



**APPENDIX 4E
& FINANCIAL RESULTS
FOR YEAR ENDED**

30 JUNE 2020



ASX Codes: KBC and KBCPA

Keybridge Capital Limited

A.B.N. 16 088 267 190

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

| | |
|-----------------------|------------------------|
| Nicholas F. J. Bolton | Managing Director |
| Jeremy M. Kriewaldt | Non-Executive Director |
| Antony Catalano | Non-Executive Director |

COMPANY SECRETARY

John D. Patton

REGISTERED AND PRINCIPAL OFFICE

Suite 614, Level 6
370 St Kilda Road
Melbourne, Victoria 3004

| | |
|------------|-----------------------|
| Telephone: | (03) 9686 7000 |
| Facsimile: | (08) 9214 9701 |
| Email: | info@keybridge.com.au |
| Website: | www.keybridge.com.au |

AUDITORS

Deloitte Touche Tohmatsu
Tower 2, Brookfield Place
123 St Georges Terrace
Perth, Western Australia 6000

| | |
|------------|---------------------|
| Telephone: | (08) 9365 7000 |
| Website: | www.deloitte.com.au |

STOCK EXCHANGE

Australian Securities Exchange
Sydney, New South Wales

| | |
|----------|----------------|
| Website: | www.asx.com.au |
|----------|----------------|

ASX CODES

KBC (Shares)
KBCPA (Convertible Redeemable Promissory Notes)

SHARE REGISTRY

Advanced Share Registry Services

Main Office

110 Stirling Highway

Nedlands, Western Australia 6009

| | |
|------------------|----------------------------|
| Local Telephone: | 1300 113 258 |
| Telephone: | (08) 9389 8033 |
| Facsimile: | (08) 9262 3723 |
| Email: | admin@advancedshare.com.au |
| Website: | www.advancedshare.com.au |

APPENDIX 4E

1. Reporting period

| | |
|---|----------------------------------|
| Name of Entity | Keybridge Capital Limited |
| ABN: | 16 088 267 190 |
| Financial year ended: | 30 June 2020 |
| Previous corresponding reporting period: | 30 June 2019 |

2. Results for announcement to the market

| | 2020 \$'000 | Percentage increase / (decrease) over corresponding period |
|--|------------------------|---|
| Revenues from ordinary activities (<i>item 2.1</i>) | 75 | (94.3%) |
| Profit (loss) from ordinary activities after tax attributable to members (<i>item 2.2</i>) | (3,273) | 9.3% |
| Net profit (loss) for the period attributable to members (<i>item 2.3</i>) | (3,273) | 9.3% |

| Dividends (<i>item 2.4</i>) | Amount per security | Franked amount per security |
|------------------------------------|----------------------------|------------------------------------|
| 2020 final dividend | 0.00¢ | N/A |
| 2020 interim dividend | 0.00¢ | N/A |
| Final Dividend Dates | | |
| Ex-entitlement date | N/A | N/A |
| Record date | N/A | N/A |
| Last election date for DRP | N/A | N/A |
| Payment date | N/A | N/A |

3. Net tangible assets per security (*item 3*)

| | Current period | Previous corresponding period |
|--|-----------------------|--------------------------------------|
| Net tangible asset backing per ordinary security (cents) | 5.2¢ | 7.1¢ |

4. Details of entities over which control has been gained or lost during the period (*item 4*)

N/A

APPENDIX 4E

Appendix 4E Contents and checklist of requirements

| | |
|---|---|
| 1. Reporting period and corresponding period. | Refer to Page 2 of this Appendix 4E. |
| 2. Results for announcement to the market. | Refer to Page 2 of this Appendix 4E. |
| 3. Statement of comprehensive income. | Refer to Page 4 of this Appendix 4E. |
| 4. Statement of financial position. | Refer to Page 5 of this Appendix 4E. |
| 5. Statement of cash flows. | Refer to Page 7 of this Appendix 4E. |
| 6. Statement of changes in equity. | Refer to Page 6 of this Appendix 4E. |
| 7. Details of dividends or distributions. | Refer to Page 2 of this Appendix 4E. |
| 8. Details of dividend or distribution reinvestment plans in operation and the last date of receipt of an election notice for participation in any dividend or distribution reinvestment plan. | Refer to Page 2 of this Appendix 4E. |
| 9. Net tangible assets per security. | Refer to Page 2 of this Appendix 4E. |
| 10. Details of entities over which control has been gained or lost during the period. | Refer to Page 2 of this Appendix 4E. |
| 11. Details of joint venture entities and associated entities. | Not applicable. |
| 12. Any other information needed by an investor to make an informed assessment of the entity's financial performance and financial position. | Refer to Pages 8-10 of this Appendix 4E. |
| 13. Accounting standards used in compiling reports by foreign entities. | Not applicable. |
| 14. A commentary on the results for the period. | Refer to Page 8 of this Appendix 4E. |
| 15. A statement as to whether the report is based on accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed. | This report is based on financial statements which are in the process of being audited. |
| 16. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification a description of the likely dispute or qualification. | At this stage, it is likely that the audit report will be unqualified. |
| 17. If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification. | Not applicable. |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 30 June 2020

| | 2020 | 2019 |
|---|--------------------|--------------------|
| | \$ | \$ |
| Revenue | | |
| Fees | 1,392 | 43,590 |
| Total revenue | 1,392 | 43,590 |
| Other Income | | |
| Interest revenue | 306,775 | 449,127 |
| Dividend revenue | 29,892 | 115,185 |
| Other income | 88,309 | 674,621 |
| Total Revenue and Other Income | 426,367 | 1,282,523 |
| Other gains and losses: | | |
| Net gain /(loss) on financial assets at fair value through profit or loss | (965,007) | (1,251,042) |
| Impairment expense | (644,197) | (463,162) |
| Excess of net assets over cost on acquisition | | |
| Net gain/(loss) on derivative liabilities | (400,000) | 52,317 |
| Gain/(loss) on revaluation of foreign currency assets | (285,958) | 57,768 |
| Share of Associate entity's profit/(loss) | 1,506,778 | (783,452) |
| Expenses | | |
| Personnel expenses | (619,150) | (519,843) |
| Corporate expenses | (1,518,206) | (1,155,871) |
| Administration expenses | (236,737) | (289,789) |
| Other expenses | (30,773) | (142,448) |
| Results from operating activities | (2,766,882) | (3,212,999) |
| Finance expenses | (470,805) | (395,531) |
| Profit/(Loss) before Income Tax | (3,237,687) | (3,608,530) |
| Income tax benefit/(expense) | | |
| Profit/(Loss) after income tax for the year | (3,237,687) | (3,608,530) |
| Other Comprehensive Income | | |
| Foreign currency translation reserve | 98,022 | 11,946 |
| Total Comprehensive Income/(Loss) for the year | (3,139,665) | (3,596,584) |
| Basic and diluted earnings/(loss) per share (cents) attributable to the ordinary equity holders of the Company | (1.93) | (2.29) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

| | 2020 \$ | 2019 \$ |
|--|-------------------|-------------------|
| Current Assets | | |
| Cash and cash equivalents | 456,648 | 1,549,219 |
| Financial assets at fair value through profit or loss | 4,486,806 | 7,056,672 |
| Other assets | 5,087,862 | 5,171,756 |
| Receivables | 1,554,313 | 377,036 |
| Total Current Assets | 11,585,630 | 14,154,683 |
| Non-Current Assets | | |
| Loans and receivables | 4,545,965 | 5,022,517 |
| Investment in Associate entity | | 1,302,483 |
| Deferred tax asset | 142,578 | 142,579 |
| Property, plant and equipment | | |
| Total Non-Current Assets | 4,688,543 | 6,467,579 |
| Total Assets | 16,274,172 | 20,622,262 |
| Current Liabilities | | |
| Payables | 740,178 | 1,678,682 |
| Total Current Liabilities | 740,178 | 1,678,682 |
| Non-Current Liabilities | | |
| Financial liabilities at fair value through profit or loss | 5,602,056 | 7,600,000 |
| Deferred tax liability | 142,578 | 142,579 |
| Total Non-Current Liabilities | 5,744,634 | 7,742,579 |
| Total Liabilities | 6,484,812 | 9,421,261 |
| Net Assets | 9,789,361 | 11,201,001 |
| Equity | | |
| Issued capital | 255,305,919 | 253,577,894 |
| Reserves | 1,454,002 | 1,355,982 |
| Accumulated losses | (246,970,560) | (243,732,875) |
| Total Equity | 9,789,361 | 11,201,001 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2020

| Note | Issued capital | Reserves | | Foreign currency translation | Accumulated losses | Total |
|--|--------------------|-----------------------------|--------------------|------------------------------------|-----------------------|-------------------|
| | | Share -based payments | Profits reserve | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 Jul 2017 | 253,717,174 | 692,988 | 2,466,025 | | (233,178,714) | 23,697,473 |
| Loss for the year | | | | | (6,805,859) | (6,805,859) |
| Profits reserve transfer | | | 139,772 | | (139,772) | |
| Foreign currency reserve | | | | (2,557) | | (2,557) |
| Total comprehensive income for the year | | | 139,772 | (2,557) | (6,945,631) | (6,808,416) |
| Transactions with owners in their capacity as owners: | | | | | | |
| Share based payment | | (371,388) | | | | (371,388) |
| Dividends paid | | | (790,402) | | | (790,402) |
| Share buy backs | (79,450) | | | | | (79,450) |
| Balance at 30 Jun 2018 | <u>253,637,724</u> | <u>321,600</u> | <u>1,815,395</u> | <u>(2,557)</u> | <u>(240,124,345)</u> | <u>15,647,817</u> |
| Balance at 1 Jul 2018 | 253,637,724 | 321,600 | 1,815,395 | (2,557) | (240,124,345) | 15,647,817 |
| Loss for the year | | | | | (3,608,530) | (3,608,530) |
| Foreign currency reserve | | | | 11,946 | | 11,946 |
| Total comprehensive income for the year | | | | 11,946 | (3,608,530) | (3,596,584) |
| Transactions with owners in their capacity as owners: | | | | | | |
| Share buy backs | (59,830) | | | | | (59,830) |
| Dividends paid | | | (790,402) | | | (790,402) |
| Balance at 30 Jun 2019 | <u>253,577,894</u> | <u>321,600</u> | <u>1,024,993</u> | <u>9,389</u> | <u>(243,732,875)</u> | <u>11,201,001</u> |
| Balance at 1 Jul 2019 | 253,577,894 | 321,600 | 1,024,993 | 9,389 | (243,732,875) | 11,201,001 |
| Loss for the year | | | | | (3,237,687) | (3,237,687) |
| Foreign currency reserve | | | | 98,022 | | 98,022 |
| Total comprehensive income for the year | | | | 98,022 | (3,237,687) | (3,139,665) |
| Transactions with owners in their capacity as owners: | | | | | | |
| Shares issued | 1,728,025 | | | | | 1,728,025 |
| Dividends paid | | | | | | |
| Balance at 30 Jun 2020 | <u>255,305,919</u> | <u>321,600</u> | <u>1,024,993</u> | <u>107,411</u> | <u>(246,970,562)</u> | <u>9,789,361</u> |

CONSOLIDATED STATEMENT OF CASH FLOWS

| | Note | 2020 \$ | 2019 \$ |
|--|------|--------------------|--------------------|
| Cash Flows from Operating Activities | | | |
| Fees received | | 1,392 | 2,542 |
| Interest received | | 8,006 | 160,768 |
| Other income received | | 88,309 | 729,891 |
| Payments to suppliers and employees | | (4,489,664) | (2,260,106) |
| CRPN Interest payments | | (470,805) | (395,531) |
| Net Cash used in Operating Activities | | (4,862,763) | (1,762,436) |
| Cash Flows from Investing Activities | | | |
| Proceeds from sale of financial assets at fair value through profit or loss | | 6,343,956 | 29,890 |
| Payments for financial assets at fair value through profit or loss | | (1,583,478) | (983,648) |
| Payments for loans and receivables advanced | | (255,000) | (1,495,800) |
| Proceeds from repayments of loans and receivables advanced | | 42,021 | 1,691,045 |
| Payment for investment in financial asset at fair value through profit or loss (pending completion or refund) | | | (5,000,000) |
| Draw down from margin loan facility | | | 1,370,800 |
| Dividends received | | 29,892 | 115,185 |
| Return of capital received | | 342,558 | 21,090 |
| Purchase of shares in Associate entity | | | (4,304) |
| Net Cash provided by/(used in) Investing Activities | | 4,919,949 | (4,255,742) |
| Cash Flows from Financing Activities | | | |
| Share issues/(buy backs) | | 1,728,025 | (59,830) |
| Dividends paid | | | (790,401) |
| Issue/(Redemption) of Convertible Redeemable Promissory Notes | | (2,397,944) | 3,598,953 |
| Net Cash used in Financing Activities | | (669,919) | 2,748,722 |
| Net increase/(decrease) in cash held | | (612,733) | (3,269,456) |
| Cash and cash equivalents at beginning of financial year | | 1,549,219 | 5,007,980 |
| Effect of exchange rate fluctuations on cash held | | (479,838) | (189,305) |
| Cash and Cash Equivalents at the end of financial year | | 456,648 | 1,549,219 |

PRINCIPAL ACTIVITIES

Keybridge is an investment and financial services group with a diversified portfolio of listed and unlisted investments/loan assets in the life insurance (New Zealand), property and funds management sectors and strategic holdings in HHY Fund (ASX:HHY), Yowie Group Ltd (ASX:YOW), Metgasco Limited (ASX: MEL) and Molopo Energy Limited (ASX:MPO). Keybridge was also the Investment Manager of the HHY Fund (between 30 June 2016 and 19 July 2019).

Keybridge is a company limited by shares that was incorporated in New South Wales in June 1999 and has been listed on the Australian Securities Exchange (**ASX**) since December 1999 (ASX Code:KBC).

REVIEW AND RESULTS OF OPERATIONS

Keybridge's principal activities during the year were management of its portfolio of listed and unlisted investments/loan assets.

FINANCIAL RESULTS FOR THE YEAR

The loss of the Consolidated Entity for the financial year ended 30 June 2020 after providing for income tax was \$3.273 million (2019: loss \$3.610 million). Total revenue amounted to \$75K (2019: \$1.3 million).

The \$400,000 net loss on derivative liabilities, is a non-cash adjustment for the carrying value of Keybridge's CRPN liability from a mark-to-market basis (\$0.95 per note) to the redemption value of the notes (\$1.00 per note).

During the financial year, Keybridge issued 22,000,000 ordinary shares at 6.9c per share, raising \$1,518,000. Such issue was accretive to the Company's Net Tangible Assets.

Keybridge approved the sale of 3,000,000 Executive Share Scheme (ESS) shares for 7.0c per share, raising \$210,000 to the benefit of Keybridge (through the reduction of ESS loans). The sale was accretive to the Company's Net Tangible Assets.

Keybridge redeemed 2,397,944 CRPN for \$2,397,944. Redemption of these notes reduces the interest expense to Keybridge by \$167,856 plus franking on an annual basis.

Keybridge announced on 29 June 2020 that it intended to acquire all of the units in RNY Property Trust (RNY) via the issuance of Keybridge shares at the ratio 0.16 share to 1 RNY Unit. If successful, the bid will be accretive to Keybridge's Net Tangible Assets.

Keybridge paid no ordinary dividends during the year and paid \$470,805 in interest distributions on the CRPN for the reporting period.

Keybridge reduced its normalised operating expenses during the reporting period. It terminated various outsourcing arrangements with Queste Communications Limited, reduced its Board size and its executive cost base.

Keybridge's legal costs represented an extraordinary period.

Keybridge has had to respond to litigation brought by William Johnson and Bentley Capital Limited where those parties attempted to validate steps taken by William Johnson and Farooq Khan that asserted William Johnson was the Chairman of Keybridge. During that time, William Johnson authorised the release of a number of ASX Announcements that had not been approved by the Board. As a consequence of the instability caused by William Johnson and Farooq Khan, the Company was suspended from trading on the ASX. The Federal Court of WA later ruled that William Johnson was not and was never the Chairman of Keybridge.

Keybridge has been involved in nine (9) takeover panel proceedings.

Keybridge has brought proceedings against WAM Active Limited to rectify the improper conduct of WAM Active that led to 16,057,929 shares being improperly registered in their name in contravention of the Corporations Act.

Keybridge commenced proceedings against the former directors of PR Finance Group Limited (PRFG), an entity Keybridge acquired in 2014. Keybridge alleges in its claim, amongst other things, that at the time of the scheme to acquire PRFG, the former directors were aware that PRFG was non-compliant with the National Consumer Credit Laws and accordingly breached its representations and warranties to Keybridge, with damages suffered by Keybridge as a result.

Keybridge has also provided funding support to the Liquidator of PRFG to progress claims against the former directors.

Keybridge has funded the trustee of a trust (to which Keybridge is the ultimate beneficiary) to pursue damages against the former directors of the trustee to recover a failure to co-contribute guarantee funds that were paid by the trust against a related party loan.

Keybridge has responded to five (5) takeover bids for the ordinary shares in Keybridge. Four (4) of those offers were made by WAM Active Limited, three (3) were either withdrawn or void offers.

Keybridge has also been reviewing prospective claims it has with a number of third parties that may result in beneficial recoveries for Keybridge in the future.

STRATEGY FUTURE OUTLOOK

Keybridge intends to continue its investment activities in future years. The results of these investment activities depend upon the performance of the underlying investee entities/loan counterparties and securities in which Keybridge invests. The investments' performances depend on many economic factors and also industry and investee/counterparty-specific issues. In the opinion of the Directors, it is not possible or appropriate to make a prediction on the future course of markets, the performance of Keybridge's investments or forecast the likely results of Keybridge's activities.

DIVIDENDS

The Directors have not determined to pay a final dividend.

CRPN DISTRIBUTIONS

During the financial year, Keybridge paid interest distributions to holders of its Convertible Redeemable Promissory Notes (ASX:KBCPA) (**CRPN**) as follows:

| Distribution Rate | Record Date | Payment Date | Franking |
|--------------------|-------------------|-------------------|--------------|
| 1.75 cent per note | 17 June 2020 | 20 June 2020 | 100% franked |
| 1.75 cent per note | 13 March 2020 | 20 March 2020 | 100% franked |
| 1.75 cent per note | 11 December 2019 | 20 December 2019 | 100% franked |
| 1.75 cent per note | 11 September 2019 | 20 September 2019 | 100% franked |

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Investment Management Agreement with HHY Fund was terminated, effective from 18 June 2019. As a consequence, Keybridge ceased accounting for the following investment as an Associate entity (on an equity accounting basis):

- 31.10% interest (25,238,986 units) in HHY Fund (ASX:HHY) (30 June 2019: 30.89%; 25,146,973 units).

Keybridge now accounts for HHY Fund on a mark to market basis.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 24 July 2020, Keybridge received \$5,000,000 against a financial receivable the Company held for the same amount.

On 31 July 2020, Keybridge redeemed 4,861,932 CRPN for \$4,861,932 and converted 571,102 into 8,288,831 into Ordinary Shares. The conversion of CRPN was Net Tangible Asset accretive for Keybridge.

169,022 CRPN had their maturity extended to 31 July 2021.

Keybridge's annual CRPN Interest costs will reduce by \$380,312 plus franking as a result of the redemptions and conversions.

On 10 August 2020, Keybridge announced that it became a substantial shareholder of Webcentral Group Limited with a relevant interest of 9.24%.

Other than the matters above, no matters or circumstances have arisen since 30 June 2020 that have significantly affected, or may affect:

- (i) the operations of the Company in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Company in future financial years

SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial statements have been prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.