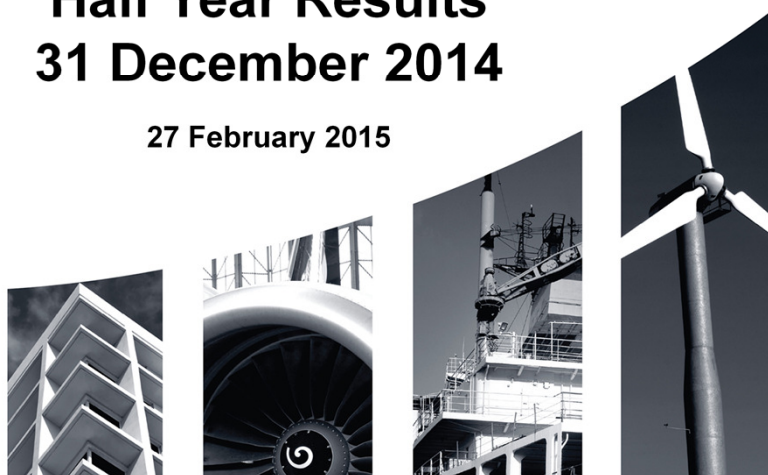




Half Year Results 31 December 2014

27 February 2015



Welcome.

My name is Nicholas Bolton, Keybridge's Managing Director, and I am pleased to present to you the Company's financial results for the six months ended 31 December 2014. This presentation addresses the present status of the Company's financial position, its portfolio of assets, and the outlook for the business.

During the half year to 31 December 2014, Keybridge Capital:

- Focused on its program to continue realising assets and achieved a \$1.48 million repayment from its Lending portfolio.
- Completed a NZD3.8 million investment in Foundation Life, to assist in its acquisition of Tower Limited's residual life insurance business. The business manages a large portfolio of life funds with long term duration.
- Entered into a conditional agreement to invest EUR10 million into an Italian-listed fibre optic provider. Subsequently, the agreement conditions failed to be met.
- Acquired a strategic 6% stake in Molopo Energy Limited ("Molopo"). Antony Sormann, Keybridge's Executive Director, has been appointed as a Non-Executive Director to the Molopo Board as Keybridge's representative.
- Announced that it had entered into an agreement with Aurora Funds Limited to acquire its funds management business for \$4.3 million, subject to adjustment for any net cash or liabilities to be assigned as at the date of completion. The transaction remains subject to approval by Aurora's shareholders and is expected to complete during March 2015.

I will now turn to the results for the half year.

Summary

- Net profit after tax of \$0.731 million
- Fully franked interim dividend declared of 0.25 cents with a Dividend Reinvestment Plan
- \$1.48 million of investment realisations from difficult assets
- Audited Net Tangible Assets of 23.5 cents per share at 31 December 2014

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Today's results mark a successful milestone in the renovation of Keybridge which has been ongoing for the past 6 years. We are pleased to report a net profit after tax for the half-year to 31 December 2014 of \$0.731 million (compared with a loss of \$1.303 million in the prior period), along with our first dividend in over 6 years being 0.25c per share fully franked.

Basic and diluted earnings per share for the last six months represented 0.46 cents per share compared with a loss of (0.66) cents in the prior period.

The record date for the interim dividend is 12 March 2015, with the payment date being 31 March 2015. The Company has also activated its Dividend Reinvestment Plan allowing shareholders to reinvest in Keybridge at market prices which at the time of this report, continue to trade at a discount to reported NTA.

Profitability

	6 Months to Dec 2014 \$'000	6 Months to Dec 2013 \$'000
Income	918	6,352*
Operating Costs	(1,060)	(7,561)*
Recovery Costs	(157)	(420)
Borrowing Costs	-	(34)
Pre Tax Operating (loss)	(299)	(1,663)
Foreign Exchange Gain	1,030	717
Net Impairments	-	(357)
Income Tax	-	-
Net loss after tax	731	(1,303)

* Includes Shipping segment now discontinued

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Income

Total investment and interest income for the six months to 31 December 2014 of \$0.918 million was achieved in the period with all new and retained investments contributing either accrued or cash interest income.

The Company incurred net unrealised mark-to-market losses of \$0.275 million on the value of its investments in listed shares during the period. The majority of these losses were attributable to shares held in Molopo Energy Limited (MPO) of \$0.388 million and in Aurora Funds Limited (AFV) of \$0.138 million, which were partially offset by unrealised gains in PTB Group Limited (PTB) of \$0.104 million and net gains in other smaller listed positions. I note that the reported short term mark-to-market values of these large relatively illiquid positions do not necessarily reflect our long term valuation of the assets.

The Australian Dollar depreciated by 13.3% in value against the US Dollar and by 2.6% against the Euro over the half-year, and by 4.2% against the New Zealand Dollar, over the period from 28 August 2014, being the date of investment into Foundation Life. The movements in all three currencies resulted in net unrealised FX gains over the period of \$1.03 million.

Operating Expense

The Company's operating expenses were lower in the period to 31 December 2014 at \$1.2 million compared with \$2.1 million in 2013 (excluding the operating and financing costs associated with the Company's shipping assets which were included in the 2013 results). The decrease was mainly due to lower legal and professional costs, of which approximately \$0.6 million was associated with the acquisition of PR Finance Group (PRFG) and the response to the off-market takeover bid for Keybridge, which both occurred in 2013.

Of the legal and professional costs during the half, \$0.15 million (2013: \$0.42 million) were incurred in litigation and legal fees focused on recovering assets that remain valued at nil in the Company's financial statements. Management has a proven track record in monetising the Company's nil value assets, and we remain optimistic that future returns will come from this nil asset book.

Operating Cash Flow

Six months to 31 December 2014	\$'000
Cash Balance 1 July 2014	14,535
Investment income	870
Investment realisations	1,898
New investments	(3,510)
Operating Costs	(1,165)
Recovery Costs	(509)
Cash Balance 31 December 2014	12,119
Average Cash Holdings	12,582

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- Interest income received from cash on deposit \$0.17 million and \$0.70 million from new and retained investments.
- Overall cash decreased from June 2014 as a result of the new investments in the insurance and listed equity segments.
- Investment recovery-associated costs are non-recurring. They include legal fees in enforcing security on investments carried at Nil. Any recovery will be profit accretive. The higher cash recovery costs relative to accrued costs relate to the amortisation of previous provisions.

Balance Sheet

	December 2014 \$'000
Investments & Loans	25,535
Cash & Other Assets	12,409
Liabilities	(638)
Shareholders' Funds	37,306

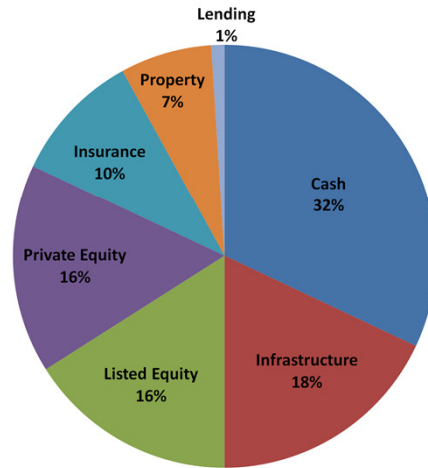
31 December 2014 NTA: 23.5 cents per share

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- With 158.6* million quoted shares on issue as at 31 December 2014, shareholders' funds equated to Net Tangible Assets of approximately 23.5 cents per share *(excludes 15.0 million unquoted shares issued under the Executive Share Scheme (ESS) and the matching ESS loan).
- Of Keybridge's total net assets as at 31 December 2014, approximately 61% were denominated in Australian Dollars, 12% in US Dollars, 18% in Euros and 9% in NZ Dollars.
- Keybridge liabilities are unpaid expenses such as audit, tax, other professional fees and total \$0.45 million. The balance of the liabilities are short listed equity positions which total \$0.183 million.

Investments and Cash

31 December 2014
Total assets \$37.5m



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- At 31 December 2014, the total book value of the Company's assets, was \$37.48 million. The largest asset class is cash representing 32% of total assets.
- Cash 32%, Infrastructure 18%, Private Equity 16%, Listed Equity 16%, Insurance 10% Property 7%, and Lending represents 1%.

Investments

Infrastructure

- Equity investment in solar facility in Spain
- Total book value \$6.8 million as at 31 December 2014
- Spanish government finalised new revenue structure
- Plant operating at full capacity and generating strong profitable cash flows

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Total book value \$6.8 million.

In March 2008, Keybridge invested EUR9.6 million for the development, construction and ownership of a 1.05MWp twin-axis tracking solar photovoltaic (PV) park in the Murcia region in southern Spain, named Totana.

Upon completion, the park was registered under Royal Decree (RD) 661/2007 which legislated that for a period of 25 years Iberdrola, the energy supplier, was required to purchase all electricity produced by the park at a government mandated inflated feed-in tariff.

During 2014, the Spanish government finalised its second round of amendments to the original feed-in tariff resulting from a series of austerity measures attempting to reduce its budget deficit. The Council of Ministers passed Royal Decree 413/2014, regulating the activity of electricity production from renewable energy sources, cogeneration and waste. This regulation entered into force on 11 June 2014 but applied retrospectively since 14 July 2013.

The tariff is now based on what the Spanish Government has deemed to be a reasonable fixed rate of return on capital invested for such an asset. The Spanish Government has indicated that the next review of the tariffs will not occur prior to 2017. During this time, the total annual compensation under the new structure is expected to deliver approximately EUR0.53 million of gross annual revenue, down from approximately EUR0.75 million per annum previously.

Investments

Listed Equity

Total book value \$6.2 million as at 31 December 2014. Keybridge was active in all its significant shareholdings during the period:

- 19.1% investment in PTB Group Limited (PTB). KBC Director appointed to Board.
- 19.85% investment in Aurora Funds Limited (AFV). Keybridge recently announced that it will acquire the rest of the Aurora Funds Management business (subject to AFV shareholder approval).
- 5.95% investment in Molopo Energy Limited (MPO), a cashbox currently trading significantly below cash backing. KBC Director appointed to Board.

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Total book value \$6.2 million.

Keybridge holds 3 substantial shareholdings in other ASX listed companies (PTB, AFV, MPO), along with a number of smaller liquid holdings in listed companies that are held for strategic or solely return purposes. Keybridge has been active in the period with regard to each of its substantial holdings.

PTB:

In November 2014 I was appointed as Keybridge's nominee to PTB. Keybridge has held its shareholding for many years, and is now actively working with management to optimise value. The profitable company trades at a 60%+ discount to its reported book value, at a modest normalised P/E multiple of 5.3x, and with a market cap lower than than its franking credit balance.

AFV:

On 19 December 2014 Keybridge agreed to acquire 100% of the funds management assets from AFV for \$4.3 million plus net tangible assets. This acquisition is strategic in nature and in my view at fair value for both parties. Keybridge will receive approximately 20% of the proceeds plus existing surplus cash in the AFV vehicle back through the anticipated AFV capital return.

The Aurora transaction is now approved by the Keybridge Board, and subject to AFV shareholder approval (expected on March 24th, 2015) and the satisfaction of certain conditions precedent in Keybridge's favour.

I expect that our returns on our original investment in AFV to be roughly neutral after a weighted 15 months, however we have benefited as a result of the relationship with management and the tactical position achieved through our largest shareholding that provided for the aforementioned acquisition.

MPO:

During the period, Keybridge requisitioned meetings to have MPO return capital and failing that, for a Board change. After a brief dispute in the NSW Supreme Court, MPO's then Board agreed to resign to see a shareholder led Board appointed. Antony Sormann was appointed as our representative. MPO trades at a material discount to its cash backing.

Investments

Private Equity

- Total book value \$6.1 million as at 31 December 2014
- Investment in US limited liability company which holds units in private equity fund
- Loan is contracted to accrue interest at 14.5% per annum with no expected repayments until expiry in Dec 2017
- Management elected to recognise \$0.1 million in income and to not accrue \$0.6 million of income on this asset as an impairment given limited liquidity

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Total book value \$6.1 million.

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 USD5.0 million is secured by Republic Limited Partnership Capital's interest in the Private Equity Fund. RPE's internal valuation of the Fund was USD28.2 million as of end September 2014 with the value of the stake forming Keybridge's security interest valued at approximately USD14.1 million.

Keybridge received no repayments from its Private Equity investment during the six months to 31 December 2014 and accrued \$0.1 million in income. Management elected not to accrue \$0.6 million of income on this asset given limited liquidity of the asset.

Investments

Property

- Two investments remaining with total book value \$2.4 million as at 31 December 2014
- Both loans are performing and paying monthly coupon
- Keybridge continues to look at ways of realising the remainder of the commercial mortgages

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Total book value \$2.4 million.

In September 2014, the Company took direct control of the last two loans that were held in a fund run by Ashe Morgan, which invested in first ranking mortgage loans over commercial properties. The loans are secured by properties in the Melbourne suburb of Prahran and a property in the Sydney suburb of Manly. Both loans are paying monthly interest.

The other investment in the Company's property portfolio are units in a fund, which provided a high yielding 1st mortgage against Sydney residential property. The investment is short term, paying monthly interest and performing in line with expectation.

Investments

Insurance

- On 28 August 2014 KBC invested NZD3.8 million into Foundation Life Holdings (FLH). FLH purchased all of the shares in Tower Life New Zealand, which acquired the non-core run-off life insurance subsidiary of Tower Limited
- The investment is structured to earn interest at 9% per annum, payable at the end of FLH's financial year with equity upside

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Total book value \$3.7 million.

- Insurance portfolio performing.
- Return of capital of approximately NZD0.3 million expected March 2015.

Investments

Lending

- \$1.48 million of repayments in year to 31 December 2014
- Total book value at 31 December 2014 of \$0.1 million

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Total book value \$0.1 million.

During the half-year, the Liquidator of PR Finance Group Limited (PRFG) contracted to sell the AMX business to Ridgway Capital Limited (Ridgway).

The sale of the AMX business allowed the Liquidator to distribute to Keybridge, as secured creditor, sufficient monies to be repaid against the PRFG loan of approximately \$2.3 million. The balance of the monies from the sale was used to purchase Australian Finance Direct (a KBC subsidiary), pay the Liquidator's costs and AMX creditors.

To facilitate this sale, Keybridge provided Ridgway Capital with two loans of \$1.48 million each; the first loan was to purchase the AMX business and the second to purchase the AMX Money debtors' loan book. The interest on both loans is charged at 18% per annum with the loans being secured respectively against the Ridgway Capital business and the AMX debtors' loan book at the date of drawdown.

In October 2014, Ridgway Capital repaid the first loan of \$1.48 million, including all accrued interest. The second loan is in default and Keybridge have not applied a book value to this asset.

Management and Board

- Four personnel in management team
- Board consists of three non-executive directors and two executive directors

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Keybridge's parent company now has a full time staff of four (including the Managing Director), and a Board of four directors (Managing Director, Executive Director and three non-executive directors). Transaction management is handled by the Managing Director and Executive Director, with the other two staff assisting in day-to-day financial management, corporate governance and compliance for the Company.

The management team will be significantly enhanced in the future once the acquisition of Aurora is completed.

Outlook

- During the half year, Keybridge announced that it intends to acquire the Aurora Funds Management (AFM) business for \$4.3 million (\$3.5m at Completion and \$0.8m deferred for 12 months) plus an adjustment for any net cash or liabilities to be assigned as at the date of completion
- The transaction remains subject to the approval by AFV's shareholders and should complete by the end of March 2015
- Keybridge believes that this transaction is transformational to the Company's future as Keybridge will incorporate a fully operational funds management business which had approximately \$170 million of retail funds under management at 31 December 2014
- Keybridge expects the funds management business to become its core focus over time, with the other assets held by Keybridge continuing to be realised and the cash being used to underpin the launch of new alternative asset managed funds

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Now turning to the outlook for Keybridge.

During the half year, Keybridge announced the acquisition of Aurora Funds Management (AFM) for \$4.3 million (\$3.5 million at Completion and \$0.8 million deferred for 12 months) plus an adjustment for any net cash or liabilities to be assigned as at the date of completion.

The transaction remains subject to the approval by AFV's shareholders and should complete by the end of March 2015.

Keybridge believes that this transaction is transformational to the Company's future as Keybridge will incorporate a fully operational funds management business which had approximately \$170 million of retail funds under management at 31 December 2014 and 5 investment professionals.

Keybridge expects the funds management business to become its core focus over time, with the other assets held by Keybridge continuing to be realised and the cash being used to underpin the launch of new alternative asset managed funds.

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Thank you for your time today. If you have any follow-up questions, please contact me directly.