

# **BIR Financial Limited**

ABN 14 074 009 091

## **Half-Year Financial Report**

For the half year ended

31 December 2020

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## **CORPORATE DIRECTORY**

**BIR FINANCIAL LIMITED**

**ABN 14 074 009 091**

### **Directors**

Tal Silberman  
Gregory Starr  
Michael Stuke

Non-Executive Chairman  
Executive Director  
Executive Director

### **Company Secretary**

Gregory Starr

### **Registered Office**

Level 2

350 Kent Street,  
Sydney NSW 2000

Tel: (02) 9299 2289

Website: [www.birfinancial.com.au](http://www.birfinancial.com.au)

### **Principal Place of Business**

Level 2,  
350 Kent Street  
Sydney, NSW, 2000

Ph: (02) 9299 2289

### **Postal Address**

BIR Financial Limited

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](http://www.automaticgroup.com.au)

### **Auditors**

Hall Chadwick (NSW)  
Level 40, 2 Park Street  
Sydney NSW 2000

### **Securities Exchange Listing**

Australian Securities Exchange

(Home Branch – Sydney)

ASX Code: BIR

## APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

#### Key Information

	Half-year Ended 31-Dec-20	Half-year Ended 31-Dec-19	% Change
	\$	\$	
Revenue from ordinary activities	1,027,368	643,108	60%
Loss after tax from ordinary activities attributable to members	(596,689)	(4,928,469)	(88)%
Net Loss attributable to members	(596,689)	(4,928,469)	(88)%

#### Dividends Paid and Proposed

	Amount per Security (cents)	Franked Amount per Security at 30% of Tax (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-20 \$/Share	Half-year Ended 31-Dec-19 \$/Share
Net tangible assets per share	(0.029)	(0.002)

#### 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-20	Half-year Ended 31-Dec-19
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 2020. 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
Michael Stuke	Executive Director

### 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.

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 agreed 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 would issue up to 4,000,000 secured convertible notes each with a value of \$1. The issue price of the notes was at a 50% discount to the face value of the convertible note. Moshav subscribed for 2,000,000 convertible notes (First Tranche) and provided \$1,000,000 to the company on 14 February 2020.

On 16 October 2020, Moshav agreed to extend the term of the maturity on the convertible notes from 14 February 2021 to 14 February 2022. At this time, Moshav also advised the company that, subject to shareholder approval, it would subscribe to a further 2,000,000 convertible notes (Second Tranche) in accordance with the Convertible note subscription agreement.

On 2 December 2020, Moshav subscribed to a further 2,000,000 convertible notes and provided a further \$1,000,000 to the company.

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.

### EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

In late January 2021 the company was made aware that two complaints had been made to the Australian Financial Complaints Authority. The complaints were against a company which was an authorised representative of Pulse Markets Pty Ltd's ("Pulse") Australian Financial Services Licence for activities which occurred in 2016 – prior to BIR Financial Limited acquiring Pulse. Pulse is defending the complaints and believe that there is a very strong case for both of these complaints to be rejected. In February 2021, the company provided \$30,000, to cover any costs associated in defending the complaints.

On 19 February 2021, Moshav Custodian Pty Ltd, the holder of the convertible notes issued by BIR Financial Ltd, agreed to amend the terms of the convertible note agreement to extend the maturity of all Convertible notes until 31 October 2022.

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

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 2020.

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', is written over a light grey rectangular background.

Chairman

Dated this 23rd day of February 2021

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

**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 2020, 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 (NSW)  
Level 40, 2 Park Street  
Sydney NSW 2000



**DREW TOWNSEND**  
Partner  
Date: 23 February 2021

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## CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	Consolidated	
		31-Dec-20	31-Dec-19
		\$	\$
Revenue	2	1,027,368	643,108
Operating Expenses	2	(723,676)	(510,225)
Salaries and employee benefits expense	2	(148,460)	(358,761)
Interest expense		(101,896)	(29,454)
Depreciation		(139,080)	(134,933)
Corporate and administration costs	2	(543,346)	(516,936)
Realised Gain on Investments		-	(6,630)
Unrealised Loss on Investments		-	(16,307)
Impairment of Financial Asset	8	-	(162,000)
Reversal of prior period impairment	8	32,401	-
Impairment of Goodwill	10	-	(3,836,331)
<b>Loss before income tax expense</b>		<b>(596,689)</b>	<b>(4,928,469)</b>
Income tax expense	3	-	-
<b>Loss for the period</b>		<b>(596,689)</b>	<b>(4,928,469)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the period</b>		<b>(596,689)</b>	<b>(4,928,469)</b>
Basic loss per share (cents per share)		(0.01)	(0.06)
Diluted loss per share (cents per share)		(0.01)	(0.06)

The accompanying notes form part of these financial statements



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2020

	Notes	Consolidated	
		31-Dec-20	30-Jun-20
		\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	432,357	59,544
Receivables	6	204,407	234,688
Other Assets	7	418,131	379,446
Indemnified deferred tax liability	15	80,988	80,988
<b>Total Current Assets</b>		<b>1,135,883</b>	<b>745,666</b>
<b>Non Current Assets</b>			
Indemnified acquisition cost	8	54,000	21,600
Plant and equipment	9	11,136	17,910
Right of use assets	12	771,782	904,088
Intangible assets	10	-	-
<b>Total Non Current Assets</b>		<b>836,918</b>	<b>943,598</b>
<b>Total Assets</b>		<b>1,972,801</b>	<b>1,698,264</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	11	435,417	414,458
Borrowings	13	2,171,081	1,063,651
Lease Liability	12	273,289	260,503
Provisions	14	19,066	150,144
<b>Total Current Liabilities</b>		<b>2,898,853</b>	<b>1,888,756</b>
<b>Non Current Liabilities</b>			
Lease Liability	12	600,394	739,265
Indemnified Deferred Income tax Liability	15	80,988	80,988
<b>Total Non Current Liabilities</b>		<b>681,382</b>	<b>820,253</b>
<b>Total Liabilities</b>		<b>3,580,235</b>	<b>2,709,009</b>
<b>Net Assets/ (Liabilities)</b>		<b>(1,607,434)</b>	<b>(1,010,745)</b>
<b>Equity</b>			
Issued capital	16	27,888,293	27,888,293
Accumulated losses		(29,495,727)	(28,899,038)
<b>Total Equity/ (Deficiency)</b>		<b>(1,607,434)</b>	<b>(1,010,745)</b>

The accompanying notes form part of these financial statements

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Consolidated		
	Issued Capital	Accumulated Losses	Total
	\$	\$	\$
<b>Consolidated</b>			
<b>Balance at 1 July 2019</b>	27,888,293	(23,133,973)	4,754,320
Cumulative adjustments upon adoption of new accounting standard AASB16	-	(49,433)	(49,433)
<b>Balance at 1 July 2019 (restated)</b>	27,888,293	(23,183,406)	4,704,887
Total comprehensive loss	-	(4,928,469)	(4,928,469)
<b>Balance at 31 December 2019</b>	27,888,293	(28,111,875)	(223,582)
<b>Consolidated</b>			
<b>Balance at 1 July 2020</b>	27,888,293	(28,899,038)	(1,010,745)
Net loss for period	-	(596,689)	(596,689)
<b>Balance at 31 December 2020</b>	27,888,293	(29,495,727)	(1,607,434)

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Consolidated	
	31-Dec-20	31-Dec-19
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from Customers	964,270	640,374
Payments to suppliers and employees	(1,504,773)	(1,695,010)
Other revenue received	63,098	2,734
Net cash (used in) operating activities	<u>(477,404)</u>	<u>(1,051,903)</u>
<b>Cash flows from investing activities</b>		
Purchase of Plant and equipment	-	(1,022)
Acquisition of investments	-	6,890
Net cash provided by (used in) investing activities	<u>-</u>	<u>5,868</u>
<b>Cash flows from financing activities</b>		
Repayment of lease liabilities	(149,783)	(124,294)
Proceeds from borrowings	1,000,000	340,392
Issue of shares	-	-
Net cash provided by financing activities	<u>850,217</u>	<u>216,098</u>
Net increase / (decrease) in cash held and cash equivalents	372,813	(829,938)
Cash and cash equivalents at the beginning of the period	59,544	943,251
<b>Cash and cash equivalents at the end of the period</b>	<u><u>432,357</u></u>	<u><u>113,314</u></u>

The accompanying notes form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

### 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 2020 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 23 February 2021.

#### 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 2020.

#### Going Concern

During the half year ended 31 December 2020, the company incurred a net loss of \$596,689. As at 31 December 2020, the company had a net asset deficiency of \$1,607,434. 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. 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 agreed to 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 would issue up to 4,000,000 secured convertible notes each with a value of \$1. The issue price of the notes was at a 50% discount to the face value of the convertible note. Moshav subscribed for 2,000,000 convertible notes (First Tranche) and provided \$1,000,000 to the company on 14 February 2020.

On 16 October 2020, Moshav agreed to extend the term of the maturity on the convertible notes from 14 February 2021 to 14 February 2022. At this time, Moshav also advised the company that, subject to shareholder approval, it would

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

subscribe to a further 2,000,000 convertible notes (Second Tranche) in accordance with the Convertible note subscription agreement.

On 2 December 2020, Moshav subscribed to a further 2,000,000 convertible notes and provided a further \$1,000,000 to the company in the current period.

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 expected to be repaid in cash on or before maturity date or renegotiated into a longer time frame. In the event the convertible notes maturity date is not renegotiated to a longer time frame prior to October 2022, repayment funds are expected to be sourced from a combination of cash flow from operating and financing activities.

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.

	Consolidated	
	31-Dec-20	31-Dec-19
	\$	\$
<b>NOTE 2: REVENUE AND EXPENSES</b>		
<b>(a) Revenue</b>		
Operating revenue	964,270	642,813
Government Cash flow boost incentive	58,581	-
Rental Income	4,500	-
Interest received	17	295
	<u>1,027,368</u>	<u>643,108</u>

	31-Dec-20	31-Dec-19
	\$	\$
<b>(b) Expenses</b>		
<b>Operating Expenses</b>		
Commissions paid	695,176	438,586
Other operating expenses	28,500	71,639
	<u>723,676</u>	<u>510,225</u>

	Consolidated	
	31-Dec-20	31-Dec-19
	\$	\$
<b>Salaries and employee benefits expense</b>		
Salary and wages	82,460	270,260
Consultants	66,000	88,500
	<u>148,460</u>	<u>358,761</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Corporate and administration costs	543,346	516,936
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### NOTE 3: INCOME TAX

Income Tax Expense	Consolidated	
	31-Dec-20 \$	31-Dec-19 \$
The income tax expense for the year differs from the prima facie tax as follows:		
Loss for year	(596,689)	(4,928,469)
Prima facie income tax (benefit) @ 30%	179,007	1,478,541
Deferred tax assets not brought to account <sup>+#</sup>	(179,007)	(1,478,541)
Total income tax expense	-	-

+ 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.

### NOTE 4: EARNINGS/(LOSS) PER SHARE

	Consolidated	
	31-Dec-20 \$	31-Dec-19 \$
Basic earnings/(loss) per share (cents per share)	(0.01)	(0.06)
Diluted earnings/(loss) per share (cents per share)	(0.01)	(0.06)
Earnings – Net loss for half year	(596,689)	(4,928,469)
Weighted average number of ordinary shares used in the calculation of:		
Basic earnings per share	81,250,370	81,250,370
Diluted earnings per share	81,250,370	81,250,370

### NOTE 5: CASH AND CASH EQUIVALENTS

	Consolidated	
	31-Dec-20 \$	30-Jun-20 \$
Cash at bank	432,357	59,544

Cash at bank earns interest at a floating rate based on daily bank deposit rates.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Consolidated	
	31-Dec-20	30-Jun-20
	\$	\$
Sundry debtors	204,407	234,688
	<u>204,407</u>	<u>234,688</u>

### NOTE 7: OTHER ASSETS

	Consolidated	
	31-Dec-20	30-Jun-20
	\$	\$
Prepaid Insurance	76,066	38,927
Prepaid Interest	1,546	-
Rental Bond	190,519	190,519
Other Bonds	150,000	150,000
	<u>418,131</u>	<u>379,446</u>

### NOTE 8: INDEMNIFIED ACQUISITION COSTS

	31-Dec-20	30-Jun-20
	\$	\$
Indemnified Acquisition costs	<u>54,000</u>	<u>21,600</u>

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 year ended 30 June 2020, this balance was impaired by \$248,000, based on the fair value of the shares held in escrow. During the half year ended 31 December 2020, based upon an increase in the fair value of the shares held in escrow, \$32,401 of this impairment was written back.

### NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	31-Dec-19	30-Jun-20
	\$	\$
<b>Period ended 31 December 2019 - movement</b>		
At 1 July 2020, net of accumulated depreciation	17,910	26,411
Acquisitions	-	1,024
Disposals net of accumulated depreciation	-	-
Depreciation charge for the half year	(6,774)	(9,525)
At 31 Dec 2020, net of accumulated depreciation	<u>11,136</u>	<u>17,910</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

### NOTE 10: INTANGIBLE ASSETS

	Consolidated	
	31-Dec-20	30-Jun-20
	\$	\$
<b>Acquisition of 100% of the issued capital of Pulse Markets Pty Ltd</b>		
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
Add Net Liabilities of Pulse	-	172,081
Less excess indemnified acquisition costs to Pulse claimed acquisition expenses from BIR	-	(3,055)
Reclassification of acquisition related expenditure	-	266,945
Increase in Settlement fees allocated to goodwill	-	242,465
Impairment of goodwill	-	(3,836,311)
Total	-	-

#### Impairment test for Goodwill

BIR Financial Limited acquired Pulse Markets Pty Ltd ("Pulse") a specialist financial services, wealth management and advisory business, for total consideration of 15,789,474 Shares to the Vendor valued at \$3,157,895. These shares plus the net liabilities acquired (after post acquisition adjustments) of \$678,436 results in Goodwill of \$3,836,331.

The recoverable amount of Pulse is determined based on value-In-use calculation. Value-In-use is calculated based on the present value of the forecast profit from specialist financial services, wealth management and advisory business operations and the MNotes product (as detailed in the April 2018 prospectus) over a 4 year term.

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 decided to impair the carrying value of goodwill in full. While steps are being taken to improve the performance of Pulse, the Company has fully impaired the Goodwill asset value as at 30 June 2020.

### NOTE 11: TRADE AND OTHER PAYABLES

#### Current

	Consolidated	
	31-Dec-20	30-Jun-20
	\$	\$
Trade payables and accruals	435,417	414,458

### NOTE 12: LEASES

	Consolidated	
	31 December 2020	30-Jun-20
	\$	\$
<b>a. Right of use assets</b>		
Buildings	771,782	904,088
	<u>771,782</u>	<u>904,088</u>
<b>b. Lease liabilities</b>		
Current	273,289	260,503
Non-current	600,394	739,265
	<u>873,683</u>	<u>999,768</u>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

### NOTE 13: BORROWINGS

	Consolidated	
	31-Dec-20	30-Jun-20
	\$	\$
Convertible Note - Moshav Custodian Pty Limited*	2,092,342	1,039,726
Macquarie Premium Financing – Financing insurance premium	78,739	23,925
	<u>2,171,081</u>	<u>1,063,651</u>

#### \*Convertible Notes

2,000,000 secured convertible notes (“Notes”) were 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. The issue price of the notes was at a 50% discount to the face value of the convertible note. The Notes were issued to Moshav on 14 February 2020. On 2 December 2020, Moshav subscribed to a further 2,000,000 convertible notes and provided a further \$1,000,000 to the company in the half year period ended 31 December 2020.

The Notes accrue interest at 5% per annum on the face value. 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 Notes are secured over all assets of the company.

Moshav may convert the 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.

If the convertible notes are converted into equity, a borrowing cost equivalent to the 50% discount on the Notes amounting to \$1,000,000 will be recognised in the profit or loss. However, at the date of this report, the directors have assessed the convertible note is expected to be repaid in cash on or before maturity date or renegotiated into a longer time frame.

In accordance with para 29 of AASB 132 the convertible notes issued by company - the noteholder cannot convert to shares into a fixed number of shares at any time prior to the expiry date. Instead, the conversion entitles Moshav to a variable number of shares equal to a fixed dollar value and therefore the directors have determined that the convertible loan note issued by the company is not a compound financial instrument in accordance with para 28 and 29 of AASB 132. The amounts included in the liability and equity sections of the statement of financial position are determined in accordance with the para 32 of AASB 132, AG30 - AG32 of the standard.

### NOTE 14: PROVISIONS

	Consolidated	
	31-Dec-20	30-Jun-20
	\$	\$
Provision for settlement claims and legal fees *	-	150,544
Annual Leave Provision	19,066	-
	<u>19,066</u>	<u>150,544</u>

\*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 claim was resolved in September 2020 and the Australian Financial Complaints Authority (AFCA) has advised that the matter is now closed.

### NOTE 15: INDEMNIFIED DEFERRED INCOME TAX LIABILITY

	31-Dec-20	30-Jun-20
	\$	\$
Indemnified deferred Income Tax Liability	<u>80,988</u>	<u>80,988</u>

This amount represents an indemnity provided by the vendor of Pulse Markets Pty Ltd in favour of the Company from potential income tax liability.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

### NOTE 16: ISSUED CAPITAL AND RESERVES

	Consolidated	
	31-Dec-20	30-Jun-20
	\$	\$
<b>Issued and paid up capital</b>		
Ordinary shares fully paid	27,888,293	27,888,293

(a) Movement in ordinary shares on issue	31-Dec-20		30-Jun-20	
	Number	\$	Number	\$
Balance at beginning of year	81,250,370	27,888,293	81,250,000	27,888,293
Issue of new shares	-	-	-	-
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 17: PARENT ENTITY INFORMATION

	Parent	
	31-Dec-20	30-Jun-20
	\$	\$
Current assets	432,234	4,292
Total assets	4,655,775	3,955,832
Current liabilities	(2,096,475)	(1,131,843)
Total liabilities	(2,096,475)	(1,131,843)
<b>Net assets</b>	<b>2,559,300</b>	<b>2,823,989</b>
Issued capital	27,888,293	27,888,293
Accumulated losses	(25,328,993)	(25,064,304)
<b>Total equity</b>	<b>2,559,300</b>	<b>2,823,989</b>
Loss of the parent entity after tax	(264,689)	(3,781,131)
Other comprehensive income, net of tax	-	-
<b>Total comprehensive income/(loss) of the parent entity</b>	<b>(264,689)</b>	<b>(3,781,131)</b>

#### (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.

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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 year ended 30 June 2020. 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-20	30-Jun-20
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 18: 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 19: EVENTS AFTER THE END OF THE INTERIM PERIOD

In late January 2021 the company was made aware that two complaints had been made to the Australian Financial Complaints Authority. The complaints were against a company which was an authorised representative of Pulses Markets Pty Ltd's ("Pulse") Australian Financial Services Licence for activities which occurred in 2016 – prior to BIR Financial Limited acquiring Pulse. Pulse is defending the complaints and believe that there is a very strong case for both of these complaints to be rejected. The company will provide \$30,000 to cover any costs associated in defending the complaints.

On 19 February 2021, Moshav Custodian Pty Ltd, the holder of the convertible notes issued by BIR Financial Ltd, agreed to amend the terms of the convertible note agreement to extend the maturity of all Convertible notes until 31 October 2022.

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

### NOTE 20: 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 2020 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 black ink, appearing to read 'Tal Silberman', with a long horizontal flourish underneath.

Tal Silberman

Chairman

Dated this 23 February 2021

**BIR FINANCIAL LIMITED  
ABN 14 074 009 091  
AND CONTROLLED ENTITIES****INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
BIR FINANCIAL LIMITED  
AND CONTROLLED ENTITIES****SYDNEY**Level 40  
2 Park Street  
Sydney NSW 2000  
AustraliaPh: (612) 9263 2600  
Fx: (612) 9263 2800*Conclusion*

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 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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.

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 does not comply with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of BIR Financial Limited's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

*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 \$596,689 during the half-year ended 31 December 2020 and, as at that date the group's total liabilities exceeded its total assets by \$1,607,434. 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.

*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.

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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**

*Auditor's Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

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 other 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.



HALL CHADWICK (NSW)  
Level 40, 2 Park Street  
Sydney NSW 2000



**DREW TOWNSEND**  
Partner

Dated: 23 February 2021