value			
Molecular Discovery Systems Limited		20,334	20,334
*Advent Energy Limited		5,640,000	14,687,500
AFFSDA		18,293	18,293
Total		<u>5,678,627</u>	<u>14,726,127</u>
*Advent Energy - During the period the Company reduced the balance reported for the fair value of Advent reflecting the decline in the value in the stocks in the energy sector during the period. Refer to Note 19(c) for disclosures on all assumptions regarding the FV of the investment in Advent Energy Limited.			
(d) Loans receivable -			
Unsecured loans to other entities		1,629,385	1,473,738
Provisions against unsecured loans		<u>(955,817)</u>	<u>-</u>
Unsecured loans to other entities		673,568	1,473,738

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

## 9. Financial Assets (continued)

These loans to other entities are non-interest bearing and payable on demand. During the period the Company raised a provision against its unsecured loans with BPH Energy Ltd, Cortical Dynamics Ltd and Molecular Discovery Systems Ltd resulting in a non-cash expense of \$955,817. This provision can be reversed upon payment of the loans.

Refer to Note 19 for the fair value disclosures in relation to financial assets.

	Consolidated	
	2015	2014
	\$	\$
<b>10. Property, Plant and Equipment</b>		
Plant and Equipment:		
At cost	116,774	116,480
Accumulated depreciation	(114,549)	(112,435)
Total Property, Plant and Equipment	2,225	4,045

### (a) Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

Economic Entity:		
Balance at the beginning of the year	4,045	8,000
Additions	294	-
Disposals	-	-
Depreciation expense	(2,114)	(3,955)
Carrying amount at the end of the year	2,225	4,045

## 11. Tax

### (a) Liabilities

#### CURRENT

Income tax	-	-
------------	---	---

#### NON CURRENT

Deferred tax liabilities comprises:

Prepayments	8,834	5,308
Fair value gain adjustments	1,389,833	4,129,168
	1,398,667	4,134,476

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

## 11. Tax (continued)

	Consolidated	
	2015	2014
	\$	\$
<b>(b) Assets</b>		
Deferred tax assets comprise:		
Provisions	322,240	38,871
Accrued expenses	10,467	5,124
Other – unused losses	350,633	392,359
	<b>683,340</b>	<b>436,354</b>

	Consolidated	
	2015	2014
	\$	\$
<b>(c) Reconciliations</b>		
<b>(i) Deferred tax liabilities</b>		
The movements in deferred tax liability for each temporary difference during the year is as follows:		
Fair value gain adjustments		
Opening balance	4,134,476	4,131,645
Net revaluations during the current year	(25,085)	(2,477)
Movements in deferred tax recognised in equity	(2,714,250)	-
Prepayments	3,526	5,308
Deferred tax liabilities closing balance	<b>1,398,667</b>	<b>4,134,476</b>

<b>(ii) Deferred Tax Assets</b>		
The movements in deferred tax assets for each temporary difference during the year is as follows:		
Provisions		
Opening balance	38,871	33,935
Debited to the statement of comprehensive income	283,369	4,936
Closing balance	<b>322,240</b>	<b>38,871</b>
Accrued expenses		
Opening balance	5,124	133,571
Debited to the statement of comprehensive income	5,343	(128,447)
Closing balance	<b>10,467</b>	<b>5,124</b>

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

	Consolidated	
	2015 \$	2014 \$
Other		
Opening balance	392,359	362,408
Debited to the statement of comprehensive income	(41,726)	29,951
Closing balance	350,633	392,359
Deferred tax assets closing balance	683,340	436,354

## 12. Trade and Other Payables

Trade payables	122,012	131,628
Sundry payables and accrued expenses	695,175	580,343
	817,187	711,971

	Consolidated	
	2015 \$	2014 \$
13. Financial Liabilities		
Current		
Unsecured loans payable (a)	-	55,166
(a) Loans payable -		
Unsecured loans to other entities	-	55,166

These loans from other entities are non-interest bearing and repayable on demand.

## 14. Provisions

Employee entitlements:		
Opening balance at 1 July	129,569	113,118
Additional/Reduction in provision	(11,255)	16,451
Balance at 30 June	118,314	129,569
Current	66,399	84,194
Non-Current	51,915	45,375
	118,314	129,569

### Provision for Employee Entitlements

Provisions have been recognised for employee entitlements relating to annual leave and long service leave. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

## 15. Issued Capital

	Consolidated	
	2015 \$	2014 \$
30,633,364 (2014: 28,220,174) fully paid ordinary shares	3,609,420	3,539,920
The company does not have an authorised share capital and the shares issued have no par value.		
<b>a. Ordinary Shares:</b>	<b>2015 No.</b>	<b>2014 No.</b>
At the beginning of reporting period	28,220,174	28,220,174
Shares Issued during the year	2,413,190	-
At reporting date	30,633,364	28,220,174

### Fully Paid Ordinary Share Capital

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

On 17 March 2015 Grandbridge announced a Share Purchase Plan. The plan was open to existing shareholders who were able to purchase up to \$15,000 worth of stock at a 20% discount to the average market price of the Company's shares calculated over the five days prior to and including the record date. The plan was closed on 4 May 2015 and the Company raised \$69,500.

### b. Options

#### Employee Options

There were 523,334 employee options on issue at the end of the year:

Total number	Exercise price	Expiry date
100,000	\$0.45	21 January 2016
173,334	\$0.15	30 June 2018
250,000	\$0.12	31 December 2018
523,334		

The market price of the company's ordinary shares at 30 June 2015 was 2.7 cents.

The holders of employee 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.

### 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.

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

## 15. Issued Capital (continued)

The working capital position excluding employee provisions of the group and the parent entity at 30 June 2015 and 30 June 2014 are as follows:

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	101,765	85,519
Financial assets	-	160,000
Trade and other payables	(817,187)	(711,971)
Financial liabilities	-	(55,166)
Working capital position	(715,422)	(521,618)

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

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>16. Reserves (net of income tax)</b>		
Options Reserve (a)	323,482	323,290
Asset Revaluation Reserve (b)	3,589,600	9,922,850
	3,913,082	10,246,140

### (a) Option Reserve

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

#### Reconciliation of movement

Opening balance	323,290	319,979
Option expense during the year	192	3,311
Closing balance	323,482	323,290

### (b) Asset Revaluation Reserve

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

#### Reconciliation of movement

Opening balance	9,922,850	9,922,850
Impairment of asset - refer to Note 19(c)	(6,333,250)	-
Closing balance	3,589,600	9,922,850

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

## 17. Controlled Entities

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest %	
			2015	2014
<b>Parent Entity</b>				
Grandbridge Limited	Investment	Australia		
<b>Subsidiaries of Grandbridge Limited</b>				
Grandbridge Securities Pty Limited	On-line Share Trader	Australia	100	100
Grandbridge Equities Pty Limited	Dormant	Australia	100	100
e-Shares.com.au Pty Limited	Domain Names	Australia	100	100

18. Cash Flow Information	Consolidated	
	2015 \$	2014 \$
<b><i>Reconciliation of Cash Flow from Operations with Loss from Ordinary Activities after income tax</i></b>		
Operating loss after income tax	(813,007)	(40,410)
Depreciation	2,114	3,955
Options expensed	192	3,311
Unrealised losses of FVTPL assets	137,274	4,526
Provision against unsecured loans	955,817	-
Administration Recharges	(250,814)	(305,373)
Changes in net assets and liabilities, net of effects of purchase and disposal of subsidiaries		
Decrease/(increase) in other assets	(7,119)	6,917
Increase in provisions	(11,255)	16,451
Increase/(decrease) in net deferred taxes liabilities	(268,544)	96,391
Increase in trade payables and accruals	105,215	93,668
<b>Net cash used in operating activities</b>	<b>(150,127)</b>	<b>(120,564)</b>

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

---

## 19. 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 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.

The directors obtained an independent expert's valuation report at year end which supports the recoverable amount of loan receivables. The recoverable amount exceeded the carrying value of the loans and hence no impairment loss was recognised.

##### 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:

- net loss for the year ended 30 June 2015 would increase/decrease \$10,866 (2014: increase/decrease by \$20,588) as a result of the changes in fair value of financial assets at fair value through profit and loss ; and
- other comprehensive income would increase/decrease by \$283,931 2014: \$734,375) as a result of changes in fair values of available for sale financial assets.

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 2015

Grandbridge Limited and its controlled entities

## 19. Financial Risk Management (continued)

### b) Financial Instruments

#### i. Interest rate risk

The economic 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:

#### Consolidated Group

2015	Average Interest Rate %	Variable Interest Rate \$	Non- Interest Bearing \$	Total \$
<b>Financial Assets</b>				
Cash and cash equivalents	0.08	95,357	-	95,357
Deposits	3.4	6,408	-	6,408
Trade and other receivables		-	-	-
Financial Assets		-	673,568	673,568
Investments		-	5,895,948	5,895,948
Total Financial Assets		101,765	6,569,516	6,671,281
<b>Financial Liabilities</b>				
Trade and sundry payables		-	817,187	817,187
Financial Liabilities		-	-	-
Total Financial Liabilities		-	817,187	817,187

#### i. Interest rate risk

2014	Average Interest Rate %	Variable Interest Rate \$	Non- Interest Bearing \$	Total \$
<b>Financial Assets</b>				
Cash and cash equivalents	0.05	79,174	-	79,174
Deposits	4.4	26,345	-	26,345
Trade and other receivables		-	-	-
Financial Assets		-	1,473,738	1,473,738
Investments		-	15,137,888	15,137,888
Total Financial Assets		105,519	16,611,626	16,717,145
<b>Financial Liabilities</b>				
Trade and sundry payables		-	711,971	711,971
Financial Liabilities		-	55,166	55,166
Total Financial Liabilities		-	767,137	767,137

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

## 19. 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.

#### ii. Fair Values (continued)

#### Consolidated Group

	2015		2014	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
<b>Financial Assets</b>				
Financial assets at fair value through profit or loss	217,321	217,321	411,761	411,761
Available for sale assets	5,678,627	5,678,627	14,726,127	14,726,127
Loan receivables*	673,568	673,568	1,493,738	1,493,738
	<u>6,569,516</u>	<u>6,569,516</u>	<u>16,631,626</u>	<u>16,631,626</u>
<b>Financial Liabilities</b>				
Other loans and amounts due	-	-	55,166	55,166
Other liabilities	817,187	817,187	711,971	711,971
	<u>817,187</u>	<u>817,187</u>	<u>767,137</u>	<u>767,137</u>

\* These loans to other entities are non-interest bearing and payable on demand.

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

## 19. 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 2015, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Group	
	2015	2014
<b>Change in profit</b>		
— Increase in interest rate by 1%	1,055	1,272
— Decrease in interest rate by 0.5%	(528)	(636)

### 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 2015

Grandbridge Limited and its controlled entities

## 19. Financial Risk Management (continued)

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

#### 30 June 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
- Investments in listed entities	217,321	-	-	217,321
Available for sale financial assets				
- Investments in unlisted entities	-	-	5,678,627	5,678,627
Total	217,321	-	5,678,627	5,895,948

#### 30 June 2014

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
- Investments in listed entities	411,761	-	-	411,761
Available for sale financial assets				
- Investments in unlisted entities	-	-	14,726,127	14,726,127
Total	411,761	-	14,726,127	15,137,888

#### Reconciliation of fair value measurements of financial assets

	2015		2014	
	Level 1	Level 3	Level 1	Level 3
Opening balance	411,761	14,726,127	416,287	14,726,127
Reclassifications	-	-	-	-
Purchases/(Sales)	(19,199)	-	-	-
Total gains or losses in other comprehensive income	-	(9,047,500)	-	-
Total gains or losses in the profit and loss	(175,241)	-	(4,526)	-
Closing balance	217,321	5,678,627	411,761	14,726,127

During the period the Company reduced the balance reported for the fair value of Advent reflecting the decline of in the value of stocks in the energy sector.

Based on valuations prepared by independent experts and recent commercial discussions, management have made an assessment and believe that there is a material change in the fair value of their investments at reporting date.

#### Valuation processes

The directors informally assess the fair value of its investments biannually. A formal assessment is performed as necessary by obtaining an external independent valuation report. The fair value of the Group's investment in Advent Energy Ltd as at 30 June 2015 has been supported by a valuation report prepared at 30 June 2015 by an independent expert valuer. The expert holds appropriate qualifications and recent experience in the valuation of investments of this nature. The fair value was determined using the expected monetary value and enterprise value valuation methods; valuation estimations have been undertaken in accordance with the requirements of the Valmin Code (2005) for the technical assessment and valuation of mineral and petroleum assets.

The fair value of the Group's investment in Molecular Discovery Systems Ltd as at 30 June 2015 has been arrived at on the basis of a valuation performed on 30 June 2014 by an independent expert valuer to the company and updated by management at 30 June 2015. The valuer holds the appropriate qualifications and recent experience in the valuation of investments of this nature. The fair value was determined using the relative valuation methodology.

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

## 19. Financial Risk Management (continued)

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

The approach considers the value of broadly comparable listed entities which are at a similar stage of biotechnology product life cycle to Molecular Discovery Systems. The valuation supported the carrying value of GBA's AFS investment in the company.

#### *Valuation inputs and relationships to fair value*

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See above for the valuation techniques adopted.

Description	Fair value at 30 June 2015	Significant inputs	Range of inputs
Advent Energy Ltd	\$5,640,000	Discount rate	10 – 15%
		Gas price	\$5 - \$12 per mcf
		Exchange rate	AUD\$1:USD\$0.7693
		Gas resource	PEP11: 5.7 Tcf (best estimate) EP386: 344.5 bcf (best estimate) RL1: 11.5 bcf (best estimate)

## 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 one to the accounts and in the prior period.

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

## 20. Operating Segments (continued)

### 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	
	2015	2014	2015	2014
	\$	\$	\$	\$
Consulting Services	707,658	814,616	224,729	248,852
Investing	(137,274)	(4,526)	(137,274)	(4,526)
Unallocated	771	23,516	771	23,516
Total for continuing operations	571,155	833,606	88,226	267,842
Administration expenses			(195,594)	(193,190)
Depreciation and Amortisation			(2,114)	(3,955)
Other			(967,127)	(14,300)
Profit/Loss before tax (continuing operations)			(1,076,609)	56,397

Revenue reported above represents revenue generated from external customers. There were no intersegment sales in the year (2014: nil).

### Segment Assets and Liabilities

	2015	2014
	\$	\$
<b>Segment Assets</b>		
Consulting Services	-	-
Investing	5,915,948	15,157,888
Corporate	802,453	1,581,078
Total Assets	6,718,401	16,738,966
<b>Segment Liabilities</b>		
Consulting Services	-	-
Investing	-	-
Corporate	1,605,828	4,594,828
Total Liabilities	1,605,828	4,594,828

## 21. Events after the Balance Sheet Date

There have not been any matters or circumstances 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 2015

Grandbridge Limited and its controlled entities

## 22. Related Party Transactions

(a) *Equity interests in controlled entities*

Details of the percentage of ordinary shares held in controlled entities are disclosed in note 17 to the financial statements.

(b) *Directors' Remuneration*

Details of directors' remuneration and retirement benefits are disclosed in director's report and note 5.

(c) *Directors' Equity Holdings*

	Parent	
	2015	2014
	#	#
<i>Ordinary Shares</i>		
Held as at the date of this report by directors and their director-related entities in Grandbridge Limited	10,093,504	10,093,504
<i>Other Equity Instruments</i>		
<i>Options</i>		
Held as at the date of this report by directors and their director-related entities in Grandbridge Limited	250,000	2,250,000

(d) *Transactions Within the Wholly-Owned Group*

During the financial year Grandbridge Limited provided administration services, for a nominal management fee, to entities in the wholly-owned group. Management fees were charged to Grandbridge Securities Proprietary Limited of \$3,074 (2014: \$5,558).

All transactions that occurred during the financial year between entities in the wholly-owned group were eliminated on consolidation.

(e) *Controlling Entities*

The parent entity in the economic entity is Grandbridge Limited.

(f) *Transactions with Key Management Personnel*

Occupancy fees are paid monthly to a director related entity. For the period ending 30 June 2015 a total of \$72,309 (2014: \$83,385) fees had been paid.

(g) *Loans to and from subsidiaries*

Loans to and from subsidiaries are non-interest bearing and repayable on demand. These loans are unsecured. As at reporting date, the balance of the net loan was \$634,036 (2014: \$627,110).

## 23. Share-Based Payments

The following share-based payment arrangements existed at 30 June 2015:

Number Under Option	Grant Date	Date of Expiry	Exercise Price	Fair Value at Grant Date	Vesting Date
100,000	21/01/2011	21/1/2016	\$0.45	\$0.050	21/01/2014
173,334	01/07/2013	30/06/2018	\$0.15	\$0.004	30/06/2016
250,000	28/11/2013	31/12/2018	\$0.12	\$0.010	28/11/2013
523,334					

# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

## 23. Share-Based Payments (continued)

During the year, nil (2014: 250,000) options were issued to key management personnel.

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.

	Consolidated Group			
	2015		2014	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	2,523,334	\$0.32	4,600,000	\$0.22
Granted	-	-	173,334	\$0.15
Granted	-	-	250,000	\$0.12
Exercised	-	-	-	-
Expired	(2,000,000)	\$0.35	(2,500,000)	\$0.12
Outstanding at year-end	523,334	\$0.18	2,523,334	\$0.32
Exercisable at year-end	464,400	\$0.19	2,350,000	\$0.34

Nil options were exercised during the year ended 30<sup>th</sup> June 2015 (2014: nil).

Included under employee benefits expense in the statement of comprehensive income is \$192 (2014: \$3,311), and relates, in full, to equity.

## 24. Contingent Liabilities

There were no contingent liabilities at balance date.

## 25. Commitments

Operating leases relate to premises used by the company in its operations. The operating lease contains an option to extend for further periods and an adjustment to bring the lease payments into line with market rates prevailing at that time. The leases do not contain an option to purchase the leased property.

### Payments recognised as an expense

	Consolidated	
	2015 \$	2014 \$
Minimum lease payment	72,309	70,414
<b>Operating Lease Commitments</b>		
- not later than 12 months	74,715	71,628
- between 12 months and 5 years	19,497	74,135
Minimum lease payments	94,212	145,763



# Notes to the Financial Statements for the year ended 30 June 2015

Grandbridge Limited and its controlled entities

## 26. Parent Entity Disclosures

	2015	2014
	\$	\$
<b>Financial Position</b>		
<b>Assets</b>		
Current assets	123,160	421,795
Non-current assets	7,661,833	16,689,347
Total asset	7,784,993	17,111,142
<b>Liabilities</b>		
Current liabilities	1,671,810	1,629,310
Non-current liabilities	1,450,582	3,743,497
Total liabilities	3,122,392	5,372,807
<b>Equity</b>		
Issued Capital	3,609,420	3,539,920
Retained earnings	(2,859,901)	(2,047,725)
<b>Reserves</b>		
Asset Revaluation Reserve	3,589,600	9,922,850
Option Reserve	323,482	323,290
Total equity	4,662,601	11,738,335
<b>Financial Performance</b>		
Loss for the year	(812,176)	(38,926)
Other comprehensive income	(6,333,250)	-
Total comprehensive income	(7,145,426)	(38,926)

# Directors Declaration

Grandbridge Limited and its controlled entities

---

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 17 to 51, 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 2015 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 27th August 2015

## **Independent auditor's report to the members of Grandbridge Limited**

### **Report on the financial report**

We have audited the accompanying financial report of Grandbridge Limited, which comprises the consolidated statement of financial position as at 30 June 2015, and 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 ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### ***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### ***Independence***

In conducting our audit, 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 auditor's report.

### ***Opinion***

In our opinion:

- (a) the financial report of Grandbridge Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### **Report on the remuneration report**

We have audited the remuneration report included in pages 4 to 6 of the directors' report for the year ended 30 June 2015. 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.

### ***Opinion***

In our opinion, the remuneration report of Grandbridge Limited for the year ended 30 June 2015, complies with Section 300A of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads 'NPAS'.

**Nexia Perth Audit Services Pty Ltd**

A handwritten signature in blue ink that reads 'Amar Nathwani'.

**Amar Nathwani**  
**Director**

Perth, 27 August 2015

# 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 13th August 2015

## 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	167	103,449	0.34
1,001 – 5,000	186	479,276	1.56
5,001 – 10,000	63	515,075	1.68
10,001 – 100,000	172	6,222,254	20.31
100,001 and over	43	23,313,310	76.10
	<b>631</b>	<b>30,633,364</b>	<b>100.00</b>

## 3. Distribution of Optionholders

Range of Holding	Optionholders	Number of Options	%
1-50,000	3	123,334	23.57
100,001 and over	2	400,000	76.43

## 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 employee options do not have the right to vote.

## 6. Restricted Securities

### Shares

Number of Shares free of escrow 30,633,364

**Total Shares 30,633,364**

### Options

Number of employee options not subject to escrow (not listed) 523,334

**Total Options 523,334**

# Additional Securities Exchange Information

Grandbridge Limited and its controlled entities

## 7. Twenty Largest Shareholders (as at 13th August 2015)

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 Limited (Super Fund)	5,355,478	17.48
Trandcorp Pty Limited	4,479,022	14.62
Jones Emyr Wyn	1,262,383	4.12
Lisica John Paul and Ziolkowski Celyna	1,027,027	3.35
Boonyin Investments Pty Ltd	800,000	2.61
Avotins Anthony Keith	734,922	2.40
Hulse Dennis Graham	625,000	2.04
Marciniak Maria	621,527	2.03
Latimer Geoffrey Howard and Latimer Judith Ann	620,833	2.03
Boillat Roland and Boillat Sheena	511,865	1.67
Granborough Pty Ltd	500,000	1.63
Forsyth Barr Cust Ltd	448,000	1.46
Kinetas PL	424,000	1.38
GRP Trading Pty Ltd	418,823	1.37
Jomot PL	346,299	1.13
Graham Walter	340,942	1.11
Avotins Julie	336,609	1.10
Lyon Geoffrey Robert	320,000	1.04
BT Portfolio Services Ltd	300,000	0.98
Superfold	300,000	0.88
Starcevich RG and SM	265,000	0.87
	<b>19,737,730</b>	<b>64.43</b>