



NGE CAPITAL LIMITED
APPENDIX 4D AND INTERIM FINANCIAL STATEMENTS
Results for announcement to the market
For the half-year ended 30 June 2020

All comparisons unless specified are to the half-year ended 30 June 2019.

Result Information	\$'000	Up/Down	% change
Revenue from ordinary activities	(8,371)	Down	(1,225%)
Profit/(loss) after tax for the half-year	(9,364)	Down	(651%)

Dividend information

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

Net Tangible Asset Information	30 Jun 2020	31 Dec 2019	Movement
Net tangible asset backing per ordinary share before tax	\$0.612	\$0.850	(28.1%)

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

This information should be read in conjunction with the 31 December 2019 Annual Report.

This announcement is approved and authorised for release by the NGE Capital Limited Board.

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NGE CAPITAL LIMITED

Interim financial statements

For the half-year ended

30 June 2020

ABN 31 112 618 238

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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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AUDITORS

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SOLICITORS

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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 2020.

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 loss after income tax of the Group for the half-year was \$9.4m (2019: loss \$1.2m).

During the reporting period net assets decreased by \$9.4m to \$24.3m (31 December 2019: \$33.6m). On a per share basis, net tangible assets (**NTA**) before tax and after all operating expenses decreased by 28.1% to \$0.612 per share (31 December 2019: \$0.850) during the period. NGE has grown NTA per share 19.9% since inception as a LIC on 30 November 2016, or 5.2% on an annualised basis.

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 5 of this financial report and forms part of the Director's 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.



David Lamm

Executive Chairman and
Chief Investment Officer
26 August 2020

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 2020, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M J Climpson
Partner – Audit & Assurance

Melbourne, 26 August 2020

Grant Thornton Audit Pty Ltd ACN 130 913 594
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 30 June 2020

	Notes	30 June 2020 \$'000	30 June 2019 \$'000
Investment income	5	(8,371)	(632)
Other income		50	-
Employee benefits expense	6	(283)	(274)
Other expenses	7	(240)	(341)
(Loss)/Profit before income tax		(8,844)	(1,247)
Income tax expense	8	(520)	-
(Loss)/Profit from continuing operations after income tax		(9,364)	(1,247)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Other comprehensive income for the period		-	-
Total comprehensive income for the period attributable to shareholders of the Company			
		(9,364)	(1,247)
		Cents	Cents
Basic and diluted earnings/(loss) per share		(25.19)	(3.35)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		30 June 2020	31 December 2019
	Notes	\$'000	\$'000
Assets			
Cash and cash equivalents		10,754	2,640
Trade and other receivables		11	429
Financial assets held at fair value through profit or loss	11	12,151	32,062
Other assets	12	13	44
Property, plant and equipment	13	72	105
Deferred tax assets	14	1,500	2,020
Total Assets		24,501	37,300
Liabilities			
Trade and other payables	15	72	466
Borrowings	16,17	76	3,109
Provisions		45	34
Total Liabilities		193	3,609
Net Assets		24,308	33,691
Equity			
Issued capital		78,117	78,136
Accumulated losses		(53,809)	(44,445)
Total Equity		24,308	33,691

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 2020

	Share capital \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2019	78,136	(47,635)	30,501
Total comprehensive income for the period	-	(1,247)	(1,247)
Transactions with owners in their capacity as owners:			
Share buy-back ¹	-	-	-
Balance at 30 June 2019	78,136	(48,882)	29,254
Balance at 1 January 2020	78,136	(44,445)	33,691
Total comprehensive income for the period	-	(9,364)	(9,364)
Transactions with owners in their capacity as owners:			
Share buy-back ¹	(19)	-	(19)
Balance at 30 June 2020	78,117	(53,809)	24,308

¹ 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. This share buy-back is of unlimited duration. In the half-year to 30 June 2020, 34,990 shares costing \$18,610 (including brokerage) were purchased by the Company. In the half-year to 30 June 2019 no shares were bought-back.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 30 June 2020

	30 June 2020	30 June 2019
Notes	\$'000	\$'000
Cash Flow from Operating Activities		
Payments to suppliers and employees	(861)	(716)
Payments for equity investments	(4,586)	(9,601)
Proceeds from sale of equity investments	16,607	10,204
Interest received	30	32
Dividends received	1	260
Government economic support payments received	50	-
Net cash provided by/(used in) operating activities	11,241	179
Cash Flow from Investing Activities		
Payments to joint venture loan	(43)	(64)
Net cash provided by/(used in) investing activities	(43)	(64)
Cash Flow from Financing Activities		
Payments for share buy-back	(19)	-
Proceeds from borrowings	-	3,000
Repayment of borrowings	(3,000)	-
Interest paid	(32)	(99)
Payments of lease liabilities for right-of-use asset	(33)	(31)
Net cash provided by/(used in) financing activities	(3,084)	2,870
Net increase/(decrease) in cash and cash equivalents held	8,114	2,985
Cash at beginning of period	2,640	2,095
Effect of exchange rates on cash holding in foreign currencies	-	(2)
Cash at end of period	10,754	5,078

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 2020

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 2020 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 2019 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 26 August 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

With the exceptions outlined below, 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 2019.

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

Other pronouncements

Other accounting pronouncements which have become effective from 1 January 2020 and have been adopted do not have a significant impact on the Group's financial results or position.

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 2019.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 30 June 2020

5. INVESTMENT INCOME FROM CONTINUING OPERATIONS

	2020 \$'000	2019 \$'000
Change in fair value of financial instruments held at fair value through profit or loss	(8,402)	(969)
Dividend income	1	305
Interest income	30	32
Total	(8,371)	(632)

6. EMPLOYEE BENEFITS EXPENSE

Employee benefits expense includes provision for a short-term incentive (STI) offered to members of the investment team (which currently comprises the Chief Investment Officer and Portfolio Manager). The STI establishes a pool of funds available for payment to members of the investment team and is calculated by reference to the increase in NTA before tax over the year (Performance Fee). The total value of the pool for distribution is equal to a 10.0% share of the growth in NTA before tax (adjusted for capital raisings and share buy-backs), subject to a high water mark. Subject to exceeding the high water mark, the Performance Fee will be paid annually in arrears.

	2020 \$'000	2019 \$'000
Employee base remuneration	283	274
Provision for performance-based short-term incentive	-	-
Total	283	274

7. OTHER EXPENSES INCURRED IN CONTINUING OPERATIONS

	2020 \$'000	2019 \$'000
Directors' fees	12	12
Audit, professional and legal fees	75	52
Listing costs	29	32
Loss/(Gain) from foreign exchange movements	(57)	3
Interest expense – short term loan	30	118
Interest expense – right-of-use lease finance charge	1	2
Depreciation – right-of-use asset	33	34
Withholding tax on overseas dividends	-	46
Other	117	42
Total	240	341

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 30 June 2020

8. INCOME TAX EXPENSE

	2020 \$'000	2019 \$'000
(Loss)/profit before tax	(8,844)	(1,247)
Domestic tax rate	26.0%	27.5%
Prima facie tax expense	(2,299)	(343)
Adjustments for tax effect of:		
Temporary differences and tax losses not recognised	2,819	343
Income tax (benefit)/expense	520	-
Tax losses		
Unused Australian losses which have been recognised as a deferred tax asset ¹	5,769	7,360
Unused Australian losses for which no tax loss has been recognised as a deferred tax asset ²	38,416	34,763
Unrealised Australian losses/(gains) (net)	5,495	3,670
Total Australian unused and unrealised losses	49,680	45,793
Potential tax benefit of unused and unrealised losses at 26.0% (2019:27.5%)³	12,917	12,593
Potential tax benefit of unused and unrealised losses - \$ per share	\$0.35	\$0.34

¹ A deferred tax asset of \$1.500 million (potential tax benefit at 26.0% of \$5.769 million) has been recognised on unused Australian tax losses of the Company. The deferred tax asset was first recognised as at 31 December 2018 at a value of \$2.020 million (potential tax benefit at 27.5% of \$7.360 million) based on the following management judgements:

- i) The Company has experienced two consecutive full years of profitability since becoming a LIC on 30 November 2016; and
- ii) By applying the average Australian and International share returns since 1970 of 9.75% p.a. over a 4-year investment time horizon, the Board considers it is probable that sufficient future taxable profits will be available to offset the amount of the deferred tax asset.

The Board reviews the carrying value at each period end and in this period after applying similar management judgement methodology reduced the carrying value by \$0.520 million.

² This represents total realised tax losses and capital losses which are unused and have not been recognised as a deferred tax asset.

³ The taxation benefits will only be obtained if:

- i) The Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
- ii) The Group continues to comply with the conditions for deductibility imposed by law and, in particular, as long as NGE continues to satisfy the continuity of ownership test as set out in Divisions 165 and 166 of the *Income Tax Assessment Act 1997* (Cth); and
- iii) No changes in tax legislation adversely affect the Group in realising the benefits from the deductions for the loss.

Not included in the above table:

- Unused PNG losses of \$45.282 million (31 December 2018: \$45.282 million) for which no tax loss has been recognised because of the uncertainty of being able to use them.
- The impaired value of certain investments in PNG and Australia which may in future give rise to further Australian tax losses.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 30 June 2020

9. RELATED PARTY TRANSACTION

The Company 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 a rate of \$66,000 per annum, with annual 4% increases.

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 17.

10. 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.

11. 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 at 30 June 2020.

	Level 1	Level 2	Level 3	Total
As at 30 June 2020	\$'000	\$'000	\$'000	\$'000
Financial Assets at fair value through profit or loss				
Listed equity securities	12,151	-	-	12,151
Total Financial Assets at fair value through profit or loss	12,151	-	-	12,151

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 30 June 2020

11. FAIR VALUE MEASUREMENT (CONTINUED)

Fair value hierarchy (continued)

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
As at 31 December 2019				
Financial Assets at fair value through profit or loss				
Listed equity securities	31,635	-	-	31,635
Unlisted equities	-	-	427	427
Total Financial Assets at fair value through profit or loss	31,635	-	427	32,062

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 2020, the Company had \$12,151,000 (31 December 2019: \$31,635,000) financial assets held at fair value through profit or loss included in Level 1. As at 30 June 2020 the Company had \$ Nil (31 December 2019: \$ 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 2020, the Company had \$ Nil (31 December 2019: \$ 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 for the first 12 months of ownership is usually valued at the cost of the investment, 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 2020, the Company had \$ Nil (31 December 2019: \$427,000) of investments held at fair value through profit or loss included in Level 3.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 30 June 2020

11. FAIR VALUE MEASUREMENT (CONTINUED)

LEVEL 3 (CONTINUED)

Valuation of Western Drilling Limited (WDL) as at 30 June 2020*

Since 2016 the Company has advanced loans for working capital purposes to WDL. In the half-year the Company advanced an additional \$43,000 taking the total advanced since 2016 to \$470,000 (31 December 2019: \$427,000.)

Until the current period the Board considered that the best available evidence of fair value of this loan investment was the original cost of the investment. As disclosed in in the 31 December 2019 Annual Report, since year-end the oil price has declined significantly in response to demand destruction caused by the coronavirus and the breakdown of OPEC+ and subsequent oil price war between Saudi Arabia and Russia. As a consequence, and despite fielding several expressions of interest in and physical inspections of the drill rig and camp in Papua New Guinea during the past six months, NGE's Board has decided to fully impair the carrying value of NGE's investment in Western Drilling Limited.

*See Note 12 for disclosure of equity accounting for WDL.

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
For the half-year ended 30 June 2020	\$'000	\$'000	\$'000
Beginning balance	-	427	427
Purchase	-	43	43
Revaluation losses recognised in profit or loss	-	(470)	(470)
Ending balance	-	-	-
For the year ended 31 December 2019			
Beginning balance	750	6,371	7,121
Purchase	-	164	164
Revaluation loss recognised in profit or loss	(750)	(2,524)	(3,274)
Sale	-	(2,084)	(2,084)
Transfer to Level 1	-	(1,500)	(1,500)
Ending balance	-	427	427

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 30 June 2020

12. OTHER ASSETS

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 is cold-stacked in storage as contracts are sought for the use or hire of the rig. Additionally, WDL has appointed sales agents to market the rig, camp and other drilling assets, however no bids have been received to date. Accordingly, it is 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. In the future should new drilling contracts be secured and/or the rig, camp and other drilling assets be sold in whole or in part then the impairment could be reversed in part or in full.

	30 June 2020	31 December 2019
	\$'000	\$'000
Investments accounted for using the equity method - WDL		
Loans to WDL	9,620	9,620
Shares of losses accounted for using the equity method	(1,761)	(1,761)
Impairment	(7,859)	(7,859)
Total	-	-
Other assets WDL non-current	\$'000	\$'000
Accrued interest receivable – WDL	4,726	4,726
Impairment	(4,726)	(4,726)
Total	-	-
Total other assets – WDL	-	-
Other assets	\$'000	\$'000
Prepayments	13	44
Total other assets	13	44

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 30 June 2020

13. PROPERTY PLANT AND EQUIPMENT

	Buildings	Other	Total
	\$'000	\$'000	\$'000
Gross carrying amount			
Balance at 1 January 2020	171	-	171
Additions/disposals	-	-	-
Balance at 30 June 2020	171	-	171

Amortisation and impairment

Balance at 1 January 2020	(66)	-	(66)
Depreciation	(33)	-	(33)
Balance at 30 June 2020	(99)	-	(99)
Carrying amount 30 June 2020	72	-	72

	Buildings	Other	Total
	\$'000	\$'000	\$'000
Gross carrying amount			
Balance at 1 January 2019	-	-	-
Adjustment on transition to IFRS 16	171	-	171
Balance at 31 December 2019	171	-	171

Amortisation and impairment

Balance at 1 January 2019	-	-	-
Depreciation	(66)	-	(66)
Balance at 31 December 2019	(66)	-	(66)
Carrying amount 31 December 2019	105	-	105

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Total
Buildings – licence to occupy	72
Total right-of-use asset	72

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 30 June 2020

14. DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

	30 June 2020	31 December 2019
	\$'000	\$'000
Tax losses	1,500	2,020
Total	1,500	2,020

Movements	Tax losses \$'000	Other temporary differences \$'000	Total \$'000
Balance at 1 January 2019	2,020	-	2,020
(Charged)/credited:			
- to profit or loss	-	-	-
- directly to equity	-	-	-
Balance at 31 December 2019	2,020	-	2,020
(Charged)/credited:			
- to profit or loss	(520)	-	-
- directly to equity	-	-	-
Balance at 30 June 2020	1,500	-	2,020

Refer to Note 8 for details of the recognition of this deferred tax asset.

15. TRADE AND OTHER PAYABLES

	30 June 2020	31 December 2019
	\$'000	\$'000
Current		
Trade payables	-	5
Sundry payables and accrued expenses	72	461
Total	72	466

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 30 June 2020

16. BORROWINGS

	30 June 2020 \$'000	31 December 2019 \$'000
Current borrowings ¹	-	3,000
Non-current borrowings ²	-	-
Total	-	3,000

¹ Current borrowings exclude lease liabilities which have a carrying value of \$70,000 at 30 June 2020 (31 December 2019: \$68,000). See Note 17 for further detail.

² Non-current borrowings exclude lease liabilities which have a carrying value of \$6,000 at 30 June 2020 (31 December 2019: \$41,000). See Note 17 for further detail.

On 7 February 2019 the Company entered into a loan agreement and borrowed \$3 million, at an interest rate of 10% p.a. and maturity of 12 months after the initial drawdown. On 7 February 2020 the Company repaid the \$3 million outstanding loan balance with cash on hand.

17. LEASE LIABILITIES

The gross carrying amount of lease liabilities presented in the statement of financial position within borrowings is as follows:

	30 June 2020 \$'000	31 December 2019 \$'000
Lease liabilities (current)	70	68
Lease liabilities (non-current)	6	41
Total	76	109

The Company has a non-cancellable 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 an initial rate of \$66,000 per annum annually indexed at 4.00%. Future minimum licence payments at 30 June 2020 are as follows:

Minimum lease payments due	Within one year	One to five years	After five years	Total
30 June 2020	\$	\$	\$	\$
Lease payments	71	6	-	77
Finance charges	(1)	-	-	(1)
Net present values	70	6	-	76

18. CONTINGENT ASSETS AND LIABILITIES

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

19. 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

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 2020 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 be 'DL', with a long horizontal flourish extending to the right.

David Lamm
Chairman

Dated the 26 August 2020

Independent Auditor's Report

To the Members of NGE Capital Limited

Report on the review of 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 2020, 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 2020, 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 2020 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.

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



M J Climpson
Partner – Audit & Assurance

Melbourne, 26 August 2020