

**Appendix 4D - Preliminary Final Report
for the half year ended 31 December 2019**

Results announcement to the market

	31 December 2019	31 December 2018	Change
	\$'000	\$'000	%
Income from ordinary activities	26,112	(6,676)	491%
Profit from ordinary activities after tax attributable to members	17,125	(6,820)	351%
Basic and diluted earnings per share (cents per share)	6.74	(2.72)	348%

Dividend Information	Cents per share	Franked amount per share	Tax rate for franking
2020 interim dividend	2.5 Cents	2.5 Cents	27.5%

Interim Dividend Dates

Ex-dividend Date	8 April 2020
Record Date	9 April 2020
Last date for DRP	14 April 2020
Payment Date	30 April 2020

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) is active and available to shareholders for the interim dividend of 2.5 cents per share. Participating shareholders will be entitled to be allotted the number of shares which the cash dividend would purchase at the relevant price. The relevant price will be the weighted average sale price of all shares in the Company sold on the Australian Securities Exchange during the five trading days commencing on and including the Record Date, with no discount applied.

Share Buyback Plan

On 26 August 2019 the Board announced its intention to implement an on-market buy back of no more than 10% of the Company's shares over the period commencing 10 September 2019 to 9 September 2020. During the half-year ended 31 December 2019 the Company has purchased on-market and cancelled 586,466 shares at a cost of \$628,825, at an average discount of 14.23% to the Net Tangible Assets per share at trade date.

Net Tangible Assets Per Share	31 December 2019	31 December 2018
Net Tangible Assets (before provision for tax on unrealised gains/ (losses)) per share	\$1.29	\$1.14
Net Tangible Assets (after provision for tax on unrealised gains/ (losses)) per share	\$1.24	\$1.15

This report is based on the Half Year Financial Report which has been subject to independent review by the Auditor, Ernst & Young.

All the documents comprise the information required by the Listing Rule 4. 2A.

The Interim Report of Pengana International Equities Limited for the half-year ended 31 December 2019 is attached.

This information should be read in conjunction with the 30 June 2019 Annual Report.

**INTERIM
REPORT**

PENGANA INTERNATIONAL EQUITIES LIMITED

INTERIM REPORT

ACN 107 462 966

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**31 DECEMBER
2019**

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CHAIRMAN'S REPORT

Dear fellow shareholders,

I'm pleased to present the Pengana International Equities Limited (ASX: PIA, "PIA" or "the Company") Financial Report for the six months ending 31 December 2019.

NPAT
\$17.1m

FINANCIAL PERFORMANCE

Net profit after tax for the six months ended 31 December 2019 was **\$17.1 million**, representing an EPS of 6.74 cents per share. This is a considerable improvement over the prior comparable period which ended 31 December 2018. The main driver of the result was strong financial performance from the ethically invested global equities portfolio managed by Pengana Capital's International Equities team.

Upcoming Interim Dividend

2.5c

DIVIDEND

An interim dividend of **2.5 cents** per share fully franked will be paid on Thursday 30 April 2020 to shareholders on the register on Thursday, 9 April 2020. The PIA shares will trade ex-dividend on Wednesday, 8 April 2020.

The Company's dividend reinvestment plan will operate for the interim dividend.

The Company is committed to franking dividends to the maximum extent possible, however, the Company's ability to fully frank future dividends will largely rely upon the realisation of capital gains from its investments.

On 19 November 2019, the company paid its final dividend of **3.5 cents** per share, of which 2.35 cents per share were franked at 27.5%. This payment absorbed \$8.9 million of retained earnings and reduced net assets accordingly.

Total Shareholder Return

11%

\$ SHARE PRICE

The Company's Total Shareholder Return for the six-month period to 31 December 2019 was 11%, taking into account the share price which closed the period at \$1.13 (up from \$1.05 at 30 June 2019), and the 3.5 cents per share dividend paid on 19 November 2019.

Investment Return¹

7.5%

INVESTMENT PERFORMANCE

The international equities investment strategy implemented by Pengana Capital Group Limited (ASX: PCG) delivered a return, net of operating costs and management fees, of **7.5%¹** while underweight the higher risk and volatile large cap US growth companies.

The ethical investment strategy is designed to generate long-term consistent returns whilst reducing both the volatility of returns and the risk of losing capital.

CHAIRMAN'S REPORT

BUY BACK

In accordance with the buyback announcement in August 2019 the Company commenced buying its shares on market on 10 September 2019. Since then, the Company has invested \$0.6 million to acquire 586,466 shares at an average discount of 14.2% to the last reported NTA on trade date.

To comply with the PIA's share trading policy no shares have been purchased since the end of the reporting period. Buying may resume after the release of the half year results to the Australian Securities Exchange.

BOARD CHANGES

I am pleased to report that the appointment of Ms Sandi Orleow was confirmed at the Company's Annual General Meeting held on 31 October 2019.

Investment Return

7.3%

Calendar year to
14 February 2020

OUTLOOK

Since balance date to 14 February 2020 the Company's investment portfolio has delivered a return, net of operating costs and management fees of 7.3% whilst the Company's share price was trading at \$1.17 at the close of market on 21 February 2020, up from \$1.13 at 31 December 2019. The portfolio remains well diversified and underweight Information Technology and North America.

COMMUNICATION

Email is the fastest, most cost effective and preferred method of shareholder communication, **with the smallest carbon footprint**. Shareholders who have provided their email to Computershare receive invitations to roadshows, the company's newsletters and insights as well as notifications of ASX announcements made by the company.

To keep your email address updated and current on your Computershare account, update your communication preferences at www.computershare.com.au/easyupdate/pia and select "Email" for delivery of "Company Information" or alternatively call 1300 855 080 or +61 3 9415 4000 (outside Australia), Monday to Friday AEDT 8:30am to 8:00pm.

On behalf of the Board, I would like to thank all our shareholders for your ongoing support.



Frank Gooch

Chairman

Pengana International Equities Limited



¹ For the six months ending 31 December 2019. Performance figures refer to the movement in net assets per share, reversing out the impact of option exercises and payments of dividends, before tax paid or accrued on realised and unrealised gains. Past performance is not a reliable indicator of future performance, the value of investments can go up and down

DIRECTORS' REPORT

Your Directors present their report on Pengana International Equities Limited ("the Company"), for the half-year ended 31 December 2019.

Directors

The names of Directors in office at any time during or since the end of the half-year are:

Frank Gooch	Non-Executive Director and Chairman	
Julian Constable	Non-Executive Director	Resigned on 31 October 2019
David Groves	Non-Executive Director	
Sandi Orleow	Non-Executive Director	Appointed on 1 September 2019
Russel Pillemer	Managing Director	

Directors have been in office since the start of the financial year to the date of this report, unless stated otherwise.

Operating and Financial Review

Company Overview and Principal Activities

Pengana International Equities Limited is a listed investment company that was incorporated on 22 December 2003 to invest in a portfolio of permitted investments. The Company's Investment Manager Pengana Investment Management Limited, is a wholly owned subsidiary of Pengana Capital Group Limited (PCG).

The permitted investments comprise shares in ethically screened companies that are listed on international exchanges, derivatives and cash.

Operating results

The Company's total investment income was \$26.1 million for the six months to 31 December 2019, up 490% from the \$6.7 million investment loss posted for the half-year ended 31 December 2018.

Management fees of \$2million for the period were up on the prior year fees of \$1.9million. This was as a result of higher average funds under management during the period ended 31 December 2019 compared with the prior half-year period.

Corporate expenses for the period at \$406,971 were up \$16,447 compared to the prior period \$390,524.

This resulted in a profit after tax of \$17.1 million for the six months to 31 December 2019, an increase of \$23.9 million from a loss after tax of \$6.8 million for the half-year ended 31 December 2018.

Significant changes in the state of affairs

On 26 August 2019 the Board announced its intention to implement an on-market buy back of no more than 10% of the Company's shares over the period commencing 10 September 2019 to 9 September 2020. During the half-year ended 31 December 2019 the Company has purchased on-market and cancelled 586,466 shares at a cost of \$628,825, at an average discount of 14.23% to the Net Tangible Assets per share as at 31 December 2019.

On 26 August 2019 the Board announced its intention to reset the dividend payable for the financial year ending 30 June 2020 to 5 cent per share, franked to the maximum extent possible, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices.

On 31 October 2019, Julian Constable resigned as Director of the Company. On 1 September 2019, Russel Pillemer was appointed as Director of the Company.

There were no other significant changes in the state of affairs during the half-year.

Dividends

On 26 August 2019, the Company announced a final dividend of 3.5 cents per share, of which 2.35 cents per share was franked at 27.5% in line with the Company's stated dividend policy (2018: 3.5 cents per share franked at 27.5%).

The dividend reinvestment plan was operational during the period and 556,921 new shares were issued raising \$605,596.

After balance sheet date events

On 24 February 2020, the Board declared an interim fully franked dividend of 2.5 cents per share franked at 27.5% for the period. This dividend is not recognised as a liability at 31 December 2019 and will be paid on 30 April 2020.

The after tax NTA per share of the Company at 14 February 2020 was \$1.31, an increase of 5.42% or \$0.07 from the \$1.24 recorded at 31 December 2019.

No shares have been purchased since the balance sheet date in line with the Company's share trading policy.

Other than the above, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this financial report that has significantly or may significantly affect Company's operations, the results of those operations or the Company's state of affairs in future years.

DIRECTORS' REPORT

Rounding of amounts

The Company is of a kind referred to in the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain areas, to the nearest dollar (unless stated otherwise).

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is set out on the following page and forms part of this report.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'F Gooch', written in a cursive style.

Frank Gooch
Chairman
Sydney
24 February 2020



**Building a better
working world**

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Auditor's Independence Declaration to the Directors of Pengana International Equities Limited

As lead auditor for the review of Pengana International Equities Limited for the half-year ended 31 December 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

Ernst & Young

Graeme McKenzie
Partner
24 February 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended:		31 December 2019 \$'000	31 December 2018 \$'000
	Note		
Revenue			
Interest received		99	416
Dividend received		1,698	3,249
Change in fair value of investments	2	24,134	(10,341)
Other operating income		<u>181</u>	<u>-</u>
Total investment income/ (loss)		26,112	(6,676)
Management fees	6	(2,012)	(1,861)
Performance fees	6	<u>-</u>	<u>(441)</u>
		(2,012)	(2,302)
Expenses			
Directors' fees		(80)	(76)
Audit fees		(33)	(32)
Brokerage expenses		(341)	(475)
Share registry fees		(71)	(83)
ASX listing fees		(43)	(55)
Custody and administration fees		(72)	(53)
Other expenses		(108)	(92)
		<u>(748)</u>	<u>(866)</u>
Total expenses		<u>(2,760)</u>	<u>(3,168)</u>
Profit/(loss) before income tax		<u>23,352</u>	<u>(9,844)</u>
Income tax (expense)/ benefit	3	<u>(6,227)</u>	<u>3,024</u>
Net profit/(loss) after income tax		<u>17,125</u>	<u>(6,820)</u>
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the half-year		<u>17,125</u>	<u>(6,820)</u>
Basic and diluted earnings per share (cents per share)		6.74	(2.72)

The statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at:		31 December 2019 \$'000	30 June 2019 \$'000
	Note		
Assets			
Cash and cash equivalents		23,607	34,089
Trade and other receivables		1,686	5,065
Financial assets	5	303,622	275,825
Deferred tax assets	3	<u>129</u>	<u>116</u>
Total assets		329,044	315,095
Liabilities			
Trade and other payables		418	1,302
Deferred tax liabilities	3	<u>12,833</u>	<u>6,224</u>
Total liabilities		13,251	7,526
Net assets		315,793	307,569
Equity			
Issued capital		315,974	315,997
Profit reserve		113,732	105,485
Retained losses		(113,913)	(113,913)
Total equity attributable to shareholders of the Company		315,793	307,569

The statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the half-year ended:		Issued Capital \$'000	Profit Reserve \$'000	Retained Earnings/ (losses) \$'000	Total \$'000
	Note				
Balance at 1 July 2018		308,278	106,473	(113,913)	300,838
Loss for the half-year		-	-	(6,820)	(6,820)
Transactions with shareholders in their capacity as owners:					
Dividend reinvestment plan issues		771	-	-	771
Options exercised		5,759	-	-	5,759
Costs incurred on option issue		(5)	-	-	(5)
Dividends paid	4	-	(8,830)	-	(8,830)
Balance at 31 December 2018		314,803	97,643	(120,733)	291,713
Balance as at 1 July 2019		315,997	105,485	(113,913)	307,569
Profit for the half-year		-	-	17,125	17,125
Transfer to profit reserve		-	17,125	(17,125)	-
Transactions with shareholders in their capacity as owners:					
Dividend reinvestment plan issues		606	-	-	606
Dividends paid	4	-	(8,878)	-	(8,878)
Share buyback		(629)	-	-	(629)
Balance at 31 December 2019		315,974	113,732	(113,913)	315,793

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

STATEMENT OF CASH FLOWS

For the half-year ended		31 December 2019 \$'000	31 December 2018 \$'000
	Note		
Cash flows from operating activities			
Proceeds from sale of investments		92,718	180,196
Payments for purchase of investments		(93,233)	(177,993)
Brokerage expenses		(341)	(475)
Dividends received		1,425	3,195
Interest received		145	289
Other income received		155	62
Management fees paid		(1,926)	(1,862)
Performance fees paid		-	(315)
Income tax paid		-	(939)
Payment to suppliers		(529)	(557)
Net cash (outflow)/inflow from operating activities		(1,586)	1,601
Cash flows from financing activities			
Payments for costs incurred on option issue		-	(5)
Proceeds from exercise of options		-	5,759
Dividends paid	4	(8,272)	(8,059)
Share buyback		(629)	-
Net cash outflow from financing activities		(8,901)	(2,305)
Net decrease in cash and cash equivalents		(10,487)	(704)
Cash and cash equivalents at the beginning of the half-year		34,089	41,230
Foreign exchange (loss)/gain on foreign currency denominated cash		5	(18)
Cash and cash equivalents at the end of the half-year		23,607	40,508

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: General Information

This interim financial report is for Pengana International Equities Limited (the "Company") for the half-year ended 31 December 2019. The Company is a for profit entity limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded.

The financial report for the half-year ended 31 December 2019 is a general purpose financial report and has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. It is presented in Australian dollars (\$) and was approved by the Board of Directors on 24 February 2020. The Directors have the power to amend and reissue the financial report.

This half-year financial report does not include all the information and disclosures normally included in the annual financial report. Accordingly, this report should be read in conjunction with the 30 June 2019 Annual Report, any public announcements made in respect of the Company during the half-year ended 31 December 2019 in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. Where necessary, comparative figures have been reclassified to conform to any changes in presentation made in the half-year financial report.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2019 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

NOTE 2: CHANGES IN FAIR VALUE OF INVESTMENTS

	Half-year ended	
	31 December 2019	31 December 2018
	\$'000	\$'000
Change in the fair value of listed equities	24,272	(12,338)
Change in the fair value of derivative financial instruments	(138)	1,997
Total changes in the fair value of investments	24,134	(10,341)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: INCOME TAX EXPENSE

	Half-year ended	
	31 December 2019	31 December 2018
	\$'000	\$'000
a. Income tax (expense)/benefit attributable for the half-year differs from the prima facie amount payable on the operating profit. The difference is reconciled as follows:		
Profit/(loss) before income tax expense	23,352	(9,844)
Prima facie income tax (expense)/benefit on net profit at 27.5% (2018: 27.5%)	(6,422)	2,707
Adjustments to prior periods	(3)	(79)
Foreign withholding tax	198	396
	<u>(6,227)</u>	<u>3,024</u>
b. The major components of income tax (expense)/benefit are:		
Current income tax benefit/(expense)	369	(2,116)
Deferred income tax	(6,596)	5,140
	<u>(6,227)</u>	<u>3,024</u>
c. Deferred tax liabilities relate to the following:		
Unrealised gain on investments	(12,747)	-
Other temporary differences	(86)	(49)
	<u>(12,833)</u>	<u>(49)</u>
d. Deferred tax assets relate to the following:		
Unrealised losses on investments	-	1,104
Costs associated with the issue of shares	91	183
Other temporary differences	38	152
	<u>129</u>	<u>1,439</u>

Under the provisions of the tax legislation, a company will qualify for the lower company tax rate of 27.5% for the financial year 2019/20 if it is a "base rate entity" for the income year. A company is a "base rate entity" for an income year only if:

- No more than 80% of the company's assessable income for the year is passive income; and
- The aggregated turnover of the company is less than the relevant threshold (\$50 million for the financial year 2019/20).

The Company's "aggregated turnover" for the financial year 2018/19 amounted to approximately \$40m.

As the Company's "aggregated turnover" for the financial year 2018/19 was less than \$50 million and less than 80% of the Company's assessable income was passive income, the Company was eligible to qualify for the lower company tax rate of 27.5% for 2018/19.

Furthermore, as the "aggregated turnover" for the financial year 2018/19 was less than \$50 million, the maximum rate at which the Company will be able to frank dividends paid during the financial year 2019/20 is 27.5%.

Whilst the franking rate will be 27.5% for dividends paid during the financial year 2019/20, the actual tax rate for the financial year 2019/20 (i.e. for the purposes of calculating the tax payable on the Company's taxable income for that year) will depend on whether the Company is a "base rate entity" for financial year 2019/20. In the event that the Company is not a "base rate entity", the tax rate for financial year 2019/20 will be 30%.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: DIVIDENDS

	Half-year ended	
	31 December 2019 \$'000	31 December 2018 \$'000
a Dividends paid		
Final dividend of 3.5 cents per share, of which 2.35 cents per share was franked at 27.5%, paid on 19 November 2019 (2018: final fully franked dividend of 3.5 cents per share, franked at 27.5%)	8,878	8,830
	<u>8,878</u>	<u>8,830</u>
b Dividend reinvestment plan		
Final dividend of 3.5 cents per share, of which 2.35 cents per share was franked at 27.5%, paid on 19 November 2019 (2018: final fully franked dividend of 3.5 cents per share, franked at 27.5%)	(606)	(771)
	<u>(606)</u>	<u>(771)</u>
Net dividends paid in cash	<u>8,272</u>	<u>8,059</u>
c Interim dividend declared		

On 24 February 2020, the Board declared an interim fully franked dividend of 2.5 cents per share franked at 27.5% for the period. This dividend is not recognised as a liability at 31 December 2019 and will be paid on 30 April 2020.

NOTE 5: FAIR VALUE MEASUREMENT

The following table provides an analysis of financial instruments as at reporting date that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There has been no transfer between levels from the previous reporting period.

31 December 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Listed investments at fair value	303,622	-	-	303,622
Total	<u>303,622</u>	<u>-</u>	<u>-</u>	<u>303,622</u>
30 June 2019				
Financial assets				
Listed investments at fair value	275,825	-	-	275,825
Total	<u>275,825</u>	<u>-</u>	<u>-</u>	<u>275,825</u>

The carrying amount of cash, trade and other receivables and trade and other payables approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: RELATED PARTY TRANSACTIONS

Transactions between related parties are on arm's length commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

		Half-year ended	
		31 December 2019	31 December 2018
		\$	\$
a. Pengana Capital Group Limited			
The Company reimburses Pengana Capital Group Limited for any expenses that are paid on behalf of the Company as appropriate under the Company's constitution.		75	125
b. Pengana Investment Management Limited (Investment Manager)			
Management fees paid and payable as governed by the Investment Management Agreement		(2,012)	(1,861)
c. Pengana Investment Management Limited (Investment Manager)			
Performance fee is accrued as governed by the Investment Management Agreement. Performance fee is calculated and accrued daily, payable on 30 June.		-	(441)

NOTE 7: STATEMENT OF OPERATIONS BY SEGMENT

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Chief Investment Officer of the Investment Manager in assessing and determining the allocation of resources.

The Company operates in one business segment, being investment in securities.

NOTE 8: SUBSEQUENT EVENTS

On 24 February 2020, the Board declared an interim fully franked dividend of 2.5 cents per share franked at 27.5% for the period. This dividend is not recognised as a liability at 31 December 2019 and will be paid on 30 April 2020.

The after tax NTA per share of the Company at 14 February 2020 was \$1.31, an increase of 5.42% or \$0.07 from the \$1.24 recorded at 31 December 2019.

No shares have been purchased since the balance sheet date in line with the Company's share trading policy.

Other than the above, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this financial report that has significantly or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs in future years.

NOTE 9: CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2019 and 30 June 2019 that required disclosure.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Pengana International Equities Limited, I state that:

- 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 its financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
 - ii) complying with Australian Accounting Standard AASB134 *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.

Signed in accordance with a resolution of the Directors of the Company.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'F Gooch', written in a cursive style.

Frank Gooch
Chairman
Sydney
24 February 2020

Independent Auditor's Review Report to the Members of Pengana International Equities Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Pengana International Equities Limited (the "Company"), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Company is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



Independence

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

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Graeme McKenzie'.

Graeme McKenzie
Partner
Sydney
24 February 2020

CORPORATE DIRECTORY

PRINCIPAL AND REGISTERED OFFICE

Pengana International Equities Limited

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Email clientservice@pengana.com

AUDITOR

Ernst & Young

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Sydney NSW 2000
Australia

DIRECTORS

Frank Gooch

Non-executive Director and Chairman

David Groves

Non-executive Director

Sandi Orleow

Non-executive Director

Russel Pillemer

Managing Director

SHARE REGISTRY

Computershare Investor Services Pty Limited

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Sydney NSW 2000

Australia

Telephone (61 2) 8234 5000

Website www.computershare.com/au

COMPANY SECRETARY

Paula Ferrao



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INTERNATIONAL
EQUITIES LIMITED

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