

CBG Capital Limited

ABN 83 168 936 249

Appendix 4D

Half-year report

for the half-year ended 31 December 2018

Half-year report

Results for announcement to the market

				\$'000
(Loss)/revenue from ordinary activities	Down	236%	to	(2,551)
Loss before tax attributable to equity holders	Down	282%	to	(2,853)
Loss from ordinary activities after tax attributable to equity holders	Down	255%	to	(1,926)

Dividends

	Cents per share	Total Amount \$'000	Record Date	Date of Payment	Percentage Franked
2018 final	1.60c	418	20/11/2018	27/11/2018	100%

Since the end of the financial period, the Directors have declared fully franked dividends of \$445,000 (1.70 cents per share) to be paid on 23 May 2019 out of profits reserve for the half-year ended 31 December 2018. The record date for determining entitlement to the dividend will be 3 May 2019.

Dividend Reinvestment Plan (DRP)

The Dividend Reinvestment Plan is in operation and the recommended interim dividend of 1.70 cents per share qualifies. Participating shareholders will be allotted the number of shares at the relevant issue price. The relevant issue price will be at a 2% discount to the price (based on April 2019 NTA). The final time for receipt of an election notice for participate in the Dividend Reinvestment Plan is 5pm, 6 May 2019. Shares issued under the DRP rank equally with existing ordinary shares.

Net tangible assets

	31 December 2018 \$	As at 31 December 2017 \$
NTA (per share) after all estimated tax balances	0.9040	1.0028
NTA (per share) before all deferred taxes	0.9081	1.0240

Audit

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



Ronni Chalmers

Sydney
19 February 2019

CBG Capital Limited

ABN 83 168 936 249

**Interim Report
for the half-year ended 31 December 2018**

CBG Capital Limited ABN 83 168 936 249
Interim Report - for the half-year ended 31 December 2018

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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 2018.

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 (Non-Executive Chairman)
James Beecher (Non-Executive Director)
John Abernethy (Non-Executive Director) (resigned 24 August 2018)
Peter Velez (Non-Executive Director) (appointed 24 August 2018)

Principal activities

During the half-year, the principal activities of the Company included primarily investing in securities listed on the Australian Securities Exchange for the medium to long term.

There was no significant change in the nature of the activity of the Company during the half-year period.

Review of operations

For the half-year ended 31 December 2018, CBG Capital has recorded:

- Loss before income tax of \$2,853,000 down from \$1,571,000 profit in the six months ended 31 December 2017;
- Pre-tax portfolio return of negative (11.13%) over the half-year ended 31 December 2018; and

In the December quarter 2018, global markets experienced heightened volatility combined with a subsequent sharp decline in equity prices on the back of rising world trade tensions, political uncertainty in the US and a further deceleration of Chinese growth expectations. A "Flight to Quality" led to a fall in bond yields. On the back of the IMF trimming its forecast, global growth in 2019 and 2020 central banks have now taken less hawkish view with their interest outlook.

Domestically, it is now the market's expectation that the RBA will leave the cash rate on hold at 1.5% for the duration of 2019. The last time the RBA moved rates was in July 2016.

As at the time of writing, there has been a healthy rebound in equity prices since the start of 2019.

It is pleasing to report that the Company's NTA rose 5.7% to 96c in the month of January and has risen further in the month of February.

Last month, the Company announced its intention to conduct an on-market buy-back program subject to being able to buy CBG Capital Limited shares at a discount to NTA. It is pleasing to note that our share price is currently trading at close to NTA which compares to a couple of years ago when we traded at sometimes up to 10% discount to NTA.

Significant changes in the state of affairs

On 23 July 2018, the Company declared a 1 for 25 bonus issue of ordinary shares with record date of 4 September 2018. The shareholders received their additional shares on 17 September 2018.

On 24 August 2018, John Abernethy resigned as a Director of CBG Capital Limited. On the same date, Peter Velez was appointed as a Director of CBG Capital Limited.

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 are pleased to recommend a record 1.70 cents per share fully franked dividend in respect of the financial period ended 31 December 2018 to be paid on 23 May 2019.

On 11 January 2019, the Company announced its intention to implement a share buy-back within the 10/12 limit by the *Corporations Act 2001*.

No other matter or circumstance has arisen since 31 December 2018 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 and forms part of the Directors' Report for the half-year ended 31 December 2018.

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



Ronni Chalmers
Chairman

Sydney
19 February 2019



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 2018 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

19 February 2019

CBG Capital Limited
Statement of Comprehensive Income
For the half-year ended 31 December 2018

	Half-year ended	
Notes	31 December 2018 \$'000	31 December 2017 \$'000
Revenue		
Realised (losses)/gains on investments	(480)	(122)
Unrealised (losses)/gains on investments	(2,505)	1,545
Other revenue from ordinary activities	5 <u>434</u>	<u>456</u>
	<u>(2,551)</u>	<u>1,879</u>
Expenses		
Management fees	(133)	(125)
Transaction costs	(11)	(45)
Fund administration fees	(35)	(33)
Share registry fees	(15)	(8)
Custody fees	(6)	(8)
Tax fees	(3)	(3)
Directors' fees	(39)	(27)
ASX fees	(22)	(18)
Audit fees	(10)	(13)
Other expenses	(28)	(28)
	<u>(302)</u>	<u>(308)</u>
(Loss)/profit before income tax	(2,853)	1,571
Income tax benefit/(expense)	<u>927</u>	<u>(325)</u>
Net (loss)/profit for the half-year	(1,926)	1,246
Other comprehensive income for the half-year	<u>-</u>	<u>-</u>
Total comprehensive (loss)/income for the half-year	(1,926)	1,246
	Cents	Cents
(Losses)/earnings per share for (loss)/profit attributable to the ordinary equity holders of the Company:		
Basic (losses)/earnings per share	8 (7.49)	4.98
Diluted (losses)/earnings per share	8 (7.49)	4.98

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 2018

	As at	
	31 December	30 June
	2018	2018
Notes	\$'000	\$'000
ASSETS		
Current assets		
Cash and cash equivalents	3,069	297
Trade and other receivables	16	151
Financial assets at fair value through profit or loss	3 19,921	25,863
Other current assets	48	51
Total current assets	23,054	26,362
Non-current assets		
Deferred tax assets	874	640
Total non-current assets	874	640
Total assets	23,928	27,002
LIABILITIES		
Current liabilities		
Trade and other payables	112	187
Total current liabilities	112	187
Non-current liabilities		
Deferred tax liabilities	107	800
Total non-current liabilities	107	800
Total liabilities	219	987
Net assets	23,709	26,015
EQUITY		
Issued capital	6 24,745	24,707
Reserves	2,236	2,568
Accumulated losses	(3,272)	(1,260)
Total equity	23,709	26,015

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 2018

	Notes	Issued capital \$'000	Profits reserve \$'000	Accumulated losses \$'000	Total \$'000
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	7	-	(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
Balance at 1 July 2018		24,707	2,568	(1,260)	26,015
Net loss for the half-year		-	-	(1,926)	(1,926)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax		38	-	-	38
Dividends provided for or paid	7	-	(418)	-	(418)
Transfer to profits reserve (net of tax)		-	86	(86)	-
		38	(332)	(86)	(380)
Balance at 31 December 2018		24,745	2,236	(3,272)	23,709

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 2018

	Half-year ended	
	31 December	31 December
	2018	2017
	\$'000	\$'000
Cash flows from operating activities		
Proceeds from disposal of financial instruments at fair value through profit and loss	7,597	8,805
Payments for purchases of financial instruments at fair value through profit and loss	(4,640)	(9,881)
Dividends and trust distributions received	557	578
Interest received	4	8
Management fees paid	(135)	(100)
Performance fees paid	(74)	-
Transaction costs paid	(10)	(48)
Payments for other expenses	(147)	(142)
Net cash inflow/(outflow) from operating activities	3,152	(780)
Cash flows from financing activities		
Dividends paid to the Company's shareholders	(380)	(340)
Net cash outflow from financing activities	(380)	(340)
Net increase/(decrease) in cash and cash equivalents	2,772	(1,120)
Cash and cash equivalents at the beginning of the half-year	297	2,196
Cash and cash equivalents at the end of half-year	3,069	1,076

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 7, 1 Market Street, 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 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 by a for-profit entity ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. 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

- AASB 15 *Revenue from Contracts with Customers*

AASB 15 replaces 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 gains on financial instruments held at fair value, dividends, distributions and interest. All of these are outside the scope of the new revenue standard. As a consequence, the adoption of AASB 15 does not have a significant impact on the Company's accounting policies or the amounts recognised in the interim financial statements.

(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.

3 Fair value measurements (continued)

(a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (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 2018 and 30 June 2018 on a recurring basis.

At 31 December 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Financial assets				
Financial assets at FVTPL				
Listed equity securities	19,921	-	-	19,921
Total financial assets	19,921	-	-	19,921
At 30 June 2018				
Financial assets				
Financial assets at FVTPL				
Listed equity securities	25,863	-	-	25,863
Total financial assets	25,863	-	-	25,863

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

	Half-year ended	
	31 December 2018 \$'000	31 December 2017 \$'000
From continuing operations		
Dividends	428	387
Distributions	-	62
Interest	6	7
	434	456

6 Issued capital

(a) Share capital

	As at		As at	
	31 December 2018 Shares	30 June 2018 Shares	31 December 2018 \$'000	30 June 2018 \$'000
Ordinary shares - fully paid	26,176	25,131	24,745	24,707

(b) Movements in ordinary share capital

	Number of shares '000	\$'000
Opening balance 1 July 2017	25,014	24,592
Dividend reinvestment plan issues	117	115
Closing balance 30 June 2018	25,131	24,707
Dividend reinvestment plan issues	40	38
Bonus issue - 1 for 25	1,005	-
Closing balance 31 December 2018	26,176	24,745

(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.

(e) Bonus issue

On 23 July 2018, the Company declared a 1 for 25 bonus issue of ordinary shares with record date of 4 September 2018. The shareholders received their additional shares on 17 September 2018.

7 Dividends

(a) Dividends paid or payable during the reporting period

	Dividend Rate	Total Amount \$'000	Date of Payment	% Franked
Ordinary shares - final 2018	1.60c	418	27/11/2018	100
Ordinary shares - final 2017	1.55c	388	16/11/2017	100

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

**31 December
2018
\$'000**

In addition to the above dividends, since half-year end the Directors have recommended the payment of an interim dividend of 1.70 cents per share fully franked based on tax paid at 27.5%.

445

8 (Losses)/earnings per share

(a) Basic (losses)/earnings per share

	Half-year ended	
	31 December 2018 Cents	31 December 2017 Cents

From continuing operations attributable to the ordinary equity holders of the Company

(7.49) 4.98

Total basic (losses)/earnings per share attributable to the ordinary equity holders of the Company

(7.49) 4.98

(b) Diluted (losses)/earnings per share

	Half-year ended	
	31 December 2018 Cents	31 December 2017 Cents

From continuing operations attributable to the ordinary equity holders of the Company

(7.49) 4.98

Total diluted (losses)/earnings per share attributable to the ordinary equity holders of the Company

(7.49) 4.98

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

8 (Losses)/earnings per share (continued)

(c) Weighted average number of shares used as denominator

	Half-year ended	
	2018	2017
Weighted average number of ordinary shares used as the denominator in calculating basic (losses)/earnings per share	25,721,401	25,025,634
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted (losses)/earnings per share	25,721,401	25,025,634

9 Contingencies

The Company had no contingent liabilities at 31 December 2018 (30 June 2018: nil).

10 Events occurring after the reporting period

The Directors are pleased to recommend a record 1.70 cents per share fully franked dividend in respect of financial period ended 31 December 2018 to be paid on 23 May 2019.

On 11 January 2019, the Company announced its intention to implement a share buy-back within the 10/12 limit by the *Corporations Act 2001*.

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.

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 2018 and of its performance for the half-year ended on that date.
- (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
19 February 2019



Independent Auditor's Review Report

To the shareholders of CBG Capital Limited

Report on the Interim Financial Report

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 2018 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 2018
- 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*
- 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 2018 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*.

A handwritten signature in black ink that reads 'KPMG' in a stylized, cursive font.

KPMG

A handwritten signature in black ink that reads 'A. Reeves' in a cursive font.

Andrew Reeves

Partner

Sydney

19 February 2019