

Contents

Grandbridge Limited and its controlled entities

Appendix 4D - Half year report

Results for announcement to the market

Name of Entity	Grandbridge Limited
ABN	64 089 311 026
Financial Year Ended	31 December 2015
Previous Corresponding Reporting Period	31 December 2014

\$A'000

Revenues from ordinary activities	down	12%	To	339
Net loss from ordinary activities after tax attributable to members	down	85%	To	(53)
Net loss for the period attributable to members	down	85%	To	(53)
The decrease in net loss to a profit positions can be attributed to the unrealised profits recorded on the listed investments of GBA. The overall value of investments held by the company increased during the half year.				
Dividends (distributions)	Amount per security		Franked amount per security	
Final dividend Interim dividend	Nil		Nil	
Previous corresponding period	N/A		N/A	

Other notes to the condensed financial statements

	Current period	Previous corresponding Period
Ratios		
Profit before tax / revenue Consolidated profit (Loss) from ordinary activities before tax as a percentage of revenue	(22.22%)	(132.00%)
Profit after tax / equity interests Consolidated net profit / (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	(1.46%)	(10.10%)

	Current period	Previous corresponding Period
NTA Backing		
Net tangible asset backing per ordinary security	19.05cps	37.93cps

Contents

Grandbridge Limited and its controlled entities

Commentary on Results

The consolidated loss of the economic entity after providing for income tax amounted to \$52,726 (2014: \$357,532).

The company's listed investments were revalued to market at 31 December 2015 resulting in a non-cash loss of \$7,557 (31 December 2014: \$83,620).

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

The net assets of the economic entity have decreased to \$5,014,889 at 31 December 2015.

Developments in the company's listed investments include:

BPH Energy Limited

Cortical Dynamics Ltd

- In September 2015 Cortical Dynamics Ltd advised that it had received formal notification from the Therapeutic Goods Administration that a decision has been made to issue a conformity assessment certificate to Cortical under section 41EC of the Therapeutic Goods Act 1989. TGA certification will allow Cortical to market the Brain Anaesthesia Response ("BAR") monitor within Australia and via the TGA's mutual recognition agreement enable Cortical Dynamics to apply for CE Marking to sell the BAR monitor in Europe.
- During the period the results from the clinical trial written by Cortical's principal research scientist Dr Mehrnaz Shoushtarian, "Evaluation of the Brain Anaesthesia Response Monitor during anaesthesia for cardiac surgery: a double-blind, randomised controlled trial using two doses of fentanyl" were accepted for publication in the Journal of Clinical Monitoring and Computing.
- During the period the poster entitled "Comparisons of EEG measures of Hypnosis and Anti-Nociception in Response to Stimuli During Propofol Remifentanyl Anesthesia" was presented at the 2015 Annual Meeting of the American Society of Anesthesiologists in San Diego. The paper was presented by Mr Marko Sahinovic who was one of the co-authors on this paper with Cortical's principal research scientist Dr Mehrnaz Shoushtarian.
- During the period Cortical Dynamics successfully completed a small scale offering to existing shareholders of the company. A total of 920,000 shares were issued at \$0.10 per share raising \$92,000 for the Company.

Contents

Grandbridge Limited and its controlled entities

MEC Resources Ltd

Advent Energy Ltd

- On 28 January 2016 Advent Energy announced that the National Offshore Petroleum Titles Administrator (NOPTA) had approved a suspension of the PEP11 Year 2 work program of a 200 km 2D seismic survey and geotechnical studies until 12th August 2016.
- On 16 February 2016 MEC investee Advent Energy announced that it had been advised of the suspension of the permit terms of EP 386 in the onshore Bonaparte Basin, north-eastern Western Australia. The WA Department of Mines has granted a suspension of the condition requiring the completion of the existing work commitments for a period of 12 months to 31 March 2017.

Contents

Grandbridge Limited and its controlled entities

Page Number

<i>Directors' Report</i>	1
<i>Auditor Independence Declaration</i>	3
<i>Directors' Declaration</i>	4
<i>Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income</i>	5
<i>Condensed Consolidated Statement of Financial Position</i>	6
<i>Condensed Consolidated Statement of Equity</i>	7
<i>Condensed Consolidated Statement of Cash Flows</i>	8
<i>Notes to the Financial Statements</i>	9
<i>Independent Auditor's Review Report</i>	16

Company Information

Directors

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

Company Secretary

Deborah Ambrosini

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
www.grandbridge.com.au
E-mail: admin@e-shares.com.au

Auditor

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

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Australian Stock Exchange Listing

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

Australian Business Number

64 089 311 026

Directors' Report

Grandbridge Limited and its controlled entities

The directors of Grandbridge Limited submit herewith the financial report for the half year ended 31 December 2015. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

D L Breeze

K G Hollingsworth

D Ambrosini

Review of Operations

Grandbridge Limited has reported a net loss before tax for the first half of the financial year of \$75,321 (2014: \$510,617).

Other Activity

The Directors are currently continuing their investment strategy as outlined in the annual report for 30 June 2015.

During the year Grandbridge Securities Pty Ltd ("**GBA Sec**") received notice of the termination of its services agreement with CommSec for its online share trading facility e-shares.com.au. GBA Sec received a commission each month from the services agreement with CommSec which ceased upon termination of this agreement.

Operating Results

Operating loss for the consolidated entity after tax for the period was \$52,726 (2014: \$357,532).

Changes in State Of Affairs

During the period there were no other significant changes in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

Subsequent Events

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

Dividends

The Directors recommend that no dividend be paid in respect of the current Period and no dividends have been paid or declared since the commencement of the period.

Auditor's Independence

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

Directors' Report (continued)

Grandbridge Limited and its controlled entities

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

On behalf of the Directors

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

D L Breeze
Executive Chairman
PERTH, 25th February 2016

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

To the directors of Grandbridge Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 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 review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani
Director

Perth 25 February 2016

Nexia Perth Audit Services Pty Ltd
ACN 145 447 105
Level 3, 88 William Street, Perth WA 6000
GPO Box 2570, Perth WA 6001
p +61 8 9463 2463, f +61 8 9463 2499
audit@nexiaperth.com.au, www.nexia.com.au

Independent member of Nexia International



Nexia Perth Audit Services Pty Ltd is an independent Western Australian firm of chartered accountants using the Nexia International trademark under licence. It is affiliated with, but independent from, Nexia Australia Pty Ltd, which is a member of Nexia International, a worldwide network of independent accounting and consulting firms. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

Directors' Declaration

Grandbridge Limited and its controlled entities

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors

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

D L Breeze
Executive Chairman
PERTH, 25th February 2016

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2015

Grandbridge Limited and its controlled entities

		Consolidated	
	Note	31 December 2015	31 December 2014
		\$	\$
Revenue from ordinary activities	4	338,954	386,825
Other Income	4	680	931
Administration expenses		(78,349)	(91,146)
Loss on revaluation of investments		(7,557)	(83,620)
Provision against loans		(93,171)	(470,335)
Consulting expenses		(11,720)	(20,917)
Depreciation and amortisation expense		(899)	(1,127)
Employee benefits expense		(171,719)	(169,367)
Insurance expenses		(11,745)	(12,923)
Occupancy expenses		(38,793)	(43,408)
Other expenses		(1,002)	(5,530)
(Loss) before income tax		(75,321)	(510,617)
Income tax benefit		22,595	153,085
(Loss) from continuing operations		(52,726)	(357,532)
Profit/(Loss) attributable to members of the parent entity		(52,726)	(357,532)
Other Comprehensive Income			
Net losses on available-for-sale financial assets		-	(5,875,000)
Income tax relating to components of other comprehensive income		-	1,762,500
Total other comprehensive income		-	(4,112,500)
Total Comprehensive Income for the period		(52,726)	(4,470,032)
Earnings Per Share -			
Basic (cents per share)		(0.17)	(1.27)
Diluted (cents per share)		(0.17)	(1.27)

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position as at 31 December 2015

Grandbridge Limited and its controlled entities

		Consolidated	
	Note	31 December 2015 \$	30 June 2015 \$
Current Assets			
Cash and cash equivalents	5	77,633	101,765
Other current assets		18,291	24,895
Total Current Assets		95,924	126,660
Non-Current Assets			
Financial assets	9	6,613,112	6,589,516
Property, plant & equipment		1,943	2,225
Deferred tax assets		702,589	683,340
Total Non-Current Assets		7,317,644	7,275,081
Total Assets		7,413,568	7,401,741
Current Liabilities			
Trade and other payables		883,777	817,187
Financial Liabilities		-	-
Short-term provisions		64,981	66,399
Total Current Liabilities		948,758	883,586
Non-Current Liabilities			
Long-term provisions		54,600	51,915
Deferred tax liabilities		1,395,321	1,398,667
Total Non-Current Liabilities		1,449,921	1,450,582
Total Liabilities		2,398,679	2,334,168
Net Assets		5,014,889	5,067,573
Equity			
Issued capital	6	3,609,420	3,609,420
Reserves		3,913,124	3,913,082
Retained Earnings		(2,507,655)	(2,454,929)
Total Equity		5,014,889	5,067,573

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the half year ending 31 December 2015

Grandbridge Limited and its controlled entities

Consolidated	Ordinary Share Capital \$	Retained Profits / (Accumulated losses) \$	Option Reserve \$	Asset Revaluation Reserve \$	Total \$
Balance as at 1 July 2014	3,539,920	(1,641,922)	323,290	9,922,850	12,144,138
Net profit for the period	-	(357,532)	-	-	(357,532)
Other comprehensive income	-	-	-	(4,112,500)	(4,112,500)
Total comprehensive income for the period	-	(357,532)	-	(4,112,500)	(4,470,032)
Transactions with owners in their capacity as owners					
Net option expense movement	-	-	96	-	96
Shares issued during the period	-	-	-	-	-
Balance for the half year ended 31 December 2014	3,539,920	(1,999,454)	323,386	5,810,350	7,647,202
Balance as at 1 July 2015	3,609,420	(2,454,929)	323,482	3,589,600	5,067,573
Net loss for the period	-	(52,726)	-	-	(52,726)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	(52,726)	-	-	5,014,847
Transactions with owners in their capacity as owners					
Net option expense movement	-	-	42	-	42
Balance for the half year ended 31 December 2015	3,609,420	(2,507,655)	323,524	3,589,600	5,014,889

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows

for the half year ended 31 December 2015

Grandbridge Limited and its controlled entities

		Consolidated	
	Note	31 December 2015 \$	31 December 2014 \$
Cash Flows From Operating Activities			
Cash receipts from customers		218,922	253,100
Cash payments to suppliers and employees		(242,246)	(309,321)
Interest received		680	772
Income Taxes Paid		-	-
Net cash used in operating activities		(22,644)	(55,449)
Cash Flows From Investing Activities			
Payment for property, plant and equipment		(617)	-
Loans Repaid by other entities		-	20,000
Net cash provided by investing activities		(617)	20,000
Cash Flows From Financing Activities			
Interest paid		(871)	(770)
Net cash provided by financing activities		(871)	(770)
<i>Net decrease in Cash and Cash Equivalents Held</i>		(24,132)	(36,219)
<i>Cash and Cash Equivalents at the Beginning Of The Period</i>		101,765	85,519
Cash and Cash Equivalents at The End Of The Period	5	77,633	49,300

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the half year ended 31 December 2015

Grandbridge Limited and its controlled entities

1. CORPORATE INFORMATION

The financial report of Grandbridge Limited (the company) and its controlled entities for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 25 February 2016.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

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

The half-year financial report should be read in conjunction with the Annual Financial Report of Grandbridge Limited as at 30 June 2015.

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

It is also recommended that the half-year financial report be considered together with any public announcements made by Grandbridge Limited and its controlled entities during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

Reporting Basis and Conventions

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

(b) Significant Accounting Policies

The half-year condensed consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2015.

Notes to the Financial Statements (continued)

for the half year ended 31 December 2015

Grandbridge Limited and its controlled entities

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial Position

The consolidated entity has incurred a net loss before tax for the period ended 31 December 2015 of \$75,321 (2014: \$510,617).

The consolidated entity has a working capital deficit of \$852,834 as at 31 December 2015 (30 June 2015: deficit of \$715,422) including cash assets of \$77,633 as at 31 December 2015 (30 June 2015: \$101,765) along with trade creditors and other payables of \$883,777 (30 June 2015: \$817,187).

Included in other payables are amounts payable to the directors of the company of \$716,656 (30 June 2015: \$647,258). The directors have reviewed their expenditure and commitments for the consolidated entity and have implemented methods of costs reduction. The directors as a part of their cash monitoring, have voluntarily suspended cash payments for their director's fees to conserve cash resources and have undertaken not to call upon the fees for payment for a period ending 12 months from the date of the approval of this financial report including any outstanding fees at 31 December 2015.

The consolidated entity has investments in listed entities totalling \$209,764 as at 31 December 2015, which are classified as non-current assets in the statement of financial position. These assets are liquid and if required, a portion of these investments can be sold to obtain cash reserves for the consolidated entity.

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

Based on the cash flow forecasts and the ability to sell investments in listed entities if necessary, the directors are satisfied that, the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

3. SEGMENT INFORMATION

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the managing director and his management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the industry in which the entity makes its investments or provides services. Discrete financial information about each of these operating segments is reported to the managing director and his management team on at least a monthly basis.

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

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

Notes to the Financial Statements (continued)

for the half year ended 31 December 2015

Grandbridge Limited and its controlled entities

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	338,954	386,825	11,806	221,706
Investing	-	-	(7,557)	(83,621)
Unallocated	680	931	680	-
Total for continuing operations	339,634	387,756	4,929	138,085
Administration expenses			(78,349)	(91,146)
Depreciation and Amortisation			(899)	(1,127)
Other			(1,002)	(556,429)
(Loss)/profit before tax			(75,321)	(510,617)

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

	Consolidated	
	31 December 2015	30 June 2015
	\$	\$
Segment Assets and Liabilities		
Segment Assets		
Consulting Services	-	-
Investing	5,908,391	5,915,948
Corporate	1,514,953	802,453
Total Assets	7,423,344	6,718,401
Segment Liabilities		
Consulting Services	-	-
Investing	-	-
Corporate	2,398,679	1,605,828
Total Liabilities	2,398,679	1,605,828

Notes to the Financial Statements (continued)

for the half year ended 31 December 2015

Grandbridge Limited and its controlled entities

4. REVENUE, INCOME AND EXPENSES

	Consolidated	
	31 December 2015 \$	31 December 2014 \$
Revenue		
Advisory / Corporate revenue	338,954	386,825
Interest revenue : other entities	-	-
Total revenue	338,954	386,825
Other income		
Unrealised gains on financial investments	-	-
Other income	680	931
	680	931

5. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2015 \$	30 June 2015 \$
For the purpose of the half-year consolidated condensed statement of cash flows, cash and cash equivalents comprise the following:		
Cash at bank and in hand	77,633	101,765
	77,633	101,765

6. CONTRIBUTED EQUITY

	Consolidated	
	31 December 2015 \$	30 June 2015 \$
Ordinary shares (i)	3,609,420	3,609,420
	3,609,420	3,609,420

Notes to the Financial Statements (continued)

for the half year ended 31 December 2015

Grandbridge Limited and its controlled entities

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

	Number	\$
Movement in ordinary shares on issue		
As at 1 July 2015	30,633,364	3,609,420
Issued during the period	-	-
As at 31 December 2015	30,633,364	3,609,420

7. CONTINGENT LIABILITIES

There were no contingent liabilities at balance date.

8. EVENTS SUBSEQUENT TO BALANCE DATE

There have not been any matters or circumstances that have arisen since the end of the half year, that have significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years, other than as disclosed elsewhere in the financial report.

9. FINANCIAL ASSETS

	Consolidated	
	31 December 2015 \$	30 June 2015 \$
Non-Current		
Security deposit (a)	20,000	20,000
Investments in listed entities (b)	209,764	217,321
Investments in unlisted entities (c)	5,678,627	5,678,627
Loans receivable (d)	704,721	673,568
	6,613,112	6,589,516

Notes to the Financial Statements (continued)

for the half year ended 31 December 2015

Grandbridge Limited and its controlled entities

Fair Value of Financial Assets

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

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

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

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

	Consolidated	
	31 December 2015 \$	30 June 2015 \$
BPH Energy Limited	10,167	23,724
MEC Resources Ltd	185,197	185,197
Strategic Elements Limited	14,400	8,400
	209,764	217,321

(c) Available for sale financial Assets - at fair value (Level 3):

Molecular Discovery Systems Limited	20,334	20,334
*Advent Energy Limited	5,640,000	5,640,000
AFFSDA	18,293	18,293
	5,678,627	5,678,627

*Advent Energy - During the period the Company reviewed the valuation of its investment in Advent energy and no changes were noted during this reporting period.

Notes to the Financial Statements (continued)

for the half year ended 31 December 2015

Grandbridge Limited and its controlled entities

Advent Energy Ltd, has commitments for its exploration permits of \$4,797,500 over the next 15 months from the reporting date under the terms of its application licences in order to maintain tenure. Of the above commitments \$1,997,500 is due within 12 months of the reporting period.

Advent is currently in negotiations with a number of parties to fund these commitments, however there is no certainty at this stage that those discussions will result in further funding being made available. Further management is confident the commitments under the exploration permits or as varied by the relevant authorities will be met. The above conditions indicate the material uncertainty that may affect the ability of the group to realise the carrying value of the group's investment in Advent in the ordinary course of business.

(d) Loans Receivable:	Consolidated	
	31 December 2015 \$	30 June 2015 \$
Unsecured loans due from other entities	1,753,619	1,629,385
Provision against unsecured loans	(1,048,898)	(955,817)
	704,721	673,568

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Grandbridge Limited and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Interim Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Grandbridge Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Nexia Perth Audit Services Pty Ltd

ACN 145 447 105
Level 3, 88 William Street, Perth WA 6000
GPO Box 2570, Perth WA 6001
p +61 8 9463 2463, f +61 8 9463 2499
audit@nexiaperth.com.au, www.nexia.com.au

Independent member of Nexia International



Nexia Perth Audit Services Pty Ltd is an independent Western Australian firm of chartered accountants using the Nexia International trademark under licence. It is affiliated with, but independent from, Nexia Australia Pty Ltd, which is a member of Nexia International, a worldwide network of independent accounting and consulting firms. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our review conclusion we draw attention to Note 9 *Financial Assets* to the financial statements, which discloses that the Group's investee, Advent Energy Limited, has exploration expenditure commitments under the terms of its exploration permits of \$4,797,500 over the next 15 months from the reporting date in order to maintain right of tenure. Advent Energy Limited is currently in negotiations with a number of parties to raise funding for the exploration expenditure; however, there is no certainty at this stage that those discussions will result in further funding being made available. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to realise the investment in Advent in the normal course of business.

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 25 February 2016