For personal use only

KEYBRIDGE
CAPITAL LIMITED

APPENDIX 4E
&
PRELIMINARY
FINANCIAL REPORT
FOR YEAR ENDED

30 JUNE 2023

CONTENTS

ASX Appendix 4E - Results for Announcement to the Market	**2**
Consolidated Statement of Profit or Loss and Other Comprehensive Income	**4**
Consolidated Statement of Financial Position	**5**
Consolidated Statement of Changes in Equity	**6**
Consolidated Statement of Cash Flows	**7**
Notes to the Consolidated Financial Statements	**8**

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Nicholas Bolton	Managing Director
John Patton	Non-Executive Director
Antony Catalano	Non-Executive Director

COMPANY SECRETARY
John Patton

REGISTERED AND PRINCIPAL OFFICE
Suite 614, Level 6
370 St Kilda Road
Melbourne, Victoria 3004

Telephone:	(03) 9686 7000
Email:	info@keybridge.com.au
Website:	www.keybridge.com.au

AUDITORS
William Buck Audit (Vic) Pty Ltd
Level 20
181 William Street
Melbourne, Victoria. 3000

Telephone:	(03) 9824 8555
Website:	www.williambuck.com

STOCK EXCHANGE
Australian Securities Exchange
Melbourne, Victoria

Website:	www.asx.com.au

ASX CODE
KBC

SHARE REGISTRY
Advanced Share Registry Services
Main Office
110 Stirling Highway
Nedlands, Western Australia 6009

Local Telephone:	1300 113 258
Telephone:	(08) 9389 8033
Facsimile:	(08) 9262 3723
Email:	admin@advancedshare.com.au
Website:	www.advancedshare.com.au

For personal use only

APPENDIX 4E

1. Reporting period

Name of Entity	**Keybridge Capital Limited**
ABN:	16 088 267 190
Financial year ended:	30 June 2023
Previous corresponding reporting period:	30 June 2022

2. Results for announcement to the market

	2023 $'000	**Percentage increase / (decrease) over corresponding period**
Revenues from ordinary activities (*item 2.1*)	3,425,819	290.2%
Profit (loss) from ordinary activities after tax attributable to members (*item 2.2*)	(8,945,509)	(1081.2%)
Net profit (loss) for the period attributable to members (*item 2.3*)	(8,947,383)	(1081.4%)

Dividends (*item 2.4*)	Amount per security	Franked amount per security
2023 final dividend	0.00¢	N/A
2023 interim dividend	0.00¢	N/A
Final Dividend Dates		
Ex-entitlement date	N/A	N/A
Record date	N/A	N/A
Last election date for DRP	N/A	N/A
Payment date	N/A	N/A

3. Net tangible assets per security (*item 3*)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security (cents)	2.03¢	6.20

4. Details of entities over which control has been gained or lost during the period (*item 4*)

N/A

For personal use only

APPENDIX 4E

Appendix 4E Contents and checklist of requirements

1. Reporting period and corresponding period.	Refer to Page 2 of this Appendix 4E.
2. Results for announcement to the market.	Refer to Page 2 of this Appendix 4E.
3. Statement of comprehensive income.	Refer to Page 4 of this Appendix 4E.
4. Statement of financial position.	Refer to Page 5 of this Appendix 4E.
5. Statement of cash flows.	Refer to Page 7 of this Appendix 4E.
6. Statement of changes in equity.	Refer to Page 6 of this Appendix 4E.
7. Details of dividends or distributions.	Refer to Page 2 of this Appendix 4E.
8. Details of dividend or distribution reinvestment plans in operation and the last date of receipt of an election notice for participation in any dividend or distribution reinvestment plan.	Refer to Page 2 of this Appendix 4E.
9. Net tangible assets per security.	Refer to Page 2 of this Appendix 4E.
10. Details of entities over which control has been gained or lost during the period.	Refer to Page 2 of this Appendix 4E.
11. Details of joint venture entities and associated entities.	Not applicable.
12. Any other information needed by an investor to make an informed assessment of the entity's financial performance and financial position.	Refer to Pages 8-9 of this Appendix 4E.
13. Accounting standards used in compiling reports by foreign entities.	Not applicable.
14. A commentary on the results for the period.	Refer to Page 8 of this Appendix 4E.
15. A statement as to whether the report is based on accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed.	This report is based on financial statements which are in the process of being audited.
16. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification a description of the likely dispute or qualification.	At this stage, it is likely that the audit report will be unqualified.
17. If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification.	Not applicable.

For personal use only

For personal use only

Keybridge Capital Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated 30 Jun 2023 $	Consolidated 30 Jun 2022 $
Profit from stablecoin arbitrage			
Sale of stablecoin	2	53,563,259	483,692,435
Cost of stablecoin sold		(55,096,957)	(482,461,084)
Gross (loss) / profit		(1,533,698)	1,231,351
Other revenue and income	2		
Fees		108,956	95,692
Interest revenue		382,228	336,636
Dividend revenue		2,539,635	445,316
Other income		395,000	227
Other gains and losses	3	(1,764,028)	677,254
Expenses	4		
Fair value losses on equity investments		(1,721,564)	(452,902)
Personnel expenses		(797,675)	(743,393)
Corporate & Legal expenses		(3,087,535)	(1,772,000)
Administration expenses		(179,805)	(221,768)
Other expenses		(96,863)	(204,361)
Finance expenses		(793,109)	(131,580)
Impairment on loans		(2,397,051)	(14,702)
Loss before income tax expense		(8,945,509)	(754,230)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the members of Keybridge Capital Limited		(8,945,509)	(754,230)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(1,874)	993
Other comprehensive income for the year, net of tax		(1,874)	993
Total comprehensive income for the year attributable to the members of Keybridge Capital Limited		**(8,947,383)**	**(753,237)**
Basic and diluted earnings/(loss) per share (cents) attributable to the ordinary equity holders of the company	7	**(4.30)**	**(0.37)**

Keybridge Capital Limited
Statement of financial position
As at 30 June 2023

	Note	Consolidated 30 Jun 2023 $	Consolidated 30 Jun 2022 $
Assets			
Current assets			
Cash and cash equivalents	8	105,572	54,680
Financial assets at fair value through profit or loss	9	6,074,371	11,728,856
Inventories		1,282	24,726
Trade and other receivables	10	138,311	367,922
Other assets		34,694	34,952
Security deposit		320,000	-
Total current assets		6,674,230	12,211,136
Non-current assets			
Financial assets at fair value through profit or loss	9	630,975	1,135,754
Trade and other receivables	10	6,379,058	4,759,775
Property, plant and equipment		-	29,672
Total non-current assets		7,010,033	5,925,201
Total assets		13,684,263	18,136,337
Liabilities			
Current liabilities			
Trade and other payables	13	3,373,064	2,489,429
Borrowings	14	5,906,514	2,373,392
Employee benefits		228,925	100,692
Total current liabilities		9,508,503	4,963,513
Non-current liabilities			
Employee benefits		-	84,181
Total non-current liabilities		-	84,181
Total liabilities		9,508,503	5,047,694
Net assets		**4,175,760**	**13,088,643**
Equity			
Issued capital	15	257,044,033	257,009,533
Reserves		8,916,739	8,918,613
Accumulated losses		(261,785,012)	(252,839,503)
Total equity		**4,175,760**	**13,088,643**

For personal use only

Keybridge Capital Limited
Statement of changes in equity
For the year ended 30 June 2023

Consolidated	Issued capital $	Share-based payments $	Profit reserve $	Foreign currency translation $	Accumulated losses $	Total equity $
Balance at 1 July 2021	256,531,006	321,600	3,955,239	136,733	(247,581,225)	13,363,353
Loss after income tax expense for the year	-	-	-	-	(754,230)	(754,230)
Other comprehensive income for the year, net of tax	-	-	-	993	-	993
Total comprehensive income for the year	-	-	-	993	(754,230)	(753,237)
Transfer to profit reserve	-	-	4,504,048	-	(4,504,048)	-
Transactions with members in their capacity as members:						
Shares issued	572,840	-	-	-	-	572,840
Share buy-backs	(94,313)	-	-	-	-	(94,313)
Balance at 30 June 2022	**257,009,533**	**321,600**	**8,459,287**	**137,726**	**(252,839,503)**	**13,088,643**

Consolidated	Issued capital $	Share-based payments $	Profit reserve $	Foreign currency translation $	Accumulated losses $	Total equity $
Balance at 1 July 2022	257,009,533	321,600	8,459,287	137,726	(252,839,503)	13,088,643
Loss after income tax expense for the year	-	-	-	-	(8,945,509)	(8,945,509)
Other comprehensive income for the year, net of tax	-	-	-	(1,874)	-	(1,874)
Total comprehensive income for the year	-	-	-	(1,874)	(8,945,509)	(8,947,383)
Transactions with members in their capacity as members:						
Shares issued	34,500	-	-	-	-	34,500
Balance at 30 June 2023	**257,044,033**	**321,600**	**8,459,287**	**135,852**	**(261,785,012)**	**4,175,760**

For personal use only

Keybridge Capital Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	Consolidated 30 Jun 2023 $	Consolidated 30 Jun 2022 $
Cash flows from operating activities			
Receipts from Stablecoin arbitrage		53,563,259	483,692,435
Payments for Stablecoin		(55,073,513)	(480,908,048)
Fees received		108,956	95,692
Recovery of legal fees		395,000	227
Payments to suppliers and employees		(3,367,028)	(1,813,607)
Net cash from/(used in) operating activities		(4,373,326)	1,066,699
Cash flows from investing activities			
Payments for property, plant and equipment		-	(30,000)
Proceeds from sale of financial assets at fair value through profit or loss		8,343,394	11,413,699
Payments for financial assets at fair value through profit or loss		(8,059,286)	(15,102,306)
Dividends received		2,628,708	340,835
Interest received		6	80
Net cash from/(used in) investing activities		2,912,822	(3,377,692)
Cash flows from financing activities			
Proceeds from issue of shares	15	34,500	-
Convertible redeemable notes interest payments		-	(8,188)
Payments for share buy-backs		-	(92,510)
Loan facility payments		(1,260,000)	-
Proceeds from borrowings		2,300,000	2,250,000
Proceeds from borrowings from related parties		7,183,583	12,341,187
Repayments of borrowings to related parties		(6,371,635)	(12,255,081)
Interest and other finance costs paid		(365,435)	-
Net cash from financing activities		1,521,013	2,235,408
Net increase/(decrease) in cash and cash equivalents		60,509	(75,585)
Cash and cash equivalents at the beginning of the financial year		54,680	127,062
Effects of exchange rate changes on cash and cash equivalents		(9,617)	3,203
Cash and cash equivalents at the end of the financial year	8	**105,572**	**54,680**

For personal use only

PRINCIPAL ACTIVITIES

Keybridge is an investment and financial services group with a diversified portfolio of listed and unlisted investments/loan assets in the life insurance (New Zealand), property and funds management sectors and strategic holdings in HHY Fund (HHY), Yowie Group Ltd (ASX: YOW), Metgasco Limited (ASX: MEL), Molopo Energy Limited (Molopo), RNY Property Trust (RNY) and engaged in cryptocurrency trading.

Keybridge is a company limited by shares that was incorporated in New South Wales in June 1999 and has been listed on the Australian Securities Exchange (ASX) since December 1999 (ASX Code:KBC).

REVIEW AND RESULTS OF OPERATIONS

Keybridge's principal activities during the year were management of its portfolio of listed and unlisted investments/loan assets.

FINANCIAL RESULTS FOR THE YEAR

The loss of the Consolidated Entity for the financial year ended 30 June 2023 after providing for income tax was $8,945,509 (2022: $754,230). Total revenue amounted to $56,989,078 (2022: $484,570,305).

Keybridge paid no ordinary dividends for the current financial year.

Keybridge is pursuing a number of legal matters and expensed $2,741,232 during the year for associated legal costs (with further details set out in the legal proceedings section of the Directors' Report). Keybridge expects to fully recover these costs on the successful prosecution of the various matters.

STRATEGY FUTURE OUTLOOK

Keybridge intends to continue its investment activities in future years. The results of these investment activities depend upon the performance of the underlying investee entities/loan counterparties and securities in which Keybridge invests. The investments' performances depend on many economic factors and also industry and investee/counterparty-specific issues. In the opinion of the Directors, it is not possible or appropriate to make a prediction on the future course of markets, the performance of Keybridge's investments or forecast the likely results of Keybridge's activities.

DIVIDENDS

The Directors have not determined to pay a final dividend.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year, Keybridge advanced a protective US$1,500,000 loan to the operating subsidiary of RNY Property Trust during first half of the 2023 financial year, to assist in paying out the mezzanine debt over the equity of the RNY property portfolio. This loan was considered necessary to avoid the forced sale of the equity in the properties at a UCC auction arranged by the lender. To assist in funding this RNY loan and other portfolio investments, Keybridge, itself, obtained a A$4,400,000 senior loan from a private lender at an interest margin of 12.5% pa over the 30 Day BBSY.

As a result of actions taken by the US lender of the RNY portfolio, including what Keybridge believes to be an unfounded charging of approximately US$11,000,000 in default interest, as well as taking into account potential changes in property values as a result of rising US interest rates, in first half of the 2023 financial year, the Company further impaired the carrying value of its RNY equity and other indirect investments that have exposure to RNY equity (including its investment in HHY, AUP and AIB). Details of the actions taken can be found at Index no. 610470/2022 in the Supreme Court of the State of New York County of Nassau. The aggregate of the fair value loss totalled A$1,300,000

In June 2023, the Company elected to fully impair its US$1,500,000 protective advance previously made to the operating subsidiary of RNY Property Trust. Keybridge Management has formed the view that the reduced values are appropriate based on the fund's current capital structure and prevailing market conditions.

Keybridge entered into a debt agreement with Metgasco Ltd to provide up to $3,000,000 in debt funding, with $1,260,000 having been advanced by 30 June 2023.

For personal use only

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 29 August 2023, Keybridge received an unfavourable judgment in relation to its claim against Muller v Bartlett & Ors and was ordered to pay the defendant's costs. Keybridge has previously advanced $320,000 in security of potential costs and is currently considering its options in relation to this matter.

No other matters or circumstances have arisen since 30 June 2023 that have significantly affected, or may affect:

(i) the operations of the Company in future financial years; or

(ii) the results of those operations in future financial years; or

(iii) the state of affairs of the Company in future financial years

SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial statements have been prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

For personal use only