NGE CAPITAL LIMITED

APPENDIX 4E

Results for announcement to the market
For the year ended 31 December 2020

All comparisons to year ended 31 December 2019.

Result Information	**$'000**	**Up/Down**	**% change**
Revenue from ordinary activities	(1,472)	Down	130.7%
Profit/(loss) after tax for the year – ordinary activities	(2,497)	Down	178.3%
Total comprehensive income for the year after tax attributable to members of the parent entity	(2,587)	Down	181.1%

Dividend information

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

Net Tangible Asset Information	**31 Dec 2020**	**31 Dec 2019**	**Movement**
Net tangible asset backing per ordinary share before tax	$0.783	$0.850	(8.0%)

Additional Appendix 4E disclosure requirements can be found in the notes to the Annual Report attached hereto.

This report is based on the consolidated financial statements which have been audited by Grant Thornton.

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

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NGE CAPITAL LIMITED

Annual Report for the year ended 31 December 2020

ABN 31 112 618 238

CONTENTS

OVERVIEW

NGE Capital Limited (ASX:NGE) is a Listed Investment Company which allows investors to gain exposure to a concentrated, high conviction, actively managed portfolio of financial assets.

We primarily focus on listed ASX and international equities, with the aim of generating strong risk-adjusted returns over the medium to long term.

11.1% p.a.

NTA PER SHARE INCREASE SINCE INCEPTION (p.a.)

53.5%

AGGREGATE NTA PER SHARE INCREASE SINCE INCEPTION

($2.6m)

2020 LOSS BEFORE INCOME TAX

KEY METRICS AS AT 31 DEC 2020	
Share Price	$0.55
Shares Outstanding	37.16m
Market Cap	$20.4m
NTA per share before tax	$0.783
NTA per share after tax	$0.835
Net Tangible Asset Value	$29.1m
Directors' Shareholding	13.1%

[1] From 30 November 2016, the date on which NGE became a Listed Investment Company.

INVESTMENT PHILOSOPHY

TARGET STRONG RETURNS WITH ADEQUATE MARGIN OF SAFETY

- Individual securities can and do significantly deviate away from their fair value.
- Potential to generate strong risk-adjusted returns by investing in select securities at opportune times.

HOLD A HIGH CONVICTION, CONCENTRATED PORTFOLIO

- Only invest in a compelling opportunity, otherwise hold cash.
- Prefer to invest heavily in a small number of high conviction opportunities than invest small amounts in a large number of less compelling opportunities.

INVEST BASED ON FUNDAMENTAL ANALYSIS

- Bottom up stock selection, focusing on the fundamentals of individual companies rather than market trends.
- Conduct extensive proprietary research with a focus on:
  - **Board and management** – track record, skin in the game.
  - **Credit risk** – gearing, debt profile, interest coverage.
  - **Earnings** – free cash flows including timing and likelihood, margins, payout ratio, and growth potential.
  - **Valuation** – multiples, discounted cash flow analysis, break-up value.
  - **Competition** – market share, industry position, market dynamics.

CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY
Leslie Smith

REGISTERED OFFICE
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www.ngecapital.com.au

STOCK EXCHANGE LISTINGS

ASX Limited 20 Bridge Street 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

AUDITORS	**SOLICITORS**
Grant Thornton Collins Square, Tower 5 727 Collins Street Docklands VIC 3008	Clayton Utz Level 18 333 Collins Street Melbourne VIC 3000

CHAIRMAN'S LETTER

Dear Shareholder,

NGE Capital Limited (**NGE** or **Company**) recorded a net loss after tax of $2.6 million for the financial year ended 31 December 2020. The portfolio returned (8.0%) pre-tax and after all expenses during the year. NGE has returned, net of all expenses, 11.1% p.a. or 53.5% in aggregate since 30 November 2016, when the Company began operating as a Listed Investment Company.

We were unfortunately overly long oil exposure going into the pandemic, and we were too cautious in our investment approach during 2020, with our cash balance averaging ~43% from late April to the end of the year. We investigated hundreds of companies, and conducted detailed research and diligence on many opportunities that looked very interesting to us, however given the highly uncertain environment we opted to stay in cash when in hindsight the right decision was to invest.

We did invest heavily in **Karoon Energy Ltd (ASX:KAR)** in mid-March during the height of the market meltdown when the company was trading at ~47c in the dollar of cash, however the position grew very large and we decided to sell down our pandemic-purchased shares in April for a quick profit. We are admittedly still very overweight Karoon, and are in the process of selling down to a more normal weighting.

We are pleased with our progress so far this year in reconstituting the portfolio to one that is more balanced, with the recent addition of a sizeable position in tin producer **Metals X Limited (ASX:MLX)** following the announcement of a deal to divest its copper assets (though MLX retains some upside to copper via a convertible and options in acquirer **Cyprium Metals Limited (ASX:CYM)**). Additionally, we have purchased a very small position in silver via three silver ETFs.

We are in the process of building a position in a small homebuilder that trades at ~0.35x P/B, has a net cash position and large land bank, and a strong history of generating free cash flow and paying out generous dividends. We have also taken a position in **Vita Group Limited (ASX:VTG)**, following the announcement that Telstra intends to transition to full corporate ownership of its Telstra-branded retail stores across Australia, including 104 stores operated by Vita Group. We think there is a good chance that VTG does a deal with Telstra in the next 12 months that will leave VTG with net cash proceeds – after our estimate of tax and restructuring costs and including cash already on balance sheet – of $1.10+. We expect that VTG will return capital to shareholders at a level that at least covers our purchase price of ~86c, leaving us with a free option on the roll-out of the promising Artisan Skin Health and Wellness clinic network.

Our portfolio is now heavily weighted towards commodities (oil, uranium, mineral sands, tin, copper indirectly, and silver) that should benefit from more fiscal stimulus from governments around the world, the roll-out of a vaccine and the return to a more normalised economic environment. Uranium, tin and silver should all benefit from the shift towards a greener economy. Tin and silver are forecast to be the first and fourth most positively impacted commodities by the introduction of emerging technologies such as electric vehicles, robotics and renewables.

The main risk to our portfolio, aside from a virus mutation, is rising interest rates, with the key question being: how quickly will the US Fed react to rein in inflation via rate hikes? In last year's letter, we mentioned the precarious state of the global economy due to high leverage even pre-Covid. We think rate rises are unlikely in the near-term due to the risk of mass corporate insolvencies, and the fact that the US economy has only recovered around half of the jobs lost since the pandemic began. The Fed also tinkered with its Monetary Policy Strategy in August, now seeking to "achieve inflation that averages 2 percent over time", suggesting that they will keep rates lower for longer, even if inflation continues to run up.

CHAIRMAN'S LETTER

During the year we sold our 50% stake in Western Drilling Limited (**WDL**) to our joint venture partner, Maps Tuna Limited, for a negligible sum. The sale means that NGE's legacy oil and gas assets have now been completely sold or exited. What remains is a simple, clean and tax efficient investment vehicle, with ~$50 million of Australian unused and unrealised losses available at year end. In the aggregate these losses equate to a potential future tax benefit of ~$13m or ~$0.35 per share (of which only ~$1.9m or $0.052 per share is recognised in our after tax NTA). The Company has received tax advice that these losses are available to be offset against future tax liabilities so 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).

Whilst we are disappointed with the result in 2020, we are quietly confident that our patient and disciplined investment approach will continue to produce strong risk-adjusted returns over the medium to long term.

Yours sincerely,

David Lamm	**Adam Saunders**
Executive Chairman	Executive Director
& Chief Investment Officer	& Portfolio Manager

26 February 2021

IMPORTANT INFORMATION:
While management of NGE have taken every effort to ensure the accuracy of the material covering the Company's portfolio investments in the Chairman's Letter, the material is provided for information purposes only. No representation or warranty, express or implied, is or will be made by NGE or its officers, directors, employees or advisers as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in the Chairman's Letter, or as to the reasonableness of any assumption, forecasts, prospects or returns contained in, or implied by, the Chairman's Letter. The Chairman's Letter does not constitute investment, legal, taxation or other advice and does not take into account your investment objectives, financial situation nor particular needs. You are responsible for forming your own opinions and conclusions on such matters and should make your own independent assessment of the information contained in, or implied by, the Chairman's Letter and seek independent professional advice in relation to such information and any action taken on the basis of the information. The Chairman's Letter is not, and does not constitute advice or an offer to sell or the solicitation, invitation or recommendation to purchase any securities that are referred to in the Chairman's Letter.

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 year ended 31 December 2020.

DIRECTORS

Current Directors
The following persons were directors of NGE during or since the end of the financial year:

Mr David Lamm

Executive Chairman and Chief Investment Officer	***15 September 2017 – present***
Executive Chairman	*29 February 2016 – 14 September 2017*
Chair of Investment Committee	

Mr Lamm is responsible for the origination of investment ideas, management of NGE's portfolio and overall performance of the LIC. He has over 16 years of experience in business and financial markets including roles at Credit Suisse, Bain & Company and the Alter Family Office. He is the founder and Managing Director of Kentgrove Capital, an investment management firm focused on listed Australian and international equities.

Mr Lamm qualified as an actuary, specialising in Investments and Finance, with the Institute of Actuaries of Australia, and also holds a Bachelor in Commerce from the University of Melbourne, with First Class Honours.

Current Directorships: Nil

Previous Directorships:
Alchemia Limited (appointed 7 March 2016, resigned 6 June 2018)

NGE Shareholding as at report date: 3,850,000 shares (held directly and indirectly)

Mr Ilan Rimer

Non-Executive Director	***17 August 2017 – present***
Chair of Audit Committee	
Member of Investment Committee	

Mr Rimer has extensive experience in management consulting, corporate strategy and new business development. He is the founder of two Australian technology businesses and was most recently a Non-Executive Director for Australian Business Volunteers. Previously he held roles at Bain and Company, PwC, Australia Post, Visy Industries, and Stellar Asia-Pacific.

Mr Rimer holds a Master of Business Administration from Oxford University and a Bachelor of Commerce (Hons) from Monash University. He is a graduate of the Australian Institute of Company Directors.

NGE Shareholding as at report date: Nil

DIRECTORS (CONTINUED)

Mr Adam Caspar Saunders

Executive Director and Portfolio Manager	***15 September 2017 – present***
Non-Executive Director	*15 July 2015 – 14 September 2017*
Member of Audit Committee	
Member of Investment Committee	

Mr Saunders is responsible for the origination, analysis and execution of investment ideas and management of NGE's portfolio. He is a Portfolio Manager at Kentgrove Capital, and previously held corporate advisory roles at GBS Finanzas in Madrid, and Credit Suisse in Melbourne.

Mr Saunders holds a Bachelor in Commerce from the University of Melbourne with Honours in Finance, and is a Graduate of the Australian Institute of Company Directors.

NGE Shareholding as at report date: 1,000,000 shares (held indirectly)

COMPANY SECRETARY

Mr Leslie Smith

Chief Financial Officer and Company Secretary	***13 July 2016 – present***

Over a career spanning 30+ years, Mr Smith has held senior financial and company secretarial positions in various private, public and listed entities in the resources, manufacturing, IT and not-for-profit sectors. Mr Smith graduated with a Bachelor of Business from Massey University (1982), a Masters of Business Administration at the University of Melbourne (2003), and a Graduate Diploma in Applied Corporate Governance. Mr Smith is a Chartered Accountant, a CPA and a Member of the Governance Institute of Australia.

PRINCIPAL ACTIVITIES

NGE Capital Limited is an internally managed Listed Investment Company 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

a) Financial Result

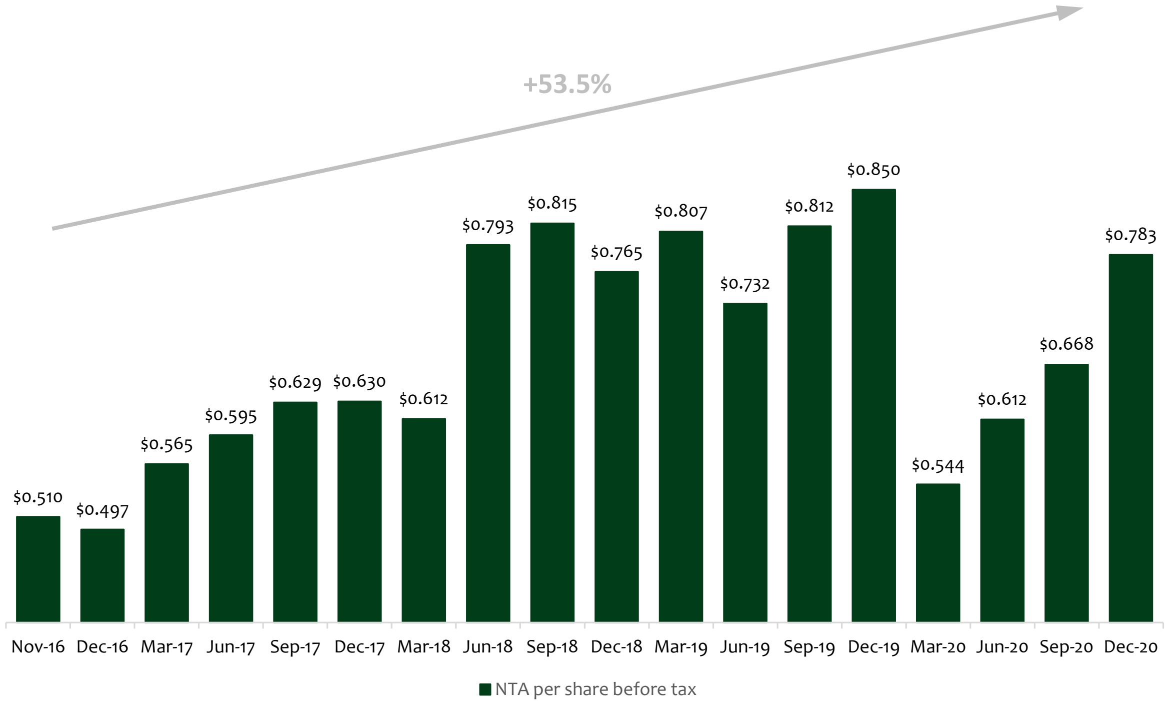
The loss of the Group after income tax for the year was $2.587 million (2019: profit $3.190 million), comprising a loss before income tax of $2.497 million (2019: $3.190 million) and a reduction in the value of a deferred tax asset of $0.090 million (2019: $ Nil).

b) Investment Performance

At year end NGE's principal assets comprised financial assets, mainly investments in listed equities, at market value of $18.742 million (2019: $32.062 million), and cash and cash equivalents of $10.519 million (2019: $2.640 million).

Net assets decreased by $2.606 million to $31.085 million (2019: $33.691 million). Net tangible assets (**NTA**) decreased by $2.50 million to $29.10 million. On a per share basis, NTA (before tax and net of all operating expenses) decreased 8.0% to $0.783 (2019: $0.850). NTA per share after tax decreased 7.7% to $0.835 (2019: $0.905).

NGE quarterly NTA per share (before tax and net of all operating expenses) since inception[1]



1 From 30 November 2016, the date on which NGE became a Listed Investment Company.

Since inception to 31 December 2020, NGE has returned a cumulative 53.5% or 11.1% annualised on a pre-tax, net of operating expenses basis.

Total portfolio return

	31 December 2020	31 December 2019	Decrease
NTA	$29.081 million	$31.566 million	$2.485 million
NTA per share before tax	$0.783	$0.850	8.0%

c) Portfolio

The Company's investment portfolio as at 31 December 2020 is presented below.

Listed Equities	**Ticker**	**$'000**	**%**
Karoon Energy Limited	ASX:KAR	11,229	38.6%
Yellow Cake Plc	LSE:YCA	4,959	17.0%
Base Resources Limited	ASX:BSE	2,109	7.3%
Calumet Specialty Products Partners L.P.	NAS:CLMT	295	1.0%
Uranium Participation Corporation	TSX:U	150	0.5%
Total		**18,742**	**64.4%**

Cash and Other		
Cash and cash equivalents	10,519	36.2%
Other assets net of liabilities	(180)	(0.6%)
Total	**10,339**	**35.6%**

Total Net Tangible Asset Value	**29,081**	**100.0%**

Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 77 (2019: 189). Total brokerage fees incurred net of GST were $55,451 (2019: $66,709).

Exits

The Group exited its positions in Horizon Oil Limited (ASX:HZN) ($1,651,000 loss) and United Company RUSAL plc (HKE:0486) ($1,727,000 profit).

Investment Income

The Group earned $342,000 (2019: $376,000) of investment income through the year, comprising interest income of $59,000 (2019: $70,000) and dividend income of $283,000 (2019: $306,000). The bulk of dividend income came from a AUD$0.035 per share maiden dividend paid by Base Resources Limited (ASX:BSE).

Other Income

The Group qualified for and received Federal Government COVID-19 assistance in the form of receipts from the Cash Flow Boost support program in the year. In total $100,000 was received.

Selected investment summaries

Refer to the Chairman's Letter for management commentary on the Company's key portfolio investments.

d) Cash Flows

Operating activities resulted in a net inflow of $10,989,000 (2019: outflow $1,961,000).

The Group's net outflow from financing activities was $3,120,000 (2019: inflow $2,683,000), comprising repayment of borrowings ($3,000,000), plus interest paid on those borrowings and interest paid for right-to-use assets.

e) Capital Management

On-market buy-backs

A 10/12 buy-back facility remained on foot during the year and the Company purchased 34,990 of its own shares costing $18,544 before transaction costs. No shares were bought-back in the previous year.

f) Board and Management

There were no changes to the Board or management during the year.

g) Dividends

No dividends have been paid or declared by the Company since the beginning of the year.

h) Legacy Assets

Western Drilling Limited (WDL)

During the year the Group divested its 50% interest in the joint venture controlling WDL, to the other joint venture partner Maps Tuna Limited for a nominal sum. The divestment included the relinquishment of all rights to any loans receivable from WDL. The value of this investment, including loans receivable, was previously fully impaired in the financial statements. The carrying value was $Nil at the time of the divestment. The consideration of $77,000 was applied against related costs incurred during the year. The divestment realised ~$6 million in capital tax losses that may be available to offset future tax liabilities. The Group now has no legacy assets.

SIGNIFICANT CHANGES STATE OF AFFAIRS

There have been no significant changes, other than those noted above, in the state of affairs of the Group during the financial year.

LIKELY DEVELOPMENTS

During the subsequent financial years, the likely developments of the Group will be to identify and invest in suitable investments using cash reserves on hand.

ENVIRONMENTAL ISSUES

The Group's current operations as a Listed Investment Company are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory of Australia.

REMUNERATION REPORT (AUDITED)

The Directors present the Remuneration Report for Non-Executive Directors, Executive Directors and other key management personnel (**KMP**), prepared in accordance with the Corporations Act 2001 and the *Corporations Regulations 2001*.

The Remuneration Report is set out under the following main headings:

(a) Remuneration policy and practices;
(b) Service agreements;
(c) Details of remuneration;
(d) Share-based remuneration; and
(e) Other information.

a) Remuneration policy and practices

The Board has assumed the duties and responsibilities of the Remuneration Committee until such time that the Company's size and operation warrant a Board composition with additional independent non-executive directors. Mr Rimer chairs the Board when it addresses remuneration matters. The Board ensures that conflicted members are not involved in remuneration determination and review discussions. Mr Rimer may engage independent external consultants and advisors to provide any necessary information to assist in the discharge of his responsibilities.

When determining and reviewing compensation arrangements for the directors and KMP, the Board operates in accordance with its established Remuneration Committee charter. The Board seeks to design and develop executive remuneration policy in such a way that it:

i) Attracts and retains talented senior executives and directors and motivates them to enhance the performance and growth of the Company; and
ii) Ensures that the level and composition of remuneration packages are fair, reasonable and adequate and, in the case of executive directors and senior managers, displays a clear relationship between the performance of the individual and the performance of the Company.

The Company's policy for determining the nature and amount of remuneration of directors and KMP is as follows:

i) Non-Executive Directors

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for their time, commitment and responsibilities. The Board determines the remuneration of the Company's non-executive directors and reviews their remuneration annually. The annual remuneration for non-executive directors is $25,000 (inclusive of superannuation).

The maximum aggregate annual remuneration for non-executive directors is subject to approval by the shareholders at a general meeting. The shareholders have approved a maximum aggregate annual remuneration of $500,000 per annum.

REMUNERATION REPORT (AUDITED) (CONTINUED)

ii) Key Management Personnel
The remuneration structure for senior executives, including executive directors, is based on a number of factors, including qualifications, particular experience, general past performance of the individual concerned, overall performance of the Company and benchmarked against industry remuneration levels generally. KMP remuneration comprises fixed compensation and, where appropriate, performance-based short-term incentives. Remuneration levels are reviewed annually by the board through a process that considers individual performance and overall performance of the Company.

Fixed compensation
Fixed compensation consists of base salary (which is calculated on a total cost basis and includes any fringe benefits tax charges related to employee benefits) and employer contributions to superannuation funds, as required by law.

Performance-based short-term incentive
Performance linked compensation comprises a short-term incentive (**STI**) and is designed to reward KMP for meeting or exceeding the Company's financial objectives and to keep the Company competitive in the marketplace.

The STI is an at-risk bonus provided in the form of cash and based on the key performance indicator (**KPI**) of maximising the NTA per share before tax of the Company. This KPI is reviewed annually by the Board.

Under the STI structure, a pool of funds is established for payment to members of the investment team (which currently comprises the Chief Investment Officer and Portfolio Manager) 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.

REMUNERATION REPORT (AUDITED) (CONTINUED)

b) Service Agreements

The following table provides employment details of persons who were Directors or Key Management Personnel of the Group during the financial year:

Name	Position held	Employment arrangement	Notice period
Mr David Lamm[1]	Executive Chairman and Chief Investment Officer	Executive Services Agreement	6 months
Mr Ilan Rimer	Non-Executive Director	Appointment Letter	None
Mr Adam Saunders[2]	Executive Director and Portfolio Manager	Executive Services Agreement	2 months
Mr Leslie Smith	Company Secretary and Chief Financial Officer	Executive Services Agreement	2 months

1 An Employment Services Agreement (ESA) between the Company and Mr Lamm was executed upon his appointment to the position of Executive Chairman. During 2019 this ESA was reviewed by Mr Rimer, taking advice from external remuneration and legal advisers and an updated ESA was signed between the Company and Mr Lamm. The ESA is for an indefinite period and is terminable on 6 months' notice, with fixed annual remuneration of $240,000 per annum including superannuation and a short-term incentive paid dependent on meeting certain KPIs. These terms and conditions did not change as a result of the review.

2 An ESA between the Company and Mr Saunders was executed upon his appointment to the position of Executive Director and Portfolio Manager. During 2019 this ESA was reviewed by Mr Rimer, taking advice from external remuneration and legal advisers and an updated ESA was signed between the Company and Mr Saunders. The ESA is for an indefinite period and is terminable on 2 months' notice, with annual remuneration of $130,000 per annum including superannuation and a short-term incentive paid dependent on meeting certain KPIs. These terms and conditions did not change as a result of the review.

REMUNERATION REPORT (AUDITED) (CONTINUED)

c) Details of remuneration

Remuneration received by Directors and KMP for the years ended 31 December 2020 and 31 December 2019 is disclosed below:

		Short-term employee benefits		Post-employment benefit	Other long term benefit	Termination benefits		
Name	**Position**	**Cash salary and fees $**	**Cash bonus $**	**Superannuation $**	**Long service leave $**	**Termination payments $**	**Total $**	**Performance linked compensation %**
31 December 2020								
Directors								
D Lamm	Executive Chairman and CIO	242,908	-	784	4,349	-	248,041	-
I Rimer	Non-Executive Director	22,831	-	2,169	-	-	25,000	-
A Saunders	Executive Director and Portfolio Manager	121,721	-	11,278	2,356	-	135,355	-
Other KMP								
L Smith	Company Secretary and CFO	147,556	-	25,448	3,462	-	176,466	-
TOTAL		**535,016**	**-**	**39,679**	**10,167**	**-**	**584,862**	**-**
31 December 2019								
Directors								
D Lamm	Executive Chairman and CIO	188,719	226,996	18,045	3,370	-	437,130	51.9
I Rimer	Non-Executive Director	22,831	-	2,169	-	-	25,000	-
A Saunders	Executive Director and Portfolio Manager	122,721	122,956	11,278	1,826	-	258,781	47.5
Other KMP								
L Smith	Company Secretary and CFO	136,076	-	24,357	2,247	-	162,680	-
TOTAL		470,347	349,952	55,849	7,443	-	883,591	39.6

REMUNERATION REPORT (AUDITED) (CONTINUED)

Performance based short-term incentive included in remuneration
Review of performance against KPIs

	31 December 2020 $'000	Agreed adjustments $'000	$'000
NTA	29,081	60	29,141
NTA – high-watermark (set in December 2019)			31,630
Decrease in NTA before STI			(2,489)
STI Pool at 10%			Nil

Use of remuneration consultants
No remuneration reviews were conducted during the year.

Voting and comments made at the Company's 2020 Annual General Meeting
At the Company's AGM a resolution to adopt the prior year remuneration report was put to the vote and at least 75% of the votes cast were in favour of the adoption of that report. No comments were made on the remuneration report that were considered at the AGM.

d) Share-based remuneration
No ordinary shares or options over ordinary shares in the Company were granted as remuneration to KMP during the year.

e) Other information

Shares held by Directors and Key Management Personnel
The relevant interests of Directors and KMP and their related parties in the shares of the Company during the financial year ended 31 December 2020 is set out below:

	Opening balance No. of shares	Acquired No. of shares	Disposed No. of shares	Closing balance No. of shares
D Lamm	3,300,000	550,000	-	3,850,000
I Rimer	-	-	-	-
A Saunders	664,000	336,000	-	1,000,000
L Smith	-	-	-	-

End of audited Remuneration Report.

MEETINGS OF DIRECTORS

The following table shows the number of Board and Committee meetings held during the financial year ended 31 December 2020:

	Directors' Meetings		Audit Committee		Remuneration Committee[1]	
	No. eligible to attend	No. attended	No. eligible to attend	No. attended	No. eligible to attend	No. attended
D Lamm	3	3	-	-	-	-
I Rimer	3	3	3	3	-	-
A Saunders	3	3	3	3	-	-

[1] The Board has assumed the duties of the Remuneration Committee and deals with remuneration issues during the year as they arise. Mr Rimer chairs the Board when it addresses remuneration matters.

UNISSUED SHARES UNDER OPTION

There are no options over ordinary shares of the Company as at the date of this report.

INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the Company paid premiums in respect of contracts insuring the Directors and officers of the Company against a liability incurred by such Directors and officers to the extent permitted by the *Corporations Act 2001*. The nature of the liability and the amount of premium has not been disclosed due to confidentiality of the insurance contract.

The Company has not otherwise, during or since the end of the year, indemnified or agreed to indemnify an officer or an auditor of the Company, or of any related body corporate, against a liability incurred by such an officer or auditor.

PROCEEDINGS

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

There are no matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

NON-AUDIT SERVICES

No non-audit services were provided during the year. Refer to Note 25 of the financial statements for details of auditor remuneration.

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 19 of this financial report and forms part of the Directors' Report.

ROUNDING OF AMOUNTS

NGE is a type of Company referred to in ASIC Corporation's (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.

Signed in accordance with a resolution of the Directors.

____

David Lamm
Executive Chairman and
Chief Investment Officer

26 February 2021

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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 audit of NGE Capital Limited for the year ended 31 December 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M J Climpson
Partner – Audit & Assurance

Melbourne, 26 February 2021

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, NGE Capital Limited and its Controlled Entities (**Group**) have adopted the 4th edition of the *Corporate Governance Principles and Recommendations* which was released by the ASX Corporate Governance Council in February 2019 and became effective for the financial years beginning on or after 1 January 2020.

The Group's Corporate Governance Statement for the financial year ending 31 December 2020 is dated as 26 February 2021 and was approved by the Board on 26 February 2021. The Corporate Governance Statement is available on NGE Capital Limited's website at:

http://ngecapital.com.au/investor-information/corporate-governance/

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 $'000	2019 $'000
Investment income	5	342	376
Other income		100	-
Change in fair value of financial instruments held at fair value through profit or loss		(1,914)	4,422
Employee benefits expense	6	(613)	(879)
Other expenses	7	(380)	(455)
Interest expense	8	(32)	(274)
Profit before income tax		(2,497)	3,190
Income tax (expense)/benefit	11	(90)	-
Profit from continuing operations after income tax		**(2,587)**	**3,190**
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year attributable to members of the Parent Entity		**(2,587)**	**3,190**

		Cents	Cents
Basic and diluted earnings/(loss) per share			
From continuing operations	9	(6.97)	8.58
Total		**(6.97)**	**8.58**

Note: This statement should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 $'000	2019 $'000
Assets			
Cash and cash equivalents	16	10,519	2,640
Trade and other receivables	17	-	429
Financial assets held at fair value through profit or loss	13	18,742	32,062
Other assets	18	33	44
Property, plant, equipment	19	39	105
Deferred tax assets	20	1,930	2,020
Total Assets		**31,263**	**37,300**
Liabilities			
Trade and other payables	21	77	466
Borrowings	22	-	3,000
Lease liabilities	23	41	109
Provisions	24	60	34
Total Liabilities		**178**	**3,609**
Net Assets		**31,085**	**33,691**
Equity			
Issued capital	14	78,117	78,136
Accumulated losses		(47,032)	(44,445)
Total Equity		**31,085**	**33,691**

Note: This statement should be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share capital $'000	Accumulated losses $'000	Total equity $'000
Balance at 31 December 2018	78,136	(47,635)	30,501
Total comprehensive income for the year	-	3,190	3,190
Balance at 31 December 2019	78,136	(44,445)	33,691
Total comprehensive income for the year	-	(2,587)	(2,587)
Share buy-back	(19)	-	(19)
Balance at 31 December 2020	78,117	(47,032)	31,085

Note: This statement should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 $'000	2019 $'000
Cash Flow from Operating Activities			
Payments to suppliers and employees		(1,291)	(1,173)
Payments for equity investments		(5,499)	(18,429)
Proceeds from sale of equity investments		17,341	17,311
Interest received		59	70
Dividends received		279	260
Government economic support payments received		100	-
Net cash (used in) operating activities	15	**10,989**	**(1,961)**
Cash Flow from Investing Activities			
Loans repaid/(advanced) to joint venture		(110)	(174)
Proceeds from sale of joint venture		77	-
Net cash (used in) investing activities		**33**	**(174)**
Cash Flow from Financing Activities			
Payments for share buy-back		(19)	-
Proceeds from borrowing		-	3,000
Repayment of borrowing		(3,000)	-
Interest paid		(33)	(254)
Payments of lease liabilities for right-of use asset		(68)	(63)
Net cash provided by/(used in) financing activities		**(3,120)**	**2,683**
Net increase/(decrease) in cash and cash equivalents held		7,902	548
Cash at beginning of period		2,640	2,095
Effect of exchange rates on cash holding in foreign currencies		(23)	(3)
Cash at end of period	16	**10,519**	**2,640**

Note: This statement should be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

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

2. GENERAL INFORMATION, STATEMENT OF COMPLIANCE AND GOING CONCERN ASSUMPTION

NGE is the Group's ultimate parent company. NGE is a public company incorporated and domiciled in Australia. The address of its registered office and principal place of business is Level 4 North Building 333 Collins Street, Melbourne VIC 3000.

The consolidated general financial statements of the Group have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**). NGE is a for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The consolidated financial statements for the year ended 31 December 2020 (including comparatives) were approved and authorised for issue by the board of directors on 26 February 2021.

COVID-19 caused the fastest collapse in equity markets in the last 100 years. However, the effects of COVID-19 have not necessitated any changes to the determination of the going-concern basis, or the application of existing accounting policies.
However Federal Government financial support was received for the first time so a new revenue recognition policy was adopted.

3. NEW OR REVISED STANDARDS AND INTERPRETATIONS

a) New and revised standards that are effective for these financial statements

Some new standards, amendments to standards and interpretations became effective for the first time to annual reporting periods beginning on or after 1 January 2020. These have been adopted but do not have a significant impact on the Group's financial results or position.

Standard/Interpretation	Application date of standard	Application date for the Company
AASB 2019-1 "Amendments to Australian Accounting Standards – Reference to the Conceptual Framework"	1 January 2020	1 January 2020
AASB 2018-6 "Amendments to Australian Accounting Standards – Definition of a Business"	1 January 2020	1 January 2020
AASB 2018-7 "Amendments to Australian Accounting Standards – Definition of Material"	1 January 2020	1 January 2020
IFRS-16 "COVID-19 Related Rent Concessions (Amendment)"	1 July 2020	1 January 2020
IFRS-9 "Interest Rate Benchmark Reform (Amendments to IFRS-9, IAS 39 and IFRS-7)"	1 January 2020	1 January 2020

3. NEW OR REVISED STANDARDS AND INTERPRETATIONS (CONTINUED)

b) Standards and interpretations in issue but not yet adopted

As at the report date, the standards and interpretations listed below were in issue but not yet effective and are available for early adoption.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected application date for the Company
AASB 17 "Insurance Contracts"	1 January 2023	1 January 2023
IFRS-17 "Amendments to IFRS-17 Insurance Contracts"	1 January 2023	1 January 2023
IFRS-3 "Business Combinations" – Reference to the Conceptual Framework	1 January 2022	1 January 2022
IFRS-16 "Property Plant and Equipment" – Proceeds before intended use	1 January 2022	1 January 2022
IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022	1 January 2022
IFRS – "Annual Improvements to IFRS Standards 2018-2020 Cycle" – (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)	1 January 2022	1 January 2022
IAS-1 "Classification of Liabilities as Current or Non-Current (Amendment to IAS-1)"	1 January 2022	1 January 2022

The potential effect of these standards on the Group's financial statements has not yet been determined. However, based on a preliminary assessment, they are not expected to have a material impact on the amounts recognised in the financial statements.

4. SUMMARY OF ACCOUNTING POLICIES

a) Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

b) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and its subsidiary as of 31 December 2020. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The subsidiary has a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

4. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

c) Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars (**AUD**), which is also the functional currency of the parent company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AUD are translated into AUD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AUD at the closing rate at the reporting date. Income and expenses have been translated into AUD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

d) Revenue and income recognition

Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Net gains/(losses) on financial assets held at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at the period end and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend income.

Dividends

Dividend income is recognised on the ex-dividend date with any corresponding foreign withholding tax recorded as an expense.

Interest income

Interest income is recognised on a time proportionate basis taking into account the effective interest rates applicable to the financial assets.

Government assistance

Government assistance (grants) in the form of forgiveness of payroll-related liabilities is recognised as Other Income, once all complying conditions have been met and the forgiveness effected.

4. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

e) Operating expenses

Operating expenses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

f) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing net profit for the year attributable to shareholders of the parent company, as adjusted for the effect of dilutive potential ordinary shares where applicable, by the weighted average number of ordinary shares outstanding during the year plus the weighted average of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

g) Income tax

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joints ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same tax authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expenses in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity respectively.

4. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

h) Investments in financial assets

Classification

The Company's investments are classified as at fair value through profit or loss. They comprise:

Financial assets designated at fair value through profit or loss

All financial assets are held at fair value through profit or loss. These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded or unlisted securities.

Recognition and derecognition

Purchases and sales of financial assets at fair value through profit or loss are recognised on the trade date, being 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

Financial assets held at fair value through profit or loss

Changes in fair value and transaction costs are recognised in profit or loss.

Fair value in an active market

The fair value of listed investments is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Group is the current close price.

Measurement (continued)

Net gains/(losses) on financial assets held at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at period end and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend income.

The Company’s Investment Valuation Policy is discussed in Note 13.

i) Investments in joint ventures

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement’s net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Investments in joint ventures are initially recognised at cost and subsequently accounted for using the equity method. The carrying amount of the investments in joint ventures is increased or decreased to recognise the Group’s share of the profit or loss and other comprehensive income of the joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

j) Equity, reserves and accumulated losses

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

4. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

j) Equity, reserves and accumulated losses (continued)

The Option Reserve records items recognised as expense on share options and rights granted for compensation and services rendered. The options and rights have been valued at the invoiced amounts or, if grated for nil consideration, at fair value.

The Equity component of convertible instrument reserve recognises the fair value of convertible equity bonds issued in previous years.

Accumulated losses include all current and prior accumulated losses.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

l) Receivables

Receivables represent the principal amounts due at reporting date plus accrued interest and less, where applicable, any unearned income and provisions for expected credit loss.

m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable than an outflow of economic benefits will result, and that outflow can be readily measured.

Provision is made for the Group's liability for employee benefits arising from the services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

n) Parent entity financial information

The financial information for the parent entity, NGE Capital Limited, has been prepared on the same basis as the consolidated financial statements.

o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

p) Rounding of amounts

NGE Capital Limited 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.

4. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

q) Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Impairments

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment trigger. Recoverable amounts of relevant assets are reassessed using the higher of fair value less costs of disposal and value-in-use calculations which incorporate various key assumptions.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Judgement is required in determining whether it is probable that the tax losses will be utilised against future taxable income and the quantum of the amount which is considered probable. Details of deferred tax assets are included in Note 11.

5. INVESTMENT INCOME FROM CONTINUING OPERATIONS

	2020 $'000	**2019 $'000**
Interest income	59	70
Dividend income	283	306
Total	**342**	376

6. EMPLOYEE BENEFITS EXPENSE

	2020 $'000	**2019 $'000**
Employee base remuneration	613	529
Provision for performance-based short-term incentive	-	350
Total	**613**	**879**

7. OTHER EXPENSES INCURRED IN CONTINUING OPERATIONS

Other expenses	2020 $'000	2019 $'000
Directors' fees	25	25
Audit, professional and legal fees	104	140
Listing costs	51	52
Operating leases	9	4
Loss/(gain) from foreign exchange movements	(33)	11
Depreciation – right-of-use asset	66	66
Withholding tax on overseas dividends	3	46
Other	155	111
Total	**380**	**455**

8. INTEREST EXPENSE

Interest expense	2020 $'000	2019 $'000
Interest expense – short term loan	30	270
Interest expense – right of use lease finance charge	2	4
Total	**32**	**274**

9. EARNINGS PER SHARE

	2020 $'000	2019 $'000
Profit/(loss) from continuing operations attributable to the ordinary equity holders used in the calculation of basic and dilutive earnings per share	(2,587)	3,190

	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share.	37,165,536	37,194,774

Basic and diluted earnings per share

	2020 Cents	2019 Cents
Earnings from continuing operations	(6.97)	8.58

10. SEGMENT REPORTING

The Group has only one reportable segment. The Group is engaged solely in investment activities conducted from Australia, deriving revenue from dividend income, interest income and from the sale of investments.

11. INCOME TAX EXPENSE

The reconciliation of prima facie tax payable to reported income tax expense/(benefit) is as follows:

	2020 $'000	2019 $'000
Profit before tax	(2,497)	3,190
Domestic tax rate	26.0%	27.5%
Prima facie tax expense	(649)	877
Adjustments for tax effect of:		
Temporary differences, tax losses not recognised and change in tax rate	739	(877)
Income tax expense/(benefit)	**90**	**-**

Tax losses		
Unused Australian losses which have been recognised as a deferred tax asset[1]	7,423	7,345
Unused Australian losses for which no tax loss has been recognised as a deferred tax asset[2]	42,589	35,245
Unrealised Australian losses/(gains) (net)	(822)	(1,614)
Total Australian unused and unrealised losses	**49,190**	**40,976**
Potential tax benefit of unused and unrealised losses at 26.0% (2018: 27.5%)[3]	**12,789**	**11,268**
Potential tax benefit of unused and unrealised losses – $ per share	**$0.34**	**$0.30**

1 A deferred tax asset of $1.930 million (potential tax benefit at 26.0% of $7.423 million) has been recognised on unused Australian tax losses of the Company. The deferred tax asset was recognised based on the following management judgements:
i) The Company has produced a cumulative profit before income tax of $11.193 million since becoming a LIC on 30 November 2016; and
ii) By applying the average Australian and International share returns since 1970 of 9.85% p.a. over a four-year investment time horizon, the Board considered it is probable that sufficient future taxable profits will be available to offset the amount of the deferred tax asset.

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:

- The impaired value of certain investments in Australia which may in future give rise to further Australian tax losses.

12. FINANCIAL RISK MANAGEMENT

a) Risk management objectives and policies

The Group's financial instruments consist mainly of cash and deposits with banks, accounts receivable and payable, and borrowings. The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the group and may use a range of derivative financial instruments to manage risk exposures.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, credit risk, liquidity risk and price risk. Senior management, in conjunction with the Board, reviews and agrees policies for managing each of these risks.

b) Foreign currency risk

The Group is exposed to foreign currency risk on holding currencies other than Australian dollars. The currencies giving rise to this are CAD, GBP and USD. The Group does not currently enter into derivative financial instruments to hedge such transactions denominated in a foreign currency.

At 31 December 2020, the Group had the following exposure to various foreign currencies:

	2020	**2019**
	$'000	**$'000**
Financial assets		
Cash and cash equivalents	583	13
Trade and other receivables	-	13
Financial assets held at fair value through profit or loss	5,404	12,789
Other assets	-	2
Other long-term assets	-	427
	5,987	13,244
Financial liabilities		
Trade and other payables - Current	-	(10)
Net exposure	**5,987**	**13,234**

The Group has performed sensitivity analysis relating to its exposure to foreign currency risk at reporting date. This sensitivity analysis demonstrates the effect on the net exposure which could result from a change in this risk.

	2020	**2019**
Sensitivity Analysis – increase/(decrease) in net exposure	**$'000**	**$'000**
Australian dollar depreciates by 5% against CAD	7	6
Australian dollar depreciates by 5% against GBP	236	213
Australian dollar depreciates by 5% against USD	42	-
Australian dollar depreciates by 5% against HKD	-	390
Australian dollar depreciates by 5% against PGK	-	21
Australian dollar appreciates by 5% against CAD	(7)	(6)
Australian dollar appreciates by 5% against GBP	(236)	(213)
Australian dollar appreciates by 5% against USD	(42)	-
Australian dollar appreciates by 5% against HKD	-	(390)
Australian dollar appreciates by 5% against PGK	-	(21)

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Interest rate risk

At 31 December 2020, the Group had no fixed rate debt.

The Group had the following mix of financial assets and liabilities exposed to variable interest rate risk:

Financial assets	2020 $'000	2019 $'000
Cash and cash equivalents	10,519	2,627
Liabilities – variable rate	-	-
Total	**10,519**	**2,627**

The Group has performed sensitivity analysis relating to its exposure to interest rate risk and price risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results which could result from a change in these risks.

Interest rate sensitivity analysis	2020 $'000	2019 $'000
Increase/(decrease) in profit/(loss)		
- increase in interest rate by 2%	173	80
- decrease in interest rate by 2%	(72)	(80)

d) Credit risk

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

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the group.

e) Liquidity risk

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by continuously monitoring forecast and actual cash flows and ensuring there are appropriate plans in place to finance these future cash flows.

As at 31 December, the Group holds $10.519 million in cash and has no fixed rate debt.

As at 31 December, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

e) Liquidity risk (continued)

	Recovered/ settled within 12 months $'000	Recovered/ settled after 12 months $'000
2020		
Trade and other payables	77	-
Lease liabilities	41	-
Provisions	34	26
Total	**152**	**26**
2019		
Trade and other payables	466	-
Borrowings	3,000	-
Lease liabilities	68	41
Provisions	19	15
Total	**3,553**	**56**

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at reporting date.

f) Price risk

The Group is exposed to movement in market prices of its equity investments. As the Group does not derive revenue from sale of products, the effect on profit and equity as a result of changes in the price risk is not considered material. Equity investment in listed shares is subject to movement in the market prices of the shares.

13. 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 31 December.

2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial Assets at fair value through profit or loss				
Listed equity securities	18,742	-	-	18,742
Total Financial Assets at fair value through profit or loss	**18,742**	**-**	**-**	**18,742**
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**

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.

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 31 December 2020, the Company had $18,742,000 (2019: $31,635,000) financial assets held at fair value through profit or loss included in Level 1. As at 31 December 2020 the Company had $ Nil (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 31 December 2020, the Company had $ Nil (2019: $ Nil) investments in Level 2.

13. FAIR VALUE MEASUREMENT (CONTINUED)

Fair value hierarchy (continued)

Valuation techniques used to determine fair values (continued)

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 31 December 2020, the Company had $ Nil (2019: $427,000) of investments held at fair value through profit or loss included in Level 3.

Valuation of Western Drilling Limited (WDL) as at 31 December 2020

During the year the Group divested its 50% interest in the joint venture controlling WDL, to the other joint venture partner, Maps Tuna Limited. The divestment included the relinquishment of all rights to any loans receivable from WDL. The value of this investment, including of all loans receivable, was previously fully impaired in the financial statements. The carrying value was $Nil at the time of the divestment. The consideration of $77,000 was applied against related costs incurred during the year. The divestment realised ~$6 million in capital tax losses that may be available to offset future tax liabilities. At 31 December 2019 the fair value of this investment was $427,000, although this value was fully impaired in the financial statements for the half-year to 30 June 2020.

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 year ended 31 December 2020	**$'000**	**$'000**	**$'000**
Beginning balance	-	427	427
Purchase less recoupment of costs	-	23	23
Revaluation losses recognised in profit or loss	-	(450)	(450)
Ending balance	**-**	**-**	**-**
For the year ended 31 December 2019			
Beginning balance	750	6,371	7,121
Purchase	-	164	164
Revaluation losses 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**

14. EQUITY AND CAPITAL MANAGEMENT

a) Share Capital

Shares issued and fully paid	2020 Shares	2019 Shares	2020 $'000	2019 $'000
At beginning of year	37,194,774	37,194,774	78,136	78,136
Share buy-back	(34,990)	-	(19)	-
Total contributed equity at 31 December	**37,159,784**	**37,194,774**	**78,117**	**78,136**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held. Every ordinary shareholder present at a meeting of the Company, in person or by proxy, is entitled to one vote, and upon a poll each ordinary share is entitled to one vote. Ordinary shares have no par value.

b) On-market share buy-back

On 21 August 2017 the Company announced a 10/12 on-market buy-back to commence on or after 4 September 2017. This buy-back is of unlimited duration and was re-confirmed by the Board for the years commencing on 4 September 2018, 2019 and 2020, with the Company reserving the right to suspend or terminate the buy-back at any time. During the year 34,990 (2019: Nil) shares were bought back and cancelled. The total cost of $18,610 (2019: Nil) was deducted from Share Capital.

c) Options over unissued shares

There were no options over unissued shares on issue in 2020 or 2019.

d) Capital risk management

The Group currently has no long-term debt or short-term debt and is not subject to any externally imposed capital requirements, nor does it focus on obtaining debt as a key capital management tool. The operating cash flows of the Group are financed by its cash holdings. Capital risk management is continually reviewed by the Board and Management.

e) Reserves

The Group currently has no reserve accounts.

15. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2020	2019
Cash flows from operating activities	**$'000**	**$'000**
Profit for the period	(2,587)	3,190
Adjustments for:		
Depreciation – fixed assets	-	1
Depreciation – right-of-use assets	66	66
Foreign exchange differences	22	11
Provision for employee entitlements	25	18
Changes in assets and liabilities relating to operations		
(Decrease)/increase in creditors and accruals	(357)	291
(Increase)/decrease in receivables	431	(409)
Decrease/(Increase) in financial assets	13,288	(5,127)
Decrease/(increase) in prepayments	11	(2)
Decease in deferred tax asset	90	-
Net cash used in operating activities	**10,989**	**(1,961)**

16. CASH AND CASH EQUIVALENTS

	2020	2019
	$'000	**$'000**
Cash at bank and on hand	10,519	2,640

Cash and cash equivalents at reporting date consisted of AUD9,936,391, USD449,076 (2019: AUD2,627,236, HKD56,130 and PGK5,993).

17. TRADE AND OTHER RECEIVABLES

	2020	2019
Current	**$'000**	**$'000**
Receivables	-	429
Total	**-**	**429**

a) Allowance for impairment loss
All amounts are short-term. The net carrying value of receivables is considered a reasonable approximation of fair value.

b) Foreign exchange and interest rate risk
Detail regarding foreign exchange and interest rate risk exposure is disclosed in Note 12.

18. OTHER ASSETS

The Group previously held a 50% voting and equity interest in Western Drilling Limited (WDL), a jointly controlled company registered in Papua New Guinea. Maps Tuna Limited, a company related to former Non-Executive Director Sir Michael Bromley, held the remaining 50%.

During the year the Group divested its 50% interest in the joint venture controlling WDL, to Maps Tuna Limited for a nominal sum. The divestment included the relinquishment of all rights to any loans receivable from WDL. The value of this investment, including loans receivable, was previously fully impaired. The carrying value was $Nil at the time of the divestment. The consideration of $77,000 was applied against related costs incurred during the year. The divestment realised ~$6 million in capital tax losses that may be available to offset future tax liabilities.

The aggregate amounts of certain financial information of WDL can be summarised as follows:

	2020 $'000	2019 $'000
Assets	-	19,761
Impairments	-	(19,389)
Liabilities	-	25,673
Loss for the year	-	(320)
Loss attributable to the Group	-	(160)

Investments accounted for using the equity method - WDL	**2020** **$'000**	**2019** **$'000**
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	**-**	**-**

Other assets	**2020** **$'000**	**2019** **$'000**
Prepayments	33	44
Total	**33**	**44**

19. PROPERTY PLANT AND EQUIPMENT

	Right of use asset	Other	Total
Gross carrying amount	$'000	$'000	**$'000**
Balance at 1 January 2020	171	-	171
Balance at 31 December 2020	**171**	**-**	**171**
Amortisation and impairment			
Balance at 1 January 2020	(66)	-	(66)
Depreciation	(66)	-	(66)
Balance at 31 December 2020	**(132)**	**-**	**(132)**
Carrying amount 31 December 2020	**39**	**-**	**39**

	Buildings	Other	Total
Gross carrying amount	$'000	$'000	$'000
Balance at 1 January 2019	-	-	-
Adjustment on transition to AASB 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
	$'000
Buildings – licence to occupy	39
Total right-of-use asset	**39**

20. DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

	2020 $'000	2019 $'000
Tax losses	1,930	2,020
Total	**1,930**	**2,020**

Movements	**Tax losses** **$'000**	**Other temporary differences** **$'000**	**Total** **$'000**
Balance at 31 December 2018	**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	(90)	-	-
- directly to equity	-	-	-
Balance at 31 December 2020	**1,930**	**-**	**2,020**

Refer to Note 11 for details of the recognition of this deferred tax asset.

21. TRADE AND OTHER PAYABLES

Current	**2020** **$'000**	**2019** **$'000**
Trade payables	-	5
Sundry payables and accrued expenses	77	461
Total	**77**	**466**

22. BORROWINGS

	2020 **$'000**	**2019** **$'000**
Current borrowings	-	3,000
Non-current borrowings	-	-
Total	**-**	**3,000**

On 7 February 2020 the Company repaid a borrowing of $3 million, at an interest rate of 10% p.a. that had a maturity of 12 months after the initial drawdown.

23. LEASE LIABILITIES

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

	2020 $'000	2019 $'000
Lease liabilities (current)	41	68
Lease liabilities (non-current)	-	41
Total	**41**	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 31 December 2020 are as follows:

Minimum lease payments due	**Within one year**	**One to five years**	**After five years**	**Total**
31 December 2020	**$**	**$**	**$**	**$**
Lease payments	41	-	-	41
Finance charges	-	-	-	-
Net present values	**41**	**-**	**-**	**41**

24. PROVISIONS

Current	**2020 $'000**	**2019 $'000**
Employee provisions	34	19

Non-Current		
Employee provisions	26	15

Employee provisions relate to annual leave and long service leave entitlements.

25. AUDITOR'S REMUNERATION

	2020 $	**2019 $**
Audit and review of financial statements		
Auditor of the Company - Grant Thornton	37,500	37,500
Other auditors for audit and review of subsidiaries' financial statements	3,247	4,874
Total	**40,747**	**42,374**
Other non-audit services		
Auditor of the Company - Grant Thornton	-	-
Total	**40,747**	**42,374**

26. CONTROLLED AND JOINTLY CONTROLLED ENTITIES

Controlled Entities	Country of Incorporation	Ownership Interest %
NGE Administration Limited	Papua New Guinea	100

NGE Administration Limited had no assets or liabilities at year-end. In October 2020 the Group made an application to the PNG Registrar of Companies to have the company struck off the Register. At the date of this report the application is still pending.

27. RELATED PARTY TRANSACTIONS

The Group's related parties include its key management.
Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

a) Wholly owned group

The Company provides all controlled entities with support services and funds for expenditure interest free with no fixed repayment dates and recovers overhead expenses from the controlled entities.

b) Jointly controlled entity

The Group previously held a 50% voting and equity interest in Western Drilling Limited (WDL), a jointly controlled company registered in Papua New Guinea. Maps Tuna Limited, a company related to former director Sir Michael Bromley, held the remaining 50%. Rig 6 Pty Ltd, registered in Australia, is a wholly-owned subsidiary of WDL. These were previously related parties.

Loans were made to WDL group in previous years to finance the acquisition of assets and working capital for its drilling business. The loans are denominated in USD and bore interest at market rates until reporting date 2015 at which point the loans and interest receivable were fully impaired as noted in Note 18. An agreement between the parties provided that no interest would be charged in 2016 and future periods until it became more certain that the accrued and future interest could be paid.

During the year the Group divested its 50% interest in the joint venture controlling WDL, to Maps Tuna Limited. The divestment included the relinquishment of all rights to any loans receivable from WDL. The value of this investment, including loans receivable, was previously fully impaired in the financial statements for the half-year ended 30 June 2020. The carrying value was $Nil. The consideration of $77,000 was applied against related costs incurred during the year. The divestment realised ~$6 million in capital tax losses that may be available to offset future tax liabilities

At 31 December 2019 the Groups' net loan balance was $427,000, although this value was fully impaired in the financial statements for the half-year to 30 June 2020. This was disclosed as a financial asset held at fair value through profit or loss (See Note 13) in the previous financial year.

c) Transactions with key management personnel

Key Management Personnel remuneration includes the following expenses:

	2020	**2019**
	$	**$**
Short-term employee benefits	535,016	820,299
Post-employment benefits	39,679	55,849
Other long-term benefits	10,167	7,443
Total	**584,862**	**883,591**

27. RELATED PARTY TRANSACTIONS (CONTINUED)

d) Transactions with other related parties

In 2018 the Company entered into a licence agreement with Kentgrove 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, with annual 4% increases.

The Executive Chairman and Chief Investment Officer David Lamm is a director and controlling shareholder of Kentgrove Capital Pty Ltd. Executive Director and Portfolio Manager Adam Saunders is a director of Kentgrove Capital Pty Ltd.

28. EMPLOYEE BENEFITS

Superannuation

The Group makes contributions based on each employee's salary to superannuation plans that provide employees with benefits on retirement in accordance with the requirements of superannuation legislation.

Employee incentive plan

The Company does not offer an Employee Incentive Plan under which the Directors may offer options and ordinary shares in the Company to eligible persons.

29. COMMITMENTS

The Group has no capital commitments. The Group signed a non-cancellable license agreement in the year, to occupy office facilities. Commitments for minimum licence payments are as follows:

	2020	**2019**
	$	**$**
Within one year	41,642	69,784
Later than one year but not later than 5 years	-	41,642
Total	**41,642**	**111,426**

30. CONTINGENT ASSETS AND LIABILITIES

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

31. PARENT ENTITY INFORMATION

Information relating to NGE ("the Parent Entity"):

	2020 $'000	2019 $'000
Assets		
Cash and cash equivalents	10,519	2,638
Trade and other receivables	-	417
Financial assets held at fair value through profit or loss	18,742	32,062
Other Assets	33	42
Plant and equipment	39	105
Other long-term assets	-	4
Deferred tax assets	1,930	2,020
Total Assets	**31,263**	**37,288**
Liabilities		
Trade and other payables	77	456
Borrowings	-	3,000
Lease liabilities	41	109
Provisions	60	34
Total Liabilities	**178**	**3,599**
Net Assets	**31,085**	**33,689**
Equity		
Issued capital	78,117	78,136
Accumulated losses	(47,032)	(44,447)
Total Equity	**31,085**	**33,689**
Financial Performance		
(Loss)/profit for the year	(2,585)	3,190
Other comprehensive income	-	-
Total Comprehensive Income	**(2,585)**	**3,190**

32. POST-REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

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 31 December 2020 and of its performance for the year ended on that date; and

      ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

   b. there are reasonable grounds to believe that NGE Capital Limited will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 December 2020.

3. Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Dated this 26 day of February 2021

David Lamm
Executive Chairman and
Chief Investment Officer

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Independent Auditor's Report

To the Members of NGE Capital Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of NGE Capital Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Financial assets held at fair value through profit or loss – listed equity securities, Note 13	
As at 31 December 2020, the Group's financial assets held at fair value through profit or loss totalled $18.742m. The fair value of the investment portfolio is not considered to be judgemental in nature as it is comprised of equity securities listed on the Australian Securities Exchange or overseas stock exchanges. Whilst there is not significant judgement in determining the valuation of investments, these represent a key measure of performance and comprise a significant portion of the total assets of the Group. As such, investments have a pervasive impact on the Group's key financial metrics. The valuation and existence of the listed securities is considered to be a key audit matter. As a result, this was the area with the greatest effect on our overall audit strategy and allocation of time and resources in planning and performing our audit.	Our procedures included, amongst others: • Assessing the valuation of all listed investments held at year end to market data and publicly quoted prices for accuracy; • Selecting a sample of purchases and sales of investments, and agreeing details to supporting documentation; • Agreeing the number of shares held to external holdings statements as at 31 December 2020; • Reviewing purchases and sales occurring near year end to ensuring that any significant unsettled trades are being appropriately accounted for; • Obtaining a roll forward of activity by investment and recalculating the realised gain or loss on disposals for accuracy; and • Reviewing all financial statement disclosures.
Deferred tax asset, Note 11 & 20	
As at 31 December 2020, the Group recognised a deferred tax asset ("DTA") of $1.930m for the carry forward of unused tax losses. The DTA is recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. The probability of recovery is impacted by the uncertainty of the timing and level of future taxable profits. We consider the recognition and recoverability of the DTA a key audit matter as the calculation is judgemental and based on assumptions regarding expected future market and economic conditions.	Our procedures included, amongst others: • Obtaining historical tax returns lodged by the Group and confirmed the calculation of available losses; • Reviewing the Group's ability to utilise and availability of historical tax losses in the current and future years, and reviewed advice provided by management's expert under the 'continuity of ownership' test against the requirements of tax legislation; • Evaluating management's expert used and their advice provided; • Assessing the appropriateness of the advice provided; • Considering whether the amount recognised as a DTA as at 31 December 2020 is reasonable based on historical investment performance, projections and other available information; and • Reviewing all financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's report for the year ended 31 December 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilites/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 12 to 16 of the Directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of NGE Capital Limited, for the year ended 31 December 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M J Climpson
Partner – Audit & Assurance

Melbourne, 26 February 2021

ADDITIONAL INFORMATION

Additional information included in accordance with the Listing Rules of ASX Limited.

1. SHAREHOLDINGS

a) Distribution of Shareholders as at 19 February 2021

Size of holding	Holders	Ordinary shares held	%
1-1,000	229	82,857	0.22
1,001-5,000	496	1,414,078	3.81
5,001-10,000	149	1,180,969	3.18
10,001-100,000	226	7,925,209	21.33
100,001 and over	48	26,556,671	71.46
Total	**1,148**	**37,159,784**	**100.00**

201 shareholders held less than a marketable parcel.

b) Top Twenty Shareholders as at 19 February 2021

Shareholder	Number of ordinary shares	% Held of issued ordinary capital
DAVID LAMM	3,500,000	9.42
SHOMRON PTY LTD<LAMM FM FAMILY A/C>	2,519,014	6.78
J P MORGAN NOMINEES AUSTRALIA LIMITED	1,996,284	5.37
RUMINATOR PTY LTD	1,775,000	4.78
WALLBAY PTY LTD <THE MICHAEL ABELL S/F A/C>	1,470,719	3.96
KURIDALE NOMINEES PTY LTD<LAMM P/L STAFF S/F A/C>	1,344,128	3.62
PERPETUAL CORPORATE TRUST LTD<AFFLUENCE LIC FUND>	1,191,839	3.21
LUCERNE CAPITAL PTY LTD <LUCERNE CAPITAL A/C>	1,000,000	2.69
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	805,443	2.17
LAMM SUPER FUND PTY LTD<THE RAPHI SUPER FUND A/C>	651,393	1.75
MR EDWARD JAMES STEPHEN DALLY & MRS SELINA DALLY<LEKDAL FAMILY A/C>	585,000	1.57
MR COLIN WEEKES	560,058	1.51
ALLAN DALE HOLDINGS PTY LTD	535,500	1.44
MR DAVID GEORGE MAXWELL WELSH	500,000	1.35
RIFLERANGE TRADING CO PTY LTD	449,508	1.21
ABBAWOOD NOMINEEES PTY LTD<ABBOTT FAMILY S/F NO 1 A/C>	433,000	1.17
BILLY RAY PTY LTD<KRAM SUPER FUND A/C>	430,874	1.16
MR WARWICK SAUER	430,000	1.16
CARMANT PTY LTD<CARMANT SUPER FUND A/C>	428,999	1.15
RTAMS SUPERANNUATION PTY LTD<RTAMS SUPER FUND A/C>	380,595	1.02
Twenty largest shareholders	**20,987,354**	**56.49**
Others	**16,172,430**	**43.51**
Total	**37,159,784**	**100.00**

2. VOTING RIGHTS

a) At meetings of members each member entitled to vote may vote in person or by proxy or attorney or, in the case of a member which is a body corporate, by representative duly authorized.
b) On a show of hands every member entitled to vote and be present in person or by proxy or attorney or representative duly authorised shall have one (1) vote.
c) On a poll every member entitled to vote and be present in person or by proxy or attorney or representative duly authorised shall have one (1) vote for each fully paid share of which he is a holder.

3. AUDIT COMMITTEE

As at the date of this report the Group has an Audit Committee and an Investment Committee; subcommittees of the Board of Directors.

4. SUBSTANTIAL SHAREHOLDERS

As at the date of this report substantial shareholder notices had been lodged in relation to the Company's securities by the following shareholders:

Name	Number of ordinary shares	% Held of issued ordinary capital
David Lamm	3,850,000	10.36
Raphael Lamm	3,170,407	8.53
Noontide Investments Ltd	2,123,554	5.72
Wallbay Pty Ltd	2,008,182	5.40
Kuridale Nominees Pty Ltd	1,873,372	5.04