

Appendix 4E: Preliminary final report for the Year Ended 30 June 2018

This information should be read in conjunction with the attached 2018 Financial Report

Name of Entity: BIR Financial Limited

ABN or equivalent company reference

**Half-yearly
(tick)**

**Preliminary
final (tick)**

Financial year ended ('current period')

14 074 009 091

✓

Financial year ended 30 June 2018

1. Details of the reporting period and the previous corresponding period:

Current period

1 July 2017 to 30 June 2018

Previous corresponding period

1 July 2016 to 30 June 2017

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Year ended 20 June 2018 \$'000	Year ended 20 June 2017 \$'000	Changes from previous corresponding period \$'000	Changes from previous corresponding period %
Total revenue	-	2,852,025	2,852,025	100%
Profit (Loss) from ordinary activities after tax	(602,372)	2,335,650	2,938,022	126%
Net Loss attributable to members	(602,372)	2,335,650	2,938,022	126%

	30-Jun-18 (cents)	30-Jun-17 (cents)
Net tangible assets per security	(1.50)	10.35
Dividends	-	-

3. The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends.

NIL

4. The record date for determining entitlements to the dividends (if any).

NA

5. A brief explanation of any of the figures in above necessary to enable the figures to be understood.

Effective on 28 June 2018, the company acquired 100% of the issued capital of Pulse Markets Pty Ltd, for consideration of 15,789,474 fully paid ordinary shares in BIR (Acquisition). It then recommended re-quotation on the Australian Securities exchange (ASX) after satisfying the ASX of the re-listing requirements including under Chapter 1, 2 and 11 of the Listing Rules.

The previous year's revenue and profit reflected a gain of Debt Forgiveness as a result of the company successfully compromising and extinguishing creditor's claims via a Deed of Company Arrangement.

6. Audit status

At the date of issue of this report, the consolidated financial report for the year ended 30 June 2018 is in the process of being audited.


G Starr
Company Secretary
31 August 2018

BIR Financial Limited

ABN 14 074 009 091

(Formerly: Birrabong Corporation Limited)

ASX Preliminary Final Report

for the year ended

30 June 2018

REVIEW OF OPERATIONS

During the Period the company acquired 100% of the issued capital of Pulse Markets Pty Ltd, for consideration of 15,789,474 fully paid ordinary shares in BIR (Acquisition). It then recommenced re-quotation on the Australian Securities Exchange (ASX) after satisfying the ASX of the re-listing requirements including under Chapter 1, 2 and 11 of the Listing Rules.

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

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

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

To complete the acquisition BIR obtained an extension to its relisting date and then all necessary shareholder and regulatory approvals pursuant to the Corporations Act 2001 (Cth) (Corporations Act), the ASX Listing Rules and other third-party approvals.

In order to comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules for admission to the Official List, the Company undertook an underwritten capital raising by way of a general public offer under a prospectus to raise AU\$5,000,000 by the issue of 25 million shares at AU\$0.20 per share. A prospectus was lodged with ASIC in respect of the Proposed Capital Raising.

Following shareholder approval, the Company also changed its name from Birrabong Corporation Limited to BIR Financial Limited and consolidated the Company's issued shares at a ratio of 3.8 to one.

During the year prior to the acquisition of Pulse Markets Pty Ltd, Mr Christopher Anderson and Mr Alexander Harmstorf resigned as non-executive directors and Mr Gregory Starr and Mr Greg Smith were appointed non-executive directors. As a result of the completion of the acquisition of Pulse Markets Pty Ltd, Mr Steven Nicols was appointed as a non-executive Director.

EVENTS SUBSEQUENT TO BALANCE DATE

Following the end of the period the company recommenced quotation of its shares on the Australian Securities Exchange.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

		Consolidated	Company
	Notes	2018 \$	2017 \$
Revenue	2	-	2,852,025
Salaries and employee benefits expense		-	(302,265)
Depreciation		-	-
Interest and finance costs		-	-
Corporate and administration costs	2	(602,372)	(203,693)
Land access overheads		-	(10,417)
Profit/Loss) before income tax expense	2	(602,372)	2,335,650
Income tax expense	3	-	-
Net profit/(Loss) for the year		(602,372)	2,335,650
Other comprehensive income		-	-
Total Comprehensive Income/(Loss)		(602,372)	2,335,650
Basic profit (loss) per share (cents per share)	4	(1.50)	10.35

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

		Consolidated	Company
		2018	2017
	Notes	\$	\$
Assets			
Current Assets			
Cash and cash equivalents	5	5,006,971	1,000
Receivables	6	523,441	14,978
Indemnified deferred tax liability	11	80,988	-
Financial assets		157,727	-
Total Current Assets		5,769,127	15,978
Non-Current Assets			
Indemnified acquisition cost		270,000	-
Property, plant and equipment	7	94,298	-
Intangible assets	8	3,326,921	-
Total Non-Current Assets		3,691,219	-
Total Assets		9,460,346	15,978
Liabilities			
Current Liabilities			
Trade and other payables	9	2,223,215	50,000
Borrowings	10	280,577	-
Accrued audit fees		20,000	20,000
Total Current Liabilities		2,523,792	70,000
Non Current Liabilities			
Deferred Income tax Liability	11	80,988	-
Total Non Current Liabilities		80,988	-
Total Liabilities		2,604,780	70,000
Net Assets/ (Liabilities)		6,855,566	(54,022)
Equity			
Issued capital	12	27,663,293	20,151,333
Accumulated losses		(20,807,727)	(20,205,355)
Total Equity/ (Deficiency)		6,855,566	(54,022)

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

		Consolidated	Company
		2018	2017
Notes		\$	\$
		Inflows/(Outflows)	
Cash flows from operating activities			
		(271,074)	(626,867)
		-	50
Net cash (used in) operating activities	5	(271,074)	(626,817)
Cash flows from investing activities			
		-	7,007
		-	16,676
		-	(1,340)
		-	40,000
		6,081	-
Net cash provided by (used in) investing activities		6,081	62,343
Cash flows from financing activities			
	12	5,000,000	451,000
		270,964	50,000
Net cash provided by financing activities		5,270,964	501,000
		5,005,971	(63,474)
		1,000	64,474
Cash and cash equivalents at end of year	5	5,006,971	1,000

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Issued Capital \$	Consolidated Accumulated Losses \$	Total \$
Balance at 1 July 2016	19,700,333	(22,541,005)	(2,840,672)
Share issue	451,000	-	451,000
Total comprehensive profit	-	2,335,650	2,335,650
Balance at 30 June 2017	20,151,333	(20,205,355)	(54,022)
Share issue	7,257,781	-	7,257,781
Total comprehensive loss	-	(602,372)	(602,372)
Balance at 30 June 2018	27,409,114	(20,807,727)	6,601,388

The accompanying notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. Up to the date of effectuation of the DOCA (31 May 2017) the financial statements were for the Group consisting of BIR Financial Limited (formally Birrabong Corporation Limited) and its subsidiaries. Following the deregistration and disposal of all subsidiaries, the financial statements represent only the single company, BIR Financial Limited.

The financial statements have been prepared in accordance with the historical cost basis and presented in Australian dollars. Cost is based on the fair values of the consideration given in exchange for assets. The Company is a listed public Company, incorporated in Australia and operating in Australia.

Going Concern

At 30 June 2016, the Company had a working capital deficiency of \$2,851,737. On 1 July 2016, the Directors determined to place the Company into Voluntary Administration. Immediately before doing so, the Company executed a Recapitalisation Deed with intermediary company Benelong Capital Limited. The purpose of this Deed was to facilitate the recapitalisation of the Company with new business direction under a new Board of Directors.

Pursuant to the terms of the Recapitalisation Deed, the Administrator of the Company entered into a Deed of Company Arrangement ("DOCA") with Benelong Capital Limited on 17 August 2016. The recapitalisation was completed pursuant to the DOCA on 31 May 2017, following shareholder approval of the proposal. The Deed of Company Arrangement was then effectuated on the same date and the Company returned to the control of the new Board of Directors. As the first stage of the recapitalisation, a small amount of capital was raised to meet the Company's immediate needs. All pre-Administration liabilities of the Company were extinguished by the establishment of a Creditors Trust in accordance with the DOCA. Company liabilities incurred during the DOCA were met by the Deed Administrators from remaining company assets. Upon the Company being returned to the control of the new Board, the Company had extinguished the recapitalisation liabilities.

At the date of this Report, the company has acquired a cash generating company Pulse Markets Limited and raised \$5,000,000 and re-quotation of the Company's shares on the ASX.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 2: REVENUE AND EXPENSES

(a) Revenue

	Consolidated 2018 \$	Company 2017 \$
Interest received	-	50
Other revenue		
- Gain on Debt Forgiveness	-	2,796,796
- Sale of fully depreciated plant and equipment	-	-
Net gains on disposal of plant and equipment	-	12,618
Gain on deregistration of subsidiaries	-	6,197
Option fee	-	36,364
	-	2,852,025

(b) Expenses

Charges to the statement of comprehensive income associated with costs incurred in the acquisition of Pulse	426,540	-
Amounts, received or due and receivable by auditors for:		
• audit or review services	20,000	20,000

NOTE 3: INCOME TAX

Income Tax Expense

The income tax expense for the year differs from the prima facie tax as follows:

	Consolidated 2018 \$	Company 2017 \$
Profit (Loss) for year	(602,372)	2,335,650
Prima facie income tax (benefit) @ 30%	(180,712)	700,695
Deferred tax assets not brought to account	180,712	-
Prior year losses utilised	-	(700,695)
Total income tax expense	-	-

NOTE 4: LOSS PER SHARE

	Consolidated 2018	Company 2017
Basic profit (loss) per share (cents per share)	(1.50)	10.35
Diluted earnings per share	(1.50)	10.35
	\$	\$
Earnings – Net profit (loss) for year	(602,372)	2,335,650
Weighted average number of ordinary shares used in the calculation of:	40,216,664	22,563,927
Basic earnings per share		
Diluted earnings per share	40,216,664	22,563,927

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 5: CASH AND CASH EQUIVALENTS

	Consolidated 2018 \$	Company 2017 \$
Cash at bank	5,006,971	1,000
(i) Reconciliation of (loss)/profit for the year to net cash flow used in operating activities:		
Profit (Loss) for the year	(602,372)	2,335,650
Non-Cash items and reclassifications		
Other revenue – Gain on Debt Forgiveness	-	(2,796,796)
Net gains on disposal of plant and equipment	-	(12,618)
Gain on deregistration of subsidiaries	-	(6,197)
Changes in assets and liabilities		
Payables	412,948	(161,834)
GST recoverable	(81,650)	14,978
Net cash flows (used in) operating activities	(271,074)	(626,817)

NOTE 6: RECEIVABLES

	Consolidated 2018 \$	Company 2017 \$
<u>Current</u>		
Sundry debtors and prepayments	523,441	14,978
	523,441	14,978

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2018 \$	Company 2017 \$
Year ended 30 June 2018 - movement		
At 1 July 2017, net of accumulated depreciation	-	-
Cost on Acquisition of Pulse Markets	94,298	-
Disposals net of accumulated depreciation	-	-
Depreciation charge for the year	-	-
At 30 June 2018, net of accumulated depreciation	94,298	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 8: INTANGIBLE ASSETS

	Consolidated	Company
	2018	2017
	\$	\$
Excess consideration paid over net liabilities acquired	3,326,921	-
Consideration of 15,789,474 fully paid ordinary shares for the acquisition of 100% of Pulse Markets Pty Ltd	3,157,895	-
Add Net Liabilities of Pulse	439,026	-
Less Warranty claim from the vendor of Pulse ¹	(270,000)	-
Total	3,326,921	-

¹ There were \$253,369 of costs associated with the sale of the company to BIR Financial Limited. This is \$168,369 in excess of the agreed amount under the Share Sale Agreement. As a result of this excess expenditure and other matters, the vendor of Pulse Markets has entered into an agreement with BIR Financial Limited to reimburse BIR Financial Limited \$270,000 once the shares received from the sale of the company are released from escrow.

The acquisition of Pulse Markets Pty Ltd has been provisionally accounted for in accordance with AASB3 Business Combinations. The Company is currently finalising the allocation of the initial excess consideration noted above. This allocation will be finalised when the 30 June 2019 financial report is prepared and the provisional amounts noted above will be adjusted accordingly.

NOTE 9: TRADE AND OTHER PAYABLES

	Consolidated	Company
Current	2018	2017
	\$	\$
Trade payables and accruals	2,243,215	-
Other	-	50,000
	2,243,215	50,000

Trade Payables and accruals include:

- \$1,026,997 of costs primarily associated with the acquisition of Pulse.
- \$253,369 of costs associated with the sale of the company to BIR Financial Limited. This is \$168,369 in excess of the agreed amount under the Share Sale Agreement. As a result of this excess expenditure and other matters, the vendor of Pulse Markets has entered into an agreement with BIR Financial Limited to reimburse BIR Financial Limited \$270,000 once the shares received from the sale of the company are released from escrow.
- An estimate of Claims of \$234,535 against a company which was an authorised representative of Pulse's Australian Financial Services Licence for activities which occurred in 2014.

NOTE 10: BORROWINGS

	Consolidated	Company
Current	2018	2017
	\$	\$
Unsecured loans – Related Parties	280,577	-
	280,577	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The company entered into a loan facility arrangement with Roths Holdings Australia Pty Ltd and Silberman Holdings Pty Limited on 29 September 2017 (a company related to the Chairman Tal Silberman) "companies". Key terms of the Loan facility are as follows:

Interest - Interest shall be at a rate agreed between the parties from time to time (currently 8%).

Repayment of loan and interest - The loan facility has a fixed term of nine years. The borrowers will repay the any outstanding amount of the loan to the company by the end of the term. There is no penalty on repayment prior to the end of the facility terms.

Capitalising interest - The companies may capitalise any interest that has become due but remains unpaid. That interest is then to be treated as having been added to the amount of the loan as from the date it became due.

Companies may require security - The companies may at any time require the borrower to provide reasonable security for the performance of that borrower's obligations under this agreement.

Following the end of the reporting period the Loan was repaid.

NOTE 11: INDEMNIFIED DEFERRED INCOME TAX LIABILITY

	Consolidated 2018 \$	Company 2017 \$
Indemnified deferred Income Tax Liability	80,988	-

NOTE 12: ISSUED CAPITAL AND RESERVES

	Consolidated 2018 \$	Company 2017 \$
Issued and paid up capital		
Ordinary shares fully paid	27,663,293	20,151,333

(a) Movement in ordinary shares on issue	2018 Number	2018 \$	2017 Number	2017 \$
Balance at beginning of year	149,000,000	20,151,333	5,620,647	19,700,333
Consolidation of capital 1 for 40 - December 2015			-	-
1 for 1 Bonus Issue 31 May 2017	-	-	5,620,647	-
Issue of new shares 31 May 2017	-	-	137,758,706	451,000
5 for 19 Consolidation 31 May 2017	(109,789,104)	-	-	-
Issue of new shares 21 June 2018 under general Offer	25,000,000	5,000,000	-	-
Issue of new shares 21 June 2018 under Vendor Offer	15,789,474	3,157,895	-	-
Share issue costs	-	(645,935)	-	-
Balance at end of year	80,000,370	27,663,293	149,000,000	20,151,333

(b) Share Options

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(c) Terms and conditions of contributed equity

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

NOTE 13: CONTINGENT LIABILITY

	Consolidated 2018 \$	Company 2017 \$
Contingent Liability ⁽¹⁾	21,404	-

⁽¹⁾ This relates to advised claims against a company which was an authorised representative of Pulse's Australian Financial Services Licence for activities which occurred in 2014. The settlement of these claims is still subject to negotiation.