



**NEON CAPITAL LIMITED
INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
30 JUNE 2020
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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AUDITORS: HLB Mann Judd (WA) Partnership

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 2020 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 2020 to the date of this report, unless otherwise indicated.

REVIEW OF OPERATIONS

This report is presented for the six months to 30 June 2020.

A focus of the Directors has been to continue to create 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 the company has continued to operate profitably.

FINANCIAL SUMMARY

The Profit for the financial half-year ended 30 June 2020 amounted to \$252,871 (30 June 2019: Profit of \$1,298,740).

At 30 June 2020 the Group had net assets of \$4,501,989 (31 December 2019: \$4,249,118) which includes cash assets of \$3,299,039 (31 December 2019: \$752,507).

SHARE CAPITAL

At 30 June 2020 the Company's share capital consisted of 36,672,049 ordinary shares.

SUBSEQUENT EVENTS

There have been no significant changes in the state of affairs of the consolidated entity in the reporting period to 30 June 2020 other than trading securities in the normal course of business.

DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW (continued)

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, 14th October 2020

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Neon Capital Limited for the half-year ended 30 June 2020, 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 review; and
- (b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
14 October 2020



N G Neill
Partner

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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 2020 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, 14th October 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Neon Capital Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Neon Capital Limited ("the Company") which comprises the condensed consolidated statement of financial position as at 30 June 2020, the condensed consolidated statement of other comprehensive income, the condensed consolidated statement of changes in equity and the condensed 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 consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 consolidated entity's financial position as at 30 June 2020 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*.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of 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.

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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
Chartered Accountants

Perth, Western Australia
14 October 2020



N G Neill
Partner

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 6 months ended 30 June 2020

	6 months ended 30 June 2020 \$	6 months ended 30 June 2019 \$
Income		
Profit on sale of property	-	219,399
Net changes in fair value of trading investments	440,877	691,272
Rent received	313	136,932
Net changes in fair value of assets held for sale	-	950,000
Interest received	2,195	52,090
Other income	16,016	287
Corporate and administration expenses	(206,530)	(751,240)
Profit before income tax expense for continuing operations	252,871	1,298,740
Income tax expense	-	-
Profit for the period	252,871	1,298,740
Other comprehensive income	-	-
Total comprehensive income for the period attributable to members of the parent entity	252,871	1,298,740
	Cents	Cents
Basic and diluted earnings per share	0.69	3.54

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	As at 30 June 2020 \$	As at 31 December 2019 \$
CURRENT ASSETS			
Cash and short term deposits	3	3,299,039	752,507
Financial assets at fair value through profit and loss	4	1,198,900	3,523,900
Trade and other receivables	5	15,122	14,203
TOTAL CURRENT ASSETS		4,513,061	4,290,610
TOTAL ASSETS			
		4,513,061	4,290,610
CURRENT LIABILITIES			
Trade and other payables	6	11,072	41,492
TOTAL CURRENT LIABILITIES		11,072	41,492
TOTAL LIABILITIES			
		11,072	41,492
NET ASSETS			
		4,501,989	4,249,118
EQUITY			
Contributed equity	8	151,035,615	151,035,615
Reserves		-	5,573,960
Accumulated losses		(146,533,626)	(152,360,457)
TOTAL EQUITY		4,501,989	4,249,118

CONSOLIDATED STATEMENT OF CASH FLOWS

For the 6 months ended 30 June 2020

	Note	6 months ended 30 June 2020 \$	6 months ended 30 June 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from sale of financial assets		2,765,877	1,886,681
Payments to suppliers and employees		(237,869)	(887,528)
Interest received		2,195	52,090
Rent received		313	136,932
Receipts from sale of investment property		-	528,017
Receipts - other		16,016	-
Purchase of financial assets		-	(2,091,677)
Net cash flows provided by/(used in) operating activities		2,546,532	(375,485)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Loan to Hylea Metals		-	(150,000)
Net cash flows used in investing activities		-	(150,000)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Payments for share buy back		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		2,546,532	(525,485)
Cash and cash equivalents at beginning of period		752,507	7,762,260
Cash and cash equivalents at end of period	3	3,299,039	7,236,775

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 30 June 2020

	Contributed equity	Accumulated losses	Option & rights premium reserve	Total equity
	\$	\$	\$	\$
At 1 January 2019	166,804,596	(157,865,390)	5,573,960	14,513,166
Profit for the half-year	-	1,298,740	-	1,298,740
Total comprehensive income/(loss) for the half-year	-	1,298,740	-	1,298,740
Share buy back	(6,600,969)	-	-	(6,600,969)
At 30 June 2019	160,203,627	(156,566,650)	5,573,960	9,210,937
At 1 January 2020	151,035,615	(152,360,457)	5,573,960	4,249,118
Profit for the half-year	-	252,871	-	252,871
Total comprehensive income/(loss) for the half-year	-	252,871	-	252,871
Transfer of expired options and rights premiums to accumulated losses	-	5,573,960	(5,573,960)	-
At 30 June 2020	151,035,615	(146,533,626)	-	4,501,989

NOTES TO THE HALF-YEAR FINANCIAL REPORT

For the 6 months ended 30 June 2020

1. CORPORATE INFORMATION

The financial report of Neon Capital Limited (the Company) for the half-year ended 30 June 2020 was authorised for issue in accordance with a resolution of the directors on 14th October 2020.

Neon Capital Limited is a for profit company limited by shares incorporated and 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 2019 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 2019.

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.

There was no impact on the financial report of new standards and interpretations during the six months to 30 June 2020.

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

3. CASH

	30 June 2020	31 December 2019
	\$	\$
Cash at bank and on hand	3,299,039	752,507
	<u>3,299,039</u>	<u>752,507</u>

4. FAIR VALUE

a. Valuation Techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches the equity investments are all classed as held for trading. –

NOTES TO THE HALF-YEAR FINANCIAL REPORT

For the 6 months ended 30 June 2020

4. FAIR VALUE (cont.)

- Market approach uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach converts estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

b. Financial Instruments

The following table represents a comparison between the carrying amounts and fair values of financial assets and liabilities:

	30 June 2020		31 December 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Equity instruments classified as FVTPL	1,198,000	1,198,000	3,523,900	3,523,900
	1,198,000	1,198,000	3,523,900	3,523,900

As the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate their fair values, they have not been included in the above table.

c. Recurring and Non-recurring Fair Value Measurement Amounts and the Level of the Fair Value Hierarchy within which the Fair Value Measurements Are Categorised

Description	Fair Value Measurements at 30 June 2020 Using:		
	Quoted Prices in Active Markets for identical Assets \$ (Level 1)	Significant Observable inputs Other than Level 1 Inputs \$ (Level 2)	Significant Unobservable Inputs \$ (Level 3)
Recurring fair value measurements			
Securities held for trading (fair value through profit and loss):			
Mining Sector	-	180,400	1,018,500
	-	180,400	1,018,500
Non-Recurring fair value measurements	-	-	-

NOTES TO THE HALF-YEAR FINANCIAL REPORT

For the 6 months ended 30 June 2020

4. FAIR VALUE (cont.)

Fair Value Measurements at 31 December 2019 Using:			
Description	Quoted Prices in Active Markets for identical Assets \$ (Level 1)	Significant Observable inputs Other than Level 1 Inputs \$ (Level 2)	Significant Unobservable Inputs \$ (Level 3)
Recurring fair value measurements			
Securities held for trading (fair value through profit and loss):			
Mining Sector	2,325,000	180,400	1,018,500
	<u>2,325,000</u>	<u>180,400</u>	<u>1,018,500</u>
Non-Recurring fair value measurements			
	<u>-</u>	<u>-</u>	<u>-</u>

d. Valuation Techniques and Inputs Used to Determine Level 2 Fair Values

Description	Fair Value at 30 June 2020 \$	Valuation Techniques
Level 2		
Unlisted Options of Listed Company	180,400	Black-Scholes Option pricing model

There was no changes during the period in the valuation techniques used by the Group to determine Level 2 fair value

e. Valuation Techniques and Inputs Used to Determine Level 3 Fair Values

Description	Fair Value at 30 June 2020 \$	Valuation Techniques
Level 3		
Held for trading instruments	1,018,500	Placement or Capital Raising Amount

The Held for trading instruments valued at Level 3 are being held at fair value as the company has invested in new projects which have not yet listed in any share trading market which could allow a level 1 fair value to be obtained.

NOTES TO THE HALF-YEAR FINANCIAL REPORT

For the 6 months ended 30 June 2020

5. TRADE AND OTHER RECEIVABLES

	30 June 2020	31 December 2019
	\$	\$
Prepayments	6,452	6,022
Other receivables	8,670	8,181
	<u>15,122</u>	<u>14,203</u>

6. TRADE AND OTHER PAYABLES

	30 June 2020	31 December 2019
	\$	\$
Trade creditors – unsecured (i)	72	25,147
Accruals and other expenses	11,000	16,345
	<u>11,072</u>	<u>41,492</u>

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

7. SHARE BASED PAYMENTS

No share based payments were made during the 6 months ended 30 June 2020 or 30 June 2019 and no amounts were expensed in the Statement of Comprehensive Income.

8. CONTRIBUTED EQUITY

At 30 June 2020 the Company's share capital consisted of 36,672,049 ordinary shares.

	Number of shares
Shares at 31 December 2019	36,672,049
Shares at 30 June 2020	<u>36,672,049</u>

9. DIVIDENDS PAID AND PROPOSED

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

10. EVENTS AFTER BALANCE DATE

No significant subsequent events have occurred other than the normal trading of securities in the ordinary course of business.

11. CONTINGENT LIABILITIES

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