KEYBRIDGE
CAPITAL LIMITED

A.B.N. 16 088 267 19

2020

ANNUAL REPORT

ASX Codes: KBC and KBCPA

Keybridge Capital Limited
A.B.N. 16 088 267 190

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CONTENTS

CORPORATE DIRECTORY

BOARD OF DIRECTORS

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

COMPANY SECRETARY
John D. Patton

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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
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DIRECTORS' REPORT

The Directors present their report on Keybridge Capital Limited (**Company** or **KBC**) and its controlled entities (the **Consolidated Entity** or **Keybridge**) for the financial year ended 30 June 2020 (**Balance Sheet Date**).

The Company has prepared a consolidated financial report incorporating the entities that it controlled during the financial year.

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), Molopo Energy Limited (ASX: MPO) and Webcentral Group Ltd (ASX:WCG). Keybridge was also the Investment Manager of the HHY Fund (between 30 June 2016 and 19 July 2019).

COMPANY INFORMATION

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).

OPERATING RESULTS AND REVIEW OF OPERATIONS

The loss of the Consolidated Entity for the full year after providing for income tax was $3,848,350 (2019: loss $3,608,530). Total revenue and other income amounted to $436,325 (2019: $1,282,523). The operating result was impacted by:

- The CRPN liability being restated to reflect face value (equating to an additional liability of $400,000 being recognised);
- The Company's investment in Molopo Energy Limited (Molopo) has been further written down from 1.28 cents per share (as at 30 June 2019) to 0.42 cents per share to reflect the reduced net asset backing position of Molopo (resulting in a further impairment of $0.427 million during the year);
- On 11 July 2019, the Company terminated the consultancy arrangement with Queste Communications Limited (ASX:QUE) for the provision of financial accounting services. Notwithstanding this termination, Queste continued to charge the Company $16,041.66 per month (including GST) for the 6 months ended 31 December 2019. As at 30 June 2020, the Company has not recognised a liability of $96,249.96 in these financial statements for the claims made by Queste, however a contingent liability has been recorded in note 25;
- Legal fees incurred in relation to the Federal Court action brought against the Company by Bentley Capital Limited and Mr William Johnson, resulted in $240,000 being paid to external legal advisors in relation to the Company's and Mr Patton's legal expenses (pursuant to Mr Patton's directors indemnity deed). In addition, Mr William Johnson has made a claim against the Company for a further $230,000 to cover the costs of his legal expenses in bringing the unsuccessful legal action against the Company. The Company has rejected Mr Johnson's claim. As at 30 June 2020, the Company has not recognised a liability in these financial statements for Mr William Johnson's claim, however a contingent liability has been recorded in note 25;
- The Company holds a US domiciled private equity investment that has been previously written down to US$393,608. As the underlying assets in the fund have been sold and Keybridge's interest is now a claim against the fund and its manager, Keybridge has determined to apply a credit impairment on the asset and has thus reduced the carrying value to US$137,260; and
- The revaluation of foreign currency assets resulted in a loss of $66,927 during the year.

In addition to the above, the following notable activities occurred during the year:

- On 28 May 2019, the Company terminated the consultancy arrangement with Mr Farooq Khan, resulting in the Company saving $18,333.33 (including GST) per month. Between 26 June 2019 and 18 July 2019, Mr Khan was appointed as an Alternate Director of Mr Simon Cato. On 10 July 2019, Mr Khan sought to change the Chairman of the Company to Mr William Johnson, with Mr Johnson authorising the release of an ASX Announcement on 11 July 2019 (without the approval of the Board). On 16 July 2019, the Company was suspended for trading on ASX, pending the outcome of enquiries regarding the composition of its board (following another ASX announcement released by Mr Johnson with the approval of the Board);

DIRECTORS' REPORT

- On 28 June 2019, the Company received an off-market takeover bid intention from WAM Active Limited at an all cash bid price of 7.5 cents per share. This bid intention was subsequently withdrawn on 22 August 2019;
- On 1 July 2019, the Company made an ASX Announcement that it had received a claim from Aurora Corporate Pty Ltd in relation to the sale of Aurora Funds Management Limited in 2016, as a result of the funds that had been misappropriated by its former Chief Financial Officer, Ms Betty Poon, prior to the sale of the business. The Company received this letter of claim from Aurora Corporate Pty Ltd on 25 June 2019;
- On 11 July 2019, the Company received notification from the HHY Fund (ASX: HHY) that the Investment Management Agreement (IMA) was being terminated. On 19 July 2019, the Company was advised that the IMA with HHY had been terminated;
- On 5 August 2019, Bentley Capital Limited called for a meeting to be convened under s. 249F to consider the removal of Mr Patton and Mr Kriewaldt and the re-election of Mr Johnson and Mr Cato;
- On 16 August 2019, Mr Johnson authorised the release of an ASX Announcement (without the approval of the Board) advising of the litigation that had been commenced against Aurora Corporate, with a Writ having been filed in the Supreme Court of Western Australia. In addition, legal representation was engaged (again without the knowledge of the Board), with costs of $81,495.00 having been expended during the year. On 26 September 2019, the Company advised that the litigation against Aurora Corporate had been transferred from Western Australia to Victoria and Keybridge had been ordered to pay Aurora's costs of the transfer application. In January 2020, the legal representatives appointed by Mr Johnson resigned;
- On 26 August 2019, Australian Style Group Pty Ltd called for a meeting to be convened under s. 249F to consider the removal of Mr Johnson and Mr Cato;
- On 10 September 2019, the Company notified the holders of the Convertible Redeemable Promissory Notes (CRPN) (ASX: KBCPA) that an Event of Default had occurred as a direct consequence of the Company's suspension from the ASX, enabling CRPN holders to request an early redemption. In total, the Company received requests for the early redemption of 6,750,208 CPRN's. On 23 October 2019, the Company advised that it had processed 397,944 CRPN redemption requests that were satisfied by cash payment. On 21 January 2020, the Company announced that it had received a request from HSBC on behalf of WAM group of shareholders that it wished to withdraw its early redemption request pertaining to 1,835,111 CPRN. On 22 January 2020, the Company announced that it had determined to redeem 2,000,000 of the outstanding early redemption CRPN requests for cash plus accrued interest to date, which reduced the outstanding early redemption CRPN requests to 2,517,153 notes;
- On 26 September 2019, the Company announced that Bentley Capital Limited and Mr William Johnson had commenced proceedings against Company and certain directors, including John Patton and Jeremy Kriewaldt, seeking a declaration that Mr William Johnson was properly appointed to the role as Chairman on 10 July 2019;
- On 11 October 2019, the Federal Court in Western Australia determined that Mr William Johnson had not been validly appointed as Chairman of Keybridge and as such Mr John Patton was, and always had been, the rightful Chairman until his retirement on 21 January 2020;
- On Sunday 13 October 2019, immediately prior to a previously scheduled board meeting, the Company received another off-market takeover bid intention from WAM Active Limited at an all cash bid price of 6.5 cents per share. Mr Victor Ho was terminated as Company Secretary, effective immediately, during the 13 October 2019 board meeting;
- On 14 October 2019, the Company held a shareholder meeting called by Australian Style Group Pty Ltd, with none of the proposed resolutions being passed, and a shareholder meeting called by Bentley Capital Limited was adjourned – that meeting was later cancelled after Bentley Capital Limited withdrew its request for the meeting;
- On 6 December 2019, the Takeovers Panel received an application in relation to the activities of WAM Group and Bentley Capital Limited;
- On 13 December 2019, WAM Active withdrew its intention to make an off-market takeover bid at an all cash bid price of 6.9 cents per share. Shortly thereafter, on the same day, WAM Active made another takeover bid at an all cash bid price of 6.5 cents per share;
- On 18 December 2019, the Takeovers Panel declined to conduct proceedings, in part, as it considered certain factors had been superseded by the withdrawal of the WAM Active proposed bid (at 6.9 cents);

DIRECTORS' REPORT

- On 8 January 2020, the Company received an off-market takeover bid intention from Aurora Funds Management Limited, as responsible entity for the Aurora Dividend Income Trust (ADIT), at an all cash bid price of 6.6 cents per share;
- On 17 February 2020, the Company advised that it had placed 22,000,000 ordinary shares to sophisticated investors at an issue price of 6.9 cents per share, pursuant to a waiver of Listing Rule 7.9 granted by the ASX;
- On 24 February 2020, WAM Active advised that it had increased its takeover bid from 6.5 cents to 6.9 cents per share;
- On 3 March 2020, ADIT increased its takeover bid from 6.6 cents to 7.0 cents per share;
- On 6 April 2020, ADIT's takeover bid closed;
- On 7 April 2020, the Takeovers Panel declared WAM Active's takeover bid void and that all acceptances received under it also void;
- On 17 April 2020, Mr Antony Catalano was appointed to the Company's Board. In addition, shareholders removed Mr William Johnson from the Board and affirmed the appointments of Mr Jeremy Kriewaldt and Mr Nicholas Bolton;
- On 28 April 2020, WAM Active announced its fourth takeover bid for Keybridge, again at 6.9 cents per share;
- On 1 June 2020, Keybridge commenced legal proceedings against WAM Active for improperly registering 16,057,929 Keybridge shares into its name;
- On 29 June 2020, Keybridge announced its intention to make an all scrip takeover bid for RNY Property Trust (ASX:RNY);
- On 24 July 2020, Keybridge received $5 million as a payment against its investment in Australian Community Media;
- On 31 July 2020, Keybridge redeemed for cash 4,861,932 CRPN at $1.00 each, extended the maturity by 12 months of 169,022 CRPN and converted 571,102 CRPN into 8,286,690 Ordinary Shares;
- On 15 September 2020, WAM Active's fourth takeover bid for Keybridge closed;
- On 30 September 2020, Keybridge extended the closing date for the RNY takeover bid to 7.00pm (Melbourne time) on 14 October 2020;
- On 6 October 2020, Keybridge received the outstanding deferred consideration of $0.315m (€0.2m) owing in relation to the sale of Totana; and
- On 14 October 2020, Keybridge further extended the closing date for the RNY takeover bid to 7.00pm (Melbourne time) on 16 November 2020.

DIVIDENDS

No dividends have been paid or declared since the end of the previous year and no dividends have been recommended by the Directors in respect of the year ended 30 June 2020.

As at 30 June 2020, Keybridge had:

- $1.025 million in its Profits Reserve account, which is available to fund the payment of dividends to shareholders in the future; and
- $6.791 million Franking Credits, which is sufficient to fund the payment of fully franked (at Keybridge's applicable 27.5% company tax rate) dividends and CRPN interest distributions totaling $18.4 million.

DIRECTORS' REPORT

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[3]
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 THE STATE OF AFFAIRS

Other than the matters noted in the Review of Operations (above), there have been no other significant changes in the Consolidated Entity's state of affairs during the year.

EFFECTS OF COVID-19 ON THE COMPANY

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus ('COVID-19') as a pandemic, which continues to spread throughout the world. The spread of COVID-19 has caused significant volatility in local and global markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well its impact on local and international economies. The Company cannot reasonably estimate the length or severity of this pandemic, but management currently anticipates that the COVID-19 situation may have an impact on the carrying value of investment holdings subsequent to year end. The financial statements do not include any adjustments as a result of this.

FUTURE DEVELOPMENTS

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.

ENVIRONMENTAL REGULATION

Keybridge is not subject to any particular or significant environmental regulation under Australian Commonwealth or State legislation.

DIRECTORS & OFFICERS

The names of the directors in office at any time during or since the end of the year are:

Nicholas Bolton	Chief Executive Officer and Managing Director (appointed 13 October 2019)
Jeremy Kriewaldt	Non-executive Director
Antony Catalano	Non-executive Director (appointed 17 April 2020)
William Johnson	Non-executive Director (ceased 17 April 2020)
John Patton	Non-executive Director (retired 21 January 2020)
Richard Dukes	Non-executive Director (retired 21 January 2020)
Simon Cato	Non-executive Director (vacated office 17 January 2020)
Mr Farooq Khan	Alternate Director for Simon Cato (ceased 18 July 2019)

On 13 October 2019, Mr John Patton was appointed as Company Secretary, following the removal of Mr Victor Ho (who had been appointed on 13 October 2016) as Company Secretary.

Further details on each of the directors is outlined below:

DIRECTORS' REPORT

NICHOLAS F. J. BOLTON	**MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**
Appointed	28 May 2019[1] as CEO; 13 October 2019 as Managing Director[2]
Experience	Nicholas Bolton has managed operational investments and restructured assets in the aviation, finance, property, energy, shipping, infrastructure and IT sectors. Mr Bolton has invested in and led activist investments in a number of ASX-listed entities with a foundation in shareholder advocacy. Mr Bolton is focused on delivering superior risk adjusted returns through active management and innovative solutions to challenging issues for investors.
Relevant interest in securities	8,836,036 – KBC shares
Special Responsibilities	CEO
Other current directorships in listed entities	None
Former directorships in other listed entities in past 3 years	None

JEREMY M. KRIEWALDT	**NON-EXECUTIVE DIRECTOR**
Appointed	13 October 2016
Qualifications	BA (Hons), LLM (Hons) (*Sydney*)
Experience	Jeremy Kriewaldt is a lawyer in private practice, specialising in corporate and commercial law, including mergers and acquisitions, capital raisings and foreign investment, financial product development and securities markets. He started his own practice in 2018 and was previously a partner of Atanaskovic Hartnell (2004 - 2018), Blake Dawson Waldron (now Ashurst) (1990-2003) and also served as Counsel to the Takeovers Panel in 2003-2004.
Relevant interest in securities	21,516– KBC shares
Special Responsibilities	Chairman of Remuneration and Nomination Committee Member of Audit, Finance and Risk Committee
Other current directorships in listed entities	None
Former directorships in other listed entities in past 3 years	None

ANTONY CATALANO	**NON- EXECUTIVE DIRECTOR**
Appointed	17 April 2020[3]
Experience	Antony Catalano was formerly the Managing Director of Domain Holdings Australia Limited and is presently the Executive Chairman of Australian Community Media, a major regional media company.
Relevant interest in securities	22,324,631 – KBC shares (beneficial/economic interest) held by Catalano Super Investments Pty Ltd ATF Catalano Superannuation Fund (11,304,347 ordinary shares) and Antstef Pty Ltd ATF Antstef Trust (11,020,284 ordinary shares)
Special Responsibilities	Member of Remuneration and Nomination Committee Member of Audit, Finance and Risk Committee

[1] Refer KBC ASX Announcement dated 29 May 2019: CEO & Other Management Changes

[2] Refer KBC ASX Announcement dated 14 October 2019: Company Update & Board Appointments

[3] Refer KBC ASX Announcement dated 17 April 2020

DIRECTORS' REPORT

Other current directorships in listed entities	None
Former directorships in other listed entities in past 3 years	Domain Holdings Australia Limited Updater Inc

JOHN D. PATTON	**CHAIRMAN**
Appointed	10 August 2016, Chairman since 13 October 2016 (retired on 21 January 2020)
Qualifications	B.Ec (*Monash*), CA (ICAA), F Fin
Experience	John Patton is a senior executive with extensive finance experience in the corporate and professional services sectors. He was previously a Partner with Ernst & Young in the Transactions Advisory Services division. With over 30 years of professional services and industry experience, Mr Patton has extensive corporate finance credentials, having been involved in over 150 corporate transactions.
Relevant interest in securities	150,000 - KBC shares 4,166 - KBCPA Convertible Redeemable Promissory Notes
Special Responsibilities	Member of Audit, Finance and Risk Committee
Other current directorships in listed entities	(1) Non-Executive Director of Metgasco Ltd (ASX:MEL) (appointed 19 September 2016). (2) Managing Director of Aurora Funds Management Limited, a Responsible Entity of HHY Fund (ASX:HHY), Aurora Global Income Trust (ASX:AIB), Aurora Absolute Return Fund (ASX:ABW), Aurora Property Buy-Write Income Trust (ASX:AUP), Aurora Dividend Income Trust (ASX:AOD)
Former directorships in other listed entities in past 3 years	None

WILLIAM M. JOHNSON	**NON-EXECUTIVE DIRECTOR**
Appointed	29 July 2016; (Ceased on 17 April 2020)
Qualifications	MA (*Oxon*), MBA, MAICD
Experience	William Johnson holds a Masters degree in engineering science from Oxford University, England and an MBA from Victoria University, New Zealand. His 30-year business career spans multiple industries and countries, with executive/CEO experience in mineral exploration and investment (Australia, Peru, Chile, Saudi Arabia, Oman, North Africa and Indonesia), telecommunications infrastructure investment (New Zealand, India, Thailand and Malaysia) and information technology and Internet ventures (New Zealand, Philippines and Australia). Mr Johnson is a highly-experienced public company director and has considerable depth of experience in corporate governance, business strategy and operations, investment analysis, finance and execution.
Relevant interest in securities	None
Special Responsibilities	Member of Remuneration and Nomination Committee
Other current directorships in listed entities	(1) Managing Director of Strike Resources Limited (ASX:SRK) (since 25 March 2013; Director since 14 July 2006). (2) Executive Director of Bentley Capital Limited (ASX:BEL) (since 1 January 2016; Director since 13 March 2009). (3) Non-Executive Director of Molopo Energy Limited (ASX:MPO) (elected 31 May 2018).
Former directorships in other listed entities in past 3 years	Non-Executive Director of Yowie Group Ltd (ASX:YOW) (appointed 10 April to 8 October 2018).

DIRECTORS' REPORT

SIMON K. CATO	**NON-EXECUTIVE DIRECTOR**
Appointed	29 July 2016; (Ceased on 17 January 2020)
Qualifications	B.A. (*Sydney*)
Experience	Simon Cato has had over 30 years' capital markets experience in broking, regulatory roles (with ASX in Sydney and Perth) and as a director of listed companies. From 1991 until 2006, he was an executive director and/or responsible executive of three stockbroking firms. During that time, Mr Cato was involved in the formation of a number of companies, including writing prospectuses and managing the listing process and has been through the process of IPO listing in the dual role of broker and director. Since 2006, Mr Cato has been an executive and non-executive director of a number of public listed companies with a range of different business activities and was a founding director of Greenland Minerals Limited.
Relevant interest in securities	None
Special Responsibilities	Chairman of Audit, Finance and Risk Committee Member of Remuneration and Nomination Committee
Other current directorships in listed entities	(1) Non-Executive Chairman of Advanced Share Registry Limited (ASX:ASW) (since 22 August 2007). (2) Non-Executive Director of Greenland Minerals Limited (ASX:GGG) (since 21 February 2006). (3) Non-Executive Director of Bentley Capital Limited (ASX:BEL) (since 7 January 2015; also February 2004 to April 2010).
Former directorships in other listed entities in past 3 years	None

RICHARD M. DUKES	**NON-EXECUTIVE DIRECTOR**
Appointed	13 October 2019. (Retired on 21 January 2020)
Qualifications	B.Com (NSW) LLM (Syd)
Experience	Richard Dukes is a lawyer in private practice specialising in taxation, commercial law and personal law. He started his own practice in 2012 and was previously a partner of Rosenblum & Partners and Blake Dawson Waldron (now Ashursts). Previously was Chair of Australian branch of IFA.
Relevant interest in securities	None but is sole director of Australian Style Group Pty Ltd which holds 22.65% of KBC shares.
Special Responsibilities	None
Other current directorships in listed entities	None
Former directorships in other listed entities in past 3 years	None

VICTOR P. H. HO	**COMPANY SECRETARY**
Appointed	13 October 2016 (Ceased on 13 October 2019)
Qualifications	**BCom, LLB (*Western Australia*), CTA**

DIRECTORS' REPORT

Experience	Victor Ho is a Chartered Tax Adviser (CTA) and previously had 9 years' experience in the taxation profession with the Australian Tax Office (ATO) and in a specialist tax law firm. Mr Ho has been actively involved in the investment management of listed investment companies (as an Executive Director and/or a member of the Investment Committee), the structuring and execution of a number of corporate, M&A and international joint venture (in South America, Indonesia and the Middle East) transactions, capital raisings and capital management initiatives and has extensive experience in public company administration, corporations' law and stock exchange compliance and investor/shareholder relations.
Relevant interest in securities	None
Other current positions in listed entities	Executive Director and Company Secretary of: (1) Orion Equities Limited (ASX:OEQ) (Secretary since 2 August 2000 and Director since 4 July 2003). (2) Queste Communications Ltd (ASX:QUE) (Secretary since 30 August 2000 and Director since 3 April 2013). (3) Strike Resources Limited (ASX:SRK) (Director since 24 January 2014 and Company Secretary since 1 October 2015). Company Secretary of Bentley Capital Limited (ASX:BEL) (since 5 February 2004).
Former position in other listed entities in past 3 years	None

John Patton was appointed as the company secretary on 13 October 2019.

DIRECTORS' MEETINGS

The following table sets out the numbers of meetings of the Company's Directors held during the year (excluding Directors' circulatory resolutions) and the numbers of meetings attended by each Director of the Company:

Name of Director	Board		Audit, Risk and Finance Committee		Remuneration and Nomination Committee	
	Attended	**Max. Possible Meetings**	**Attended**	**Max. Possible Meetings**	**Attended**	**Max. Possible Meetings**
Nicholas Bolton	8	8	-	-	-	-
Jeremy Kriewaldt	11	15	-	-	-	-
Antony Catalano	1	1	-	-	-	-
John Patton	11	12	1	1	-	-
Richard Dukes	5	5	-	-	-	-
Simon Cato	2	7	1	1	-	-
William Johnson	11	12	1	1	-	-

Audit, Risk and Finance Committee (ARFC)

The composition of the ARFC during the year was Simon Cato (as Chairman), Jeremy Kriewaldt and John Patton. Following the retirement of John Patton and Simon Cato, the ARFC is now comprised of Jeremy Kriewaldt and Antony Catalano. The ARFC has a formal charter to prescribe its objectives, responsibilities (in the areas of external financial reporting, risk management and control, external audit, code of conduct, insurances, complaints handling and related party transactions), composition, access and other administrative matters. A copy of the ARFC Charter may be downloaded from the Company's website: http://keybridge.com.au/corporate_governance.php

Remuneration and Nomination Committee (RNC)

The composition of the RNC during the year was Jeremy Kriewaldt (as Chairman), Simon Cato and William Johnson. Following the retirement of Simon Cato and William Johnson, the RNC is now comprised of Jeremy Kriewaldt and Antony Catalano. A copy of the RNC Charter may also be downloaded from the Company's website.

REMUNERATION REPORT

This Remuneration Report details the nature and amount of remuneration for each Director and Company Executive (being a company secretary or senior manager) (**Key Management Personnel** or **KMP**) of ***the Company.***

The information provided under headings (1) to (8) below has been audited for compliance with section 300A of the *Corporations Act 2001 (Cth)* as required under section 308(3C).

(1) Key Management Personnel (KMP)

Name	Position	Tenure
John Patton	Chairman and Company Executive	Appointed Director on 10 August 2016; appointed Chairman on 13 October 2016; ceased to be Company Executive with effect on 30 June 2019; Retired 21 January 2020
Nicholas Bolton	Managing Director	Appointed 13 October 2019
William Johnson	Non-Executive Director	Elected at general meeting on 29 July 2016; re-elected at AGM on 22 November 2018; Ceased on 17 April 2020
Simon Cato	Non-Executive Director	Elected at general meeting on 29 July 2016; re-elected at AGM on 23 November 2017; Ceased on 17 January
Jeremy Kriewaldt	Non-Executive Director	Appointed 13 October 2016; re-elected at AGM on 23 November 2016; re-elected at general meeting on 17 April 2020
Antony Catalano	Non-Executive Director	Appointed 17 April 2020
Richard Dukes	Non-Executive Director	Appointed 13 October 2019; Retired on 21 January 2020
Nicholas Bolton	Chief Executive Officer (**CEO**)	Appointed 28 May 2019
Victor Ho	Company Secretary	Appointed 13 October 2016; Ceased on 13 October 2019
John Patton	Company Secretary	Appointed 13 October 2019

(2) Remuneration Policy

The Board (with guidance from the Remuneration and Nomination Committee) determines the remuneration structure of all Key Management Personnel having regard to Keybridge's strategic objectives, scale and scope of operations and other relevant factors, including experience and qualifications, length of service, market practice (including available data concerning remuneration paid by other listed companies and in particular, companies of comparable size and nature), the frequency of Board meetings, the duties and accountability of Key Management Personnel and the objective of maintaining a balanced Board which has appropriate expertise and experience, at a reasonable cost to the Company.

The Remuneration and Nomination Committee (RNC): The RNC has a formal charter to prescribe its objectives, the Company's remuneration and nomination policies and practices, responsibilities (in the areas of executive, senior management and non-executive director remuneration, recruitment and termination, policy and procedure for appointing new directors, performance and education of directors), composition, access and other administrative matters. The objectives of the RNC include assisting the Board to adopt and implement a remuneration system that has coherent remuneration policies and practices to attract and retain executives and directors who will preserve value for shareholders and that fairly and responsibly rewards executives having regard to the performance of Keybridge, the performance of the executives and the general pay environment. The RNC's key responsibilities in relation to remuneration include:

- reviewing, approving and recommending to the board for adoption executive remuneration and incentive policies and practices;
- annually considering, approving and recommending to the board each executive director's total remuneration (including base pay, incentive awards, equity awards, retirement rights and terms of engagement) having regard to executive remuneration and incentive policies;
- reviewing and approving, on the recommendation of the managing director, the total remuneration (including incentive awards, equity awards, retirement and termination rights), terms of engagement and changes to the total remuneration and terms of employment of direct reports to the managing director and other senior executives;
- recommending to the board for approval changes to the remuneration or terms of engagement of executive directors before implementation;
- reviewing, approving and recommending to the board for adoption the design of any executive incentive/equity-based plans, the total proposed payments from any executive incentive/equity-based

REMUNERATION REPORT

plans, the proposed award to each executive under the rules of any plan and the performance hurdles for any equity-based plan;

- reviewing the remuneration of non-executive directors for serving on the board or any committee (both individually and in total) and recommending to the board the remuneration and retirement policies for non-executive directors having regard to market trends and shareholder interests;
- annually reviewing the performance of the managing director and executive directors; and
- establishing processes for evaluating (and annually evaluating) the performance of the board, both collectively and individually.

A copy of the RNC Charter may also be downloaded from the Company's website:
http://keybridge.com.au/corporate_governance.php

Corporate Governance Principles: The Company's Corporate Governance Statement (**CGS**) also addresses matters pertaining to the Board, Senior Management and Remuneration. The latest version of the CGS may be downloaded from the Company's website:
http://keybridge.com.au/corporate_governance.php

Fixed Cash Short-term Employment Benefits: The Key Management Personnel of the Company are paid a fixed amount per annum plus applicable employer superannuation contributions. Prior to 21 January 2020, the maximum aggregate base remuneration for Non-Executive Directors of the Company was capped at $550,000. At the Annual General Meeting hold on 21 January 2020, it was resolved that the maximum aggregate base remuneration would be reduced to $100,000 per annum, to be divided as the Board determines appropriate.

The Board has determined the following fixed cash remuneration for current Key Management Personnel during the year as follows:

Non-Executive Directors

(1) Jeremy Kriewaldt – a base fee of $50,000 per annum plus statutory employer superannuation contributions.

(2) Antony Catalano - a base fee of $50,000 per annum plus statutory employer superannuation contributions.

Company Executives/Senior Managers

(3) Nicholas Bolton (Chief Executive Officer) – a base salary of $440,000 (on a full-time basis; Mr Bolton is required by the Company to work only on a part-time basis on a pro-rata part-time base salary of $330,000) per annum plus statutory employer superannuation contributions

(4) John Patton (Company Secretary) – a base fee of $60,000 per annum (excluding GST).

Special Exertions and Reimbursements: Pursuant to the Company's Constitution, each Director is also entitled to receive:

(a) Payment for reimbursement of all travelling and other expenses incurred by a Director in attending to the Company's affairs, including attending to meetings of the Company and the Board or Committees; and

(b) Payment for the performance of extra services or the making of special exertions for the benefit of the Company (with the concurrence of the Board).

Short-Term Benefits: The Company does not have any short-term incentive (**STI**) cash bonus schemes (or equivalent) in place for Key Management Personnel.

Long-Term Benefits: The Company does not have any long-term incentive (**LTI**) cash bonus schemes (or equivalent) in place for Key Management Personnel.

Equity-Based Benefits: Save for the Executive Share Plan (**ESP**) outlined below, the Company does not presently have any equity (shares or options) based remuneration arrangements for Key Management Personnel pursuant to any executive or employee share or option plan or otherwise.

Post-Employment Benefits: The Company does not presently provide retirement benefits to Key Management Personnel. Other than early termination benefits disclosed in 'Employment Agreement' below, Key Management Personnel also have no right to termination payments save for payment of accrued unused annual and long service leave (where applicable) (these accrued employee entitlements are not applicable in respect of Non-Executive Directors). The Company notes that shareholder approval is required where a Company proposes to make a "termination payment" (for example, a payment in lieu of notice, a payment for a post-employment restraint and payments made as a result of the automatic or accelerated vesting of share based payments) in excess of one year's "base salary" (defined as the average base salary over the previous 3 years) to a director or any person who holds a managerial or executive office.

REMUNERATION REPORT

Performance-Related Benefits and Financial Performance of Company: The current remuneration of Key Management Personnel is fixed, is not dependent on the satisfaction of a performance condition and is unrelated to the Company's performance.

In considering the Company's performance and its effects on shareholder wealth, Directors have had regard to the data set out below for the latest financial year and the previous four financial years:

	2020	2019	2018	2017	2016
Profit/(Loss) Before Income Tax ($'000)	(3,848)	(3,611)	(6,805)	(6,446)	2,779
Profit/(Loss) After Income Tax ($'000)	(3,848)	(3.611)	(6.805)	(6,446)	(2,491)
Basic Earnings/(Loss) per share (cents)	(2.30)	(2.29)	(4.30)	(4.06)	(1.42)
Total Dividends Paid ($'000)	-	790	790	-	795
Dividends Paid (cent per share)	-	0.5	0.5	-	0.5
Total Capital Returns Paid ($'000)		-	-	-	-
Capital Returns Paid (cents per share)	-	-	-	-	-
VWAP Share Price on ASX for financial year ($)	N/A^	0.065	0.089	0.14	0.174
Closing (Last Bid) Share Price on ASX as at 30 June ($)	N/A^	0.069	0.079	0.10	0.155

^ The Company was suspended from trading on the ASX on 16 July 2019 and has not traded since that date. The last closing price was 7.1 cents per share.

(3) Details of Remuneration of Key Management Personnel

Details of the nature and amount of each element of remuneration of each Key Management Personnel paid or payable by the Company during the financial year are as follows:

2020		Short-term Benefits		Post- Employment Benefits		Other Long-term Benefits	
Key Management Personnel	Performance-related %	Cash salary and fees $	Non-cash benefit $	Superannuation $	Annual Leave Payment $	Long service leave	Total $
Non-Executive Directors:							
Jeremy Kriewaldt	-	35,000	-	3,800	-	-	38,800
Antony Catalano	-	-	-	-	-	-	-
John Patton	-	78,021	-	-	-	-	78,021
Richard Dukes	-	18,064	-	-	-	-	18,064
William Johnson	-	35,000	-	3,800	-	-	38,800
Simon Cato	-	25,000	-	3,325			
Chief Executive Officer:							
Nicholas Bolton	-	330,006	-	23,513	27,680	52,004*	433,203
Company Secretary:							
Victor Ho	-	55,242	-	-	-	-	55,242
John Patton	-						

* Represents the minimum accrual from the period of initial inception as an employee under the respective employment agreement, being the cumulative amount since inception of agreement.

2019		Short-term Benefits		Post- Employment Benefits		Other Long-term Benefits	
Key Management Personnel	Performance-related %	Cash salary and fees $	Non-cash benefit $	Superannuation $	Annual Leave Payment $	Long service leave	Total $
Directors:							
John Patton (Executive)	-	175,000	-	16,625	36,512	-	228,137
Jeremy Kriewaldt	-	60,000	-	5,700	-	-	65,700
William Johnson	-	60,000	-	5,700	-	-	65,700
Simon Cato	-	60,000	-	5,700	-	-	65,700
Chief Executive Officer:							
Nicholas Bolton	-	31,731	-	3,015	-	-	34,746
Company Secretary:							
Victor Ho	-	150,000	-	-	-	-	150,000

(4) Executive Share Plan (ESP)

The Company has an ESP which was approved by shareholders at the 2014 Annual General Meeting (**AGM**) held on 28 November 2014. The ESP was developed to serve as the Company's principal vehicle to grant long term incentive awards and form a key element of the Company's total remuneration strategy for

REMUNERATION REPORT

directors and selected senior management.

The primary objectives of the ESP are to:

(a) assist with the attraction, motivation and retention of directors and senior management and more closely align the interest of directors and senior management with shareholders by matching rewards with the long-term performance of the Company, and accordingly drive the Company's improved performance;

(b) align the incentives provided to participants with current market practice; and

(c) provide the Company with flexibility to accommodate changes in the Company's circumstances and shifts in regulatory and market practice from time to time.

The ESP involves the Company providing interest-bearing limited-recourse loans to eligible participants to purchase ordinary shares in the capital of the Company. As part of the loan arrangements, the Company will take security over those ordinary shares to secure repayment of the loans. Interest will be charged on the loans at a fixed rate of 6.45% per annum for the term of the loans, capitalised monthly. The term of the loans will be 3 years and 3 months. The interest will be recourse to the participant. The loans may be repaid early in certain circumstances, however participants in the ESP remain liable for the entire amount of interest applicable over the loan term.

Further details about the ESP are set out in the Company's Notice of AGM and Explanatory Statement dated 29 October 2014.

The Company has issued shares to and entered into loan arrangements with previous Key Management Personnel (including Nicholas Bolton, who is currently a Key Management Personnel from 28 May 2019) pursuant to the ESP. Further details are set out in:

- Keybridge's ASX Announcement dated 19 December 2014: Appendix 3B and Further Detail Regarding Issuance of Loan Funded Shares);
- Keybridge's ASX Announcement dated 28 April 2015: Appendix 3B; and
- Note 22(d)(v) (Related Party Transactions) in the accompanying financial statements.

The Company has not issued shares to and entered into loan arrangements with Key Management Personnel pursuant to the ESP during the financial year.

Save for Nicholas Bolton as outlined below, no other Key Management Personnel are involved in the ESP vis a vis holding or being issued ESP shares.

On 19 December 2014, the Company issued 9 million ESP shares to Nicholas Bolton (who was the Managing Director at the time) with the initial cost ($1,678,500) funded by an ESP loan granted to Mr Bolton (ESP Loan). After allowing for dividends and capital returns ($362,500) paid by the Company (Adjustment Amounts), the balance of the ESP Loan principal ($1,316,000) and accrued interest at 6.45% pa ($336,164) to 31 December 2017 was $1,652,164. The principal component of the ESP Loan is limited recourse to the ESP shares issued – as such, the Company is entitled to cancel Mr Bolton's ESP shares against the $1.316 million principal loan balance; the Company has not recognised the principal component as a receivable asset. The interest component is full-recourse – as such, Mr Bolton is liable to pay this balance to the Company; the Company has recognised the interest component as a receivable asset.

As at 30 June 2018 balance sheet date, the Company determined to make a full provision in respect of recognising the interest component as a receivable asset (based on the Directors' judgement); an amount of $336,164 was reduced from Loans and Receivables (Other) with a corresponding decrease in the Share based payments reserve in equity (there was no impact on the Statement of Profit or Loss). This provision does not prejudice the Company's rights (including recovery) under the terms of the ESP Loan. If the Company receives a payment in respect of this interest component, the Company will recognise a corresponding increase in the Share based payments reserve in equity to the extent of such receipt.

The Company acknowledges that Mr Bolton has a contrary view in relation to, inter alia, the application of the Adjustment Amounts to reduce the principal amount of the ESP Loan ahead of reducing the accrued interest component of the ESP Loan. Mr Bolton has reserved his rights in the matter, as has the Company, in respect of its view and position in the matter.

Without prejudice to each party's rights under the terms of the ESP Loan, pursuant to an amendment (dated 27 May 2019) to Mr Bolton's employment agreement, Mr Bolton has agreed to pay $42,020.51 to the Company each quarter (commencing on 30 September 2019 and ending on 30 June 2021) towards reducing

REMUNERATION REPORT

the $336,164 interest component of Mr Bolton's ESP Loan. The parties have also agreed that Mr Bolton is entitled to assert his rights in relation to the matter and if the matter is resolved in favour of Mr Bolton (subject to compliance with the Corporations Act and ASX Listing Rules) and Mr Bolton has paid quarterly amounts in excess of what the Company was entitled to receive, the Company will repay Mr Bolton with interest calculated at 6.45% pa.

During the year, the Company sold 3 million ESP shares which had not vested with Mr Bolton, realising $210,000.

(5) Formal Terms of Employment/Engagement

Details of the material terms of formal agreements entered by the Company with Key Management Personnel are as follows:

KMP and Position(s) Held	Relevant Date(s)	Base Salary/Fees per annum	Other Terms
Nicholas Bolton (Chief Executive Officer)	19 February 2017 (date of employment agreement) 17 December 2015 (date of suspension of employment) 27 May 2019 (date of amendments to employment agreement) 28 May 2019 (date of commencement as CEO)	$440,000 base salary per annum (full-time basis) $330,000 actual part-time salary per annum (agreed with the Company) plus statutory employer superannuation contributions (currently 9.5% of salary)	• The employment agreement (as amended) has no fixed term or fixed rolling terms of service. • Required part-time 30 hours per week over the course of a 5 day working week (averaged out over the course of a month) plus pre-agreed reasonable additional time required by the Company in order to satisfy Company business or operational requirements. • Employment may convert from part-time to full-time (and vice versa) by mutual written agreement. • If the CEO requests reinstatement on a full-time basis, which is denied by the Company, the Company is liable to pay the CEO between 6.25% - 18.75% of his full-time salary. • 20 days annual leave and 15 days (paid) personal/sick leave entitlements. • Three months' notice of termination by the CEO; Immediate termination by the Company (with notice and without cause) on payment of 25% of CEO's full-time salary; Immediate termination without notice if CEO commits any serious act of misconduct.
Victor Ho (Company Secretary)	13 October 2016 (date of consultancy agreement and date of commencement) 13 October 2019 (date of termination)	$150,000 base retainer fees per annum (excluding GST) plus additional fees (at an agreed day or hourly rate) in respect of approved/agreed excess hours	• The agreement has no fixed term or fixed rolling terms of service. • Commitment to a minimum 16 hours per week over the course of a 5-day working week (averaged out over the course of a month) plus reasonable additional time required by the Company in order to satisfy Company business or operational requirements. • The CEO has a defined Investment Mandate and Investment Authority limit. • One month's notice of termination by the Company and one month's notice of termination by the Company Executive. Immediate termination without notice if consultant commits any serious act of misconduct. • May be entitled to performance related short and long-term incentive scheme benefits (including cash bonuses) as agreed with the Company from time to time – as at the date of this report, no such scheme has been established. • Not prohibited from also concurrently acting as a director or company secretary of any company or providing similar services to any company, save that Board consent will be required if the Company Executive proposes to take up a position of employment or consultancy with Industry competitors of Keybridge.
John Patton (Company Secretary)	13 October 2019 (date of commencement as Company Secretary)	$60,000 base retainer fees per annum (excluding GST) plus additional fees (at an agreed day or hourly rate) in respect of approved/ agreed excess hours	• The Company does not presently have a formal agreement with Mr Patton

REMUNERATION REPORT

(6) Other Benefits Provided to Key Management Personnel

Save as outlined below, no Key Management Personnel has during or since the end of the financial year, received or become entitled to receive a benefit, other than a remuneration benefit as disclosed above, by reason of a contract made by the Company or a related entity with the Director or with a firm of which he is a member, or with a Company in which he has a substantial interest:

(a) During the financial year, Wilson Hanna Pty Ltd (an entity controlled by/associated with/related to the Company's Chairman, John Patton, and his spouse) received $78,021 (excluding GST) in respect of services provided in relation to the preparation of the financial statements and liaison with the auditors for the year ended 30 June 2020. This contribution was approved by the Board.

(b) During the financial year, the Company's Non-Executive Director, Jeremy Kriewaldt received (or was entitled to receive) $12,750 (2019: $43,200) (excluding GST) from the Company pursuant to legal services rendered by Jeremy Kriewaldt Lawyers. Mr Kriewaldt's engagement was approved by the Board (excluding Mr Kriewaldt) and were on usual terms consistent with those offered to his other clients.

(c) The Company previously agreed to advance $440,000 as loan funds in respect of Nicholas Bolton's legal costs incurred in circumstances where Mr Bolton's Director's Deed with the Company provided a procedure for the advancement of monies in this regard. Mr Bolton previously served as a Director between 30 December 2011 and 9 October 2012 and between 2 January 2013 and 17 December 2015 (as Executive Director from 22 February 2013 and as Managing Director from March 2014). As at 30 June 2020, $440,000 (2019: $440,000) had been advanced via payments made to Mr Bolton's lawyers.

The Board agreed to advance these funds in accordance with the relevant provision of Mr Bolton's Director's Deed and subject also to various terms and conditions agreed with Mr Bolton, including a monetary cap (initially $400,000 and increased to $440,000 in March 2018), that advances would be provided only as payment of bills rendered by Mr Bolton's lawyers in relation to the relevant proceedings, that the Company needed to be satisfied that the amount of each legal bill was reasonable, that the Company would have access to Mr Bolton's lawyers to ensure that it was promptly informed of any material developments in relation to the proceedings and otherwise to enable the Company to assess the likely outcome of those proceedings, that Mr Bolton would be obliged to repay any amounts advanced in various circumstances specified in his Director's Deed including in any situation in which Mr Bolton is not entitled to be indemnified or advanced those costs, and a provision for review of the position once the outcome of the relevant proceeding is known, including the repayment of all or a portion of the advance (as appropriate). The relevant proceeding had not yet been decided as at 30 June 2020.

The $440,000 advance is accounted as a loan receivable asset, and a provision (ie. impairment expense) was recognised in a prior period for the full amount of $440,000 (based on the Directors' judgement). This provision/impairment does not prejudice the Company's rights (including recovery) under the terms of the advance to Mr Bolton. If the Company receives a repayment (or recovery payment) in respect of this advance, the provision (impairment expense) will be reversed to the extent of such receipt.

Refer also Note 22 (Related Party Transactions) in the accompanying financial statements for other KMP related disclosures.

(7) Engagement of Remuneration Consultants

The Company has not engaged any remuneration consultants to provide remuneration recommendations in relation to Key Management Personnel during the year. The Board has established a policy for engaging external Key Management Personnel remuneration consultants which includes, inter alia, that the Non-Executive Directors on the RNC be responsible for approving all engagements of and executing contracts to engage remuneration consultants and for receiving remuneration recommendations from remuneration consultants regarding Key Management Personnel. Furthermore, the Company has a policy that remuneration advice provided by remuneration consultants be quarantined from Management where applicable.

(8) Securities in the Company Held by Key Management Personnel

The number of listed ordinary shares (ASX:KBC) in the Company held by Key Management Personnel is set below:

REMUNERATION REPORT

Key Management Personnel	Balance at commencement/ 30 June 2019	Additions	Received as part of remuneration	Disposals	Balance at cessation/ 30 June 2020
Directors:					
John Patton	150,000[a]	-	-	-	150,000
William Johnson	-	-	-	-	-
Simon Cato	-	-	-	-	-
Jeremy Kriewaldt	5,000[b]	-	-	-	5,000
Richard Dukes	N/A	-	-	-	-
Antony Catalano	N/A				
Chief Executive Officer:					
Nicholas Bolton[c]	2,380,100[d]	-	-	-	2,380,100[d]
Company Secretary:					
Victor Ho	-	-	-	-	-

The number of unlisted ordinary shares in the Company (issued under the ESP) held by Key Management Personnel is set below:

Key Management Personnel	Balance at commencement/ 30 June 2019	Additions	Received as part of remuneration	Disposals	Balance at cessation/ 30 June 2020
Directors:					
John Patton	-	-	-	-	-
William Johnson	-	-	-	-	-
Simon Cato	-	-	-	-	-
Jeremy Kriewaldt	-	-	-	-	-
Richard Dukes	N/A	-	-	-	-
Antony Catalano	N/A	-	-	-	-
Chief Executive Officer:					
Nicholas Bolton[c]	9,000,000	-	-	3,000,000	6,000,000
Company Secretary:					
Victor Ho	-	-	-	-	-

The number of listed Convertible Redeemable Promissory Notes (ASX:KBCPA) in the Company held by Key Management Personnel is set below:

Key Management Personnel	Balance at commencement/ 30 June 2019	Additions	Received as part of remuneration	Disposals	Balance at cessation/ 30 June 2020
Directors:					
John Patton	4,166[a]	-	-	-	4,166
William Johnson	-	-	-	-	-
Simon Cato	-	-	-	-	-
Jeremy Kriewaldt	1,138[b]	-	-	-	1,138
Antony Catalano	N/A				-
Chief Executive Officer:					
Nicholas Bolton[c]	31,414	-	-	-	31,414
Company Secretary:					
Victor Ho	-	-	-	-	-

Notes to tables:

(a) Refer John Patton Initial Director's Interest Notice dated 10 August 2016.

(b) Refer Jeremy Kriewaldt Initial Director's Interest Notice dated 13 October 2016

(c) Nicholas Bolton commenced as CEO on 28 May 2019

(d) Nicholas Bolton has advised that he has an economic (but not a legal or beneficial) interest in a further 1,542,045 KBC shares held via cash-settled swap positions taken in respect of the same

(e) The disclosures of security holdings above are in accordance with the accounting standards which require disclosure of shares held directly, indirectly or beneficially by each Key Management person, a close member of the family of that person, or an entity over which either of these persons have, directly or indirectly, control, joint control or significant influence (as defined under Accounting Standard AASB 124 Related Party Disclosures)

REMUNERATION REPORT

(9) Voting and Comments on the Remuneration Report at the 2019 AGM

At the Company's most recent (2019) AGM, held on 21 January 2020, a resolution to adopt the prior year (2019) Remuneration Report was put to a vote on a poll and more than 25% of votes cast were against the adoption. This constituted a "second strike" under the executive remuneration related provisions of the Corporations Act.[4]

A "Board Spill Resolution" was put to shareholders at the 2019 AGM and was carried by a majority of votes cast. As such, a General meeting was held on 17 April 2020, to consider the reappointment of Mr Jeremy Kriewaldt and Mr William Johnson and the removal of Mr Nicholas Bolton as directors of Company. All resolutions were decided on a Poll, resulting in Mr William Johnson's removal as a director of the Company. Mr Jeremy Kriewaldt and Mr Nicholas Bolton remained as directors of the Company, along with Mr Antony Catalano who had been appointed earlier on the 17 April 2020 to ensure the Company had three directors.

This concludes the audited Remuneration Report.

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[4] The Corporations Act was amended in June 2011 to introduce the so-called "two-strikes" rule - if at least 25% of the votes cast on the adoption of the remuneration report at two consecutive AGM's are against adopting the remuneration report, shareholders will have the opportunity to immediately vote on a "Board Spill Resolution" at the second AGM, as required by section 250V of the Corporations Act. If the Board Spill Resolution is approved, a further meeting of shareholders must be held within 90 days (the Board Re-election Meeting). The directors (save for a managing director, where applicable) of a company will cease to hold office prior to the Board Re-election Meeting but are eligible to stand for re-election at the same. Key Management Personnel and their Closely Related Parties" are restricted from voting on the adoption of the remuneration report or the Board Spill Resolution but are not restricted from voting at the Board Re-election Meeting

DIRECTORS' REPORT

LEGAL PROCEEDINGS ON BEHALF OF COMPANY

The Company has been a party to the following legal proceedings during and since the financial year:

- A claim brought against the Company by Bentley Capital Limited and Mr William Johnson, purporting that Mr Johnson was the Chairman of the Company, which was ultimately unsuccessful;
- A claim brought against Aurora Corporate Pty Ltd, authorised by Mr William Johnson and alternate director Mr Farooq Khan, without board approval, which was ultimately unsuccessful;
- A claim against WAM Active Limited for improperly transferring Keybridge securities into its name which is yet to be heard;
- A counterclaim received by WAM Active Limited seeking to perfect the abovementioned improper transfer which is yet to be heard; and
- A claim against the former directors of PR Finance Group Limited (in Liquidation) which is yet to be heard.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

The Directors are not aware of any matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report (in particular, in the Review of Operations) or the accompanying financial statements or notes thereto (in particular Note 26 (Events occurring after the reporting period)), that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001 (Cth)* forms part of this Directors Report and is set out on page 19. This relates to the Audit Report, where the Auditors state that they have issued an independence declaration.

Signed for and on behalf of the Directors in accordance with a resolution of the Board.

Jeremy Kriewaldt
Director

30 October 2020

Deloitte Touche Tohmatsu
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The Board of Directors
Keybridge Capital Limited
Suite 614, Level 6
370 St Kilda Road
Melbourne VIC 3000

30 October 2020

Dear Board Members,

Auditor's Independence Declaration to Keybridge Capital Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Keybridge Capital Limited.

As lead audit partner for the audit of the financial report of Keybridge Capital Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants

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

	Note	2020	2019
Revenue	2	$	$
Fees		11,799	43,590
Total revenue		**11,799**	**43,590**
Other Income	2		
Interest revenue		306,775	449,127
Dividend revenue		29,892	115,185
Other income		87,859	674,621
Total Revenue and Other Income		**436,325**	**1,282,523**
Other gains and losses:	2		
Net gain /(loss) on financial assets at fair value through profit or loss		235,177	(1,251,042)
Impairment expense		(538,741)	(463,162)
Net gain/(loss) on revaluation of CRPN		(400,000)	52,317
Gain/(loss) on revaluation of foreign currency assets		(286,085)	57,768
Share of Associate entity's profit/(loss)		-	(783,452)
Expenses	3		
Personnel expenses		(698,835)	(519,843)
Corporate expenses		(1,715,442)	(1,155,871)
Administration expenses		(233,820)	(289,789)
Other expenses		(176,123)	(142,448)
Results from operating activities		**(3,377,545)**	**(3,212,999)**
Finance expenses		(470,805)	(395,531)
Profit/(Loss) before Income Tax		**(3,848,350)**	**(3,608,530)**
Income tax benefit/(expense)	5	-	-
Profit/(Loss) after income tax for the year		**(3,848,350)**	**(3,608,530)**
Other Comprehensive Income			
Foreign currency translation reserve		97,825	11,946
Total Comprehensive Income/(Loss) for the year		**(3,750,525)**	**(3,596,584)**
Basic and diluted earnings/(loss) per share (cents) attributable to the ordinary equity holders of the Company	6	**(2.30)**	**(2.29)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2020

	Note	2020 $	2019 $
Current Assets			
Cash and cash equivalents	7	456,648	1,549,219
Financial assets at fair value through profit or loss	8	2,851,183	7,056,672
Other assets	9	5,088,127	5,171,756
Receivables	10	1,529,313	377,036
Total Current Assets		**9,925,271**	**14,154,683**
Non-Current Assets			
Financial assets at fair value through profit or loss	8	1 ,329,028	-
Loans and receivables	11	4,396,421	5,022,517
Investment in Associate entity	21	-	1,302,483
Deferred tax asset	5	-	-
Total Non-Current Assets		**5,725,449**	**6,325,000**
Total Assets		**15,650,720**	**20,479,683**
Current Liabilities			
Payables	14	870,164	1,678,682
Financial liabilities at fair value through profit or loss	8	5,602,056	7,600,000
Total Current Liabilities		**6,472,220**	**9,278,682**
Non-Current Liabilities			
Deferred tax liability	5	-	-
Total Non-Current Liabilities		**-**	**-**
Total Liabilities		**6,472,220**	**9,278,682**
Net Assets		**9,178,501**	**11,201,001**
Equity			
Issued capital	15	255,305,919	253,577,894
Reserves	16	1,453,805	1,355,982
Accumulated losses		(247,581,223)	(243,732,875)
Total Equity		**9,178,501**	**11,201,001**

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

	Note	Issued capital $	Share -based payments $	Profits reserve $	Foreign currency translation $	Accumulated losses $	Total $
Balance at 1 July 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	**16**	-	-	-	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	**15**	(59,830)	-	-	-	-	(59,830)
Dividends paid	**17**	-	-	(790,402)	-	-	(790,402)
Balance at 30 June 2019		253,577,894	321,600	1,024,993	9,389	(243,732,875)	11,201,001
Balance at 1 July 2019		253,577,894	321,600	1,024,993	9,389	(243,732,875)	11,201,001
Loss for the year		-	-	-	-	(3,848,350)	(3,848,350)
Foreign currency reserve	**16**	-	-	-	97,825	-	97,825
Total comprehensive income for the year		-	-	-	97,825	(3,848,350)	(3,750,525)
Transactions with owners in their capacity as owners:							
Shares issued	**15**	1,728,025	-	-	-	-	1,728,025
Profits Reserve Transfer	**16**						
Dividends paid	**17**	-	-	-	-	-	-
Balance at 30 June 2020		255,305,919	321,600	1,024,993	107,214	(247,581,225)	9,178,501

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 30 June 2020

	Note	2020 $	2019 $
Cash Flows from Operating Activities			
Fees received		11,799	2,542
Interest received		8,006	160,768
Other income received		87,859	729,891
Payments to suppliers and employees		(3,657,475)	(2,260,106)
CRPN Interest payments		(470,805)	(395,531)
Net Cash used in Operating Activities	**7(a)**	**(4,020,616)**	**(1,762,436)**
Cash Flows from Investing Activities			
Proceeds from sale of financial assets at fair value through profit or loss		6,925,657	29,890
Payments for financial assets at fair value through profit or loss		(3,391,350)	(983,648)
Payments for loans and receivables advanced		-	(1,495,800)
Proceeds from repayments of loans and receivables advanced		42,021	1,691,045
Payment for investment deposit		-	(5,000,000)
Draw-down from margin loan facility		122,737	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		**4,071,515**	**(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		(619,020)	(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		(473,551)	(189,305)
Cash and Cash Equivalents at the end of financial year	**7**	**456,648**	**1,549,219**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

ABOUT THIS FINANCIAL REPORT

1.1 Background

This financial report covers the consolidated financial statement of the consolidated entity consisting of Keybridge Capital Limited (ASX:KBC) (the **Company** or **KBC**), its subsidiaries and investments in associates (the **Consolidated Entity** or **Keybridge**). The financial report is presented in the Australian currency.

Keybridge Capital Limited is a company limited by shares incorporated in Australia and whose shares are publicly traded on the Australian Securities Exchange (**ASX**).

These financial statements have been prepared on a streamlined basis where key information is grouped together for ease of understanding and readability. The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Consolidated Entity.

Information is considered material and relevant if, for example:

(a) the amount in question is significant because of its size or nature;

(b) it is important for understanding the results of the Consolidated Entity;

(c) it helps to explain the impact of significant changes in the Consolidated Entity's business; or

(d) it relates to an aspect of the Consolidated Entity's operations that may be important to its future performance.

The notes to the financial statements are organised into the following sections:

(a) **Key Performance**: Provides a breakdown of the key individual line items in the statement of comprehensive income that is most relevant to understanding performance and shareholder returns for the year:

Notes

2 Revenue and Income
3 Expenses
4 Segment information
5 Income tax
6 Loss per share

(b) **Financial Risk Management**: Provides information about the Consolidated Entity's exposure and management of various financial risks and explains how these affect the Consolidated Entity's financial position and performance:

Notes

7 Cash and cash equivalents
8 Financial assets and liabilities at fair value through profit or loss
9 Other Assets
10 Receivables
11 Loans and receivables
12 Financial risk management
14 Payables

(c) **Other Assets and Liabilities**: Provides information on other balance sheet assets and liabilities that do not materially affect performance or give rise to material financial risk:

Notes

13 Fair value measurement of financial instruments

(d) **Capital Structure:** This section outlines how the Consolidated Entity manages its capital structure and related financing costs (where applicable), as well as capital adequacy and reserves. It also provides details on the dividends paid by the Company:

Notes

15 Issued capital
16 Reserves
17 Dividends and CRPN interest payments
18 Capital risk management

(e) **Consolidated Entity Structure**: Provides details and disclosures relating to the parent entity of the Consolidated Entity, controlled entities, investments in associates and any acquisitions and/or disposals of businesses in the year. Disclosure on related parties is also provided in the section:

Notes

19 Parent entity information
20 Investment in controlled entities
21 Investment in associate entity
22 Related party transactions

(f) **Other:** Provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements, however, are not considered significant in understanding the financial performance or position of the Consolidated Entity:

Notes

23 Auditors' remuneration
24 Loan commitments
25 Contingencies
26 Events occurring after the reporting period

Significant and other accounting policies

Significant and other accounting policies that summarise the measurement basis used, and presentation policies adopted that are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

Critical accounting judgement and estimate

Information about the significant areas of estimation, uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Notes	
5	Income tax
8	Financial assets at fair value through profit or loss
9	Other Assets
11	Loans and receivables

1.2 Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**), Australia Accounting Interpretations and the *Corporations Act 2001 (Cth)*. The Company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with International Financial Reporting Standards (IFRS)

The consolidated financial statements of the Consolidated Entity comply with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

Reporting Basis and Financial Statement Presentation

The financial report has been prepared on a going concern basis and is based on historical costs modified by the revaluation of financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The principal accounting policies adopted in the preparation of these financial statements have been consistently applied to all the years presented, unless otherwise stated.

1.3 Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company as at 30 June 2020 and the results of its subsidiaries for the year then ended. The Company and its subsidiaries are referred to in this financial report as Keybridge or the Consolidated Entity.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation.

1.4 Comparative Figures

Where required by the Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period. Refer to Note 1.8 for details of changes made.

1.5 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1.6 Impairment of Assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets (where applicable) to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income. Impairment testing is performed annually for goodwill and intangible assets (where applicable) with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.7 New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not mandatory have not been early adopted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2020

1.8 Summary of Accounting Standards and new Interpretations that are mandatorily effective for the current reporting period

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/amendment	**Effective for annual reporting periods beginning on or after**
AASB 17 *Insurance Contracts*	1 January 2021
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128* and AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	1 January 2022 (Editorial corrections in AASB 2017-5 applied from 1 January 2018)
AASB 2018-6 *Amendments to Australian Accounting Standards - Definition of a Business*	1 January 2020
AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*	1 January 2020
AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*	1 January 2020
AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*	1 January 2020
AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*	1 January 2020
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*	1 January 2022
AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*	1 January 2022
AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions**	1 June 2020

The directors do not anticipate that the new standards will have a material impact on the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

2. REVENUE AND INCOME

The consolidated loss before income tax includes the following items of revenue:	2020 $	2019 $
Investment management fees	11,799	43,590
	11,799	**43,590**
Other income		
Interest revenue	306,775	449,127
Dividend revenue	29,892	115,185
Other income		
Additional consideration received - sale of Totana Solar Plant asset (refer also Note 10(a))	-	385,577
Loan fees	-	162,500
Discounts Received	24,819	-
Government Grants - PAYGW Cash Flow Boost 1	50,000	-
Government Grants - JobKeeper	12,000	
Other income	1,040	126,544
	424,526	**1,238,933**
Other gains and losses		
Realised gain/(loss) on sale of financial assets at fair value through profit or loss	334,805	(75,936)
Unrealised loss on financial assets at fair value through profit or loss	(99,628)	(1,175,106)
Net gain /(loss) on financial assets at fair value through profit or loss	235,177	(1,251,042)
Reversal of impairment of loans and receivables	-	-
Impairment of loans and receivables (refer note 11)	(538,741)	(463,162)
Net gain/(loss) on revaluation of CRPN	(400,000)	52,317
Gain/(loss) on revaluation of foreign currency assets	(286,085)	57,768
Share of Associate entity's profit/(loss)	-	(783,452)
	(989,650)	**(2,387,571)**
	(553,325)	**(1,105,048)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

2. REVENUE AND INCOME (continued)

Accounting policy

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. All revenue is stated net of the amount of Goods and Services Tax (**GST**) except where the amount of GST incurred is not payable to the Australian Tax Office. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of financial assets, goods and other assets

Revenue from the sale of financial assets, goods or other assets is recognised when the Consolidated Entity has passed control of the financial assets, goods or other assets to the buyer.

(b) Fees and interest revenue

Interest revenue is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial asset to the carrying amount of the financial asset. When calculating the effective interest rate, the Consolidated Entity estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. Where there are uncertainties in relation to the collectability of interest income, the Consolidated Entity will determine whether income is probable. Where it is not probable, the interest is accordingly not accrued. The Consolidated Entity may receive fees for such services as loan extensions or debt facility management. Fees that are integrated into the effective yield of financial assets are included in the measurement of the effective interest rate.

(c) Dividend revenue

Dividend revenue is recognised when the right to receive a dividend has been established. The Consolidated Entity brings dividend revenue to account on the applicable ex-dividend entitlement date.

(d) Other revenues

Other revenues are recognised on an accruals basis.

(e) Government grants

Government grants are recognised as revenue in accordance with AASB 120, which applies in the accounting for and in the disclosure of, *government grants* and in the disclosure of other forms of *government assistance*. A government grant is not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received.

The Company received JobKeeper subsidy and the PAYGW Cash Flow Boost 1 which have been presented as other income in the financial report.

3. EXPENSES

	2020 $	2019 $
The consolidated loss before income tax includes the following items of expenses:		
Personnel expenses		
Directors' fees	202,010	425,237
Salaries and wages	407,195	106,877
Executive Share Plan	-	-
Other	89,629	(12,271)
Corporate expenses		
Professional and consulting fees	81,109	603,086
Auditing, accounting and tax services	201,276	301,578
Legal fees	1,433,057	251,207
Administration expenses	233,820	289,789
Other expenses	176,123	142,448
	2,824,220	2,107,951

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

4. SEGMENT INFORMATION

	Investments			
2020	**Equity**	**Debt**	**Corporate**	**Total**
Segment profit and loss	**$**	**$**	**$**	**$**
Revenue and income	265,069	(239,972)	(578,421)	(553,325)
Expenses	(1,044,660)	(276,241)	(1,503,319)	(2,824,220)
Results from operating activities	(779,591)	(516,213)	(2,081,740)	(3,377,545)
Finance expenses	-	-	(470,805)	(470,805)
Profit/(Loss) before Income Tax	(779,591)	(516,213)	(2,552,545)	(3,848,350)
Income tax expense	-	-	-	-
Profit/(Loss) for the year	(779,591)	(516,213)	(2,552,545)	(3,848,350)
Segment assets	4,326,503	5,751,020	5,573,197	15,650,720
Segment liabilities			(6,472,220)	(6,472,220)
Net assets	4,326,503	5,751,020	(899,023)	9,178,500
2019				
Segment profit and loss				
Revenue and income	(1,523,541)	156,148	262,344	(1,105,049)
Expenses	(437,206)	(250,794)	(1,419,951)	(2,107,951)
Results from operating activities	(1,960,747)	(94,646)	(1,157,607)	(3,213,000)
Finance expenses	-	-	(395,531)	(395,531)
Profit/(Loss) before Income Tax	(1,960,747)	(94,646)	(1,553,137)	(3,608,530)
Income tax expense	-	-	-	-
Profit/(Loss) for the year	(1,960,747)	(94,646)	(1,553,137)	(3,608,530)
Segment assets	8,551,483	5,301,238	6,626,962	20,479,683
Segment liabilities	(1,370,800)	-	(7,907,882)	(9,278,682)
Net assets	7,180,683	5,301,238	(1,280,920)	11,201,001

Accounting policy

The Consolidated Entity operates principally in the Australian geographical area. An operating segment is a component of the Consolidated Entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Consolidated Entity’s other components. All operating segments’ operating results for which discrete financial information is available are regularly reviewed by the Company's Board of Directors/Chief Executive Officer (as applicable, the case may be) (being the 'Chief Operating Decision-Maker' under ASAB 8 (Operating Segments)) to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the Chief Operating Decision-Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

4. SEGMENT INFORMATION (continued)

The Consolidated Entity has two strategic business segments as described below:

(a) Equity Investments comprise investments in listed and unlisted equities with exposure to various sectors from time to time;

(b) Debt investments comprise loans advanced, debts secured via assignment and investments in debt instruments with exposure to a number of different sectors, as follows:

- Private Equity: Promissory note issued by a US private investment company.
- Insurance: Notes issued by the owner of a life insurance business in New Zealand.
- Property: Creditor of private companies (both in liquidation) with security held via registered mortgages over strata title lots comprising Conference Facilities at a Hotel located in Manly, Sydney.

An additional Corporate segment relates to corporate assets and operations.

5. INCOME TAX

	2020	2019
(a) The components of tax expense comprise:	**$**	**$**
Current tax	-	-
Deferred tax	-	-
	-	-
(b) The prima facie tax on operating loss before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on operating loss before income tax at 27.5% (2019: 27.5%)	**(1,018,325)**	**(992,345)**
Adjust tax effect of:		
Non-deductible expenses	71	122
Franking credits	3,368	1,544
Current year tax losses not brought to account	1,014,886	990,679
Income tax attributable to entity	**-**	**-**

(c) Deferred taxes	**2019**	**Annual movement recognised**	**2020**
Deferred tax assets	**$**	**$**	**$**
Loans and receivables	2,956,605	94,279	3,050,884
Other investments	1,905,597	472,923	2,378,520
Other	43,459	45,762	89,221
Tax losses	(4,763,082)	(594,059)	(5,357,141)
	142,579	18,905	161,484
Deferred tax liabilities			
Other investments	(32,579)	(128,905)	(161,484)
Financial liabilities	(110,000)	110,000	-
	(142,579)	**(18,905)**	**(161,484)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

5. INCOME TAX (continued)

(d) Unrecognised deferred tax balances	2020 $	2019 $
Unrecognised deferred tax asset - revenue losses	44,944,209	44,488,947
Unrecognised deferred tax asset - capital losses	150,347	150,347
	45,094,556	**44,639,294**

Critical accounting judgement and estimate

The Consolidated Entity is subject to income taxes (and other similar taxes) in Australia. Judgement is required in determining the Consolidated Entity's provision for income taxes.

Deferred tax assets have not been recognised as, in the Directors' opinion, it is not probable that future taxable profit will be available against which the Consolidated Entity can utilise the benefits. The utilisation of revenue and capital tax losses are subject to compliance with taxation legislation.

Tax Consolidation

The head entity, Keybridge Capital Limited, and its then Australian controlled entities have formed a tax consolidated group with effect from June 2013. The members of the tax consolidation group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets (as appropriate) arising from unused tax losses and unused tax credits pertaining to controlled entities within the tax consolidated group.

Assets or liabilities arising under tax funding agreements within the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Consolidated Entity.

Accounting policy

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate for each taxing jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses (if applicable).

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each taxing jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The amount of deferred tax assets benefits brought to account or which may be realised in the future, is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

5. INCOME TAX (continued)

Accounting policy (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Consolidated Entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

6. LOSS PER SHARE

	2020 cents	2019 cents
Basic and diluted loss per share	(2.30)	(2.29)

The following represents the loss and weighted average number of shares used in the Earnings per Share calculations:	2020 $	2019 $
Net loss after income tax	(3,848,350)	(3,608,530)
	Number of shares	
Weighted average number of ordinary shares	167,592,771	157,690,107

As at 30 June 2020, the Company had 6 million (2019: 9 million) unlisted Executive Share Plan shares and 5,602,056 (2019: 8,000,000) listed Convertible Redeemable Promissory Notes (ASX:KBCPA) which have not been included in the calculation of the weighted average number of ordinary shares as they are considered to be antidilutive pursuant to AASB 133 (Earnings per Share). Potential ordinary shares are considered antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations. The calculation of diluted earnings/loss per share (above) does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings/(loss) per share.

Accounting policy

Basic earnings/loss per share is determined by dividing the operating result after income tax by the weighted average number of ordinary shares on issue during the financial period.

Diluted earnings/loss per share adjusts the figures used in the determination of basic earnings/loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions.

7. CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash at bank	**456,648**	**1,549,219**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

7. CASH AND CASH EQUIVALENTS (continued)

	2020	2019
	$	$
Reconciliation of operating loss provided by operating activities after income tax to net cash		
Loss after income tax	**(3,848,350)**	**(3,608,530)**
Add non-cash items:		
Share of Associate entity's loss	-	783,452
Net unrealised (gain)/loss on financial assets at fair value through profit or loss	(8,487)	1,175,106
Net (gain)/loss on revaluation of foreign currency assets	286,085	(57,768)
Net unrealised (gain)/loss on derivative liabilities	108,115	(52,317)
Net unrealised (gain)/loss on CRPN	400,000	
Impairment expenses/(reversal)	538,741	463,162
Depreciation	4,763	275
Changes in assets and liabilities:		
Financial assets at fair value through profit or loss	(95,044)	(39,249)
Loans and receivables	(626,096)	(287,851)
Receivables	(200,804)	(100,865)
Other assets	83,629	(25,618)
Payables	(808,518)	(12,233)
	(4,165,966)	**(1,762,436)**

Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts (if any) are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

8. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
Financial assets at fair value through profit or loss	**$**	**$**
Current		
Shares in listed investments	2,263,968	6,938,207
Unlisted investments at fair value	283,049	103,777
Futures derivatives at fair value	304,166	14,688
	2.851,183	**7,056,672**
Non-Current		
Shares in listed investments	**1,329,028**	
Financial liabilities at fair value through profit or loss		
Convertible redeemable promissory notes (**CRPN**)	**5,602,056**	**7,600,000**
Movement in CRPN		
Opening balance	**7,600,000**	**4,053,364**
Issue/(Redemption) of CRPN	(2,397,944)	3,598,953
Unrealised loss/(gain) on revaluation	400,000	(52,317)
Closing balance	**5,602,056**	**7,600,000**

Derivatives comprise exchange traded index futures contracts and cash-settled swap positions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

8. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Convertible redeemable promissory notes (CRPN)

The listed CRPN's (ASX:KBCPA) are measured and recognised as a financial liability at fair value through profit or loss. 4,401,047 CRPNs were initially issued on 30 June 2015, with a further 3,598,953 being issued on 19 February 2019. During the year ended 30 June 2020, the Company redeemed 2,397,944 CRPNs at a face value of $1.00 each. A summary of the terms of the CRPN's is as follows:

- Face value of $1.00 each with maturity on 31 July 2020;
- Fixed interest rate of 7% per annum payable in arrears generally on 20 March, 20 June, 20 September and 20 December each year;
- Regarded as an 'equity interest' under Australian tax law with interest payments regarded as a 'non-share dividends'. Interest payments are fully franked (where possible) or grossed up with additional cash payments to compensate for any unfranked component and 'qualified' Australian resident holders will have access to franking credits in this regard;
- Rank ahead of ordinary shares with preferential right to payment of distributions and capital on winding up;
- At maturity:
  - (a) a holder may request a conversion of their CRPNs to ordinary shares at a 2.5% discount to the volume weighted average price of the Company's listed ordinary shares (ASX:KBC) at the time (over a conversion volume weighted average price period defined as the 15 business days on which trading in the Company's shares took place immediately preceding (but not including) the date on which conversion is to occur) (**VWAP**). The Company may respond to the holder's request by either converting the CRPN into ordinary shares (at the 2.5% discount to the VWAP price) or redeeming the CRPN for cash at face value;
  - (b) The Company may elect to convert the CRPN to ordinary shares at a 5% discount to the VWAP price at maturity; and
- The Company may also elect to redeem the CRPN for cash or convert the CRPN to ordinary shares prior to maturity, on the occurrence of certain trigger events.

The CRPNs are recognised as a Financial Liability at fair value – which is based on the quoted price of the CRPNs (ASX:KBCPA) on ASX as at Balance Sheet Date (being $1.00 each). The Consolidated Entity notes that the face value of the CPRN is $1.00 each.

Critical accounting judgement and estimate

Judgements have been made in the determination of the carrying value and fair value of financial assets held at fair value through profit or loss. In making these judgements, the Consolidated Entity may give additional consideration to adopting the most recent bid price (prior to the Balance Sheet Date) of listed investments suspended from trading on a securities exchange as at Balance Sheet Date and the underlying value of unlisted investments.

Investment in Molopo Energy Limited (ASX:MPO) (suspended from ASX since 25 July 2017)

As at 30 June 2020, the Company has adopted a carrying value of $208,672 at $0.0042 per MPO share (2019: $635,953 at $0.0128 per share) – which has resulted in a $0.427 million provision for impairment expense being recognised for the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

8. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Investment in Molopo Energy Limited (ASX:MPO) (continued)

The $0.0042 per share carrying value for MPO was based on the Board's judgement of MPO's estimated net asset backing having regard to the following matters:

(a) MPO's gross cash position of A$9.984 million as at 30 June 2020 (per MPO's Quarterly Cashflow Report for the quarter ending 30 June 2020 dated and released on ASX on 31 July 2020); and

(b) MPO's C$8.4 million (A$8.949 million, at an exchange rate of A$1.00: C$0.9387 as at 30 June 2020) provision in respect of Canadian litigation matters;

In MPO's 30 June 2018 Half Year Report (released on ASX on 6 May 2019) and 2018 Annual Report (released on ASX on 7 May 2019), it was disclosed that:

(a) MPO had determined to write-back a prior C$8.4m provision for Canadian litigation matters to nil and reflect the legal action as a contingent liability; and

(b) No value had been ascribed by Molopo to its $46.366m (30% shareholding) in Drawbridge Energy Holdings Ltd (**Drawbridge**) (for further relevant information in relation to Drawbridge in this regard, refer MPO's ASX announcements dated 8 May 2018: Molopo De-Risks By Diversifying its Oil and Gas Exploration Portfolio and 4 February 2019: Quarterly Activities Report the quarter ending 31 December 2018).

The Board has reviewed the basis of MPO's reversal of its C$8.4m provision for Canadian litigation matters and has determined to adopt a conservative position to continue to account for this prior provision in its assessment of MPO's estimated net asset backing. The Company notes that if this C$8.4m (A$8.949m) provision was not recognised by the Company (which would be consistent with MPO's own treatment), the carrying value of MPO would increase from $0.0042 (being 0.42 cents) to $0.0401 (being 4.01 cents) per share.

Accounting policy

Under AASB 9 *Financial Instruments,* the Consolidated Entity classified financial assets and liabilities as subsequently measured at either amortised cost or fair value, depending on the business model for those assets and on the asset's contractual cash flow characteristics.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

(i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or

(ii) designated as such upon initial recognition where permitted.

Fair value movements are recognised in the Statement of Profit or Loss in the period in which they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

8. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Accounting Policy (continued)

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Consolidated Entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

The fair value of these financial assets traded in active markets (such as publicly traded derivatives and trading and available-for-sale securities) is based on quoted market prices (being the prevailing bid price) at the balance sheet date.

Financial liabilities at fair value through profit or loss

The Consolidated Entity initially recognises other financial liabilities on their origination date, which is the date the Consolidated Entity becomes a party to the contractual provisions of the instrument. The Consolidated Entity derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Consolidated Entity classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost. The Company's CRPNs are measured at fair value.

9. OTHER ASSETS

	2020	2019
	$	$
Investment deposit	5,000,000	5,000,000
- pending completion or refund		
Prepayment	48,213	110,789
GST receivable	39,914	33,243
Other assets		27,724
	5,088,127	**5,171,756**

Deposits for Potential Transaction (pending completion or refund)

On or about 28 June 2019, the Company subscribed for $5 million of units in a Unit Trust (Unit Trust) (which was established by the Company on or about 28 June 2019 with the Company being the sole unit holder/beneficiary).

On 30 June 2019, the Trustee of the Unit Trust, which is a company, completed the acquisition of a 16.67% shareholding in an operating company, in consideration of payment of $5 million to the vendor of the business operations.

The Unit Trust was entitled to receive this 16.67% shareholding as the Unit Trust's $5 million funds (from the Company's subscription into the Unit Trust) was used by the Trustee to complete the acquisition of the shareholding. However, the Trustee did not vest the 16.67% shareholding to the Unit Trust.

The sole Director of the Trustee entered into a Deed of Guarantee and Indemnity (dated 31 July 2019) to, amongst other matters, unconditional and irrevocably guarantee to the Company the due and punctual performance and observance by the Trustee of their obligations to the Company (as the beneficiary of the Unit Trust), including the payment of any monies payable by the Trustee and (if required by the Company) the repayment of any monies advanced to the Trustee by the Company (including the $5 million subscription monies).

On 16 April 2020, the sole Director of the Trustee, Mr Antony Catalano, was appointed as a director of Keybridge. As a consequence, further details are set out in note 22 – Related Party Transactions.

The Board has ascribed a value (at cost) of $5 million to the pending transaction as at 30 June 2020.

Subsequent to year end, the Company announced on 27 July 2020 that it had received the $5 million on 24 July 2020 – details are set out in note 22 – Related Party Transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

10. RECEIVABLES

	2020 $	2019 $
Current		
Loans and receivables	951,473	-
Deferred consideration	327,279	324,097
Other amounts receivable	250,561	52,939
	1,529,313	377,036

(a) Current Receivables: Includes

(i) $0.951m (€0.2m) was received in July 2020 being the return of capital of Yowie Group shares (23,786,817 shares at $0.04 per share) announced on 24 June 2020.

(ii) $0.327m (€0.2m) deferred consideration was received in October 2020 pursuant to the sale of the Totana Solar plant asset.

The above receivables have been assessed to have low credit risk; furthermore, the credit risk has not increased significantly since initial recognition. As such, no loss allowance has been recognised for expected credit loss under AASB 9 *Financial Instruments.*

11. LOANS AND RECEIVABLES

	2020			2019		
	Gross value	Impairment	Total	Gross value	Impairment	Total
Non-current	**$**	**$**	**$**	**$**	**$**	**$**
Private equity	6,568,944	(6,368,944)	200,000	6,556,677	(5,995,422)	561,255
Property	4,288,735	(3,453,279)	835,456	4,288,735	(3,303,735)	985,000
Insurance	3,346,251	-	3,346,251	3,377,947	-	3,377,947
Other	1,557,785	(1,543,071)	14,714	1,627,710	(1,529,395)	98,315
	15,761,715	**(11,365,294)**	**4,396,421**	**15,851,069**	**(10,828,552)**	**5,022,517**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

11. LOANS AND RECEIVABLES (continued)

	2020 $	2019 $
Movement in impairment		
Opening balance	**10,828,552**	**10,679,722**
Previous impairments written back/(off)	(1,999)	100,000
Impairment (reversal) /expense	538,741	411,064
Reversal of share-based payment reserve		-
Classified to Current Receivables		(362,234)
Closing balance	**11,365,294**	**10,828,552**

(a) Loan Receivables – Private Equity: Keybridge advanced ~US$4.3m to RPE I Investor LLC (**RPE Investor**) (a subsidiary of Republic Financial Corporation (**RPC**), a US private investment company) under a limited recourse promissory note (**Note**) secured (via collateral pledged) over RPE Investor's interest in the Republic Private Equity I Limited Liability Limited Partnership, a private equity fund (managed by a related party to RPC) with investments in US based manufacturing/distribution businesses (**RPE Fund**). The principal and accrued interest (at 14.5% pa) under the note was repayable on maturity on 29 December 2017.

On 24 August 2017, Keybridge received notice from an RPC Executive (**Republic**) advising that it was 'highly unlikely that the Note would be satisfied on or before its scheduled maturity' (on 29 December 2017) and proposing a 3-year extension of the Note term or a 'buy-out' (retirement) of the Note for US$0.394 million. In light of these matters, the Board reduced the carrying value of the Note (receivable) to US$0.394 million (A$0.511 million) as at 30 June 2017. This was advised in Keybridge's ASX announcement dated 25 August 2017: Update – Private Equity Loan Receivable.

The Board reduced the carrying value of the Note (receivable) to A$0.200 million as at Balance Sheet Date (based on the Directors' judgement).

(b) Loan Receivables – Property: Keybridge has registered mortgages over strata title lots as security for loans to private companies (which are in liquidation). As at Balance Sheet Date, the loan was carried at $0.835m (2019: $0.985m) (based on the Directors' judgement, after having regard to historical valuations conducted on the property).

(c) Loan Receivables – Insurance: Loan Receivables – Insurance: Keybridge invested NZ$3.8m (A$3.4m) (via NZ$0.109m equity and NZ$3.691m notes) into Foundation Life, to finance Foundation's acquisition of Tower Limited's life insurance business in New Zealand in 2014. Interest of 9% pa is payable under the note, which is redeemable by noteholders in 50 years (May 2064) or by Foundation (from time to time). As at Balance Sheet Date, the loan balance is NZ$3.57m (A$3.346m) (2019: NZ$3.418m and A$3.135m).

Critical Estimate – the Consolidated Entity has assessed lifetime credit losses for this balance and determined that a loss allowance should be recognised for expected credit loss under AASB 9 Financial Instruments. The loan amount recorded is based upon correct information on the counter part, including their ability to settle their obligation in a COVID-19 economic environment.

(d) Loan Receivables – Other: **Includes**

$0.015m (2019: $0.046m) attributable to 3,666,285 shares in Molopo Energy Limited (ASX:MPO) that were vested in the Commonwealth (on trust for Keybridge) on 7 July 2017 under the declaration and orders of the Takeovers Panel in the matter of Molopo Energy Limited 03R, 04R & 05R. These vested shares will be sold by ASIC with the proceeds of sale accounted to the Company (net of the costs, fees and expenses of the sale and any costs, fees and expenses incurred by ASIC and the Commonwealth (if any)). On 18 September 2020, the Takeovers Panel announced a variation of its Orders to stay the sale of the vested shares until the Molopo Court proceedings are resolved any appeal rights have lapsed. As these vested MPO shares are held on trust for Keybridge pending sale by ASIC, Keybridge continues to recognise the shares as company assets (as a loan receivable) at the same carrying value per share as its holding of 46 million MPO shares (0.42 cents per share - further details are in Note 8); and

The Consolidated Entity has assessed lifetime credit losses for these loans/receivables and determined that no loss allowance should be recognised for expected credit loss under AASB 9 Financial Instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

11. LOANS AND RECEIVABLES (continued)

(d) Loan Receivables – Other: Includes (continued)

Critical accounting judgement and estimate

Judgements have been made in the determination of the carrying value, fair value, recoverability of various loans and receivables, credit risk and loss allowance. In making these judgements, the Consolidated Entity has given additional consideration to loans and receivables that have not been making interest and or principal repayments during the year as discussed below.

Accounting policy

Receivables are recognised at amortised cost, less any allowance for expected credit losses (**ECL**) as:

(i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

(ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest and is not designated as at FVTPL.

12. FINANCIAL RISK MANAGEMENT

The Consolidated Entity seeks to minimise the effects of financial risks arising in the normal course of the Consolidated Entity's business.

Financial risk management is undertaken by Management/the Investment Committee (**IC**) (as appropriate, as applicable) under policies approved by the Board. During the year, Management/the IC continued to monitor the Consolidated Entity's policies and sought Board approval for any necessary changes to manage financial risks.

The Board is responsible for overseeing the implementation of and ensuring there are adequate policies in relation to the Consolidated Entity's risk management, compliance and control systems. These systems require Management/the IC to be responsible for identifying and managing the Consolidated Entity's risks in this regard.

The Board has an Audit, Finance and Risk Committee (**AFRC**). The AFRC's responsibilities include assisting the Board to achieve the Board's oversight requirements in relation to financial risk management, internal control and risk management.

The Consolidated Entity's principal financial assets comprise cash and cash equivalents, trade and other receivables, loans and loan receivables, debt instruments/securities and investments in listed and unlisted securities. The Consolidated Entity's principal financial liabilities comprise the listed CRPNs (which matures on 31 July 2020) and trade and other payables. The Consolidated Entity's activities expose it to a variety of direct and indirect financial risks comprising market risk, interest rate risk, credit risk, liquidity risk and foreign currency risk.

(a) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equities and property prices will affect the Consolidated Entity's profitability. The objective of market risk management is to seek to manage and control risk exposures within acceptable parameters, while optimising expected returns.

(i) Price risk

The Consolidated Entity is exposed to equity securities price risk. This arises from investments held by the Consolidated Entity and classified in the Statement of Financial Position at fair value through profit or loss. The Consolidated Entity may also be indirectly exposed to commodity price risk in respect of its underlying investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

12. FINANCIAL RISK MANAGEMENT (continued)

(i) Price risk (continued)

The value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument, its issuer or factors affecting all instruments in the market. The Consolidated Entity will always be subject to market risk as it invests its capital in securities that are not risk free. This is reflected in the market price of these securities which can and will fluctuate. The Consolidated Entity may endeavour to manage this risk through entering into derivative contracts, futures, options or swaps (as applicable).

Equity price risk is also managed by ensuring that investment activities are undertaken in accordance with Board established mandate limits and investment strategies.

Sensitivity analysis

The Consolidated Entity has performed a sensitivity analysis on its exposure to equity securities price risk for its listed financial assets at fair value through profit or loss. The analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. The ASX/S&P 200 Accumulation Index was utilised as the benchmark for the investment portfolio.

	Profit		Equity	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
5% increase	113,198	346,910	113,198	346,910
5% decrease	(113,198)	(346,910)	(113,198)	(346,910)

(ii) Interest rate risk

The Consolidated Entity is exposed to interest rate risk primarily in cash held in interest bearing instruments. The weighted average interest rate of the cash deposits for the year is 1.65%.

The Consolidated Entity's Loans and Receivables are generally at fixed rates and where applicable, asset-specific debt may be 'term matched' with fixed interest rates to endeavour to hedge those specific cash flows. The Consolidated Entity's policy is to ensure that, where appropriate, all material interest rates in relation to non-recourse financing within an investment are fixed for the term of the non-recourse financing.

The Consolidated Entity may be entitled to receive a fixed rate of interest in relation to its financial assets. Interest income received as cash or, where there is a reasonable probability of receipt, accrued as income, are recognised in the profit and loss statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

12. FINANCIAL RISK MANAGEMENT (continued)

(ii) Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates throughout the reporting period would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant. As at 30 June 2020 the Consolidated Entity is exposed to cash-on-hand deposit interest rates. Cash flow sensitivity analysis for variable rate instruments are as follows:

	Profit or loss		Equity	
	2020	**2019**	**2020**	**2019**
100bp increase	**$**	**$**	**$**	**$**
Variable rate instruments	4,566	15,492	-	-
Cash flow sensitivity (net)	4,566	15,492	-	-
100bp decrease				
Variable rate instruments	(4,566)	(15,492)	-	-
Cash flow sensitivity (net)	(4,566)	(15,492)	-	-

(b) Credit risk

The Consolidated Entity is exposed to credit risk in the event that a counterparty fails to meet its contractual obligations in relation to the Consolidated Entity's investments or deposits with banks and other financial institutions.

The Consolidated Entity manages ongoing credit risk by monitoring the performance of investments, the cyclical impact of the underlying asset class, and financial health of counterparties, banks and other financial institutions.

Trade receivables

The maximum exposure to credit risk is the carrying amount of assets, net of any provision for doubtful debts of those assets, as disclosed in the consolidated statement of financial position and notes to the financial statements. The Consolidated Entity does not have any material credit risk exposure to any single trade debtor.

Cash and cash equivalents

Credit risk for cash deposits is managed by holding all cash with major reputable Australian banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

12. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

The Consolidated Entity is exposed to credit risk in the event that a counterparty fails to meet its contractual obligations in relation to the Consolidated Entity's investments or deposits with banks and other financial institutions.

The Consolidated Entity manages ongoing credit risk by monitoring the performance of investments, the cyclical impact of the underlying asset class, and financial health of counterparties, banks and other financial institutions.

Trade receivables

The maximum exposure to credit risk is the carrying amount of assets, net of any provision for doubtful debts of those assets, as disclosed in the consolidated statement of financial position and notes to the financial statements. The Consolidated Entity does not have any material credit risk exposure to any single trade debtor.

Cash and cash equivalents

Credit risk for cash deposits is managed by holding all cash with major reputable Australian banks.

The carrying amount of the Consolidated Entity's financial assets represents its maximum credit exposure. The Consolidated Entity's credit risk exposure relates mainly to the following assets at the reporting date:

	2020	2019
	$	$
Cash and cash equivalents	456,648	1,549,219
Loans and receivables	4,396,421	5,022,517
Trade and other receivables	1,529,313	377,036
Other Assets	5,088,127	5,171,756
	11,470,509	**12,120,528**

The Consolidated Entity's most significant counterparty exposure relates to non-current Loans and Receivables totalling $4.396 million as at 30 June 2020 (30 June 2019: $5.022 million).

(c) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity may encounter difficulty in meeting obligations associated with financial liabilities. The Consolidated Entity has CRPNs on issue and has no other borrowings at Balance Sheet Date. The Consolidated Entity's non-cash investments can be realised to meet payables arising in the normal course of business and to meet the quarterly interest payments to CRPN holders. The Company may elect to convert the CRPN into ordinary shares (at any time and at maturity). Refer Note 8 for further details in relation to the CRPN.

The current financial liabilities (ie. payables) have a maturity obligation of not more than 30 days. The non-current financial liabilities (ie. CRPN, inclusive of assumed accrued interest) have maturity obligations as follows:

	2020	2019
CRPN - expected cash outflow	$	$
Not more than 1 year	5,476,243	561,534
Longer than 1 year but not longer than 4 years	184,799	8,000,000
	5,661,042	8,561,534

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

12. FINANCIAL RISK MANAGEMENT (continued)

(d) Foreign currency risk

Foreign currency risk arises from assets and liabilities that are denominated in a currency that is not the Consolidated Entity's functional currency, being Australian dollars (AUD). The Consolidated Entity has a significant loan receivable denominated in New Zealand dollars (NZD) (Insurance) (refer Note 11), material investments denominated in US dollars (USD) and minor investments denominated in other currencies. The Consolidated Entity also holds cash reserves denominated in foreign currencies from time to time, with a material exposure to Euros (EUR) at Balance Sheet Date. The Consolidated Entity does not hedge its assets denominated in foreign currencies and is therefore exposed to foreign exchange (FX movements when the value of such assets are translated into Australian dollars. Any loss or gain arising on translation is recorded in the profit or loss statement. The Consolidated Entity's exposure to foreign currency risk at Balance Sheet Date was as follows:

	USD	Euro	NZD
AUD equivalents	**$**	**$**	**$**
2020			
Cash and cash equivalent	122,737	4,246	921
Financial assets at fair value through profit or loss	(24,048)		283,049
Loans and Receivables	200,000	327,279	3,346,251
Total asset exposure	**298,689**	**331,524**	**3,630,221**
2019			
Cash and cash equivalent	(1,400,237)	414,953	804
Financial assets at fair value through profit or loss	1,875,671	-	103,777
Loans and Receivables	561,255	324,097	3,377,947
Net exposure at carrying value	**1,036,689**	**739,050**	**3,482,528**

Sensitivity analysis

The Consolidated Entity has performed a sensitivity analysis on its exposure to foreign currency risk. It demonstrates the gain/loss on translation in AUD terms if there was a 10% change in relevant foreign currency exchange rates, as follows:

	USD	Euro	NZD
2020	**$**	**$**	**$**
10% increase	(29,869)	(33,152)	(363,022)
10% decrease	29,869	33,152	363,022
2019			
10% increase	(103,669)	(73,905)	(348,253)
10% decrease	103,669	73,905	348,253

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

13. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The following tables present the Consolidated Entity's financial assets and liabilities measured and recognised at fair value at Balance Sheet Date categorised by the following levels:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

A listed investment was transferred from category Level 1 to Level 2 as the Consolidated Entity was required to make an assessment to utilise the last bid price prior to the Balance Sheet Date as the investment's securities were suspended from trading on a securities exchange (at the request of the company) as at Balance Sheet Date.

Level 3 fair value measurements

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

	Level 1	Level 2	Level 3	Total
2020	**$**	**$**	**$**	**$**
Financial assets at fair value through profit or loss:				
Shares in listed investments	1,197,066	1,329,028	266,902	**3,592,996**
Unlisted investments at fair value	-	-	283,049	**283,049**
Futures derivatives at fair value	304,166	-	-	**304,166**
Total financial assets	2,301,232	1,329,028	549,951	**4,180,211**
Financial liabilities at fair value through profit or loss				
CRPN	5,602,056	-	-	**5,602,056**
Total financial liabilities	5,602,056	-	-	**5,602,056**
2019				
Financial assets at fair value through profit or loss:				
Shares in listed investments	6,347,356	-	590,851	**6,938,207**
Unlisted investments at fair value	-	-	103,777	**103,777**
Futures derivative at fair value	14,688	-	-	**14,688**
Total financial assets	6,362,044	-	694,628	**7,056,672**
Financial liabilities at fair value through profit or loss				
CRPN	7,600,000	-	-	**7,600,000**
Total financial liabilities	7,600,000	-	-	**7,600,000**

There have been no transfers between the levels of the fair value hierarchy during the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

13. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Accounting policy

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading and available-for-sale securities) is based on quoted market prices at Balance Sheet Date. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques including but not limited to recent arm's length transactions, reference to similar instruments and option pricing models. The Consolidated Entity may use a variety of methods and makes assumptions that are based on market conditions existing at each Balance Sheet Date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for other financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

The Consolidated Entity's "financial assets at fair value through profit and loss" and "financial liabilities at fair value through profit and loss" is carried at fair value based on the quoted last bid prices at the reporting date (refer Note 8).

Valuation techniques

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques such as the use of quoted market prices or dealer quotes for similar instruments. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

The difference between the carrying amount and the fair value of the Loans and Receivables is as a result of discounting the estimated future cash flows of the loan and receivable using prevailing market rates (i.e. if the Consolidated Entity were to provide new loans and advances or acquire new borrowing facilities as at Balance Sheet Date instead of the original effective interest rate).

Fair values of other financial instruments	**2020**	**2019**
Financial assets	**$**	**$**
Cash and cash equivalents	456,648	1,549,219
Trade and other receivables	1,529,313	377,036
	1,985,961	**1,926,255**
Financial liabilities		
Payables	**(870,164)**	**(1,678,682)**

Due to their short-term nature, the carrying amounts of cash, current receivables and current payables are assumed to approximate their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

14 PAYABLES

	2020 $	2019 $
Trade creditors	398,883	74,724
Margin loan	-	1,370,800
Accrued expenses	285,225	134,148
Other payables	186,056	99,010
	870,164	1,678,682

Accounting policy

Trade creditors and accrued expenses represent liabilities for goods and services provided (or to be provided) to the Consolidated Entity prior to the end of financial period which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition. The Margin loan in 2019 relates to a drawdown of cash from the Company's account held with Interactive Brokers Australia Pty Ltd.

Risk exposure

The Consolidated Entity's exposure to risks arising from current payables is set out in Note 12.

15. ISSUED CAPITAL

	2020 $	2019 $
188,136,486 (2019: 157,136,486) Fully paid ordinary shares	**255,305,919**	**253,577,894**

The Company also have on issue listed Convertible Redeemable Promissory Notes (CRPN's), which are convertible into fully paid ordinary shares (refer Note 8), and unlisted fully paid ordinary shares (subject to dividend/voting restrictions) issued under the Executive Share Plan.

Movement in ordinary shares	**Number of shares**	**Total $'000**
At 30 June 2018	**158,080,432**	**253,637,724**
Share buy-back	(943,946)	(59,830)
At 30 June 2019	**157,136,486**	**253,577,894**
Share issue/(buy-back)	31,000,000	1,728,025
At 30 June 2020	**188,136,486**	**255,305,919**

Accounting policy

Ordinary shares are classified as equity. Fully paid ordinary shares carry one vote per share and the right to dividends.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

16. RESERVES

	2020 $	2019 $
Profits reserve	1,024,991	1,024,991
Share-based payment reserve	321,600	321,600
Foreign currency translation reserve	107,214	9,389
	1,453,805	**1,355,980**
Movements in Profits reserve		
Opening balance	**1,024,991**	**1,815,393**
Profits reserve transfer	-	-
Dividends paid (Note 17)	-	(790,402)
Closing balance	**1,024,991**	**1,024,991**
Movements in Share based payment reserve		
Opening balance	**321,600**	**321,600**
Recognition of Share based payment reserve	-	-
Reversal of Share based payment reserve	-	-
Closing balance	**321,600**	**321,600**

Profits reserve

This comprises the appropriation from net profits during a relevant period and characterises profits available for distribution as dividends in future years.

Share-based payment reserve

This comprises the portion of the fair value of the Employee Share Plan shares recognised as an expense.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve as described in the accounting policy note below and accumulate in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Accounting policy

Foreign currency translation reserve

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for Consolidated Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

(iii) all resulting exchange differences are recognised in Other Comprehensive Income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in Other Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

16. RESERVES (continued)

Accounting policy (continued)

Profits reserve

An increase in the Profits Reserve will arise when the Company generates a net profit (after tax) for a relevant financial period (eg. half year or full year) which the Board determines to credit to the Company's Profits Reserve. Dividends may be paid out of (and debited from) the Company's Profits Reserve, from time to time.

17. DIVIDENDS AND CRPN INTEREST PAYMENTS

		2020	2019
Dividends paid:	**Paid On**	**$**	**$**
0.5 cent per share fully franked dividend	28-Sep-18	-	790,402
		-	-
		-	**790,402**
CRPN interest paid:			
CRPN interest payment (fully franked)	20-Sep-18	-	77,019
CRPN interest payment (fully franked)	20-Dec-18	-	77,020
CRPN interest payment (fully franked)	20-Mar-19	-	97,314
CRPN interest payment (fully franked)	20-Jun-19	-	140,001
CRPN interest payment (fully franked)	20-Sep-19	140,000	-
CRPN interest payment (fully franked)	20-Dec-19	135,395	-
CRPN interest payment (fully franked)	20-Mar-20	97,705	-
CRPN interest payment (fully franked)	20-Jun-20	97,705	-
		470,805	391,354

Convertible Redeemable Promissory Notes (ASX:KBCPA) (CRPNs) are regarded as an 'equity interest' under Australian tax law with interest payments (7% per annum payable in arrears generally on 20 March, 20 June, 20 September and 20 December each year) regarded as a 'non-share dividend'. Interest payments will be fully franked (where possible) or grossed up with additional cash payments to compensate for any unfranked component. 'Qualified' Australian resident holders will have access to franking credits in this regard. Refer Note 8 for further details in relation to the CRPN terms.

	2020	2019
	$	**$**
Franking credits available for subsequent periods based on a tax rate of 27.5% (2019: 27.5%)	**6,790,627**	**6,969,208**

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

(a) Franking credits that will arise from the receipt of dividends recognised as receivables at balance date;

(b) Franking credits that will arise from the payment of the amount of the provision for income tax; and

(c) Franking debits that will arise from the payment of dividends and CRPN interest recognised as a liability at Balance Sheet Date.

The franking credits attributable to the Consolidated Entity include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid out as franked dividends.

Accounting policy

Provision is made for the amount of any dividend declared (being appropriately authorised and no longer at the discretion of the entity) on or before the end of the financial year but not distributed at the Balance Sheet Date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

18. CAPITAL RISK MANAGEMENT

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure balancing the interests of all shareholders.

The Board will consider capital management initiatives as is appropriate and in the best interests of the Company and shareholders from time to time, including undertaking capital raisings, issues of CRPNs (or equivalents), CRPN and share buy-backs, capital returns/reductions and the payment of dividends.

The Consolidated Entity has no external borrowings (other than CRPNs (refer Note 8)). The Consolidated Entity's non-cash investments can be realised to meet accounts payable arising in the normal course of business and to meet the quarterly interest payments to CRPN holders. The Company may also elect to convert the CRPN into ordinary shares (at any time and at maturity). Refer Note 8 for further details in relation to the CRPN.

19. PARENT ENTITY INFORMATION

The following information provided relates to the Company, Keybridge Capital Limited, as at 30 June 2020.

	2020	2019
Statement of profit or loss and other comprehensive income	**$**	**$**
Loss for the year	(4,111,710)	(3,174,316)
Income tax	-	-
Total comprehensive income for the year	(4,111,710)	(3,174,316)
Statement of financial position		
Current assets	9,608,461	13,913,579
Non-current assets	4,935,995	5,823,713
Current liabilities	(827,713)	(1,638,919)
Non-current liabilities	(5,602,056)	(7,600,000)
Net assets	**8,114,687**	**10,498,373**
Issued capital	255,305,919	253,577,894
Reserves	1,960,012	1,169,609
Accumulated losses	(249,151,244)	(244,249,130)
Equity	**8,114,687**	**10,498,373**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

20. INVESTMENT IN CONTROLLED ENTITIES

		Ownership interest	
Investment in controlled entities	**Incorporated**	**2020**	**2019**
Bridge Financial Pty Limited	Australia	100%	100%
Bridge Property Investments Pty Limited	Australia	100%	100%
KBC Telco Infrastructure Pty Limited	Australia	100%	100%
MB Finance Pty Limited	Australia	100%	100%
Bridge Infrastructure Capital Pty Limited	Australia	100%	100%
Bridge Infrastructure Capital (Midlum) Pty Limited	Australia	100%	100%
Pacific Bridge Cyprus Limited	Cyprus	100%	100%
BIC Europe Limited	Malta	100%	100%
Australian Media Holdings Unit Trust	Australia	100%	100%

Accounting policy

Subsidiaries are entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is assumed by the Consolidated Entity and are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity.

Australian controlled entities have a June financial year-end. Foreign controlled entities have a December financial year-end. All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation.

21. INVESTMENT IN ASSOCIATE ENTITY

	Ownership Interest		
			2019
Associate entity incorporated in Australia:	**2020**	**2019**	**$**
HHY Fund (ASX:HHY)	31.1%	31.10%	**1,302,483**

HHY was regarded as an Associated Entity as the Company has a greater than 20% interest and was presumed to have 'significant influence' over HHY pursuant to AASB 128. The Company was also the Investment Manager of HHY (between 30 June 2016 to 19 July 2019) and when this contract ceased, significant influence was lost

	2019
Reconciliation of carrying amount:	**$**
Opening balance	2,081,631
Purchase of additional units	4,304
Share of Associate entity's net loss after tax	(783,452)
Carrying amount of investment in Associate Entity	**1,302,483**
Fair value (at market price on ASX) of investment in Associate entity	1,160,993
Net tangible asset backing value of investment in Associate entity	2,109,831

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

21. INVESTMENT IN ASSOCIATE ENTITY (continued)

	2019
	$
Summarised statement of profit or loss and other comprehensive income	
Revenue	778
Expenses	(2,561,387)
Loss from continuing operations before income tax	**(2,560,609)**
Summarised statement of financial position	
Total assets	4,325,863
Total liabilities	(65,622)
Net assets	**4,260,241**

Accounting policy

Associate entities are entities over which the Consolidated Entity has significant influence but not control or joint control, generally accompanied by a holding of between approximately 20% and 50% of the voting rights in the same. An investment in an Associate entity in the consolidated financial statements is accounted for under the 'equity method' under AASB 128 (Investments in Associates). On initial recognition, an investment in an Associate entity is recognised at cost – for an investment which was classified as fair value through profit or loss, any gains or losses previously recognised are reversed through profit or loss. Under this method, the Consolidated Entity's share of the post-acquisition profits or losses of an Associate entity is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and its share of post-acquisition movements in reserves is recognised in Other Comprehensive Income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Dividends or trust distributions from an Associate entity are recognised in the Statement of Profit or Loss and Other Comprehensive Income and in the Statement of Financial Position, they reduce the carrying amount of the investment. When the Consolidated Entity's share of losses in an Associate entity equals or exceeds its interest in the Associate, including any other unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the Associate.

Where applicable, unrealised gains on transactions between the Consolidated Entity and an Associate entity is eliminated to the extent of the Consolidated Entity's interest in the Associate entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of Associates are aligned to ensure consistency with the policies adopted by the Consolidated Entity, where practicable.

22. RELATED PARTY TRANSACTIONS

(a) Transactions with Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Consolidated Entity's KMP for the year ended 30 June 2020. The total remuneration paid to KMP of the Consolidated Entity during the year is as follows:

	2020	2019
Non-executive Directors	**$**	**$**
Short-term employee benefits	191,085	355,000
Post-employment benefits	10,925	70,237
Equity-based benefits	-	-
	202,010	425,237
Other KMP – Executive Director		
Short-term employee benefits	385,248	181,731
Post-employment benefits	103,197	3,014
	690,456	609,982

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

22. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with Directors

i. During the year, the Company received invoices totalling $128,333 (including GST) (2019: $192,499.92) from Queste Communications Limited (ASX:QUE) (Queste) for the provision of accounting services, despite the Company having terminated this contract on 11 July 2019. The Company's former Alternate Director, Mr Farooq Khan (who ceased as an alternate director for Mr Simon Cato on 18 July 2019), and its former Company Secretary, Mr Victor Ho (who ceased to be Company Secretary on 13 October 2019), are both directors of Queste. The Company has not recognised a liability for the amounts claimed by Queste in these financial statements, however has recorded a contingent liability of $96,249.96 in note 25.

ii. On 26 September 2019, the Company announced that Bentley Capital Limited and Mr William Johnson had commenced proceedings against Company and certain directors, including Mr John Patton and Mr Jeremy Kriewaldt, seeking a declaration that Mr William Johnson had been properly appointed to the role as Chairman on 10 July 2019. On 11 October 2019, the Federal Court in Western Australia determined that Mr William Johnson had not been validly appointed as Chairman of Keybridge. In relation to this matter, the Company paid $230,000 to the external lawyers and counsel retained by Mr Patton under his Director's Deed.

iii. In relation to the Federal Court of Western Australia matter referred to in the previous paragraph, Mr William Johnson has also made a claim against the Company for a further $240,000 to cover the costs of his legal expenses in bringing the unsuccessful legal action against the Company. The Company has sought, but not yet received, further information on this claim from Mr William Johnson, and as such no decision on the merits of this claim has been made as yet. As at 30 June 2020, the Company has not recognised a liability in these financial statements for Mr William Johnson's claim, however a contingent liability has been recorded in note 25.

iv. During the financial year, Wilson Hanna Pty Ltd (an entity controlled by/associated with/related to the Company's former Chairman, John Patton, and his spouse) received $78,021 (2019: $32,500) (excluding GST) in relation to his director fees, company secretarial fees and his fee for assistance provided in relation to the preparation of the financial statements for the half year ended 31 December 2019 and liaison with the Company's auditors. This payment was approved by the Board (excluding Mr Patton).

v. During the financial year, the Company's Non-Executive Director, Jeremy Kriewaldt received (or was entitled to receive) $12,750 (2019: $43,200) (excluding GST) from the Company pursuant to legal services rendered by Jeremy Kriewaldt Lawyers. Mr Kriewaldt's engagement was approved by the Board (excluding Mr Kriewaldt) and were on usual terms consistent with those offered to other clients.

vi. On 29 June 2020, the Company announced that it had received notice from the trustee of the Australian Media Unit Trust (a unit trust wholly owned by Keybridge), that the other shareholders in the investment syndicate that acquired Australian Community Media from Nine Entertainment Co. on 30 June 2019, had determined that they would not consent to the vesting of shares to the Australian Media Unit Trust to satisfy Keybridge's investment deposit. Mr Catalano, as sole director of the trustee confirmed that Keybridge's $5 million cash investment would be returned to it no later than 25 July 2020. As Announced on 27 July 2020, the funds were actually received by Keybridge on 24 July 2020.

vii. During the financial year, the Company advanced $25,000 to the CEO's external legal advisors in connection with evidence provided by him in relation to the Molopo Energy Limited Judicial Review. As previously advised, in prior periods the Company advanced $440,000 as loan funds in respect of Nicholas Bolton's legal costs incurred in circumstances where Mr Bolton's Director's Deed with the Company provides a procedure for the advancement of monies in this regard. Mr Bolton previously served as a Director between 30 December 2011 and 9 October 2012, between 2 January 2013 and 17 December 2015 (as Executive Director from 22 February 2013 and as Managing Director from March 2014) and from 13 October 2019. As at 30 June 2020, $440,000 (2019 : $440,000) has been advanced via payments made to Mr Bolton's lawyers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

22. RELATED PARTY TRANSACTIONS (continued)

(c) Transactions with Directors (continued)

vii. The Board agreed to advance these funds in accordance with the relevant provision of Mr Bolton's Director's Deed and subject also to various terms and conditions agreed with Mr Bolton, including a monetary cap (initially $400,000 and increased to $440,000 in March 2018), that advances would be provided only as payment of bills rendered by Mr Bolton's lawyers in relation to the relevant proceedings, that the Company needed to be satisfied that the amount of each legal bill was reasonable, that the Company would have access to Mr Bolton's lawyers to ensure that it was promptly informed of any material developments in relation to the proceedings and otherwise to enable the Company to assess the likely outcome of those proceedings, that Mr Bolton would be obliged to repay any amounts advanced in various circumstances specified in his Director's Deed including in any situation in which Mr Bolton is not entitled to be indemnified or advanced those costs, and a provision for review of the position once the outcome of the relevant proceeding is known, including the repayment of all or a portion of the advance (as appropriate). The relevant proceeding had not yet been decided as at 30 June 2020.

The $440,000 advance is accounted as a loan receivable asset, however, as noted earlier, a provision (ie. Impairment expense) has previously been recognised in respect of the full amount of $440,000 (based on the Directors' judgement). This provision/impairment does not prejudice the Company's rights (including recovery) under the terms of the advance to Mr Bolton. If the Company receives a repayment (or recovery payment) in respect of this advance, the provision (impairment expense) will be reversed to the extent of such receipt.

viii. On 28 November 2014, shareholders approved the Company's Executive Share Plan (ESP). On 19 December 2014, the Company issued 9 million ESP shares to Nicholas Bolton (who was the Managing Director at the time) with the initial cost ($1,678,500) funded by an ESP loan granted to Mr Bolton (ESP Loan).

As at 30 June 2018 Balance Sheet Date, the Company determined to make a full provision in respect of recognising the interest component as a receivable asset (based on the Directors' judgement); an amount of $336,164 was reduced from Loans and Receivables (Other) with a corresponding decrease in the Share based payments reserve in equity (there was no impact on the Statement of Profit or Loss). This provision does not prejudice the Company's rights (including recovery) under the terms of the ESP Loan. If the Company receives a payment in respect of this interest component, the Company will recognise a corresponding increase in the Share based payments reserve in equity to the extent of such receipt. Without prejudice to each party's rights under the terms of the ESP Loan, pursuant to an amendment (dated 27 May 2019) to Mr Bolton's employment agreement, Mr Bolton agreed to pay $42,020.51 to the Company each quarter (commencing on 30 September 2019 and ending on 30 June 2021) towards reducing the $336,164 interest component of Mr Bolton's ESP Loan. The parties have also agreed that Mr Bolton is entitled to assert his rights in relation to the matter and if the matter is resolved in favour of Mr Bolton (subject to compliance with the Corporations Act and ASX Listing Rules) and Mr Bolton has paid quarterly amounts in excess of what the Company was entitled to receive, the Company will repay Mr Bolton with interest calculated at 6.45% pa. On 16 April 2020, the Company sold 3 million of the ESP shares that had not vested with Mr Bolton, realising $210,000 for the Company.

(d) Other Matters

During the financial year, the Company paid $20,740 (2019: $20,241) (excluding GST) to Advanced Share Registry Limited (ASX:ASW) for share registry services provided (post their appointment on 3 September 2018). Mr Simon Cato, who ceased to be a Non-Executive Director of the Company on 21 January 2020, is the Non-Executive Chairman of Advanced Share Registry. Mr Cato was not involved in the Board's decision to appoint Advanced Share Registry and was not involved in the review and payment of fees and charges rendered by Advanced Share Registry to the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

23. AUDITORS' REMUNERATION

During the year, the following fees were paid or payable for services provided by the Auditor of the parent entity, the Auditor's related practices and other non-related audit firms (as applicable):

	2020	2019
Deloitte Touche Tohmatsu	**$**	**$**
Audit and review of financial statements	122,502	98,000
Other payments – disbursements	6,125	5,000
	128,627	**103,000**

24. LOAN COMMITMENTS

The Consolidated Entity does not have any loan commitments (2019: Nil), save for Financial Liabilities related to Convertible Redeemable Promissory Notes (CRPNs) repayable/convertible on 31 July 2020 (refer Note 8).

25. CONTINGENCIES

(i) **Foundation Life**: In September 2014, the Company invested NZ$3.8m (via NZ$0.109m (10.13%) equity and NZ$3.691m loan notes) into Foundation Life, to finance Foundation's acquisition of Tower Limited's life insurance business in New Zealand in 2014. The Foundation Life Group comprises Foundation Life Holdings Trust (**Foundation Trust**) owns 100% of the shares in Foundation Life (NZ) Holdings Limited (**FLNZ Holdings**), which in turn owns 100% of Foundation Life (NZ) Limited (**FLNZ**), the operating company and NZ registered life insurer (together, the **Foundation Life Group**)

As at 30 June 2020 Balance Sheet Date, the Company has recognised its investment in the Foundation Life Group as follows:

a) Loan receivable asset due from FLNZ Holdings carried at face value (plus accrued interest at 9% pa) of NZ$3.58m (A$3.35m), which is redeemable by noteholders in 50 years (May 2064) or by FLNZ Holdings (from time to time); and

b) 10.13% equity interest in Foundation Trust carried at cost of NZ$0.109m (A$0.104m). Foundation Life has advised policyholders that, subject to obtaining the necessary approvals, it may seek to restructure its insurance policies whereby policyholders will have the option to (a) transfer coverage to a new insurer with no further premium payments; (b) receive a cash payment in lieu of further cover; or

c) being a mixture of (a) and (b) (refer https://www.foundationlife.co.nz/ scheme-of-arrangement.html).

The Company understands that post-restructuring, Foundation Life will be in a position to discharge its loan notes in full with surplus capital held within the Foundation Life Group available for distribution to equity holders (which includes the Company with a 10.13% equity interest). In this regard, the Company notes that the Foundation Group's reported net asset position (net of the loan notes) is significantly higher than the value ascribed to the Company's 10.13% interest in Foundation Trust (which owns 100% of FLNZ Holdings/FLNZ).

However, the Company notes that there is no assurance that Foundation Life's restructure will proceed.

(ii) **William Johnson legal claim**: As announced on 21 November 2019, the Company received a claim by Mr William Johnson for indemnity for the action he unsuccessfully brought against the Company in the Federal Court of WA. The claim amounts to $240,000, to cover the legal costs incurred by Bentley Capital Limited and William Johnson, and the Company has not yet determined if he is eligible to claim this amount under the Company's director's indemnity.

(iii) **Queste Communications Invoices**: During the financial year, the Company received monthly invoices totalling $96,249.96 (including GST) from Queste Communications Limited (ASX:QUE) (Queste) for the provision of accounting services, despite the Company having terminated this contract on 11 July 2019. The Company has not recorded a liability in these financial statements as the directors are of the view that there is no basis for this claim.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

25. CONTINGENCIES (continued)

(iv) **Aurora Corporate Claims:** As previously announced during the financial year, the Company received a claim from Aurora Corporate Pty Ltd in relation to the sale of Aurora Funds Management Limited in 2016, as a result of the funds that had been misappropriated by its former Chief Financial Officer, Ms Betty Poon, prior to the sale of the business. The total amount claimed by Aurora Corporate is $1,522,446.81. It is proposed that the Company will enter into discussions with Aurora Corporate with a view to resolving this matter, and the directors believe it is probable that this will not result in a material cash outflow for the Company

(v) **PR Finance Group Claims**: In June 2019, the Company commenced proceedings in the Supreme Court of Victoria against PR Finance Group Limited (in Liquidation) (PRFG) and caused a simultaneous action to be taken against the former PRFG directors by the company's liquidator, for total damages exceeding $5 million.

By way of background, on 16 August 2013, Keybridge acquired, by way of scheme of arrangement, 100% of the equity in PRFG (refer KBC ASX Announcements dated 2 April 2013: Scheme of Arrangement related to Keybridge's Loan to PR Finance Group Limited, 23 May 2013: PR Finance Group Limited Scheme Booklet, 14 June 2013: PR Finance Group Approves Scheme of Arrangement, 12 August 2013: PR Finance Group Approves Supplemental Scheme of Arrangement, 14 August 2013: Court Approves Scheme of Arrangement). Keybridge relied upon warranties of the former directors that, amongst other things, the company was compliant with all relevant laws.

On 21 October 2013 (refer KBC ASX Announcement 21 October 2013: Keybridge places PR Finance Group Limited (PRFG) and its subsidiaries into external administration), Keybridge appointed administrators to PRFG and its subsidiaries as a result of PRFG's new directors (under Keybridge Control) receiving a notice from the ASIC (refer KBC ASX Announcement 3 October 2013: Market Update – Australian Money Exchange (AMX)) that PRFG had not been complying with the National Consumer Credit Laws (**NCCL**).

Keybridge alleges in its claim, amongst other things, that at the time of the scheme, the directors were aware that PRFG was non-compliant with the NCCL and accordingly breached its representations and warranties to Keybridge, with damages being suffered by Keybridge as a result.

(vi) **Molopo Energy Limited:** Keybridge and Molopo Energy Limited (ASX:MPO) have an agreement that in relation to various Victorian Supreme Court proceedings where (by consent orders) MPO replaced Keybridge as Plaintiff (in July and August 2018), Keybridge's costs incurred in these proceedings (to be agreed by the parties or as determined by a cost assessor) will be paid out of any funds recovered by MPO from any source. In this regard, Keybridge notes that approximately $400k of costs are potentially recoverable from MPO under this agreement. This amount has not been recognised by Keybridge as a loan receivable asset.

On 26 September 2018, the Takeovers Panel announced its decision in the matter of Molopo Energy Limited 12R, which varied the final orders in Molopo Energy Limited 10 & 11 to include, inter alia, an order that former MPO Directors (Messrs Baljit Singh Johal (former Chairman and Managing Director), Richard Matthews (former Finance Director and Company Secretary) and Matthew Edward Cudmore (former Non-Executive Director)) (**Former Directors**) pay to Keybridge (within 2 months) $46,235 (representing Keybridge's cost incurred in the course of the Molopo Energy Limited 10 & 11 proceedings). As at 30 June 2020 Balance Sheet Date and currently, the Former Directors have not paid Keybridge this amount. Keybridge is pursuing payment of this amount from the Former Directors. The Company had accounted for $46,235 as a loan receivable asset, however, as at 30 June 2019 balance sheet date, a provision (ie. impairment expense) was recognised in respect of the full amount of $46,235 (based on the Directors' judgement). This provision/impairment does not prejudice the Company's rights (including recovery) against the Former Directors. When the Company receives a payment (or recovery payment) in respect of the amount owing, the provision (impairment expense) will be reversed to the extent of such receipt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2020

25. CONTINGENCIES (continued)

(vii) **Other Loans and Receivables**: Keybridge has a number of legacy loan receivables due from various Australian and overseas entities (some of which are in liquidation or another form of administration). These loans have previously been impaired to nil and are not generally reflected in the Loans and Receivables table in Note 11 (Loans and Receivables). As such, Keybridge has not historically commented on these Loans and Receivables unless there has been a material development such as the receipt of a material distribution/repayment or a settlement of a dispute with relevant parties. Keybridge continues to manage and monitor these Loans and Receivables as potential 'assets' in this regard.

26. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(i) On 24 July 2020, Keybridge received $5 million as a payment against its investment in Australian Community Media.

(ii) On 31 July 2020, Keybridge redeemed for cash 4,861,932 CRPN at $1.00 each, extended the maturity by 12 months of 169,022 CRPN and converted 571,102 CRPN into 8,286,690 Ordinary Shares.

(iii) On 15 September 2020, WAM Active's fourth takeover bid for Keybridge closed.

(iv) On 6 October 2020, Keybridge received the outstanding deferred consideration of $0.315m (€0.2m) owing in relation to the sale of Totana.

No other matter or circumstance has arisen since the end of the financial year that significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

(1) The financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, and accompanying notes as set out on pages 20 to 56 are in accordance with the *Corporations Act 2001 (Cth)* and:

   (a) comply with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting; and

   (b) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of their performance for the year ended on that date;

(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 due and payable;

(3) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001 (Cth)* by the Company's Chief Executive Officer and Company Secretary (the person who, in the opinion of the Directors, performs the Chief Financial Officer function); and

(4) The Company has included in the notes to the Financial Statements an explicit and unreserved statement of compliance with the International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001 (Cth)*.

Jeremy Kriewaldt
Director

30 October 2020

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Members of Keybridge Capital Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Keybridge Capital Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
The Group has other assets of $5,088,127 as at 30 June 2020. As disclosed in Note 9, included in this other assets amount is an item classified as an advance of $5,000,000 (2019: $5,000,000). In our audit for the year ended 30 June 2019 we were unable to obtain sufficient appropriate evidence in respect of this advance to enable us to determine the nature of the asset to be acquired and whether it would be recoverable by the Group. Therefore, this has been identified as a key audit matter for our audit for the year ended 30 June 2020.	Our procedures included, but were not limited to: - Review of post year-end bank statements to confirm that the full receivable was recovered by the Group post year-end; - Assessing if there is a right for this amount to be reclaimed from the counterparty; - Ensuring that the accounting treatment is in compliance with the relevant accounting standards; and - Assessing the appropriateness of the disclosure in Note 9 to the Financial Statements, including the Related Party nature of the balance.
The Group has Loans and receivables of $5,022,517 as at 30 June 2020. As disclosed in Note 11, included in this receivables amount is a long outstanding loan receivable of $200,000 (2019: $561,255). In our audit for the year ended 30 June 2019 we were unable to obtain sufficient appropriate evidence to determine whether the loan receivable would be recoverable by the Group. Therefore, this has been identified as a key audit matter for our audit for the year ended 30 June 2020.	Our procedures included, but were not limited to: - reviewed the rationale for the impairment of the receivable during the period and confirmed that this is an appropriate reflection of the level of risk in the counterparty and the fees associated with recovery; - Challenging the assumptions and methodology used to determine the specific allowance; - Evaluating recoverability of the loan based on expected future cash inflows; - Reviewing legal correspondence on related matters and considering the impact on the managements assumptions used in assessing the expected future cash inflows; and - Assessing the appropriateness of the disclosure in Note 11 to the Financial Statements in line with AASB9, AASB101 and AASB108 requirements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 17 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Keybridge Capital Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants
Perth, 30 October 2020

SECURITIES INFORMATION
as at 28 September 2020

SECURITIES ON ISSUE

ss of Security	Quoted on ASX	Unlisted
Fully paid ordinary shares (ASX:KBC)	**190,425,321**	-
Executive Share Plan shares		6,000,000
Convertible Redeemable Promissory Notes (ASX:KBCPA)	169,022	-

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholder	Registered Shareholder	Number of Shares held	%Voting Power(5) (as at 28 September 2020)
Australian Style Group Pty Ltd	Australian Style Group Pty Ltd	33,608,425	18.13%
	BNP Paribas Nominees Pty Ltd	2,012,267	
Wilson Asset Management Group (WAM Capital Limited (ASX:WAM) WAM Active Limited (ASX:WAA) Wilson Asset Management Equity Fund)		79,525,728*	40.49%
Catalano Super Investments Pty. Ltd. ATF Catalano Superannuation Fund and Associates		20,980,958	10.68%
Aurora Funds Management Limited (AFML) (ABN 69 092 626 885) as responsible entity of the Aurora Global Income Trust ARSN 127 692 406 (AIB); and Aurora Dividend Income Trust ARSN 151 947 732 (ADIT		13,541,437	6.89%

*Excludes 14,351,971 held subject to a dispute on title – refer ASX Announcement 2 August 2020 “Keybridge commences legal proceedings against WAM Active”
^Based on Appendix 3Y lodged for Mr Catalano on 24 August 2020.

SECURITIES INFORMATION
as at 28 September 2020

DISTRIBUTION OF LISTED CONVERTIBLE REDEEMABLE PROMISSORY NOTES

Spread of Holdings			Number of Holders	Number of Notes	% of Total Issued Notes
1	-	1,000	48	13,466	7.97%
1,001	-	5,000	13	25,695	15.20%
5,001	-	10,000	2	12,027	7.12%
10,001	-	100,000	5	117,834	69.72%
100,001	-	and over	0	0	0.00%
		TOTAL	**68**	**169,022**	100%

TOP TWENTY LISTED CONVERTIBLE REDEEMABLE PROMISSORY NOTEHOLDERS

Rank	Registered Noteholder	Notes Held	Total Notes Held	% Total Issued
1	Mr Gabriel Berger		40,000	23.67%
2	John Kernick S/F Pty Ltd <John Kernick Super Fund A/C>		25,000	14.79%
3	Nihco Super Pty Ltd <Nihco Super Fund A/C>>		20,500	12.13%
4	Mr Peter Howells		16,646	9.28%
5	Dr Stephen George Woodards		15,688	1.22%
6	Wcb Super Pty Ltd <Wcb Super A/C>		6,805	4.03%
7	Mrs Lisa Kelly George		5,222	3.09%
8	Mr Adrian Samuel Martin		4,924	2.91%
9	Mr Maurice Andrew Foulkes		2,777	1.64%
10	Mr John William Pike + Mrs Christine Ann Pike <Joch Super Fund A/C>		2,777	1.64%
11	Mrs Valerie Washington		2,777	1.64%
12	Waisisi Pty Ltd <No 2 A/C>		2,050	1.21%
13	Miss Atara Sara Rubin		1,658	0.98%
14	Weewanda Investments Pty Ltd <Woods Sf A/C>		1,543	0.91%
15	Mr Alban Lloyd-Jones		1,4767	0.87%
16	Mr Michael Alan Lockwood		1,386	0.82%
17	Mr Paul Gavin Barrow		1,1110	0.66%
18	Mr Andrew Geoffrey Egan + Ms Cecilia Margaret Egan <Egan Executive S/F A/C>		1,111	0.66%
19	Mr William Mcdonald Mayne + Ms Odette Desiree Mayne		1,089	0.64%
20	Lagen Investments Pty Ltd		1,016	0.60%
TOTAL			**155,556**	**92.03%**

SECURITIES INFORMATION
as at 28 September 2020

DISTRIBUTION OF LISTED ORDINARY SHARES

Spread of Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1 - 1,000	43	8,396	0.00%
1,001 - 5,000	115	422,972	0.27%
5,001 - 10,000	90	698,836	0.43%
10,001 - 100,000	156	5,400,987	3.40%
100,001 - and over	44	189,894,130	95.90%
TOTAL	**448**	**196,425,321**	100%

UNMARKETABLE PARCELS

Spread of Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1 - 7,042	199	687,192	0.35%
7,043 - over	249	195,738,129	99.65%
TOTAL	**448**	**196,425,321**	**100.00%**

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 7,042 shares or less, being a value of $500 or less in total, based upon an adopted last transaction price of 6.9 cents per share, being the most off-market offer for the Company.

TOP TWENTY LISTED ORDINARY FULLY PAID SHAREHOLDERS

Rank	Registered Shareholder	Shares Held	Total Shares Held	% Issued Capital
1	WAM Capital Limited	31,645,808		
	WAM Active Limited	11,364,437		
	Botanical Nominees Pty Limited <Wilson Asset Mgt Eqty A/C>	1,343,781		
		Sub-total	44,354,026	22.58%
2	WAM Active Limited		35,171,702	17.91%
3	Australian Style Group Pty Ltd		33,680,848	17.15%
4	WAM Active Limited*		14,351,971	7.31%
5	Catalano Super Investments Pty Ltd <Catalano Super Fund A/C>		11,304,347	5.76%
6	BNP Paribas Nominees Pty Ltd		10,328,530	5.26%
7	Antstef Pty Ltd <Antstef A/C>		7,970,653	4.06%
8	Mr Nicholas Francis John Bolton			
9	HSBC Custody Nominees (Australia) Limited - GSCO ECA		5,885,827	3.00%
10	Aurora Dividend Income Trust		3,863,216	1.97%
11	Mr Nicholas Bolton	1,563,000		
	Australian Style Holdings Pty Ltd <NFJB Superfund A/C>	948,036		
	Mr Nicholas Bolton + Mr John Bolton <NFJB Superfund A/C>	325,000		
		Sub-total	2,836,036	1.44%
12	Aurora Funds Management Limited <Aurora Dividend Income A/C>		2,633,599	1.34%
13	MCPI-Bushwick LLC		1,625,908	0.83%
14	The Jeffrey Schwarz Children's Trust		1,099,092	0.56%
15	APPWAM Pty Ltd		1,000,000	0.51%
16	A & G Siciliano Superannuation Pty Ltd <A & G Siciliano S/F A/C>		790,275	0.40%
17	Dr Lionel Joshua Hovey		675,343	0. 34%
18	Peter Davies Pty Ltd <Richard Davies Will A/C>		550,000	0.28%
19	Ryan Constructions Pty Limited <John Ryan Superfund A/C>		528,000	0.27%
20	Mr John Joseph Ryan		510,000	0.26%
TOTAL			**185,159,373**	**94.26%**

*Shares held subject to a dispute on title – refer ASX Announcement 2 August 2020 "Keybridge commences legal proceedings against WAM Active"