KEYBRIDGE®
CAPITAL LIMITED

Annual Report 2014

Financial Calendar

EVENT DATES FOR FINANCIAL YEAR 2015

Annual General Meeting	Thursday 30 October 2014
Financial year 2015 half year results announced	Tuesday 24 February 2015
Financial year 2015 annual results announced	Wednesday 26 August 2015
Annual General Meeting	Thursday 29 October 2015

The Company reserves the right to change these dates.

This Annual Report (including the Financial Report) is for the Company up to 30 June 2014.

THE REGISTERED OFFICE OF KEYBRIDGE CAPITAL LIMITED IS:

Level 26
259 George Street
Sydney NSW 2000

Contents

Chairman’s Letter

On behalf of the Directors of Keybridge Capital Limited (Keybridge), I present the Group’s Annual Report for the year ended 30 June 2014.

In 2014, Keybridge reported a net loss after asset impairments of $2.9 million. At year-end, Keybridge had shareholders’ funds of $36.6 million, equating to approximately 23.0 cents per share. During the course of the year Keybridge repurchased 15.8 million shares (or 9% of issued share capital) through an active share buy-back.

Keybridge has not declared a dividend payable for the past year.

Over the last twelve months Keybridge's continued focus remained maximising the realisation of legacy assets. To this end the management team was able to recover $14.9 million worth of realisations from very difficult investments.

During the course of the year our then largest shareholder, Oceania Capital Partners (Oceania), launched a takeover bid which was successfully defended by Keybridge. Following resolution of the takeover bid and Oceania’s divestment of their Keybridge shareholding, Robert Moran and Peter Wood resigned from the Keybridge Board. I thank both Robert and Peter for their effort during their respective terms as directors. Also during the year, Craig Coleman, Antony Sormann and I were appointed to the Keybridge Board. Nicholas Bolton was appointed our Managing Director, with Antony’s support as Executive Director. Details of these new directors, and indeed all directors, can be found within the Directors’ Report on pages 18 to 33. This new board possesses an appropriate blend of skills and experience as Keybridge continues the legacy asset realisation work, whilst looking towards a new phase of considering reinvestment opportunities into higher risk adjusted return investments.

With the combination of a capable management team and Board, the unique attributes of being an ASX listed vehicle with significant available tax losses, franking credit reserves and cash-on-hand, I believe we are in a wonderful position to create value for our shareholders going forward.

On behalf of the Board and management, I thank you for your support over the past year.

Andrew Moffat
Chairman

Managing Director's Report

2014 marked another eventful, and by most measures, successful year for Keybridge. With a very small management team, and in many cases very limited control over its legacy assets, Keybridge has been able to achieve a material number of asset workouts over the last five years. Having already repaid the entire bank debt in 2013, this year marked a year of continued successful workouts of our non-core assets and a material stabilisation of the Company to take forward. To name a few highlights, we saw:

- The realisation of $14.9 million in cash from our non-core assets, all from positions under heavy distress and at a significant premium to the downside scenario.
- The completion of a complex scheme of arrangement on PR Finance Group (PRFG), and the subsequent $52 million sale of its major business. This transaction has so far resulted in $10.5 million of cash return, which incidentally benefited the Company with approximately $12 million in franking credits (of which $4.3 million was utilised to offset a prospective 2013 franking deficit position).
- The successful defence of an undervalued and hostile takeover bid by a former shareholder.
- A return of $3 million to shareholders by way of an on-market buy-back; marking the first capital return in six years.
- An appreciation in Keybridge's share price of 32.1% over the financial year.
- A restructure of our Board and major shareholders that provides the Company a solid foundation to progress forward.

Notwithstanding the positive developments during the year, the Company unfortunately recorded a $2.9 million net loss for 2014. Without downplaying a significant loss, I make the following comments to provide shareholders further context:

- Keybridge incurred significant legal, transaction and impairment costs related to the PRFG transaction equating to $2.6 million. I note that we continue to pursue recovery of these costs in the 2015 year.
- Due to regulatory reasons beyond our control, a $1.5 million write down to our Spanish solar asset was incurred.
- $0.6 million of one-off costs were directly related to the hostile takeover defence.

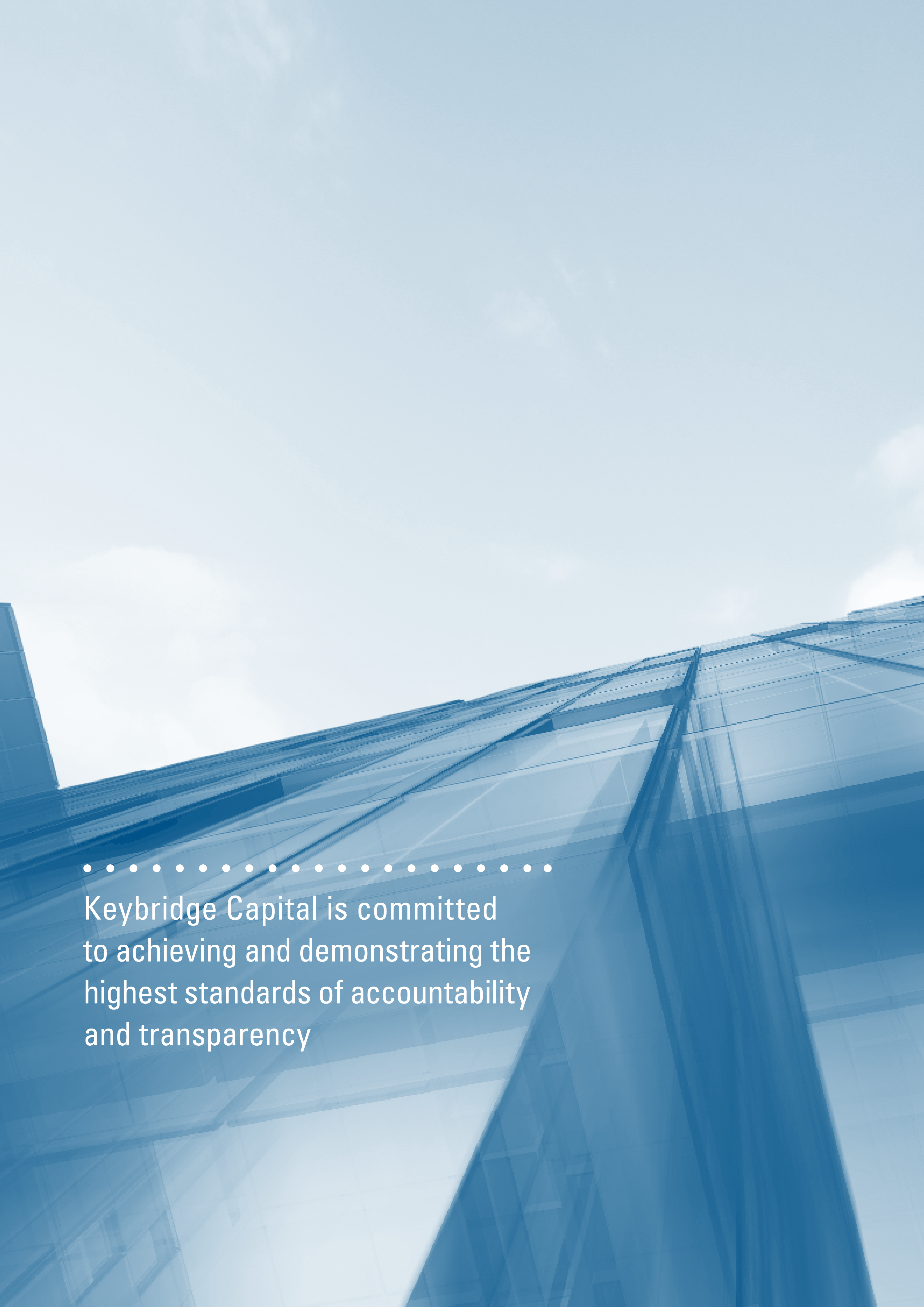
For these reasons, the 2014 loss is not indicative of our future returns, and instead I would like to focus shareholders attention on the attractive platform we now have going forward. Keybridge is now in a position where it has finally settled its Board, management and shareholder composition and has been materially cleansed of its problematic and underperforming legacy assets.

Keybridge currently has $200 million of tax losses and $8 million of franking credits that should allow us to distribute pre-tax profit to shareholders on a tax paid basis. Coupled with cash-on-hand and a capable Board and management team, I believe we are uniquely positioned to create enhanced after tax value for our shareholders going forward.

In the context of a global market that appears to be quite fully valued, Keybridge continues to opportunistically exit its non-core assets and patiently search for the right investment opportunities to pursue. This patient pursuit has allowed us to progress to an advanced stage with select opportunities that should continue to reflect value in the event markets do become less buoyant. Shareholders will be kept informed should any of these opportunities complete.

I am personally looking forward to Keybridge's year ahead, and would like to thank all of our shareholders for their continued support in the turnaround of our Company.

Nicholas Bolton
Managing Director


Keybridge Capital is committed
to achieving and demonstrating the
highest standards of accountability
and transparency

Corporate Governance

The markets in which the Company has invested remained, on the whole, stable for the majority of the 2014 financial year. The continued focus of the Company over the 2014 financial year was managing its investments portfolio with the aim of bringing forward realisations where they could be achieved at acceptable prices, protecting the value of remaining investments as much as possible and exploring new investment opportunities.

During the 2014 financial year the following changes to the composition of the Board took place:

- Robert Moran resigned as a Non-executive Director in February 2014.
- Peter Wood resigned as Chairman in March 2014.
- Nicholas Bolton became Managing Director in March 2014.
- Antony Sormann appointed Executive Director in March 2014.
- Andrew Moffat and Craig Coleman appointed as Non-executive Directors in March 2014 and Andrew Moffat appointed Chairman in April 2014.

Keybridge Capital's existing corporate governance policies and practices meet the requirements of both the *Corporations Act 2001 (Cth)* and the Listing Rules of the Australian Securities Exchange (ASX). In formulating its policies, the Company has endeavoured, as far as practicable, to be consistent with the ASX Corporate Governance Principles and Recommendations (ASX Principles). If there are instances where the Company is unable to comply with the ASX Principles, the Company has provided information as to the reasons it has been unable to comply within this Report.

Keybridge Capital and its Board of Directors are committed to achieving and demonstrating the highest standards of accountability and transparency and see the maintenance of a cohesive set of corporate governance policies and practices as fundamental to the success of the Company.

The following table sets out relevant ASX Principles and where in this Report they are discussed:

Principle Number	Description	Discussion in Report
1	Lay solid foundations for management and oversight	pages 6 to 7
2	Structure the Board to add value	pages 7 to 10
3	Act ethically and responsibly	pages 10 to 12
4	Safeguard integrity in corporate reporting	pages 13 to 15
5	Make timely and balanced disclosure	page 15
6	Respect the rights of security holders	page 15
7	Recognise and manage risk	pages 15 to 17
8	Remunerate fairly and responsibly	page 17

Each of the Company's policies and charters referred to below are available on the Company's website at www.keybridge.com.au.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Relevant policies and charters

- Board Charter

The Board's primary responsibilities include:

- approving management's corporate strategy and performance objectives;
- overseeing the Company, including its control and accountability systems;
- appointing, monitoring and, where appropriate, removing the Managing Director and senior executives;
- approving and monitoring the progress of major investments, capital expenditure, capital management, acquisitions and divestments;
- approving and monitoring financial and other reporting, including the review and approval of the annual and half-yearly financial reports;
- reviewing and ratifying systems of risk management, internal compliance and control and legal compliance to ensure appropriate compliance frameworks and controls are in place; and
- monitoring and ensuring compliance with legal and regulatory requirements, ethical standards and policies and best practice corporate governance requirements.

The Board has delegated to management the responsibility for:

- developing, and upon approval, implementing, strategies, business plans and annual budgets for the Company;
- managing resources within the budget and reporting performance against budget to the Board;
- day-to-day management and administration of the Company;
- managing the risk and compliance frameworks, including reporting to the Board and the market;
- appointing staff and evaluating their performance and training requirements, as well as developing Company policies to ensure the effective operation of the Company;
- ensuring compliance with applicable laws and regulations; and
- ensuring the Board is given sufficient information to enable it to perform its functions.

The Managing Director is responsible for ensuring the responsibilities delegated by the Board are properly discharged by management and for keeping the Board informed on these matters.

Nicholas Bolton represents the interests of Australian Style Group Pty Ltd, the Company's largest shareholder. As outlined above, Craig Coleman was appointed Non-executive Director in March 2014 and represents the interests of Wyllie Group (Wyllie), the Company's second largest shareholder. The Board Charter sets out the role and responsibilities of directors associated with significant shareholdings, which include to:

- act in the best interests of the Company;
- avoid conflicts of interest; and
- recognise and maintain the confidentiality of Company information and, in particular, information that is or may be price sensitive.

The Board has in place procedures to assess the performance of executives, including the Managing Director. For the Managing Director, this process involves the Remuneration and Nomination Committee and the Board reviewing the performance of the Managing Director across a range of key areas including profitability, business planning, stakeholder management and team leadership. The review is discussed with the Managing Director and a recommendation developed for Board approval covering base pay, incentive awards, equity awards and terms of engagement. For other executives, the Managing Director reviews each executive's performance across the same key areas, discusses the review with the executive and recommends any change in remuneration to the Remuneration and Nomination Committee for approval. Performance evaluations of the Managing Director and other senior executives took place during the 2014 financial year. Further details regarding the performance review process and outcome for senior executives for the 2014 financial year are contained in the Remuneration Report at pages 27 to 32.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Relevant policies and charters

- Board Charter
- Remuneration and Nomination Committee Charter

The size and composition of the Board is determined by the Board within the parameters set by Keybridge Capital's Constitution which requires that there are no less than three and no more than 10 directors.

The Board currently comprises five directors: two executive directors (Nicholas Bolton and Antony Sormann), two non-executive independent directors (the Chairman, Andrew Moffat, and Bill Brown) and one non-independent non-executive director (Craig Coleman). The names of Keybridge Capital's directors during the 2014 financial year, including their respective skills, experience, relevant expertise and term of office, and whether they are considered by the Board to be independent, are set out on pages 23 to 26.

The Board comprises directors with an appropriate range of skills, experience and expertise to understand and deal competently with the Company's current and emerging business issues. The Board seeks to achieve the appropriate mix of skills and diversity in its membership by assessing existing and potential directors' skills to ensure they have appropriate and demonstrated industry expertise in the Company's operating segments. The Board also assesses individual competencies and attributes that contribute to an effective Board which includes strategic thinking and good communication skills, high levels of personal and professional integrity and sound judgement.

The Company's director tenure policy, which applies to all directors except the Managing Director, specifies that no director may hold office for more than three years without re-election by shareholders and that the maximum term for a director is 10 years (in the absence of exceptional circumstances).

The Board met 21 times during the 2014 financial year. Full details of Directors' attendance at Board and committee meetings are set out in the Directors' Report on page 27.

Board performance review

The Remuneration and Nomination Committee ordinarily conducts a review of the Board, each committee and the individual directors on an annual basis. Due to the Board changes that occurred in March 2014 and the amalgamation of the Remuneration and Nomination Committee, it was agreed to defer the performance review of the Board, individual directors and Board committees for the year ended 30 June 2014.

The performance review includes the following assessments:

- whether directors have satisfied the time requirements necessary for the performance of their functions;
- whether directors have worked together effectively;
- whether directors have the necessary skills, experience and knowledge to perform their duties; and
- whether the Board and Audit, Finance and Risk Committee (AFRC) could more effectively review key business and strategic issues.

Director independence

The Board assesses each director against a range of criteria on a case-by-case basis to determine whether they are in a position to be characterised as independent, meaning they can bring, and be perceived to bring, quality judgements, free of bias, to all issues. The Board's specific principles in relation to director independence include:

- Being free from any business or other relationship which could, or could reasonably be perceived to, interfere materially with the director's ability to act in the best interests of the Company. Such interference could arise as a result of a director having been, within the last three years, directly or indirectly:
  - a material supplier or customer of the Company;
  - a principal of a material professional adviser or material consultant to the Company;
  - employed in an executive capacity by the Company; or
  - in a material contractual relationship with the Company other than as a director.

  Materiality is assessed on a case-by-case basis having regard to the individual circumstances of each director.
- Whether a substantial shareholding exists, including where the director has a relevant interest in shares held by another party. The definition of substantial shareholder for the purpose of this assessment is based on the *Corporations Act 2001*, which generally sets 'substantial' as a holding of 5% or more of a company's voting shares.

Directors provide the Board with all information regarding interests and relationships so as to enable the Board to make assessments regarding independence. It is the Company's practice to allow its directors to accept appointments outside the Company only with the prior approval of the Board.

As at the close of the 2014 financial year, the number of directors on the Board is five; (three non-independent directors and two independent directors). The following directors are not considered to be independent:

- Nicholas Bolton is an executive and represents the interests of Keybridge's largest shareholder;
- Craig Coleman represents the interests of Keybridge's second largest shareholder; and
- Antony Sormann is an executive director.

Recommendation 2.1 of the ASX Principles states that 'a majority of the Board should be independent directors'. The Company did not comply with Recommendation 2.1 during the 2014 financial year. The current composition of the Board is reflective of the small size of the Company, the significant shareholdings held by Australian Style Group and Wyllie and the changes occurring during the year.

Chairman

The Chairman is selected by the Board and is a Non-executive Chairman. Following Peter Wood's resignation as Chairman in March 2014, Andrew Moffat was appointed as Chairman.

The Chairman's role includes:

- providing leadership to the Board and the Company including promoting the efficient organisation and conduct of the Board's functions;
- facilitating Board discussions to ensure core issues facing the Company are addressed and that the Board considers and adopts strategies designed to meet present and future needs of the Company;
- monitoring the performance of the Board; and
- facilitating the effective contribution and ongoing development of all directors.

Indemnity, access to information and independent professional advice

The directors may access any information they consider necessary to fulfil their responsibilities. This information includes access to:

- executive management, to seek explanations and information; and
- external auditors, to seek explanations and information without executive management being present.

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense.

Information in relation to indemnity and insurance arrangements for directors and officers of the Company is contained on page 26 of this Annual Report.

Board committees

The Board has established committees to assist it in carrying out its responsibilities and to consider certain issues and functions in detail. Each committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. The charter, committee structure and composition are reviewed on an annual basis.

Minutes of committee meetings are tabled at the following Board meeting.

The current Board committees are:
- Remuneration and Nomination Committee (RNC);
- Audit, Finance and Risk Committee (AFRC); and
- Investment Committee.

Details about the AFRC are contained in the discussion of ASX Principles 4 and 7 on pages 13 and 15.

Remuneration and Nomination Committee

At the Company's Board meeting on 28 March 2014, it was determined by the Board that due to the Company's limited size and complexity, it is more appropriate that the Remuneration and Nominations committees be combined into one committee called the Remuneration and Nomination Committee.

Details regarding the Remuneration and Nomination Committee are as follows:

Members and composition	Role
Craig Coleman *(Chairman)* Bill Brown Andrew Moffat	The primary objective of the Remuneration and Nomination Committee is to help the Board to achieve its objectives of ensuring that the Company: • has a board of an effective composition, size and commitment to adequately discharge is responsibilities and duties; • has coherent remuneration policies and practices to attract and retain executives and directors who will preserve value for shareholders; • observes those remuneration policies and practices; and • fairly and responsibly rewards executives having regard to the performance of the Company, the performance of the executives and the general pay environment. The Remuneration and Nomination Committee is responsible for: • reviewing the Board's performance and each director's performance; • identifying, and recommending to the Board, nominees for membership of the Board (including the Managing Director); • identifying and assessing the necessary and desirable competencies and characteristics for Board membership and regularly assessing the extent to which those competencies and characteristics are represented on the Board; • ensuring succession plans are in place to maintain an appropriate balance of skills on the Board and reviewing those plans; • if appropriate, recommending the removal of directors; • remuneration packages and other terms of employment for the executive directors and senior executives; • reviewing, approving and recommending to the Board the design of any executive incentive plan, including equity plans and any proposed payments under those plans; and • remuneration and retirement policies for non-executive directors.

Members and composition	Role
	The Remuneration and Nomination Committee oversees the process for selecting and appointing new directors. As part of this process, the Remuneration and Nomination Committee considers the potential director's suitability against a range of criteria including whether the potential director: • has the necessary skills, experience and knowledge to perform their duties and responsibilities as a director; • is able to devote the time necessary to perform their duties and responsibilities; • is sufficiently independent; and • is able to work with the other members of the Board. The terms of engagement of new non-executive directors are set out in a formal letter of appointment.

The Company does not comply with Recommendation 8.2 of the ASX Principles, which states that a Remuneration Committee should have at least three members, a majority of whom are independent, and that the committee is chaired by an independent director (who is not Chairman of the board). The current Remuneration and Nomination Committee comprises two independent directors, Bill Brown and Andrew Moffat, and one non-independent non-executive director, Craig Coleman, who chairs the committee. The Board considers Craig Coleman, given his expertise, to be the most appropriate chairman of the committee.

Prior to the amalgamation of the committees on 28 March 2014, the member of the Nomination Committee and the member of the Remuneration Committee was Bill Brown following the resignation of Robert Moran in February 2014 and Peter Wood in March 2014.

The number of Nomination Committee and Remuneration Committee meetings and, from 28 March 2014, Remuneration and Nomination Committee meetings held during the 2014 financial year, and each directors' attendance at these meetings, is set out in the Directors' Report on page 27 of this Annual Report.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

Relevant policies and charters

- Corporate Code of Conduct
- Code of Conduct for Directors and Senior Executives
- Securities Trading Policy
- Related Party Policy
- Communications and Continuous Disclosure Policy
- Diversity Policy

Keybridge has developed a number of policies to ensure that the Company is mindful of and complies with the guidelines for ethical and responsible decision-making. Those policies require that, at all times, all Keybridge Capital personnel act with the utmost integrity and objectivity and in compliance with the letter and the spirit of the law and Company policies.

The Company's over-arching policy is its Corporate Code of Conduct. This Corporate Code of Conduct supports the Code of Conduct for Directors and senior executives which articulates the high standards of honesty, integrity and ethical and law-abiding behaviour expected of people in positions of influence.

Key issues addressed in these Codes of Conduct include:

Corporate mission	The Company's current mission is to preserve value for its shareholders as it manages and, over time, realises its investments portfolio. Key elements in achieving this mission include: • protecting the value of investments; • managing risk; • maintaining strong relationships with key stakeholders; • ensuring ongoing financial stability; and • retaining a high quality team.
Responsibility to shareholders and investors	The Company seeks to: • serve and protect the long term interests of its shareholders and investors; • communicate openly, honestly and on a timely basis with its shareholders and the financial markets generally; and • ensure that financial disclosure to shareholders and other investors is based on best practice and complies with all relevant laws, regulations and rules.
Honesty and fairness	The Company will act honestly and fairly in all of its dealings. This includes: • honouring contractual commitments; • avoiding profiting from situations in which it has a conflict of interest; • where conflicts of interest arise, the Company using its best endeavours to ensure disclosure to all relevant parties; and • the Company and its employees not offering or accepting bribes or secret commissions.
Responsibilities to the community	The Company will engage in support for community activities, including donations and sponsorship activities that are reasonable for a company of its size and financial resources.
Regulatory compliance	The Company does, and will continue to, comply with all relevant laws, regulations and rules governing its activities in Australia and other jurisdictions in which it may operate
Responsibilities to the individual	The Company seeks to ensure that: • employment practices are consistent with market practice and all relevant employment laws, regulations and rules; and • privacy of employees is respected and any confidential or privileged employee information in its possession is not misused.
Compliance	It is expected that senior executives and other employees will report promptly, and in good faith, any actual or suspected violation of the standards, requirements or expectations set out in the Corporate Code of Conduct or the Code of Conduct for Directors and Senior Executives and encourage others to do the same. The latter Code requires that all reports of any violation or unethical behaviour must be investigated thoroughly, the rules of natural justice are observed and appropriate disciplinary action is taken if an allegation is substantiated.

Steps are taken to ensure that employees remain aware of the Company's policies and practices and of their ongoing responsibilities.

Trading in Company securities

Under the Company's Securities Trading Policy, Keybridge directors, senior executives and other specified employees (Designated Persons), must not deal in Keybridge securities during the following periods:

- from the Company's balance date to the day after the release of the Company's Preliminary Final Report;
- from the Company's balance date to the day after the release of the Company's Half Year Report;
- one week prior to the Company's Annual General Meeting to the day after the end of the meeting; or
- such other times that the Board resolves.

At all other times, dealing in Keybridge securities by Designated Persons is subject to an approval process. Approval will only be granted if the person confirms in writing that he or she does not possess materially price sensitive information regarding the Company which is not generally available. Designated Persons are generally responsible for prohibiting any dealing in Keybridge securities by any associated person, which includes:

- immediate family members or a family company, trust or nominee over which the Designated Person has control or is a beneficiary;
- any investment manager acting on his or her behalf or on behalf of an associated person; and
- any other entity in which the person is a significant shareholder or a director, or manager of funds on behalf of that other entity.

The Policy requires directors to advise the Company Secretary within two business days of any dealing, and to report the dealing to the Board at the next Board meeting.

The Policy also prohibits the Company's directors from providing Keybridge shares in which they have a beneficial interest as security for borrowings.

The Directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities during the past year.

Diversity

Keybridge has a Diversity Policy to promote diversity in the workplace.

The Company's objective is to promote a culture that draws on the diverse and relevant experience, skills, expertise, backgrounds and perspectives of its directors and employees. It recognises the importance of gender diversity within its Board and management team.

It is the responsibility of all employees to understand and comply with the Diversity Policy.

The Diversity Policy provides for the Board, in consultation with the Remuneration and Nomination Committee, to:

- set measurable objectives to promote gender diversity and review the objectives on an annual basis;
- evaluate the Company's performance against the set measurable objectives as part of the annual review of the effectiveness of this Policy; and
- review the proportion of women employed within the Company at least annually.

In the 2014 financial year, the Company did not set any measurable objectives and therefore has not complied with Recommendation 3.3 of the ASX Principles due to the size of the Company and its current operations. As and when the Company increases its operations to a significant size, it will be appropriate to set measurable objectives and focus on improving diversity across the Company.

Recommendation 3.4 of the ASX Principles is to disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board. Keybridge Capital currently has seven employees, one of whom is female.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Relevant policies and charters

- Audit, Finance and Risk Committee Charter
- Selection and Appointment of External Auditor

The Board has established an Audit, Finance and Risk Committee (AFRC). The members, composition and role of the AFRC are as follows:

<table>
<tr><th>Members and composition</th><th>Role</th></tr>
<tr><td>Bill Brown
(Chairman)

Craig Coleman
(appointed 28 March 2014)

Andrew Moffat
(appointed 28 March 2014)

Robert Moran
(resigned 28 February 2014)

Peter Wood
(resigned 6 March 2014)</td><td>The primary objective of the AFRC is to assist the Board achieve its corporate governance and oversight responsibilities in relation to financial risk management, application of accounting policies, internal control and risk management systems, external financial reporting and legal and regulatory compliance.

The Committee is required to consist of members who have:
• appropriate financial expertise; and
• a working knowledge of the financial services industry in which the Company operates.

The Chairman of the Board is precluded from being the Chairman of the AFRC.

Specifically, the role of the AFRC includes:
• maintaining and improving the quality, credibility and objectivity of the financial reporting process;
• assessing the appropriateness and application of the Company's accounting policies and principles so that they accord with the applicable financial reporting framework;
• monitoring the Company's financial management, including management of the Company's funding, hedging, liquidity and insurance coverage;
• reviewing the framework for management of the Company's transactional risks, including concentration exposures and the manner in which transaction-based decisions are made;
• providing a forum for communication between the Board, external auditor and senior executives;
• ensuring effective communication between the Board and the external auditor;
• reviewing the independence and performance of the external auditor and providing them with confidential access to the non-executive members of the Board and an ability to attend AFRC meetings; and
• recommending to the Board the appointment, removal and remuneration of the external auditor, and reviewing the terms of their engagement, and the scope and quality of the audit.</td></tr>
</table>

In fulfilling its responsibilities, the AFRC receives regular reports from management and the external auditor and meets separately with the external auditor at least twice a year without the presence of management.

The AFRC has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

Between the period 28 February 2014 and 27 March 2014, the Company did not comply with Recommendation 4.2 of the ASX Principles which states that an Audit Committee should have at least three members, all of whom are non-executive directors and a majority independent, and that the committee is chaired by an independent director (who is not chair of the board) due to changes in the composition of the Board. From 28 March 2014 the Company complies with Recommendation 4.2.

Further information on the qualifications of the members of the AFRC is set out in the Directors' Report on pages 23 to 26 of this Annual Report. The number of AFRC meetings held during the year, and each directors' attendance at these meetings, is set out in the Directors' Report on page 27 of this Annual Report.

Management sign-off on financial reports

Consistent with their obligations under section 295A of the Corporations Act, the Managing Director and Chief Financial Officer provide formal statements to the Board confirming that Keybridge's financial reports present a true and fair view, in all material aspects, of the Company's financial position and performance and have been prepared in accordance with all relevant accounting standards (see page 17 of this Corporate Governance Statement for details of the sign-off provided for the financial year ended 30 June 2014).

External auditor

The Company's policy is to appoint an external auditor that clearly demonstrates experience, quality and independence.

KPMG has been the Company's external auditor since 18 October 2005.

The performance of the external auditor is reviewed annually. In addition, the AFRC will periodically invite the incumbent auditor and other acceptable audit firms to submit proposals for the provision of statutory audit, taxation and GST services to the Company. The AFRC will assess proposals on the basis of the firms' understanding of the Company's business and its needs, their capacity for proactive and positive contribution to the efficiency and effectiveness of Keybridge's business operations and the demonstrated knowledge and teamwork of the audit team.

The Company complies with auditor rotation requirements. The previous lead partner of KPMG for the Company's audit rotated from the audit team after the June 2010 audit.

An analysis of fees paid to the external auditor, including a breakdown of fees for non-audit services, is provided in Note 31 to the Financial Statements. It is the policy of the external auditor to provide to the AFRC an annual declaration of its independence. The external auditor will also attend the Annual General Meeting and will be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Relevant policies and charters

- Communications and Continuous Disclosure Policy

The Company has a policy to ensure compliance with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001*. The policy requires timely disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities, subject only to the exclusions identified in the ASX Listing Rules.

The Managing Director and the Company Secretary have been appointed as the persons responsible for communications with the ASX. This role includes responsibility for overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, media and the public.

Directors receive copies of all announcements released to the ASX and copies of the announcements are posted on Keybridge Capital's website.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Relevant policies and charters

- Board Charter
- Communications and Continuous Disclosure Policy

Keybridge is committed to providing shareholders and the market with timely information on the Company's investments and financial performance. It does this by:

- continuously reporting developments through the ASX Company Announcements Platform;
- reporting through a quarterly market update, monthly NTA update, half-yearly financial report and the Annual Report;
- releasing Company announcements, media briefings, details of Company meetings, press releases and financial reports on the Company's website;
- encouraging shareholder participation at the Annual General Meeting and other general meetings and allowing adequate time to address any queries or questions put by shareholders; and
- requiring the attendance of the external auditor at the Annual General Meeting and to be available to answer questions concerning the conduct of the audit and the preparation and content of the Auditor's Report.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Relevant policies and charters

- Board Charter
- Audit, Finance and Risk Committee Charter
- Investment Committee
- Risk Management Policy
- Financial Management Policy

The identification, assessment and management of risks are core components of the Company's ability to manage existing and to make any new investments. As previously discussed, the state of the markets in which the Company operates has resulted in continuous and extensive review and monitoring by Keybridge's management and reporting to the Board and AFRC.

Risk management systems

The Board is responsible for overseeing the implementation of, and ensuring there are adequate policies in relation to the Company's risk management, compliance and control systems. These systems require management to be responsible for identifying and managing the Company's material business risks.

The Company's policies aim to ensure that material financial and non-financial risks facing the Company and within individual investments are identified, analysed and evaluated and that active processes are in place for the management and reporting of these risks.

Division of risk management functions

Board of Directors

In relation to risk management, the Board's responsibilities include:

a) overseeing the Company, including its control and accountability systems;
b) approving and monitoring the progress of major investments, capital management, acquisitions and divestments;
c) reviewing and ratifying systems of risk management, internal compliance and control and legal compliance to ensure appropriate compliance frameworks and controls are in place; and
d) monitoring and ensuring compliance with legal and regulatory requirements and ethical standards and policies.

The Board reviews the Company's risk management policies and procedures on an annual basis and where necessary modifies these to promote ongoing improvements in the Company's business model and risk management practices. Currently the Company is developing a new Risk Management Policy.

Audit, Finance and Risk Committee (AFRC)

In relation to risk management, the AFRC's responsibilities include:

a) overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring there is a mechanism for assessing the efficiency and effectiveness of those systems;
b) approving and recommending to the Board for adoption policies and procedures on risk oversight and management to establish an effective and efficient system for:
   - identifying, assessing, monitoring and managing risk; and
   - regularly reviewing and updating the risk profile of the Group and disclosing any material change;
c) assessing the adequacy of the internal risk control system with management and the external auditor;
d) monitoring the effectiveness of the internal risk control system; and
e) ensuring the risk management system takes into account all material risks.

Further details on the AFRC are included under ASX Principle 4.

Investment Committee (IC)

The Board has primary approval discretion over investments made by the Company.

During the year the Board approved the creation of an IC. The IC comprises Nicholas Bolton, Antony Sormann and Andrew Moffat. All investment decisions are unanimously agreed by all IC members before proceeding. If a decision is not unanimous then it requires Board approval.

The current levels of delegation are as follows:

- Approval of investments of capital of up to $1 million is delegated to Keybridge management.
- Approval of investments of capital greater than $1 million with a cap of $5 million is delegated to the IC.
- Approval of investments or divestments of capital greater than $5 million requires Board approval.

Management reporting on risk

Management reporting on risk operates on a number of levels.

All reports to the Board on strategic, operational and investment issues include an assessment by management of the material risks, to ensure that the Board is in a position to make fully-informed business judgements.

The Board receives regular reports from management on the status of the Company's investments portfolio. Management also provides the Board with assessments of the Company's strategic transaction partners, as well as risk management updates addressing the material business risks facing the Company and the extent to which these are being managed effectively. Management reported to the Board on this basis throughout the financial year ended 30 June 2014.

The Board also receives written certifications from the Managing Director and Chief Financial Officer which specifically addresses the Company's financial reporting processes. For the 2014 financial year, the Managing Director and Chief Financial Officer certified that:

> "The declaration provided in accordance with section 295A of the Corporations Act in respect of the Consolidated Financial Report for the year ended 30 June 2014 is founded on a sound system of risk management and internal control and the system is operating efficiently and effectively in all material respects in relation to financial reporting risks."

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Relevant policies and charters

- Remuneration and Nomination Committee Charter

As explained above, the Board has amalgamated the Remuneration Committee and the Nomination Committee, which is now referred to as the Remuneration and Nomination Committee (RNC). The committee assists the Board to develop a remuneration strategy that seeks to:

- maintain alignment with the short and long term interests of shareholders; and
- enable the Company to retain key staff with the requisite skills and experience to deliver the Company's strategy.

The Company's Remuneration and Nomination Policy was reviewed by the Board in the 2014 financial year to ensure alignment between the remuneration strategy, the Company's ability to pay and its intent to manage existing investments and realise those investments over the medium term. Remuneration arrangements are outlined in the Remuneration Report on pages 27 to 32.

The members, composition and role of the RNC and the Company's adherence to Principle 8 of the ASX Principles are detailed in Principle 2 on page 7.

The structure and details of the remuneration paid to directors and senior executives during the period are set out in the Remuneration Report on pages 27 to 32 of this Annual Report and Note 25 to the Financial Statements on pages 76 to 77 of this Annual Report.

Directors' Report

The Directors present their Report together with the Financial Statements of the Group comprising Keybridge Capital Limited (Keybridge or Company) and its subsidiaries, and the Group's interest in associates for the financial year ended 30 June 2014 and the Auditor's Report thereon.

DIRECTORS

The Directors of the Company during the year to 30 June 2014 and up to the date of this Report were as follows:

Non-executive Directors

Andrew Moffat (Appointed 7 March 2014 and Appointed Chairman 28 April 2014)
Bill Brown
Craig Coleman (Appointed 7 March 2014)
Robert Moran (Resigned 28 February 2014)
Peter Wood (Chairman) (Resigned 6 March 2014)

Executive Directors

Nicholas Bolton (Managing Director)
Antony Sormann (Appointed 6 March 2014)

PRINCIPAL ACTIVITIES

Keybridge is a financial services company that has invested in, or lent to, transactions backed by real assets, financial assets or cash flow. Its major asset classes are currently infrastructure, listed equity, private equity, property and lending.

DIVIDENDS – KEYBRIDGE CAPITAL LIMITED

For the period to 30 June 2014, the Directors determined not to declare any dividends payable to shareholders. The Directors will review the Group's capacity to recommence payment of dividends in future periods.

The Company is subject to the Australian corporate income tax rate of 30%.

REVIEW OF OPERATIONS AND RESULTS

Year in Review

FY14 was a year of transition for Keybridge. As the Company entered the year, the management team was largely focused on its program to continue realising assets while developing a new investment strategy for its cash, having repaid all of its outstanding corporate debt in the previous year.

The Company quickly completed the acquisition of PR Finance Group (PRFG) and sale of its Motor Finance Wizard business, which recovered over $10 million from a loan that was in default and considered at high risk of being uncollectable. Keybridge then placed the remaining PRFG business into Administration.

The Company also recovered $3 million from a loan to P&J Projects (P&J), which had previously been written off.

In November 2013, the Company received an unsolicited takeover bid from its then largest shareholder, Oceania Capital Partners (OCP). By March 2014, the Company had successfully defended the takeover bid which was significantly below Net Tangible Asset backing, and OCP had sold out of the Company.

As a consequence of the bid, Robert Moran and Peter Wood resigned as directors of the Company, and Keybridge welcomed a new Chairman, a new Non-executive Director and added a new Executive Director. Subsequent to these changes, the Company was finally in a position to recommence its plans to develop an active investment strategy and mandate aimed at maximising shareholder value over the long run.

Financial Results

For the year to 30 June 2014, the Group's net loss after tax attributable to ordinary shareholders was $2.9 million, compared with a loss of $3.8 million in the prior year. This represents a basic and diluted loss of 1.74 cents per share (2.21 cents per share loss in 2013).

The loss was largely a result of $1.4 million in one off legal and transaction costs which were incurred as a result of the Company's largely successful efforts to recover outstanding troubled loans to PRFG and P&J, as well as in defence of the takeover made by OCP. These costs have been categorised as operating costs, but they are not expected to continue at the same level in FY15.

	2014 $ million	2013 $ million
Income	1.9	5.9
Operating costs	(2.8)	(2.6)
Non-recurring costs	(1.4)	–
Borrowing costs	–	(1.3)
Operating profit before FX adjustments	(2.3)	2.0
Foreign exchange	0.1	2.0
Operating (loss)/profit after FX adjustments	(2.2)	4.0
Net impairments	(0.5)	(12.1)
Income tax (expense)/benefit	(0.2)	4.3
Net (loss) after tax	(2.9)	(3.8)

Income

The Company's Investment and interest income was lower in the twelve months to 30 June 2014 than in the prior period, predominantly as a result of Keybridge having realised its investment in Aircraft and no longer recognising interest income on its loan to PRFG .

Asset revaluations

During the year, the Group recognised $0.5 million of net impairment provisions across its portfolio, and consisted of:

- a reversal of a previous impairment of $3.0 million against the P&J's loan was achieved as a result of its successful $3.0 million recovery;

less:

- a $1.85 million provision against an equity investment in PRFG;
- a $1.5 million provision against the equity investment in its Spanish solar farm; and
- an impairment of $0.25 million against a loan provided to a small ASX-listed entity, which entered voluntary administration in the second half of the financial year.

Details of the impairments and other matters relevant to the state of affairs of the Group are set out below and in Note 16 of the Financial Statements.

Mark-to-Market valuations

There was also an unrealised mark-to-market loss in the value of listed shares of $0.5 million. The majority of this decrease was attributable to shares held in PTB Group (PTB) of $0.8 million. Trading in PTB is highly illiquid, and the mark-to-market does not necessarily represent underlying value for the Group's 19.1% at the time.

Foreign Exchange

Of the Group's total assets as at 30 June 2014, approximately 33% were denominated in either US Dollars or Euros, which were unhedged against movement in the value of the Australian Dollar.

The Australian Dollar appreciated by approximately 1.5% against the US Dollar and depreciated by 3.0% against the Euro in the twelve months to June 2014. This led to a net unrealised gain in the value of the Group's unhedged foreign currency assets. For the twelve months to 30 June 2014, the net impact of this exposure was a net gain of $0.1 million (2013: gain of $2.0 million).

Operating Expenses

Operating expenses were higher for the year at $4.2 million compared with $2.6 million in 2013. The increase was due to higher legal and professional costs of approximately $1.4 million associated with the acquisition of PRFG, the sale of Motor Finance Wizard, the recovery of the P&J Loan and the response to OCP's takeover bid for the Company.

Tax Assets

The Group continues to not recognise its deferred tax benefits as an asset due to the uncertainty of being able to utilise the benefits over time. Any movement in deferred tax benefits is recognised directly in the profit and loss and not on the balance sheet. At the time of reporting, the Company has retained revenue losses of approximately $200 million.

Statement of Financial Position

As at 30 June 2014, the Group's balance sheet can be simplified as follows:

	$ million
Investments	3.8
Non-core investments	19.0
Cash-on-hand	14.5
Other assets	0.3
Liabilities	(1.0)
Shareholders' funds	36.6

Shareholders' funds equates to net tangible assets of approximately 23.0 cents (net assets 23.1 cents) per ordinary share.

As at 30 June 2014 the value of the Company's investments by asset class was as follows:

	2013 $ million	2014 $ million	2014 % of total
Cash	13	15	39%
Infrastructure	8	7	19%
Listed Equity*	3	6	17%
Private Equity	5	5	14%
Property	2	2	6%
Lending	12	2	5%
Shipping	–	–	–
	43	37	100%

** 2013 Listed Equity includes the asset class of Aviation.*

In the twelve months to 30 June 2014, repayments were received from four transactions. The majority of the repayments came from the Lending asset class with the remainder from the Property asset class.

Description of Assets

As at 30 June 2014, the Group's investments totalled $37.3 million, split across the following asset classes:

Cash-on-hand

The Group held $14.53 million at 30 June 2014. During the year it held an average balance of approximately $17.4 million which earned an average 3.62% per annum for the period.

Infrastructure

In March 2008, Keybridge developed a 1.05MW solar photovoltaic electricity facility in southern Spain known as Totana. Although the plant has previously had some production issues that have been or are being rectified under warranty, the plant has been producing electricity in accordance with the original contract, and is generating regular income.

The original agreement with the Spanish government provided for a fixed feed-in tariff per kWh with partial CPI based increases, which was significantly above market electricity rates. In December 2010 the Spanish government placed a cap on the volumes able to receive this subsidised tariff.

More recently, the Spanish government legislated additional changes to the revenue structure of all solar photovoltaic electricity, which the Company expects will further reduce the revenues that Keybridge is generating from its Totana plant. The legislation has not yet been ratified, and is currently being challenged by major industry players, but Keybridge decided during the year to recognise an impairment of $1.5 million against its carrying value of the investment on the basis of the likely new revenue streams, once the legislation comes into effect.

Keybridge is continuing to actively seek a buyer for this investment as it is no longer considered a core asset.

Listed Equity

The Company has grown its Listed Equity investments from 7% of the portfolio at June 2013 to 16% at June 2014. The majority of investments have been small stakes in shares in ASX-listed entities, with the two substantial holdings being:

- A 19.1% investment in PTB Group Limited (PTB), which is a turbo prop aircraft parts and services supply organisation with operations in Queensland and New South Wales. This investment is marked-to-market at each balance date, which, as at 30 June 2014, resulted in a decline in value of $0.8 million from 30 June 2013.
- A 19.85% investment in Aurora Funds Limited (AFV). Keybridge initially purchased 548,000 shares or 5% of the paid up capital in August 2013 and increased its holding to 2.2 million shares during the year.

Private Equity

Keybridge holds a limited recourse loan to RPE1 Investor LLC, a Colorado USA limited liability company, which holds units in a Private Equity Fund. This loan accrues interest at 14.5% per annum and has a maturity date of 31 December 2017. Keybridge's loan of USD4.8 million is secured by Republic Limited Partnership Capital's interest in the Private Equity Fund. The Limited Partnerships interest in the Fund was valued at USD23.2 million as at 30 June 2014. Keybridge holds security over a 50% of the Limited Partners interest valued at approximately USD11.6 million.

Keybridge received no repayments from its Private Equity investment during the twelve months to 30 June 2014 and accrued $0.4 million in income.

Property

P&J: In 2007 and 2008, Keybridge invested $5.95 million in mezzanine loans against a residential and retail property development located in inner Sydney. These loans are currently in default and accumulating interest such that the current face value of the loans outstanding is approximately $9.3 million. The Company had previously written off these loans, however, in February 2014, Keybridge was repaid approximately $3.0 million as partial repayment.

Keybridge is currently pursuing legal action against the borrowers for the balance of the remaining loan and there may be further recovery from this asset in due course, however the Company continues to carry the value at nil.

AMW: The Company provided a loan to a fund run by Ashe Morgan Winthrop, which invested in first ranking mortgage loans over commercial properties. Keybridge is currently the sole lender to a portfolio with three loans still outstanding, Two of the loans relate to a property in the Sydney suburb of Manly, which have been in Receivership since June 2009. Legal action against the original valuer is being actively pursued. This portfolio is currently being carried at a value of $2.2 million and is generating some income

In May 2014, Keybridge purchased units in a high yielding fund, which provided a bridging loan against a Sydney residential property. The investment is short term and is carried at $310,000.

Lending

Keybridge achieved a significant result this financial year by being repaid $10.5 million of a $11.7 million write down value loan to PRFG. This was accomplished by first acquiring all the shares in PRFG via a Scheme of Arrangement in August 2013 and then selling its Motor Finance Wizard business in September 2013.

In October 2013, Keybridge appointed an Administrator to PRFG and its subsidiaries after Australian Securities and Investments Commission (ASIC) issued a letter to AMX Money (AMX), a wholly-owned subsidiary of PRFG, expressing concerns that AMX may be breaching National Consumer Credit Laws and should immediately cease activity that may contravene these laws.

With the appointment of an Administrator, Keybridge was no longer required to consolidate the financial results of PRFG and therefore Keybridge has removed the assets and liabilities from the Statement of Financial Position for the twelve months to 30 June 2014. As previously noted, an impairment of $1.85 million was applied to the carrying value of Keybridge's equity investment in PRFG.

At the beginning of the financial year, Keybridge was carrying the PRFG loan at a written down value of $11.7 million. After repayments during the year of $10.5 million, the Company has $1.2 million remaining on the Balance Sheet at 30 June 2014 which was expected to be recovered via the sale of the underlying assets in AMX agreed to by the Administrator prior to year end.

Since December 2013, Keybridge has provided new loans into four separate investments to the value of $650,000. These investments are either highly liquid or short term in nature.

Shipping

As at 30 June 2013, Keybridge held an effective 48.5% investment in Oceanic Shipping Company 8 Limited (Oceanic Shipping). Oceanic Shipping owned three shipping vessels which were previously chartered to Honglam. On termination of the Honglam charter, Oceanic Shipping commenced operating the vessels and required further working capital from shareholders to continue to operate. The other significant shareholder in Oceanic Shipping declined to participate and offered to sell their 48.5% interest in Oceanic Shipping to Keybridge for USD1,000.

This was an opportunity for Keybridge to increase its share in Oceanic Shipping and be exposed to a greater share of any upside in the future disposal of the three vessels. On 1 July 2013, Keybridge acquired the additional 48.5% of the equity it did not already own in Oceanic Shipping. As a result of the acquisition of the additional shares and the control it possessed, Keybridge was required to consolidate the financial results of Oceanic Shipping for the six months to 31 December 2013.

The three vessels were sold in February 2014 and Keybridge sold its shares in Oceanic Shipping and is no longer required to consolidate the financial results. Keybridge booked fees of $300,000 and a small profit of $23,000 related to this transaction.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Keybridge announced in November 2013 that it had instigated a buy-back program to enable the Company to purchase up to 17.457 million shares of its shares on issue. The price paid for shares under the buy-back is in accordance with the ASX Listing Rules and is at a discount to internally calculated NTA. This buy-back was an opportunity for Keybridge to repurchase its own shares which have traded at discounts to NTA whilst also providing improved liquidity for shareholders who may wish to exit their investments. As at 30 June 2014 the Company has purchased 15,877,054 shares.

Events Subsequent to Reporting Date

Subsequent to balance date, the Company issued a loan on 1 July 2014 of up to $3.3 million to provide an entity to purchase the underlying assets and the loan receivables book of AMX from the Administrator of PRFG. It is forecast that approximately half of the loan issued will be repaid by October 2014.

On 1 July 2014, the Company divested all its shares held in Australian Finance Direct (AFD). AFD was acquired during the year to ensure recoverabilty of its loan to PRFG. The subsidiary was sold for its carrying value of its net assets as at 30 June 2014.

There are no other matters which significantly affected or may significantly affect the operations of the Group, the results of the operations, or the state of affairs of the Group in future financial periods, other than that included in this report under the review of operations and results.

Other than above, no other significant changes have occurred during the twelve months to 30 June 2014.

Outlook

Keybridge continues to seek a significant investment or investments that will transform the Company's future. The Company will also maintain its program of selling off its legacy assets with a view to maximising shareholder value.

Management is currently investigating various opportunities as they become available. Shareholders will be kept informed as this strategy develops.

ENVIRONMENTAL REGULATION

The operations of the consolidated entity are not subject to any particular or significant environmental regulation under Commonwealth, State or Territory Law.

INFORMATION ON DIRECTORS

Andrew Moffat

B.Bus, Curtin University, Perth

Experience and expertise

Appointed Non-executive Director of Keybridge Capital Limited on 7 March 2014 and became Chairman on 28 April 2014.

Andrew has in excess of 20 years of corporate and investment banking experience and is the principal of Cowoso Capital Pty Ltd, a company providing strategic corporate advisory services.

Prior to establishing Cowoso Capital Pty Ltd, Andrew was a Director of Equity Capital Markets & Advisory for BNP Paribas Equities (Australia) Limited where he took principal responsibility for mergers and acquisition advisory services and a range of equity capital raising mandates.

Other current directorships in publicly listed companies

Pacific Star Network Limited
Rubik Financial Limited
360 Capital Group Limited
CCK Financial Solutions Limited

Former directorships in last three years in publicly listed companies

Nil

Special responsibilities

Chairman of Keybridge Capital Limited
Member of the Audit, Finance and Risk Committee
Member of the Remuneration and Nomination Committee

Interests in shares and options

2,940,000 Indirect

Nicholas Bolton

Experience and expertise

Appointed Non-executive Director of Keybridge Capital Limited in December 2011, resigned on 9 October 2012, reappointed Non-executive Director on 2 January 2013 and appointed Managing Director on 22 February 2013.

Nicholas Bolton is a director of Australian Style Group Pty Ltd, a 21.89% shareholder of Keybridge. Over the past 12 years, Nicholas has managed operational investments in the IT sector, invested in and led activist investments in a number of ASX-listed entities, as well as a number of risk arbitrage transactions focused on share class arbitrage, relative value and sum of parts analysis.

Nicholas is focused on delivering superior risk adjusted returns through active management and innovative solutions to challenging issues.

Other current directorships in publicly listed companies

Nil

Former directorships in last three years in publicly listed companies

Nil

Special responsibilities

Managing Director of Keybridge Capital Limited

Interests in shares and options

36,044,842 Indirect

Bill Brown

B.Ec, ANU, LLB, University of Melbourne

Experience and expertise

Appointed Independent Non-executive Director of Keybridge Capital Limited on 9 October 2012.

Bill Brown has over 30 years experience as a commercial lawyer and senior executive in both private practice and in-house legal and management roles. Bill's areas of expertise include mergers and acquisitions, corporate governance and regulated industries.

Bill is currently the principal of Orange Advisory Pty Ltd, a company providing corporate governance and strategic advisory services, and the independent member of Crown Resorts Limited's Gaming Compliance Committee. In prior roles, he was a partner/principal in two Melbourne/Sydney law firms and the group legal and regulatory manager in one of Australia's largest ASX listed gaming companies.

Other current directorships in publicly listed companies

Nil

Former directorships in last three years in publicly listed companies

Nil

Special responsibilities

Chairman of the Audit, Finance and Risk Committee
Member of the Remuneration and Nomination Committee

Interests in shares and options

170,000 Indirect

Craig Coleman

B.Com, University of Western Australia

Experience and expertise

Appointed Non-executive Director of Keybridge Capital Limited on 7 March 2014.

Craig is Executive Chairman of Viburnum Funds Pty Ltd and a Non-executive Director of family investment company Wyllie Group. Wyllie Funds Management is a 15.98% shareholder in Keybridge. He is a former Managing Director of public listed Home Building Society Limited and prior to this role, Craig held a number of senior executive positions and directorships with ANZ including Managing Director Banking Products, Managing Director Wealth Management and Non-executive Director of E-Trade Australia Limited.

Other current directorships in publicly listed companies

Bell Financial Group Ltd
Amcom Telecommunications Ltd
Pulse Health Group Ltd
Rubik Financial Ltd

Former directorships in last three years in publicly listed companies

Lonestar Resources Ltd

Special responsibilities

Member of the Audit, Finance and Risk Committee
Chairman of the Remuneration and Nomination Committee

Interests in shares and options

2,940,000

Antony Sormann

B.Law, B.Ec. Monash University, Melbourne

Experience and expertise

Appointed Non-executive Director of Keybridge Capital Limited on 6 March 2014.

Antony has over 18 years experience in investment banking and legal advisory services, including nine years as a director of SLM Corporate Pty Ltd and six years working in the investment banking division of N.M. Rothschild & Sons (Australia) Limited of which two years were as an executive in the Rothschild Group's New York office.

Antony recently established Nero Capital Pty Ltd to provide strategic and corporate advisory services and has been working closely with Keybridge on its asset realisation program and new investment mandate throughout the last year.

Other current directorships in publicly listed companies

Nil

Former directorships in last three years in publicly listed companies

Nil

Special responsibilities

Nil

Interests in shares and options

1,200,000 Indirect

COMPANY SECRETARY

The Company Secretary is Adrian Martin. Adrian is a Certified Practicing Accountant and holds a B.Com from University of Western Sydney and a Masters of Business Administration from Deakin University. Adrian was appointed to the position of Company Secretary on 1 April 2010. He also holds the position of Chief Financial Officer. Prior to joining Keybridge in 2007, Adrian held Senior Finance positions in a structured finance and investment company.

INDEMNITIES AND INSURANCE

In addition to the amounts disclosed for remuneration of Directors and key management, Keybridge pays a premium each year in respect of Directors' and Officers' insurance. In accordance with normal commercial practice, disclosure of the premium payable under, and the nature of the liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

MEETINGS OF DIRECTORS

In addition to scheduled meetings of the Board, the Company has an Audit, Finance and Risk Committee, and had a separate Remuneration Committee and Nomination Committee up until 27 March 2014 when the two committees amalgamated to form the Remuneration and Nomination Committee. The numbers of meetings of the Board of Directors and of each Committee held during the year ended 30 June 2014, and the numbers of meetings attended by each Director were as follows:

	Board		Audit, Finance and Risk Committee		Remuneration Committee^		Nomination Committee^		Remuneration & Nomination Committee^^	
	A	B	A	B	A	B	A	B	A	B
Director										
Nicholas Bolton	21	21	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bill Brown	21	21	4	4	2	2	–	–	–	–
Craig Coleman*	2	2	1	1	–	–	–	–	–	–
Andrew Moffat**	2	2	1	1	–	–	–	–	–	–
Robert Moran***	15	15	3	3	2	2	–	–	N/A	N/A
Antony Sormann+	2	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Peter Wood++	19	19	3	3	2	2	–	–	N/A	N/A

^ To 27 March 2014. ^ ^ From 28 March 2014.

A – Number of meetings held during the time the director held office during the period.
B – Number of meetings attended.

** From 7 March 2014. ** From 7 March 2014 and Chairman from 28 April 2014. *** To 28 February 2014. + From 6 March 2014.*
++ To 6 March 2014.

REMUNERATION REPORT (AUDITED)

This Remuneration Report comprises five sections as follows:

1. Organisational context.
2. Summary of Directors and senior executives.
3. Principles of Keybridge's approach to remuneration.
4. Trading in Company securities.
5. Details of Directors' and senior executives' remuneration.

This Remuneration Report has been prepared for the Group for the year ended 30 June 2014 in accordance with section 300A of the Corporations Act, and associated regulations. The Remuneration Report has been audited by the Group's auditor as required by section 308(3C) of the Corporations Act.

1. Organisational context – Audited

1.1 Business performance

A summary of the Group's business performance, as measured by a range of financial indicators, is outlined in the table below. For further discussion on financial performance, refer to the Review of Operations and Results in the Directors' Report on pages 18 to 23.

In considering the Group's performance and benefits for shareholder value, the Remuneration and Nomination Committee has regard to the following indices in respect of the current financial year and the previous five financial years:

	2014	2013	2012	2011	2010
Profit/(loss) before net financing cost/income impairment, depreciation and amortisation and income tax (A$'000)	(2.2)	4.5	15.9	(31.5)	(7.8)
Profit/(loss) after impairment expenses before net financing cost /income and income tax (A$'000)	(2.7)	(7.6)	4.4	(47.6)	(33.3)
(Loss)/profit for the year attributable to members of Keybridge (A$'000)	(2.9)	(3.8)	(3.2)	(34.0)	(49.9)
Share price at year end (A$)	0.185	0.14	0.12	0.075	0.084
Basic (loss)/earnings per share (cents)	(1.74)	(2.21)	(1.87)	(19.78)	(29.02)
Dividends paid per share (cents)	–	–	–	–	–
Debt facility repayments	–	38.8	65.7	25.6	58.7

As a consequence of the difficult market conditions experienced by the Group for the financial years 2010–2014 the Group revised its measurement requirements for key management personnel. Compensation encapsulates not only performance, but also the management of the remaining assets. Over this period, management reduced its net impairments from $25.4 million (2010) to $0.5 million (2014).

1.2 Remuneration at Keybridge

The Group implemented remuneration arrangements for executives comprising fixed remuneration, short-term discretionary incentives and a Director and Employee Share Scheme, which was to act as an equity-based incentive scheme.

The Company's current remuneration policy is that all staff are remunerated on a market-based Base Salary and any STI or LTI is solely at the discretion of the Board. The Company is reviewing this policy in context of considering a future strategy for the Company. This may necessitate new remuneration arrangements for key management personnel.

2. Summary of Directors and senior executives – Audited

2.1 Directors

As at 30 June 2014 the Directors of the Company were:

- Andrew Moffat, Chairman.
- Nicholas Bolton, Managing Director.
- Bill Brown, Non-executive Director.
- Craig Coleman, Non-executive Director.
- Antony Sormann, Executive Director.

There have been no appointments to the Board between the balance date and the date of this Report.

2.2 Senior executives

The following persons were senior executives of the Group during the 2014 financial year:

- Nicholas Bolton, Managing Director.
- Antony Sormann, Executive Director (from 6 March 2014).
- Adrian Martin, Company Secretary.

3. Principles of Keybridge's approach to remuneration – Audited

3.1 Overview of strategy and remuneration policy

Keybridge's approach to remuneration reflects a balance between the need to motivate, attract and retain key employees and the need to be economical in managing operating expenses.

The Group's Remuneration and Nomination Policy for the year to 30 June 2014 was structured to incorporate fixed fees for the Chairman, Non-executive Directors, Managing Director and Executive Director and fixed and discretionary potential bonus elements for executives, including the Managing Director. Any bonuses are solely at the discretion of the Board.

	Chairman, Non-executive Directors and Executive Director	Senior executives, including the Managing Director
Fixed remuneration		
Fees	Yes	No
Salary	No	Yes
Superannuation	Yes [(a)]	Yes
Other benefits	Yes [(b)]	Yes [(b)]
Performance-based remuneration		
Short-term incentive and retention payments	No	No [(c)]
Long-term incentive and retention share-based payments	No	No [(c)]
Termination benefits	No	Yes

(a) The Chairman, Non-executive Directors, Managing Director and Executive Director have the right to elect to salary sacrifice a portion of their fees towards superannuation payments. (b) Other benefits include car parking and travel costs and costs associated with services related to employment (inclusive of applicable Fringe Benefits Tax). (c) Not active at present.

Each of these elements of remuneration is explained in further detail in the sections below.

3.2 Chairman and Non-executive Directors

Fees and other benefits

The Chairman's fee is $80,000 per annum (plus statutory superannuation) and the Non-executive Directors' annual fee is $60,000 (plus statutory superannuation or GST). There are no additional fees for chairing or being a member of a committee. The fees to the Chairman and Non-executive Directors were recommended by the Remuneration Committee and set by the Board within a maximum aggregate annual amount of $525,000 (being the amount approved at the Annual General Meeting on 28 November 2007). The aggregate amount of fees paid in the 2014 financial year was $264,266 (2013: $199,480).

Board members are also entitled to be reimbursed for expenses properly incurred by them in attending any meeting or otherwise in connection with the business or affairs of the Group, in accordance with the Company's Constitution.

The Chairman and Non-executive Directors do not receive retirement allowances, bonuses or other performance-based incentive payments, and are not participants in any employee share scheme.

The structure and quantum of fees are reviewed annually and determined by the Board, after taking into account market practices for appropriate comparable roles. The Board also considers the time commitments being devoted by Keybridge's relatively small board, as well as the level of remuneration required to attract and retain directors of an appropriate calibre.

3.3 Executive remuneration

Keybridge's remuneration has been structured to be market competitive and to retain and motivate a small team of employees capable of delivering the Group's business objectives. Total remuneration for executives has historically consisted of a mix of 'fixed' and 'performance-based' elements however for the 2014 financial year there were no 'performance-based' elements of remuneration.

3.3.1 Fixed remuneration

The fixed element provides a regular base remuneration that reflects the applied professional competence of each executive according to his/her knowledge, experience and accountabilities. Executives' fixed remuneration comprises salary and may comprise other benefits (including statutory superannuation contributions) that may be taken in an agreed form, including cash, leased motor vehicles and additional superannuation, provided no extra cost is incurred by the Group.

3.3.2 Performance-based reward

The Company presently has no formal performance-linked incentive arrangements. Any bonus in addition to base remuneration is determined solely at the discretion of the Board.

Employment conditions, including basic remuneration entitlements, for the Group's senior executives are formalised in service agreements. Key features are shown in the following table:

Name	Term of contract	Notice period by either party	Termination benefit*
Managing Director, Nicholas Bolton	No fixed term	3 months by employee	3 months of current base annual salary
Executive Director[(a)] Antony Sormann	No fixed term	3 months by employee	3 months of current base annual salary
Company Secretary, Adrian Martin	No fixed term	3 months	6 months of current base annual salary

(a) Terms are yet to be finalised. ** A termination benefit is not payable in the case of dismissal.*

4. Trading in Company securities – Audited

4.1 Securities Trading Policy

Keybridge's Securities Trading Policy sets out the Company's position regarding dealing in the Group's securities. The Policy states:

- Directors, senior executives and other employees may deal in Company Securities only during the nominated periods set out in the Policy;
- clearance must be obtained from an approving officer prior to trading in the Company's securities; and
- notification of any share trading must be made in accordance with the Policy.

4.2 Hedging of Company securities

Keybridge's Securities Trading Policy sets out the Group's position regarding hedging of vested and unvested Keybridge securities. The policy provides that:

- Directors and senior executives are prohibited from entering into hedging transactions in relation to securities that have not yet vested, or that are held subject to a holding lock or restriction on dealing under an employee share plan operated by the Company;
- clearance must be obtained from an approving officer prior to entering into a hedging transaction in relation to vested securities; and
- notification of any hedging transaction must be made in accordance with the Policy.

Any breach of the Securities Trading Policy is reported to the AFRC and the Board. A breach of the Policy by an employee may lead to disciplinary action, including dismissal in serious cases. It may also be a breach of law.

The Company Secretary or approving officer notifies all Directors and employees when a nominated period is available for dealing in the Company's securities and, when doing so, underlines the need for Directors and employees to refer to the terms of the Securities Trading Policy before undertaking any such dealings.

Further details are included on page 12 of this Annual Report.

5. Details of Directors' and senior executives' remuneration – Audited

5.1 Total remuneration paid or payable to Non-executive Directors

Total remuneration received by the Chairman and Non-executive Directors in the 2014 financial year was $264,266 (2013: $199,480). Payments and non-monetary benefits received by the Chairman and Non-executive Directors individually are set out in the following table:

	Short-term employee benefits	Post-employment benefits	
	Cash fees $	Company contributions to superannuation $	Total $
Chairman			
Andrew Moffat [(a)]			
2014	20,000	1,850	21,850
Peter Wood [(b)]			
2014^	94,027	8,698	102,725
2013	80,000	7,200	87,200
Non-executive Directors			
Nicholas Bolton [(c)]			
2013	31,808	2,863	34,671
Bill Brown			
2014^	76,250	7,053	83,303
2013	43,644	3,965	47,609
Robert Moran [(d)]			
2014	40,000	–	40,000
2013	30,000	–	30,000
Craig Coleman [(e)]			
2014	15,000	1,388	16,388
Total Chairman and Non-executive Directors			
2014	245,277	18,989	264,266
2013	185,452	14,028	199,480

(a) Appointed 7 March 2013 and Chairman 28 April 2014. (b) Resigned 6 March 2014. (c) Resigned 9 October 2012; reappointed 2 January 2013. (d) Resigned 28 February 2014 (fees paid to Robert Moran's employer). (e) Appointed 7 March 2014.

^ Additional services provided to the Takeovers Sub-committee which were agreed that the services performed were outside the normal directors' duties.

5.1.1 Share-based payments to Non-executive Directors

No shares have been granted to the Chairman and Non-executive Directors for the 2014 financial year. Neither the Chairman nor any Non-executive Directors are a participant in any share scheme conducted by Keybridge.

5.2 Total remuneration paid or payable to senior executives

The following table itemises the total remuneration cost recorded for senior executives, including for the current Managing Director and Executive Director:

	Short-term employee benefits			Post-employment benefits				
	Cash salary $	Short term Incentive cash bonus $	Non-monetary $	Company contributions to superannuation $	Share-based payments $	Total $	Proportion of remuneration performance related %	Value of shares as a proportion remuneration %
Senior executives								
*Nicholas Bolton, Managing Director**								
2014	424,225	80,000	–	17,775	–	522,000	15%	–
2013	155,648	–	–	8,580	–	164,228	–	–
*Antony Sormann, Executive Director** ^*								
2014	107,000	–	–	–	–	107,000	–	–
*Mark Worrall, former Managing Director****								
2013	291,560	–	–	12,353	–	303,913	–	–
Adrian Martin, Company Secretary								
2014	203,530	60,000	–	17,775	–	281,305	21%	
2013	203,530	–	–	16,470	–	220,000	–	–
Totals								
2014	734,755	140,000	–	35,550	–	910,305	–	–
2013	650,738	–	–	37,403	–	688,141	–	–

** Appointed 22 February 2013. ** Appointed 6 March 2014. *** Resigned 22 February 2013. ^ Fees paid are included in professional fees. Refer Note 25(c).*

Employee Equity Plan for 2014 financial year

There was no equity plan for the year ended 30 June 2014.

NON-AUDIT SERVICES

The Company may decide to employ its auditor (KPMG) on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group and/or the consolidated entity are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The Board has considered the position and, in accordance with the advice received from the AFRC, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001*.

A copy of the Lead Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 34 and forms part of this Report.

During the year to 30 June 2014 the following fees were paid to the auditor of the Group, its related practices and non-related audit firms:

	2014 $	2013 $
KPMG		
Audit and review of financial reports	153,500	132,000
Regulatory audits	5,000	5,000
Tax services	79,091	100,901
	237,591	237,901

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and, in accordance with that Class Order, amounts in the Financial Report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This Report is made in accordance with a Resolution of Directors.

Andrew Moffat
Chairman

Sydney, 27 August 2014

Lead Auditor's Independence Declaration

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Keybridge Capital Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Madeleine Mattera

Partner

Sydney

27 August 2014

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Revenue and income			
Fees		348	111
Interest income	8	1,953	3,740
Net unrealised gain/(loss) on other investments		(497)	1,064
Net realised gain/(loss) on disposal of investments		44	(528)
Dividend received		2	297
Other income		35	1,295
Operating income		1,886	5,978
Expenses			
Net impairment expenses	23	(549)	(12,138)
Unrealised gain on revaluation of foreign currency assets		116	1,685
Realised net foreign currency gain/(loss) on foreign currency assets		(35)	(528)
Administration expenses		(441)	(335)
Employment costs	9	(988)	(828)
Legal and professional fees	10	(2,476)	(1,192)
Other expenses		(303)	(288)
Results from operating activities		(2,790)	(7,647)
Unrealised foreign exchange gain/(loss) on foreign currency borrowings		–	808
Finance costs		(1)	(1,313)
Net finance (costs)		(1)	(505)
Loss before income tax		(2,791)	(8,152)
Income tax (expense)/benefit	11	(151)	4,357
Loss for the period		(2,942)	(3,794)
Acquired operation			
Bargain purchase gain (net of tax)	26	7,514	–
Discontinued operation			
Loss from discontinued operation (net of tax)	6	(7,491)	–
Loss for the period		(2,919)	(3,794)
Loss attributable to:			
Owners of the Company		(2,681)	–
Non-controlling interests		(238)	–
Loss for the period		(2,919)	(3,794)
Other comprehensive income, net of income tax			
Other comprehensive income for the period, net of income tax		–	–
Total comprehensive loss for the period, net of income tax		(2,919)	(3,794)
		Cents	Cents
Basic loss (cents per share)		(1.74)	(2.21)
Diluted loss (cents per share)		(1.74)	(2.21)

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Share capital	Retained (losses) $'000	Profit reserve $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2013	260,651	(218,609)	–	42,042	–	42,042
Total comprehensive income for the period						
Loss for the period	–	(2,681)	–	(2,681)	(238)	(2,919)
Other comprehensive income						
Total comprehensive income for the period	–	(2,681)	–	(2,681)	(238)	(2,919)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Issue of ordinary shares related to business combinations	500	–	–	500	–	500
Acquisition of Company own shares via on-market buy-back	(3,033)	–	–	(3,033)	–	(3,033)
Changes in ownership interest in subsidiaries						
Acquisition of subsidiary with non-controlling interests	–	–	–	–	(14)	(14)
Disposal of subsidiary with non-controlling interests	–	(238)	–	(238)	252	14
Reserves transferred	–	–	–	–	–	–
Total transactions with owners of the Company	(2,533)	(238)	–	(2,771)	238	(2,533)
Balance at 30 June 2014	258,118	(221,528)	–	36,590	–	36,590

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

For the year ended 30 June 2013

	Share capital	Retained (losses) $'000	Profit reserve $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2012	260,651	(214,816)	–	45,835	–	45,835
Total comprehensive income for the period						
Loss for the period	–	(3,794)	–	(3,794)	–	(3,794)
Other comprehensive income						
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–	–	–	–
Net change in fair value of cash flow hedges transferred to profit and loss, net of tax	–	–	–	–	–	–
Total other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the period	–	(3,794)	–	(3,794)	–	(3,794)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Share-based payments	–	–	–	–	–	–
Unearned share based payments transferred to profit and loss	–	–	–	–	–	–
Reserves transferred	–	–	–	–	–	–
Balance at 30 June 2013	260,651	(218,609)	–	42,042	–	42,042

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Cash and cash equivalents	13(a)	14,535	12,551
Trading and other receivables		68	31
Loans and Receivables – net	16	1,402	11,874
Financial assets at fair value through profit or loss	17	6,364	2,700
Assets held-for-sale	7	100	–
Goodwill	15	25	–
Other assets including derivatives		51	62
Total current assets		22,545	27,218
Loans and Receivables – net	16	14,913	15,238
Trading and other receivables		143	–
Property, plant and equipment	14	4	29
Total non-current assets		15,060	15,267
Total assets		37,605	42,485
Financial liabilities at fair value through profit or loss	17	301	–
Payables	19	714	443
Total current liabilities		1,015	443
Total liabilities		1,015	443
Net assets		36,590	42,042
Equity			
Share capital	20	258,118	260,651
Reserves		–	–
Retained earnings/(losses)		(221,528)	(218,609)
Total equity attributable to equity holders of the Company		36,590	42,042

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Fees received		320	26
Interest received		929	3,450
Receipts from customers		2,988	–
Shipping charter income		6,612	–
Shipping direct costs		(9,391)	–
Shipping trade receivables		3,552	–
Shipping trade payables		(3,304)	–
Payments to suppliers and employees		(9,000)	(2,351)
Interest payment		(1,374)	(1,309)
Realised cash from foreign exchange		50	–
Realised cash from sale of investments (AFS)		14	–
Income tax (paid)/received		(153)	4,357
Other income		35	1,219
Net cash from operating activities	13(b)	(8,721)	5,392
Cash flows from investing activities			
Loans and Receivables, advances and acquisitions of other instruments		(7,038)	(1,715)
Dividends received		2	–
Proceeds from sale of Motor Vehicle Division		52,500	–
Proceeds from sale of Shipping Vessels		18,224	–
Disposal of discontinued operations, net of cash disposed of		(986)	–
Acquisition of subsidiary, net of cash acquired		832	–
Proceeds from sale/repayments of loan and receivables		14,939	43,710
Net cash from investing activities		78,472	41,995
Cash flow from financing activities			
Repurchase of Company own shares (market buy-back)		(3,123)	–
Repayment of loans and borrowings		(64,716)	(38,005)
Net cash from/(used) financing activities		(67,839)	(38,005)
Net increase/(decrease) in cash and cash equivalents		1,913	9,383
Cash and cash equivalents at 1 July		12,551	2,522
Effect of exchange rate fluctuations on cash held		71	647
Cash and cash equivalents at 30 June	13(a)	14,535	12,551

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

For the year ended 30 June 2014

1. REPORTING ENTITY

Keybridge Capital Limited (referred to as Keybridge, the Company) is a company incorporated and domiciled in Australia. The Consolidated Financial Statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates and jointly controlled entities. The Company is a for-profit entity and primarily involved as a financial services company that has invested in, or lent to, transactions backed by real assets, financial assets or cash flow.

The consolidated annual Financial Statements as at and for the year ended 30 June 2014 are available upon request from the Company's registered office at Level 26, 259 George Street, Sydney NSW 2000 or at www.keybridge.com.au.

2. BASIS OF PREPARATION

(a) Statement of compliance

The Consolidated Financial Statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Consolidated Financial Statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB). The Consolidated Financial Statements were approved by the Board of Directors on 27 August 2014.

(b) Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for 'other investments' which is measured at fair value. The methods used to measure fair values are discussed further in Note 4.

(c) Functional and presentation currency

These Consolidated Financial Statements are presented in Australian Dollars, which is the Company's functional currency and the functional currency for the entire Group.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian Dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of Consolidated Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about 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:

- Note 6 – Discontinued operation.
- Note 12 – Deferred tax assets and liabilities.
- Note 15 – Intangible assets and goodwill.
- Note 16 – Loans and receivables.
- Note 26 – Acquisition of subsidiary and non-controlling interests.

(e) Changes in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013:

- AASB 10 Consolidated Financial Statements (2011) (see (i)).
- AASB 11 Joint Arrangements (see (ii)).
- AASB 12 Disclosure of Interests in Other Entities (see (iii)).
- AASB 13 Fair Value Measurement (see (iv)).

The nature and the effect of the changes are further explained below.

2. BASIS OF PREPARATION *(continued)*

(i) Subsidiaries

As a result of AASB 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. AASB 10 (2011) introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, AASB 10 (2011) requires the Group consolidate investees that it controls on the basis of de facto circumstances.

In accordance with the transitional provisions of AASB 10 (2011), the Group reassessed the control conclusion for its investees at 1 July 2013. There have been no impacts to the recognised assets, liabilities and comprehensive income of the Group.

(ii) Joint arrangements

As a result of AASB 11, the Group has changed its accounting policy for its interests in joint arrangements. Under AASB 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its only joint arrangement and has reclassified the investment from jointly controlled entity to joint venture. Notwithstanding the reclassification, the investment continues to be accounted for using the equity method; accordingly, there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

(iii) Disclosure of interests in other entities

As a result of AASB 12, the Group has expanded its disclosures about its interests in subsidiaries (see Notes 26 and 27) and equity-accounted investees (see Note 18).

(iv) Fair value measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 Financial Instruments: Disclosures. Accordingly, the Group has included additional disclosures in this regard (see Note 15).

In accordance with the transitional provisions of AASB 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

(f) Segment information

The amendment to AASB 134 clarifies that the Group needs to disclose the measures of total assets and liabilities for a particular reportable segment only if the amounts are regularly provided to the Group's chief operating decision maker, and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. As a result of this amendment, the Group has included additional disclosure of segment assets (see Note 5).

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements and have been applied consistently by the Group entities, except as explained in Note 2(e), which address changes in accounting policies.

(a) Basis of consolidation

(i) Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see (a)(ii)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see (g)(i)). Any gain on a bargain purchase is recognised in

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (see (d)).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 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 over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related Non-Controlling Interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Investments in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the Consolidated Financial Statements include the Group's share of the profit or loss and Other Comprehensive Income (OCI) of equity-accounted investees, until the date on which significant influence or joint control ceases.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

(c) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign currency losses on foreign assets are recognised as an expense in the Consolidated Statement of Comprehensive Income.

(d) Financial instruments

(i) Non-derivative financial instruments

The Group initially recognises Loans and Receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: Financial assets at fair value through profit or loss and Loans and Receivables.

Cash and cash equivalents comprise cash balances, call deposits and short term deposits.

Accounting for interest income and borrowings costs is discussed in Notes 3(i) and 3(j).

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy, which is presently being developed. Attributable transaction costs are recognised in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

Changes in the fair value of financial assets at fair value through profit and loss are recognised in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition Loans and Receivables are measured using the effective interest method, less any impairment losses. The collectability of debts is assessed at reporting date and where required specific provision is made for any doubtful debts or on a collective basis for a portfolio of loans considered collectively impaired. Refer to Note 3(e).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Loan write-offs

Loans (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery of these amounts and, for collateralised loans, when the proceeds from the realisation of security have been received.

Other financial liabilities

The Group initially recognises other financial liabilities on the date that they are originated, which is the date the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group classified 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 using the effective interest rate method.

Other financial liabilities comprise loans and borrowings and trade payables.

(ii) Derivative financial instruments

The Group may hold derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Hedge effectiveness testing

To qualify for hedge accounting the Group requires that at the inception of the hedge and throughout its life, each hedge must be expected to be highly effective (prospective effectiveness). Actual effectiveness (retrospective testing) must also be demonstrated on an ongoing basis.

The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed. The method the Group adopts for assessing hedge effectiveness will depend on its risk management strategy.

For prospective effectiveness, the hedging instrument must be expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated. For actual effectiveness, the changes in fair value or cash flows must offset each other in the range of 80% to 125% for the hedge to be deemed effective. This method is currently only performed for foreign currency hedges. Hedges used for interest rate swaps are tested for effectiveness using the Hypothetical Derivative Method.

Hedge ineffectiveness, if any, is recognised in the income statement in net foreign currency gains or losses.

Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax effects.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased and cancelled, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity.

When the Group repurchases shares to provide shares to employees under the Employee Equity Plan, when the shares are assigned to employees the cost of these shares are transferred to the share-based payment reserve.

(e) Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Group considers evidence of impairment for Loans and Receivables at a specific asset level. All Loans and Receivables are assessed for specific impairment.

Future cash flows for Loans and Receivables in the infrastructure segment has taken into account longer term market indicators, such as future energy prices. The reason for the longer term market indicators being used is due to the fact that financial assets are not expected to be realised over the short term. Individually significant financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within 'other income' in profit or loss.

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

- Leasehold improvements: 13 years.
- Furniture and fittings: 5 years.
- Computer equipment: 3 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Intangible assets and goodwill

(i) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is not amortised.

(h) Employee benefits

(i) Short term benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as superannuation workers' compensation insurance and payroll tax.

A provision is recognised for the amount expected to be paid under short-term cash retention or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Retirement benefit obligations

Contributions to a defined contribution fund are recognised as an expense as they become payable. These are paid into a separate entity and the Group has no legal or constructive obligation to pay further amounts. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Share-based payment transactions

The fair value of performance rights granted to employees in relation to any Employee Equity Plan would be measured at grant date and recognised as an employee expense, with a corresponding increase in equity, over the period in which the performance rights vest. The grant date is defined as the date when the Company and employee have a shared understanding of the terms and conditions.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date.

(i) Fees and interest income

Interest income 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 Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The Group receives fees for such services as loan extensions or debt facility management. Fees that are integrated in the effective yield of the financial assets are included in the measurement of the effective interest rate.

(j) Finance income and finance costs

Finance expenses comprise interest expense on borrowings and accrual of deferred establishment fees over the term of each loan. Foreign currency gain or losses on borrowings are disclosed separately. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(k) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(i) Tax consolidation

The Company is Head Entity of the tax consolidated group comprising all the Australian wholly-owned subsidiaries. The entities entered into a tax sharing and funding agreement effective June 2013.

Under the terms of this agreement current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the Head Entity in the tax consolidated group and are recognised as amounts payable/(receivable) to/(from) other entities in the tax consolidated group in conjunction with any tax funding arrangement amounts. Any difference between these amounts is recognised by the Head Entity and members as an equity contribution or distribution.

The Group recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the Head Entity only.

(ii) Nature of tax funding arrangements and tax sharing arrangements

The Head Entity, in conjunction with other members of the tax consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the Head Entity equal to the current tax liability/(asset) assumed by the Head Entity and any tax loss deferred tax asset assumed by the Head Entity, resulting in the Head Entity recognising an inter-entity receivable (payable) equal in amount to the tax liability (asset) assumed. The inter-entity receivables (payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the Head Entity's obligation to make payments for tax liabilities to the relevant tax authorities. The contribution amount arising under the tax funding arrangement is charged to the Company through the inter-company account.

(l) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(m) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise any share options granted to employees.

(n) Segment reporting

Determination and presentation of operating segments

An operating segment is a component of the Group 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 Group's other components. All operating segments' operating results are regularly reviewed by the Group's Executive Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Executive Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly, head office expenses, and income tax assets and liabilities.

The Group comprises the following main operating segments:

- Infrastructure.
- Listed Equity.
- Lending.
- Private Equity.
- Property.
- Shipping.

(o) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013, and have not been applied in preparing these Consolidated Financial Statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments (2013), AASB 9 Financial Instruments (2010) and AASB 9 Financial Instruments (2009) (together AASB 9)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets.

AASB 9 (2013) introduces new requirements for hedge accounting.

AASB 9 is effective for annual periods beginning on or after 1 January 2017. The effective date is subject to review pending the finalisation of the outstanding phases of the standard. However, early adoption is permitted. The adoption of these standards is expected to have an impact on the Group's financial assets, but no impact on the Group's financial liabilities. The Group has not yet determined the impact on its hedging arrangements.

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value for financial assets. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Financial derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

(ii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(iii) Loans and receivables

The fair value of Loans and Receivables, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(iv) Embedded derivatives

The fair value of embedded derivatives is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(v) Equity securities

The fair value of equity securities is determined by reference to their quoted closing bid price at the reporting date.

5. OPERATING SEGMENTS

The Group has six reportable segments, as described below, which are the Company's strategic business segments. The Company's Executive Directors review internal management reports on at least a monthly basis for each of these strategic business segments, and are the chief operating decision-makers. The following summary describes the operations in each of the Group's reportable segments:

- *Infrastructure:* Loan and equity investment in a renewable energy facility.
- *Listed Equity:* Comprises investments in listed equities which currently have exposure to the various types of industries.
- *Private Equity:* Loans to an entity investing in a preferred equity investment to entities in a range of industries.
- *Property:* Includes loans to properties which are exposed to residential and commercial sites located in Australia.
- *Lending:* Senior secured loans and subordinated loans to entities in a range of industries.
- *Shipping:* Loans to, and equity investments in, ship owning companies chartered for various terms to ship operating companies.

Information regarding the results of each reportable segment is included in this note. Performance is measured based on operating income less net impairment expense, unrealised losses on embedded derivatives and other assets and foreign exchange losses as included in the internal management reports that are reviewed by the Company's Executive Directors.

Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other segments within the Group's loans and investments. This allows management to determine where to best allocate the Group's resources as well as enabling the evaluation of the results to other lenders in the different industries.

5. OPERATING SEGMENTS *(continued)*

Business segments	Infrastructure		Listed Equity*		Private Equity		Property		Lending		Aviation*		Shipping		Consolidated	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Operating income																
Fees	–	9	–	–	–	–	–	–	3	85	–	–	345	17	348	111
Interest income	786	919	–	–	446	166		–	45	1,565	–	995	44	–	1,322	3,644
Unrealised gain/ (loss) on listed investments	–	–	(497)	1,064	–	–	–	–	–	–	–	–	–	–	(497)	1,064
Realised gain/ (loss) on disposal of investments	–	–	27	–	–	(315)	–	–	–	–	17	(212)	–	–	44	(528)
Dividends received	–	–	2	297	–	–	–	–	–	–			–	–	2	297
Other income	–	–	–	–	–	–	–	311	–	204	–	–	–	–	–	516
Total operating income	786	928	(467)	1,361	446	(149)	–	311	48	1,854	17	783	389	17	1,220	5,104
Unrealised gain/ (loss) on revaluation of foreign currency assets, net changes in fair value of cash flow hedges and realised foreign exchange gain on disposal of investments	131	959	2	–	(87)	146	–	–	–	–	–	(612)	54	(7)	100	486
Add: Reversed impairments	–	–	–	–	–	–	3,056	–	–	–	–	–	–	550	3,056	550
Less impairments	(1,507)	–	–	–	–	–	(41)	(7,388)	(2,056)	(1,159)	–	(4,141)		–	(3,604)	(12,688)
Reportable segment profit/ (loss) before income tax	(590)	1,887	(465)	1,361	359	(3)	3,015	(7,077)	(2,009)	695	17	(3,970)	422	560	771	(6,549)

** PTB shares were previously reported under the Aviation segment and now are reported in the Listed Equity segment.*

5. OPERATING SEGMENTS *(continued)*

Business segments	Infrastructure		Listed Equity*		Private Equity		Property		Lending		Shipping		Consolidated	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Gross segment assets	13,173	12,662	6,364	2,700	5,228	4,869	6,846	9,832	3,167	12,838	11,521	16,519	46,299	59,420
Less impairment provisions	(6,216)	(4,542)	–	–	–	–	(4,373)	(7,388)	(1,366)	(1,159)	(11,493)	(16,519)	(23,449)	(29,608)
Less segment liabilities	–	–	(301)	–	–	–	–	–	–	–	–	–	(301)	–
Net segment assets	6,957	8,120	6,062	2,700	5,228	4,869	2,473	2,444	1,801	11,679	27	–	22,548	29,812

** PTB shares were previously reported under the Aviation segment and now are reported in the Listed Equity segment.*

Geographic segments	Australia		Spain		United States		Cyprus		Singapore		Consolidated	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Operating income	(427)	3,492	786	928	468	667	389	17	4	–	1,220	5,104
Less: Impairment expense	958	(8,547)	(1,507)	–	–	(4,141)	–	550	–	–	(549)	(12,138)
Less: Unrealised profit/(loss) on revaluation of foreign currency assets, net changes in fair value of cash flow hedges and realised foreign exchange gain on disposal of investments	–	–	131	959	(63)	(468)	32	(6)		–	100	486
Segment result	532	(5,055)	(590)	1,887	405	(3,942)	421	561	4	–	771	(6,549)
Segment assets	10,218	16,823	6,957	8,120	5,236	4,869	27	–	110	–	22,548	29,812

Geographic segments are determined by the location, or by the security of the counterparties to the loan and investment, depending on the operating segment of the loan and investment. Infrastructure loans and investments are determined by the location of the security of the loan or investment. The location of the infrastructure investment is Spain. Listed Equity investments are determined by the location of the listed security i.e. stock exchange, Private Equity, Property, Lending, and Shipping loans and investments are allocated to the geographic segments based on the location of the counterparty to the loan or investment. For the investment in the Lending operating segment, the majority investment is domiciled in Australia. The Private Equity segment is located in the United States. All Property transactions are located in Australia. In Shipping, the remaining investments are included in the Cyprus segment, which is the location of the Group's counterparty.

Major customer

Operating income from one customer of the Group's Infrastructure segment represents approximately $0.8 million (operating income from one customers of the Group's Infrastructure segment 2013: $0.9 million), operating income from one customer of the Group's Private Equity segment represents approximately $0.4 million (2013: $0.2 million).

5. OPERATING SEGMENTS *(continued)*

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2014 $'000	2013 $'000
Operating income		
Total operating income for reportable segments	1,220	5,104
Interest received – tax refund	38	778
Bank interest received	628	96
Consolidated operating income	1,886	5,978
Profit or loss		
Total profit or loss for reportable segments	771	(6,549)
Other profit or loss	648	1,546
Unallocated amounts: Other corporate expenses	(4,208)	(2,644)
Unallocated amounts: Net finance costs	(1)	(505)
Consolidated loss before income tax	(2,791)	(8,152)
Assets		
Total assets for reportable segments	22,548	29,812
Other unallocated amounts	15,057	12,673
Consolidated total assets	37,605	42,485
Liabilities		
Total liabilities for reportable segments	301	–
Other unallocated amounts	714	433
Consolidated total liabilities	1,015	433

6. DISCONTINUED OPERATION

On 26 February 2014, Keybridge sold its shares held in Oceanic Shipping Company 8 Limited (Oceanic Shipping) to a third-party. With the sale of the shares, Keybridge no longer controlled Oceanic Shipping and was not required to consolidate the results of Oceanic Shipping from the date of the sale. This resulted in eliminating Oceanic Shipping's assets and liabilities from the Group's results as at 30 June 2014.

Results of discontinued operation (Oceanic Shipping)

	2014 $'000	2013 $'000
Revenue	6,612	–
Expenses	(14,543)	–
Results from operating activities	(7,931)	–
Income tax expense	–	–
Results from operating activities, net of tax	(7,931)	–
Gain on sale of discontinued operation	7,954	–
Gain for the period	23	–
Basic earnings (loss) per share (dollars)	(0.00)	–
Diluted earnings (loss) per share (dollars)	(0.00)	–

The gain from discontinued operation of $23,000 (2013: nil) is attributable entirely to the owners of the Company.

Cash flows from/(used in) discontinued operation (Oceanic Shipping)

	2014 $'000	2013 $'000
Net cash used in operating activities	(2,537)	–
Net cash from investing activities	17,641	–
Net cash from financing activities	(15,104)	–
Effect on cash flows	–	–

Effect of disposal on the financial position of the Group

	2014 $'000	2013 $'000
Trade and other receivables	(1,701)	–
Goodwill	(455)	–
Trade and other payables	1,229	–
Borrowings	8,882	–
Total identifiable net assets	7,954	–
Consideration received, satisfied in cash	–	–
Cash and cash equivalents disposed of	–	–
Gain on disposal of subsidiary	7,954	–

6. DISCONTINUED OPERATION *(continued)*

On 21 October 2013, an Administrator was appointed to PRFG and its subsidiaries. With the appointment of an Administrator Keybridge no longer controlled PRFG and was not required to consolidate the results of PRFG from the date of Administration. This resulted in eliminating PRFG's assets and liabilities from the Group's results as at 30 June 2014

Results of discontinued operation (PRFG)

	2014 $'000	2013 $'000
Revenue	3,966	–
Expenses	(4,631)	–
Results from operating activities	(665)	–
Income tax expense	(893)	–
Results from operating activities, net of tax	(1,559)	–
Loss on sale of discontinued operation	(5,955)	–
Loss for the period	(7,514)	–
Basic earnings (loss) per share (dollars)	(0.04)	–
Diluted earnings (loss) per share (dollars)	(0.04)	–

The loss from discontinued operation of $7.5 million (2012: nil) is attributable entirely to the owners of the Company.

Cash flows from/(used in) discontinued operation (PRFG)

	2014 $'000	2013 $'000
Net cash used in operating activities	(2,293)	–
Net cash from investing activities	52,278	–
Net cash from financing activities	(49,985)	–
Effect on cash flows	–	–

6. DISCONTINUED OPERATION *(continued)*

Effect of disposal on the financial position of the Group

	2014 $'000	2013 $'000
Cash and cash equivalents	(986)	–
Inventories	(4)	–
Other current assets	(103)	–
Trade and other receivables	(2,339)	–
Investments in partnerships	(732)	–
Property, plant and equipment	(247)	–
Deferred tax assets	(8,486)	–
Goodwill and other intangible assets	(2,108)	–
Loan receivables	1,152	–
Investment in other companies	1,850	–
Trade and other payables	5,950	–
Borrowings	–	–
Deferred tax liabilities	(9)	–
Provisions	107	–
Total identifiable net assets	(5,955)	–
Consideration received, satisfied in cash	–	–
Cash and cash equivalents disposed of	(986)	–
Net cash inflow/(outflow)	(986)	–

7. DISPOSAL GROUP HELD FOR SALE

On 30 May 2014, the Company committed to a plan to sell the shares in Australian Finance Direct (AFD) which is an entity the Group acquired on 11 April 2014. Accordingly, this subsidiary is presented as a Disposal Group Held-for-Sale. As at the date of this report, the AFD shares have been sold.

	2014 $'000	2013 $'000
Cash	53	–
Trade and other receivables	47	–
Inter-company borrowings	(43)	–
Eliminate (inter-company borrowings)	43	–
Total identifiable assets	100	–

8. INTEREST INCOME

	2014 $'000	2013 $'000
Interest on bank deposits	628	96
Interest on loans and advances – third parties	1,325	3,644
	1,953	3,740

There is $0.4 million (2013: $0.2 million) of accrued income related to the Private Equity investment which is not impaired and $0.6 million of accrued income related to the Infrastructure investment which is impaired for the year ended 30 June 2014 (2013: $0.5 million).

9. EMPLOYMENT COSTS

	2014 $'000	2013 $'000
Wages and salaries	887	752
Superannuation	72	60
Other associated personnel expenses	29	16
	988	828

10. LEGAL AND PROFESSIONAL COSTS

	2014 $'000	2013 $'000
Takeover defence costs	632	–
Legal recoveries and Scheme of Arrangement	800	–
Investment-related legal fees	258	551
Investment-related professional fees	303	196
Audit and tax fees	246	266
Directors' fees	237	179
	2,476	1,192

The takeover defence costs relate to the costs incurred by the Company responding to the takeover by Oceania Capital Partners.

11. INCOME TAX EXPENSE

(a) Income tax recognised in profit or loss

	2014 $'000	2013 $'000
Current tax (expense)/benefit		
Current period	2,637	(1,305)
Adjustment for prior periods	–	5,374
Total current tax	2,637	4,069
Deferred tax (expense)/benefit		
Unrealised FX gains and losses	(71)	2,373
Unrealised gain/(loss) on other investments	149	(319)
Loans and receivables	(1,848)	70
Other	70	9
(Decrease)/increase in deferred income tax expense from timing differences	(1,700)	2,133
(Decrease)/increase in deferred income tax expense from tax losses not recognised	(2,637)	(4,069)
(Decrease)/increase in deferred income tax expense from timing differences not recognised	1,700	(2,133)
Tax expense/(reversal as a result of tax refund)	151	(4,357)
Total income tax (benefit)	151	(4,357)

The amount also excluded the tax income from the discontinued operation of $893 thousand (2013: nil) which was included in profit/(loss) from discontinued operation, net of tax (see Note 6).

(b) Reconciliation between tax expense and pre-tax net profit

	2014 %	2014 $'000	2013 %	2013 $'000
Loss for the period	–	(2,942)	–	(3,794)
Total income tax (expense)/benefit	–	(151)	–	4,357
Loss before income tax	–	(2,791)	–	(8,152)
Tax using the Company's domestic tax rate	30	837	30	2,445
Non-assessable income-dividend	–	–	(0.7)	(59)
Current year losses for which no deferred tax asset was recognised	(94.5)	(2,637)	16.0	1,305
Prior year losses for which no deferred tax asset was recognised	3.5	99	(19.1)	(1,558)
Change in unrecognised temporary differences	60.9	1,700	(26.2)	(2,133)
Non-assessable income	0.2	7	–	–
Non-deductible expenses	(0.2)	(7)	–	(2)
Tax expense/(reversal as a result of tax refund)	5.5	151	(53.5)	(4,357)
Total income tax (benefit)	–	151	–	(4,357)

12. DEFERRED TAX ASSETS AND LIABILITIES

At 30 June 2014, a deferred tax benefit of $52.3 million (2013: $49.7 million) mostly related to prior year impairment expenses now being written-off and recognised as a tax deduction, and temporary differences of $9.0 million (2013: $10.7 million) were not recognised as deferred tax assets. The deferred tax assets will only be realised when sufficient future assessable income is earned.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2014 $'000	2013 $'000
Deductible temporary differences	9,028	10,728
Tax losses	52,377	49,740
	61,405	60,468

No amount of tax benefit attributable to any tax losses incurred by PRFG has been included in the above figures.

The deductible temporary differences and tax losses do not expire under current taxation legislation. Deferred tax assets have not been recognised in respect of these items because it is currently not probable that future taxable profits will be available against which the Group can utilise the benefits of these tax losses and deductible temporary differences.

Recognised tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
Loans and receivables	7,035	8,883	–	–	7,035	8,883
Other investments	–	–	(377)	(526)	(377)	(526)
Derivatives and unrealised foreign exchange	2,198	2,270	–	–	2,198	2,270
Other	172	102	–	–	172	102
Total assets/(liabilities)	9,405	11,254	(377)	(526)	9,028	10,728
Less: Deferred tax asset not recognised	(9,028)	(10,728)	–	–	(9,028)	(10,728)
Less: Set off of tax	(377)	(526)	377	526	–	–
Net tax assets/ (liabilities)	–	–	–	–	–	–

Deferred tax assets have been recognised to the extent that it is probable that taxable temporary differences will be available against which the deductible temporary difference can be utilised. The deferred tax assets and deferred tax liabilities have been offset to the extent that the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

12. DEFERRED TAX ASSETS AND LIABILITIES *(continued)*

Movement in temporary differences during the year

	Balance at 30 June 2012	Recognised in profit or loss	Balance at 30 June 2013	Recognised in profit or loss	Balance at 30 June 2014
Loans and receivables	8,812	70	8,883	(1,848)	7,035
Other investments	(117)	(408)	(526)	149	(377)
Derivatives and unrealised foreign exchange	(103)	2,373	2,270	(71)	2,198
Loans and borrowings	48	(48)	–	–	–
Capitalised – issuance costs	(2)	–	–	–	–
Other items	47	57	102	70	172
Total	8,685	2,043	10,728	(1,700)	9,028

13. CASH AND CASH EQUIVALENT

(a) Cash and cash equivalents

	2014 $'000	2013 $'000
Cash at bank	14,535	12,433
Short term deposits	–	118
	14,535	12,551

13. CASH AND CASH EQUIVALENT *(continued)*

(b) Reconciliation of cash flow

	2014 $'000	2013 $'000
Cash flows from operating activities		
Profit/(loss) for the period	(2,919)	(3,794)
Adjustments for:		
Depreciation	36	101
Change in fees accrued	38	(469)
Changes in interest accrued	(924)	(786)
Unrealised (gain)/loss on other investments	497	(1,064)
Dividend received	(2)	(297)
Realised loss on disposal of investments	(83)	528
Foreign exchange (gain)/loss on foreign currency assets	39	(1,156)
Impairment expenses	3,852	12,138
Loss on discontinued operations	(1,998)	–
Bargain purchase (gain)	(7,514)	–
Net finance costs	(676)	505
Operating cash flow before changes in working capital and provisions	(9,654)	5,706
Increase/(decrease) in payables	(2,842)	6
(Increase)/decrease in other assets	398	168
(Increase)/decrease in trade and other receivables	3,530	821
	(8,568)	6,701
Interest paid	–	(1,309)
Income taxes paid	(153)	–
Net cash (outflows)/inflows from operating activities	(8,721)	5,392

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements $'000	Office equipment $'000	Furniture and fittings $'000	Computer software $'000	Computer hardware $'000	Total $'000
Cost or deemed cost						
Balance at 1 July 2012	318	63	151	147	76	755
Additions	–	–	–	–	–	–
Disposals	–	–	–	–	–	–
Balance at 30 June 2013	318	63	151	147	76	755
Balance 1 July 2013	318	63	151	147	76	755
Additions	–	–	–	–	6	6
Disposals	–	–	–	–	–	–
Balance at 30 June 2014	318	63	151	147	82	761
Depreciation and impairment losses						
Balance at 1 July 2012	209	63	129	147	76	624
Depreciation for the year	80	–	21	–	–	101
Disposals	–	–	–	–	–	–
Balance at 30 June 2013	289	63	151	147	76	726
Balance 1 July 2013	289	63	151	147	76	726
Depreciation for the year	29	–	–	–	2	31
Disposals	–	–	–	–	–	–
Balance 30 June 2014	318	63	151	147	78	757
Carrying amounts						
At 30 June 2013	29	–	–	–	–	29
At 30 June 2014	–	–	–	–	4	4

15. INTANGIBLE ASSETS AND GOODWILL

Reconciliation of carrying amount

	2014 $'000	2013 $'000
Goodwill		
Balance at 1 July 2013	–	–
Acquisitions through business combinations	480	–
Write-off from disposal of entity	(455)	–
Balance at 30 June 2014	25	–
Carrying amounts		
At 30 June 2013	–	–
At 30 June 2014	25	–

Impairment testing for Cash Generating Unit (CGU) containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's Cash Generating Unit (Australian Finance Direct) as follows.

	2014 $'000	2013 $'000
Australian Finance Direct	25	–
Balance at 30 June 2014	25	–

Australian Finance Direct

The recoverable amount of this was based on fair value less costs of disposal, estimated using discounted cash flows. The key assumption of the goodwill recovery is based on the sale of the CGU in July 2014 and the full amount will be recovered. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used (see Note 2(e)).

16. LOANS AND RECEIVABLES

	2014 $'000	2013 $'000
	Carrying amounts	
Individually impaired loans (gross)	33,720	51,851
Less: Allowance for impairment	(23,449)	(29,608)
Carrying amount	10,272	22,243
Loans not individually impaired	6,044	4,869
Carrying amount	6,044	4,869
Total carrying amount of Loans and Receivables	16,315	27,112
Current assets		
Lending	2,518	12,838
Infrastructure	250	–
Private Equity	–	–
Property	–	195
Aviation	–	–
Shipping	–	–
Less: Allowance for impairment expenses	(1,366)	(1,159)
	1,402	11,874
Non-current assets		
Lending	505	–
Infrastructure	12,923	12,662
Private Equity	5,228	4,869
Property	6,846	9,637
Aviation	–	–
Shipping	11,493	16,519
Less: Allowance for impairment expenses	(22,083)	(28,449)
	14,913	15,238

	2014 $'000	2013 $'000
	Impairment provisions	
Income statement charge		
Loan impairment expenses		
Reversal of allowances no longer required	(3,056)	(550)
New allowances	3,604	12,688
Total recognised in income statement	549	12,138

17. FINANCIAL ASSETS AND LIABILITIES

Financial assets at fair value through profit or loss

	2014 $'000	2013 $'000
Shares in ASX-long position	5,999	2,700
Shares in NYSE-long position	255	–
Shares in SGX-long position	110	–
	6,364	2,700

Financial liabilities at fair value through profit or loss

	2014 $'000	2013 $'000
Shares in NYSE-short position	(301)	–
	(301)	–

18. EQUITY-ACCOUNTED INVESTEES

Immaterial associates

The Group has interests in two immaterial associates. For one of these associates, the Group owns 50% of the equity interests; however the Group has determined that it has significant influence because operating decisions are jointly made. For the other associate, the Group owns 39% of the equity interest.

The following table analyses, in aggregate, the carrying amount and share of profit and Other Comprehensive Income of these associates.

	2014 $'000	2013 $'000
Investments in associates		
Carrying amount of interests in associates	–	–
Share of:		
(Loss)/profit from continuing operations	(2,322)	1,351
Other comprehensive income	–	–
Total comprehensive income	(2,322)	1,351

The Group has not recognised losses totalling $2.3 million (2013: $1.4 million profit) in relation to its interests in associates, because the Group's investment in associates was reduced to nil in the financial year ended 30 June 2009.

19. PAYABLES

	2014 $'000	2013 $'000
Employment-related expenditure	–	16
Professional fees payable	522	329
Director fees payable	72	53
Other fees payable	120	45
	714	443

20. CONTRIBUTED EQUITY

(a) Issued and paid-up capital

	2014 $'000	2013 $'000
164,668,510 (30 June 2013: 178,045,564) ordinary shares fully paid	258,118	260,651

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of, and amounts paid on, the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote.

The Company does not have par value in respect of its issued shares.

(b) Movement in ordinary share capital

	2014 $'000	2013 $'000
Opening balance 1 July	260,651	260,651
Issued for business combination	500	–
Acquisition and cancellation of Company's own shares via on-market buy-back	(3,033)	–
Closing balance 30 June	258,118	260,651

(c) Shares issued and paid but not quoted

There are 5,975,000 issued shares which related to the Company's Director and Employee Share Scheme. The Company's Director and Employee Share Scheme is not operational. All shares are held by the Trustee of the Share Scheme.

There are no other shares issued and not quoted.

21. DIVIDENDS

There were no dividends paid or declared during the year by the Company (2013: nil).

After 30 June 2014, the Directors have resolved not to declare a final dividend for the 2014 financial year.

	2014 $'000	2013 $'000
Amount of franking credits available to shareholders of Keybridge for subsequent financial years	8,153	8,153

22. EARNINGS PER SHARE

Basic loss per share

The calculation of basic loss per share at 30 June 2014 was based on the loss attributable to ordinary shareholders of $2.9 million (2013: $3.8 million) and a weighted average number of ordinary shares outstanding of 168.2 million (2013: 172.1 million) calculated as follows:

	2014 $'000	2013 $'000
Loss attributable to ordinary shareholders		
Net loss attributable to ordinary shareholders	(2,919)	(3,794)

	No. '000	No. '000
Weighted average number of ordinary shares*		
Weighted average number of ordinary shares for the year to 30 June	168,183	172,071

** Does not include 5.975 million shares not quoted.*

Diluted loss per share

The calculation of diluted loss per share at 30 June 2014 was based on loss attributable to ordinary shareholders of $2.9 million (2013: $3.8 million) and a weighted average number of ordinary shares outstanding after adjusting for the effects of all dilutive potential ordinary shares of 168.2 million (2013: 172.1 million) calculated as follows:

	2014 $'000	2013 $'000
Loss attributable to ordinary shareholders		
Net loss attributable to ordinary shareholders	(2,919)	(3,794)

	No. '000	No. '000
Weighted average number of ordinary shares*		
Weighted average number of ordinary shares for the year to 30 June	168,183	172,071

** Does not include 5.975 million shares not quoted.*

23. FINANCIAL RISK MANAGEMENT

The Group seeks to minimise the effects of financial risks arising in the normal course of the Group's business. The markets in which the Group has invested, on the whole, remained flat for the financial year.

Financial risk management is undertaken by management under policies approved by the Board. During the twelve months to 30 June 2014 management continued to monitor the Group's policies and sought Board approval for any necessary changes to actively manage the financial health of the Group. The policies are available on the Company's website at www.keybridge.com.au. The Group's policies are discussed in further detail in the Corporate Governance section on pages 5 to 17 of this Annual Report.

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

The Board has established 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 AFRC meets quarterly and reports to the Board on its activities.

Impairment losses

Impairment losses for the year ended 30 June 2014 have come from the asset classes of Infrastructure, Lending and Property.

As previously mentioned, in October 2013 the PRFG directors appointed an Administrator after Australian Securities and Investments Commission (ASIC) issued a letter to AMX Money (AMX), a wholly-owned subsidiary of PRFG, expressing concerns that AMX may be breaching National Consumer Credit Laws and should immediately cease activity that may contravene these laws.

Following the appointment of an Administrator, Keybridge Directors impaired the Company's equity investment of $1.85 million to nil however the loan is still carried at $1.2 million. An additional provision for $0.2 million was recognised which relates to a loan to an entity that has been placed into Voluntary Administration.

In Infrastructure, a specific impairment against the sole remaining transaction has been raised. The impairment relates to the Spanish government indicating plans to introduce as law a profitability cap on solar farms equal to 7.2% per annum on the original capital invested.

Whilst it is unclear the exact terms the change of law will be implemented. Keybridge has determined to take an additional impairment against its solar asset of approximately $1.5 million.

In Private Equity, there are no impairments for the twelve months to 30 June 2014.

In Shipping, a specific impairment against the remaining shipping transaction has been raised; the investment is carried at nil. The Group has recognised net impairment losses of $0.5 million for the twelve months to 30 June 2014 (2013: $12.1 million).

Reversal of impairment loss

In Property, as discussed previously, Keybridge received approximately $3.0 million as partial repayment of its loan to P&J Projects. This has allowed the Company to reverse an impairment of $3.0 million for the twelve months to 30 June 2014.

For the loans that are not impaired, credit risk is managed by analysing the counterparties' monthly financial reports and regular dialogue is held to discuss any issues that may impact the ability of the counterparty to repay its loan.

23. FINANCIAL RISK MANAGEMENT *(continued)*

The ageing of the Loans and Receivables at the reporting date was:

	Gross	Impairment	Gross	Impairment
	2014 $'000	2014 $'000	2013 $'000	2013 $'000
Not past due	19,217	(6,216)	29,196	(16,207)
Past due 91–120	–	–	4,854	(4,854)
Past due 121–365	11,700	(11,700)	19,198	(7,519)
More than one year	8,837	(5,532)	3,473	(1,028)
	39,754	(23,449)	56,720	(29,608)

The movement in the allowance for impairment during the year was as follows:

	Loans and receivables	
	2014 $'000	2013 $'000
Balance at 1 July	29,608	29,374
Impairment loss recognised	3,604	12,688
Impairment write-back in income statement	(3,056)	(550)
Foreign exchange movement on impairments	(101)	2,079
Investment in PRPG (written off)	(1,850)	–
Loans realised/(written off)	(4,757)	(13,983)
Balance at 30 June	23,448	29,608

The allocation of impairments by segment is provided in Note 5 – Operating Segments.

For the loans that are not impaired, credit risk is managed by analysing the counterparties' monthly financial reports and regular dialogue is held to discuss any issues that may impact the ability of the counterparty to repay its loan.

Exposure to credit risk

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

The Group manages ongoing credit risk by monitoring closely the performance of investments, the cyclical impact of the underlying asset class, the financial health of counterparties (including lessee and charter parties, banks and other financial institutions) and compliance with senior debt terms and conditions where the Group is a mezzanine or equity investor.

During the year the Board approved the creation of an Investment committee (IC). The IC comprises Nicholas Bolton, Antony Sormann and Andrew Moffat. All investment decisions are unanimously agreed by all IC members before proceeding. If a decision is not unanimous then it requires Board approval.

The current levels of delegation are as follows:

- Approval of investments of capital of up to $1 million is delegated to Keybridge management.
- Approval of investments of capital greater than $1 million with a cap of $5 million is delegated to the IC.
- Approval of investments or divestments of capital greater than $5 million requires Board approval.

23. FINANCIAL RISK MANAGEMENT *(continued)*

The carrying amount of the Group's financial assets represents its maximum credit exposure. The significant reduction in exposure to credit risk in the twelve months to 30 June 2014 is primarily due to the realisation of assets and further recognition of impairment provisions. The Group's maximum exposure to credit risk at the reporting date was:

		Carrying amount	
	Note	2014 $'000	2013 $'000
Cash and cash equivalents	13(a)	14,535	12,551
Loans and Receivables	16	16,315	27,112
Trade and other receivables		219	31
		31,069	39,693

The Group's maximum exposure to credit risk at the reporting date by segment was:

		Carrying amount	
	Note	2014 $'000	2013 $'000
Cash (Australian banks)	13(a)	14,535	12,551
Infrastructure		6,957	8,120
Listed Equity*		6,364	2,700
Private Equity		5,228	4,869
Property		2,473	2,444
Lending		1,801	11,679
Shipping		27	–
		37,385	42,363

** 2013 Aviation balance now included in Listed Equity sector.*

The Group's most significant counterparty exposure relates to one infrastructure investment which represents $6.9 million of Keybridge's Loans and Receivables at 30 June 2014 (2013: Lending $11.7 million).

In Listed Equity, the Group has equity investments in twelve companies. These investments are traded on three stock exchanges.

In Private Equity, the Company has a limited recourse loan which is secured by units in a private equity fund which invests in US-domiciled manufacturing industries. There is no senior debt in the private equity fund, however investments made by the fund may have senior debt at the investment level, and as such, the investment in the private equity fund is indirectly impacted by changes in credit markets that affect investments undertaken by the fund.

Keybridge has two property-backed investments. The first investment is in units in a property trust that has invested in a residential property located in Sydney and whose loan is secured by a first ranking mortgage on the property. The other investment is a portfolio of first ranking mortgage loans over commercial properties where Keybridge is now the sole lender to this portfolio.

In Shipping, current market value for the remaining shipping transaction in the Group's portfolio indicate if the ships are required to be sold at the maturity of the senior debt facility the realisation of each ship would only achieve enough to cover the outstanding liabilities of the senior lender, resulting in no residual value to repay Keybridge's loans.

23. FINANCIAL RISK MANAGEMENT *(continued)*

For loans that are not impaired, credit risk is managed by analysing regular financial reports from the counterparties as well as ensuring there is constant oversight of issues that may impact the ability of the counterparty to repay its loan.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. At 30 June 2014 the Group has no secured bank loans.

The Group manages liquidity risk via:

- monitoring forecast and actual cash flows, including asset sales and cash investment income;
- maintaining a minimum cash balance; and
- regular reporting of cash flow forecasts for the next 12 to 18 months to the Board and AFRC.

At 30 June 2014, the Group's financial liabilities maturity profile for the past two financial year ends are as follows:

	Carrying amount $'000	Contractual cash flows $'000	6 mths or less $'000	6–12 mths $'000	1–2 years $'000	2–5 years $'000
30 June 2014						
Financial liabilities						
Trade and other payables	(714)	(714)	(714)	–	–	–
Financial liabilities at fair value through profit or loss	(301)	(301)	(301)			
	(1,015)	(1,015)	(1,015)	–	–	–

	Carrying amount $'000	Contractual cash flows $'000	6 mths or less $'000	6–12 mths $'000	1–2 years $'000	2–5 years $'000
30 June 2013						
Financial liabilities						
Trade and other payables	(443)	(443)	(443)	–	–	–
	(443)	(443)	(443)	–	–	–

Market risk

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

The Group is exposed to equity risk on shares in an ASX-listed, NYSE-listed and SGX-listed companies to the extent of $6.0 million (2013: $2.7 million). The Group currently does not hold any interest rate swaps.

Equity-accounted investments are also exposed to movements in currency and asset values for the underlying ships and infrastructure within each of the investments.

23. FINANCIAL RISK MANAGEMENT *(continued)*

Foreign currency risk

Foreign currency risk arises from assets and liabilities that are denominated in a currency that is not the Group's functional currency of Australian Dollars. The Group's exposure to foreign exchange risk has been reduced as a large proportion of investments denominated in both US Dollars were sold. There remains one significant investment denominated in US Dollars, one denominated in Euros and a smaller investment denominated in Singapore Dollars.

The Group does not have any hedges on its foreign denominated investments and therefore is exposed to translation back to Australian Dollars. Any loss or gain arising on translation is recorded in the profit or loss statement.

Exposure to currency risk

The Group's exposure to foreign currency risk at balance date was as follows:

	30 June 2014			30 June 2013		
AUD equivalents	USD $'000	Euro €'000	SGD $'000	USD $'000	Euro €'000	SGD $'000
Cash and cash equivalent	11	12	–	825	12	–
Financial instrument at fair value through profit or loss*	(47)	–	110	–	–	–
Loans and Receivables	5,282	6,928	–	4,869	8,120	–
Total asset exposure	5,246	6,940	110	5,693	8,132	–

** Net of USD equity short positions.*

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2014	2013	2014	2013
AUD: USD	0.9183	1.0269	0.9404	0.9265
AUD: Euro	0.6770	0.7944	0.6891	0.7096
AUD: SGD	1.156	–	1.176	–

Sensitivity analysis

The Group is exposed to the translation impact back to Australian Dollars in relation to the US Dollar-denominated, Euro-denominated and Singapore Dollar-denominated investments. In the case of both US Dollar-denominated and Euro-denominated investments the Group is exposed to 100% of the value of the investments. As a result, a change in an exchange rate will have an equal and offsetting impact on the change in the book value of the underlying investment and the profit or loss of the Group.

As shown in the table below, if the Australian Dollar were to decrease or increase in value by 10%, against both the US Dollar, Singapore Dollar and the Euro, the Group would recognise a non-cash profit of $1.3 million or loss of $1.1 million, respectively.

23. FINANCIAL RISK MANAGEMENT *(continued)*

$'000 AUD	Profit or loss	
	10% increase	10% decrease
30 June 2014		
USD	(474)	579
Euro	(631)	771
SGD	(10)	12
	(1,115)	1,362
30 June 2013		
USD	(516)	631
Euro	(739)	904
SGD	–	–
	(1,255)	1,535

Interest rate risk

The Group is exposed to interest rate risk where committed debt facilities, including non-recourse debt financing and cash, are at a variable rate of interest. All of the Group's Loans and Receivables are at fixed rates and asset specific debt is term matched with fixed interest rates to hedge those specific cash flows.

The Group'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.

Interest rate profile

At reporting dates the Group's assets and liabilities subject to variable interest rates were as follows:

	Carrying amount	
	2014 $'000	2013 $'000
Variable rate instruments		
Cash-on-hand	14,535	12,551
Total variable rate instruments	14,535	12,551

The Group is entitled to receive a fixed rate of interest in relation to all of the Group's financial assets. Interest income at fixed rates is received as cash or, where there is a reasonable probability of receipt, as accrued income and recognised in the profit and loss statements.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and the Group no longer holds derivative liabilities (interest rate swaps).

23. FINANCIAL RISK MANAGEMENT *(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. The analysis is performed on the same basis for 2013. As at 30 June 2014 the Group is only exposed to cash-on-hand deposit interest rates. Cash flow sensitivity analysis for variable rate instruments:

	Profit or loss		Equity	
	100bp increase $'000	100bp decrease $'000	100bp increase $'000	100bp decrease $'000
30 June 2014				
Variable rate instruments	145	(145)	–	–
Cash flow sensitivity (net)	145	(145)	–	–
30 June 2013				
Variable rate instruments	126	(126)	–	–
Cash flow sensitivity (net)	126	(126)	–	–

Fair values versus carrying amounts

For Loans and Receivables, the fair value is determined using an estimate of interest rates that may apply if these assets were refinanced as at 30 June 2014 and using the estimated cash flows as at balance date.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	30 June 2014		30 June 2013	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial assets at fair value through profit or loss	6,364	6,364	2,700	2,700
Loans and Receivables	16,315	16,382	27,112	27,112
Cash and cash equivalents	14,535	14,535	12,551	12,551
Trade and other receivables	219	219	92	92
Liabilities				
Trade and other payables	(714)	(714)	(443)	(443)
Financial liabilities at fair value through profit or loss	(301)	(301)	–	–
	36,418	36,485	42,012	42,012

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 Group were to provide new loans and advances or acquire new borrowing facilities as at 30 June 2014 instead of the original effective interest rate.

23. FINANCIAL RISK MANAGEMENT *(continued)*

Interest rates used for determining fair value

For the purposes of this sensitivity, the interest rates used to discount estimated cash flows are based on the yields required given prevailing market conditions, including historically constrained liquidity and low levels of available senior debt refinancing. The rates were in the following ranges, with the specific discount rate selected based on the characteristics of the underlying investment, including asset class, term and risk profile.

	2014	2013
Interest rates (per annum)	6%–30%	9%–24%

Fair value hierarchy

The following table analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2014				
Financial assets at fair value through profit or loss	6,364	–	–	6,364
Financial liabilities at fair value through profit or loss	(301)	–	–	(301)
30 June 2013				
Financial assets at fair value through profit or loss	2,700	–	–	2,700

In order to determine the fair value of such derivatives, management used a valuation technique in which all significant inputs were based on observable market data or broker quotes for underlying assets.

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group's total capital at 30 June 2014 was $36 million comprising contributed equity (net of retained losses).

The Company established an on-market buy-back policy under which it would seek to purchase up to 17,457 million shares over the course of the program. The Company policy is to buy-back shares at a 20% discount to its internally calculated NTA per share (or audited NTA per share when available), rounded to the nearest half cent. In accordance with the ASX Listing Rules, the prices paid for shares under the buy-back will be no more than 5% above the volume weighted average price of Keybridge shares over the five prior trading days.

The buy-back mechanism provides improved market liquidity for shareholders wishing to exit in the future. It will also assist in improving the correlation of the Company's share price to its underlying performance. The total number of shares purchased by Keybridge under the buy-back depends on market conditions and volumes. As at 30 June 2014 15.8 million shares have been purchased at an average price of 19 cents per share.

The Directors are presently looking for strategic investments that will transform the Company as to improve returns for shareholders and if available pay dividends.

24. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share scheme

A Plan was initiated in December 2009 which covered the years ended 30 June 2010 and 30 June 2011. This Plan ceased in 2012 and there is no equity plan for the years ended 30 June 2013 and 30 June 2014.

25. RELATED PARTY DISCLOSURE

Key management personnel compensation

Information regarding individual Directors and senior executives' remuneration and shares held in the Company as required by Corporations Regulations 2M.3.03 is provided in the Remuneration Report on pages 27 to 32 of this Annual Report.

Other than as disclosed in this Note, no Director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

Senior executives (including for the former Managing Director and Executive Director)

	Short-term employee benefits			Post-employment benefits		
	Cash salary $	Incentive and retention payments $	Non-monetary $	Company contributions to superannuation $	Share-based payments $	Total $
Totals – 2014	734,755	140,000	–	35,550	–	910,305
Totals – 2013	650,738	–	–	37,403	–	688,141

Chairman and Non-executive Directors

	Short-term employee benefits			Post-employment benefits		
	Cash fees $	Incentive and retention payments $	Non-monetary $	Company contributions to superannuation $	Share-based payments $	Total $
Totals – 2014	245,277	–	–	18,989	–	264,266
Totals – 2013	185,452	–	–	14,028	–	199,480

25. RELATED PARTY DISCLOSURE *(continued)*

Directors and key management personnel

The names of persons who were key management personnel of the Group at any time during the financial year are as follows:

Non-executive Directors

Peter Wood (Chairman) (resigned 6 March 2014)
Bill Brown
Robert Moran (resigned 28 February 2014)
Andrew Moffat (appointed 7 March 2014) (appointed Chairman 28 April 2014)
Craig Coleman (appointed 7 March 2014)

Executive Directors

Nicholas Bolton (Managing Director)
Antony Sormann (appointed 6 March 2014)

Other key management

Adrian Martin (Company Secretary)

(a) Details of remuneration

Details of the remuneration of key management personnel are set out in the Remuneration Report on page 27 to 32 and above.

(b) Equity instrument disclosures relating to key management personnel movements in shareholdings including equity instruments granted as compensation via the Employee Equity Plan

The numbers of shares in the Company held during the financial year by key management personnel of the Group, including their personally-related entities is set out below.

This includes shares provided as remuneration under the Employee Equity Plan.

25. RELATED PARTY DISCLOSURE *(continued)*

(c) Key management personnel and director transactions

A director, or their related parties, holds positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

One of these entities transacted with the Company in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

		Transactions value year ended 30 June		Balance outstanding as at 30 June	
		2014 (ii) $'000	2013 (iv) $'000	2014 $'000	2013 $'000
Director	*Transaction*				
Antony Sormann (i)	Consultant fees	107	–	–	–
Nicholas Bolton (iii)	Consultant fees	–	54	–	–
Total		107	54	–	–

(i) Antony Sormann was appointed as Executive Director on 6 March 2014.

(ii) The Company engaged the consultancy services of Nero Capital Pty Ltd, where Antony Sormann is a director, in relation to assistance and input over sale of assets and new investment opportunities. Amounts were billed based on market rates for such services and were due and payable under standard payment terms. This arrangement continues as at 30 June 2014.

(iii) Nicholas Bolton resigned as a director on 9 October 2012 and was reappointed on 2 January 2013.

(iv) The Company engaged the consultancy services of Australian Style Group Pty Ltd, where Nicholas Bolton is a director, in relation to assistance and input over sale of assets and corporate debt restructuring. Amounts were billed based on market rates for such services and were due and payable under standard payment terms. This arrangement terminated on 22 February 2013 when Nicholas Bolton became an Executive Director.

Employee Equity Plan

Performance rights

No performance rights were issued under the Employee Equity Plan in the financial years ended 30 June 2014 and 30 June 2013.

25. RELATED PARTY DISCLOSURE (*continued*)

Movements in shares

The numbers of shares in the Company held during the financial year by key management personnel of the Group, including their personally-related entities is set out below. This excludes shares provided as retention-based remuneration from the Keybridge Capital Employee Share Scheme, unless such shares have been exercised.

	Held at 1 July 2013	Purchases	Received on vesting of performance rights	Sales	Other	Held at 30 June 2014
Directors						
Andrew Moffat*	–	–	–	–	2,940,000	2,940,000
Nicholas Bolton	33,853,398	2,191,444	–	–	–	36,044,842
Bill Brown	–	170,000	–	–	–	170,000
Craig Coleman*	–	–	–	–	2,940,000	2,940,000
Antony Sormann**	–	–	–	–	1,200,000	1,200,000
Robert Moran+	–	–	–	–	–	–
Peter Wood***	–	176,515	–	–	(176,515)	–
Other key management personnel						
Adrian Martin	180,000	–	–	–	–	180,000
Total	34,033,398	2,537,959	–	–	6,903,485	43,474,842

** Appointed 7 March 2014. ** Appointed 6 March 2014. *** Resigned 6 March 2014. + Resigned 28 February 2014.*

	Held at 1 July 2012	Purchases	Received on vesting of performance rights	Sales	Other	Held at 30 June 2013
Directors						
Peter Wood	–	–	–	–	–	–
Nicholas Bolton*	32,707,625	1,145,773	–	–	–	33,853,398
Bill Brown**	–	–	–	–	–	–
Robert Moran***	–	–	–	–	–	–
Mark Worrall+	669,260	–	–	–	(669,260)	–
Other key management personnel						
Adrian Martin	180,000	–	–	–	–	180,000
Total	33,556,885	1,145,773	–	–	(669,260)	34,033,398

** Resigned 9 October 2012 and reappointed 2 January 2013. ** Appointed 9 October 2012. *** Appointed 2 January 2013.*
+ Resigned 22 February 2013.

25. RELATED PARTY DISCLOSURE (*continued*)

(d) Other related party transactions

	Transactions value year ended 30 June		Balance outstanding as at 30 June	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Associates				
Carrying amount of loans provided	–	–	6,957	8,120
	–	–	6,957	8,120

In prior years the Group advanced a loan to Bridge Infrastructure Capital Pty Limited (BIC) and one loan to a shipping leasing company, Ocean Star Limited.

The loan to BIC is provided at a lower rate of interest, compared with prevailing market rates for similar type of loans. This loan originally had a 10-year maturity, expiring in 2017 and is a non-secured subordinated loan. The loan is denominated in Euros and is impaired.

The loan to Ocean Star Limited had an original 5-year maturity which expired in September 2013. The unsecured loan is provided at a lower rate of interest, compared with prevailing market rates for similar type of loans. The loan is denominated in US Dollars and has been impaired.

A repayment of $0.6 million was received for one of the loans during the year.

26. ACQUISITION OF SUBSIDIARY AND NON-CONTROLLING INTERESTS

Acquisition of subsidiary Australian Finance Direct Pty Limited (AFD)

On 14 April 2014, the Group acquired 100% of the shares and voting interests of AFD. As a result, the Group's equity interest in AFD increased from 0% to 100% and obtained control of AFD.

The primary reason for the acquisition was to enable Keybridge to ensure recoverability of its mezzanine loan in PRFG. The only remaining value in PRFG was the operating business of Australian Money Exchange (AMX). Keybridge proposed the acquisition would allow AMX to operate in a regulated environment, following the completion of the Administration.

In the period 14 April 2014 to 30 June 2014, AFD contributed revenue of $3,533 and loss of $3,678 to the Group's results. The Company estimates that if the reporting included financial results from 1 July 2013, then consolidated revenue would have been $14,788 and consolidated loss for the period would have been $3,678. In determining these amounts, management has assumed that the provisional fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2013.

26. ACQUISITION OF SUBSIDIARY AND NON-CONTROLLING INTERESTS (*continued)*

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred:

	2014 $'000	2013 $'000
Cash	86	–
Equity instruments	–	–
	86	–

Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of AFD's assets acquired, and liabilities assumed, at the acquisition date:

	2014 $'000	2013 $'000
Cash	65	–
Trade and other receivables	64	–
Borrowings	(68)	–
Total identifiable net assets	61	–

The following fair values have been determined on a provisional basis:

- Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition Loans and Receivables are measured using the effective interest method, less any impairment losses. The collectability of debts is assessed at reporting date and where required specific provision is made for any doubtful debts.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	2014 $'000	2013 $'000
Total consideration transferred	86	–
Fair value of identifiable asset	(129)	–
Fair value of identifiable liabilities	68	–
Goodwill	25	–

Goodwill is due to the difference between the net fair value of assets and liabilities acquired and the purchase price paid to the vendor shareholder.

26. ACQUISITION OF SUBSIDIARY AND NON-CONTROLLING INTERESTS (*continued)*

Acquisition-related costs

The Group incurred acquisition-related costs of $10,000 relating to external legal fees costs. These amounts have been included in legal and professional expenses in the Consolidated Statement of Profit or Loss.

Acquisition of subsidiary PRFG

In 2007, Keybridge provided a mezzanine loan to PRFG. Since then, the mezzanine loan has been restructured a number of times because PRFG would have been unable to repay the loan at the relevant maturity dates. As at the date of this acquisition, the loan was not performing in that interest payments had been stopped by PRFG's senior financier due to covenant breaches that occurred in January and February 2013. The outstanding amount owing from PRFG under the mezzanine loan as at the end of June 2013 was $15.1 million.

On 30 March 2013, PRFG and Keybridge entered into a Scheme Implementation Deed regarding a Scheme of Arrangement whereby implementation of the Scheme would result in Keybridge purchasing 100% of the issued capital in PRFG for initial consideration of $1.85 million.

On 28 June 2013, the Group acquired 100% of the shares and voting interests of PRFG. As a result, the Group's equity interest in PRFG increased from 0% to 100% and obtained operational control of PRFG as at 18 August 2013, after the settlement for the shares occurred.

The primary reason for the acquisition was to enable Keybridge to better protect its existing mezzanine loan, in light of PRFG's circumstances at the time with its senior financier. Keybridge proposed the acquisition as a mechanism to stabilise PRFG, pending the sale of the underlying motor vehicle division.

In the period 18 August 2013 to 21 October 2013, PRFG contributed revenue of $3.9 million and loss of $1.6 million to the Group's results. Keybridge estimates that if the reporting included financial results from 1 July 2013, then consolidated revenue would have been $4.0 million and consolidated loss for the period would have been $3.4 million. In determining these amounts, Keybridge has assumed that the provisional fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2013.

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred:

	2014 $'000	2013 $'000
Cash (net of acquisition costs)	1,350	–
2.5 million Keybridge ordinary shares	500	–
Settlement of pre-existing relationship	11,679	–
	13,529	–

Equity instruments issued

The fair value of the ordinary shares issued was based on an agreed share price of the Company at 28 June 2013 of $0.20 per share.

26. ACQUISITION OF SUBSIDIARY AND NON-CONTROLLING INTERESTS (*continued)*

Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	2014 $'000	2013 $'000
Cash and cash equivalents	825	–
Trade and other receivables	58,240	–
Inventories	2,748	–
Other current assets	298	–
Investments in partnerships	725	–
Property, plant and equipment	773	–
Deferred tax assets	28,630	–
Goodwill and other intangible assets	3,303	–
Trade and other payables	(3,364)	–
Borrowings	(40,000)	–
Deferred tax liabilities	(30,190)	–
Provisions	(944)	–
Total identifiable net assets	21,043	–

The following fair values have been determined on a provisional basis:

- The fair value of finance lease receivables are recognised at the beginning of the lease term at an amount equal to the present value of an aggregate of the minimum lease payments and an estimate of the value of any unguaranteed residual value expected to accrue to the benefit of the Company at the end of the lease term. The present value is calculated by discounting at the interest rate implicit in the lease.
- The lease contracts with the customers do not identify an effective interest rate. The accounting standards require that the finance lease receivables are discounted at a rate that, at the inception of the lease, causes the aggregate present value of the minimum lease payments and the unguaranteed residual value to be equal to the sum of the fair value of the leased asset and any initial direct costs of the lessor. The Group has applied a discount rate of 9% per annum to finance lease receivables to calculate their initial present values, the initial finance lease sale of goods, and the subsequent finance lease interest income over time. In the absence of a generally accepted industry benchmark for the discount rate applicable to the group's business model, management have calculated this rate based largely on internal information such as its cost of debt and its historical recovery performance.
- *Lease unguaranteed residual values* – At the end of the term of the consumer lease contracts, the customers can either return the vehicle; offer to purchase the vehicle at a price to be negotiated at the time; or continue leasing the vehicle. For accounting purposes, the group applies a standard formula to determine the unguaranteed residual value of the vehicle that is considered a reasonable estimate of the wholesale value of the vehicle at the end of the term based on general market information. Changes to the residual value could have a significant impact on the profit, asset carrying values and future cash flows.
- *Discount of customer loans* – Long term interest-free customer loan receivables are discounted to their present value using a discount rate that is based upon various factors including the historical loss and recovery profile and current trends. The Group has applied a discount rate of 9% per annum to customer loans to calculate their present values and the associated discount cost on new customer loans and the revenue from the release of discount.

26. ACQUISITION OF SUBSIDIARY AND NON-CONTROLLING INTERESTS (*continued*)

- *Doubtful customer receivables provision* – Trade and other receivables include a provision for doubtful customer receivables that is based upon current information about each receivable at the balance date and historical and current trends in expected recovery.

Bargain purchase gain

Bargain purchase arising from the acquisition has been recognised as follows:

	2014 $'000	2013 $'000
Total consideration transferred	13,529	–
Fair value of identifiable assets	21,043	–
Bargain purchase price gain	7,514	–

- The bargain purchase is attributable mainly to the acquisition of the two divisions in PRFG being the motor vehicle division and AMX.

Acquisition-related costs

The Group incurred acquisition-related costs of $0.15 million relating to external legal fees and due diligence costs. These amounts have been included in administrative expenses in the Consolidated Statement of Profit or Loss.

Acquisition of subsidiary Oceanic Shipping Company 8 Limited (Oceanic Shipping)

As at 30 June 2013, Keybridge held an effective 48.5% investment in Oceanic Shipping. Oceanic Shipping owns three shipping vessels which were previously chartered to Honglam. On termination of the Honglam charter, Oceanic Shipping commenced operating the vessels and required further working capital from shareholders to continue to operate. The other significant shareholder in Oceanic Shipping declined to participate and offered to sell their 48.5% interest in Oceanic Shipping to Keybridge for USD1,000.

This was an opportunity for Keybridge to increase its share in Oceanic Shipping and be exposed to a greater share of any upside in the future disposal of the three vessels. On 1 July 2013, Keybridge acquired an additional 48.5% of equity it did not own in Oceanic Shipping. As a result of the acquisition of the additional shares and the control it now possessed, Keybridge was required to consolidate the financial results of Oceanic Shipping up until the date of disposal on 26 February 2014.

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred:

	2014 $'000	2013 $'000
Cash	1	–
Equity instruments	–	–
	1	–

26. ACQUISITION OF SUBSIDIARY AND NON-CONTROLLING INTERESTS (*continued*)

Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of Oceanic Shipping assets acquired and liabilities assumed at the acquisition date:

	2014 $'000	2013 $'000
Cash and cash equivalents	6	–
Inventories	412	–
Other current assets	5,253	–
Vessels (held for sale)	21,321	–
Trade and other payables	(4,532)	–
Borrowings	(22,928)	–
Total identifiable net liabilities	(468)	–

The following fair values have been determined on a provisional basis:

- The fair value of the three vessels is based on market values obtained from a third party valuer.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	2014 $'000	2013 $'000
Total consideration transferred	1	–
Non-controlling interests, based on their proportionate interest in the recognised amounts of the asset and liabilities of Oceanic Shipping	(14)	–
Fair value of existing interest in Oceanic Shipping	–	–
Fair value of identifiable liabilities	468	–
Goodwill	455	–

Goodwill is due to the difference between the net fair value of assets and liabilities acquired and the purchase price paid to the vendor shareholder.

Acquisition-related costs

The Group incurred acquisition-related costs of $6,000 relating to external legal fees costs. These amounts have been included in legal and professional expenses in the Consolidated Statement of Profit or Loss.

27. GROUP ENTITIES

The ultimate controlling party of the Group is Keybridge Capital Limited incorporated in Australia.

		Ownership interest	
Significant subsidiaries	Country of incorporation	2014 %	2013 %
Bridge Property Investments Pty Limited	Australia	100	100
Pacific Bridge Cyprus Limited	Cyprus	100	100
Bridge Financial Pty Limited	Australia	100	100
MB Finance Pty Limited	Australia	100	100
Keybridge Funds Management Pty Limited	Australia	100	100
Australian Finance Direct Pty Limited*	Australia	100	–

** Acquired 14 April 2014.*

28. SUBSEQUENT EVENT

Subsequent to balance date, the Company issued a loan on 1 July 2014 of up to $3.3 million to provide an entity to purchase the underlying assets and the loan receivables book of AMX from the Administrator of PRFG. It is forecast that approximately half of the loan issued will be repaid by October 2014.

On 1 July 2014, the Company divested all its shares held in Australian Finance Direct (AFD). AFD was acquired during the year to ensure recoverabilty of its loan to PRFG. The subsidiary was sold for its carrying value of its net assets as at 30 June 2014.

There are no other matters which significantly affected or may significantly affect the operations of the Group, the results of the operations, or the state of affairs of the Group in future financial periods, other than that included in this report under the review of operations and results.

29. COMMITMENTS

(a) Loan commitments

There are no undrawn commitments at year end.

(b) Lease commitments

	2014 $'000	2013 $'000
Less than one year	24	75
Between one and five years	3	19
	27	94

During the financial year the lease payments recognised as an expense totalled $85,483. The Group leases its premises under a lease which is due to expire in September 2014.

(c) Financial guarantees

The Group does not have any financial guarantees as at 30 June 2014.

30. CONTINGENCIES

There are no contingent assets or liabilities as at 30 June 2014.

31. AUDITOR'S REMUNERATION

	2014 $'000	2013 $'000
Auditors of the Company		
KPMG Australia		
Audit and review of the financial reports	154	132
Other regulatory audit services	5	5
Tax services	79	100
	238	237

32. PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ending 30 June 2014, the parent entity of the Group was Keybridge Capital Limited.

	2014 $'000	2013 $'000
Result of parent entity		
Loss for the period	(6,185)	(2,005)
Other comprehensive income	–	–
Total comprehensive loss for period	(6,185)	(2,005)
Financial position at year end		
Current assets	22,850	27,218
Total assets	31,692	40,140
Current liabilities	1,015	443
Total liabilities	1,015	443
Total equity of the parent entity		
Share capital	258,118	260,651
Share-based payment reserve	–	–
Retailed losses	(227,140)	(220,954)
Total equity	30,978	39,697

The parent entity has no contingencies or any capital commitments for property, plant and equipment. The parent entity has no guarantees over the debt of its subsidiaries.

Directors' Declaration

1 In the opinion of the Directors of Keybridge Capital Limited (the Company);

(a) the Consolidated Financial Statements and Notes that are set out on pages 36 to 87 and the Remuneration Report in the Directors' Report, set out on pages 27 to 32, are 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 2014 and of its performance for the financial year ended on that date; and

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

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Executive Director and the Company Secretary for the financial year ended 30 June 2014.

3 The Directors draw attention to Note 2(a) to the Consolidated Financial Statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a Resolution of Directors:

Andrew Moffat
Chairman

Sydney, 27 August 2014

Independent auditor's report to the members of Keybridge Capital Limited

Report on the financial report

We have audited the accompanying financial report of Keybridge Capital Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2014, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 32. comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the 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 2014 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in pages 27 to 32 of the directors' report for the year ended 30 June 2014. 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Keybridge Capital Limited for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Madeleine Mattera

Madeleine Mattera
Partner

Sydney

27 August 2014

Shareholder Information

The shareholder information set out below was applicable as at 31 July 2014.

DISTRIBUTION OF EQUITY SECURITIES

Range	Total holders	Shares	% of issued shares
1 to 1,000	190	86,228	0.05
1,001 to 5,000	376	1,073,375	0.65
5,001 to 10,000	213	1,652,426	1.00
10,001 to 100,000	386	13,870,884	8.42
100,001 and over	124	147,985,597	89.87
Total	1,289	164,668,510	100.00

ON-MARKET BUY-BACK

There is no current on-market buy-back.

LARGEST SHAREHOLDERS

The names of the 20 largest holders of ordinary shares as at 31 July 2014 are listed below:

Shareholder	Number held	% of issued shares
Australian Style Group Pty Ltd	33,466,337	20.32
Wyllie Funds Management Pty Ltd	26,312,975	15.98
RBC Investor Services Australia Nominees Pty Limited	15,851,015	9.63
J P Morgan Nominees Australia Limited	7,850,005	4.77
MB Finance Pty Ltd	5,975,000	3.63
Peter Davies Pty Ltd	3,450,000	2.10
Fatty Holdings Pty Ltd	2,940,000	1.79
Citicorp Nominees Pty Limited	2,609,767	1.58
Supentian Pty Limited	2,500,000	1.52
Whitechurch Developments Pty Ltd	2,279,315	1.38
Mr Nigel Burgess + Mrs Yukari Burgess	2,189,843	1.33
Mr Patrick Martin Burroughs	2,000,000	1.21
Mr Stephen Norman Douglas Rowley	1,602,726	0.97
Cowoso Capital Pty Ltd	1,440,000	0.87
Mr Donald Gordon Mackenzie + Mrs Gwenneth Edna Mackenzie	1,302,539	0.79
Denald Nominees Pty Ltd	1,200,000	0.73
G Chan Pension Pty Limited	1,191,189	0.72
Appwam Pty Ltd	1,000,000	0.61
Chembank Pty Limited	1,000,000	0.61
Mr Keith Danby Lucas	1,000,000	0.61

SUBSTANTIAL HOLDERS

Shareholder	Number of shares	%
Australian Style Group Pty Ltd	36,044,842	21.89
Wyllie Funds Management Pty Ltd and each of is related bodies	26,312,975	15.98
Wilson Asset Management Group	16,001,015	9.72
Samuel Terry Asset Management Pty Ltd	12,501,047	7.59

VOLUNTARY ESCROW

There are no shares subject to escrow arrangements.

MARKETABLE PARCELS

The number of security investors holding less than a marketable parcel of 2,778 securities ($0.18 on 31 July 2014) is 390 and they hold 459,972 securities.

VOTING RIGHTS

On a show of hands, at a general meeting of Keybridge, every member present at a meeting in person or by proxy has one vote and upon a poll, each member has one vote for each ordinary share held.

SHAREHOLDER ENQUIRIES

Shareholders with enquiries about their shareholdings should contact Keybridge's share registry, Registry Direct, by telephone on 1300 556 635.

CHANGED YOUR ADDRESS?

If you change your address, please promptly notify our share registry in writing. Please quote your Shareholder Reference Number and your old address as added security.

INVESTOR INFORMATION

Keybridge maintains a website at www.keybridge.com.au where Company information is available and a service for any queries is provided. For any further queries, please contact the Company on +61 2 9321 9000.

ONLINE RECEIPT OF THE ANNUAL REPORT AND SHAREHOLDER INFORMATION

Keybridge makes its Annual Report available online. The Company encourages shareholders to receive all other shareholder information including notices of all Annual General Meetings online. Shareholders who prefer to receive a hard copy of the Annual Report, or all other shareholder information by mail should advise the share registry in writing.

STOCK EXCHANGE LISTING

Keybridge Capital Limited ordinary shares are quoted on the Australian Securities Exchange.

(ASX Code: KBC).

UNQUOTED EQUITY SECURITIES

There are 5,975,000 shares issued under the Director and Employee Share Scheme which are unquoted.

Corporate Directory

REGISTERED OFFICE

Level 26
259 George Street
Sydney NSW 2000

T +61 2 9321 9000
F +61 2 9321 9090

www.keybridge.com.au

SHARE REGISTRY

Registry Direct

Level 2
120 Collins Street
Melbourne VIC 3000

PO Box 18366
Collins Street East VIC 8003

T (within Australia)	1300 556 635
T (outside Australia)	+61 3 9020 7934

http://www.registrydirect.com.au

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