



ASX / MEDIA RELEASE

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PBD's Transformation Continues

PBD records underlying loss of \$5.4 million and invested in three new projects on the east coast of Australia consistent with its new strategy

PBD Developments Limited (ASX: PBD) (the **Company** or **PBD**) is now a developer of medium to high density and / or inner-ring residential projects on the east coast of Australia and owns unique legacy assets in Western Australia.

For the 12 months to 30 June 2014, PBD recorded an underlying net loss after tax of \$5.4 million. This represents an 11.5% improvement on the FY13 result.

PBD Chief Executive Officer Jally Lin said: "We have made solid progress since announcing our new strategy in the beginning of FY14 and we will continue to transform the business to deliver results for our Shareholders."

The key strategic achievements for PBD in FY14 include:

- Investing in three new significantly pre-sold projects, with a fair value adjustment of \$5.8 million on its new portfolio demonstrating the embedded value in these projects;
- Sale of four Oceanique apartments as we continue to divest the remaining stock;
- Sale of the Bandy Creek (Esperance) development;
- New corporate term facility with Sun Hung Kai International Bank [Brunei] Limited;
- The commencement of construction at each of PBD's east coast developments that will begin to deliver earnings from FY15; and
- All Point Grey approvals now received, with an infrastructure strategy developed providing a milestone to allow the Board to assess options to optimise shareholder value in relation to this landmark legacy asset.

FY14 performance

PBD's statutory loss after tax in FY14 was \$8.6 million, higher than the \$3.6 million loss recorded in FY13. This reflects further impairment of Oceanique, depreciation on the Peel Water infrastructure asset and costs of restructuring.

Financial results summary

- Statutory loss after tax of \$8.6 million;

- Underlying net loss after tax of \$5.4 million for FY14, a 11.5% improvement on the result recorded in FY13; and
- Net tangible assets per share of \$0.015.

Although PBD still experienced a loss for FY14, the continuing transformation of the business places PBD in a position to realise the significant embedded value in the new projects and to extract value from the Western Australian legacy assets.

Capital management

PBD's overall capital position has strengthened in FY14. In November 2013, PBD received strong support from shareholders and raised capital of \$41.7 million. This, combined with the new corporate term facility was used to repay the previous corporate facility and to invest in new projects.

As a result, the interest bearing gearing ratio has reduced from 27% at the end of FY13 to 19% at the end of FY14.

PBD has significant brought forward tax losses which have not been recognised in the financial statements, however, these may be able to eliminate tax payable on profits from its current investments.

The Board continues to explore opportunities to optimise PBD's funding position.

The Board has not declared a dividend for FY14.

Outlook

With significant progress in implementing the new strategy of investing in east coast residential projects and strong shareholder support led by Mulpha Group, PBD is currently expecting improved underlying earnings performance in FY15 and significant profitability in FY16 once the embedded value in the new portfolio is realised as the projects complete.

In addition, results will also be affected by market conditions and success in optimising value in relation to the legacy assets in Western Australia.

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Investor Contact:

Hai-Young Lu, Company Secretary & Legal Counsel
T +61 2 8243 9703 | E hlu@pbddevelopments.com.au

About PBD Developments:

The principal activity of PBD Developments is to identify urban projects to develop for resale. By nature, these master planned projects offer many built-form value add opportunities beyond the standard residential lot market. PBD Developments has a vision to grow as a significant contributor to the design and development of premium residential property utilising community based planning and innovative design concepts targeted to meet the needs and exceed the expectations of markets while delivering new benchmarks in environmental excellence.