

CBG Capital Limited

ABN 83 168 936 249

Appendix 4D

Preliminary report for the half-year ended 31 December 2016

Half-year report

Results for announcement to the market

				\$'000
Revenue from ordinary activities	Down	62%	to	858
Profit before tax attributable to members	Down	60%	to	581
Profit from ordinary activities after tax benefit attributable to members	Down	56%	to	501
Other comprehensive income	Down	100%	to	Nil

Dividends

	Cents per share	Total Amount \$'000	Record Date	Date of Payment	Percentage Franked
2016 final (paid 24/11/2016)	1.5c	370	17/11/16	24/11/16	100%

Since the end of the financial period, the Directors have declared fully franked dividends of \$250,000 (1.0 cent per share) to be paid on 25 May 2017 out of profits reserve for the period ended 31 December 2016. The record date for determining entitlement to the dividend will be 17 May 2017.

Net tangible assets

	31 December 2016 \$		31 December 2015 \$
NTA (per share) after all estimated tax balances	0.9619		1.0255
NTA (per share) before all deferred taxes	0.9640		1.0577

Audit

This report is based on accounts which have been reviewed by the Company's Auditors - KPMG.



Ronni Chalmers

Sydney
27 February 2017

CBG Capital Limited

ABN 83 168 936 249

Interim Report for the half-year ended 31 December 2016

CBG Capital Limited ABN 83 168 936 249
Interim Report - for the period ended 31 December 2016

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with any public announcements made by CBG Capital Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

Your Directors present their report together with the financial report of CBG Capital Limited ("the Company") for the half-year ended 31 December 2016.

Directors

The following persons held office as Directors of CBG Capital Limited during the financial period:

Ronni Chalmers (Chairman)
James Beecher (Non-Executive Director)
Robert Swil (Non-Executive Director)

Review of operations

For the half-year to 31 December 2016, CBG Capital has recorded the following:

- Profit before income tax was \$581,000 and after tax \$501,000
- Pre-tax NTA increased by 2.2%, after allowing for payment of the 1.5c fully franked dividend in November 2016

The portfolio was overweight in infrastructure and utility sectors which fell in a rising long bond environment. In this six month period the ten year Australian Government bond rose from 1.98% yield to finish at 2.75%. Since year end this yield has remained at a similar level.

The portfolio was underweight resources in this period. As an example BHP & RIO both rose approximately 30% on the back of a robust iron ore price.

The Company did benefit from a 15% rise in CBA (its largest holding) which recently released another strong profit result and an increase in its dividend. In addition other stocks like Lend Lease (the fund's eighth largest holding) contributed to the fund's performance with a 15% rise in this period.

The Company has declared a 1c fully franked dividend to be paid to shareholders in May 2017. This represents the 4th consecutive fully franked dividend that the Company has declared.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the period.

Matters subsequent to the end of the financial year

The Directors recommend a 1.0 cent fully franked dividend in respect of financial period ended 31 December 2016 to be paid on 25 May 2017.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect:

- (a) the Company's operations in future financial periods, or
- (b) the results of those operations in future financial periods, or
- (c) the Company's state of affairs in future financial periods.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars or nearest dollar, unless otherwise stated.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

This report is made in accordance with a resolution of Directors.

A handwritten signature in black ink, appearing to read 'R Chalmers', with a stylized flourish at the end.

Ronni Chalmers
Chairman

Sydney
27 February 2017



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

To: the directors of CBG Capital Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2016 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Andrew Reeves
Partner

Sydney
27 February 2017

CBG Capital Limited
Statement of Comprehensive Income
For the half-year ended 31 December 2016

		31 December 2016 \$'000	31 December 2015 \$'000
	Notes		
Revenue			
Net realised gains/(losses) on financial assets at fair value through profit or loss		257	(315)
Net unrealised gains on financial assets at fair value through profit or loss		148	2,064
Other investment income	5	453	532
Investment income from ordinary activities		858	2,281
Expenses			
Management and performance fees		(123)	(638)
Brokerage expense		(9)	(14)
Accounting fees		(40)	(34)
Share registry fees		(14)	(16)
Custody fees		(8)	(8)
Tax fees		(3)	(2)
Directors' fees		(25)	(25)
Legal fees		-	(1)
ASX fees		(15)	(20)
Audit fees		(12)	(21)
Other expenses		(28)	(41)
		(277)	(820)
Profit before income tax		581	1,461
Income tax expense	6	(80)	(331)
Net profit for the period		501	1,130
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Net unrealised gains on financial assets at fair value through other comprehensive income		-	895
Income tax relating to net unrealised gains on financial assets at fair value through other comprehensive income		-	(269)
Net realised losses on financial assets at fair value through other comprehensive income		-	(200)
Income tax relating to net realised losses on financial assets at fair value through other comprehensive income		-	60
Other comprehensive income for the period, net of tax		-	486
Total comprehensive income for the period		501	1,616
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	9	2.03	4.66
Diluted earnings per share	9	2.03	4.66

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CBG Capital Limited
Statement of Financial Position
As at 31 December 2016

	As at	
	31 December 2016	30 June 2016
	Notes	\$'000
ASSETS		
Current assets		
Cash and cash equivalents	4,701	1,223
Trade and other receivables	74	612
Financial assets at fair value through profit or loss	3 18,856	21,460
Other current assets	68	46
Total current assets	23,699	23,341
Non-current assets		
Deferred tax assets	504	546
Total non-current assets	504	546
Total assets	24,203	23,887
LIABILITIES		
Current liabilities		
Trade and other payables	77	239
Current tax liabilities	4	-
Total current liabilities	81	239
Non-current liabilities		
Deferred tax liabilities	44	14
Total non-current liabilities	44	14
Total liabilities	125	253
Net assets	24,078	23,634
EQUITY		
Issued capital	7 24,571	24,258
Reserves	767	636
Accumulated losses	(1,260)	(1,260)
Total equity	24,078	23,634

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

CBG Capital Limited
Statement of Changes in Equity
For the half-year ended 31 December 2016

Notes	Issued capital \$'000	Investment reserves \$'000	Profits reserve \$'000	Retained earnings/ (accumulated losses) \$'000	Total \$'000
Balance at 1 July 2015	23,882	(1,053)	1,377	(548)	23,658
Net profit for the period	-	-	-	1,130	1,130
Other comprehensive income for the period					
Net unrealised gains on financial assets at fair value through other comprehensive income	-	895	-	-	895
Income tax on net unrealised gains on financial assets at fair value through other comprehensive income	-	(269)	-	-	(269)
Net realised losses on financial assets at fair value through other comprehensive income	-	(200)	-	-	(200)
Income tax on net realised losses on financial assets at fair value through other comprehensive income	-	60	-	-	60
Total other comprehensive income/(loss) for the period, net of tax	-	486	-	-	486
Total comprehensive income/(loss) for the period	-	486	-	1,130	1,616
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	73	-	-	-	73
Dividends provided for or paid	-	-	(363)	-	(363)
8	73	-	(363)	-	(290)
Balance at 31 December 2015	23,955	(567)	1,014	582	24,984

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CBG Capital Limited
Statement of Changes in Equity
For the half-year ended 31 December 2016
(continued)

	Notes	Issued capital \$'000	Investment reserves \$'000	Profits reserve \$'000	Retained earnings/ (accumulated losses) \$'000	Total \$'000
Balance at 1 July 2016		24,258	-	636	(1,260)	23,634
Net profit for the period		-	-	-	501	501
Other comprehensive income/(loss) for the period						
Net unrealised gains/(losses) on financial assets at fair value through other comprehensive income		-	-	-	-	-
Income tax on net unrealised (gains)/losses on financial assets at fair value through other comprehensive income		-	-	-	-	-
Net realised gains/(losses) on financial assets at fair value through other comprehensive income		-	-	-	-	-
Income tax on net realised (gains)/losses on financial assets at fair value through other comprehensive income		-	-	-	-	-
Total other comprehensive income/(loss) for the period, net of tax		-	-	-	-	-
Total comprehensive income/(loss) for the period		-	-	-	501	501
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax		313	-	-	-	313
Dividends provided for or paid	8	-	-	(370)	-	(370)
Transfer to profits reserve (net of tax)		-	-	501	(501)	-
		313	-	131	(501)	(57)
Balance at 31 December 2016		24,571	-	767	(1,260)	24,078

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CBG Capital Limited
Statement of Cash Flows
For the half-year ended 31 December 2016

	31 December	31 December
	2016	2015
Notes	\$'000	\$'000
Cash flows from operating activities		
Proceeds from disposal of financial assets at fair value through profit or loss	5,747	1,449
Payments for financial assets at fair value through profit or loss	(2,521)	(3,761)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	1,499
Dividends and trust distributions received	605	660
Interest received	10	9
Other income received	-	38
Transaction costs paid	(10)	(5)
Payments for other expenses	(292)	(287)
Net cash inflow/(outflow) from operating activities	3,539	(398)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	7 275	-
Cost of raising capital	(14)	-
Shares issued on options exercised	13	25
Dividends paid to the Company's shareholders	(335)	(316)
Net cash (outflow) from financing activities	(61)	(291)
Net increase/(decrease) in cash and cash equivalents	3,478	(689)
Cash and cash equivalents at the beginning of the year	1,223	1,883
Cash and cash equivalents at the end of period	4,701	1,194

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 General information

CBG Capital Limited (the "Company") is a listed public company domiciled in Australia. The address of CBG Capital Limited's registered office is Suite 303, Level 3, 8-10 Loftus Street, Sydney, NSW, 2000. The Company is primarily involved in making investments, and deriving revenue and investment income from listed securities in Australia.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The interim financial statements are for the entity CBG Capital Limited.

(a) Basis of preparation of half-year report

These interim financial statements for the half-year reporting period ended 31 December 2016 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. CBG Capital Limited is a for-profit entity for the purpose of preparing the interim financial statements.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with any public announcements made by CBG Capital Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial statements have been prepared on an accruals basis, and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(i) New and amended standards adopted by the Company

A number of new or amended standards became applicable for the current reporting period, however, the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(ii) Impact of standards issued but not yet applied by the entity

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not yet been applied in the financial statements. The Company's assessment of the impact of these new standards and interpretations is set out below.

AASB 15 *Revenue from Contracts with Customers (effective from 1 January 2018)* will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

The Company's main sources of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the Directors do not expect the adoption of AASB 15 to have a significant impact on the Company's accounting policies or the amounts recognised in the financial statements. The Company has not yet decided when to adopt AASB 15. There are no standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(b) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the financial statements have been rounded off to the nearest thousand dollars or nearest dollar, unless otherwise stated.

3 Fair value measurements

This note provides an update on the judgements and estimates made by the Company in determining the fair values of the financial instruments since the last annual financial report.

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through profit or loss (FVTPL)

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

(a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy (consistent with the hierarchy applied to financial assets and financial liabilities):

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Recognised fair value measurements

The following table presents the Company's financial assets measured and recognised at fair value at 31 December 2016 and 30 June 2016 on a recurring basis.

At 31 December 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Financial assets				
Financial assets at FVTPL				
Equity securities	18,856	-	-	18,856
Total financial assets	18,856	-	-	18,856
At 30 June 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets at FVTPL				
Equity securities	21,343	-	-	21,343
Unlisted equity securities	-	117	-	117
Total financial assets	21,343	117	-	21,460

The Level 2 investment as at 30 June 2016 represented amounts in relation to an Initial Public Offering in which the Company had subscribed to during the year. This investment had not listed on the Australian Securities Exchange as at 30 June 2016 and therefore represented an investment in an inactive market. In valuing this unlisted investment, the fair value had been determined using the valuation technique of the subscription price and the amount of securities subscribed for by the Company under the relevant offer.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels for recurring fair value measurements at the end of the reporting period.

3 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

(ii) Disclosed fair values

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

The carrying amounts of trade and other receivables and payables are assumed to approximate their fair values due to their short-term nature.

4 Segment information

The Company has only one reportable segment. The Company is engaged solely in investment activities conducted in Australia, deriving revenue from dividend income, interest income and from the sale of its investments.

5 Other investment income

	31 December 2016 \$'000	31 December 2015 \$'000
Dividends from investments sold during the period	43	31
Dividends from investments held at the end of the period	305	376
Distributions from investments held at the end of the period	93	113
Interest	12	9
Other income	-	3
	453	532

6 Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period to 31 December 2016 is 13.77% (2015: 22.66%)

7 Issued capital

(a) Share capital

	31 December 2016 Shares	30 June 2016 Shares	31 December 2016 \$'000	30 June 2016 \$'000
Ordinary shares	24,989,933	24,638,394	24,571	24,258

7 Issued capital (continued)

(b) Movements in ordinary share capital

	Number of shares	\$'000
Opening balance	24,239,600	23,882
Dividend reinvestment plan issues (refer to d below)	87,102	84
Shares issued	286,592	280
Exercise of options - Proceeds received (refer to e below)	25,100	25
Less: Transaction costs arising on share issue	-	(13)
Closing balance 30 June 2016	24,638,394	24,258
Opening balance	24,638,394	24,258
Dividend reinvestment plan issues (refer to d below)	36,840	35
Shares issued	302,199	275
Exercise of options - Proceeds received (refer to e below)	12,500	12
Less: Transaction costs arising on share issue	-	(9)
Closing balance 31 December 2016	24,989,933	24,571

(c) Ordinary shares

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.

(d) Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a price determined by the Directors from time to time in accordance with the *Corporations Act* and the Listing Rules.

(e) Options

On 19 December 2014, as part of IPO the Company issued options to acquire ordinary shares in the Company at an exercise price of \$1.00 with expiry 30 September 2016.

Since issue, a total of 37,600 options had been exercised and allotted for a total consideration of \$37,600. The remaining options lapsed on 30 September 2016.

(f) Share buy-back

There is no current on-market buy-back.

8 Dividends

(a) Dividends paid or payable during the reporting period

	Dividend Rate	Total Amount \$'000	Date of Payment	% Franked
Ordinary shares - final 2016	1.5c	370	24/11/2016	100
Ordinary shares - final 2015	1.5c	363	27/11/2015	100

(b) Dividends not recognised at the end of the reporting period

**31 December
2016
\$'000**

In addition to the above dividends, since period end the Directors have recommended the payment of an interim dividend of 1.0 cent per fully paid ordinary share fully franked based on tax paid at 30%.

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9 Earnings per share

(a) Basic earnings per share

	31 December 2016 Cents	31 December 2015 Cents
From continuing operations attributable to the ordinary equity holders of the Company	<u>2.03</u>	4.66
Total basic earnings per share attributable to the ordinary equity holders of the Company	<u>2.03</u>	4.66

(b) Diluted earnings per share

	31 December 2016 Cents	31 December 2015 Cents
From continuing operations attributable to the ordinary equity holders of the Company	<u>2.03</u>	4.66
Total diluted earnings per share attributable to the ordinary equity holders of the Company	<u>2.03</u>	4.66

Diluted earnings per share are the same as basic earnings per share. The Company has no securities outstanding which have the potential to convert to ordinary shares and dilute the basic earnings per share.

9 Earnings per share (continued)

(c) Weighted average number of shares used as denominator

	2016	2015
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>24,691,077</u>	<u>24,248,010</u>
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>24,691,077</u>	<u>24,248,010</u>

10 Contingencies

The Company had no contingent liabilities at 31 December 2016 (30 June 2016: nil).

11 Events occurring after the reporting period

The Directors recommend a 1.0 cent fully franked dividend in respect of financial period ended 31 December 2016 to be paid on 25 May 2017.

Other than noted above, no other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

CBG Capital Limited
Directors' Declaration
For the period ended 31 December 2016

In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 4 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date, 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.

This declaration is made in accordance with a resolution of Directors.



Ronni Chalmers
Chairman

Sydney
27 February 2017



Independent Auditor's Review Report

To the members of CBG Capital Limited

Report on the Financial Report

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of CBG Capital Limited is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the Half-year ended on that date; and
- ii) complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

We have reviewed the accompanying Half-year Financial Report of CBG Capital Limited (the company).

The Half-year Financial Report comprises:

- the interim statement of financial position as at 31 December 2016
- interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the Half-year ended on that date
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year 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 Half-year Financial Report that is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2016 and its performance for the half-year period ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of CBG Capital Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of Half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

KPMG

KPMG



Andrew Reeves
Partner

Sydney
27 February 2017