

CBG Capital Limited

ABN 83 168 936 249

Appendix 4D

Half-year report

for the half-year ended 31 December 2017

Half-year report

Results for announcement to the market

				\$'000
Revenue from ordinary activities	Up	119%	to	1,879
Profit before tax attributable to members	Up	170%	to	1,571
Profit from ordinary activities after tax benefit attributable to members	Up	149%	to	1,246

Dividends

	Cents per share	Total Amount \$'000	Record Date	Date of Payment	Percentage Franked
2017 final	1.55c	388	8/11/17	16/11/17	100%

Since the end of the financial period, the Directors have declared fully franked dividends of \$376,000 (1.50 cents per share) to be paid on 24 May 2018 out of profits reserve for the half-year ended 31 December 2017. The record date for determining entitlement to the dividend will be 4 May 2018.

Net tangible assets

	31 December 2017 \$	31 December 2016 \$
NTA (per share) after all estimated tax balances	1.0028	0.9619
NTA (per share) before all deferred taxes	1.0240	0.9640

Audit

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



Ronni Chalmers

Sydney
23 February 2018

CBG Capital Limited

ABN 83 168 936 249

**Interim Report
for the half-year ended 31 December 2017**

CBG Capital Limited ABN 83 168 936 249
Interim Report - for the half-year ended 31 December 2017

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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 2017.

Directors

The following persons held office as Directors of CBG Capital Limited during the financial period and up to the date of this report unless otherwise stated:

Ronni Chalmers (Chairman)
James Beecher (Non-Executive Director)
Robert Swil (Non-Executive Director) (resigned 2 February 2018)
John Abernethy (Non-Executive Director) (appointed 2 February 2018)

Review of operations

For the half-year ended 31 December 2017, CBG Capital has recorded:

- Profit before income tax of \$1,571,000 up from \$581,000 in the six months ended 31 December 2016;
- Pre-tax portfolio return of 6.8% over the half-year ended 31 December 2017; and
- 50% increase in interim dividend from 1c per share to 1.50c per share fully franked to be paid in May 2018.

The portfolio benefited from its holdings in Lovisa which rose 55% in this period as well as HUB24 +41%, Speedcast +41% and James Hardie +28%.

Detractors to portfolio included Ramsey Healthcare that declined 4% and Technology One which declined by 10%. The portfolio exited its position in the latter company in this period.

Synchronised global growth led to stronger commodity prices in this period notably a 29% increase in thermal coal prices and a 17% rise in iron. Copper prices rose 22% while zinc prices rose 21% and are currently at decade year highs.

The Company benefited from its holdings in BHP and RIO and initiated a new position in New Century Zinc.

Across the globe we witnessed Government bond yields continued to steepen in this period which put valuation pressures on the infrastructure & utilities sector. The Company reduced its positions in Transurban and Macquarie Atlas Roads.

Significant changes in the state of affairs

On 14 July 2017, Clime Investment Management Limited (ASX:CIW) acquired 100% interest in the Company's Investment Manager, CBG Asset Management Limited.

Effective 4 October 2017, Mr James Beecher resigned as Company Secretary and was replaced by Mr Biju Vikraman. Mr Vikraman is the Group Finance Manager and Company Secretary of Clime Investment Management Limited, Clime Capital Limited and Clime Private Limited.

As the Company's turnover is under the \$25 million threshold, the Company is now using the applicable reduced corporate tax rate of 27.5%.

There have been no other significant changes in the state of affairs of the Company during the half-year.

Matters subsequent to the end of the financial period

The Directors recommend a 1.50 cent fully franked dividend in respect of the financial period ended 31 December 2017 to be paid on 24 May 2018.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect:

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

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191*, the amounts in the Directors' Report and in the financial report have been rounded to the nearest thousand dollars, 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.



Ronni Chalmers
Chairman

Sydney
23 February 2018



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 of CBG Capital Limited for the half-year ended 31 December 2017 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

Andrew Reeves

Partner

Sydney

23 February 2018

CBG Capital Limited
Statement of Comprehensive Income
For the half-year ended 31 December 2017

	31 December	31 December	
	2017	2016	
Notes	\$'000	\$'000	
Revenue			
Realised (losses)/gains on investments	(122)	257	
Unrealised gains on investments	1,545	148	
Other revenue from ordinary activities	5 456	453	
	1,879	858	
Expenses			
Management fees	(125)	(123)	
Transaction costs	(45)	(9)	
Fund administration fees	(33)	(40)	
Share registry fees	(8)	(14)	
Custody fees	(8)	(8)	
Tax fees	(3)	(3)	
Directors' fees	(27)	(25)	
ASX fees	(18)	(15)	
Audit fees	(13)	(12)	
Other expenses	(28)	(28)	
	(308)	(277)	
Profit before income tax	1,571	581	
Income tax expense	(325)	(80)	
Net profit for the half-year	1,246	501	
Other comprehensive income for the half-year	-	-	
Total comprehensive income for the half-year	1,246	501	
	Cents	Cents	
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	8 4.98	2.03	
Diluted earnings per share	8 4.98	2.03	

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 2017

	As at	
Notes	31 December 2017 \$'000	30 June 2017 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	1,076	2,196
Trade and other receivables	48	423
Financial assets at fair value through profit or loss	3 24,019	21,891
Other current assets	52	39
Total current assets	25,195	24,549
Non-current assets		
Deferred tax assets	629	542
Total non-current assets	629	542
Total assets	25,824	25,091
LIABILITIES		
Current liabilities		
Trade and other payables	106	691
Total current liabilities	106	691
Non-current liabilities		
Deferred tax liabilities	532	120
Total non-current liabilities	532	120
Total liabilities	638	811
Net assets	25,186	24,280
EQUITY		
Issued capital	6 24,640	24,592
Reserves	1,806	948
Accumulated losses	(1,260)	(1,260)
Total equity	25,186	24,280

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 2017

	Notes	Issued capital \$'000	Profits reserve \$'000	Accumulated losses \$'000	Total \$'000
Balance at 1 July 2016		24,258	636	(1,260)	23,634
Net profit for the half-year		-	-	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	7	-	(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
Balance at 1 July 2017		24,592	948	(1,260)	24,280
Net profit for the half-year		-	-	1,246	1,246
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax		48	-	-	48
Dividends provided for or paid		-	(388)	-	(388)
Transfer to profits reserve (net of tax)		-	1,246	(1,246)	-
		48	858	(1,246)	(340)
Balance at 31 December 2017		24,640	1,806	(1,260)	25,186

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 2017

	31 December	31 December
	2017	2016
Notes	\$'000	\$'000
Cash flows from operating activities		
Proceeds from disposal of investments	8,805	5,747
Payments for purchases of investments	(9,881)	(2,521)
Dividends and trust distributions received	578	605
Interest received	8	10
Management fees paid	(100)	(122)
Transaction costs paid	(48)	(10)
Payments for other expenses	(142)	(170)
Net cash (outflow)/inflow from operating activities	(780)	3,539
 Cash flows from financing activities		
Proceeds from issues of shares	-	275
Dividends paid to the Company's shareholders	(340)	(335)
Shares issued on options exercised	-	13
Cost of raising capital	-	(14)
Net cash (outflow) from financing activities	(340)	(61)
 Net (decrease)/increase in cash and cash equivalents	(1,120)	3,478
Cash and cash equivalents at the beginning of the half-year	2,196	1,223
Cash and cash equivalents at the end of half-year	1,076	4,701

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 Level 3, 7 Macquarie Place, Sydney, NSW, 2000. The Company is primarily involved in making investments, and deriving revenue and investment income from listed securities and unit trusts 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 2017 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 financial assets 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 2017 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.

There are no other 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

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the financial statements have been rounded to the nearest thousand dollars, 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 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 2017 and 30 June 2017 on a recurring basis.

At 31 December 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Financial assets				
Financial assets at FVTPL				
Listed equity securities	24,019	-	-	24,019
Total financial assets	24,019	-	-	24,019
At 30 June 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets at FVTPL				
Listed equity securities	21,891	-	-	21,891
Total financial assets	21,891	-	-	21,891

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

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.

(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 and trust distribution income, interest income and from the sale of its investments.

5 Other revenue

	31 December 2017 \$'000	31 December 2016 \$'000
Dividends	387	348
Distributions	62	93
Interest	7	12
	456	453

6 Issued capital

(a) Share capital

	31 December 2017 Shares	30 June 2017 Shares	31 December 2017 \$'000	30 June 2017 \$'000
Ordinary shares	25,063	25,014	24,640	24,592

(b) Movements in ordinary share capital

	Number of shares '000	\$'000
Opening balance 1 July 2016	24,638	24,258
Dividend reinvestment plan issues	62	58
Shares issued, net of transaction costs and tax	302	264
Exercise of options - proceeds received	12	12
Closing balance 30 June 2017	25,014	24,592
Dividend reinvestment plan issues	49	48
Closing balance 31 December 2017	25,063	24,640

(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 2001* and the Listing Rules.

7 Dividends

(a) Dividends paid or payable during the reporting period

	Dividend Rate	Total Amount \$'000	Date of Payment	% Franked
Ordinary shares - final 2017	1.55c	388	16/11/17	100
Ordinary shares - final 2016	1.50c	370	24/11/16	100

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

**31 December
2017
\$'000**

In addition to the above dividends, since half-year end the Directors have recommended the payment of an interim dividend of 1.50 cent per fully paid ordinary share fully franked based on tax paid at 27.5%.

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8 Earnings per share

(a) Basic earnings per share

	31 December 2017 Cents	31 December 2016 Cents
From continuing operations attributable to the ordinary equity holders of the Company	<u>4.98</u>	2.03
Total basic earnings per share attributable to the ordinary equity holders of the Company	<u>4.98</u>	2.03

(b) Diluted earnings per share

	31 December 2017 Cents	31 December 2016 Cents
From continuing operations attributable to the ordinary equity holders of the Company	<u>4.98</u>	2.03
Total diluted earnings per share attributable to the ordinary equity holders of the Company	<u>4.98</u>	2.03

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.

8 Earnings per share (continued)

(c) Weighted average number of shares used as denominator

	2017	2016
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>25,025,634</u>	<u>24,691,077</u>
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>25,025,634</u>	<u>24,691,077</u>

9 Contingencies

The Company had no contingent liabilities at 31 December 2017 (30 June 2017: nil).

10 Events occurring after the reporting period

The Directors recommend a 1.50 cent fully franked dividend in respect of financial period ended 31 December 2017 to be paid on 24 May 2018.

Other than noted above, no other matter or circumstance has occurred subsequent to half-year 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 half-year ended 31 December 2017**

In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 4 to 12 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 2017 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
23 February 2018



Independent Auditor's Review Report

To the shareholders of CBG Capital Limited

Report on the Interim Financial Report for the half-year ended 31 December 2017

Conclusion

We have reviewed the accompanying **Interim Financial Report** of CBG Capital Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of CBG Capital Limited 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 2017 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Statement of financial position as at 31 December 2017
- Statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date
- Notes 1 to 10 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 Interim 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 Interim Financial Report that is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim 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 Interim 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 and its performance for the half-year 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 an Interim Period 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.

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

KPMG

Andrew Reeves

Partner

Sydney

23 February 2018