NGE CAPITAL LIMITED

APPENDIX 4E

Results for announcement to the market
For the year ended 31 December 2021

All comparisons to year ended 31 December 2020.

Result Information	$'000	Up/Down	% change
Revenue from ordinary activities	8,299	Up	663.8%
Profit/(loss) after tax for the year – ordinary activities	7,337	Up	383.6%
Total comprehensive income for the year after tax attributable to members of the parent entity	7,337	Up	383.6%

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 2021	31 Dec 2020	Movement
Net tangible asset backing per ordinary share before tax	$0.979	$0.783	25.1%

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

ABN 31 112 618 238

Annual Report 2021

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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.

25.1%

2021 NTA PER SHARE INCREASE

39.1%

2021 SHARE PRICE INCREASE

13.7% p.a.

NTA PER SHARE INCREASE SINCE INCEPTION (p.a.) (1)

91.9%

AGGREGATE NTA PER SHARE INCREASE SINCE INCEPTION (1)

KEY METRICS AS AT 31 DEC 2021

Share Price	$0.765
Shares Outstanding	36.07m
Market Cap	$27.6m
NTA per share before tax	$0.979
NTA per share after tax	$1.043
Net Tangible Asset Value	$35.3m
Directors' Shareholding	14.6%

Note: Investment returns are net of all expenses.
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
Level 4
100 Albert Road
South Melbourne VIC 3205

Telephone:	03 9648 2290
Facsimile:	03 7000 5077
Email:	office@ngecapital.com.au

WEBSITE
www.ngecapital.com.au

STOCK EXCHANGE LISTINGS

ASX Limited	OTC Markets
20 Bridge Street	304 Hudson Street, 3rd Floor
Sydney NSW 2000	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
Grant Thornton
Collins Square, Tower 5
727 Collins Street
Docklands VIC 3008

SOLICITORS
Clayton Utz
Level 18
333 Collins Street
Melbourne VIC 3000

CHAIRMAN'S LETTER

Dear Shareholder,

NGE Capital Limited (**NGE** or **Company**) recorded a net profit after tax of $7.3 million for the financial year ended 31 December 2021. The portfolio returned 25.1% pre-tax and after all expenses during the year. NGE has returned, net of all expenses, 13.7% p.a. or 91.9% in aggregate since 30 November 2016, when the Company began operating as a Listed Investment Company.

The key positive contributors to portfolio performance in FY2021 were **Metals X Limited (ASX:MLX)**, **Yellow Cake plc (LSE:YCA)** and **Karoon Energy Limited (ASX:KAR)**. **Allegiance Coal Limited (ASX:AHQ)** was the only significant detractor.

In an uncertain macro environment that is currently defined by Covid-19, high and likely persistent global inflation, looming central bank rate rises, ongoing supply chain constraints, the China Producer Price Index near all-time highs, and tight labour and energy markets, amongst other extreme markers, we are increasingly focusing more of our time on event-driven special situation trades. A key characteristic of special sits is that they tend to be less correlated with the market. Examples include M&A transactions, asset sales, strategic reviews, corporate actions such as spinoffs/demergers, changes in leadership, changes in strategy, and capital management announcements such as buybacks/return of capital/increased dividends/special dividends.

In looking at more special situation opportunities, we are sticking to our investment principles:

- Target strong returns with an adequate margin of safety;
- Hold a high conviction, concentrated portfolio; and
- Invest based on fundamental analysis.

Recent examples include our investments in **Metals X**, **Jupiter Mines Limited (ASX:JMS)**, **John Wood Group (LSE:WG.)** and **Vita Group Limited (ASX:VTG)**. We discuss these companies in further detail below. We have also made investments in two new special situations this month that we may disclose in the near future once we have settled on our final portfolio weightings.

We bought a sizeable position in tin producer **Metals X** during February following the announcement of a deal to divest its problematic copper assets to acquirer Cyprium Metals Limited (ASX:CYM). The sale resulted in MLX becoming a pure play tin producer. MLX and Alphamin Resources (TSXV:AFM) are the only Western-listed pure play tin producers globally.

As at 31 December Metals X was up 194% on our average purchase price of ~19.5c, following a strong rise in the price of tin and a devaluation of the AUD against the USD. Since our initial purchase, the tin price increased ~59% to ~US$39,400/t as at 31 December and the AUDUSD FX rate decreased ~6% to ~0.725. We trimmed our position in December, and further in January and February of this year, in order to de-risk the investment, lower the portfolio weighting, and lock in some gains. We currently still hold 6.50m shares.

Tin is essential for the high-tech, low carbon economy, and is projected to be the metal most impacted by growth of new technologies such as batteries, robotics, solar power, power storage and electric vehicles. Tin prices were expected to increase as growth in tin demand outweighs new supply, leading to a significant deficit from 2025 according to the International Tin Association. Tin prices reached a record all-time high this month, as inventories have become ever scarcer. Recent price action and the forecast shortfall in supply suggest high tin prices may persist for some time to come.

At spot tin (~US$44,300) and AUDUSD FX rate (~0.7175) MLX's published mine plan would be valued at ~A$1.30. In the December quarterly the company mentioned that the mine plan has now been updated following a "robust" review of "tin price forecasts, and new development areas such as

Leatherwood along with updated metallurgical recoveries". The mention of Leatherwood references the company's recent strong near- and in-mine drilling results that have the potential to increase the mine's defined resource. Our DCF analysis ignores any potential upside from conversion of further resources to reserves, increases in the resource, and optionality provided by existing infrastructure to tie in nearby tin deposits. Whilst we have reservations about the high capex Rentails development project – tailings projects often show high NPVs but are difficult to execute – it potentially adds further upside to the investment case.

As an additional feather in MLX's cap, in January the company successfully spun out its nickel assets into **Nico Resources Limited (ASX:NC1)** via an IPO and in-specie distribution of shares to Metals X shareholders. We received our allocation of ~219k shares, which we subsequently sold at an average price of ~$0.515 per share.

Jupiter Mines had a board spill after an activist campaign led by substantial shareholder and legendary resources investor Hans Mende. The spill and subsequent uncertainty around the company's leadership, future strategy and capital management plans led to a significant decline in the share price that provided what we believe to be an attractive entry point. The situation is still developing, however we suspect Mr Mende will be heavily involved in drafting the company's future strategy, and focused on growing the value of his investment. At spot Mn prices we think Jupiter is worth ~30c per share. At a Mn benchmark price of US$4/dmtu (prices have traded well north of this level for extended periods), we value Jupiter at ~45c per share.

Wood Group, a provider of consulting, project management and asset optimisation services to the energy sector (with a heavy weighting to conventional oil & gas), announced a strategic review of its Built Environment consulting business in November 2021. The stated purpose was to assess "a range of options to best unlock value from this part of the business for shareholders that Wood believes is not currently being recognised in its market capitalisation".

BE is the jewel in Wood's crown, a high margin business that has been growing strongly as demand for sustainable infrastructure increases. We think a sale of BE could generate net after-tax proceeds of ~US$1.6-2.1bn against Wood's EV of ~US$3.5bn, and would solve the company's high leverage and leave the company in a net cash position. The remaining oil & gas focused operations are probably not of the quality of Worley Limited (ASX:WOR), which trades at a FY22E EV/EBITDA of ~9.8x. However, it would not be unthinkable to see a re-rating to 6-8x EV/EBITDA, which would imply a share price of ~GBP2.85-3.75 even at the low end of our estimated sale price for BE. We picked up 153k shares at ~GBP1.87 in December, before the share price ran up. We added to our position this month after the share price fell back towards our entry price on news of a $100m impairment to a legacy contract and a delay in the publication of the company's FY21 results.

We invested in **Vita Group** following a sharp share price decline caused by the announcement that Telstra intended to transition to full corporate ownership of its Telstra-branded retail stores across Australia, including 104 stores operated by Vita Group. We thought that there was a good chance that VTG would be able to do a deal with Telstra in the 12 months following our purchase that would have left VTG with net cash proceeds – after our estimate of tax and restructuring costs and including cash already on balance sheet – of $1.10+. We expected that VTG would return capital to shareholders at a level that at least covered our purchase price of ~82c, leaving us with a free option on the roll-out of the promising Artisan Skin Health and Wellness clinic network. We hadn't banked on Telstra paying VTG less for what is perhaps the best-run Telstra retail franchise operation, compared to what Telstra had been paying individual and small franchises. As a result, the sale ended up being well below our expectations. However, despite the thesis not quite working out, we were still able to exit our position for a small overall profit.

We think the above examples show that if we pick our targets carefully, event-driven special situations should provide an attractive and asymmetric risk-reward. We discuss certain other portfolio investments below.

Uranium found favour with investors during the year, and a big reason for the enthusiasm was the frenzied spot buying action of U_3O_8 by **Sprott Physical Uranium Trust (TSX:U.UN)**. SPUT is the trust entity that emerged after Sprott Asset Management agreed to take over management of one of our portfolio holdings, **Uranium Participation Corp**, after it was converted from a corporation to a trust. We received SPUT units as part of the transaction. We welcomed the renewed attention on the uranium industry, as we were admittedly early on our call, having initiated our position in physical uranium holding fund Yellow Cake plc in July 2018.

SPUT has taken a very aggressive approach to accumulating physical uranium, funding its purchases by selling new units on-market via an "At-The-Market" (ATM) facility. The ATM facility has grown in size from an initial US$300m to US$3.5bn. The trust issues new units when they are trading at a premium to NAV, so even though its purchases have driven up the price of U_3O_8, they have still been accretive to existing unitholders. Since the conversion from UPC in June to present, SPUT has grown its holdings of U_3O_8 equivalent from ~19.1mmlbs to ~45.9mmlbs. Its NAV has grown from ~US$600m to ~US$2.0bn over the same period. It was perhaps no surprise that 2021 saw the highest volume of spot market trades in history at 102mmlbs of U_3O_8 equivalent. The U_3O_8 price rose from US$30/lb to US$42/lb over the year, an increase of 40%.

During October we switched out of a portion of our holding in Yellow Cake and into more units of SPUT whilst YCA was trading at a ~7% premium to NAV and SPUT traded at close to par. Net of transaction costs and slight timing differences, we gained a ~5% benefit in overall NAV. We may carry out further such trades in the future when the opportunity presents, as we think it makes sense to have a higher weighting in the larger and more liquid SPUT vehicle.

Perhaps the biggest positive change to the uranium thesis during 2021 was a perceived softening in societal attitudes towards nuclear power, as people start to accept that nuclear power will likely play a bigger role in the global energy mix as countries push towards net-zero carbon emissions targets. The European Commission this month approved in principle to declare nuclear energy as sustainable as part of the EU's efforts to become climate neutral by 2050. The "Taxonomy classification" aims "to guide private investment to activities that are needed to achieve climate neutrality" (translation: encourage investment in European nuclear power).

Global demand for uranium is ~175mmlbs of U_3O_8 equivalent, versus ~125mmlbs of global primary production currently. The ~50mmlbs shortfall is made up by secondary sources, which includes perhaps ~15-25mmlbs of supply from uranium conversion facilities and the remainder from drawdowns of above-ground inventories. Under most base case forecasts, demand is expected to grow to ~200mmlbs of U_3O_8 equivalent by 2030. Should the renewed interest in nuclear power translate into new reactors, demand should grow beyond base case forecasts even if the reactors are not yet built by then – any utility building a new reactor will want to ensure a source of supply well before the plant is commissioned. That would result in an even greater primary supply deficit, and an expected faster drawdown of inventories. The big unknown that we have previously highlighted is the level of inventories that always seem to be higher than the market thinks.

During the year we acquired 2.35m shares of **Evolve Education Group (ASX:EVO)** at an average price of ~A$0.70 per share. We settled on our initial holding size as the stock is illiquid. Evolve is a provider of Early Childhood Education (ECE), operating 111 childcare centres in New Zealand and 23 in Australia. We think the shares have been oversold, despite investors' well-founded concerns around the historical and continuing underperformance of the NZ centres, and a current dearth of ECE qualified teachers in NZ (which in addition to staff shortages is leading to wage pressures).

Assuming New Zealand eases its enthusiasm for lockdowns, Evolve trades at ~5.5x EV/FY22E EBITDA, hardly a demanding valuation when compared to recent comparable transactions done at ~9-10x. The main catalyst to a re-rating would be a sale of Evolve's NZ operations, which would provide valuable capital to grow the Australian business, the more attractive part of Evolve. Australian centres are doing ~30% EBITDA margins at 86% occupancy versus the NZ centres doing ~9.8% margins at 69% occupancy.

Based on the company's December trading update, Evolve's 23 Australian centres are each doing ~A$750k EBITDA p.a. on average. Valuing each centre at 4x EV/EBITDA yields ~A$3m per centre, or ~A$70m for the Australian centres. Deducting Australian corporate overhead of ~A$1-1.5m at the same 4x multiple yields a net valuation of ~A$65m. At Evolve's current EV of ~A$105m (assumes net cash of ~A$20m as at 31 December), the NZ operations are being valued at ~A$40m (~NZ$43m) or ~NZ$390k per centre.

In October UK-based Busy Bees paid NZ$160m for NZ-based childcare operator Provincial's 75 centres, or ~NZ$2.1 million per centre. Provincial's centres reportedly do ~NZ$17.5m EBITDA in aggregate. Applying the same implied transaction multiple of ~9.1x to Evolve's NZ centres gives a valuation of ~NZ$100m.

We don't need much to go right for the thesis to play out in our favour. A sale of the NZ operations for somewhere between NZ$40m and NZ$100m would be enough to remove the valuation handbrake and allow MD Chris Scott to accelerate his Australian growth plans. The market would likely reward a sensible, profitable growth story with an attractive valuation re-rating.

Our investment in **Allegiance Coal Limited (ASX:AHQ)** has so far been disappointing, with the share price down 30% from our average purchase price of ~70c. The performance and struggles of the company since our investment highlight the risks of investing in start-up operations of any kind, whether a pre-profit tech company or a mothballed coal mine in Colorado.

We were perhaps unlucky in our timing, preceding the opportunistic acquisition of the Black Warrior Mine funded via a A$30m equity raise at 67c. However, the A$30m placement shortly thereafter at 50c to acquire the unpermitted Short Creek development project decimated the share price and had us scratching our heads as to the merits and timing of the transaction.

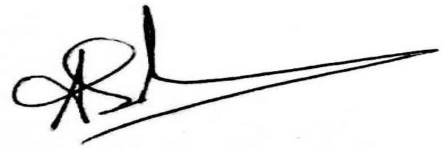
The company appears to be getting on top of the issues that have hampered ramp-up of the New Elk mine, and the Black Warrior Mine looks like it may prove to be an astute purchase. However the company's working capital situation is a concern, and we suspect that the company may need to raise further equity to provide a bridge to run-rate production and commensurate sales at benchmark prices. During the December quarter the company mentioned it had borrowed US$8.9m, repayable by paying US$11.48m in May 2022. We calculate that the effective yield to maturity is ~66% for the debt provider, which is getting up towards loan-shark rates. Cash will likely be tight for Allegiance for the next few quarters.

We haven't yet lost faith in the story, but the company will need to put together consistent production whilst benchmark High Vol A and High Vol B prices remain elevated. If they can do so, the company will likely re-rate to multiples of the current share price.

NGE remains a simple, clean and tax efficient investment vehicle, with ~$42 million of Australian unused and unrealised losses available at year end. In the aggregate these losses equate to a potential future tax benefit of ~$10.5m or ~$0.29 per share (of which only ~$2.3m or $0.064 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 performed well in 2021, we are conscious that we left plenty of money on the table. We intend to capitalise further on our strengths in 2022 by applying patience, discipline, conviction and opportunism to produce strong risk-adjusted returns over the medium to long term.

Yours sincerely,



David Lamm
Executive Chairman
& Chief Investment Officer

Adam Saunders
Executive Director
& Portfolio Manager

25 February 2022

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 2021.

DIRECTORS

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

<u>Mr David Lamm</u>

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 20 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

NGE Shareholding as at report date: 4,000,000 shares (held directly and indirectly)

<u>Mr Ilan Rimer</u>

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: 1,275,000 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

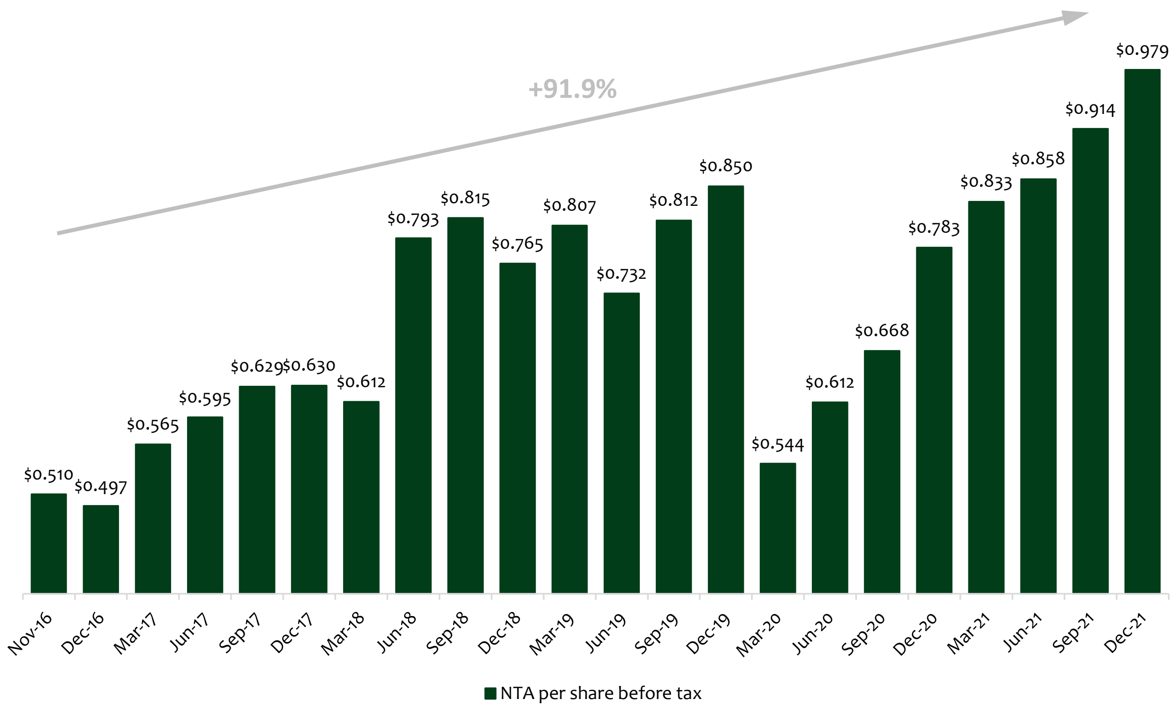
The profit of the Group after income tax for the year was $7.337 million (2020: loss $2.587 million), comprising a profit before income tax of $6.947 million (2020: loss $2.497 million) and an increase in the value of a deferred tax asset of $0.390 million (2020: decrease $0.090 million).

b) Investment Performance

At year end NGE's principal assets comprised financial assets, being investments in listed equities at a market value of $22.551 million (2020: $18.742 million), and cash and cash equivalents of $13.443 million (2020: $10.519 million).

Net assets increased by $6.677 million to $37.762 million (2020: $31.085 million). Net tangible assets (**NTA**) increased by $6.225 million to $35.306 million (2020: $29.081 million). On a per share basis, NTA (before tax and net of all expenses) increased 25.1% to $0.979 (2020: $0.783). NTA per share after tax increased by 24.9% to $1.043 (2020: $0.835).

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



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

Since inception to 31 December 2021, NGE has returned a cumulative 91.9% or 13.7% annualised on a pre-tax, net of expenses basis.

Total portfolio return

	31 December 2021	31 December 2020	Increase
NTA	$35.306 million	$29.081 million	$6.225 million
NTA per share before tax	$0.979	$0.783	25.1%

c) Portfolio

The Company's investment portfolio as at 31 December 2021 is presented below.

Listed Equities	Ticker	$'000	%
Yellow Cake Plc	LSE:YCA	5,853	16.6%
Metals X Limited	ASX:MLX	4,689	13.3%
Jupiter Mines Limited	ASX:JMS	2,070	5.9%
Evolve Education Group Limited	ASX:EVO	2,021	5.7%
Geo Energy Resources Limited	SGX:RE4	1,795	5.1%
Sprott Physical Uranium Trust	TSX:U.UN	1,530	4.3%
Allegiance Coal Limited	ASX:AHQ	1,505	4.3%
Austin Engineering Limited	ASX:ANG	660	1.9%
Base Resources Limited	ASX:BSE	652	1.8%
John Wood Group PLC	LSE:WG.	544	1.5%
Consorcio ARA S.A.B.	MEX:ARA	534	1.5%
International Petroleum Corp	STO:IPCO	382	1.1%
International Petroleum Corp	TSX:IPCO	316	0.9%
Total		**22,551**	**63.9%**

Cash and Other		
Cash and cash equivalents	13,443	38.0%
Other assets net of liabilities	(688)	(1.9%)
Total	**12,755**	**36.1%**
Total Net Tangible Asset Value	**35,306**	**100.0%**

Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 241 (2020: 77). Total brokerage fees incurred net of GST were $122,369 (2020: $55,451).

Exits

The Group exited its position in Karoon Energy Ltd (ASX:KAR) ($6,548,000 profit).

Investment Income

The Group earned $693,000 (2020: $342,000) of investment income through the year, comprising interest income of $68,000 (2020: $59,000) and dividend income of $625,000 (2020: $283,000).

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 $3,602,000 (2020: inflow $10,989,000).

The Group's net outflow from financing activities was $722,000 (2020: outflow $3,120,000), predominantly comprising share buy-back payments of $660,000 (including transaction costs).

e) Capital Management

On-market buy-backs

A 10/12 buy-back facility remained on foot during the year and the Company purchased 1,094,759 of its own shares costing $657,845 before transaction costs. In the previous year 34,990 shares were bought back costing $18,544 before transaction costs.

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.

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) Company performance

The Board considers historical company performance when determining the nature and amount of remuneration of directors and KMPs. The following table sets out the Company's historical performance over the past 5 years, as measured by NTA per share:

	2021	2020	2019	2018	2017
NTA per share before tax	\$0.979	\$0.783	\$0.850	\$0.765	\$0.630
NTA per share after tax	\$1.043	\$0.835	\$0.905	\$0.819	\$0.630

REMUNERATION REPORT (AUDITED) (CONTINUED)

ii) 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.

iii) 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, Portfolio Manager and Analyst) 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[2,3]	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.

3 Subsequent to year end the Board, chaired by Ilan Rimer, approved an increase in Mr Saunders' annual remuneration to $180,000 per annum including superannuation, effective from 1 January 2022.

REMUNERATION REPORT (AUDITED) (CONTINUED)

c) Details of remuneration

Remuneration received by Directors and KMP for the years ended 31 December 2021 and 31 December 2020 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 2021								
Directors								
D Lamm	Executive Chairman and CIO	245,539	305,882	-	5,252	-	556,673	54.95
I Rimer	Non-Executive Director	22,779	-	2,221	-	-	25,000	-
A Saunders	Executive Director and Portfolio Manager	114,779	165,686	11,221	2,845	-	294,531	56.25
Other KMP								
L Smith	Company Secretary and CFO	141,188	-	24,922	1,463	-	167,573	-
TOTAL		**524,285**	**471,568**	**38,364**	**9,560**	**-**	**1,043,777**	**45.18**
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**	**-**

REMUNERATION REPORT (AUDITED) (CONTINUED)

Performance based short-term incentive included in remuneration

Review of performance against KPIs

	31 December 2021 $'000	Agreed adjustments* $'000	$'000
NTA	35,306	1,238	36,544
NTA – high-watermark (set in December 2019)			31,630
Increase in NTA before STI			4,919
STI Pool at 10%			491

* Material adjustments include the add-back of the STI Pool accrued in the closing NTA as at 31 December 2021 ($491,000) and the value of the reduction in share capital via share buy-backs since the high-watermark set as at 31 December 2019 ($679,000).

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 2021 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 2021 is set out below:

	Opening balance No. of shares	Acquired No. of shares	Disposed No. of shares	Closing balance No. of shares
D Lamm	3,850,000	150,000	-	4,000,000
I Rimer	-	-	-	-
A Saunders	1,000,000	275,000	-	1,275,000
L Smith	-	-	-	-

Transactions with key Management Personnel

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.

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 2021:

	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	4	4	-	-	-	-
I Rimer	4	4	2	2	-	-
A Saunders	4	4	2	2	-	-

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 23 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 22 of this financial report and forms part of the Directors' Report.

ROUNDING OF AMOUNTS

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

Signed in accordance with a resolution of the Directors.

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David Lamm
Executive Chairman and
Chief Investment Officer

25 February 2022

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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 2021, 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

D G Ng
Partner – Audit & Assurance

Melbourne, 25 February 2022

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 2021 is dated as 25 February 2022 and was approved by the Board on 25 February 2022. 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 2021

	Notes	2021 $'000	2020 $'000
Investment income	5	693	342
Other income		10	100
Change in fair value of financial instruments held at fair value through profit or loss		7,596	(1,914)
Employee benefits expense	6	(1,124)	(613)
Other expenses	7	(224)	(380)
Interest expense	8	(4)	(32)
Profit before income tax		6,947	(2,497)
Income tax benefit/(expense)	11	390	(90)
Profit from continuing operations after income tax		**7,337**	**(2,587)**
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		**7,337**	**(2,587)**

		Cents	Cents
Basic and diluted earnings/(loss) per share			
From continuing operations	9	20.12	(6.97)
Total		**20.12**	**(6.97)**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 $'000	2020 $'000
Assets			
Cash and cash equivalents	16	13,443	10,519
Trade and other receivables	17	7	-
Financial assets held at fair value through profit or loss	13	22,551	18,742
Other assets		66	33
Property, plant, equipment	18	69	39
Deferred tax assets	19	2,320	1,930
Total Assets		**38,456**	**31,263**
Liabilities			
Trade and other payables	20	549	77
Lease liabilities	21	67	41
Provisions	22	78	60
Total Liabilities		**694**	**178**
Net Assets		**37,762**	**31,085**
Equity			
Issued capital	14	77,457	78,117
Accumulated losses		(39,695)	(47,032)
Total Equity		**37,762**	**31,085**

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 2021

	Share capital $'000	Accumulated losses $'000	Total equity $'000
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
Total comprehensive income for the year	-	7,337	7,337
Share buy-back	(660)	-	(660)
Balance at 31 December 2021	77,457	(39,695)	37,762

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 2021

	Notes	2021 $'000	2020 $'000
Cash Flow from Operating Activities			
Payments to suppliers and employees		(888)	(1,291)
Payments for equity investments		(27,607)	(5,499)
Proceeds from sale of equity investments		31,394	17,341
Interest received		68	59
Dividends received		625	279
Other income receipts		10	-
Government economic support payments received		-	100
Net cash (used in) operating activities	15	**3,602**	**10,989**
Cash Flow from Investing Activities			
Payments for fixed assets		(3)	-
Loans repaid/(advanced) to joint venture		-	(110)
Proceeds from sale of joint venture		-	77
Net cash (used in) investing activities		**(3)**	**33**
Cash Flow from Financing Activities			
Payments for share buy-back		(660)	(19)
Repayment of borrowing		-	(3,000)
Interest paid		(4)	(33)
Payments of lease liabilities		(58)	(68)
Net cash provided by/(used in) financing activities		**(722)**	**(3,120)**
Net increase/(decrease) in cash and cash equivalents held		2,877	7,902
Cash at beginning of period		10,519	2,640
Effect of exchange rates on cash holding in foreign currencies		47	(23)
Cash at end of period	16	**13,443**	**10,519**

Note: This statement should be read in conjunction with the 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

The Group commenced the period with NGE as the Group's ultimate parent company controlling one subsidiary. An application to the PNG Registrar of Companies to strike the subsidiary from the register was approved on 8 November 2021. From that date the Group ceased. NGE is a public company incorporated and domiciled in Australia. The address of its registered office and principal place of business is Level 4 100 Albert Road, South Melbourne Vic 3205.

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 2021 (including comparatives) were approved and authorised for issue by the board of directors on 25 February 2022.

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 2021. 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 2020-5 Amendments to AAS – Insurance Contracts	1 January 2021	1 January 2021

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
AASB 2014-10 Amendments to AAS – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2025	1 January 2025
AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-For Profit Tier 2 Entities	1 July 2021	1 January 2022
AASB 2020-1 Amendments to AAS – Classification of Liabilities as Current or Non-current	1 January 2023	1 January 2023
AASB 2020-2 Amendments to AAS – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities	1 July 2021	1 January 2022
AASB 2020-3 Amendments to AAS – Annual Improvements 2018-2020 and Other Amendments	1 January 2022	1 January 2022
AASB 2020-7 Amendments to AAS – Covid-19 Related Rent Concessions Tier 2 Disclosures	1 July 2021	1 January 2022
AASB 2020-9 Amendments to AAS – Tier 2 Disclosures – Interest Rate Benchmark Reform (Phase 2) and Other Amendments	1 July 2021	1 January 2022
AASB 2021-1 Amendments to AAS – Transition to Tier 2: Simplified Disclosures for Not-For-Profit entities	1 July 2021	1 January 2022
AASB 2021-2 Amendments to AAS – Disclosure of Accounting Policies and Definitions of Accounting Estimates	1 January 2023	1 January 2023
AASB 2021-5 Amendments to AAS – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	1 January 2023
AASB 2021-6 Amendments to AAS Disclosure of Accounting policies: Tier 2 and Other Accounting Standards	1 January 2023	1 January 2023

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 commenced the period with NGE as the Group's ultimate parent company controlling one subsidiary. An application to the PNG Registrar of Companies to strike the subsidiary from the register was approved on 8 November 2021. The Group financial statements consolidate those of the Parent Company and its subsidiary for the period to 8 November 2021 and reports the activities of the Parent Company alone from that date and as at 31 December 2021. 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.

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

4. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

b) Basis of consolidation (continued)

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.

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.

4. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

d) Revenue and income recognition (continued)

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.

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.

4. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

g) Income tax (continued)

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.

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) 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.

Accumulated losses include all current and prior accumulated losses.

j) 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.

k) 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.

l) 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.

m) 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.

n) 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.

o) 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)

p) 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

	2021 $'000	2020 $'000
Interest income	68	59
Dividend income	625	283
Total	**693**	**342**

6. EMPLOYEE BENEFITS EXPENSE

	2021 $'000	2020 $'000
Employee base remuneration	633	613
Provision for performance-based short-term incentive	491	-
Total	**1,124**	**613**

7. OTHER EXPENSES INCURRED IN CONTINUING OPERATIONS

Other expenses	2021 $'000	2020 $'000
Directors' fees	25	25
Audit, professional and legal fees	56	104
Listing costs	53	51
Operating leases	7	9
Loss/(gain) from foreign exchange movements	(48)	(33)
Depreciation – right-of-use asset	56	66
Withholding tax on overseas dividends	-	3
Other	75	155
Total	**224**	**380**

8. INTEREST EXPENSE

Interest expense	2021 $'000	2020 $'000
Interest expense – short term loan	2	30
Interest expense – lease liabilities	2	2
Total	**4**	**32**

9. EARNINGS PER SHARE

	2021 $'000	2020 $'000
Profit/(loss) from continuing operations attributable to the ordinary equity holders used in the calculation of basic and dilutive earnings per share	7,337	(2,587)

	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share.	36,459,508	37,165,536

Basic and diluted earnings per share

	2021 Cents	2020 Cents
Earnings from continuing operations	20.12	(6.97)

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:

	2021 $'000	2020 $'000
Profit/(loss) before tax	6,947	(2,497)
Domestic tax rate	25.0%	26.0%
Prima facie tax expense	1,737	(649)
Adjustments for tax effect of:		
Temporary differences and tax losses (recouped)/derecognised	(2,127)	739
Income tax expense/(benefit)	**390**	**90**
Tax expense comprises:		
Current tax	-	-
Deferred tax	**390**	**90**
Tax losses		
Unused Australian losses which have been recognised as a deferred tax asset[1]	9,280	7,423
Unused Australian losses for which no tax loss has been recognised as a deferred tax asset[2]	33,350	42,589
Unrealised Australian losses/(gains) (net)	(387)	(822)
Total Australian unused and unrealised losses	**42,243**	**49,190**
Potential tax benefit of unused and unrealised losses at 25.0% (2020: 26.0%)[3]	**10,560**	**12,789**
Potential tax benefit of unused and unrealised losses – $ per share	**$0.29**	**$0.34**

1 A deferred tax asset of $2.320 million (potential tax benefit at 25.0% of $9.280 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 $18.026 million since becoming a LIC on 30 November 2016; and
- ii) By applying the average Australian and International share returns since 1970 of 9.70% 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 2021, the Group had the following exposure to various foreign currencies:

	2021	2020
	$'000	$'000
Financial assets		
Cash and cash equivalents	845	583
Trade and other receivables	-	-
Financial assets held at fair value through profit or loss	10,954	5,404
Other assets	-	-
Other long-term assets	-	-
	11,799	5,987
Financial liabilities		
Trade and other payables - Current	-	-
Net exposure	**11,799**	**5,987**

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.

Sensitivity Analysis – increase/(decrease) in net exposure	**$'000**	**$'000**
Australian dollar depreciates by 5% against CAD	97	8
Australian dollar depreciates by 5% against GBP	348	260
Australian dollar depreciates by 5% against USD	33	46
Australian dollar depreciates by 5% against MXN	28	-
Australian dollar depreciates by 5% against SEK	20	-
Australian dollar depreciates by 5% against SGD	94	-
Australian dollar appreciates by 5% against CAD	(88)	(7)
Australian dollar appreciates by 5% against GBP	(315)	(236)
Australian dollar appreciates by 5% against USD	(30)	(42)
Australian dollar appreciates by 5% against MXN	(25)	-
Australian dollar appreciates by 5% against SEK	(18)	-
Australian dollar appreciates by 5% against SGD	(85)	-

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Interest rate risk

At 31 December 2021, 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	2021 $'000	2020 $'000
Cash and cash equivalents	13,443	10,519
Total	**13,443**	**10,519**

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	2021 $'000	2020 $'000
Increase/(decrease) in profit/(loss)		
- increase in interest rate by 2%	273	173
- decrease in interest rate by 2%	(68)	(72)

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 $13.443 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
2021		
Trade and other payables	549	-
Lease liabilities	42	25
Total	**591**	**25**
2020		
Trade and other payables	77	-
Lease liabilities	41	-
Total	**118**	**-**

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.

	Level 1	Level 2	Level 3	Total
2021	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets at fair value through profit or loss				
Listed equity securities	22,551	-	-	22,551
Total Financial Assets at fair value through profit or loss	**22,551**	**-**	**-**	**22,551**
2020				
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**

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 2021, the Company had $22,551,000 (2020: $18,742,000) financial assets held at fair value through profit or loss included in Level 1. As at 31 December 2021 the Company had $ Nil (2020: $ 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 2021, the Company had $ Nil (2020: $ 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 2021, the Company had $ Nil (2020: $Nil) of investments held at fair value through profit or loss included in Level 3.

14. EQUITY AND CAPITAL MANAGEMENT

a) Share Capital

Shares issued and fully paid	2021 Shares	2020 Shares	2021 $'000	2020 $'000
At beginning of year	37,159,784	37,194,774	78,117	78,136
Share buy-back	(1,094,759)	(34,990)	(660)	(19)
Total contributed equity at 31 December	**36,065,025**	**37,159,784**	**77,457**	**78,117**

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, 2020 and 2021, with the Company reserving the right to suspend or terminate the buy-back at any time. During the year 1,094,759 (2020: 34,990) shares were bought back and cancelled. The total cost of $660,378 (2020: $18,610) was deducted from Share Capital. All shares bought back have been settled and then cancelled by the Registry at balance date.

c) Options over unissued shares

There were no options over unissued shares on issue in 2021 or 2020.

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

	2021	2020
Cash flows from operating activities	**$'000**	**$'000**
Profit for the period	7,337	(2,587)
Adjustments for:		
Depreciation – fixed assets	1	-
Depreciation – right-of-use assets	56	66
Foreign exchange differences	(48)	22
Provision for employee entitlements	18	25
Changes in assets and liabilities relating to operations		
(Decrease)/increase in creditors and accruals	477	(357)
(Increase)/decrease in receivables	(7)	431
Decrease/(Increase) in financial assets	(3,810)	13,288
Decrease/(increase) in prepayments	(32)	11
(Increase)/decease in deferred tax asset	(390)	90
Net cash used in operating activities	**3,602**	**10,989**

16. CASH AND CASH EQUIVALENTS

	2021	2020
	$'000	**$'000**
Cash at bank and on hand	**13,443**	**10,519**

Cash and cash equivalents at reporting date consisted of AUD12,597,785, USD451,790, GBP119,711 (2020: AUD9,936,391, USD449,076).

17. TRADE AND OTHER RECEIVABLES

	2021	2020
Current	**$'000**	**$'000**
Receivables	7	-
Total	**7**	**-**

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. PROPERTY PLANT AND EQUIPMENT

	Right of use asset	Other	Total
Gross carrying amount	$'000	$'000	**$'000**
Balance at 1 January 2021	171	-	171
Additions	84	3	87
Adjustment on completion of lease	(171)	-	(171)
Balance at 31 December 2021	**84**	**3**	**87**
Amortisation and impairment			
Balance at 1 January 2021	(132)	-	(132)
Depreciation	(56)	(1)	(57)
Adjustment on completion of lease	171	-	171
Balance at 31 December 2021	**(17)**	**(1)**	**(18)**
Carrying amount 31 December 2021	**67**	**2**	**69**

	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**

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

	Total
	$'000
Buildings – licence to occupy	67
Total right-of-use asset	**67**

19. DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

	2021 $'000	2020 $'000
Tax losses	2,320	1,930
Total	**2,320**	**1,930**

Movements	**Tax losses $'000**	**Other temporary differences $'000**	**Total $'000**
Balance at 31 December 2019	**2,020**	**-**	**2,020**
(Charged)/credited:			
- to profit or loss	(90)	-	(90)
- directly to equity	-	-	-
Balance at 31 December 2020	**1,930**	**-**	**1,930**
(Charged)/credited:			
- to profit or loss	390	-	390
- directly to equity	-	-	-
Balance at 31 December 2021	**2,320**	**-**	**2,320**

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

20. TRADE AND OTHER PAYABLES

Current	**2021 $'000**	**2020 $'000**
Trade payables	-	-
Sundry payables and accrued expenses	549	77
Total	**549**	**77**

21. LEASE LIABILITIES

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

	2021 $'000	2020 $'000
Lease liabilities (current)	42	41
Lease liabilities (non-current)	25	-
Total	**67**	**41**

The Company has a non-cancellable licence agreement with Regus Australia Management Pty Ltd for the occupancy of two (2) serviced offices for its business from 1 August 2021 to 31 July 2023 at an initial rate of $41,738 per annum annually indexed at 3.30%. Future minimum licence payments at 31 December 2021 are as follows:

Minimum lease payments due	**Within one year**	**One to five years**	**After five years**	**Total**
31 December 2021	**$**	**$**	**$**	**$**
Lease payments	43	26	-	69
Finance charges	(1)	(1)	-	(2)
Net present values	**42**	**25**	**-**	**67**

22. PROVISIONS

Current	**2021 $'000**	**2020 $'000**
Employee provisions	40	34

Non-Current		
Employee provisions	38	26

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

23. AUDITOR'S REMUNERATION

	2021 $	**2020 $**
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
Total	**37,500**	**40,747**
Other non-audit services		
Auditor of the Company - Grant Thornton	-	-
Total	**37,500**	**40,747**

24. CONTROLLED AND JOINTLY CONTROLLED ENTITIES

The parent company had only one subsidiary at the beginning of the period. This subsidiary, NGE Administration Limited, incorporated in Papua New Guinea, had no assets or liabilities at 31 December 2020. In October 2020 the parent company made an application to the PNG Registrar of Companies to have NGE Administration Limited struck off the Register. The striking off was effected on 8 November 2021. The parent company had no controlled or jointly controlled entities from 8 November 2021 to the date of this report.

25. 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 provided its controlled entity with support services without recovery.

b) Transactions with key management personnel
Key Management Personnel remuneration includes the following expenses:

	2021 $	2020 $
Short-term employee benefits	995,853	535,016
Post-employment benefits	38,364	39,679
Other long-term benefits	9,560	10,167
Total	**1,043,777**	**584,862**

c) 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.

26. 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.

27. 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:

	2021	2020
	$	$
Within one year	43,116	41,642
Later than one year but not later than 5 years	25,981	-
Total	**69,097**	**41,642**

28. CONTINGENT ASSETS AND LIABILITIES

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

29. PARENT ENTITY INFORMATION

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

	2021 $'000	2020 $'000
Assets		
Cash and cash equivalents	13,443	10,519
Trade and other receivables	7	-
Financial assets held at fair value through profit or loss	22,551	18,742
Other Assets	66	33
Plant and equipment	69	39
Deferred tax assets	2,320	1,930
Total Assets	**38,456**	**31,263**
Liabilities		
Trade and other payables	549	77
Lease liabilities	67	41
Provisions	78	60
Total Liabilities	**694**	**178**
Net Assets	**37,762**	**31,085**
Equity		
Issued capital	77,457	78,117
Accumulated losses	(39,695)	(47,032)
Total Equity	**37,762**	**31,085**
Financial Performance		
(Loss)/profit for the year	7,337	(2,585)
Other comprehensive income	-	-
Total Comprehensive Income	**7,337**	**(2,585)**

30. 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 2021 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 2021.

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 25 day of February 2022

____

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 2021, 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 2021 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 2021, the Group's financial assets held at fair value through profit or loss totalled $22.551m. 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 no 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. We consider the existence and valuation of investments a key audit matter due to this being 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 2021; • Reviewing purchases and sales occurring near year end to assess whether unsettled trades are 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 & 19	
As at 31 December 2021, the Group recognised a deferred tax asset ("DTA") of $2.320m 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 to be 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; • Considering whether the amount recognised as a DTA as at 31 December 2021 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 2021, 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 15 to 19 of the Directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of NGE Capital Limited, for the year ended 31 December 2021 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

D G Ng
Partner – Audit & Assurance

Melbourne, 25 February 2022

ADDITIONAL INFORMATION

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

1. SHAREHOLDINGS

a) Distribution of Shareholders as at 01 February 2022

Size of holding	Holders	Ordinary shares held	%
1-1,000	223	77,919	0.22
1,001-5,000	465	1,310,093	3.63
5,001-10,000	155	1,201,212	3.33
10,001-100,000	213	7,532,146	20.88
100,001 and over	48	25,943,655	71.94
Total	**1,104**	**36,065,025**	**100.00**

174 shareholders held less than a marketable parcel.

b) Top Twenty Shareholders as at 01 February 2022

Shareholder	Number of ordinary shares	% Held of issued ordinary capital
DAVID LAMM	3,650,000	10.12
SHOMRON PTY LTD<LAMM FM FAMILY A/C>	2,519,014	6.99
RUMINATOR PTY LTD	1,775,000	4.92
KURIDALE NOMINEES PTY LTD<LAMM P/L STAFF S/F A/C>	1,344,128	3.73
WALLBAY PTY LTD <THE MICHAEL ABELL S/F A/C>	1,290,719	3.58
LUCERNE CAPITAL PTY LTD <LUCERNE CAPITAL A/C>	1,275,000	3.54
PERPETUAL CORPORATE TRUST LTD<AFFLUENCE LIC FUND>	1,033,235	2.87
CITICORP NOMINEES PTY LIMITED	931,375	2.58
ABBAWOOD NOMINEES PTY LTD<ABBOT FAMILY S/F NO 1 A/C>	870,000	2.41
HSBC CUSTODY NOMIEES(AUSTRALIA) LIMITED	671,317	1.85
LAMM SUPER FUND PTY LTD<THE RAPHI SUPER FUND A/C>	651,393	1.81
M & S BOWDEN SUPERANNUATION PTY LTD<M&S BOWDEN SUPER FUND A/C>	630,000	1.75
MR COLIN WEEKES	621,058	1.72
MR EDWARD JAMES STEPHEN DALLY & MRS SELINA DALLY<LEKDAL FAMILY A/C>	585,000	1.62
BAAUER PTY LTD<THE BAAUER FAMILY A/C>	540,000	1.50
CARMANT PTY LTD<CARMANT SUPER FUND A/C>	513,300	1.42
CELLAR STOCKS PTY LTD<CELLAR INVESTMENT A/C>	464,566	1.28
BILLY RAY PTY LTD<KRAM SUPER FUND A/C>	430,874	1.20
MAST FINANCIAL PTY LTD<A TO Z INVESTMENT A/C>	410,598	1.14
MR DAVID MINGORANCE	378,000	1.05
Twenty largest shareholders	**20,584,577**	**57.08**
Others	**15,480,448**	**42.92**
Total	**36,065,025**	**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	4,000,000	11.09
Raphael Lamm	3,170,407	8.80
Kuridale Nominees Pty Ltd	1,873,372	5.19