



**NEON CAPITAL LIMITED  
INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
30 JUNE 2017  
ABN: 49 002 796 974**

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## CORPORATE DIRECTORY

**DIRECTORS:** Mr Ross Williams Executive Chairman  
Mr Peter Pynes Executive Director  
Mr Tim Kestell Executive Director

**SECRETARY:** Amanda Burgess Company Secretary

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**BANKERS:** National Australia Bank

**AUDITORS:** HLB Mann Judd

## DIRECTORS' REPORT

The Directors of Neon Capital Limited present the financial statements of Neon Capital Limited and its controlled entities (“the Group”, “Neon” or “the consolidated entity”) for the half-year ended 30 June 2017 and in accordance with a resolution of the Directors, report as follows:

### DIRECTORS AND EXECUTIVES

The Directors and Executives of Neon Capital Limited during the reporting period and up to the date of this report were:

#### Directors

Mr Ross Williams	Executive Chairman
Mr Tim Kestell	Executive Director
Mr Peter Pynes	Executive Director

All Directors and Executives held their position from 1 January 2017 to the date of this report, unless otherwise indicated.

### REVIEW OF OPERATIONS

This report is presented for the six months to 30 June 2017.

A focus of the Directors has been to continue to return the company to profitability as an investment company and reduce operating and administrative costs in order to preserve and enhance shareholder value.

We are pleased to report that this strategy was successfully implemented with the company continuing to increase its profitability.

The company announced back in November 2016 its intentions to seek Shareholder approval at a General Meeting, which was held on 24 January 2017, to delist from the Australian Stock Exchange (ASX).

Shareholders passed the resolution at the meeting on 24 January 2017 and the company subsequently delisted on 24 February 2017 from the Australian Stock Exchange (ASX).

The Company is now a public unlisted Investment Company.

The Company continued its buy back which commenced on 22 December 2016. A further 4,226,710 shares were bought back to the value of \$934,990, making the total of 4,793,664 shares worth \$1,060,406 bought back and cancelled.

The buy back ceased on 20 February 2017 when the shares of the company were suspended from trading prior to delisting on 24 February 2017.

After delisting from the Australian Stock Exchange (ASX) the Company the Board resolved to conduct a further Buy-back to provide a complete exit mechanism for those eligible shareholders who wished sell their shares.

The Company sought approval from shareholders at a General Meeting on 26 May 2017 to conduct the equal access buy back of shares.

Shareholders passed the resolution at the meeting on 26 May 2017 and the buy back was completed on 23 June 2017. At the conclusion of this buy back a total of 3,056,245 shares to the value of \$672,374 were bought back and cancelled.

## DIRECTORS' REPORT

### OPERATING AND FINANCIAL REVIEW (continued)

#### FINANCIAL SUMMARY

The Profit for the financial half-year ended 30 June 2017 amounted to \$564,459 (30 June 2016: Profit of \$955,829).

At 30 June 2017 the Group has net assets of \$18,246,782 (31 December 2016: \$19,289,688) which includes cash assets of \$10,226,618 (31 December 2016: \$19,048,930).

#### SHARE CAPITAL

At 30 June 2017 the Company's share capital consisted of 44,351,312 ordinary shares.

#### SUBSEQUENT EVENTS

The Company continued to invest in the shares listed on the Australian stock exchange (ASX) which resulted in financial assets at fair value increasing by approx. \$2million dollars after balance date.

#### AUDITORS INDEPENDENT DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of Neon Capital with an Independence Declaration in relation to the audit of the attached Financial Statements. This Independence Declaration is attached to this Directors' Report and forms part of this Directors' Report.

This report has been made in accordance with a resolution of Directors.

#### ROSS WILLIAMS



Chairman  
Perth, 13<sup>th</sup> September, 2017

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the interim financial report of Neon Capital Limited for the half-year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



**Perth, Western Australia**  
**13 September 2017**

**N G Neill**  
**Partner**

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Neon Capital Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date of the consolidated entity; and

(ii) complying with *Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



**Ross Williams**  
Chairman

**Perth, 13<sup>th</sup> September 2017**

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Neon Capital Limited

**Report on the Condensed Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Neon Capital Limited (“the company”) which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors’ declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

*Directors’ responsibility for the half-year financial report*

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

*Auditor’s responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group’s financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

*Independence*

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

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Neon Capital Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

**HLB Mann Judd**  
Chartered Accountants

A handwritten signature in blue ink that reads 'Norman G. Neill'.

**N G Neill**  
Partner

**Perth, Western Australia**  
**13 September 2017**

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### For the 6 months ended 30 June 2017

	6 months ended 30 June 2017 \$	6 months ended 30 June 2016 \$
<b>Income</b>		
Profit on Sale of Financial Assets	449,188	369,253
Net changes in fair value of trading investments	250,106	803,630
Interest Received	149,427	244,041
Other Income	54,697	-
Corporate and administration expenses	(338,959)	(461,095)
<b>Profit/(Loss) before income tax expense for continuing operations</b>	<b>564,459</b>	<b>955,829</b>
Income tax expense	-	-
<b>Profit/(Loss) for the period</b>	<b>564,459</b>	<b>955,829</b>
<b>Other comprehensive income</b>		
<b>Total comprehensive income for the period attributable to members of the parent entity</b>	<b>564,459</b>	<b>955,829</b>
	<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share	1.27	1.83
Diluted earnings/(loss) per share	1.27	1.83

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### As at 30 June 2017

	Note	As at 30 June 2017 \$	As at 31 December 2016 \$
<b>CURRENT ASSETS</b>			
Cash and Short Term Deposits	3	10,226,618	19,048,930
Financial assets at fair value through profit and loss	4	8,076,696	150,099
Trade and other receivables	5	52,225	111,451
<b>TOTAL CURRENT ASSETS</b>		<b>18,355,539</b>	<b>19,310,480</b>
<b>TOTAL ASSETS</b>			
		<b>18,355,225</b>	<b>19,310,480</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	108,757	20,792
<b>TOTAL CURRENT LIABILITIES</b>		<b>108,757</b>	<b>20,792</b>
<b>TOTAL LIABILITIES</b>			
		<b>108,757</b>	<b>20,792</b>
<b>NET ASSETS</b>			
		<b>18,246,782</b>	<b>19,289,688</b>
<b>EQUITY</b>			
Contributed equity		168,954,790	170,562,154
Reserves		5,573,960	5,573,960
Accumulated losses		(156,281,968)	(156,846,426)
<b>TOTAL EQUITY</b>		<b>18,246,782</b>	<b>19,289,688</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

### For the 6 months ended 30 June 2017

	Note	6 months ended 30 June 2017 \$	6 months ended 30 June 2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from sale of financial assets		1,425,596	1,380,924
Payments to suppliers and employees		(305,107)	(460,558)
Interest received		179,537	290,997
Purchase of financial assets		(8,514,974)	(2,030,772)
<b>Net cash flows used in operating activities</b>		<b>(7,214,948)</b>	<b>(819,409)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Amounts held in escrow term deposits transferred to cash		-	-
<b>Net cash from investing activities</b>		<b>-</b>	<b>-</b>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>			
Payments for share buy back		(1,607,364)	-
<b>Net cash flows from financing activities</b>		<b>(1,607,364)</b>	<b>-</b>
Net (decrease)/increase in cash and cash equivalents		(8,822,312)	(819,409)
Net foreign exchange differences		-	-
Cash and cash equivalents at beginning of period		19,048,930	18,587,825
<b>Cash and cash equivalents at end of period</b>	3	<b>10,226,618</b>	<b>17,768,416</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### For the 6 months ended 30 June 2017

	Contributed equity \$	Accumulated losses \$	Option & rights premium reserve \$	Total equity \$
<b>At 1 January 2016</b>	<b>170,687,570</b>	<b>(157,602,782)</b>	<b>5,573,960</b>	<b>18,658,748</b>
Loss for the half-year	-	955,829	-	955,829
Other comprehensive loss	-	-	-	-
<b>Total comprehensive Profit for the half-year</b>	<b>-</b>	<b>955,829</b>	<b>-</b>	<b>955,829</b>
Shares granted	-	-	-	-
<b>At 30 June 2016</b>	<b>170,687,570</b>	<b>(156,646,953)</b>	<b>5,573,960</b>	<b>19,614,577</b>
<b>At 1 January 2017</b>	<b>170,562,154</b>	<b>(156,846,426)</b>	<b>5,573,960</b>	<b>19,289,688</b>
Profit for the half-year	-	564,459	-	564,459
Other comprehensive loss	-	-	-	-
<b>Total comprehensive income/(loss) for the half-year</b>	<b>-</b>	<b>564,459</b>	<b>-</b>	<b>564,459</b>
Share buy back	(1,607,364)	-	-	(1,607,364)
Shares granted	-	-	-	-
<b>At 30 June 2017</b>	<b>168,954,790</b>	<b>(156,281,968)</b>	<b>5,573,960</b>	<b>18,246,782</b>

## NOTES TO THE HALF-YEAR FINANCIAL REPORT

### For the 6 months ended 30 June 2017

#### 1. CORPORATE INFORMATION

The financial report of Neon Capital Limited (the Company) for the half-year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 13<sup>th</sup> September 2017.

Neon Capital Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange and is domiciled in Australia.

The nature of the operations and principal activities of the Group are described in the directors' report.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of Preparation

The half year financial report is a general purpose condensed financial report prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half year financial report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016 together with any public announcements made by Neon.

##### *New standards, interpretations and amendments adopted by the Group*

The accounting policies adopted in the preparation of the half year financial report are consistent with those followed in the preparation of the Group's annual financial report for the year ended 31 December 2016. In addition to this, new accounting policies have been applied for the first time due to the change of the Company into a listed investment company. The new accounting policies are as follows:

##### *Financial assets*

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

##### *Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'financial assets at fair at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investment held for trading are recognised in profit or loss.

##### *Recovery of deferred assets*

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilize those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Several new standards and amendments apply for the first time in 2017. However, they do not impact the financial performance or position of the annual consolidated financial statements of the Group or the interim consolidated financial statements of the Group.

## NOTES TO THE HALF-YEAR FINANCIAL REPORT

### For the 6 months ended 30 June 2017

The carrying values of financial assets and liabilities approximate their fair values.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The Group has not yet early adopted any standard, interpretation or amendment that has been issued, but not yet effective.

The financial report has been prepared on a going concern basis.

#### 3. CASH

	30 June 2017	31 December 2016
	\$	\$
Cash at bank and on hand	10,226,618	19,048,930
	<u>10,226,618</u>	<u>19,048,930</u>

#### 4. FINANCIAL INSTRUMENTS

Financial assets at fair value through profit and loss:	8,076,696	150,099
	<u>8,076,696</u>	<u>150,099</u>

The equity investments are all classed as held for trading. The market value of all equity investments represent the fair value based on quoted prices on active markets (ASX) as at the reporting date without any deduction for transaction costs. These investments are classified as Level 1 financial instruments. There have been no transfers between levels of the fair value hierarchy, used in measuring the fair value of these financial instruments, or changes in its classification as a result of a change in the purpose or use of these assets -

#### 5. TRADE AND OTHER RECEIVABLES

Prepayments	10,130	4,509
Interest receivable	18,943	49,054
Other receivables	23,152	57,888
	<u>52,225</u>	<u>111,451</u>

#### 6. TRADE AND OTHER PAYABLES

Trade creditors – unsecured (i)	83,229	-
Accruals and other expenses	25,528	20,000
Other payables	-	792
	<u>108,757</u>	<u>20,792</u>

(i) Trade creditors are non-interest bearing and are normally settled on 30 day terms.

## NOTES TO THE HALF-YEAR FINANCIAL REPORT

### For the 6 months ended 30 June 2017

#### 7. SHARE BASED PAYMENTS

No share based payments were made during the 6 months ended 30 June 2017. For the 6 months period, the company has recognised \$nil and \$nil for the 6 months ending 30 June 2016 were expensed in the Statement of Comprehensive Income.

#### 8. CONTRIBUTED EQUITY

At 30 June 2017 the Company's share capital consisted of 44,351,312 ordinary shares.

	Number of shares
Shares at 31 December 2016	51,634,267
Less: Cancelled Shares Feb 2017	4,226,710
Less: Cancelled Shares June 2017	3,056,245
Shares at 30 June 2017	<u>44,351,312</u>

#### 9. DIVIDENDS PAID AND PROPOSED

No dividend has been paid or proposed during the half year.

#### 10. EVENTS AFTER BALANCE DATE

The Company continued to invest in the shares listed on the Australian stock exchange ( ASX) which resulted in financial assets at fair value increasing by approx. \$2million dollars after balance date.

#### 11. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.