

PORT BOUVARD LIMITED

PRELIMINARY FINAL REPORT APPENDIX 4E

REPORTING PERIODS

Current reporting period	Financial year ended 30 June 2011
Previous corresponding period	Financial year ended 30 June 2010

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1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Summary

Revenue from continuing operations	Up	230.0%	to	\$68,577,627
Net profit for the period	Up	103.0%	to	\$771,117
Profit attributable to members of Port Bouvard Limited	Up	103.0%	to	\$771,117

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

In the previous corresponding period the Company commenced a \$60.2m capital raising process (**Capital Raising**) and 378,340,824 new ordinary shares were issued during that period with total issued share capital being 509,132,196 shares at the end of that period. On 20 July 2010 the Company issued a further 84,736,099 new ordinary shares. At the conclusion of the Capital Raising a total of 463,076,923 new shares had been issued. Total issued capital of the Company at 30 June 2011 is 593,868,295 shares.

Weighted average basic earnings per share at 30 June 2011 was 0 cents per share, compared to (19) cents per share from the previous corresponding period.

Dividends per Share

No dividends were declared during the financial year ending 30 June 2011 or the previous corresponding period.

Significant Features of Operating Performance and Financial Position

Operating Performance

Port Bouvard Limited and its group of companies (**Group**) recorded for the financial year ended 30 June 2011 an after tax profit of \$0.8m (2010: loss of \$25.8m). Revenue for the year was \$68.6 million (2010: \$20.8m), predominantly from settlements of Oceanique apartments (**Oceanique**). Economic conditions present at the end of the year and the cyclical nature of the Group's operations, resulted in asset impairments of \$3.6 million (2010: \$21.4m) being recorded.

The completion of the Capital Raising during the financial year in addition to improved operating performance has improved the strength of the Group's financial position.

Statement of Financial Position

The Group's total asset balance at 30 June 2011 being \$214.1 million (2010: \$311.3m) reduced by \$97.2 million from the previous corresponding period. The majority of the reduction was recorded in inventory as a result of settlements of Oceanique, Eastport 5 island canal lots, and undeveloped englobo sites Melros and Dawesville. Surplus cash and cash equivalents available during the current reporting period were used by the Group to reduce debt temporarily with primary lender, St George Bank Limited (**St George**). By doing so the Group reduced interest costs by approximately \$0.8 million during the current reporting period. The cash used to temporarily reduce debt will be redrawn by the Group pursuant to its facility agreements with St George to eventually be used to develop Stage 1 and initial external infrastructure for Point Grey.

The Group's deferred tax asset balance at 30 June 2011 was \$25.5 million (2010: \$29.9m). This asset arose mainly from the Group's losses during the 2009 and 2010 financial years largely from the cancellation of the Gidgegannup project. The tax asset created as a result of these losses provides the Group with the ability to effectively generate its first profits from Point Grey without needing to provide for income tax.

The Group's total liability balance at 30 June 2011 being \$63.3 million (2010: \$171.8m) reduced by \$108.5 million from the previous corresponding period. The majority of the reduction was recorded in borrowings, from both permanent and temporary debt reductions, a decrease in payables and decrease in deferred tax liabilities. The Group has debt facilities with St George which mature on 31 December 2011. As the debt facilities expire within 12 months of 30 June 2011, the Group classified all facility borrowings as a current liability in the Statement of Financial Position.

Property and Built-Form Development

During the period ended 30 June 2011 the Group focussed on completing the construction and settlements of Oceanique and finalising the planning and environmental approvals for Point Grey.

The Group continues to focus its energy on achieving medium to long term delivery of its assets which will deliver approximately 3,300 lots over the next fifteen years across both Point Grey and Bandy Creek. Development specific updates are shown below.

Port Bouvard Residential Estate (Port Bouvard)

The final stage of sub-division of Port Bouvard, Eastport 5, has been completed and all lots have settled. The completion of Eastport 5 culminates 12 years of the award winning masterplanned community at Port Bouvard, where the Group delivered circa 2,200 lots and realised gross sales of approximately \$750m.

The Group holds a small balance of inventory at Port Bouvard, being the undeveloped hotel site, golf course villa site, a single Southport residential lot and constructed Northport restaurant site which are all intended to be sold in the ordinary course of business.

Oceanique Luxury Apartments

In 2007 the Group commenced sales and construction of Oceanique, comprising 66 luxury coastal apartments. Located within the Southport precinct at Port Bouvard, Oceanique was designed to ensure extensive ocean and golf course views.

Oceanique was completed on 23 July 2010. Constructed by DORIC, one of Australia's premier construction companies, Oceanique has been finished to an exceptionally high standard. The Oceanique development received a Master Builders Association Excellence in Construction Award for the 2011 Best Multi – Unit Development over \$50 million and a commendation from the Royal Australian Institute of Architects WA Chapter 2011 Architecture Awards for Residential Architecture - Multi Residential Category.

Settlements of pre-sale contracts commenced on 26 July 2010 and by 30 June 2011 a total of 25 contracts had settled providing gross sales proceeds of \$61.5 million. At the date of this Appendix 4E, 25 contracts have settled providing gross sales proceeds of \$61.5 million. There are 13 contracts on foot awaiting settlement, all of which are from the 2007 sales campaign. A number of these are under deeds of variation with extended settlement terms, or at various stages of the legal process.

Despite the soft market for luxury and aspirational purchases the Group remains focused on a strategically targeted marketing campaign for Oceanique, both locally and internationally.

Point Grey

Point Grey is located on the only elevated peninsula setting on the eastern shores of the Peel Inlet and the Harvey Estuary in the Shire of Murray, Western Australia. Situated approximately 20 kilometres west of the Pinjarra town site, and approximately 12 kilometres south east of the Mandurah city centre, Point Grey is one of the most valuable undeveloped urban zoned coastal sites in Western Australia.

The Group acquired approximately 275 hectares of land at Point Grey in 2007, which it plans to develop into a vibrant residential village based around a world class tourist marina. It is anticipated that once completed, approximately 6,500 residents will enjoy the many attributes of this beautiful natural location, including its direct access to the waterways and natural setting.

Since receiving urban rezoning approval in April 2009, the local Town Planning Scheme rezoning received Ministerial consent in early June 2011. This final rezoning approval then paved the way for the Outline Development Plan approval received on 28 June 2011.

Subdivision approval for 341 lots was submitted to the Western Australian Planning Commission (**WAPC**) in March 2011. Approval from the WAPC is expected in due course.

These approvals represent significant de-risking of the proposed development and add value to the flagship asset for the Group.

The State Environmental Protection Authority environmental approval for the residential development component of the Point Grey project was received in March 2011. The Commonwealth Government's environmental approval for the residential component of the Point Grey project is also well advanced and is expected to be finalised near the end of the 2011 calendar year.

The proposed marina environmental approval is well advanced, with the Public Environmental Review (**PER**) advertising period now complete. State Ministerial consent is expected near to the end of the 2011 calendar year with the Commonwealth Government's consent expected in the first quarter of the 2012 calendar year.

Bandy Creek, Esperance

The Group 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.

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.

The Group finds encouraging the WA State Government's formal announcement that its Super Towns initiative will include Esperance, committing significant infrastructure spending for schools, rail, transport, and port facilities.

Non-Core Assets

The Group's non-core asset sale contracts for Dawesville and Melros both settled during the financial year, with gross settlement proceeds of \$4.95 million and \$4.0 million respectively.

Under the terms of the Gidgegannup Cancellation Agreement, land acquired during 2007 was transferred back to the vendor on 12 July 2010 and a fee paid to the vendor consisting of \$2 million which was paid on 12 July 2010 and \$3 million which was paid on 24 September 2010. The latter was structured to be and was paid on receipt of the refund of stamp duty previously paid to the Office of State Revenue by the Group in 2007 and so did not impact on Group cash flows or debt. The only remaining element of the Gidgegannup Cancellation Agreement is a deferred payment of \$4.9 million, payable to the vendor on 2 January 2014. The deferred payment is recognised in the Group's Statement of Financial Position as a liability until paid.

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 2012 the Company will continue its principal activity of the development and sale of residential land and built-form products.

3. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Period A \$'000	Previous Corresponding Period A \$'000
Revenue from continuing operations – <i>refer 3.1 below</i>	68,577	20,788
Expenses from continuing operations – <i>refer 3.2 below</i>	(61,280)	(38,872)
Finance costs – <i>refer 3.4 below for capitalised borrowing costs</i>	(2,660)	(83)
Share of net profits / (losses) of associates and joint venture entities	-	612
Profit from operations before amortisation and impairment and income tax	4,637	(17,555)
Amortisation and impairment expense – <i>refer 3.3 below</i>	(3,622)	(19,206)
Profit before income tax	1,015	(36,761)
Income tax benefit	(244)	10,997
Profit after tax from continuing operations	771	(25,764)
Profit / (loss) after tax from discontinued operations	-	-
Net profit for the period	771	(25,764)
Profit / (loss) attributable to minority interests	-	-
Profit / (loss) attributable to members of Port Bouvard Limited	771	(25,764)
Basic Earnings Per Share	0 cents	(19) cents
Diluted Earnings Per Share	N/a	N/a
Dividends Per Share	Nil	Nil

NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

3.1 Revenue from Continuing Operations

Revenue

Sale of land and built-form product
 Rendering of services
 Rental revenue
 Finance revenue
 Forfeited deposits
 Other revenue

Current Period	Previous Corresponding Period
A \$'000	A \$'000
67,113	20,194
9	9
60	154
756	30
405	387
234	14
68,577	20,788

3.2 Expenses from Continuing Operations

Cost of sales
 Commissions and discounts
 Employee benefits expense
 Advertising and marketing
 Depreciation and amortisation
 Rates and taxes
 Repairs and maintenance
 Consultants
 Legal fees
 Rental expenses
 Write down of loan receivable from joint venture
 Option cancellation fee
 Other expenses

Current Period	Previous Corresponding Period
A \$'000	A \$'000
(49,314)	(16,182)
(3,425)	(2,291)
(2,370)	(2,102)
(2,125)	(404)
(43)	(45)
(569)	(235)
(339)	(528)
(152)	(298)
(812)	(395)
(198)	(231)
(36)	(2,171)
(342)	(10,658)
(1,555)	(3,333)
(61,280)	(38,872)

3.3 Amortisation and Impairment Expenses

Consolidated – Current Period				
Before tax A \$'000	Related tax A \$'000	Related outside equity interests A \$'000	Amount (after tax) attributable to members A \$'000	
Impairment of other assets	(3,622)	1,087	-	(2,535)
	(3,622)	1,087	-	(2,535)

Consolidated – Previous Corresponding Period				
Before tax A \$'000	Related tax A \$'000	Related outside equity interests A \$'000	Amount (after tax) attributable to members A \$'000	
Impairment of other assets	(19,206)	5,762	-	(13,444)
	(19,206)	5,762	-	(13,444)

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

Current Period A \$'000	Previous Corresponding Period A \$'000
3,626	9,792
3,626	9,792

4. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Current Period A \$'000	Previous Corresponding Period A \$'000
Current Assets		
Cash and cash equivalents	8,189	47,490
Trade and other receivables	552	4,470
Inventories	14,864	65,799
Other current Assets	396	1,260
Current Assets	24,001	119,019
Non-current assets held-for-sale	-	19,065
Total Current Assets	24,001	138,084
Non-Current Assets		
Inventories	163,480	143,166
Property, plant and equipment (net)	1,139	96
Deferred tax assets	25,483	29,922
Total Non-Current Assets	190,102	173,184
TOTAL ASSETS	214,103	311,268
Current Liabilities		
Trade and other payables	4,001	20,080
Borrowings	50,486	105,000
Provisions	-	93
Total Current Liabilities	54,487	125,173
Non-Current Liabilities		
Payables	4,214	3,872
Borrowings	-	33,835
Provisions	158	18
Deferred tax liabilities	4,457	8,870
Total Non-Current Liabilities	8,829	46,594
TOTAL LIABILITIES	63,316	171,767
NET ASSETS	150,787	139,501
Equity		
Contributed equity	198,989	188,483
Reserves	339	557
Retained earnings	(48,541)	(49,539)
Total Equity	150,787	139,501

NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4.1 Consolidated Retained Profits

	Current Period A \$'000	Previous Corresponding Period A \$'000
Retained profits at the beginning of the financial period	(49,539)	(23,921)
Transfers from share based payments reserve	227	147
Net profit / (loss) attributable to members of the parent entity	771	(25,764)
Retained earnings at the end of the financial period	(48,541)	(49,539)

4.2 Exploration and Evaluation Expenditure Capitalised

Not applicable.

5. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Current Period A \$'000	Previous Corresponding Period A \$'000
Total equity at the beginning of the financial period	139,501	118,672
Profit for the period	771	(25,764)
Total recognised income and expense for the period	771	(25,764)
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs	10,506	45,363
Deferred tax asset arising from transaction costs	-	1,146
Increase in reserves	(218)	(63)
Transfer of share based payment reserves to retained earnings	227	147
Total equity at the end of the financial period	150,787	139,501

	Current Period A \$'000	Previous Corresponding Period A \$'000
Total recognised income and expense for the year is attributable to:		
Equity holders of Port Bouvard Limited	771	(25,764)
	771	(25,764)

6. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period A \$'000	Previous Corresponding Period A \$'000
Cash flows from operating activities		
Receipts from customers	83,254	25,487
Payments to suppliers and employees	(37,316)	(56,712)
Interest and other items of a similar nature received	756	30
Interest and other costs of finance paid	(6,086)	(10,119)
Income taxes paid	-	158
Net cash flows from operating activities	40,608	(41,156)
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(1,007)	(26)
Repayment of loan by joint venture	-	556
Net cash flows from investing activities	(1,007)	530
Cash flows from financing activities		
Proceeds from borrowings	44,450	65,131
Repayment of borrowings	(132,800)	(25,733)
Proceeds from share issue	11,016	49,184
Transactions costs on share issue	(1,568)	(3,028)
Net cash flows used in financing activities	(78,902)	85,554
Net increase in cash and cash equivalents	(39,301)	44,928
Cash and cash equivalents at beginning of period	47,490	2,562
Cash and cash equivalents at end of period – refer 6.1 below	8,189	47,490

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	8,189	47,490
Total cash and cash equivalents at end of period	8,189	47,490

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

	Current Period A \$'000	Previous Corresponding Period A \$'000
Profit after income tax	771	(25,764)
<i>Adjustments for:</i>		
- Depreciation and amortisation	43	45
- Loss on disposal of property, plant and equipment	4	23
- Change in value of assets	3,622	19,206
- Shared based payments expense	10	84
- Write off of investment in joint venture	36	2,112
<i>Changes in assets and liabilities:</i>		
(Increase) / decrease in receivables	3,883	(3,352)
(Increase) / decrease in inventories	46,064	(33,604)
(Increase) / decrease in other assets	864	708
(Increase) / decrease in deferred tax assets	4,438	(14,717)
Increase / (decrease) in payables	(14,761)	11,396
Increase / (decrease) in provisions	47	(26)
Increase / (decrease) in deferred tax liabilities	(4,413)	2,733
Net cash from operating activities	40,608	(41,156)

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	22 cents
Previous corresponding period	23 cents

8. DETAILS OF CONTROLLED ENTITIES

8.1 Control Gained over Entities during the Period

Port Bouvard Limited gained 100% control of Peel Water Pty Ltd which was registered on 3 November 2010.

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	Previous Corresponding Period	Current Period	Previous Corresponding Period
	A \$'000	A \$'000	A \$'000	A \$'000
M.M.M Developments Pty Ltd	50%	50%	-	466
Lighthouse Investments Pty Ltd	50%	50%	-	86
DD Developments Pty Ltd	50%	50%	-	38
Goodrock Corporation	50%	50%	-	22

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

	Current Period	Previous Corresponding Period
	A \$'000	A \$'000
Group's Share of Associates and Joint Venture Entities:		
Profit / (loss) before income tax	-	612
Income tax expense	-	-
Profit / (loss) after tax	-	612
Adjustments	-	-
Share of net profit / (loss) of associates and joint venture entities	-	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 (2010: nil)
 Final – nil (2010: 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 Status of Audit

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 >>