

27 February 2020

The Manager
ASX Market Announcements
Australian Securities Exchange
Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Subject: Interim Financial Report for half-year ended 31 December 2019

The Board of Contrarian Value Fund Limited (ASX: CVF) are pleased to release the Interim Financial Report for the half-year ended 31 December 2019 along with the Investor Presentation.

Sincerely,



Laura Newell
Company Secretary

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CONTRARIAN VALUE FUND

Contrarian Value Fund Limited
(ACN 602 250 644)

Interim Financial Statements
Including Appendix 4D Disclosures
For the half-year ended 31 December 2019

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Results for Announcement to the Market

Key Information	Change from previous corresponding period			Current Period A\$
Revenue from ordinary activities from continuing operations	Up	<i>nmf</i>	to	5,078,511
Profit after tax from continuing operations attributable to members	Up	<i>nmf</i>	to	2,790,610
Net profit for the half-year attributable to members	Up	<i>nmf</i>	to	2,790,610

Dividends Paid and Proposed

Dividends	Value (\$m)	Amount per security	Franked amount per security
Final Dividend – 2019 (paid 19 Nov 2019)	3.5	0.050	0.050
Monthly Dividend – 2019 (paid 16 Dec 2019)	0.3	0.00458	0.00458
Monthly Dividend – 2019 (payable 17 Jan 2020)	0.3	0.00458	0.00458

Dividend Reinvestment Plan

CVF has adopted a Dividend Reinvestment Plan ('DRP').

The information on the DRP has been lodged with the ASX.

Earnings per Share

Earnings per ordinary fully paid share	Current Period	Previous Corresponding Period
<i>From continuing operations:</i>		
Basic EPS	0.04 cents	(0.02) cents
Diluted EPS	0.04 cents	(0.02) cents

Net Tangible Assets

NTA backing	31 December 2019	30 June 2019
Net tangible asset backing per ordinary security	1.2087 cents	1.2069 cents



Corporate Directory

Directors	Kien Khan (Kent) Kwan (Chairman) Kevin Chin John Moore AO Victoria Guy
Company Secretary	Laura Newell
Principal registered office in Australia	Level 11, 153 Walker Street North Sydney NSW 2060
Investment Manager	ACVF Management Pty Ltd Level 11, 153 Walker Street North Sydney NSW 2060
Share Registry	Boardroom Pty Limited Level 12, 225 George Street Sydney, NSW 2000
Auditor	PKF Brisbane Audit Level 6, 10 Eagle Street Brisbane QLD 4000
Legal Adviser	Watson Mangioni Lawyers Pty Limited Level 13, 50 Carrington Street Sydney NSW 2000
Stock Exchange	Australian Securities Exchange CVF - Ordinary Shares
Website	www.contrarianvaluefund.com



Contrarian Value Fund Limited

ACN 602 250 644

Directors' Report and Financial Statements for the half-year ended 31 December 2019

Directors' Report

The Directors of Contrarian Value Fund Limited (the Company), present their report together with the financial statements of the Company for the half-year ended 31 December 2019 ("the reporting period").

Directors

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

Kien Khan (Kent) Kwan (Chairman);

Kevin Chin (Director);

Victoria Guy (Independent Vice-Chairman);

John Moore AO (Independent Director);

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

Review and results of operations

The Company continues investment of funds in accordance with its governing documents.

The most appropriate measure of the Company's financial performance is Profit/(Loss) after income tax. Profit/(Loss) after income tax includes the profit after tax and after recognising fair value gain/(loss) on the Company's investments.

The Company's gain before income tax for the half-year ended 31 December 2019 was \$3,931,579 (2018: loss \$2,428,649). The gain after income tax for the half-year ended 31 December 2019 was \$2,790,610 (2018: loss of \$1,621,426), reflecting a gain on stocks selected and held in the portfolio over the period.

Basic earnings per share after income tax was 0.04 cents (2018: (0.02) cents) for the reporting period.

For the reporting period ended 31 December 2019

	\$
Profit before income tax expense	3,931,579
Income tax benefit	(1,140,969)
Profit after income tax attributable to the owners of the Company	2,790,610
Weighted average number of shares	69,675,261



Reconciliation of net tangible assets used in calculation of net tangible assets per ordinary share for ASX reporting

As at 31 December 2019	\$
Net assets per financial statements	80,765,459
(Less)/ Add net position of deferred tax asset/liabilities	1,361,184
Net tangible assets per financial statement	82,126,643
Expected costs to be incurred in realising proceeds of asset disposals (non-IFRS)	718,206
Net tangible assets before providing for estimated tax associated with unrealised portfolio position	82,844,849
Provision for estimated tax on unrealised gains (non -IFRS)	(1,838,081)
Net tangible assets for ASX reporting	81,006,768
Number of ordinary shares on issue at reporting date	68,538,802

Net Tangible Assets Backing (NTA) per share	As at 31 December 2019	
	Chapter 19 NTA Reporting \$/share	IFRS NTA Reporting \$/share
NTA per share, before providing for estimated tax associated with unrealised portfolio positions (\$/share)	1.2087	1.2087
NTA per share, after providing for estimated tax associated with unrealised portfolio positions (\$/share)	1.1819	1.2087

Dividends

\$0.059 worth of dividends were declared during the reporting period, of which \$0.055 have been paid.

Options

There are no options on issue and outstanding at 31 December 2019.

On-market share buyback

During the half-year, the Company cancelled 2,675,000 shares (2018: NIL) at a cost of \$2,751,383 (2018: \$NIL) under share buyback. The on-market share buyback remains available and will be implemented in circumstances where the Directors feel it is in the interests of shareholders to do so.

Significant changes in state of affairs

There were no significant changes in the state of affairs during the reporting period.



Events occurring after the reporting period

During the period the Directors declared fully franked dividends of \$0.00458 for the months of January and February 2020, the payments will be made during February and March 2020 respectively.

Apart from the monthly dividend, no matters or circumstances have arisen since 31 December 2019 that have significantly affected, or may significantly affect:

- a) the Company's operations in future reporting periods; or
- b) the results of those operations in future reporting periods; or
- c) the Company's state of affairs in future reporting periods.

Auditor's independence declaration

The lead Auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 8 for the half-year ended 31 December 2019.

Signed for, and on behalf of, the Board in accordance with a resolution of the Directors made pursuant to s. 306(3) of the *Corporations Act 2001*.



Kent Kwan

Chairman

Sydney, 27 February 2020



AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
CONTRARIAN VALUE FUND LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2019, 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.

PKF BRISBANE AUDIT



LIAM MURPHY
PARTNER

27 FEBRUARY 2020
BRISBANE

Statement of Profit or Loss and Other Comprehensive Income

	Note	31 Dec 2019 \$	31 Dec 2018 \$
<i>Revenue from ordinary activities</i>			
Interest income		104,697	126,755
Dividend income		119,852	272,164
Fair value gains/(losses) on financial assets held at fair value through profit or loss	3	4,859,924	(2,583,597)
Total revenue/(loss)		5,084,473	(2,184,678)
Other gains/(expenses) - Gain/(loss) on foreign exchange		(5,962)	971,990
<i>Expenses</i>			
Management fees, (and estimated performance fees)		(425,022)	(596,480)
Directors' fees		(57,750)	(57,777)
Professional fees		(165,701)	(106,511)
Compliance and governance expenses		(85,073)	(139,990)
Interest expense		(329)	-
Transaction costs		(194,147)	(119,116)
Other expenses		(218,910)	(196,087)
Total expenses		(1,146,932)	(1,215,961)
Profit/(loss) before income tax expense		3,931,579	(2,428,649)
Income tax (expense)/benefit		(1,140,969)	807,223
Profit/(loss) after income tax for the period attributable to the owners of the Company		2,790,610	(1,621,426)
Other comprehensive income for the period attributable to the owners of the Company		-	-
Total comprehensive income for the period attributable to the owners of the Company		2,790,610	(1,621,426)
<i>Earnings per share for profit/(loss) after income tax attributable to the owners of the ordinary shares of the Company</i>			
Basic (cents per share)	7	0.04	(0.02)
Diluted (cents per share)	7	0.04	(0.02)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



Statement of Financial Position

	Note	31 Dec 2019 \$	30 June 2019 \$
Assets			
<i>Current assets</i>			
Cash and cash equivalents		37,306,970	58,025,527
Receivables		98,790	101,710
Total current assets		37,405,760	58,127,237
<i>Non-current assets</i>			
Financial assets at fair value through profit or loss	4 (a)	45,285,092	34,430,645
Loan to ACVF Management Pty Ltd (Related party)	4 (b)	311,657	-
Total non-current assets		45,596,749	34,430,645
Total assets		83,002,509	92,557,882
Liabilities			
<i>Current liabilities</i>			
Payables		153,775	366,578
Dividend payable		313,908	-
Financial liabilities held at fair value through profit or loss	4 (c)	-	6,592,693
Income tax payable		408,182	305,992
Total current liabilities		875,865	7,265,263
<i>Non-current liabilities</i>			
Deferred tax assets and liabilities - net		1,361,184	1,108,396
Total non-current liabilities		1,361,184	1,108,396
Total liabilities		2,237,049	8,373,659
Net assets		80,765,460	84,184,223
Equity			
Contributed equity		67,189,699	69,295,060
Retained profits		13,575,761	14,889,163
Total equity		80,765,460	84,184,223

The above Statement of Financial Position should be read in conjunction with the accompanying notes.



Statement of Changes in Equity

	Contributed equity \$	Retained profits \$	Dividend distribution reserve \$	Total equity \$
Balance at 1 July 2018	68,294,100	13,726,516	5,239,916	87,260,532
Profit after tax for the reporting period attributable to the owners of the Company	-	(1,621,426)	-	(1,621,426)
Total comprehensive income for the reporting period attributable to the owners of the Company	-	(1,621,426)	-	(1,621,426)
Transactions with owners in their capacity as owners:				
Contributed equity (net of transaction costs and taxes) (DRP)	868,463	-	-	868,463
Dividend paid	-	(3,135,246)	-	(3,135,246)
Balance at 31 December 2018	69,162,563	8,969,844	5,239,916	83,372,323
Balance at 1 July 2019	69,295,060	14,889,163	-	84,184,223
Profit/(loss) after tax for the reporting period attributable to the owners of the Company	-	2,790,610	-	2,790,610
Total comprehensive income for the reporting period attributable to the owners of the Company	-	2,790,610	-	2,790,610
Contributed equity (net of transaction costs and taxes) (share buyback)	(2,752,203)	-	-	(2,752,203)
Contributed equity (net of transaction costs and taxes) (DRP)	646,842	-	-	646,842
Dividend paid or payable	-	(4,104,012)	-	(4,104,012)
Balance at 31 December 2019	67,189,699	13,575,761	-	80,765,460

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



Statement of Cash Flows

	31 Dec 2019	31 Dec 2018
	\$	\$
<i>Cash flows from operating activities</i>		
Proceeds from sale of financial assets at fair value through profit or loss	21,265,727	51,019,915
Payments for purchase of financial assets at fair value through profit or loss	(34,612,616)	(8,569,096)
Net payments on foreign exchange activities	36,931	270,524
Interest received	107,251	131,755
Dividends received	119,852	306,614
Payment of other operating expenses	(911,023)	(5,901,037)
Interest paid	(329)	-
Income tax paid	(785,991)	(5,298,626)
Net cash inflow/(outflow) from operating activities	(14,780,198)	31,960,049
<i>Cash flows from investing activities</i>		
On-market share buy-back	(2,752,203)	-
Proceeds from dividend reinvestment plan	646,842	868,463
Payments of dividend	(3,790,105)	(3,135,246)
Net cash (outflow) from investing activities	(5,895,466)	(2,266,783)
<i>Net increase/(decrease) in cash and cash equivalents</i>	<i>(20,675,664)</i>	<i>29,693,266</i>
Cash and cash equivalents at beginning of the period	58,025,527	32,456,373
Effect of foreign currency translation	(42,893)	701,466
Cash and cash equivalents at end of the period	37,306,970	62,851,105

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.



1. General information

The financial statements cover Contrarian Value Fund Limited (the Company) as an individual entity.

The Company was admitted to the official list of ASX Limited on 2 January 2015 and official quotation of the Company's securities commenced on 5 January 2015. The amount raised from the initial public offering is invested in listed securities and cash. ACVF Management Pty Ltd (Manager) is the Investment Manager of the Company. The Company has no employees other than Non-Executive Directors.

The Company is incorporated and domiciled in Australia. The financial statements are presented in Australian currency.

The financial statements were authorised for issue by the directors on 24 February 2020. The directors of the Company have the power to amend and reissue the financial statements.

2. Summary of significant accounting policies

(a) Basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Contrarian Value Fund Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2019, together with any public announcements made during the following half-year.

(b) Accounting policies

Except as disclosed below, the accounting policies in this interim financial report are the same as those applied in the Company's financial statements as at and for the year ended 30 June 2019.

Critical Accounting Estimates and Judgments

All critical estimates and judgments are consistent with those applied and disclosed in the 30 June 2019 annual report, except in relation to the matter discussed below.

Key Estimates – Performance Fees

The investment management agreement between the Company and its Investment Manager provides for payment of a 'Performance Fee' in circumstances where the increase in the value of the Portfolio exceeds a defined hurdle over a performance calculation period. The determination of the amount of the performance fee, if any, is measured at 30 June annually. The Company uses judgement and estimates to determine the appropriate accrual of estimated performance fee payable at 31 December and includes the resulting amount in the financial statements for the period then ended. At 31 December 2019 NIL (2018:NIL) has been provided for performance fees which may become payable at 30 June 2020.



(c) New standards and interpretations not yet adopted

AASB 16 Leases

AASB 16 *Leases*, issued in February 2016, includes significant changes for lease accounting, particularly for lessees. For lessees, almost all leases go on the statement of financial position as the distinction between operating and financing leases has been removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exemptions from this are short-term and low-value leases. The accounting for lessors has not significantly changed.

This standard has been considered and does not have a material impact on the Company's accounting policies nor the amounts recognised in the financial statements.

3. Net fair value gains/(losses) on financial instruments held at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	31 Dec 2019	31 Dec 2018
	\$	\$
Fair value gains/(losses) on financial assets held at fair value through profit or loss	4,859,924	(2,583,597)

4. Financial assets and liabilities

(a) Financial assets at fair value through profit and loss

	31 Dec 2019	30 June 2019
	\$	\$
Designated at fair value through profit or loss		
Investment in listed securities at fair value through profit or loss	45,285,092	34,430,645

(b) Financial assets

	31 Dec 2019	30 June 2019
	\$	\$
Loan to ACVF Management Pty Ltd (Related party)	311,657	-

The Manager loan is an unsecured loan advanced to ACVF Management Pty Ltd ("ACVFM"). ACVFM is a related party due to a common Director. ACVFM may use the loan for working capital purposes to the extent drawdowns relate to the on-going strategic review of the Fund. ACVFM will pay interest on the loan every six months from the initial drawdown date (18 December 2019) at a rate of 5.5% per annum. The loan facility is capped at \$500,000 and is repayable in full on the 5th anniversary of the initial drawdown date. The facility was approved by the Board at its meeting on the 18th December 2019.



(d) Financial liabilities at fair value through profit or loss

	31 Dec 2019	30 June 2019
	\$	\$
Financial liabilities on borrowed securities at fair value through profit or loss	-	6,592,693

5. Operating segment information

The Company operates only in the investment industry in Australia and has no reportable business or geographic segments.

6. Share Capital

Movements in share capital during the period are set out as below:	31 Dec 2019	30 June 2019
	Number of shares	Number of shares
Shares on issue at the beginning of the period	70,566,275	69,672,141
Shares issued under the Company's dividend reinvestment plan	647,527	1,117,339
Shares cancelled due to the Company's share buyback	(2,675,000)	(223,205)
Shares on issue at the end of the period	68,538,802	70,566,275

7. Earnings/(Losses) per share

	31 Dec 2019	31 Dec 2018
Basic earnings/(losses) per share	0.04	(0.02)
Diluted earnings/(losses) per share	0.04	(0.02)
Reconciliation of earnings/(losses) and weighted average number of shares used in calculating basic and diluted earnings/(losses) per share:		
Earnings/(losses) used in calculating basic earnings/(losses) per share	2,790,610	(1,621,426)
Earnings/(losses) used in calculating diluted earnings/(losses) per share	2,790,610	(1,621,426)
Weighted average number of ordinary shares used in the calculation of basic earnings/(losses) per share	69,675,261	70,024,745
Weighted average number of ordinary shares used in the calculation of diluted earnings/(losses) per share	69,675,261	70,024,745



8. Dividends paid

	2019	2018
Final - Cash paid 19 Nov '19 (2018: 5 Oct '18)	2,878,016	2,266,783
- Dividend Reinvestment Plan 19 Nov '19 (2018: 5 Oct '18)	594,048	868,463
Monthly dividend - Cash paid 16 Dec '19	265,247	-
- Dividend Reinvestment Plan 16 Dec '19	52,794	-
Total dividends paid	3,790,105	3,135,246

9. Events occurring after the reporting period

During the period the Directors declared fully franked dividends of \$0.00458 for the months of January and February 2020, the payments will be made during February and March 2020 respectively.

Apart from the monthly dividend, no matters or circumstances have arisen since 31 December 2019 that have significantly affected, or may significantly affect:

- d) the Company's operations in future reporting periods; or
- e) the results of those operations in future reporting periods; or
- f) the Company's state of affairs in future reporting periods.

10. Contingent assets and liabilities and commitments

There are no outstanding commitments, contingent assets or liabilities as at 31 December 2019.



Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 9 to 16 are in accordance with the *Corporations Act 2001*, and:
 - (i) Complying with Australian Accounting Standard AASB 134 – *Interim Financial Reporting* and the *Corporations Regulations 2001*;
 - (ii) Giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance, as represented by the results of its operations and cash flows, for the half-year ended on that date.
- (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.



Kent Kwan
Chairman

Sydney, 27 February 2020



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CONTRARIAN VALUE FUND LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Contrarian Value Fund Limited ("the company"), which comprises the statement of financial position as at 31 December 2019, and 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, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Contrarian Value Fund Limited 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 the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

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 the Australian Accounting Standards and the *Corporations Regulations 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, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2019 and its

performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Contrarian Value Fund Limited, 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.

PKF BRISBANE AUDIT

A handwritten signature in black ink, appearing to be 'Liam Murphy', written over a light blue horizontal line.

LIAM MURPHY
PARTNER

27 FEBRUARY 2020
BRISBANE