

BIR Financial Limited

ABN 14 074 009 091

Half-Year Financial Report

For the half year ended

31 December 2019

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CORPORATE DIRECTORY

BIR FINANCIAL LIMITED

ABN 14 074 009 091

Directors

Tal Silberman	Non-Executive Chairman
Gregory Starr	Executive Director
Greg Smith	Non-Executive Director
Steven Nicols	Non- Executive Director
Michael Stuke	Executive Director

Company Secretary

Gregory Starr

Registered Office

Automatic Pty Ltd
Level 5
126 Phillip Street,
Sydney NSW 2000
Tel: 1300 992 916

Website: www.birfinancial.com.au

Principal Place of Business

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350 Kent Street
Sydney, NSW, 2000

Ph: (02) 9299 2289

Postal Address

Level 2,
350 Kent Street
Sydney, NSW, 2000

Share Register

Automatic Pty Ltd
Level 5
126 Phillip Street,
Sydney NSW 2000

Phone Number: 1300 288 664
From Overseas: +61 2 9698 5414
Website: www.automaticgroup.com.au

Auditors

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

Securities Exchange Listing

Australian Securities Exchange
(Home Branch – Perth)
ASX Code: BIR

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information

	Half-year Ended 31-Dec-19	Half-year Ended 31-Dec-18	% Change
	\$	\$	
Revenue from ordinary activities	643,108	394,961	63%
Loss after tax from ordinary activities attributable to members	(4,928,469)	(1,392,970)	254%
Net Loss attributable to members	(4,928,469)	(1,392,970)	254%

Dividends Paid and Proposed

	Amount per Security	Franked Amount per Security at 30% of Tax
	(cents)	(cents)
There were no dividends paid. It is not proposed to pay dividends.	NIL	NIL

Explanation of Key Information and Dividends

An explanation of the above figures is contained in the “Review of Operations” included within the attached directors’ report.

Net Tangible Assets per Share

	Half-year Ended 31-Dec-19 \$/Share	Half-year Ended 31-Dec-18 \$/Share
Net tangible assets per share	(0.002)	0.028

Control Gained or Lost over Entities in the Half-year

No control was gained or lost over entities in the half - year

Dividend Reinvestment Plans

The Group does not have any dividend reinvestment plans in operation.

Investments in Associates and Joint Ventures

	Half-year Ended 31-Dec-19	Half-year Ended 31-Dec-18
Material investments in associates and joint ventures	NIL	NIL

DIRECTORS' REPORT

Your directors submit the financial report of BIR Financial Limited for the half-year ended 31 December 2019. In order to comply with the provisions of the Corporations Act 2001, the Directors report is as follows:

Directors

The names of directors who held office during or since the end of the Interim Period and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Tal Silberman	Non-Executive Chairman
Gregory Starr	Executive Director
Greg Smith	Non-Executive Director
Steven Nicols	Non- Executive Director
Michael Stuke	Executive Director (Appointed 29 November 2019)

Review of operations

BIR owns 100% of subsidiary Pulse Markets, which is a diversified financial services business which provides a range of financial services to retail, institutional, corporate and private clients. These services include transacting equities and derivatives on the ASX and raising equity capital. These are provided by a team of experienced industry professionals. Pulse Markets is currently the key asset of the Company.

Pulse Markets' core strategy is to offer innovative financial products and investment manager capability to the financial planning market.

Pulse Markets maintains its advantage in the rapidly evolving financial services industry through its independence and leadership which is focussed on strong compliance ethics while monitoring and adapting to new market opportunities which will meet clients' needs.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

An extraordinary General Meeting was held on 6 February 2020. It was resolved that, subject to conditions set out in a subscription agreement, 2,000,000 secured convertible notes would be issued to Moshav Custodian Pty Limited (Moshav) with a face value of \$1.00 per note. Mr Tal Silberman is a director of BIR and is also a shareholder and director of Moshav. Moshav will provide up to \$2,000,000 to be used for the ongoing development of Pulse Markets Pty Limited and other working capital purposes. In consideration, BIR will issue up to 4,000,000 secured convertible notes each with a value of \$1. The issue price of the notes is at a 50% discount to the face value of the convertible note. Moshav will subscribe for 2,000,000 convertible notes and provide \$1,000,000 to the company within 7 days of the EGM.

The secured convertible notes accrue interest at 5% per annum on the face value of the convertible notes issued. The effective rate of interest is 10% on the amount loaned. Any accrued interest is payable in full on the maturity date or on the date of the conversion.

The convertible notes are secured over all assets of the company.

Moshav may convert the Convertible Notes to shares at a conversion price which is the aggregate face value of the convertible notes divided by the 5 day volume weighted average price of the shares as traded on the ASX immediately prior to the notice to convert being issued by Moshav to BIR.

The directors are not aware of any other significant events since the end of the interim period.

New Accounting Standards Implemented

The Group has implemented one new Accounting Standard that is applicable for the current reporting period.

AASB 16: Leases has been applied retrospectively, with the cumulative effect of initially applying the Standard recognised as an adjustment to the opening balance of retained earnings at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: Leases.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Hall Chadwick, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 6 and forms part of this Directors' Report for the half-year ended 31 December 2019.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

Tal Silberman

A handwritten signature in black ink, appearing to read 'Tal Silberman', with a long horizontal flourish extending to the right.

Chairman

Dated this 27th day of February 2020

BIR FINANCIAL LIMITED
ABN 14 074 009 091

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF BIR FINANCIAL LIMITED**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

Ph: (612) 9263 2600
Fx: (612) 9263 2800

In accordance with Section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of BIR Financial Limited. As the lead audit partner for the review of the financial report of BIR Financial Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.



Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Date: 27 February 2020

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CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

		Consolidated	
	Notes	31-Dec-19	31-Dec-18
		\$	\$
Revenue	2	643,108	428,991
Operating Expenses	2	(510,225)	(80,759)
Salaries and employee benefits expense	2	(358,761)	(671,106)
Interest expense		(29,454)	-
Depreciation		(134,933)	(5,767)
Corporate and administration costs	2	(516,936)	(1,014,227)
Loss on sale of Property Plant and equipment		-	(70,338)
Realised Gain on Investments		(6,630)	145,964
Unrealised Loss on Investments		(16,307)	(125,728)
Impairment of Financial Asset	9	(162,000)	-
Impairment of Goodwill	2	(3,836,331)	-
Loss before income tax expense		(4,928,469)	(1,392,970)
Income tax expense		-	-
Loss for the period		(4,928,469)	(1,392,970)
Other comprehensive income		-	-
Total comprehensive loss for the period		(4,928,469)	(1,392,970)
Basic loss per share (cents per share)		(0.06)	(0.02)
Diluted loss per share (cents per share)		(0.06)	(0.02)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	Consolidated	
		31-Dec-19	30-Jun-19
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	5	113,314	943,251
Receivables	6	104,085	107,304
Other Assets	7	446,610	362,881
Indemnified deferred tax liability	15	80,988	80,988
Financial assets	8	-	29,827
Total Current Assets		744,997	1,524,252
Non Current Assets			
Indemnified acquisition cost	9	108,000	270,000
Plant and equipment	10	24,611	26,411
Right of use assets	13	1,034,856	-
Intangible assets	11	-	3,836,331
Total Non Current Assets		1,167,467	4,132,742
Total Assets		1,912,463	5,656,994
Liabilities			
Current Liabilities			
Trade and other payables	12	484,184	341,587
Borrowings	14	343,491	3,099
Lease Liability	13	250,270	-
Provisions	15	105,824	477,000
Total Current Liabilities		1,183,770	821,686
Non Current Liabilities			
Lease Liability	13	871,288	-
Deferred Income tax Liability	16	80,988	80,988
Total Non Current Liabilities		952,276	80,988
Total Liabilities		2,136,045	902,674
Net Assets/ (Liabilities)		(223,582)	4,754,320
Equity			
Issued capital	17	27,888,293	27,888,293
Accumulated losses		(28,111,875)	(23,133,973)
Total Equity/ (Deficiency)		(223,582)	4,754,320

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Consolidated		
	Issued Capital	Accumulated Losses	Total
	\$	\$	\$
Consolidated			
Balance at 1 July 2018	27,663,293	(20,807,727)	6,855,566
Net loss for period	-	(1,392,970)	(1,392,970)
Shares Issued	225,000	-	225,000
Balance at 31 December 2018	27,888,293	(22,200,697)	5,687,596
Consolidated			
Balance at 1 July 2019	27,888,293	(23,133,973)	4,754,320
Cumulative adjustments upon adoption of new accounting standard AASB16	-	(49,433)	(49,433)
Balance at 1 July 2019 (restated)	27,888,293	(23,183,406)	4,704,887
Net loss for period	-	(4,928,469)	(4,928,469)
Balance at 31 December 2019	27,888,293	(28,111,875)	(223,582)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Consolidated	
	31-Dec-19	31-Dec-18
	\$	\$
	Inflows/(Outflows)	
Cash flows from operating activities		
Receipts from Customers	640,374	-
Payments to suppliers and employees	(1,695,011)	(2,464,478)
Other revenue received	2,734	34,030
Net cash (used in) operating activities	(1,051,903)	(2,430,448)
Cash flows from investing activities		
Sale / (Acquisition) of Investments	6,890	(12,800)
Purchase of Plant and equipment	(1,022)	(21,212)
Proceeds from Sale of Plant and Equipment	-	3,581
Net cash provided by (used in) investing activities	5,868	(30,431)
Cash flows from financing activities		
Repayment of lease liabilities	(124,294)	(245,567)
Proceeds from borrowings	340,392	-
Issue of shares	-	225,000
Net cash provided by financing activities	216,098	(20,567)
Net (decrease) in cash held and cash equivalents	(829,938)	(2,481,446)
Cash and cash equivalents at the beginning of the period	943,251	5,006,971
Cash and cash equivalents at the end of the period	113,314	2,525,525

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These half-year financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The half-year financial report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

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

These Interim Financial Statements were authorised for issue on 27 February 2020.

Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period unless otherwise stated. These accounting policies are consistent with Australian Accounting Standards and with the International Financial Reporting Standards.

Significant accounting judgments and key estimates

The preparation of the half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2019.

Adoption of new and revised Accounting Standards

Leases

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if lessee is reasonably certain to exercise the options; and
- of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

New and Amended Accounting Policies Adopted by the Group

Initial application of AASB 16

The Group has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16, the comparatives for the 30 June 2019 reporting period have not been restated.

The Group has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: Leases where the Group is the lessee. There has been no significant change from prior period treatment for leases where the Group is a lessor.

The lease liabilities are measured at the present value of the remaining lease payments. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets for the remaining leases were measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability and prepaid and accrued lease payments previously recognised as at 1 January 2019 (that are related to the lease).

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied;
- leases that have a remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases;
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate;
- applying AASB 16 to leases previously identified as leases under AASB 117 and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application; and
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

Adjustments recognised in the balance sheet on 1 July 2019

The following summary indicates the adjustments and reclassifications of financial statement line item in the balance sheet due to the implementation of AASB 16.

	Carrying amount under AASB 117 \$	Adjustments \$	Carrying amount under AASB 16 \$
Right of use assets	-	1,166,965	1,166,965
Lease liabilities	-	(1,216,398)	(1,216,398)
Retained earnings	(23,133,973)	(49,433)	(23,183,406)

Measurement of lease liabilities

Operating lease commitments disclosed as at 30 June 2019

\$
-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	\$
Add: Adjustments as a result of a different treatment of extension and termination options	(1,216,398)
Lease liabilities recognised as at 1 July 2019	(1,216,398)
Represented by:	
– Current lease liabilities	(205,464)
– Non-current lease liabilities	(1,010,934)
	(1,216,398)

Measurement of right of use assets

The associated right of use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

Going Concern

During the half year ended 31 December 2019, the company incurred a net loss of \$4,928,469. The net loss included a \$3,836,331 write down of goodwill. As at 31 December 2019, the company had a net asset deficiency of \$223,582. During the half year the directors have put measures in place that are expected to result in a positive cashflow for the company in the near term.

An extraordinary General Meeting was held on 6 February 2020, where it was resolved that 2,000,000 secured convertible notes would be issued to Moshav Custodian Pty Limited (Moshav) with a face value of \$1.00 per note. Moshav will provide up to \$2,000,000 to be used for the ongoing development of Pulse Markets Pty Limited and other working capital purposes. Moshav will subscribe for 2,000,000 convertible notes and provide \$1,000,000 to the company within 7 days of the EGM.

The Directors are satisfied that the Company will be able to meet its liabilities as and when they fall due and as a consequence of this belief, the Directors believe that the Company remains a going concern at the date of this Report.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of BIR Financial Limited.

NOTE 2: REVENUE AND EXPENSES

(a) Revenue

	Consolidated 31-Dec-19	31-Dec-18
	\$	\$
Operating revenue	642,813	394,961
Rental Income	-	33,000
Interest received	295	1,030
	<u>643,108</u>	<u>428,991</u>

(b) Expenses

Operating Expenses

	31-Dec-19	31-Dec-18
	\$	\$
Commissions paid*	438,586	38,938
Other operating expenses	71,639	41,821
	<u>510,225</u>	<u>80,759</u>

* Commissions paid to advisors were included in consultants fees for the half year ended 31 Dec 2018. For the half year ended 31 December 2019, Commissions have been included in Operating expenses

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Consolidated	
	31-Dec-19	31-Dec-18
	\$	\$
Salaries and employee benefits expense		
Salary and wages	270,260	176,102
Consultants *	88,500	495,004
	<u>358,761</u>	<u>671,106</u>

* Commissions paid to advisors were included in consultants fees for the half year ended 31 Dec 2018. For the half year ended 31 December 2019, Commissions have been included in Operating expenses

Corporate and administration costs	<u>516,936</u>	<u>1,014,227</u>
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Corporate and administration costs were significantly higher in the half year ended 31 December 2018 due to the additional fees incurred in relation to the acquisition of Pulse Markets Pty Ltd.

Impairment of Goodwill	<u>3,836,331</u>	<u>-</u>
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The directors periodically review the carrying value of goodwill. Due to the delays in returning Pulse to profitability and also the delay in launching M-Notes, the directors have decided to impair the carrying value of goodwill. While steps are being taken to improve the performance of Pulse, the Company has fully written the Goodwill asset value down.

NOTE 3: INCOME TAX

	Consolidated	
	31-Dec-19	31-Dec-18
	\$	\$
Income Tax Expense		
The income tax expense for the year differs from the prima facie tax as follows:		
Loss for year	<u>(4,928,469)</u>	<u>(1,392,970)</u>
Prima facie income tax (benefit) @ 30%	1,478,541	417,891
Deferred tax assets not brought to account **	<u>(1,478,541)</u>	<u>(417,891)</u>
Total income tax expense	<u>-</u>	<u>-</u>

The effect of the Acquisition of Pulse Markets as 28 June 2018 is that the nature and scale of the activities of the Company has changed from a property and infrastructure company to a business involved in the financial services industry.

* These amounts have not been brought to account as it is not considered probable that the Company will earn taxable income in the foreseeable future to allow the deferred tax assets to be utilised.

The Company has not yet carried out an assessment as to whether it is able to utilise current year and prior years' tax losses against future taxable income following the significant changes in the Company's shareholding and the changes to the Company's operations. If the Company does not satisfy the eligibility criteria relating to the continuation of ownership test and the same business test for carrying forward these tax losses, it will not be able to utilise some or all of these tax losses against future taxable income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 4: EARNINGS/(LOSS) PER SHARE

	Consolidated	
	31-Dec-19	31-Dec-18
	\$	\$
Basic earnings/(loss) per share (cents per share)	(0.06)	(0.02)
Diluted earnings/(loss) per share (cents per share)	(0.06)	(0.02)
Earnings – Net loss for half year	(4,928,469)	(1,392,970)
Weighted average number of ordinary shares used in the calculation of:		
Basic earnings per share	81,250,370	80,075,098
Diluted earnings per share	81,250,370	80,075,098

NOTE 5: CASH AND CASH EQUIVALENTS

	Consolidated	
	31-Dec-19	30-Jun-19
	\$	\$
Cash at bank	113,314	943,251
Cash at bank earns interest at a floating rate based on daily bank deposit rates.		

NOTE 6: TRADE AND OTHER RECEIVABLES

	Consolidated	
	31-Dec-19	30-Jun-19
	\$	\$
Prepayments	-	10,063
Sundry debtors	104,085	97,241
	104,085	107,304

NOTE 7: OTHER ASSETS

	Consolidated	
	31-Dec-19	30-Jun-19
	\$	\$
Prepaid Insurance	131,791	10,063
Rental Bond	190,519	190,519
Other Bonds	124,300	162,300
	446,610	362,881

NOTE 8: FINANCIAL ASSETS

	Consolidated	
	31-Dec-19	30-Jun-19
	\$	\$
Options in Listed Companies ⁽¹⁾	-	22,627
Shares in Listed Companies	-	7,200
	-	29,827

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

¹ The fair value of the unlisted Options in Listed Company has been estimated using valuation techniques taking into account the terms and conditions of the options. Management believes the estimated fair values resulting from the valuation techniques and recorded in the statement of financial position and the related changes in fair values recorded in profit or loss are reasonable and the most appropriate at the balance date. During the half year ended 31 December 2019, the options have expired and the shares were disposed.

The financial assets are measured at fair value at the end of the reporting period based on Level 2 inputs in the fair value hierarchy. The fair value of the options are determined using a Black Scholes pricing method.

NOTE 9: INDEMNIFIED ACQUISITION COSTS

There were \$253,369 of costs associated with the sale of the company to BIR Financial Limited. This is \$168,369 in excess of the agreed amount under the Share Sale Agreement. As a result of this excess expenditure and other matters, the vendor of Pulse Markets has entered into an agreement with BIR Financial Limited to reimburse BIR Financial Limited \$270,000 when the shares received from the sale of the company are released from escrow.

During the half year ended 31 December 2019, this balance was impaired by \$162,000, based on the fair value of the shares held in escrow.

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	31-Dec-19	30-Jun-19
	\$	\$
Period ended 31 December 2019 - movement		
At 1 July 2019, net of accumulated depreciation	26,411	94,298
Acquisitions	1,024	19,480
Disposals net of accumulated depreciation	-	(73,920)
Depreciation charge for the year	(2,824)	(13,447)
At 31 Dec 2019, net of accumulated depreciation	24,611	26,411

NOTE 11: INTANGIBLE ASSETS

	Consolidated	
	31-Dec-19	30-Jun-19
	\$	\$
Acquisition of 100% of the issued capital of Pulse Markets Pty Ltd		
Excess consideration paid over net liabilities acquired	-	3,836,331
Consideration of 15,789,474 fully paid ordinary shares for the acquisition of 100% of Pulse Markets Pty Ltd	3,157,895	3,157,895
Add Net Liabilities of Pulse		172,081
Less excess indemnified acquisition costs to Pulse claimed acquisition expenses from BIR	(3,055)	(3,055)
Reclassification of acquisition related expenditure	266,945	266,945
Increase in Settlement fees allocated to goodwill	242,465	242,465
Impairment of goodwill	(3,836,311)	-
Total	-	3,836,331

The acquisition of Pulse Markets Pty Ltd has been accounted for in accordance with AASB3 Business Combinations. In adopting this standard, the consolidated entity has recorded a \$99,715 measurement period adjustment in relation to the provision for an estimate of claims against the company which was an authorised representative of Pulse's Australian financial Services Licence.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 12: TRADE AND OTHER PAYABLES

Current

Trade payables and accruals

Consolidated	
31-Dec-19	30-Jun-19
\$	\$
484,184	341,587

NOTE 13: LEASES

a. Right of use assets

Buildings

Consolidated Group	
As at 31 December 2019	As at 1 July 2019
\$	\$
1,034,856	1,166,965
1,034,856	1,166,965

b. Lease liabilities

Current

Non-current

250,270	205,464
871,288	1,010,934
1,121,558	1,216,398

NOTE 14: BORROWINGS

Loan – Moshav Custodians

Macquarie Premium Financing – Financing insurance premium

Consolidated	
31-Dec-19	30-Jun-19
\$	\$
200,000	-
143,491	3,099
343,491	3,099

NOTE 15: PROVISIONS

Provision for settlement claims and legal fees *

Annual Leave Provision

Consolidated	
31-Dec-19	30-Jun-19
\$	\$
97,000	477,000
8,824	-
105,824	477,000

*The provision relates to an estimate of claims against a company which was an authorised representative of Pulses' Australian Financial Services Licence for activities which occurred in 2014. The claims are being defended by Pulse.

NOTE 16: INDEMNIFIED DEFERRED INCOME TAX LIABILITY

Indemnified deferred Income Tax Liability

Consolidated	
31-Dec-19	30-Jun-19
\$	\$
80,988	80,988

This amount represents the tax effect of an indemnity provided by the vendor of Pulse Markets Pty Ltd in favour of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 17: ISSUED CAPITAL AND RESERVES

	Consolidated	
	31-Dec-19	30-Jun-19
	\$	\$
Issued and paid up capital		
Ordinary shares fully paid	27,888,293	27,888,293

(a) Movement in ordinary shares on issue	31-Dec-19		30-Jun-19	
	Number	\$	Number	\$
Balance at beginning of year	81,250,370	27,888,293	80,000,370	27,663,293
Issue of new shares	-	-	1,250,000	225,000
Balance at end of year	81,250,370	27,888,293	81,250,370	27,888,293

(b) Share Options

At the end of the year there were no options over unissued ordinary shares outstanding.

(c) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

NOTE 18: PARENT ENTITY INFORMATION

	Parent	
	31-Dec-19	30-Jun-19
	\$	\$
Current assets	279,351	931,983
Total assets	6,663,497	6,697,330
Current liabilities	(324,525)	(92,211)
Total liabilities	(324,525)	(92,211)
Net assets	6,338,972	6,605,119
Issued capital	27,888,293	27,888,293
Accumulated losses	(21,549,320)	(21,283,173)
Total equity	6,338,972	6,605,119
Loss of the parent entity after tax	(266,147)	(475,447)
Other comprehensive income, net of tax	-	-
Total comprehensive income/(loss) of the parent entity	(266,147)	(475,447)

(a) Parent entity

The ultimate parent entity within the Group is BIR Financial Limited.

(b) Subsidiary

Pulse Markets Pty Ltd is a wholly owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Pulse Markets, as the Company's subsidiary will continue its business operations.

Pulse Markets has a wholly owned subsidiary Selecta Funds Management Pty Ltd (ACN 100 257 869) (Selecta Funds Management). This entity is not an operating entity but is a special purpose entity established to specifically own options or performance rights which may be acquired in companies as part of the consideration for Pulse Markets providing ECM services (including corporate advisory services). Selecta Funds Management's sole asset is a certain number of escrowed options in Sheffield Resources Limited, which were acquired as part of the terms of a corporate advisory / ECM mandate related to this company. These options expired during the half year ended 31 December 2019. Selecta Funds Management will remain as a wholly owned subsidiary of Pulse Markets (with the Company being the ultimate parent company).

Name of Controlled Entity	Class of Share	Place of Incorporation	% Held by Parent Entity	
			31-Dec-18	30-Jun-18
Pulse Markets Pty Ltd	Ordinary	Australia	100%	100%
Selecta Funds Management Pty Ltd	Ordinary	Australia	0%*	0%

* 100% owned by Pulse Markets Pty Ltd

NOTE 19: FINANCIAL REPORTING BY SEGMENTS

The Board of Directors for BIR Financial Limited reviews internal reports prepared and strategic decisions of the Company are determined upon analysis of these internal reports. During the Reporting Period, the Company operated predominantly in one business and geographical segment. Accordingly, under the 'management approach' outlined, one operating segment has been identified and no further disclosure is required in the notes to the financial statements.

NOTE 20: EVENTS AFTER THE END OF THE INTERIM PERIOD

An extraordinary General Meeting was held on 6 February 2020, where it was resolved that subject to conditions set out in a subscription agreement, 2,000,000 secured convertible notes would be issued to Moshav Custodian Pty Limited (Moshav) with a face value of \$1.00 per note. Mr Tal Silberman is a director of BIR and is also a shareholder and director of Moshav. Moshav will provide up to \$2,000,000 to be used for the ongoing development of Pulse Markets Pty Limited and other working capital purposes. In consideration, BIR will issue up to 4,000,000 secured convertible notes each with a value of \$1. The issue price of the notes is at a 50% discount to the face value of the convertible note. Moshav will initially subscribe for 2,000,000 convertible notes and provide \$1,000,000 to the company within 7 days of the EGM.

The secured convertible notes accrue interest at 5% per annum on the face value of the convertible notes issued. The effective rate of interest is 10% on the amount loaned. Any accrued interest is payable in full on the maturity date or on the date of the conversion.

The convertible notes are secured over all assets of the company.

Moshav may convert the Convertible Notes to shares at a conversion price which is the aggregate face value of the convertible notes divided by the 5 day volume weighted average price of the shares as traded on the ASX immediately prior to the notice to convert being issued by Moshav to BIR

The directors are not aware of any other significant events since the end of the interim period.

NOTE 21: FAIR VALUE MEASUREMENT

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying value

The net fair value of financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

DIRECTORS' DECLARATION

In the opinion of the Directors of BIR Financial Limited ("the Company"):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the half-year then ended.
2. 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 payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

A handwritten signature in dark ink, appearing to read 'Tal Silberman', is written over a horizontal line.

Tal Silberman

Chairman

Dated this 27 February 2020

**BIR FINANCIAL LIMITED
ABN 14 074 009 091
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
BIR FINANCIAL LIMITED**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

Ph: (612) 9263 2600
Fx: (612) 9263 2800

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of BIR Financial Limited, which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements including a summary of significant accounting policies, other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of BIR Financial Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of BIR Financial Limited's financial position as at 31 December 2019 and its performance for the period ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BIR Financial Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the review 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 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 BIR Financial Limited, would be in the same terms if given to the directors as at the time of this review report.

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**BIR FINANCIAL LIMITED
ABN 14 074 009 091
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
BIR FINANCIAL LIMITED**

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 BIR Financial Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of BIR Financial Limited's financial position as at 31 December 2019 and of its performance for the period ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that the Group incurred a net loss after tax of \$4,928,469 during the half-year ended 31 and, as at that date, has a net asset deficiency of \$223,582. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner

Date: 27 February 2020