

# PORT BOUVARD LIMITED

25 August 2010

The Companies Announcement Office  
Australian Stock Exchange Limited  
Level 10 Exchange Centre  
20 Bond Street  
**SYDNEY NSW 2000**

Dear Sir / Madam

***Results Announcement Full Year 2010 and Appendix 4E***

Please find attached an announcement from the Company, and related Appendix 4E.

Yours faithfully



**Peter Coppini**  
**Company Secretary**

# PORT BOUVARD LIMITED

ASX Announcement  
25 August 2010

## **Port Bouvard Limited delivers result in line with expectations as foundation built for a fresh start**

Western Australian focussed residential property developer Port Bouvard Limited (**ASX: PBD**) ("**Company**") is on track to enter a period of renewed growth from 2010/11 onwards, despite reporting a net loss after tax for the year ended 30 June 2010 of (A\$25.7M). A before tax operating loss from continuing operations of (\$4.7m) was recorded over that same period.

The reported loss is primarily due to the accounting impairments and losses associated with the disposal of the Gidgegannup project (see ASX announcement 20 May 2010). In addition, the reported loss resulted from the limited number of lots available for sale by the Company, with total revenue from the sale of land recorded for the period being A\$20.2M.

The total asset impairment recognised by the Company for the year was A\$19.2M before tax as anticipated.

The Board believes that the Company experienced a "transformation" which has given the Company a fresh start to create sustained shareholder value.

This "transformation" was achieved by various activities during the period which included:

- Refinancing of A\$167.6M facility with long-term lender St George Bank;
- Cancellation of agreements to acquire further land at Gidgegannup;
- The introduction of a major listed Australian property company FKP Property Group (ASX: FKP) as a strategic long-term investor;
- A fully underwritten A\$60.2M capital raising;
- The successful execution of non-core asset disposal strategy, resulting in sale of the Melros site for A\$4M; and
- Settlement of the majority of the final stage of the Company's Eastport 5 subdivision.

Port Bouvard Limited Chairman, Mr Lee Verios, said:

"The Company has during the reporting period made a number of difficult but necessary decisions to ensure our long term success. As a result the Company is well positioned to realise the potential of our flagship asset and at the same time ensure we maximise opportunities to generate sustained value creation for all shareholders."

By cancelling agreements to acquire further land at Gidgegannup the Company has removed the future commitment of between A\$45-54M. In mid July 2010 the Company finalised its A\$60.2M capital raising, enabling the Company to meet its permanent debt reduction to St George Bank, provide sufficient short-term working capital and \$32.2m of funds for the development of the initial infrastructure and stage one of its flagship asset, Point Grey, near Mandurah south of Perth.

"As a result of the audited asset impairment, the capital raising and the Gidgegannup cancellation agreement, consolidated net tangible assets per share is \$0.23", Mr Verios said.

During July 2010 the Company completed work on the landmark Oceanique Luxury Apartment development, which the Company believes is one of the most exclusive and

iconic residential apartment developments along the Western Australian coast, with the first phase of settlements of pre-sold apartments occurring soon after.

“We are pleased that the settlement of pre-sold contracts at Oceanique have progressed as anticipated and look forward to updating the market more specifically regarding the first phase of settlements in the coming weeks”, Mr Verios said.

## **Outlook**

Port Bouvard Limited is well positioned to make considerable advances during the coming years.

“The Company now has a solid foundation, committed relationships with its primary lender and cornerstone investor, a strong balance sheet, and a highly experienced executive and management team,” Mr Verios added.

“With this foundation in place the Company is focussed on achieving delivery of the Point Grey development, the Company’s flagship asset.”

The planning and environment approvals required to commence development at Point Grey continue to be achieved with the objective of first settlements being completed by the end of 2011.

The Company has recently appointed FKP Property Group nominees Mr Peter Brown and Mr Geoff Grady to the Board.

The Company is also expecting to generate significant revenue over the coming 12-18 months from the sale of its remaining apartments at the Oceanique Luxury Apartment development, and from further disposal of non-core assets. The settlement proceeds of Oceanique apartments and non-core assets are being used to reduce debt with lender St George Bank.

**<< End >>**

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# PORT BOUVARD LIMITED

## PRELIMINARY FINAL REPORT APPENDIX 4E

### REPORTING PERIODS

Current reporting period	Financial year ended 30 June 2010
Previous corresponding period	Financial year ended 30 June 2009

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## 1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

### Summary

Revenue from continuing operations	Down	(19.0%)	to	\$20,788,277
Net loss for the period	Down	(11.0%)	to	\$(25,764,366)
Loss attributable to members of Port Bouvard Limited	Down	(11.0%)	to	\$(25,764,366)

### Dividends per Share

	Interim (cents)	Final (cents)
Amount per share	Nil	Nil
Franked amount per share at 30% tax	Nil	Nil
Record date for determining entitlements to dividends	N/a	N/a
Payment date of dividends	N/a	N/a

A determination is yet to be made relating to the next dividend.

### Explanations

For further information please refer to the commentary on results which follows.

## 2. COMMENTARY ON RESULTS

### Accounting Policies, Estimation Methods and Measurement Bases

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. The accounting policies in this report are the same as those that will be included in the annual financial report.

### Earnings per Share

During the year the Company issued 378,340,824 new shares as part of its \$60.2m capital raising process (**Capital Raising**) which upon finalisation would result in a total of 463,076,923 new shares being issued and total issued capital of 593,868,295 shares. At 30 June 2010 the number of shares on issue increased to 509,132,196 from 130,791,372 at 30 June 2009.

Weighted average basic earnings per share at 30 June 2010 was (19) cents per share, compared to (22) cents per share from the previous corresponding period.

### Dividends per Share

No dividends were declared during the financial year ending 30 June 2010 or the previous corresponding period.

### Significant Features of Operating Performance and Financial Position

The Company's Port Bouvard Residential Estate was completed during the year ended 30 June 2010 and revenue of \$20.195m was recorded from the last canal stage, Eastport 5. As Eastport 5 was the last stage in the Port Bouvard Residential Estate there were less lots available for sale by the Company compared to the previous corresponding period, therefore revenue from continuing operations fell by 19% from the previous corresponding period.

Before entries recognising impairment of the Company's ex Gidgegannup project, and the effect of the Gidgegannup cancellation agreement, a before tax operating loss from continuing operations of (\$4.7m) was recorded for the year.

However a final after tax loss for the year of (\$25.764m) is reported following asset impairment and the Company's decision to enter into the Gidgegannup cancellation agreement on 20 May 2010. Asset impairment during the year totalled \$19.206m before tax, of which \$16.458m was previously reported by the Company in its Half-Year Financial Report. The impairment solely related to the Company's ex Gidgegannup project. The reported loss of (\$14.105m) after tax at 31 December 2009 increased to the full year loss of (\$25.764m) after tax, predominantly due to the Gidgegannup cancellation agreement and further impairment of \$2.7m on Gidgegannup.

At 30 June 2010 the Company was part way through the \$60.2m fully underwritten Capital Raising. Of 463,076,923 new shares to be issued pursuant to the Capital Raising, 378,340,824 new shares had been issued.

The Capital Raising provided the Company with funds to meet its required July 2010 permanent debt reduction to St George Bank, sufficient short-term working capital and the funds required to develop the initial infrastructure and Stage One of flagship asset, Point Grey. Notably, FKP Property Group has at the finalisation of the Capital Raising, taken a 29.47% interest in Company (34.4% at 30 June 2010).

The newly issued shares provided the Company with \$46.1m in net proceeds, and considerably strengthened the Company's true current asset position (before non-current assets held-for-sale) to \$119.0m from \$60.1m at 30 June 2009.

The Company reports total assets as \$311.3m, an increase of \$73.9m from \$237.3m at 30 June 2009. This was offset by an increase in payables and borrowings of \$50.4m, mainly to finance the construction of the Oceanique Luxury Apartments. The overall effect on net assets was an increase of 18% to \$139.5m at 30 June 2010 from \$118.7m at 30 June 2009.

Notably, the Company has a deferred tax asset balance at 30 June 2010 of \$29.9m, increasing from \$15.2m at 30 June 2009. This asset arose mainly from the Company's asset impairments. It will be used to reduce the income tax liability arising from future profits.

As a result of the previously mentioned asset impairment, the Company's share issue and the Gidgegannup cancellation agreement, consolidated net tangible assets per share is \$0.23.

The Company completed its Oceanique Luxury Apartment building in late July 2010 and settlements of pre-sold apartments commenced shortly thereafter. The Company also continues to progress the planning approvals of flagship asset Point Grey and Esperance, and continues the non-core asset disposal strategy which resulted in settlement of the Dawesville site in early July 2010 and prospective settlement of the Melros site in November 2010, which when combined will provide the Company with gross proceeds of \$9.0m. Further detail on the Group's development operations is outlined in the following section.

### ***Development Update***

Although significant Company resources were expended during the Capital Raising, the Company remained focussed on its core competency, property development. Development highlights for the year ended 30 June 2010 are as follows:

- Planning approval milestones achieved at Point Grey;
- 47 Eastport 5 canal lots all sold and 47 settled;
- 34 Eastport 5 island lots all sold during a successful marketing campaign. 26 lots had settled prior to 30 June 2010. There is presently one settlement outstanding, and this is due to settle by late August 2010;
- Oceanique Luxury Apartments completed to 98% with practical completion occurring in late July 2010; and
- Non-core asset sale of Melros site for \$4m (unconditional contract for settlement on or before November 2010). The contract for the Dawesville site (sold in previous corresponding period for \$4.95m) remained on foot, and settlement of Dawesville occurred in July 2010.

The Company is focussing its resources on achieving medium to long term delivery of its assets which will deliver approximately 3,400 lots over the next fifteen years. Project specific updates are shown below.

### *Port Bouvard Residential Estate*

The final stage of sub-division of Eastport 5 at Port Bouvard Residential Estate has now been completed. Of the 47 canal lots and 34 island lots 73 of the 81 lots had settled at 30 June 2010. 7 of the remaining lots settled in July 2010 and the remainder is due to settle by late August 2010. These 81 lots provided the Company with \$23.7m in gross proceeds.

The completion of Eastport 5 culminates 12 years of development at Port Bouvard Residential Estate, where the Company delivered 2,200 lots and realised sales of approximately \$750m. In addition to residential lots, the development included a state of the art marina and commercial area, waterfront canal subdivisions, a world-class golf course and club house and built-form products such as the Mediterranean styled Bouvard Island, The Links Luxury Villas and Oceanique Luxury Apartments.

### *Oceanique Luxury Apartments*

The iconic Oceanique Luxury Apartments at Port Bouvard Residential Estate was 98% complete at 30 June 2010 and has since been completed. Settlements of the 40 pre-sold contracts commenced in July 2010 and have been progressing to date.

Constructed by DORIC, one of Australia's premier construction companies and situated adjacent to The Cut golf course, Oceanique Luxury Apartments have been finished to an exceptionally high standard with each luxury apartment offering uninterrupted ocean views.

### *Point Grey*

The Company continues to achieve the planning and environment approvals of its flagship landholding of 275 hectares at Point Grey, in order to commence development and settlements in 2011. The development is expected to be cash flow positive by 30 June 2012.

Point Grey, a residential marina based masterplanned community, will yield approximately 3,080 lots on approximately 205 hectares of urban zoned land, over the next 13 years. The site has over 5km of foreshore offering direct ocean access and an elevated peninsula offering magnificent views of the Peel and Harvey Estuaries. Anticipated revenues from Point Grey are in the order of \$1b and profits are expected to be in excess of \$500m.

Significant planning milestones were achieved throughout the year including the lodgement of the Outline Development Plan (**ODP**) and the Town Planning Scheme (**TPS**). Both the ODP and the TPS were approved by the Shire of Murray for advertisement and public comment. Finalisation and shire approval is anticipated toward the end of 2010.

Point Grey is approximately 75km south of Perth. The recent opening of the Forrest Highway (Perth to Bunbury freeway) has reduced travel time from Perth to less than an hour.

Funding for the initial infrastructure and Stage One of Point Grey has been secured by the Company's Capital Raising. The Company has set aside the \$32.2m for this purpose. It is planned for infrastructure to be constructed in a staged approach to ensure consistent positive cash flows from the development.

### *Esperance*

The Company continues to work closely with the Shire of Esperance, the Department of Planning and other adjacent landowners to develop the Bandy Creek Structure Plan which was approved by the Shire in August 2009.

This approval followed by the gazettal of the Shire of Esperance New Town Planning Scheme expected later this year will provide a clear planning framework for the Company to progress its canal development proposal on its landholdings.

It is anticipated the 17 hectares of strategically located land immediately adjacent to the existing marina will yield up to 217 canal lots. The necessary environmental investigations and reporting are well underway.

### *Non Core Assets*

As part of the Company's capital management strategy, many non-core assets have been sold. The cash inflows from these non-core assets have provided working capital for the Company. In particular:

- At 30 June 2010, the Dawesville site (sold for \$4.95m) was unsettled, however it settled in early July 2010; and
- The Melros site was sold during the year for \$4m. Settlement is expected on or before 30 November 2010. The Company holds a non-refundable cash deposit of \$0.4m with respect to this unconditional contract.

The Southport Hotel Site (Lot 372) within the Port Bouvard Residential Estate has been listed for sale. The development application was approved in January 2010 for a 138 room, 5 star hotel. Independent valuation is A\$7.3m and book value is A\$3.6m.

The golf course Villa Site (Lot 370) is also listed for sale. The site is adjacent to The Cut golf course and is a short walk to the beach. The Villa Site has Development Guideline approval for 44 apartments. Independent valuation is A\$3.6m and book value is A\$3.6m.

### **Other Segment Results**

The Company operates one business segment of property development in Australia, and results of the segment follow this section.

### **Trends in Performance**

During the year ended 30 June 2011 the Company will continue its principal activity of the development and sale of residential land and built-form products.

### 3. CONDENSED CONSOLIDATED INCOME STATEMENT

	<b>Current Period A \$'000</b>	<b>Previous Corresponding Period A \$'000</b>
Revenue from continuing operations – <i>refer 3.1 below</i>	20,788	26,152
Expenses from continuing operations – <i>refer 3.2 below</i>	(38,872)	(25,687)
Finance costs – <i>refer 3.4 below for capitalised borrowing costs</i>	(83)	(419)
Share of net profits / (losses) of associates and joint venture entities	612	-
<b>Profit from operations before amortisation and impairment and income tax</b>	<b>(17,555)</b>	<b>46</b>
Amortisation and impairment expense – <i>refer 3.3 below</i>	(19,206)	(40,865)
<b>Profit before income tax</b>	<b>(36,761)</b>	<b>(40,819)</b>
Income tax benefit	10,997	11,422
<b>Profit after tax from continuing operations</b>	<b>(25,764)</b>	<b>(29,397)</b>
Profit / (loss) after tax from discontinued operations	-	479
<b>Net profit for the period</b>	<b>(25,764)</b>	<b>(28,918)</b>
Profit / (loss) attributable to minority interests	-	-
<b>Profit / (loss) attributable to members of Port Bouvard Limited</b>	<b>(25,764)</b>	<b>(28,918)</b>
Basic Earnings Per Share	(19) cents	(22) cents
Diluted Earnings Per Share	N/a	N/a
Dividends Per Share	Nil	Nil

## NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

### 3.1 Revenue from Continuing Operations

	Current Period A \$'000	Previous Corresponding Period A \$'000
<b>Revenue</b>		
Sale of land	20,194	25,144
Rendering of services	9	15
Rental revenue	154	179
Finance revenue	30	9
Forfeited deposits	387	-
Other revenue	14	21
<b>Other Income</b>		
Debts forgiven	-	38
Gain on disposal of subsidiary	-	746
	<b>20,788</b>	<b>26,152</b>

### 3.2 Expenses from Continuing Operations

	Current Period A \$'000	Previous Corresponding Period A \$'000
Cost of sales	(16,182)	(16,680)
Commissions and discounts	(2,291)	(2,209)
Employee benefits expense	(2,102)	(3,128)
Advertising and marketing	(404)	(222)
Depreciation and amortisation	(45)	(137)
Rates and taxes	(235)	(328)
Repairs and maintenance	(528)	(380)
Consultants	(298)	(425)
Legal fees	(395)	(267)
Rental expenses	(231)	(300)
Write down of loan receivable from joint venture	(2,171)	-
Option cancellation fee	(10,658)	-
Other expenses	(3,333)	(1,611)
	<b>(38,872)</b>	<b>(25,687)</b>

### 3.3 Amortisation and Impairment Expenses

Consolidated – Current Period			
Before tax	Related tax	Related outside equity interests	Amount (after tax) attributable to members
A \$'000	A \$'000	A \$'000	A \$'000
Amortisation of goodwill	-	-	-
Amortisation of other intangibles	-	-	-
<b>Total amortisation of intangibles</b>	-	-	-
Impairment of goodwill	-	-	-
Impairment of other intangibles	-	-	-
Impairment of other assets	(19,206)	5,762	(13,444)
<b>(19,206)</b>	<b>5,762</b>	<b>-</b>	<b>(13,444)</b>

Consolidated – Previous Corresponding Period			
Before tax	Related tax	Related outside equity interests	Amount (after tax) attributable to members
A \$'000	A \$'000	A \$'000	A \$'000
Amortisation of goodwill	-	-	-
Amortisation of other intangibles	-	-	-
Total amortisation of intangibles	-	-	-
Impairment of goodwill	-	-	-
Impairment of other intangibles	-	-	-
Impairment of other assets	(40,865)	12,260	(28,606)
<b>(40,865)</b>	<b>12,260</b>	<b>-</b>	<b>(28,606)</b>

### 3.4 Capitalisation of Borrowing Costs

**Borrowing costs capitalised that are not included in borrowing cost expenses disclosed above include:**

Interest costs capitalised in asset values  
 Interest costs capitalised in intangibles (unless arising from an acquisition of a business)

Current Period	Previous Corresponding Period
A \$'000	A \$'000
9,792	6,827
-	-
<b>9,792</b>	<b>6,827</b>

#### 4. CONDENSED CONSOLIDATED BALANCE SHEET

	Current Period A \$'000	Previous Corresponding Period A \$'000
<b>Current Assets</b>		
Cash and cash equivalents	47,490	2,562
Trade and other receivables	4,470	3,830
Inventories	65,799	51,900
Other current Assets	1,260	1,808
<b>Current Assets</b>	<b>119,019</b>	<b>60,100</b>
Non-current assets held-for-sale	19,065	13,975
<b>Total Current Assets</b>	<b>138,084</b>	<b>74,075</b>
<b>Non-Current Assets</b>		
Inventories	143,166	147,756
Property, plant and equipment (net)	96	138
Other assets	-	160
Deferred tax assets	29,922	15,205
<b>Total Non Current Assets</b>	<b>173,184</b>	<b>163,259</b>
<b>TOTAL ASSETS</b>	<b>311,268</b>	<b>237,334</b>
<b>Current Liabilities</b>		
Trade and other payables	20,080	12,953
Borrowings	105,000	51,906
Provisions	93	85
<b>Total Current Liabilities</b>	<b>125,173</b>	<b>64,944</b>
<b>Non-Current Liabilities</b>		
Payables	3,872	
Borrowings	33,835	47,531
Provisions	18	50
Deferred tax liabilities	8,870	6,137
<b>Total Non-Current Liabilities</b>	<b>46,594</b>	<b>53,718</b>
<b>TOTAL LIABILITIES</b>	<b>171,767</b>	<b>118,662</b>
<b>NET ASSETS</b>	<b>139,501</b>	<b>118,672</b>
<b>Equity</b>		
Contributed equity	188,483	141,974
Reserves	557	619
Retained earnings	(49,539)	(23,921)
<b>Total Equity</b>	<b>139,501</b>	<b>118,672</b>

## NOTES TO THE CONDENSED CONSOLIDATED BALANCE SHEET

### 4.1 Consolidated Retained Profits

	<b>Current Period A \$'000</b>	<b>Previous Corresponding Period A \$'000</b>
Retained profits at the beginning of the financial period	(23,921)	4,575
Transfers from share based payments reserve	147	422
Net profit attributable to members of the parent entity	(25,764)	(28,918)
Dividends and other equity paid or provided for	-	-
<b>Retained earnings at the end of the financial period</b>	<b>(49,539)</b>	<b>(23,921)</b>

### 4.2 Exploration and Evaluation Expenditure Capitalised

Not applicable

### 4.3 Investment Properties

	<b>Current Period A \$'000</b>	<b>Previous Corresponding Period A \$'000</b>
Opening balance	-	5,000
Expenditure incurred during the current period	-	-
Expenditure transferred from Inventories	-	-
Expenditure written off during the current period	-	-
Transfer to non-current assets held-for-sale	-	(5,000)
<b>Closing balance as shown in the condensed consolidated balance sheet</b>	<b>-</b>	<b>-</b>

## 5. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<b>Current Period A \$'000</b>	<b>Previous Corresponding Period A \$'000</b>
<b>Total equity at the beginning of the financial period</b>	<b>118,672</b>	<b>146,982</b>
Profit for the period	(25,764)	(28,918)
Total recognised income and expense for the period	<b>(25,764)</b>	<b>(28,918)</b>
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs	45,363	39
Deferred tax asset arising from transaction costs	1,146	-
Increase in reserves	(63)	147
Transfer of shares based payment reserves to retained earnings	147	422
Dividends provided for or paid		-
<b>Total equity at the end of the financial period</b>	<b>139,501</b>	<b>118,672</b>

	<b>Current Period A \$'000</b>	<b>Previous Corresponding Period A \$'000</b>
Total recognised income and expense for the year is attributable to:		
Equity holders of Port Bouvard Limited	(25,764)	(28,918)
Minority interest	-	-
	<b>(25,764)</b>	<b>(28,918)</b>

## 6. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Current Period A \$'000</b>	<b>Previous Corresponding Period A \$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	25,487	31,615
Payments to suppliers and employees	(56,712)	(68,122)
Interest and other items of a similar nature received	30	9
Interest and other costs of finance paid	(10,119)	(7,063)
Income taxes paid	158	2,440
<b>Net cash flows from operating activities</b>	<b>(41,156)</b>	<b>(41,121)</b>
<b>Cash flows from investing activities</b>		
Payments for purchases of property, plant and equipment	-	(60)
Proceeds from sale of property, plant and equipment	(26)	15
Proceeds from sale of as property, plant and equipment as part of sale of business	-	3,118
Proceeds from disposal of investment in subsidiary	-	1,632
Repayment of loan by joint venture	556	1,396
Repayment of loan by other party	-	-
<b>Net cash flows from investing activities</b>	<b>530</b>	<b>6,101</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	65,131	79,019
Repayment of borrowings	(25,733)	(43,265)
Proceeds from share issue	49,184	39
Transactions costs on share issue	(3,028)	-
Dividends paid	-	-
<b>Net cash flows used in financing activities</b>	<b>85,554</b>	<b>35,793</b>
<b>Net increase in cash and cash equivalents</b>	<b>44,928</b>	<b>773</b>
Cash and cash equivalents at beginning of period	2,562	1,789
<b>Cash and cash equivalents at end of period – refer 6.1 below</b>	<b>47,490</b>	<b>2,562</b>

## NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

### 6.1 Reconciliation of Cash and Cash Equivalents

	Current Period A \$'000	Previous Corresponding Period A \$'000
Cash on hand and at bank	47,490	2,562
Deposits at call	-	-
<b>Total cash and cash equivalents at end of period</b>	<b>47,490</b>	<b>2,562</b>

### 6.2 Reconciliation of Net Profit after Tax to Net Cash Flows from Operations

	Current Period A \$'000	Previous Corresponding Period A \$'000
<b>Profit after income tax</b>	<b>(25,764)</b>	<b>(28,918)</b>
<i>Adjustments for:</i>		
- Depreciation and amortisation	45	198
- Loss on disposal of property, plant and equipment	23	94
- Change in value of assets	19,206	40,865
- Gain on sale of subsidiary	-	(746)
- Shared based payments expense	84	570
- Share of net profits / (losses) of associates and joint venture entities	-	-
- Write off of investment in joint venture	2,415	-
<i>Changes in assets and liabilities:</i>		
(Increase) / decrease in receivables	(3,352)	(9)
(Increase) / decrease in inventories	(33,604)	(48,323)
(Increase) / decrease in other assets	708	(653)
(Increase) / decrease in deferred tax assets	(14,717)	(13,023)
Increase / (decrease) in payables	11,094	5,160
Increase / (decrease) in provisions	(26)	(154)
Increase / (decrease) in deferred tax liabilities	2,733	1,064
Increase / (decrease) in current tax payable	-	2,754
<b>Net cash from operating activities</b>	<b>(41,156)</b>	<b>(41,121)</b>

### 6.3 Non-cash Financing and Investing Activities

There were no non-cash financing and investing transactions during the year.

## OTHER NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 7. NET TANGIBLE ASSETS PER ORDINARY SHARE (NTA backing)

Current reporting period	23 cents
Previous corresponding period	84 cents

The significant decrease is due an increase of 378,340,824 ordinary shares which were issued as part of the Company's Capital Raising, and this has impacted the Company's net tangible assets per ordinary share.

### 8. DETAILS OF CONTROLLED ENTITIES

#### 8.1 Control Gained over Entities during the Period

Not applicable

#### 8.2 Control Lost over Entities during the Period

Not applicable

### 9. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

#### 9.1 Equity Accounted Associates and Joint Venture Entities

	%Ownership Interest		Contribution to Net Profit	
	Current Period A \$'000	Previous Corresponding Period A \$'000	Current Period A \$'000	Previous Corresponding Period A \$'000
M.M.M Developments Pty Ltd	50%	50%	466	849
Lighthouse Investments Pty Ltd	50%	50%	86	156
DD Developments Pty Ltd	50%	50%	38	40
Goodrock Corporation	50%	50%	22	70

#### 9.2 Aggregate Share of Profits / (Losses) of Associates and Joint Venture Entities

	Current Period A \$'000	Previous Corresponding Period A \$'000
<b>Group's Share of Associates and Joint Venture Entities:</b>		
Profit / (loss) before income tax	612	-
Income tax expense	-	-
<b>Profit / (loss) after tax</b>	612	-
Adjustments	-	-
<b>Share of net profit / (loss) of associates and joint venture entities</b>	612	-

## OTHER NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

### 10. DIVIDENDS

#### 10.1 Dividends per Share

##### Final

- current period
- previous corresponding period

##### Interim

- current period
- previous corresponding period

	Amount per share	Franked amount per share at 30% tax	Amount per share of foreign source dividend
- current period	0 cents	0 cents	0 cents
- previous corresponding period	0 cents	0 cents	0 cents
- current period	0 cents	0 cents	0 cents
- previous corresponding period	0 cents	0 cents	0 cents

#### 10.2 Total Dividends

Interim – nil (2009: nil)  
 Final – nil (2009: nil)

Current Period A \$'000	Previous Corresponding Period A \$'000
-	-
-	-

#### 10.3 Dividend Reinvestment Plans

The Company does not operate a dividend reinvestment plan.

The last date for receipt of election notices for participation in any dividend reinvestment plans:  
*Not applicable*

### 11. ACCOUNTING STANDARDS (FOR FOREIGN ENTITIES)

The Company is domiciled in Australia as are all of its subsidiaries.

### 12. OTHER INFORMATION REGARDING THE ACCOUNTS

#### 12.1 The information contained in this Appendix 4E is based on accounts which;

- are in the process of being audited

#### 12.2 Audit Disputes or Qualifications

These accounts are not likely to be subject to dispute or qualification.

### 13. OTHER SIGNIFICANT INFORMATION

There is no other significant information.

<< End >>