CBG Capital Limited

ABN 83 168 936 249

Preliminary Final Report
for the year ended 30 June 2019

Preliminary Final Report

This preliminary final report is for the reporting period from 1 July 2018 to 30 June 2019. The previous corresponding year end was 30 June 2018.

Results for announcement to the market

			$'000
Revenue from ordinary activities	Down	10%	3,312
Profit before tax attributable to members	Down	15%	2,529
Profit from ordinary activities after tax attributable to members	Down	10%	2,150

Explanation of results

Revenues for the year decreased to $3,312,000 (2018: $3,673,000). This decrease was primarily due to lower unrealised gains on portfolio recognised during the year. The decrease in unrealised gains was partially offset by $1,496,000 increase in realised gains on sale of investments. Dividend and interest income increased by 2.8% to $997,000 compared with $970,000 in 2018.

Profit after tax attributable to members was $2,150,000 (2018: $2,384,000). This result was primarily due to lower unrealised gains on portfolio recognised during the year.

Total expenses during the year increased from $706,000 to $783,000 due to higher performance fees payable to the Investment Manager on account of portfolio performance in the current year.

Significant changes in the state of affairs

On 23 July 2018, the Board announced a bonus issue for ordinary shareholders on a 1 for 25 basis. Accordingly, 1,005,300 shares were issued as bonus shares on 17 September 2018.

On 18 June 2019, the Company received a proposal from Clime Capital Limited (ASX:CAM) under which it is proposed that CAM will merge with CBG. The proposed merger would be effected by a scrip-for-scrip off-market conditional takeover bid for all of the issued shares of CBG that CAM does not presently own.

Under the offer, the shareholders would receive 0.8441 fully paid CAM ordinary shares (CAM shares) plus 0.2740 listed convertible notes issued by CAM (ASX:CAMG) for each CBG share held. The Independent Directors unanimously recommend that CBG shareholders accept the offer in the absence of a superior proposal and subject to receipt of an independent expert's report acceptable to Independent Directors.

CBG has engaged an independent expert to report on whether the Offer is fair and reasonable to CBG shareholders other than CAM and its associates. The independent expert's report will be included in the target's statement to be distributed to CBG shareholders towards end of this month.

Dividends

	Cents per share	Total Amount $'000	Record Date	Date of Payment	Percentage Franked
2019 interim	1.70c	445	03/05/2019	23/05/2019	100%
2018 final	1.60c	418	20/11/2018	27/11/2018	100%

The Directors have not yet determined whether to pay a final dividend in respect of the financial year ended 30 June 2019. The Company has received notice from Clime Capital Limited of its intention to undertake an off-market takeover bid for all of the issued shares in the Company. The notice indicates that the proposed takeover offer will be subject to defeating conditions including a condition that permits the bidder to withdraw its offer if the Directors make, declare or announce an intention to make or declare a dividend or other distribution. Any decision regarding payment of a final dividend will be made after conclusion of the audit of the financial statements and recognising the consequences of that decision for the proposed takeover offer.

Dividend Reinvestment Plan (DRP)

The Dividend Reinvestment Plan is in operation and has been applied to all dividends paid during the year. Shares issued under the DRP rank equally with existing ordinary shares.

Net tangible assets

	As at	
	30 June 2019	30 June 2018*
Net tangible asset backing before deferred tax on unrealised gains/losses ($ per share)	**1.08**	1.02
Net tangible asset backing after tax ($ per share)	**1.04**	0.99

* The comparative numbers have been adjusted to reflect the impact of the 1 for 25 bonus issue which took place on 17 September 2018.

Audit

This report is based on the unaudited financial statements of the Company which are in the process of being audited.

CBG Capital Limited
Statement of Comprehensive Income
For the year ended 30 June 2019

	Notes	Year ended 2019 $'000	2018 $'000
Investment income from ordinary activities			
Realised gains on investments		**1,631**	135
Unrealised gains on investments		**684**	2,568
Other revenue from ordinary activities	7	**997**	970
		3,312	3,673
Expenses			
Management and performance fees		**(415)**	(329)
Transaction costs		**(42)**	(95)
Accounting fees		**(69)**	(68)
Share registry fees		**(23)**	(14)
Custody fees		**(21)**	(17)
Tax fees	18	**(6)**	(6)
Directors' fees	17	**(65)**	(63)
ASX fees		**(38)**	(35)
Audit fees	18	**(21)**	(23)
Other expenses		**(83)**	(56)
		(783)	(706)
Profit before income tax		**2,529**	2,967
Income tax expense	8	**(379)**	(583)
Net profit for the year		**2,150**	2,384
Other comprehensive income			
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**2,150**	2,384
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	22(a)	**8.22**	9.15
Diluted earnings per share	22(b)	**8.22**	9.15

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

CBG Capital Limited
Statement of Financial Position
As at 30 June 2019

	Notes	As at 2019 $'000	2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	**4,382**	297
Trade and other receivables	10	**214**	151
Financial assets at fair value through profit or loss	11	**23,686**	25,863
Other current assets		**15**	51
Total current assets		**28,297**	**26,362**
Non-current assets			
Deferred tax assets	12	**436**	640
Total non-current assets		**436**	640
Total assets		**28,733**	27,002
LIABILITIES			
Current liabilities			
Trade and other payables	13	**400**	187
Total current liabilities		**400**	187
Non-current liabilities			
Deferred tax liabilities	14	**976**	800
Total non-current liabilities		**976**	800
Total liabilities		**1,376**	987
Net assets		**27,357**	26,015
EQUITY			
Issued capital	15	**24,762**	24,707
Profits reserve		**2,595**	2,568
Accumulated losses		**-**	(1,260)
Total equity		**27,357**	**26,015**

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

	Notes	Issued capital $'000	Profits reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2017		24,592	948	(1,260)	24,280
Net profit for the year		-	-	2,384	2,384
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**2,384**	**2,384**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	15	115	-	-	115
Dividends provided for or paid	16	-	(764)	-	(764)
Transfer to profits reserve (net of tax)		-	2,384	(2,384)	-
		115	1,620	(2,384)	(649)
Balance at 30 June 2018		**24,707**	**2,568**	**(1,260)**	**26,015**
Balance at 1 July 2018		24,707	2,568	(1,260)	26,015
Net profit for the year		-	-	2,150	2,150
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**2,150**	**2,150**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	15	78	-	-	78
Share buy-back	15	(23)	-	-	(23)
Dividends provided for or paid	16	-	(863)	-	(863)
Transfer to profits reserve (net of tax)		-	890	(890)	-
		55	27	(890)	(808)
Balance at 30 June 2019		**24,762**	**2,595**	**-**	**27,357**

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

	Notes	Year ended **2019** **$'000**	2018 $'000
Cash flows from operating activities			
Proceeds from disposal of financial instruments at fair value through profit or loss		**21,958**	18,835
Payments for purchases of financial instruments at fair value through profit or loss		**(17,456)**	(20,475)
Interest received		**28**	10
Dividends and trust distributions received		**1,047**	989
Performance fees paid		**(74)**	-
Management fees paid		**(268)**	(253)
Transaction costs paid		**(42)**	(95)
Payments for other expenses		**(300)**	(260)
Net cash inflow/(outflow) from operating activities	21(a)	**4,893**	(1,249)
Cash flows from financing activities			
Share buy-back transaction costs		**(23)**	-
Dividends paid to the Company's shareholders		**(785)**	(647)
Costs of raising capital		**-**	(3)
Net cash outflow from financing activities		**(808)**	(650)
Net increase/(decrease) in cash and cash equivalents		**4,085**	(1,899)
Cash and cash equivalents at the beginning of the year		**297**	2,196
Cash and cash equivalents at the end of year	9	**4,382**	297
Non-cash financing activities			
Dividends reinvested	21(b)	**78**	115

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 13, 20 Hunter Street, Sydney, NSW, 2000. The financial statements of CBG Capital Limited are for the year ended 30 June 2019. 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 financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the entity CBG Capital Limited.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (AASBs) and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. CBG Capital Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were authorised for issue by the Directors on 19 July 2019.

(i) Compliance with International Financial Reporting Standards (IFRS)

The financial statements of CBG Capital Limited also comply with IFRS as issued by the International Accounting Standards Board.

(ii) 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 interest, dividends and distributions, and gains on financial instruments at fair value. 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 financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2018 that have a material impact on the Company.

(iii) Historical cost convention

These financial statements have been prepared under the accruals basis and are based on historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

(iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

(v) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

2 Summary of significant accounting policies (continued)

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

(i) Investment income

Profits and losses realised from the sale of investments and unrealised gains and losses on securities held at fair value are included in the Statement of Comprehensive Income in the year they are incurred in accordance with the policies described in Note 2(g).

(ii) Dividends and trust distributions

Dividends and trust distributions are recognised as revenue when the right to receive payment is established.

(iii) Interest income

Interest income is recognised using the effective interest method.

(c) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(d) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by year end. Trades are recorded on trade date, and normally settled within two business days.

(e) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2 Summary of significant accounting policies (continued)

(f) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade and other receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

(g) Investments

Classification

(i) Financial assets at fair value through profit or loss

The Company's investments are categorised at fair value through profit or loss. They comprise investments in publicly listed instruments.

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date - the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures its financial assets at fair value.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Comprehensive Income.

Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

When an instrument held at fair value through profit or loss is disposed, the cumulative gain is recognised as realised gains and losses from the sale of financial instruments in the Statement of Comprehensive Income.

Impairment

At each reporting date, the Company shall measure the loss allowance on financial assets at amortised cost (cash, due from brokers and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

Determination of Fair Value

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

The Company's accounting policy on fair value measurements is discussed in Note 4.

Under AASB 13, if an investment has a bid price and an ask price, the price within the bid-ask spread that is more representative of fair value in the circumstances shall be used to measure fair value. Accordingly, the Company uses the last sale price as a basis of measuring fair value.

2 Summary of significant accounting policies (continued)

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(i) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(j) Profits reserve

A profits reserve has been created representing an amount allocated from retained earnings that is preserved for future dividend payments and is determined on a monthly basis.

(k) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(l) Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year and adjusted for bonus elements in ordinary shares issued during the year.

As there are no dilutive potential ordinary shares, diluted EPS is calculated using the same methodology.

(m) Goods and Services Tax (GST)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(n) 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 off to the nearest thousand dollars, unless otherwise stated.

(o) Functional and presentation currency

The functional and presentation currency of the Company is Australian dollars.

(p) Comparatives

Where necessary, comparative information has been reclassified to be consistent with current reporting period.

3 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Board of the Company has implemented a risk management framework to mitigate these risks.

(a) Market risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Price risk

Exposure

The Company is exposed to price risk on equity securities listed or quoted on recognised exchanges. This arises from investments held by the Company and classified in the Statement of Financial Position as financial assets at fair value.

The Company seeks to manage and constrain market risk by diversification of the investment portfolio across multiple stocks and industry sectors. The portfolio is maintained by the Investment Manager within a range of parameters governing the levels of acceptable exposure to stocks and industry sectors.

Securities representing over 5 per cent of the investment portfolio at 30 June were:

	2019 (%)
BHP Billiton Limited	7.1
National Australia Bank Limited	6.4
Westpac Banking Corporation	6.2
Amcor PLC	6.2
	25.9

	2018 (%)
BHP Billiton Limited	8.2
National Australia Bank Limited	7.2
Wesfarmers Limited	5.7
Westpac Banking Corporation	5.2
	26.3

No other security represents over 5 per cent of the investment portfolio at 30 June 2019 and 30 June 2018.

Sensitivity

The following table illustrates the effect on the Company's equity from possible changes in other market risk that were reasonably possible based on the risk the Company was exposed to at reporting date, assuming a flat tax rate of 27.5 per cent (2018: 27.5 per cent):

	Impact on total equity	
S&P/ASX 200 Accumulation Index	**2019 $'000**	2018 $'000
Change in variable +/- 5%	**859**	938
Change in variable +/- 10%	**1,717**	1,875

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The table below summarises the Company's exposure to interest rate risks. It includes the Company's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates.

At 30 June 2019	**Floating interest rate $'000**	**Non-interest bearing $'000**	**Total $'000**
Financial assets			
Cash and cash equivalents	**4,382**	**-**	**4,382**
Trade and other receivables	**-**	**214**	**214**
Financial assets at fair value through profit or loss	**-**	**23,686**	**23,686**
	4,382	**23,900**	**28,282**
Financial liabilities			
Trade and other payables	**-**	**(400)**	**(400)**
	-	**(400)**	**(400)**
Net exposure	**4,382**	**23,500**	**27,882**
At 30 June 2018			
Financial assets			
Cash and cash equivalents	297	-	297
Trade and other receivables	-	151	151
Financial assets at fair value through profit or loss	-	25,863	25,863
	297	26,014	26,311
Financial liabilities			
Trade and other payables	-	(187)	(187)
	-	(187)	(187)
Net exposure	297	25,827	26,124

The majority of the Company's financial assets are non-interest bearing. As a result, the Company is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates.

3 Financial risk management (continued)

(a) Market risk (continued)

Sensitivity

For the year ended 30 June 2019, if interest rates had increased by 75 or decreased by 75 basis points from the actual year end rates with all other variables held constant, post-tax profit for the year would have been $24,000 higher/$24,000 lower (2018: $2,000 higher/$2,000 lower) mainly as a result of higher/lower interest income from cash and cash equivalents.

(b) Credit risk

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

There are no material amounts of collateral held as security at 30 June 2019 (2018: nil)

Credit risk is managed as noted in Note 9 with respect to cash and cash equivalents. The Company determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Company.

(c) Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Board and Investment Manager monitor the cash-flow requirements in relation to the investing account taking into account upcoming dividends, tax payments and investing activity.

The Company's inward cash flows depend upon the level of dividend and distribution revenue received. Should these decrease by a material amount, the Company would amend its outward cash flows accordingly. As the Company's major cash outflows are the purchase of securities, the level is managed by the Board and Investment Manager.

The assets of the Company are largely in the form of readily tradeable securities which can be sold on-market if necessary.

Maturities of financial liabilities

All non-derivative financial liabilities of the Company in the current and prior year have maturities of less than one month.

4 Fair value measurements

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 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:

(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 (as prices) or indirectly (derived from prices) (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 assets measured and recognised at fair value at 30 June.

Recurring fair value measurements **At 30 June 2019**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Financial assets at FVTPL				
Listed equity securities	**23,686**	**-**	**-**	**23,686**
Total financial assets	**23,686**	**-**	**-**	**23,686**
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 during the 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.

5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

There are no estimates or judgments that have a material impact on the Company's financial results for the year ended 30 June 2019. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgments are required in respect to their valuation

6 Segment information

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. The Company has no operating reportable segment.

7 Other revenue

	Year ended	
	2019	2018
	$'000	$'000
From continuing operations		
Dividends	**965**	909
Distributions	**-**	52
Interest	**32**	9
	997	970

8 Income tax expense

(a) Income tax expense through profit or loss

	Year ended	
	2019	2018
	$'000	$'000
Deferred tax on temporary differences	**379**	583
	379	583

8 Income tax expense (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Year ended	
	2019	2018
	$'000	$'000
Profit from continuing operations before income tax expense	**2,529**	2,967
Tax at the Australian tax rate of 27.5% (2018: 27.5%)	**695**	816
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Franking credits on dividends received	**(385)**	(323)
Permanent differences	**21**	(3)
Imputation gross up on dividend income	**106**	89
Under/(over-provision) in prior years	**(58)**	-
Sundry items	**-**	4
Income tax expense	**379**	583

(c) Amounts recognised directly in equity

	Year ended	
	2019	2018
	$'000	$'000
Aggregate deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Deferred tax: Share issue costs	**(30)**	(30)

9 Current assets - Cash and cash equivalents

	As at	
	2019	2018
	$'000	$'000
Current assets		
Cash at bank	**4,382**	297

These accounts are earning interest at rates between 1.0% and 1.35% as at 30 June 2019 (2018: 1.1% and 1.60%).

(a) Risk exposure

The Company's exposure to interest rate risk is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

Cash investments are made with J.P Morgan Chase Bank N.A (Sydney Branch) which is rated A- by Standards & Poor's.

10 Current assets - Trade and other receivables

	As at 2019 $'000	As at 2018 $'000
Dividends and distributions receivable	**50**	132
Interest receivable	**5**	1
GST receivable	**24**	18
Due from brokers	**135**	-
	214	151

(a) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the end of the year is the carrying amount of each class of receivables mentioned above. There are no past due or impaired receivables.

Receivables are non-interest bearing and unsecured.

11 Current assets - Financial assets at fair value through profit or loss

	As at 2019 $'000	As at 2018 $'000
Investments in shares and trusts	**23,686**	25,863

(i) Risk exposure and fair value measurements

Information about the Company's exposure to price risk and about the methods and assumptions used in determining fair value is provided in Note 3.

Changes in fair values of financial assets at fair value through profit or loss are recorded in investment income in the Statement of Comprehensive Income.

12 Non-current assets - Deferred tax assets

	As at 2019 $'000	As at 2018 $'000
The balance comprises temporary differences attributable to:		
Audit and tax fees	**6**	3
Capitalised share issue costs	**11**	41
Carried forward tax losses	**419**	596
Total deferred tax assets	**436**	640

12 Non-current assets - Deferred tax assets (continued)

	Year ended	
	2019	2018
	$'000	$'000
Movements:		
Opening balance	**640**	542
Charged/(credited):		
- to equity	**(30)**	(30)
- to profit or loss	**(174)**	128
Closing balance	**436**	640

13 Current liabilities - Trade and other payables

	As at	
	2019	2018
	$'000	$'000
Management and performance fees payable	**183**	104
Due to brokers	**145**	-
Other payables	**72**	83
	400	187

Trade and other payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

14 Non-current liabilities - Deferred tax liabilities

	As at	
	2019	2018
	$'000	$'000
The balance comprises temporary differences attributable to:		
Interest and dividend accruals	**1**	2
Net unrealised gains on investments	**975**	798
Total deferred tax liabilities	**976**	800

	2019	2018
	$'000	$'000
Movements:		
Opening balance	**800**	120
Charged/(credited):		
- profit or loss	**176**	680
Closing balance	**976**	800

15 Issued capital

(a) Share capital

	As at		As at	
	2019 Shares '000	2018 Shares '000	**2019 $'000**	2018 $'000
Ordinary shares - fully paid	**26,189**	25,131	**24,762**	24,707

(b) Movements in ordinary share capital

Details	**Number of shares '000**	**$'000**
Opening balance 1 July 2017	25,014	24,592
Dividends reinvestment plan issues	117	115
Closing balance 30 June 2018	25,131	24,707
Dividends reinvestment plan issues	78	78
Bonus issue - 1 for 25	1,005	-
Share buy-back	(25)	(23)
Closing balance 30 June 2019	**26,189**	**24,762**

(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) 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.

(f) Share buy-back

On 14 January 2019, the Directors of the Company announced its intention to implement a share buy-back within 10/12 limit by the *Corporations Act 2001*. As at 30 June 2019, a total of 25,000 shares were bought back at the buy-back price of 93.70 cents per share.

(g) Capital risk management

The Board's policy is to maintain an appropriate level of liquidity in the Company's shares.

To achieve this, the Board of Directors monitor the monthly NTA results, investment performance, the Company's Indirect Cost Ratio (formerly known as 'Management Expense Ratio') and share price movements.

The Company is not subject to any externally imposed capital requirements.

16 Dividends

(a) Dividend franking account

	Year ended 2019 $'000	2018 $'000
Opening balance of franking account	**54**	21
Franking credits on dividends received	**386**	323
Franking credits paid on ordinary dividends paid	**(327)**	(290)
Loss of franking credits under 45 day rule	**(2)**	-
Closing balance of franking account	**111**	54
Adjustments for tax payable/refundable in respect of the current year's profits, the receipt of dividends and from dividends declared	**21**	54
Adjusted franking account balance	**132**	108

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

(b) Dividend rate

Dividends declared and/or paid fully franked at 27.5% (2018: 27.5%) tax rate were:

	Dividend Rate	Total Amount $'000	Date of Payment	% Franked
2019				
Ordinary shares - interim 2019	1.70c	$445	23/05/2019	100
Ordinary shares - final 2018	1.60c	$418	27/11/2018	100
2018				
Ordinary shares - interim 2018	1.50c	$376	24/05/2018	100
Ordinary shares - final 2017	1.55c	$388	16/11/2017	100

17 Key management personnel disclosures

(a) Key management personnel compensation

	Year ended 2019 $	2018 $
Short-term employee benefits*	**64,682**	63,020
	64,682	63,020

* Includes $15,822 (2018: $19,479) paid/payable to Clime Investment Management Limited for the services rendered by the Chairman and one of the directors.

(b) Share holdings

The numbers of shares in the Company held during the financial year by each Director of CBG Capital Limited and other key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2019 Name	**Balance at the start of the year**	**Net movement**	**Other changes**	**Balance at the end of the year**
Directors of CBG Capital Limited				
Ordinary shares				
Ronni Chalmers	821,535	42,062	-	863,597
James Beecher	50,000	2,000	-	52,000
John Abernethy*	10,000	-	-	10,000
Peter Velez	-	41,678	-	41,678
	881,535	85,740	-	967,275

2018 Name	**Balance at the start of the year**	**Net movement**	**Other changes**	**Balance at the end of the year**
Directors of CBG Capital Limited				
Ordinary shares				
Ronni Chalmers	716,535	105,000	-	821,535
James Beecher	50,000	-	-	50,000
Robert Swil**	50,691	2,743	-	53,434
John Abernethy	-	10,000	-	10,000
	817,226	117,743	-	934,969

*Resigned 24 August 2018.
**Resigned on 2 February 2018.

18 Remuneration of auditor

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

(a) KPMG

(i) Audit and other assurance services

	Year ended 2019 $	2018 $
Audit and other assurance services		
Audit and review of financial statements	**21,120**	22,754
Total remuneration for audit and other assurance services	**21,120**	22,754
Taxation services		
Tax compliance services	**5,500**	5,500
Total remuneration of KPMG	**26,620**	28,254

19 Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in Note 17.

(b) Transactions with other related parties

The Company has entered into a Management Agreement with CBG Asset Management Limited such that it will manage investments of the Company and will be responsible for the provision of the financial services for a fee of 1.0% p.a. (exclusive of GST) of the net tangible asset of the portfolio before all taxes amounting to $269,936 net of reduced input tax credit (2018: $254,564).

As at 30 June 2019, the management fee payable to the Investment Manager (including GST) was $25,374 (2018: $23,752).

In addition, CBG Asset Management Limited is entitled to be paid by the Company, a performance fee of 20% (exclusive of GST) of the portfolio performance in excess of the benchmark, subject to the portfolio performance being positive and subject to a high water mark.

For the year ended 30 June 2019, in its capacity as manager, CBG Asset Management Limited was entitled to a performance fee of $145,291 net of reduced input tax credit (2018: $74,421).

As at 30 June 2019, the performance fee payable to the Investment Manager (including GST) was $155,922 (2018: $79,867).

As at 30 June 2019, Clime Investment Management Limited, parent company of CBG Asset Management Limited, owns 268,607 ordinary shares in the Company (2018: 158,189).

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

(c) Terms and conditions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

20 Events occurring after the reporting period

The Directors have not yet determined whether to pay a final dividend in respect of the financial year ended 30 June 2019. The Company has received notice from Clime Capital Limited of its intention to undertake an off-market takeover bid for all of the issued shares in the Company. The notice indicates that the proposed takeover offer will be subject to defeating conditions including a condition that permits the bidder to withdraw its offer if the Directors make, declare or announce an intention to make or declare a dividend or other distribution. Any decision regarding payment of a final dividend will be made after conclusion of the audit of the financial statements and recognising the consequences of that decision for the proposed takeover offer.

No other matter or circumstance has occurred subsequent to 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 or economic entity.

21 Reconciliation of profit after income tax to net cash inflow/(outflow) from operating activities

(a) Reconciliation of profit to net cash inflow/(outflow) from operating activities

	Year ended	
	2019 $'000	2018 $'000
Profit for the year	**2,150**	2,384
Change in operating assets and liabilities:		
Proceeds from disposal of financial instruments at fair value through profit or loss	**21,958**	18,835
Payments for purchases of financial instruments at fair value through profit or loss	**(17,456)**	(20,475)
Net gains on financial instruments at fair value through profit or loss	**(2,315)**	(2,703)
Decrease in trade and other receivables	**72**	24
Decrease/(increase) in other current assets	**36**	(12)
Decrease/(increase) in deferred tax assets	**204**	(98)
Increase in trade and other payables	**68**	116
Increase in deferred tax liabilities	**176**	680
Net cash inflow/(outflow) from operating activities	**4,893**	(1,249)

(b) Non-cash financing activities

Dividends reinvested	**78**	115

22 Earnings per share

(a) Basic earnings per share

	Year ended 2019 Cents	2018 Cents
Basic earnings per share	**8.22**	9.15
Total basic earnings per share attributable to the ordinary equity holders of the Company	**8.22**	9.15

(b) Diluted earnings per share

	Year ended 2019 Cents	2018 Cents
Diluted earnings per share	**8.22**	9.15
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**8.22**	9.15

Diluted earnings per share is 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.

(c) Reconciliation of earnings used in calculating earnings per share

	Year ended 2019 $'000	2018 $'000
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	**2,150**	2,384
	2,150	2,384
Diluted earnings per share		
profit from continuing operations attributable to the ordinary equity holders of the Company		
From continuing operations	**2,150**	2,384
	2,150	2,384

22 Earnings per share (continued)

(d) Weighted average number of shares used as denominator

	Year ended	
	2019	2018
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share*	**26,158,259**	26,056,291
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share*	**26,158,259**	26,056,291

* In accordance with AASB 133 *Earnings per share*, the comparative calculation has been adjusted to reflect the impact of the 1 for 25 bonus shares issue which took place on 17 September 2018.

23 Contingencies

The Company had no contingent liabilities at 30 June 2019 (2018: nil).