



## NGE Capital Limited (NGE)

### APPENDIX 4D (Listing Rule 4.2A.3)

#### Results for announcement to the market for the half-year ended 30 June 2018

All comparisons unless specified are to the half-year ended 30 June 2017

	\$'000	Up/Down	% change
Revenue from ordinary activities	6,887	Up	66%
Profit (loss) after tax for the half-year	6,063	Up	79%

#### Dividend information

No dividends or distributions have been paid or provided during the year.  
There are no dividend or distribution reinvestment plans in operation.

	30 June 2018	31 Dec 2017	Movement
Net tangible asset backing per ordinary share	\$0.793	\$0.630	25.87%

This report is based on the half-year financial report which has been subject to independent review by the auditors, Grant Thornton. All the documents comprise the information required by the Listing Rule 4.2A.

This information must be read in conjunction with the 31 December 2017 Annual Financial Report

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# NGE CAPITAL LIMITED

Interim financial statements

For the half-year ended

30 June 2018

ABN 31 112 618 238

# CONTENTS

	Page
Corporate Directory	3
Directors' Report	4
Auditor's Independence Declaration	6
Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
Notes to Consolidated Financial Statements	11
Directors' Declaration	19
Independent Auditor's Review Report	20

## CORPORATE DIRECTORY

### **DIRECTORS**

David Lamm  
Ilan Rimer  
Adam Saunders

Executive Chairman and Chief Investment Officer  
Non-Executive Director  
Executive Director and Portfolio Manager

### **COMPANY SECRETARY**

Leslie Smith

### **REGISTERED OFFICE**

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### **STOCK EXCHANGE LISTINGS**

ASX Limited  
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Sydney NSW 2000

OTC Markets  
304 Hudson Street, 3rd Floor  
New York, NY 10013  
USA

**ASX CODE:** NGE

**OTC CODE:** NGELF

### **SHARE REGISTRY**

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000

Telephone: 1300 737 760  
02 9290 9600  
Facsimile: 1300 653 459  
02 9290 0644  
Website: [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

### **AUDITORS**

Grant Thornton Audit Pty Ltd  
Collins Square, Tower 1  
727 Collins Street  
Docklands VIC 3008

### **SOLICITORS**

Clayton Utz  
Level 18  
333 Collins Street  
Melbourne VIC 3000

## DIRECTORS' REPORT

The Directors of NGE Capital Limited (**NGE** or **Company**) present their Report together with the financial statements of the Consolidated Entity, being NGE and its controlled entities (**Group**) for the half-year ended 30 June 2018.

### DIRECTORS

The following persons were Directors of NGE during or since the end of the reporting period:

David Lamm	Executive Chairman and Chief Investment Officer
Ilan Rimer	Non-Executive Director
Adam Saunders	Executive Director and Portfolio Manager

### PRINCIPAL ACTIVITIES

The Company is an internally managed Listed Investment Company (**LIC**) whose principal activities are to make investments in listed and unlisted securities.

### INVESTMENT STRATEGY

The Company's investment strategy is to invest in a concentrated, high conviction portfolio of financial assets with the aim of generating strong risk-adjusted returns over the medium to long term. NGE has a flexible investment mandate and invests according to a defined set of investment principles that are summarised as follows:

- Only invest in a compelling opportunity, otherwise hold cash;
- Invest based on fundamental analysis;
- Target investments that can generate strong returns with an adequate margin of safety; and
- Aim to hold a concentrated portfolio of high conviction investments.

### OPERATING AND FINANCIAL REVIEW

The profit after income tax of the Group for the half-year was \$6.1m (2017: \$3.4m).

During the reporting period net assets increased by \$6.0m to \$29.6m (31 December 2017: \$23.6m). On a per share basis, net tangible assets (**NTA**) after tax increased 25.87% to \$0.793 per share (31 December 2017: \$0.630). In the 12 months to 30 June 2018 NGE was one of the top performing LICs on the ASX, with growth in NTA per share after tax of 33.3%

In the period the Company purchased 120,776 of its own shares costing \$77,697 (including brokerage) under the terms of a 10/12 on-market share buy-back commenced in August 2017.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is included on page 6 of this financial report and forms part of the Director's Report.

## DIRECTORS' REPORT

### ROUNDING OF AMOUNTS

NGE is a type of Company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest \$1,000, or in certain cases, to the nearest dollar.

A handwritten signature in black ink, appearing to read 'DL', with a long horizontal flourish extending to the right.

**David Lamm**

Executive Chairman and  
Chief Investment Officer

30 July 2018

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## Auditor's Independence Declaration to the Directors of NGE Capital Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of NGE Capital Limited for the half-year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b No contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Michael Climpson  
Partner

Melbourne, 30 July 2018

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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 30 June 2018

	Notes	30 June 2018 \$'000	30 June 2017 \$'000
Investment income	5	6,887	4,143
Employee benefits expense	6	(681)	(309)
Gain/(loss) from foreign exchange differences		29	(50)
Other expenses	7	(172)	(195)
Profit before income tax		6,063	3,589
Income tax expense	8	-	-
<b>Profit from continuing operations after income tax</b>		<b>6,063</b>	<b>3,589</b>
<b>(Loss) from discontinued operations after income tax</b>		<b>-</b>	<b>(205)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of tax		-	-
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period attributable to shareholders of the Company</b>			
		<b>6,063</b>	<b>3,384</b>
		<b>Cents</b>	<b>Cents</b>
<b>Basic and diluted earnings/(loss) per share</b>			
From continuing operations		16.22	9.14
From discontinued operations		-	(0.52)
<b>Total</b>		<b>16.22</b>	<b>8.62</b>

*This financial report should be read in conjunction with the accompanying notes.*



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

		30 June 2018	31 December 2017
	Notes	\$'000	\$'000
<b>Assets</b>			
Cash and cash equivalents		1,234	5,296
Trade and other receivables		34	22
Financial assets held at fair value through profit or loss	12	28,670	18,545
Other assets		10	41
Other long-term assets	13	174	110
<b>Total Assets</b>		<b>30,122</b>	<b>24,014</b>
<b>Liabilities</b>			
Trade and other payables	14	489	379
Provisions		22	10
<b>Total Liabilities</b>		<b>511</b>	<b>389</b>
<b>Net Assets</b>		<b>29,611</b>	<b>23,625</b>
<b>Equity</b>			
Issued capital		78,216	78,293
Reserves		11,377	11,377
Accumulated losses		(59,982)	(66,045)
<b>Total Equity</b>		<b>29,611</b>	<b>23,625</b>

*This financial report should be read in conjunction with the accompanying notes.*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 30 June 2018

	Share capital \$'000	Accumulated losses \$'000	Option reserve \$'000	Equity component of convertible instrument \$'000	Total equity \$'000
<b>Balance at 1 January 2017</b>	79,939	(70,726)	7,894	3,483	20,590
Total comprehensive income for the period	-	3,384	-	-	3,384
Transactions with owners in their capacity as owners:					
Share buy-back	(1,452) <sup>1</sup>	-	-	-	(1,452)
<b>Balance at 30 June 2017</b>	78,487	(67,342)	7,894	3,483	22,522
<b>Balance at 1 January 2018</b>	78,293	(66,045)	7,894	3,483	23,625
Total comprehensive income for the period	-	6,063	-	-	6,063
Transactions with owners in their capacity as owners:					
Share buy-back	(77) <sup>2</sup>	-	-	-	(77)
<b>Balance at 30 June 2018</b>	78,216	(59,982)	7,894	3,483	29,611

<sup>1</sup> On 4 August 2016 NGE announced its intention to undertake an on-market share buy-back of up to 10% of the Company's issued capital, which at the date of that announcement equated to approximately 84 million ordinary shares. Subsequently NGE consolidated its capital on a 20:1 basis and the number of shares permitted to be bought back under the 10/12 Rule was revised to 4,207,716. In the half-year to 30 June 2017, 3,525,687 shares costing \$1,452,099 (including brokerage) were purchased by the Company.

<sup>2</sup> On 21 August 2017 NGE announced its intention to undertake an on-market share buy-back of up to 10% of the Company's issued capital, which at the date of that announcement equated to approximately 3.8 million ordinary shares. In the half-year to 30 June 2018, 120,776 shares costing \$77,697 (including brokerage) were purchased by the Company.

*This financial report should be read in conjunction with the accompanying notes.*

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 30 June 2018

	30 June 2018 \$'000	30 June 2017 \$'000
Notes		
<b>Cash Flow from Operating Activities</b>		
Payments to suppliers and employees	(683)	(478)
Payments for equity investments	(6,975)	(11,276)
Proceeds from sale of equity investments	3,536	8,896
Interest received	50	149
Dividends received	125	18
Underwriting income	10	20
Net cash from continuing operations	(3,937)	(2,671)
Net cash from discontinued operations	-	-
<b>Net cash (used in) operating activities</b>	<b>(3,937)</b>	<b>(2,671)</b>
<b>Cash Flow from Investing Activities</b>		
Payments to joint venture loan	(60)	-
Proceeds from joint venture loan	-	26
Net cash from continuing operations	(60)	26
Net cash from discontinued operations	-	-
<b>Net cash provided by/(used in) investing activities</b>	<b>(60)</b>	<b>26</b>
<b>Cash Flow from Financing Activities</b>		
Payments for share buy-back	(89)	(1,452)
Net cash from continuing operations	(89)	(1,452)
Net cash from discontinued operations	-	-
<b>Net cash (used in) financing activities</b>	<b>(89)</b>	<b>(1,452)</b>
<b>Net (decrease) in cash and cash equivalents held</b>	<b>(4,086)</b>	<b>(4,097)</b>
Cash at beginning of period	5,296	14,816
Effect of exchange rates on cash holding in foreign currencies	24	(49)
<b>Cash at end of period</b>	<b>1,234</b>	<b>10,670</b>

*This financial report should be read in conjunction with the accompanying notes.*

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 30 June 2018

## 1. NATURE OF OPERATIONS

The Company is an internally managed Listed Investment Company. The Group's principal activities are to make investments in listed and unlisted securities.

## 2. GENERAL INFORMATION BASIS OF PREPARATION

The condensed interim consolidated financial statements (**interim financial statements**) of the Group are for the six (6) months ended 30 June 2018 and are presented in Australian Dollars (\$AUD), which is the functional currency of NGE Capital Limited. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2017 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 30 July 2018.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 31 December 2017.

The accounting policies have been applied consistently throughout the Group for purposes of preparation of these interim financial statements.

The Company adopted AASB 9 *Financial Instruments* as issued in December 2014 from 1 January 2018. All investments were previously classified as at fair value through profit or loss at 31 December 2017 and this still applies under the new standard. There were no changes in accounting policies on adoption of AASB 9.

## 4. ESTIMATES

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2017.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 30 June 2018

### 5. INVESTMENT INCOME FROM CONTINUING OPERATIONS

	2018 \$'000	2017 \$'000
Change in fair value of financial instruments held at fair value through profit or loss	6,684	3,848
Dividend income	131	18
Interest income	62	149
Fee income	10	128
<b>Total</b>	<b>6,887</b>	<b>4,143</b>

### 6. EMPLOYEE BENEFITS EXPENSE

Employee benefits expense includes provision for a short term incentive (STI) offered to certain executives. The STI is an at-risk bonus provided in the form of cash and based on agreed key performance indicators (KPIs), paid at the discretion of the Board. The STI becomes eligible for payment following measurement of the KPIs at financial year end. The provision calculation is based on the current KPI of growth in NTA per share before tax at period end, adjusted for the impact of any legacy PNG assets and share buybacks.

Employee base remuneration	283	213
Provision for performance-based short-term incentive	398	96
<b>Total</b>	<b>681</b>	<b>309</b>

### 7. OTHER EXPENSES INCURRED IN CONTINUING OPERATIONS

Directors' fees	12	49
Audit, professional and legal fees	25	35
Listing costs	33	35
Operating leases	27	32
Other	75	44
<b>Total</b>	<b>172</b>	<b>195</b>

### 8. INCOME TAX EXPENSE

Profit before tax	6,063	3,384
Domestic tax rate	27.5%	27.5%
Expected tax expense on realised and unrealised income and gains	1,667	931
Previously unrecognised tax losses now recouped to reduce current tax expense	(1,667)	(931)
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

After providing for the expected tax liability on year-to-date realised and unrealised income and gains NGE has approximately \$21 million of realised tax losses in Australia that are not currently carried on the Company's balance sheet as a deferred tax asset. In addition, NGE also has approximately \$22 million of capital losses in Australia available as at 30 June 2018 to be offset against any future capital gains.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 30 June 2018

### 8. INCOME TAX EXPENSE (CONTINUED)

The Company has received tax advice that these losses should be available to be offset against future tax liabilities, which in the aggregate equates to a potential future tax benefit of approximately \$12 million or \$0.32 per share.

The availability of both the tax losses and capital losses to be utilised against future tax liabilities is subject to NGE continuing to satisfy the continuity of ownership test as set out in Divisions 165 and 166 of the *Income Tax Assessment Act 1997* (Cth).

In accordance with NGE's accounting policy set out in the Company's 2017 Annual Report, deferred tax assets are recognised for unused tax losses only if it is probable they will be able to be utilised against future taxable income. The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each year-end reporting date.

### 9. DISCONTINUED OPERATIONS

In November 2016, the Company received the requisite approvals to change the nature of its operations to a Listed Investment Company. The Company's previous principal activity, exploration for oil and gas in Papua New Guinea has been treated as a discontinued operation. Continuing activities for this disclosure have been treated as investment activities and those administrative activities required to operate an ASX listed corporation.

No transactions associated with discontinued operations have occurred in the period.

As at 30 June 2018 the carrying amounts of the net assets associated with discontinued operations were \$ Nil (31 December 2017: \$ Nil)

	2018	2017
	\$'000	\$'000
<b>Expenses incurred in discontinued operations:</b>		
Exploration expenses written off	-	(205)
<b>Total</b>	-	<b>(205)</b>

#### Cash flows generated by discontinued operations for the reporting periods are as follows:

Operating activities	-	-
Investing activities	-	-
Financing activities	-	-
<b>Total</b>	-	-

### 10. RELATED PARTY TRANSACTION

The Company had a licence agreement with Kentgrove Capital Pty Ltd for the sub-lease of office premises for its business from 1 June 2016 to 30 April 2018 at the rate of \$60,000 per annum and has a licence agreement with Kentgrove Capital Pty Ltd for the sub-lease of office premises for its business from 1 August 2018 to 31 July 2021 at the rate of \$66,000 per annum. The Company agreed to pay Kentgrove Capital Pty Ltd \$7,500 for the proportional use of a serviced office facility during the period May to July 2018.

The Executive Chairman David Lamm is a director and controlling shareholder of Kentgrove Capital Pty Ltd.

Commitments under the licence agreement are disclosed in Note 15.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 30 June 2018

## 11. SEGMENT REPORTING

### Basis of accounting for purposes of reporting by operating segments

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

The Group's principal activities are those of a Listed Investment Company and therefore identifies only one corporate reportable segment. The results of this segment are the same as the Group results.

## 12. FAIR VALUE MEASUREMENT

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

- Financial assets held at fair value through profit or loss

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

### Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). These include quoted prices for similar assets or liabilities in active markets.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below presents the financial assets (by class) measured and recognised at fair value.

	Level 1	Level 2	Level 3	Total
As at 30 June 2018	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets at fair value through profit or loss</b>				
Listed equity securities	21,822	-	-	21,822
Unlisted convertible notes	-	-	750	750
Unlisted equities	-	-	6,098	6,098
<b>Total Financial Assets at fair value through profit or loss</b>	<b>21,822</b>	<b>-</b>	<b>6,848</b>	<b>28,670</b>
<b>As at 31 December 2017</b>				
<b>Financial Assets at fair value through profit or loss</b>				
Listed equity securities	13,950	-	-	13,950
Unlisted convertible notes	-	-	750	750
Unlisted equities	-	-	3,845	3,845
<b>Total Financial Assets at fair value through profit or loss</b>	<b>13,950</b>	<b>-</b>	<b>4,595</b>	<b>18,545</b>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 30 June 2018

## 12. FAIR VALUE MEASUREMENT (CONTINUED)

### Valuation techniques used to determine fair values

Assets in the Group's investment portfolio are valued in accordance with the Group's published Investment Valuation policy, a summary of which is provided below. This summary does not purport to be complete, and readers should refer to the full Investment Valuation Policy which is available on the Group's website.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

#### LEVEL 1

The fair value of investments that are traded in an active market (for example, listed equities) is determined using the last traded quoted price in an active market. As at 30 June 2018, the Company had \$21,822,000 (31 December 2017: \$13,950,000) financial assets held at fair value through profit or loss included in Level 1. As at 30 June 2018 the Company had \$ Nil (31 December 2017: \$ Nil) financial liabilities held at fair value through profit or loss included in Level 1.

#### LEVEL 2

The fair value of investments that are not traded in an active market (for example, unlisted securities) is determined by reference to quoted prices for similar assets or liabilities in active markets. As at 30 June 2018, the Company had \$ Nil (31 December 2017: \$ Nil) investments in Level 2.

#### LEVEL 3

If one or more of the significant inputs is not based on observable market data, the investment is included in Level 3. The fair value of unlisted securities are generally held at cost for the first 12 months of ownership, unless there is an apparent change in circumstances which would indicate the need for a new valuation. Such a circumstance may include observing the price from a recent transaction of an investment, provided the relevant transaction occurred sufficiently close to the measurement date (usually within 12 months).

In the absence of a recent transaction providing a reliable estimate, the fair value of unlisted direct securities will be calculated with reference to appropriate valuation methods including, but not limited to, an assessment of the investment's cash flows, comparable transactions, and comparable listed assets.

As at 30 June 2018, the Company had \$6,848,000 (31 December 2017: \$4,595,000) of investments held at fair value through profit or loss included in Level 3.

#### **Valuation of Powerwrap Limited as at 30 June 2018**

In June 2017 the Company invested \$3.6m in Powerwrap Limited (**Powerwrap**) at a price per share of \$0.06 as part of a \$19.6m capital raising, implying a total equity valuation of ~\$40m. NGE held this investment at cost as an approximation of fair value. In April 2018 Powerwrap completed a \$7.25m capital raising at \$0.10 per share, valuing Powerwrap at ~\$75m. Due to the significance of this capital raising, and in accordance with the Company's Investment Valuation policy, the Board resolved to adjust the valuation of the Company's holding in Powerwrap up by \$0.04 per share (\$2.4m) to \$0.10 per share (\$6.0m).

#### **Valuation of Cody Live Pty Ltd as at 30 June 2018**

In March 2017 the Company invested \$250,000 in Cody Live Pty Ltd (**Cody Live**) at a price per share of \$0.22 and held this investment at cost as an approximation of fair value. In June 2018 Cody Live



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 30 June 2018

### 12. FAIR VALUE MEASUREMENT (CONTINUED)

#### Valuation of Cody Live Pty Ltd as at 30 June 2018 (Continued)

informed its shareholders that it intended to make a Special Priority Offer to existing shareholders at a price per share of \$0.10 with a free attaching 1:5 option. Due to the significance of this capital raising, and in accordance with the Company's Investment Valuation policy, the Board resolved to adjust the valuation of the Company's holding in Cody Live down by \$0.12 per share (\$0.14m) to \$0.10 per share (\$0.11m).

The Board also invested \$750,000 in Cody Live convertible notes in March/April 2017. These convertible notes accrue interest at 6.50% per annum, payable quarterly in arrears with the option of being converted into ordinary shares prior to maturity at \$0.25 per share. Cody Live has met all its interest payment requirements to date. The Board has resolved to maintain the valuation of this investment at cost as an approximation of fair value.

#### Valuation of PFE Holdings Pty Ltd as at 30 June 2018

The Board resolved to hold the carrying value of the Company's holding in PFE Holdings Pty Ltd (PFE) at \$10,000 (31 December 2017: \$10,000). This decision was based on PFE's unaudited financial statements for the year ended 30 June 2017 adjusted for the value of exploration assets and PFE's stated requirement to raise additional funds.

#### *Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy.*

The carrying amounts of investments measured using significant unobservable inputs (Level 3) are shown below:

	Unlisted Convertible notes	Unlisted equities	Total
<b>For the half-year ended 30 June 2018</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Beginning balance	750	3,845	4,595
Gains or losses recognised in profit or loss	-	2,253	2,253
<b>Ending balance</b>	<b>750</b>	<b>6,088</b>	<b>6,848</b>
<b>For the year ended 31 December 2017</b>			
Beginning balance	-	10	10
Purchase	750	3,835	4,585
<b>Ending balance</b>	<b>750</b>	<b>3,845</b>	<b>4,595</b>

There have been no transfers between the levels of the fair value hierarchy during the six months to 30 June 2018.

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 30 June 2018

### 13. OTHER LONG-TERM ASSETS

	30 June 2018 \$'000	31 December 2017 \$'000
Loans and accrued interest receivable to December 2015	14,638	14,638
Share of losses accounted for using the equity method	(1,761)	(1,761)
Impairment	(12,877)	(12,877)
Loan to WDL – from 2016	174	110
<b>Total</b>	<b>174</b>	<b>110</b>

The Company holds a 50% voting and equity interest in Western Drilling Limited (**WDL**), a jointly controlled company registered in Papua New Guinea. At year end 2015 the Company's loan and accrued interest to WDL was fully impaired. The impairment was taken because the global oil and gas market for WDL's major asset, a Heli rig, entered a downturn and there were no contract opportunities for the use, hire, or sale of the rig. The rig was cold-stacked into storage as contracts were sought for the rig. Accordingly, it was difficult to support any assumptions or estimates of future cash flows for the rig under a value in use approach or to reliably estimate a fair value less costs of disposal.

The *Loan to WDL – from 2016* represents working capital loans made to WDL by the Group since 2016 for which repayment is reasonably expected and for which cost is a reasonable approximation of fair value.

At each year-end subsequent to 2015 the Directors reviewed their impairment decision and determined that, with the exception of the recently advanced amount of \$174,000, full impairment of the investment in WDL remained appropriate.

However, WDL is continuing its efforts to secure contracts and/or sell the Heli rig and associated camp. Should either/both of these events arise in future then the impairment could be reversed in part or in full.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 30 June 2018

### 14. TRADE AND OTHER PAYABLES

	30 June 2018	31 December 2017
	\$'000	\$'000
<b>Current</b>		
Trade payables	-	37
Sundry payables and accrued expenses	489	342
<b>Total</b>	<b>489</b>	<b>379</b>

### 15. COMMITMENTS

At balance date the Group had the following commitments for minimum payments under non-cancellable operating licences according to the time expected to elapse to the expected date of payment:

Not later than 1 year	63	50
Later than 1 year and not later than 5 years	138	-
<b>Total</b>	<b>201</b>	<b>50</b>

### 16. CONTINGENT ASSETS AND LIABILITIES

At balance date the Group has no contingent assets or contingent liabilities.

### 17. EVENTS SUBSEQUENT TO REPORTING DATE

Other than as disclosed above, there has been no other matter or circumstance occurring subsequent to the end of the period that, in the opinion of the Directors, has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## DIRECTORS' DECLARATION

1. In the opinion of the Directors of NGE Capital Limited:
  - a) The consolidated financial statements and notes of NGE Capital Limited are in accordance with the *Corporations Act 2001*, including:
    - I. Giving a true and fair view of its financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and
    - II. Complying with Accounting Standard AASB 134 *Interim Financial Reporting*, 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.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'DL', with a long horizontal flourish extending to the right.

David Lamm  
Chairman

Dated the 30<sup>th</sup> day of July 2018

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## Independent Auditor's Review Report to the Members of NGE Capital Limited

### Report on the half year financial report

#### Conclusion

We have reviewed the accompanying half year financial report of NGE Capital Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of NGE Capital Limited does not give a true and fair view of the financial position of the Group as at 30 June 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

#### Directors' Responsibility for the Half Year Financial Report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of NGE Capital Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

**Independence**

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Michael Climpson  
Partner

Melbourne, 30 July 2018