



CAPITAL LIMITED

ABN: 49 002 796 974

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
30 JUNE 2016**

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TABLE OF CONTENTS

CONTENTS	PAGE NO
CORPORATE DIRECTORY	3
DIRECTORS' REPORT	4
AUDITOR'S INDEPENDENCE DECLARATION	7
DIRECTORS' DECLARATION	8
INDEPENDENT AUDITOR'S REVIEW REPORT	9
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	11
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	12
CONSOLIDATED STATEMENT OF CASH FLOWS	13
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	14
NOTES TO THE CONSOLIDATED FINANCIAL REPORT	15

CORPORATE DIRECTORY

DIRECTORS:	Mr Ross Williams Mr Peter Pynes Mr Tim Kestell	Non-Executive Chairman Non-Executive Director Non-Executive Director
SECRETARY:	Amanda Burgess	Company Secretary
REGISTERED OFFICE:	33 Yilgarn Street Shenton Park Western Australia, 6008	
TELEPHONE:	(61 8) 9481 1176	
FACSIMILE:	(61 8) 9481 7720	
SHARE REGISTER:	Security Transfer Registrar 770 Canning Highway, Applecross Western Australia, 6153	
	Telephone: (61 8) 9315 2333 Facsimile: (61 8) 9315 2233	
BANKERS:	National Australia Bank	
AUDITORS:	HLB Mann Judd	
STOCK EXCHANGE:	Australian Stock Exchange Limited Code: NEN – Fully paid ordinary shares	

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 2016 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	Non-Executive Chairman
Mr Tim Kestell	Non-Executive Director
Mr Peter Pynes	Non-Executive Director

All Directors and Executives held their position from 1 January 2016 to the date of this report, unless otherwise indicated.

REVIEW OF OPERATIONS

This report is presented for the six months to 30 June 2016.

During this period the company completed its transition from an exploration Oil and Gas company to a Listed Investment company.

The Company had announced on 30 September 2015 its intention to change its activities to that of an Investment Company, subject to obtaining the requisite approvals from its members.

A meeting of its members was held on 3 February 2016 in order to obtain approval to change the nature of its activities. The resolution was passed and as such the Company embarked on re-compliance with Chapters 1 and 2 of the ASX Listing Rules in order to get ASX approval.

At the meeting the following resolutions were passed

1. Resolution 1 - Change to Nature and Scale of Activities

That subject to the Essential Resolutions being passed, for the purpose of ASX Listing Rules 11.1.2, 11.1.3 and for all other purposes, approval is given for the Company to make a significant change in the nature and scale of its activities as described in the Explanatory Statement accompanying the Notice of Meeting.

2. Resolution 2 - Consolidation of Capital

That subject to the Essential Resolutions being passed, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that every 10 Shares be consolidated into 1 Share and, where this Consolidation results in a fraction of a Share being held, the Company be authorised to round that fraction up to the nearest whole Share (as the case may be).

DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW (continued)

3. Resolution 3 - Change of Company Name

That subject to the Essential Resolutions being passed for the purposes of section 157(1) (a) and for all other purposes, approval is given for the name of the Company to be changed to **Neon Capital Limited**.

4. Resolution 4 - Removal of Auditor

That subject to the passing of Resolution 5, pursuant to section 329 of the Corporations Act and for all other purposes, approval is given for the removal of Ernst & Young as the current auditor of the Company effective from the date of the Meeting.

5. Resolution 5 – Appointment of Auditor to replace removed from Office

That subject to the passing of Resolution 4, pursuant to section 327 of the Corporations Act and for all other purposes, approval is given for the appointment of HLB Mann Judd as auditor of the Company effective from the date of the Meeting.

As all resolutions were passed on 3 February 2016 the following occurred:

- The consolidation of capital was completed on 11 February 2016. The company share capital was consolidated from 522,007,968 to 52,201,221 (see note 9).
- The company name was changed on 8 February 2016 to Neon Capital Limited.
- The company appointed HLB Man Judd as auditor on 11 March 2016.

The company received reinstatement to official quotation on the ASX on 8 April 2016 after successful compliance with the listing rule 11.1.3 and Chapter 1 and 2 of the ASX Listing Rules.

FINANCIAL SUMMARY

The Profit for the financial half-year ended 30 June 2016 amounted to \$955,829 (31 December 2015: Loss of \$2,150,669).

At 30 June 2016 the Group has net assets of \$19,614,577 (31 December 2015: \$18,658,748) which includes cash assets of \$17,768,416 (31 December 2015: \$18,587,825).

DIRECTORS' REPORT

SHARE CAPITAL

At 30 June 2016 the Company's share capital consisted of 52,201,221 ordinary shares.

SUBSEQUENT EVENTS

There are no subsequent events other than already previously noted as of the date of this report.

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, 30th August, 2016

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 2016, 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
30 August 2016



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 2016 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, 30th August, 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Neon Capital Limited

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Neon Capital Limited ("the company") which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 of 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 interim financial report

The directors of the company are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim 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 interim 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 31 December 2015 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 an interim 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*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim 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 2016 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*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Norman Neill

N G Neill
Partner

Perth, Western Australia
30 August 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 6 months ended 30 June 2016

	Note	6 months ended 30 June 2016 \$	6 months ended 30 June 2015 \$
Income			
Profit on Sale of Financial Assets		369,253	
Net changes in fair value of trading investments		803,630	-
Interest Received		244,041	223,874
Corporate and administration expenses		(461,095)	(2,419,672)
Net (loss)/gain on foreign exchange		-	45,129
Profit/(Loss) before income tax expense for continuing operations		955,829	(2,150,669)
Income tax expense		-	-
Profit/(Loss) for the period		955,829	(2,150,669)
Other comprehensive income			
Total comprehensive income for the period attributable to members of the parent entity		955,829	(2,150,669)
		Cents	Cents
Basic earnings/(loss) per share		1.83	(4.12)
Diluted earnings/(loss) per share		1.83	(4.12)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	As at 30 June 2016 \$	As at 31 December 2015 \$
CURRENT ASSETS			
Cash and Short Term Deposits	3	17,768,416	18,587,825
Financial assets at fair value through profit and loss	4	1,694,000	-
Trade and other receivables	5	183,866	133,306
TOTAL CURRENT ASSETS		19,646,282	18,721,131
NON-CURRENT ASSETS			
TOTAL NON-CURRENT ASSETS		-	-
TOTAL ASSETS		19,646,282	18,721,131
CURRENT LIABILITIES			
Trade and other payables	6	31,705	62,383
TOTAL CURRENT LIABILITIES		31,705	62,383
NON-CURRENT LIABILITIES			
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		31,705	62,383
NET ASSETS		19,614,577	18,658,748
EQUITY			
Contributed equity		170,687,570	170,687,570
Reserves		5,573,960	5,573,960
Accumulated losses		(156,646,953)	(157,602,782)
TOTAL EQUITY		19,614,577	18,658,748

CONSOLIDATED STATEMENT OF CASH FLOWS

For the 6 months ended 30 June 2016

	Note	6 months ended 30 June 2016 \$	6 months ended 30 June 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from sale of financial assets		1,380,924	-
Payments to suppliers and employees		(460,558)	(1,000,145)
Interest received		290,997	199,458
Purchase of financial assets		(2,030,772)	-
Net cash flows used in operating activities		(819,409)	(800,687)
CASH FLOWS FROM INVESTING ACTIVITIES			
Amounts held in escrow term deposits transferred to cash		-	5,077,618
Net cash from investing activities		-	5,077,618
CASH FLOWS USED IN FINANCING ACTIVITIES			
Payments for share buy back		-	(832,478)
Net cash flows from financing activities		-	(832,478)
Net (decrease)/increase in cash and cash equivalents		(819,409)	3,444,453
Net foreign exchange differences		-	79,823
Cash and cash equivalents at beginning of period		18,587,825	15,694,912
Cash and cash equivalents at end of period	3	17,768,416	19,219,188

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 30 June 2016

	Issued Capital \$	Retained Earnings \$	Option & Rights Premium Reserve \$	Total Equity \$
At 1 January 2015	171,571,258	(155,325,587)	5,427,941	21,673,612
Loss for the half-year	-	(2,150,669)	-	(2,150,669)
Other comprehensive loss	-	-	-	-
Total comprehensive Loss for the half-year	-	(2,150,669)	-	(2,150,669)
Share buy back	(832,478)	-	-	(832,478)
Shares granted	158,467	-	-	158,467
Rights granted	-	-	78,976	78,976
Options granted	-	-	67,583	67,583
At 30 June 2015	170,897,247	(157,476,256)	5,573,960	18,995,490
At 1 January 2016	170,687,570	(157,602,782)	5,573,960	18,658,748
Profit for the half-year	-	955,829	-	955,829
Other comprehensive loss	-	-	-	-
Total comprehensive income/(loss) for the half-year	-	955,829	-	955,829
Share buy back	-	-	-	-
Shares granted	-	-	-	-
Rights granted	-	-	-	-
Options granted	-	-	-	-
At 30 June 2016	170,687,570	(156,646,953)	5,573,960	19,614,577

NOTES TO THE HALF-YEAR FINANCIAL REPORT

For the 6 months ended 30 June 2016

1. CORPORATE INFORMATION

The financial report of Neon Capital Limited (the Company) for the half-year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 30th August 2016.

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 2015 together with any public announcements made by Neon in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

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 2015. 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 2016. However, they do not impact the financial performance or position of the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

NOTES TO THE HALF-YEAR FINANCIAL REPORT

For the 6 months ended 30 June 2016

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 2016	31 December 2015
	\$	\$
Cash at bank and on hand	17,768,416	18,587,825
	<u>17,768,416</u>	<u>18,587,825</u>

4. FINANCIAL INSTRUMENTS

Financial assets at fair value through profit and loss:	1,694,000	-
	<u>1,694,000</u>	<u>-</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

Trade debtors	104,256	-
Prepayments	12,041	1,915
Interest receivable	42,681	89,636
Other receivables	24,888	41,755
	<u>183,866</u>	<u>133,306</u>

6. TRADE AND OTHER PAYABLES

Trade creditors – unsecured (i)	19,704	18,187
Accruals and other expenses	12,000	25,000
Other expenses	-	19,196
	<u>31,705</u>	<u>62,383</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 2016

7. SEGMENT REPORTING

The group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

After the disposal of all its foreign exploration assets, Neon changed its activities to a Listed Investment company and has therefore identified only one corporate reportable segment. The results of this segment are the same as the Group results.

8. SHARE BASED PAYMENTS

No share based payments were made during the 6 months ended 30 June 2016. For the 6 months period the company has recognised \$nil (\$305,026 for the 6 months ending 30 June 2015) as an expense in the Statement of Comprehensive Income.

9. CONTRIBUTED EQUITY

At 30 June 2016 the Company's share capital consisted of 52,201,221 ordinary shares.

	Number of shares
Shares at 31 December 2015	522,007,968
Less: Shares consolidated 10 to 1	(469,806,747)
Shares at 30 June 2016	52,201,221

10. DIVIDENDS PAID AND PROPOSED

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

11. EVENTS AFTER BALANCE DATE

There are no significant events after balance date.

12. CONTINGENT LIABILITIES

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