CONTANGO INCOME GENERATOR LIMITED
ABN 40 160 959 991

PRELIMINARY FINAL REPORT / APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2019

PROVIDED TO THE ASX UNDER LISTING RULE 4.3A

Appendix 4E - Preliminary Final Report

CONTANGO INCOME GENERATOR LIMITED
ABN 40 160 959 991
(ASX code "CIE")

1. **Reporting period** – for the year ended 30 June 2019, compared with the year ended 30 June 2018

2. **Results for announcement to the market**
   - Revenues from ordinary activities up from $4.6m to $4.7m (up 2%)
   - Profit from ordinary activities after tax up from $2.8m to $3.3 (up 18%)
   - Net profit for the period attributable to members up from $2.8m to $3.3 (up 18%)

   Dividends paid or payable relating to the current year earnings
   The Company paid dividends quarterly (in September, December, March and June)

Dividends paid during period	Current period details (quarterly dividends)	Prior period details
Prior year final dividend	1.80 cents per share (50% franked) paid on 20 September 2018 Total paid = $1,868,597	3.5 cents per share (50% franked) paid on 5 October 2017 Total paid = $3,267,380
FY19 1st quarterly interim	1.55 cents per share (50% franked) paid on 11 December 2018 Total paid = $1,611,127	1.6 cents per share (50% franked) paid on 21 December 2017 Total paid = $1,569,967
FY19 2nd quarterly interim	1.55 cents per share (100% franked) paid on 12 March 2019 Total paid = $1,613,161	1.6 cents per share (50% franked) paid on 20 April 2018 Total paid = $1,657,274
FY19 3rd quarterly interim	1.06 cents per share (75% franked) paid on 11 June 2019 Total paid = $1,104,739	1.6 cents per share (50% franked) paid on 26 June 2018 Total paid = $1,659,496

   The FY19 final dividend (4th quarterly for the June 2019 quarter) was declared on 20 August 2019 at 1.0 cent per share. This dividend will trade ex-dividend on 9 September 2019 and be paid on 24 September 2019. The dividend will be 50% franked.

3. **Statement of Comprehensive Income** – refer attached financial statements

4. **Statement of Financial Position** - refer attached financial statements

5. **Statement of Cash Flows** - refer attached financial statements

6. **Dividends** – during the financial year ended 30 June 2019, the company paid a total of $6,197,614 to shareholders as dividend payments (2018: $8,154,117). Refer to note 6 of the attached financial statements.

7. **Dividend reinvestment plan** - the Company's DRP provides for a 3% discount to the Volume Weighted Average Price of ordinary shares for the 4 trading days beginning on the ex-dividend

date. The last date for receipt of election notices for participation in the DRP is close of business one day after record date.

8. Statement of retained earnings/(accumulated losses) – refer attached financial statements

9. Net tangible assets per security – as at 30 June 2019 the after tax NTA was $0.93 per share (2018: $0.96).

10. Control gained over entities during the period

There was no control of any entities gained during the period

11. Associates

The Company has no associates or joint venture entities

12. Significant information relating to the entity's financial performance and financial position

- The investments of the Company are primarily listed companies on the ASX and have been subject to market value changes that have occurred over the year. Any profit or loss on the revaluation or disposal of investments is taken directly to profit.
- For the financial year ended 2019, total investment losses were $0.615m
- Securities income and interest earned from investments was $5.278m for the year
- Expenses for the year were $1.983m

13. The financial information provided in this Appendix 4E has been prepared in accordance with Australian accounting standards.

14. Commentary on the results for the period

- For the financial year ended 30 June 2019 the profit after tax was $3.340m (2018: $2.832m)
- The earnings per ordinary share were 3.21cps (2018: 2.85cps)
- Shares issued under the dividend reinvestment program were:
  - 132,645 shares applicable to the previous year final year dividend paid on 20 September 2018 at a price of $0.90 per share;
  - 131,226 shares applicable to the quarterly dividend paid on 11 December 2018 at a price of $0.81 per share;
  - 145,804 shares applicable to the quarterly dividend paid on 12 March 2019 at a price of $0.76 per share;
  - 219,728 shares applicable to the quarterly dividend paid on 11 June 2019 at a price of $0.75 per share.

15. Audit of the financial report - the financial report has been audited and is subject to final audit sign-off. No qualification of the audit report is expected.

Mark Kerr (Chairman) Date: 20 August 2019

Contango Income Generator Limited
ABN 40 160 959 991

Financial report for the year ended 30 June 2019

Directors Report

The directors present their report together with the financial report of Contango Income Generator Limited ("the Company" or "CIE"), for the financial year ended 30 June 2019 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors

The names of directors in office during the year and as at the date of this report (unless otherwise indicated) are:

Mark Kerr – Non-executive Director (appointed Chairman 21 February 2019)
Don Clarke – Non-executive Director
Martin Switzer – Non-executive Director (appointed 21 February 2019)
Andrew MacDonald – Non-executive Chairman (resigned 21 February 2019)
Stephen Bennett – Non-executive Director (resigned 9 August 2018)

Information on directors

The qualifications, experience and special responsibilities of each person who has been a director of Contango Income Generator Limited at any time during the year is provided below, together with details of the company secretary as at the year end.

Mark Kerr LL.B. (Chairman and Non-executive Director)

Mark is an experienced director whose other current roles for ASX listed companies are as Managing Director and Chairman of Hawthorn Resources Limited (22 November 2007 to present); Chairman of Think Childcare and Education Limited (21 July 2014 to present);

Mark is a non-executive director of Think Childcare Development Limited (29 July 2019 to present) (unlisted).

Mark is a director of Berkeley Consultants Pty Ltd which specialises in public relations and reputation management consultancy. He is also a director and adviser to various other private companies. Mark's community involvement currently extends to being a member of the Victorian Committee of the Juvenile Diabetes Research Foundation and a member of the St Vincent's Institute Charity Golf Day Committee.

Mark was formerly a non-executive director of Alice Queen Limited from 23 November 2015 to 30 June 2019.Mark was also the Chairman of ASX listed NAOS Small Cap Opportunities Company Limited (formerly Contango MicroCap Limited), ceasing in this role in October 2017.

Other responsibilities: member of Audit Committee

Don Clarke LL.B. (Hons) (Non-executive Director)

Don was a corporate partner of the law firm, Minter Ellison, for over 25 years. He has extensive commercial law and business experience from over 30 years advising ASX listed and large private companies across a broad range of industries on corporate law, governance and investment issues. Don is currently a consultant to Minter Ellison, a director and the Deputy Chairman of Webjet Limited (one of Australia's leading on-line travel companies), a director of ASX listed Zoono Group Limited and a director of several other unlisted public and private companies. He was formerly a director of ASX listed companies, Opthea Limited, Phosphagenics Limited and PolyNovo Limited.

Other responsibilities: Chair of Audit Committee

Martin Switzer B. Ec (Non-executive Director)

Martin is Chief Executive Officer of Contango Asset Management Limited (CAML), the parent entity of the Investment Manager, and has held this position since 27 October 2017. Prior to that he was a director of CAML and held that position since 25 August 2016. He is also a director of Switzer Asset Management Limited (since 30 December 2015) and a director of WCM Global Growth Limited (since 9 February 2017).

Before his appointment as Chief Executive Officer of CAML, Martin was previously the Chief Operating Officer of Switzer Financial Group, a content and financial services business. He has been a host on the Sky News Business channel, as well as a consultant to the Australian Defence Force Financial Services Consumer Centre.

Other responsibilities: Member of audit committee.

Information on directors (continued)

Andrew MacDonald (Non-executive Director)

Andrew is a company director and management consultant with over 30 years' experience in financial and professional services. Andrew has held a number of senior roles in business development and consulting including as Head of Sales Development – Australia for the National Australia Bank and as Director of Business Development at Ernst & Young with responsibility for portfolio sales, including corporate finance, taxation, audit, consulting and entrepreneurial services. Andrew is the Chairman of Potatoes South Australia Incorporated.

Andrew holds a Ph.D. in Macroeconomics/International Political Economy (University of Melbourne), Bachelor of Arts, Hons (Flinders University). He is an adjunct Professor at the Indian School of Business in Hyderabad and Eruditus Executive Education (ISEAD & Wharton) in Mumbai where he teaches customised executive education programs in leadership, customer centricity and client relationship management.

Other responsibilities: member of Audit Committee

Stephen Bennett (Non-executive Director)

Steve is a highly experienced financial services and board director. He was previously a non-executive director of ASX listed Helloworld Limited. Steve has extensive leadership, management and advisory experience gained in over 3 decades at Commonwealth Bank of Australia, Bankers Trust and UBS Investment Bank in Australia and Hong Kong. Prior to that he held several senior leadership roles in Australia and Hong Kong at UBS Investment Bank. During his time at UBS, as a Managing Director in the Leveraged Finance, Mergers & Acquisitions and Financial Sponsors teams, Steve has advised many public and private companies on complex transactions. More recently, Steve was responsible for capital management, finance and treasury functions at Consolidated Press Holdings Limited.

Other responsibilities: member of Audit Committee

Company Secretary

The following persons held the position of Company Secretary during the financial year:

Hari Morfis (Resigned 22 November 2018)

Jonathan Swain (Appointed 22 November 2018 and resigned 13 March 2019)

Anthony Rule (Appointed 13 March 2019)

Anthony has over 16 years' experience in the financial services industry. During this time, he has held senior finance roles across both the publicly listed and private sectors including the Commonwealth Bank of Australia and most recently at Hunter Hall International where he held the role of Head of Finance and Operations. Anthony is also Company Secretary of ASX listed entities WCM Global Growth Limited and Contango Asset Management Limited.

Anthony holds a Bachelor of Business & Commerce, is a member of CPA Australia and a fellow of the Governance Institute of Australia.

Principal activity

The principal activity of the Company during the financial year was investment into companies listed on the Australian Securities Exchange (ASX) that are outside the top 30 companies (by market capitalisation) and are expected to deliver a sustainable tax effective dividend stream at the time of their purchase.

Results

The profit after income tax attributable to the members of Contango Income Generator Limited was $3,340,764 (2018: $2,832,185). Basic earnings per share amounted to 3.21 cents per share for the year (2018: 2.85 cents).

Review of operations

The current year profit is primarily attributed to the investment strategy of the investment manager delivering a high level of dividends from the Company's investment portfolio as well as an increase in the unrealised value of the underlying Company's investments.

For the year ended 30 June 2019, the after-tax Net Tangible Asset ("NTA") value per share of the Company has decreased from $0.957 to $0.928. The NTA return for the year was +3.2%, inclusive of the 5.96 cents per share of dividends paid for the year, compared to +11.0% for the ASX All Ordinaries Accumulation Index over the same period.

Significant changes in the state of affairs

There have been no significant changes in the Company's state of affairs during the financial year.

Events after the reporting date

On 20 August 2019 the Board of Contango Income Generator Limited declared a final dividend of 1.0 cent per share (50% franked). This brings the total dividends for the year ended 30 June 2019 to 5.2 cents per share (75% franked). The dividend is to be paid on 24 September 2019.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely developments

The Company will continue to pursue its operating strategy to create shareholder value by investing in companies listed on the Australian Securities Exchange (ASX).

Environmental regulation

The Company's operations are not subject to any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Dividends paid, recommended and declared

Total dividends paid or declared during FY19 was $6,197,623 (2018: $8,154,114).

The final dividend for the year ended 30 June 2019 (June 2019 quarter) of 1.0 cent per share (50% franked) was declared on 20 August 2019, to be paid to shareholders on 24 September 2019.

Directors' meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the numbers of meetings attended by each director were:

	Directors Meetings		**Audit and Risk Committee**	
Name	**Attended**	**Held**	**Attended**	**Held**
Andrew McDonald	4	4	2	2
Mark Kerr	5	5	2	2
Don Clarke	5	5	2	2
Stephen Bennett	0	0	0	0
Martin Switzer	1	1	0	0

Indemnification and insurance of directors, officers and auditors

During the financial year, the Company has paid insurance premiums amounting to $49,886 (2018: $37,612) insuring all the directors and the officers which indemnifies them against any claim made against them subject to the conditions contained within the insurance policy. Further disclosure required under section 300(9) of the Corporations Act 2001 is prohibited under the policy terms. To the extent permitted by law and professional regulations, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of their engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made by the Company to Ernst & Young in this respect during or since the financial year needed 30 June 2019.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Non-audit and other assurance services provided by auditor

The Company's auditors are Ernst & Young (2018: Pitcher Partners). Non-audit services are approved by the audit committee. Any other assurance services provided by the auditors of the company during the year related to the issuance of an Investigating Accountants Report. The directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

	As at 30 June 2019	**As at 30 June 2018**
	$	**$**
Amount paid and payable to auditors:		
Audit and other assurance services		
Audit and review of financial reports	48,500	48,600
Other assurance services	-	-
Total remuneration for audit and other assurance services	**48,500**	**49,600**
Other non-audit services		
Taxation services	7,500	10,900
Other	-	841
Total remuneration for non-audit services	**7,500**	**11,741**
Total remuneration of auditors	**56,000**	**60,341**

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

ASX Corporate Governance Statement

The Board of Directors of Contango Income Generator Limited is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement (CGS) in accordance with the third edition of the ASX Corporate Governance Council's Principles and Recommendations under which the CGS may be made available on the Company's website.

Accordingly, a copy of the Company's CGS is available on the Contango website at: (www.contango.com.au).

Consequences of Company's performance on shareholder wealth

The following table summarises company performance and key performance indicators:

	2019	2018	2017	2016
Revenue	$4,663,854	$4,579,038	$11,251,029	$4,390,511
Increase in revenue	2%	-59%	156%	100%
Profit before tax	2,680,770	$2,519,322	$9,481,961	$2,933,877
Change in share price	-19.15%	-2.59%	4.30%	-8.00%
Dividend paid to shareholders	$6,197,623	$8,154,117	$5,166,213	$2,143,922
Return of capital	-	-	-	-
Total remuneration of KMP	$97,247	$136,875	$119,456	$114,583

Remuneration Report (audited)

The directors present the company's remuneration report for the year ended 30 June 2019 which details the remuneration information for directors and other key management personnel.

The Company's Remuneration Committee was dissolved during the year ended 30 June 2018 and all remuneration matters are dealt with by the Board. Only directors of the company who are not employees of the company's investment manager have been paid remuneration in the form of directors' fees. During the year ended 30 June 2019, there were four directors to which this applied – Dr Macdonald, Mr Kerr, Mr Clarke and Mr Bennett.

The amount paid to these directors is fixed at a set amount each year and is not related to the performance of the Company.

The other director, Mr. Switzer, was Managing Director and Chief Executive Officer of Contango Asset Management Limited, the parent entity of the company's investment manager – Contango Funds Management Limited ("the Investment Manager"). The company pays management fees to the Investment Manager. Mr Switzer is directly remunerated by the parent entity, Contango Asset Management Limited. The amount of fees paid by the company to the Investment Manager was not directly linked to the remuneration paid to Mr Switzer.

A remuneration consultant has not been engaged by the Company to provide recommendations in respect of this report.

For the year ended 30 June 2019, the amounts paid (excluding GST) as Short-Term Compensation and Post-Employment Benefits are outlined below.

Director's Remuneration

	Appointment Date	Director Fees FY19	Superannuation FY19	Total FY19
Andrew MacDonald	11 November 2016	23,333	2,217	25,550
Mark Kerr	26 October 2012	31,667	3,008	34,675
Don Clarke	25 November 2014	30,500	2,898	33,398
Stephen Bennett*	11 May 2017	3,318	306	3,624
Martin Switzer	21 February 2019	-	-	-^
TOTAL		**88,818**	**8,429**	**97,247**

	Appointment Date	Director Fees FY18	Superannuation FY18	Total FY18
Andrew MacDonald	11 November 2016	35,000	3,325	38,325
Mark Kerr	26 October 2012	30,000	2,850	32,850
Don Clarke	25 November 2014	30,000	2,850	32,850
Stephen Bennett	11 May 2017	30,000	2,850	32,850
George Boubouras**	9 June 2015	-	-	-^
TOTAL		**125,000**	**11,875**	**136,875**

* ceased 9 August 2019, ** ceased 27 October 2017

Remuneration Report (audited) (continued)

^ Mr Switzer and Mr Boubouras were directly remunerated by related parties of the Company. They were not directly remunerated by the Company

In addition to these payments and as part of its normal payment of dividends on its shares the Company made payments to directors that held shares in Contango Income Generator Limited (CIE). Dividend amounts of $6,866 were paid to current directors Mr Mark Kerr (2018: $8,804); and $6,389 to Mr Don Clarke (2018: $8,193); and $Nil was paid to Mr George Boubouras (2018: $162).

Mr Mark Kerr and Mr Don Clarke are current directors of the company and Mr George Boubouras was a director at the time of his 2017 payment.

Directors' interests in shares and options

Directors' relevant interests in ordinary shares and options of Contango Income Generator Limited are detailed below.

	Ordinary Shares			Options		
	Opening balance	**Movement**	**30/06/19 Holding**	**Opening balance**	**Movement**	**30/06/19 Holding**
Andrew MacDonald	-	-	-	-	-	-
Mark Kerr	112,259	8,499	120,758	-	-	-
Don Clarke	104,459	7,909	112,368	-	-	-
Stephen Bennett	-	-	-*	-	-	-*
Martin Switzer	-	-	-	-	-	-

	Ordinary Shares			Options		
	Opening balance	**Movement**	**30/06/18 Holding**	**Opening balance**	**Movement**	**30/06/18 Holding**
Andrew MacDonald	-	-	-	228,625	-228,625	-
Mark Kerr	102,811	9,448	112,259	40,000	-40,000	-
Don Clarke	70,668	33,791	104,459	25,000	-25,000	-
George Boubouras	35,957	171	36,128*	10,000	-	10,000*
Stephen Bennett	-	-	-	-	-	-

* Holding at cessation date

All directors' interests in shares were purchased as 'on-market' transactions and are not part of any component of their remuneration. All directors' interests in options were vested loyalty options from the purchase of shares under the initial offer or otherwise on-market and are not part of any component of remuneration.

Signed in accordance with a resolution of the directors.

Mark Kerr
Chairman

Melbourne

20 August 2019

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Auditor's Independence Declaration to the Directors of Contango Income Generator Limited

As lead auditor for the audit of the financial report of Contango Income Generator Limited for the financial year ended 30 June 2019, I declare 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.

Ernst & Young

Ernst & Young

Luke Slater

Luke Slater
Partner
20 August 2019

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

	Note	Year ended 30 June 2019 $'000	Year Ended 30 June 2018 $'000
Revenue and other income			
Interest income		58	137
Dividend income		5,220	4,522
Fair value loss on financial assets at fair value through profit or loss	4	(615)	(80)
Total income		**4,663**	**4,579**
Expenses			
Investment management fees	19	930	914
Business administration expenses		250	250
Transaction costs		205	291
Other expenses		229	154
Listing, custody and registry costs		179	267
Legal, accounting and professional costs		93	48
Directors' remuneration expense	17	97	136
Total expenses		**1,983**	**2,060**
Profit before income tax		**2,680**	**2,519**
Income tax benefit	5	660	313
Profit for the year		**3,340**	**2,832**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**3,340**	**2,832**
Earnings per share for comprehensive income to the equity holders of the parent entity			
Basic and diluted earnings per share (cents per share)	16	**3.21**	**2.85**

The above statement should be read in conjunction with the accompanying notes.

Statement of Financial Position
As at 30 June 2019

	Note	As at 30 June 2019 $'000	As at 30 June 2018 $'000
Assets			
Cash and cash equivalents	7	5,467	11,999
Trade and other receivables	8	449	366
Investments at fair value through profit or loss	9	91,907	88,459
Deferred tax assets	5	2,213	368
Total assets		**100,036**	**101,192**
Liabilities			
Trade and other payables	10	366	326
Deferred tax liability		2,673	1,512
Total liabilities		**3,039**	**1,838**
Net assets		**96,997**	**99,354**
Equity			
Issued Capital	11	102,228	101,727
Accumulated losses	12	(5,357)	(5,357)
Reserves	12	126	2,984
Equity attributable to owners of Contango Income Generator Limited		**96,997**	**99,354**

The above statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
For the year ended 30 June 2019

	Note	Issued Capital	Reserves	Accumulated Losses	Total
		$'000	**$'000**	**$'000**	**$'000**
Balance at 30 June 2017		**79,329**	**8,306**	**(5,357)**	**82,278**
Profit for the year		-	-	2,832	2,832
Transfer to dividend reserve		-	2,832	(2,832)	-
Dividends paid		-	(8,154)	-	(8,154)
Option exercise		18,902	-	-	18,902
Issue of shares		3,038	-	-	3,038
Shares issued under Dividend Re-investment Plan		458	-	-	458
Balance at 30 June 2018	11	**101,727**	**2,984**	**(5,357)**	**99,354**
Balance at 30 June 2018		**101,727**	**2,984**	**(5,357)**	**99,354**
Profit for the year		-	-	3,340	3,340
Transfer to dividend reserve		-	3,340	(3,340)	-
Dividends paid		-	(6,198)	-	(6,198)
Shares issued under Dividend Re-investment Plan		501	-	-	501
Balance at 30 June 2019	11	**102,228**	**126**	**(5,357)**	**96,997**

The above statement should be read in conjunction with the accompanying notes.

Statement of Cash Flows
For the year ended 30 June 2019

	Note	Year ended 30 June 2019 $'000	Year ended 30 June 2018 $'000
Cash flows from operating activities			
Payments for purchase of investments		(34,458)	(57,004)
Proceeds from sale of investments		30,188	41,134
Dividends received		4,848	4,481
Interest received		53	137
Income tax paid		(39)	(141)
Other payments to suppliers and employees		(1,427)	(2,029)
Net cash used in operating activities	13	**(835)**	**(13,422)**
Cash flows from financing activities			
Proceeds from issue of new shares		-	21,914
Dividend paid net of amounts reinvested		(5,697)	(7,696)
Net cash (used in)/provided by financing activities		**(5,697)**	**14,218**
Net (decrease)/increase in cash and cash equivalents		**(6,532)**	**795**
Cash and cash equivalents at the beginning of the year		11,999	11,204
Cash and cash equivalents at the end of the year	7	**5,467**	**11,999**

The above statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements
For the year ended 30 June 2019

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Note 1: Statement of Significant accounting policies

The following is a summary of significant accounting policies adopted by the Company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the activities of Contango Income Generator Limited. The Company is limited by shares, incorporated and domiciled in Australia. The Company is a for-profit entity for the purpose of preparing the financial statements.

The financial report was authorised for issue by the directors on 20 August 2019.

Compliance with IFRS
The financial statements of Contango Income Generator Limited also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies. The Statement of Financial Position has been presented in order of liquidity. The financial report is presented in Australian Dollars which is the functional currency of the Company.

Critical accounting estimates
The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

(b) Accounting for profits and losses

At the conclusion of each calendar month, the Company records profits earned to Retained Earnings with the intention of transferring undistributed Retained Earnings to Dividend Reserve at the conclusion of the financial period. Losses incurred at the end of each calendar month are transferred to Accumulated Losses. The above process enables the Directors to declare or determine to pay dividends from the Reserve to shareholders at a future date.

(c) Going concern

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

(d) Revenue

Dividend income is recognised on the ex-dividend date with any related withholding tax recorded as an expense. Dividends received from associates are accounted for in accordance with the equity method.

Interest income is recognised in the statement of comprehensive income using the effective interest method for all financial instruments that are not held at fair value through profit or loss.

Net gains/(losses) on financial assets and financial liabilities 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 end of the reporting period and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend income.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Expenses

All expenses, including Investment Manager's fees, are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

Note 1: Statement of Significant accounting policies (continued)

(f) Trade and Other Receivables

Trade and other receivables may include amounts for dividends, interest, trust distributions and amounts due from brokers. Dividends are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in Note 1 (d) above. Trade and other receivables also include such items as Reduced Input Tax Credits ("RITC").

(g) Trade and Other Payables

Trade and other payables are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. Payables include liabilities, amounts due to brokers and accrued expenses owed by the Company which are unpaid as at the end of the reporting period.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(i) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax balances
Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(j) New standards adopted as at 1 July 2018

AASB 15 *Revenue from Contracts with Customers*

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. The new Standard has been applied as at 1 July 2018.

As per management's assessment, there were no impacts on the Company's financial statements upon adoption of AASB 15 on 1 July 2018 as the Company's revenue recognition of interest income, dividend income, net gains/(losses) on financial instruments were unaffected as these items are excluded from scope of AASB 15.

AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* replaces AASB 139's *'Financial Instruments: Recognition and Measurement'* requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

All of the Company's investments in financial assets continued to be accounted for at fair value through profit or loss under AASB 9. Accordingly, first time application of AASB 9 had no impact on the Company's accounting for their investments in financial assets

Note 1: Statement of Significant accounting policies (continued)

(k) Financial instruments

(i) Classification and measurement

Financial assets

The company classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

For equity securities and derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss. The Company's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is to evaluate the information about these financial assets on a fair value basis together with other related financial information.

A financial asset is measured at amortized cost only if both of the following conditions are met:

- the asset is held with a business model whose objective is to hold assets in order to collect contractual cash flows.
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The assessment of the Company's business model was made as of the date on initial recognition being 1 July 2018, and then applied retrospectively to those financial assets that were not derecognized before 1 July 2018. The assessment of whether contractual cash flows are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. Financial assets at amortised cost are subsequently measured using effective interest (EIR) method and are subject to impairment.

Financial liabilities

The Company makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss.

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

(ii) Recognition/Derecognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets and financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all the risks and rewards of ownership.

(iii) Impairment

Impairment of financial assets is recognised based on the lifetime expected credit loss which is determined when the credit risk on a financial asset has increased significantly since initial recognition. In order to determine whether there has been a significant increase in credit risk since initial recognition, the entity compares the risk of default as at the reporting date with risk of default as at initial recognition using reasonable and supportable data, unless the financial asset is determined to have low credit risk at the reporting date.

For trade and other receivables, the simplified approach is used, which requires recognition of a loss allowance based on the lifetime expected credit losses. As a practical expedient, the Company uses a provision matrix based on historical information and adjusted for forward looking estimates in order to determine the lifetime expected credit losses.

Note 1: Statement of Significant accounting policies (continued)

(k) Financial instruments (continued)

(iii) Impairment (continued)

Any change in expected credit losses between the previous reporting period and the current reporting period is recognised as an impairment gain or loss in profit or loss. There is no material impact on the Company as of 30 June 2019.

(iv) Hedge accounting

The Company may hold derivative financial instruments for trading purposes only.

The Company has not applied hedge accounting. At the date of initial application, the Company did not have any existing hedging relationships. AASB 9 does not change the general principles of how an entity accounts for effective hedges. The application of AASB 9 did not have a significant impact to the Company.

(v) Classification and measurement

The adoption of AASB 9 has not had a material effect on the Company's financial assets and financial liabilities.

(l) 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 component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(n) Rounding of amounts

The company has applied the relief available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial statements and in the directors' report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar (where indicated).

(o) Standards Issued but not effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below, except for those standards which, in the opinion of the Board, will clearly not impact the Company. The Company intends to adopt these standards, if applicable, when they become effective.

AASB 16 Leases

ASSB 16 was issued in January 2016 and requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117. Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases. The standard requires lessees and lessors to make more extensive disclosures than under AASB 117. AASB 16 is effective for annual periods beginning on or after 1 January 2019, however early adoption is permitted. The Fund is not a Lessor and expects the impact of adopting this standard to be minimal.

Note 2: Significant accounting estimates and judgements

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Income tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(b) Fair value measurements

Certain financial assets and liabilities are measured at fair value. Fair values have been determined in accordance with fair value measurement hierarchy. Refer to Note 3 for the details of the fair value measure key assumptions and inputs.

Note 3: Financial Risk Management

(a) Objectives, strategies, policies and processes

The Company's activities may expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk, liquidity risk and risk relating to fair value.

The Company's overall risk management program focuses on ensuring compliance with the Company's Prospectus and seeks to maximise the returns derived for the level of risk to which the Company is exposed. Financial risk management is carried out by an Investment Manager under policies approved by the Board of Directors of the Company ('the Board').

The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, price risks, and ratings analysis for credit risk.

As part of its risk management strategy, the Company uses derivatives and other investments, including share price and warrants, to manage exposures resulting from changes in interest rates, equity price risks, and exposures arising from forecast transactions.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: price risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

The sensitivity of the Company's equity and profit/(loss) before income tax to price risk is measured by the reasonably possible movements approach. This approach is determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, historical correlation of the Company's investments with the relevant benchmarks and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Company invests. As a result, historic variations in the risk variables are not a definitive indicator of future variations in the risk variables.

Once management determines that an investment may be affected by a reasonably possible movement, the effect of this movement on the Company’s equity and profit/(loss) is monitored.

(i) Price risk

Equity price risk is the risk that the fair value of equities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Note 3: Financial Risk Management (continued)

(b) Market risk (continued)

(i) Price risk (continued)

Equity price risk exposure arises from the Company's investment portfolio. The investments are classified on the balance sheet as at fair value through profit or loss. All securities investments present a risk of loss of capital. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited. At 30 June 2019, the Company had no short-sold positions (2018: Nil).

Derivatives are traded sparingly and used to provide short-term exposure to the general equity market.

The Investment Manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Board.

The Company's overall market positions are monitored on a daily basis by the Company's Investment Manager and are reviewed on a monthly basis by the Board of Directors.

The Company's net assets include investments in debt and equity securities and related derivatives. At 30 June, the overall market exposures were as follows:

	Year Ended 30 June 2019 $'000	Year ended 30 June 2018 $'000
Financial assets at fair value through profit or loss	91,907	88,459

At 30 June 2019, the trust's market risk is affected by changes in market prices. If the exposure of financial assets and liabilities had increased by 10% with all other variables held constant, this would have increased net assets attributable to unitholders by approximately $9,190,769 (2018: $8,845,910). Conversely, if the exposure of financial assets and liabilities at 30 June 2019 had decreased by 10% with all other variables held constant, this would have decreased net assets attributable to unitholders by approximately $9,190,769 (2018: $8,845,910).

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest bearing financial assets and financial liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Company has established limits on investments in interest bearing assets, which are monitored on a daily basis. The Company may use derivatives to hedge against unexpected increases in interest rates. No such investments were held at 30 June 2019 (2018: Nil).

In accordance with the Company's policy, the Company monitors the Company's overall interest sensitivity on a daily basis, and the Board of Directors reviews it on a quarterly basis. Compliance with the Company's policy is reported to the Board on a monthly basis.

At 30 June 2019, cash and cash equivalents to the value of $5,467,068 (2018: $11,999,071) are the only financial instrument subject to interest rate risk. The Company is not subject to significant amounts of interest rate risk due to fluctuations in the prevailing levels of market interest rates.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, and deposits with banks and other financial institutions.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values. At 30 June 2019, the Company had no derivative exposure (2018: Nil).

Note 3: Financial Risk Management (continued)

(c) Credit risk (continued)

The investment manager manages credit risk by diversifying the exposure among counter parties and operating in liquid markets. The Company does not have any significant concentration of credit risk on an industry basis. Deposits are held with AAA rated institutions.

With respect to credit risk arising from the financial assets of the Company, other than derivatives, the Company's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these investments as disclosed in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

The Company holds no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired as at the reporting date and no amounts have been written off in the period.

(d) Liquidity risk

Liquidity risk is the risk that a Company will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Company's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Company maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Company may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Company may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. No such investments were held at the Statement of Financial Position date.

In accordance with the Company's policy, the Investment Manager monitors the Company's liquidity position on a daily basis, and the Board reviews it on a quarterly basis.

Maturity analysis for financial liabilities

The table below analyses the Company's financial liabilities, excluding gross settled derivative financial liabilities, into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month $'000	1-3 months $'000	3-12 months $'000	12-60 months $'000
At 30 June 2019				
Payables	366	-	-	-
Tax payables	-	-	-	2,673
Total financial liabilities	**366**	**-**	**-**	**2,673**
At 30 June 2018				
Payables	326	-	-	-
Tax payables	-	-	-	1,512
Total financial liabilities	**326**	**-**	**-**	**1,512**

Note 3: Financial Risk Management (continued)

(e) Fair values of financial assets and financial liabilities

The carrying amounts of the Company's financial assets and financial liabilities in the Statement of Financial Position are all at fair value.

For the years ended 30 June 2019 and 30 June 2018, the Company did not have any financial assets and financial liabilities that were determined using valuation techniques. The fair values of the Company's financial assets and liabilities for the years then ended were determined directly, in full, by reference to quoted prices from the Australian Securities Exchange. Financial asset and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data

The Company held $91,907,688 (2018: $88,459,097) Level 1 Financial Assets and Liabilities as at 30 June 2019. For all other financial assets and liabilities, the carrying value is an approximation of fair value, including cash and cash equivalents, trade and other receivables and trade and other payables due to their short term nature.

Note 4: Fair value gain on financial assets through profit or loss

	Year ended 30 June 2019 $'000	Year Ended 30 June 2018 $'000
Realised investment (losses)/gains	(2,051)	4,327
Unrealised investment gains/(losses)	1,436	(4,407)
Total investment gains/(losses)	**(615)**	**(80)**

Note 5: Income Tax

a) Income tax expense

	Year ended 30 June 2019 $'000	Year ended 30 June 2018 $'000
Prima facie income tax expense calculated at 30%	804	756
Less the tax effect of :		
Imputation credit gross up	648	458
Franking credit offset	(2,161)	(1,527)
Under/(over) provision of prior year tax	24	-
Tax losses	108	-
Non Deductible Expenditure	(83)	-
	(660)	**(313)**
Total Income tax expense/(benefit) results in a:		
Under/(over) provision of prior year tax	24	-
Change in deferred tax liability	1,161	(319)
Change in deferred tax asset	(1,845)	6
	(660)	**(313)**

Note 5: Income Tax (continued)

b) Deferred tax assets

Tax losses including franking credits	2,056	108
Deferred Tax Assets on Sec 40-880 Costs	157	259
	2,213	**368**

Movement in deferred tax assets		
Balance at the beginning of the period	368	332
Credited/(charged) to the statement of profit or loss and comprehensive income	1,845	36
At reporting date	**2,213**	**368**

c) Deferred tax liabilities

Movement in deferred tax liabilities		
Balance at the beginning of the year	(1,512)	(1,831)
Credited/(charged) to the statement of profit or loss and comprehensive income	(1,161)	319
At reporting date	**(2,673)**	**(1,512)**

Fair value adjustments	(2,560)	(1,451)
Income assessable in the future	(113)	(61)
Deferred tax liability	**(2,673)**	**(1,512)**

Note 6: Dividends

Year ended 30 June 2019

	Dividend Rate (cents per share)	Total amount '000	% Franked	Date of payment
2018 Final dividend (declared on 30 August 2018)	1.80	1,869	50%	20 September 2018
2019 Interim Dividend (declared on 12 November 2018)	1.55	1,611	50%	11 December 2018
2019 Interim Dividend (declared on 13 February 2019)	1.55	1,613	100%	12 March 2019
2019 Interim Dividend (declared on 13 May 2019)	1.06	1,105	75%	11 June 2019

Year ended 30 June 2018

	Dividend Rate (cents per share)	Total amount '000	% Franked	Date of payment
2017 Final dividend (declared on 29 August 2017)	3.50	3,267	50%	13 October 2017
2018 Interim Dividend (declared on 31 October 2017)	1.60	1,570	50%	21 December 2017
2018 Interim Dividend (declared on 23 February 2018)	1.60	1,657	50%	20 April 2018
2018 Interim Dividend (declared on 4 June 2018)	1.60	1,660	50%	26 June 2018

Note 7: Cash and Cash Equivalents

	As at 30 June 2019 $'000	As at 30 June 2018 $'000
Cash at bank	5,467	11,999

Note 8: Trade and other receivables

Other receivables	449	-
Unsettled trades receivable	-	366
Total trade and other receivables	**449**	**366**

Note 9: Investments at fair value through profit or loss

Financial assets at fair value through profit or loss		
Shares in listed entities	91,907	88,459
Investments at fair value through profit or loss	**91,907**	**88,459**

Note 10: Trade and other payables

Other payables	(366)	(54)
Unsettled trades payable	-	(272)
Total trade and other payables	**(366)**	**(326)**

Note 11: Issued Capital

	30 June 2019		30 June 2018	
	No. of shares	$'000	No. of shares	$'000
Issued and paid up capital - Ordinary shares	104,440,346	102,228	103,810,943	101,727

Fully paid ordinary shares carry one vote per share and the right to dividends. For the year ended 30 June 2019 there was only one class of equity securities on issue - ordinary shares (30 June 2018: ordinary shares).

Movements in ordinary share capital

	2019		2018	
Details	**No. of shares**	**$'000**	**No. of shares**	**$'000**
Opening balance	103,810,943	101,727	81,150,494	79,329
New shares issued	-	-	3,266,186	3,038
Shares issued under Dividend Re-investment Plan	629,403	501	491,930	458
Share options exercised	-	-	18,902,333	18,902
Closing balance	**104,440,346**	**102,228**	**103,810,943**	**101,727**

(a) Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share gives entitlement to one vote when a poll is called.

Note 11: Issued Capital (continued)

(b) Share Options

During the year ended 30 June 2018, 18,902,333 options were exercised to ordinary shares at a price of $1.00 per option. 14,984,681 options were unexercised at the expiry date on 30 March 2018.

(c) Capital Management

The Company's capital is invested to:

- achieve of a long-term real rate of return for investors over and above the return of the S&P/ASX All Ordinaries Accumulation Index;
- deliver the regular payment of dividends; and
- preserve the capital base of the Company.

The Directors have the additional discretion to undertake capital management initiatives such as on-market share buy-back of shares to assist with these investment objectives.

Note 12: Reserves & Accumulated Losses

		As at 30 June 2019 $'000	As at 30 June 2018 $'000
(a)	**Dividend Payment Reserve**		
	Opening balance	2,984	8,306
	Transfer from retained earnings	3,340	2,832
	Dividends paid	(6,198)	(8,154)
	Balance at the end of the year	**126**	**2,984**
(b)	**Accumulated Losses**		
	Balance at the beginning of the year	(5,357)	(5,357)
	Transfer to profits reserve	(3,252)	(2,832)
	Profit for the year attributable to the members of the company	3,252	2,832
	Balance at the end of the year	**(5,357)**	**(5,357)**

Note 13: Cash Flow Information

Profit/(loss) for the year attributable to shareholders after tax	3,340	2,832
Adjustments for:		
Change in value of financial assets designated at fair value through profit or loss	(3,448)	(17,066)
Increase in tax payable/refund due	-	(250)
Increase in deferred tax attributed to operations	(684)	(204)
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(83)	1,223
Increase in trade and other payables	40	43
Net cash used in operating activities	**(835)**	**(13,422)**

Note 14: Commitments

The Company can commit to underwriting activities in respect of public share issues. At 30 June 2019 the potential financial amount that the Company may be liable for is $Nil (2018: $Nil).

Note 15: Contingencies

As at 30 June 2019, the Company had no contingent liabilities (2018: $Nil).

Note 16: Earnings per share

	Year ended 30 June 2019 cents	Year ended 30 June 2018 cents
Basic and diluted earnings per share	3.21	2.85
	Shares	**Shares**
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	104,064,070	99,399,347
	$'000	**$'000**
Net profit used in the calculation of basic and diluted earnings per share	3,340	2,832

Note 17: Directors Compensation

	As at 30 June 2019 $	As at 30 June 2018 $
Compensation by category		
Director fees	88,818	125,000
Superannuation	8,429	11,875
Total	**97,247**	**136,875**

Note 18: Auditors Remuneration

Amount paid and payable to auditors for:		
Audit and other assurance services		
Audit and review of financial reports	48,500	48,600
Other assurance services	-	-
Total remuneration for audit and other assurance services	**48,500**	**48,600**
Other non-audit services		
Taxation services	7,500	10,900
Other	-	841
Total remuneration for non-audit services	**7,500**	**11,741**
Total remuneration of auditors	**56,000**	**60,341**

Note 19: Investment Management Information

The Company has appointed the Investment Manager, Contango Funds Management Limited, pursuant to an Investment Management Agreement dated 24 June 2016 (the **IMA**). The IMA is for an initial term of 5 years, following which it continues unless terminated in accordance with its terms. The Investment Objective under the IMA is to exceed the performance of the S&P/ASX Mid-Cap Industrial Accumulation Index over any rolling 3-year period after the IMA commencement.

The Company is required to pay the Investment Manager a quarterly management fee of:

- 0.2375 % (or 0.95% pa) for the Company's portfolio valued at less than or equal to $150 million; plus
- 0.225% (or 0.9% pa) on the increment of the Company's portfolio valued above $150 million but less than or equal to $500 million; plus
- 0.2125% (or 0.85% pa) on the increment of the Company's portfolio above $500 million.

For the 2019 financial year, the Company paid to the Investment Manager management fees of $929,732 (2018: $914,440). No performance fee is payable to the Investment Manager under the terms of the IMA.

Note 20: Related Party Disclosures

All transactions with related entities are made on commercial arms-length terms.

The Company's investment manager is Contango Funds Management Limited ("Investment Manager"). The Company paid management fees of $929,732 (2018: $914,440) to the Investment Manager during the year. As at 30 June 2019, $252,747 management fees were payable by the company to the Investment Manager.

In addition, the Company has a services agreement with 2735 CSM Holdings Pty Limited to provide the use of premises and facilities, company secretarial, administrative, financial and accounting services. For the financial year 2019 the fees paid to 2735 CSM Holdings Pty Limited for these services were $250,000 (2018: $250,000).

The Investment Manager and 2735 CSM Holdings Pty Limited are director associated entities. All the related party transactions are conducted on normal commercial terms and conditions.

In addition to these payments and as part of its normal payment of dividends on its shares the Company made payments to directors that held shares in Contango Income Generator Limited (CIE). Dividend amounts of $6,866 were paid to current directors Mr Mark Kerr (2018: $8,804); and $6,389 to Mr Don Clarke (2018: $8,193); and $Nil was paid to Mr George Boubouras (2018: $162).

Mr Mark Kerr and Mr Don Clarke are current directors of the company and Mr George Boubouras was a director at the time of his 2018 payment.

Note 21: Segment Information

The Company operates solely in the business of investment in companies listed on the Australian share market. Revenue, profit, net assets and other financial information reported to and monitored by the Chief Operating Decision Maker (CODM) for the single identified operating segment are the amounts reflected in the Statement of Profit & Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows. The CODM has been identified as the Board of Directors.

Note 22: Subsequent Events

On 20 August 2019 the Board of Contango Income Generator Limited declared a final dividend of 1.0 cent per share (50% franked). This brings the total dividend for the year ended 30 June 2019 to 5.2 cents per share (75% franked). The dividend is to be paid on 24 September 2019.

There has been no other matter or circumstance, which has arisen since 30 June 2019 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2019, of the Company, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2019, of the Company.

Contango Income Generator Limited
ABN 40 160 959 991

Directors' Declaration

In accordance with a resolution of the directors of Contango Income Generator Limited (the Company), I state that:

In the opinion of the directors:

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

   (i) giving a true and fair view of the Company’s financial position as at 30 June 2019 and of its performance for the year ended on that date; and

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

(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.

This declaration is made in accordance with a resolution of the directors.

Mark Kerr
Chairman
Melbourne
20 August 2019

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Independent Auditor's Report to the Members of Contango Income Generator Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Contango Income Generator Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration of the Company.

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

a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial 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 Company 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 (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 judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of the investment portfolio	
Contango Income Generator Limited's investment portfolio as at 30 June 2019 includes listed equities and cash holdings. Investment valuation and existence was a key audit matter as the investment balance of $91,907,688 represents 94% of total assets. As detailed in the Company's accounting policy, described in Note 2(b) of the financial report, these financial assets are recognised at fair value through profit or loss in accordance with Australian Accounting Standards. Pricing, exchange rates and other market drivers can have a significant impact on the value of these financial assets and the financial report. Accordingly, valuation of the investment portfolio was considered a key audit matter.	We assessed the effectiveness of controls relating to the recognition and valuation of investments. We obtained and considered the assurance report on the controls of the Company's administrator and custodian in relation to the fund administration and custody services for the year ended 30 June 2019 and considered the auditor's qualifications, competence and objectivity and the results of their procedures. We agreed all investment holdings, including cash accounts, to third party confirmations at 30 June 2019. We assessed the fair value of all investments in the portfolio held at 30 June 2019. For listed securities, the values were verified against independently sourced market prices. We assessed the adequacy of the disclosures in Note 4 and Note 9 of the financial report.

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 Company's 2019 Annual Report other than 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 and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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.

Building a better working world

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 Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the Company or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 7 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Contango Income Generator Limited for the year ended 30 June 2019, 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.

Ernst & Young

Ernst & Young

Luke Slater

Luke Slater
Partner
Melbourne
20 August 2019

The Company was incorporated as a limited liability company in Victoria on 26 October 2012. The Company is a Listed Investment Company with its securities listed only on the Australian Stock Exchange.

Registered office
Level 6
10 Spring Street
Sydney NSW 2000

Directors
Mark Kerr (Chairman)
Don Clarke
Martin Switzer

Company secretary
Anthony Rule

Auditor
Ernst & Young
8 Exhibition Street
Melbourne Victoria 3000

Investment custodian
National Australia Bank Limited
500 Bourke Street
Melbourne VIC 3000

Share registrar
Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067
Telephone 1300 850 505

A. SECURITY HOLDINGS DATA

Top 20 registered security holders

As at 31 July 2019, the twenty largest holders of the Company's ordinary shares and options are listed below:

Rank	Name	Units	% Units
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,457,315	11.93
2	AUST EXECUTOR TRUSTEES LTD <CHARITABLE FOUNDATION>	2,994,483	2.87
3	AUST EXECUTOR TRUSTEES LTD <BIPETA>	2,748,501	2.63
4	MR VICTOR JOHN PLUMMER	2,000,000	1.91
5	MRS TRACY FRASER	1,223,621	1.17
6	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	816,037	0.78
7	KEISER SHIPPING & TRANSPORT PTY LTD	750,000	0.72
8	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	709,694	0.68
9	KEISER INVESTMENTS PTY LTD <GANN FAMILY RETIREMENT A/C>	569,149	0.54
10	G F STENING PTY LTD <SUPER FUND A/C>	540,000	0.52
11	EST MR DAVID MADDEN	531,915	0.51
12	ANGUS MAC PTY LTD	517,060	0.50
13	ESTATE LATE RICHARD KELVIN FREEMAN	508,000	0.49
14	PACIFIC POINT PARTNERS LIMITED	507,614	0.49
15	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	434,487	0.42
16	NOONBAH PTY LTD <NOONBAH S/F A/C>	400,000	0.38
16	VAUGHAN AGRICULTURE PTY LTD <D C VAUGHAN A/C>	400,000	0.38
18	ANNIE OCEANA PTY LTD <ELLIS SUPER FUND A/C>	275,000	0.26
19	NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	274,058	0.26
20	MRS SUSAN MARGARET WIGHT	250,000	0.24
	Total	**28,906,934**	**27.68**

Range of security holders

At 31 July 2019, there were 2,721 holders of ordinary shares. These holdings were distributed as follows:

	Share holdings
1 - 1,000	143
1,001 - 5,000	349
5,001 - 10,000	382
10,000 - 100,000	1,709
100,000 and over	123
Total holders	**2,706**

There were 47 shareholdings of less than a marketable parcel of $500 (5444 shares).

B. ON-MARKET BUY BACK

There was no buy-back activity undertaken during the year.

C. INVESTMENTS AND TRANSACTIONS

As at 30 June 2019, the Company held investments in the following companies:

ASX Code	Name	ASX Code	Name
ABC.AX	ADELAIDE BRIGHTON ORD	HVN.AX	HARVEY NORMAN HOLDINGS ORD
AGL.AX	AGL ENERGY ORD	IPH.AX	IPH ORD
ALL.AX	ARISTOCRAT LEISURE ORD	IRE.AX	IRESS ORD
APA.AX	APA GROUP UNT	LLC.AX	LENDLEASE GROUP UNT
AST.AX	AUSNET SERVICES ORD	MMS.AX	MCMILLAN SHAKESPEARE ORD
ASX.AX	ASX ORD	MPL.AX	MEDIBANK PRIVATE ORD
AZJ.AX	AURIZON ORD	MYS.AX	MYSTATE ORD
BAP.AX	BAPCOR ORD	PPT.AX	PERPETUAL ORD
BEN.AX	BENDIGO AND ADELAIDE BANK ORD	RWC.AX	RELIANCE WORLDWIDE CORPORATION ORD
BKW.AX	BRICKWORKS ORD	SGF.AX	SG FLEET GROUP ORD
BOQ.AX	BANK OF QUEENSLAND ORD	SGP.AX	STOCKLAND UNT
CAR.AX	CARSALES.COM LIM ORD	SGR.AX	THE STAR ENTERTAINMENT GROUP ORD
CHC.AX	CHARTER HALL GRP UNT	SIQ.AX	SMARTGROUP CORPORATION ORD
CTX.AX	CALTEX AUSTRALIA ORD	SKI.AX	SPARK INFRASTRUCTURE GROUP UNT
DLX.AX	DULUXGROUP ORD	SXL.AX	SOUTHERN CROSS MEDIA GROUP ORD
DXS.AX	DEXUS PROPERTY GROUP UNT	TAH.AX	TABCORP HOLDINGS ORD
EVT.AX	EVENT HOSPITALITY AND ENTERTAINM ORD	URW.AX	UNIBAIL-RODAMCO-WESTFIELD CDI
GPT.AX	GPT GROUP UNT	VEA.AX	VIVA ENERGY GROUP ORD
GUD.AX	GUD HOLDINGS ORD	VRT.AX	VIRTUS HEALTH ORD
GWA.AX	GWA GROUP ORD	ZEL.AX	Z ENERGY ORD
HPI.AX	HOTEL PROPERTY UNT		

D. TRANSACTION DATA

Over the 12 months ended 30 June 2019, the Company executed 97 purchase transactions and 76 sale transactions. The total brokerage paid or accrued during this period was $205,023.