ECP

ECP EMERGING GROWTH LIMITED

ACN 167 689 821

APPENDIX 4E STATEMENT

Preliminary Final Report

For the year ended 30 JUNE 2021

(Previous corresponding period is year ended 30 June 2020)

CONTENTS

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ECP EMERGING GROWTH LIMITED

APPENDIX 4E STATEMENT

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The preliminary results are based on audited financial statements.

The reporting period is the year ended 30 June 2021 with the corresponding period being the year ended 30 June 2020.

The following statutory information is provided:

SUMMARY OF RESULTS

Investment Portfolio return (before tax, expenses and fees) was 50.5% compared with the All Ordinaries Index which increased by 26.4% for the financial year.

	2021 $	2020 $	Movement %
Revenue from ordinary activities (1)	344,231	304,194	13.2%
Profit from ordinary activities after Income Tax (2)	7,096,722	2,490,917	184.9%

Explanations

1. Revenue includes dividends and interest.
2. Portfolio performance of positive 50.5% compared to prior year of 22.7% is the key driver of increased year on year profit after tax.

DIVIDEND

Final Dividend per share

The Directors have resolved to pay a final dividend of 2.75 cents per ordinary share fully franked which will be paid on 15 September 2021. The record date to determine entitlements to the final dividend is 1 September 2021.

Previous corresponding period

Final Fully Franked Dividend paid on 18 September 2020	0.60 cents
Special Fully Franked Dividend paid on 18 September 2020	1.65 cents

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) will apply to the final dividend with the price determined by the Directors, taking into account the market price of the shares. The last date for the receipt of an election notice for participation in the DRP will be at close of business on 2 September 2021. There is no foreign conduit income attributable to the dividend.

Listed Investment Company (LIC) Capital Gains Components

The Final Dividend will have an LIC Capital Gains Component. Distributed LIC capital gains may entitle certain Shareholders to a special deduction of their Tax Return as set out in the dividend statement.

LIC capital gains available for distribution are dependent on:

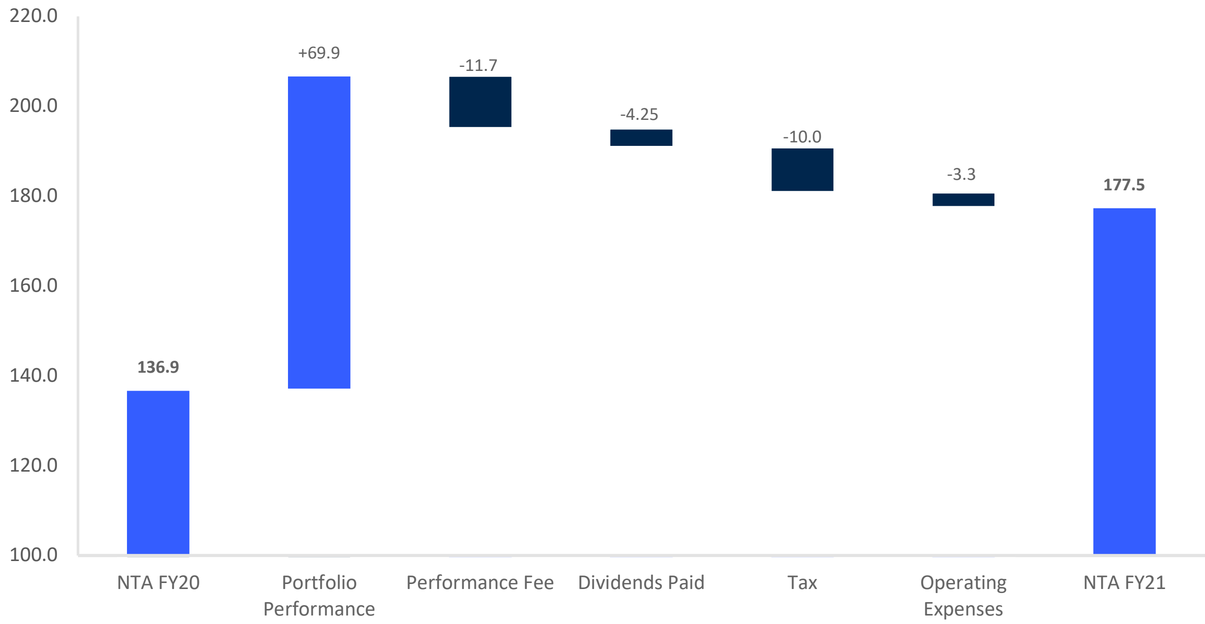
(1) Tax paid on the disposal of investment portfolio holdings which qualify for LIC capital gains; or

(2) The receipt of LIC distribution from LIC securities held in the portfolio.

NET TANGIBAL ASSET BACKING (NTA)

The net tangible asset backing per share (tax on realised gains only) at 30 June 2021 was 177.5 cents per share compared with 136.9 cents per share at 30 June 2020.

The waterfall graph below shows the movement between the opening and closing NTA for FY2021.



REVIEW OF OPERATIONS

The investment performance for the year was outstanding. Portfolio returns of positive 50.5% was 24.1 percentage points better than the ASX All Ordinaries which increased by 26.4%. The performance is recognised in the Statement of Profit and Loss by a year on year increase of $39,065 in dividends received, increase of $2,659,815 in unrealised portfolio gains and a $5,148,153 increase in realised gains. As shown in the Waterfall graph above, the portfolio performance provides significant uplift (positive 69.9 cents per share) in the Net Tangible Assets of the Company before payment of dividends to Shareholders (4.25 cents per share), provision for performance fee (11.7 cents per share) and provision for tax (10.0 cents per share).

The performance fee increase of $1,208,840 compared to FY2020 is directly related to the performance of the portfolio and is calculated in accordance with the Management Agreement (see note 21). Income tax payable has increased by $1,176,075 compared to FY2020 due to the high value of realised gains in the portfolio. The Investment Manager is a long-term investor and does not trade the portfolio for short term gains. The gains realised this year were in accordance with the investment strategy and can occur for a variety of reasons. The most common scenario during the last 12 months was a trigger based on the forecast internal rate of return compared to market valuation at a point in time. Where companies became highly valued compared to the forecast future earnings the portfolio was adjusted accordingly. In addition, when an investee company reaches a market value such that it enters the ASX 50 Index it will no longer be held in the portfolio in accordance with the investment mandate, as was the case with Afterpay and Xero.

The portfolio activity mentioned is considered business as usual for the Investment Manager. Despite the ongoing turmoil and uncertainty generated by the COVID-19 pandemic the Manager remained diligently focused on the investment process and monitoring the investee businesses to be in the best position to generate long term future returns.

The closing position of the Company at 30 June 2021 includes Net Assets of $30,510,315 (after tax on realised and unrealised gains), a 26.1% increase on the prior year. This is after paying dividends to Shareholders of $778,517 during the period.

PERFORMANCE VS. THE ALL ORDINARIES INDEX

Year to	Portfolio Return Pre-Fees	NTA* (Tax on Realised Gains Only)	All Ordinaries Index
June-15	3.4%	-3.6%	-3.1%
June-16	24.8%	15.8%	-2.6%
June-17	2.6%	-5.9%	8.5%
June-18	20.0%	12.3%	9.1%
June-19	17.3%	6.3%	6.5%
June-20	22.7%	9.1%	-10.4%
June-21	50.5%	29.7%	26.4%

HOLDINGS OF SECURITIES AS AT 30 JUNE 2021

Individual investments at 30 June 2021 are listed below. The list should not, however, be used to evaluate portfolio performance or to determine the net asset backing per share at other dates. Individual holdings in the portfolio may change during the course of the year.

ASX Code	Company	Shares	Market Value $	%
	ORDINARY SHARES			
AD8	Audinate Group Limited	104,113	846,438.69	2.32
ALU	Altium Limited	54,846	2,012,299.74	5.51
ARB	ARB Corporation Limited	9,688	418,424.72	1.15
CAR	Carsales.Com Limited	63,139	1,247,626.64	3.42
CAT	Catapult Group International Ltd	312,227	624,454.00	1.71
CBR	Carbon Revolution Limited	761,460	845,220.60	2.32
CGC	Costa Group Holdings Limited	339,082	1,122,361.42	3.08
CGCXX	Costa Group Holdings Limited Rights	53,567	160,701.00	0.44
CTD	Corporate Travel Management Limited	66,735	1,434,135.15	3.93
DMP	Domino's Pizza Enterprises Limited	15,605	1,880,558.55	5.15
FCL	Fineos Corporation Holdings PLC	221,214	862,734.60	2.36
FPH	Fisher & Paykel Healthcare Corporation Limited	11,733	339,318.36	0.93
HUB	HUB24 Limited	84,787	2,417,277.37	6.62
IEL	Idp Education Limited	48,174	1,182,189.96	3.24
LIC	Lifestyle Communities Limited	43,774	683,312.14	1.87
LOV	Lovisa Holdings Limited	140,981	2,149,960.25	5.89
MFG	Magellan Financial Group Limited	55,702	3,000,109.72	8.22
MP1	Megaport Limited	54,396	1,002,518.28	2.75
NWL	Netwealth Group Limited	56,664	971,787.60	2.66
NXL	Nuix Limited	478,266	1,056,967.86	2.90
PDL	Pendal Group Limited	208,349	1,679,292.94	4.60
PWH	Pwr Holdings Limited	278,889	1,977,323.01	5.42
REA	REA Group Ltd	2,357	398,403.71	1.09
RMD	ResMed Inc.	45,769	1,499,392.44	4.11
SEK	Seek Limited	11,450	379,453.00	1.04
SKO	Serko Limited	129,840	890,702.40	2.44
WTC	Wisetech Global Limited	29,464	940,785.52	2.58
			32,023,749.67	**87.75**
	CASH			
	Cash (including dividends receivable and unsettled trades)		4,472,860.06	12.25
	TOTAL		**36,496,609.73**	**100.00**

ECP Emerging
Growth Limited

Appendix 4E

Financial Report

Contents

Statement of Profit or Loss and Other Comprehensive Income

Financial report for the year ended 30 June 2021

	Notes	2021 $	2020 $
Revenue	5	344,231	304,194
Net cumulative gain on sale of financial assets at fair value		8,725,776	3,577,623
Net unrealised gains on financial assets at fair value		3,739,607	1,079,792
Expenses	6	(2,763,241)	(1,488,876)
Profit/(loss) before income tax		10,046,373	3,472,733
Income tax expense	7	(2,949,651)	(981,816)
Net Profit/(loss) after income tax		7,096,722	2,490,917
Other Comprehensive Income			
Other Comprehensive Income for the year, net of tax		-	-
Total Comprehensive Income/(loss) for the year		7,096,722	2,490,917

		Cents	Cents
Earnings per share			
Basic earnings per share based on net profit/(loss)	15	38.74	13.60
Diluted earnings per share based on net profit/(loss)	15	38.74	13.60
Comprehensive earnings/(loss) per share	15	38.74	13.60

The accompanying Notes form part of these Financial Statements.

Statement of Financial Position

Financial report for the year ended 30 June 2021

	Notes	2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	8	3,774,884	4,354,187
Trade receivables and other assets	9	982,209	81,100
Total current assets		4,757,093	4,435,287
Non-current assets			
Financial assets at fair value through profit or loss	10	32,023,749	22,760,007
Total non-current assets		32,023,749	22,760,007
Total assets		36,780,842	27,195,294
Liabilities			
Current liabilities			
Trade and other payables	11	2,440,740	1,003,727
Current tax liabilities	12	1,826,216	1,119,322
Total current liabilities		4,266,956	2,123,049
Non-current liabilities			
Deferred tax liability	12	2,003,571	880,135
Total non-current liabilities		2,003,571	880,135
Total liabilities		6,270,527	3,003,184
Net assets		30,510,315	24,192,110
Equity			
Issued capital	13	17,952,246	17,952,246
Retained earnings		12,558,069	6,239,864
Total equity		30,510,315	24,192,110

The accompanying Notes form part of these Financial Statements.

Statement of Changes in Equity

Financial report for the year ended 30 June 2021

2020	Note	Ordinary Shares $	Retained Earnings $	Asset Revaluation Reserve $	Total $
Balance at 1 July 2019		17,952,246	4,481,669	-	22,433,915
Profit for the year		-	2,490,917	-	2,490,917
Other Comprehensive Income for the year		-	-	-	-
Total Comprehensive Income for the year		-	2,490,917	-	2,490,917
Transactions with owners in their capacity as owners					
Dividends paid or provided for	14	-	(732,722)	-	(732,722)
Balance at 30 June 2020		17,952,246	6,239,864	-	24,192,110

2021	Note	Ordinary Shares $	Retained Earnings $	Asset Revaluation Reserve $	Total $
Balance at 1 July 2020		17,952,246	6,239,864	-	24,192,110
Profit for the year		-	7,096,722	-	7,096,722
Other Comprehensive Income for the year		-	-	-	-
Total Comprehensive Income for the year		-	7,096,722	-	7,096,722
Transactions with owners in their capacity as owners					
Dividends paid or provided for	14	-	(778,517)	-	(778,517)
Balance at 30 June 2021		17,952,246	12,558,069	-	30,510,315

The accompanying Notes form part of these Financial Statements.

Statement of Cash Flows

Financial report for the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Dividends received		354,384	258,625
Interest received		990	18
Income tax (paid)/refunded		(1,119,322)	317
Other payments (inclusive of GST)		(1,556,725)	(1,008,500)
Net cash provided by/(used in) operating activities	23	(2,320,673)	(749,540)
Cash flows from investing activities			
Proceeds from sale of investments		20,458,277	14,861,799
Payments for investments		(17,938,391)	(12,465,360)
Net cash provided by/(used in) investing activities		2,519,886	2,396,439
Cash flows from financing activities			
Dividends paid		(778,517)	(732,722)
Net cash provided by/(used in) financing activities		(778,517)	(732,722)
Net increase/(decrease) in cash and cash equivalents held		(579,303)	914,177
Cash and cash equivalents at the beginning of the year		4,354,187	3,440,010
Cash and cash equivalents at end of year	8	3,774,884	4,354,187

The accompanying Notes form part of these Financial Statements.

The functional and presentation currency of ECP Emerging Growth Limited is Australian dollars.

1. Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the Corporations Act 2001.

These financial statements and associated notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2. Summary of significant accounting policies

(a) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Interest Revenue

Interest is recognised using the effective interest method.

Dividend Revenue

Dividends are recognised when the entity's right to receive payment is established.

(b) Income tax

The income tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(c) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e) Financial instruments

The company holds investments in listed equities as its principle business. These investments are classified as financial assets at fair value through profit or loss.
This measurement is on the basis of two primary criteria:

- The contractual cash flow characteristics of the financial asset; and
- The business model for managing financial assets

Financial assets – recognition

The Company's investments are recognised on the date that the Company commits itself to the purchase of the asset (ie trade date accounting is adopted).

Investments are measured at fair value, which is determined by quoted prices in an active market.

Financial assets – subsequent measurement

Securities held in the portfolio are revalued to market values at each reporting date. The realised and unrealised net gains or losses on the portfolio are recognised in the statement of profit or loss.

Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of loans and receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the profit or loss in other expenses.

Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and securities) is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets held by the Company is the closing quoted price. The appropriate quoted market price for financial liabilities is the closing quoted price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(f) Trade and other payables

Liabilities for trade payables and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

(g) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions for dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(h) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(i) New accounting standards and interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The following section summarises those future requirements and their impact on the Company where the standard is relevant.

AASB 1060 General Purpose Financial Statements

Effective date: 1 July 2021

AASB 1060 is a single standard containing all the disclosure requirements for an entity preparing General Purpose Financial Statements under Tier 2.

The introduction of AASB 1060 will not have an impact on the Company.

AASB 17 Insurance Contracts

Effective date: 1 January 2023

AASB 17 replaces three standards that currently deal with insurance: definitions of insurance (AASB 4), general insurance (AASB 1023) and life insurance (AASB 1038). The concept behind the standard is to account for profit from insurance contracts in a way that considers risk associated with an insurance contract. There are three methods of accounting under the new standard, with the applicable method determined by the nature of the insurance contracts issued.

The introduction of AASB 17 will not have an impact on the Company.

3. Critical accounting estimates and judgements

(a) Key estimates

There are no key assumptions or sources of estimation uncertainty that have a risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period as investments are carried at their market value.

(b) Key judgements

The preparation of financial reports in conformity with Australian Account Standards require the use of certain critical accounting estimates. This requires the Board to exercise their judgement in the process of applying the Company's accounting policies.

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance with AASB 112 Income Taxes, deferred tax liabilities and deferred tax assets have been recognised for Capital Gains Tax (CGT) on the unrealised gains/losses in the investment portfolio at current tax rates.

As the Directors do not intend to dispose of the portfolio, the tax liability/benefit may not be crystallised at the amount disclosed in Note: 12. In addition, the tax liability /benefit that arises on the disposal of these securities may be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains/losses at the time of disposal.

The Company has an investment process which is anticipated will deliver medium to long term capital growth, the minimum investment period is three to five years.

The Company does not hold any securities for short term trading purposes.

4. Operating segments

Segment information

The Company operates in the investment industry. Its core business focuses on investing in Australian equities to achieve medium to long term capital growth and income.

Operating segments have been determined on the basis of reports reviewed by the Board. The full Board is considered to be the chief operating decision maker of the Company. The Board considers the business from both a product and geographic perspective and assesses performance and allocates resources on this basis. The Board considers the business to consist of just one reportable segment.

		Notes	2021 $	2020 $
5. Revenue and other income	Interest received		990	18
	Dividends received		343,241	304,176
			344,231	304,194
6. Other expenses	ASX listing and other fees		33,608	34,149
	Audit fees	16	20,500	20,516
	Director fees		128,125	128,125
	Insurance		23,947	21,601
	Share registry		13,393	13,058
	Management fees		338,691	258,434
	Performance fee		2,145,724	936,884
	Other		59,253	76,109
			2,763,241	1,488,876

7. Income tax expense

	Notes	2021 $	2020 $
(a) Reconciliation of income tax to accounting profit			
Profit/(Loss) before income tax		10,046,373	3,472,733
Prima facie tax payable on profit from ordinary activities before income tax rate at 30% (2020 – 30%)		3,013,912	1,041,820
Adds: Tax effect of:			
— Franking Credits		28,719	24,288
— Other		2,751	-
Less: Tax effect of:			
— Rebateable fully franked dividends		(95,731)	(80,959)
— Other		-	(3,333)
Income tax expense		2,949,651	981,816
(b) The major components of tax (expense)/income			
Current tax liability		(1,826,216)	(650,141)
Deferred income tax expense:			
(Decrease)/increase in deferred tax assets		-	-
Decrease/(increase) in deferred tax liabilities		(1,123,435)	(331,675)
Income tax (expense)/credit from continuing operations		(2,949,651)	(981,816)
(c) Amounts recognised directly in Other Comprehensive Income		-	-

Notes to the Financial Statements

Financial report for the year ended 30 June 2021

		Notes	2021 $	2020 $
8. Cash and cash equivalents	Cash at Bank and on hand		3,774,884	4,354,187
	Reconciliation of cash			
	Cash and cash equivalents reported in the Statement of Cash Flows are reconciled to the equivalent items in the Statement of Financial Position as follows:			
	Cash at bank and on hand		3,774,884	4,354,187
	Balance as per Statement of Cash Flows		3,774,884	4,354,187
9. Trade receivables and other assets	Current			
	Trade receivables		-	-
	GST receivable		14,456	11,728
	Dividends receivable		36,799	47,942
	Prepayments		27,694	21,430
	Other receivable		903,260	-
	Total current trade and other receivables		982,209	81,100
10. Financial assets	Financial assets designated as fair value through profit or loss	19	32,023,749	22,760,007
	Total financial assets		32,023,749	22,760,007

(a) Financial assets consist of investments in listed equity securities. Fair value is determined by reference to closing bid prices on the Australian Securities Exchange.

11. Trade and other payables

	2021 $	2020 $
Current		
Accounts payable and accrued expenses	2,440,740	1,003,727
Total current trade and other payables	2,440,740	1,003,727

Contractual cash flows from trade and other payables approximate their carrying amount. Trade and other payables are all contractually due within six months of reporting date.

12. Tax

	2021 $	2020 $
Current tax payable	1,826,216	650,141
Prior year tax payable	-	469,181
Total tax payable	1,826,216	1,119,322
Recognised deferred tax assets	-	-
Recognised deferred tax liabilities	2,003,571	880,135
Net deferred tax liabilities adjusted for deferred tax assets	2,003,571	880,135

	2021 $	2020 $
(a) Deferred tax assets attributable to:		
— Capital raising costs	-	-
— Accruals	-	-

	2021 $	2020 $
(b) Deferred tax liabilities attributable to:		
— Unrealised gain on financial assets	1,993,563	871,681
— Unfranked dividend and interest receivable	10,008	8,454
	2,003,571	880,135

13. Issued capital

	2021 $	2020 $
(a) Share capital		
Ordinary shares fully paid 18,318,043 (2020: 18,318,043)	18,322,898	18,322,898
Capital raising costs	(370,652)	(370,652)
Total	17,952,246	17,952,246

(b) Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the Shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each Shareholder has one vote on a show of hands.

(c) Movements in ordinary share capital

Date	Details	Number of Shares	Price $
30 June 2019	Balance	18,318,043	18,322,898
	Nil Movement*	–	–
30 June 2020	Balance	18,318,043	18,322,898
	Nil Movement*	–	–
30 June 2021	Balance	18,318,043	18,322,898

*The Dividend Reinvestment Plan was facilitated through on-market purchase of shares. There were no shares issued during the period.

14. Dividends

	2021 $	2020 $
(a) Dividends and distributions paid		
The following dividends were declared and paid:		
Final fully franked ordinary dividend of 0.60 cents per share paid on 18 September 2020 (2020: 2.25 cents paid 13 September 2019)	109,908	412,156
Special fully franked ordinary dividend of 1.65 cents per share paid on 18 September 2020 (2020: None)	302,248	-
Interim fully franked ordinary dividend of 2.0 cents per share paid on 12 March 2021 (2020: 1.75 cents paid 20 March 2020)	366,361	320,566
Total	778,517	732,722

	2021 $	2020 $
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the year ended 30 June 2021 and 2020 were as follows:		
Paid in cash	778,517	732,722
Satisfied by issue of shares	-	-
Total	778,517	732,722

(b) Proposed Dividends

	2021 $	2020 $
Proposed Final 2021 fully franked ordinary dividend of 2.75 cents (2020: 2.25 cents) per share to be paid on 15 September 2021.	503,746	109,908
There is no proposed fully franked special dividend for 2021 (2020: 1.6 cents per share paid on 18 September 2020).	-	302,248
Total Proposed Dividend	503,746	412,156

The proposed final dividend for 2021 was declared after the end of the reporting period and therefore has not been provided for in the financial statements. There are no income tax consequences arising from this dividend at 30 June 2021.

14. Dividends

continued

(c) Franked dividends

	2021 $	2020 $
The franking credits available for subsequent financial years at a tax rate of 30%	1,376,150	497,002

The dividend franking account is calculated on a cash basis. It does not take into account:

(a) Franking credits that will arise from the payment of the current tax liabilities;

(b) Franking debits that will arise from the payment of dividends recognised as a liability at the year-end;

(c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

The impact on the franking credit of the dividends proposed after the end of the reporting period is to reduce it by $215,891 (2020: $176,638).

The ability to use the franking credits is dependent upon the Company's future ability to declare dividends.

(d) Listed Investment Company capital gain account

	2021 $	2020 $
Balance of the Listed Investment Company (LIC) capital gain account (before tax)	8,195,145	3,552,322
Balance of the Listed Investment Company (LIC) capital gain account (after tax)	5,736,602	2,486,625

Distributed capital gains may entitle certain Shareholders to a special deduction in their Tax Return as set out in the dividend statement.

LIC capital gains available for distribution are dependent on:

(i) the disposal of investment portfolio holdings which qualify for LIC capital gains; or

(ii) the receipt of LIC distribution from LIC securities held in the portfolio.

		2021 $	2020 $
15. Earnings per share	(a) Earnings used in the calculation of basic and diluted earnings per share.		
	(i) (Profit/(loss) from continuing operations attributable to the owners of the Company	7,096,722	2,490,917
	(ii) Total Comprehensive Income/(loss)	7,096,722	2,490,917
	(b) Basic and diluted earnings per share	Cents	Cents
	(i) (Profit/(loss) from continuing operations attributable to the owners of the Company	38.74	13.60
	(ii) Total Comprehensive Income)	38.74	13.60
	(c) Weighted average number of ordinary shares used in the calculation of earnings per share	18,318,043	18,318,043
16. Auditor's remuneration	Remuneration of the auditor of the Company for:		
	Audit or reviewing the financial statements	20,500	20,516
	Total remuneration of auditors	20,500	20,516

17. Financial risk management

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The Company does not speculate in financial assets.

The Company's overall risk management program focuses on the volatility of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk governance is managed through the Board which provides direct oversight on the Company's risk management framework and overall risk management performance.

The Board provides written principles for risk management covering investment portfolio composition. Risk is managed by the professional, disciplined management of the investment portfolio by ECP Asset Management Pty Ltd (the Manager).

The Company held the following financial instruments:

	Note	2021 $	2020 $
Financial Assets			
Cash and cash equivalents	8	3,774,884	4,354,187
Receivables	9	982,209	81,100
Financial Assets at fair value	10	32,023,749	22,760,007
Total Financial Assets		36,780,842	27,195,294
Financial Liabilities			
Trade and Other Payables	11	2,440,740	1,003,727
Total Financial Liabilities		2,440,740	1,003,727

(a) Market risk

Foreign exchange risk

The Company operates entirely within Australia and is not exposed to material foreign exchange risk.

Equity market risk

The Company is exposed to risk of market price movement through its investments in Australian listed equity securities. Equity investments held by the Company are classified on the Statement of Financial Position as Financial Assets at fair value through Profit or Loss and any movement in the listed equity securities is reflected in the Statement of Profit or Loss.

The risk to Shareholders is that adverse equity securities market movements have the potential to cause losses in Company earnings or the value of its holdings of financial instruments. The Manager's investment strategy centres on the view that investing in proven high quality businesses with growth opportunities arising from their sustainable competitive advantage will outperform over the longer-term. Consistent with this approach, the Manager has an established risk management framework that includes procedures, policies and functions to ensure constant monitoring of the quality of the investee companies. The objective of the risk management framework is to manage and control risk exposures within acceptable parameters while optimising returns.

Equity market risk is measured as a percentage change in the value of equity instruments held in the portfolio, as compared to the total market index for the same period.

The Company's exposure to equity market risk over the Manager's investment horizon at the end of the reporting period is:

	2021	2020
Portfolio return since inception	19.94%	15.39%
All Ordinaries Index return	4.46%	1.49%

(b) Sensitivity analysis

Increases/decreases in an equity securities price, affect the Company's asset revaluation reserve and Other Comprehensive Income for the year. The analysis is based on the assumption that the Financial Assets at fair value through Profit or Loss had increased/decreased by 5% (2020: 5%) with all other variables held constant.

Impact on Profit or loss for the year:

2021 +/- $1,601,187
2020 +/- $1,138,000

(c) Cash flow interest rate risk

The Company is exposed to cash flow interest rate risk from holding cash and cash equivalents at variable rates. The Company does not enter into financing activities which would expose it to interest rate fluctuations on borrowed capital.

Revenue from interest forms a very minor portion of the Company's income and therefore exposure to interest rate risk is not significant.

As at the reporting date, the Company had the following cash and cash equivalents:

30 June 2021:
Balance $3,774,884
Weighted average interest rate 0.02%

30 June 2020:
Balance $4,354,187
Weighted average interest rate 0.00%

(d) Relative performance risk

The Manager aims to outperform the risk-free cash rate over the long-term. However, as the portfolio consists of equity investments these will tend to be more volatile than cash, so there will likely be periods of relative under and over performance compared to the benchmark risk free rate.

Over the long-term the Manager is confident that the portfolio can achieve outperformance through an investment selection process that invests in companies that have a sound business model, display a sustainable competitive advantage and have proven quality management.

(e) Credit risk

Credit risk is the risk of a counterparty defaulting on their financial obligations resulting in a loss to the Company. The objective of the Company is to minimise credit risk exposure. Credit risk arises from cash and cash equivalents and Financial Assets at fair value Profit or Loss. Credit risk is managed by the Manager.

Credit risk arising from cash and cash equivalents is managed by only transacting with counterparties independently rated with a minimum rating of A.
The providers of financial services to the Company are rated as AA by Standard and Poor's. Credit risk on cash and cash equivalents is deemed to be low.

Credit risk arising from Financial Assets at fair value Profit or Loss relates to the risk of counterparties on the ASX defaulting on their financial obligations on transactions for Australian listed equity securities. The credit risk for these transactions is deemed to be low.

The maximum credit risk exposure of the Company at year end is the carrying value of the assets in the Statement of Financial Position.

There is no concentration of credit risk with respect to financial assets in the Statement of Financial Position.

(f) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The objective of the Company is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and distressed conditions.

Prudent liquidity risk management implies maintaining sufficient cash and marketable Australian listed equity securities.

The Manager controls liquidity risk by continuously monitoring the balance between equity securities and cash or cash equivalents and the maturity profiles of assets and liabilities to ensure this risk is minimal.

18. Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure of the Company consists of equity attributable to members of the Company. The Board monitors the return on capital, which is defined as net operating income divided by total Shareholders' Equity. The Board also monitors the level of dividends to Shareholders.

The capital of the Company is invested by the Investment Manager in accordance with the investment policy established by the Board. The Company has no borrowings. It is not subject to any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the year.

19. Fair value measurements

The Company measures the following assets and liabilities at fair value on a recurring basis after initial recognition:

— Financial Assets at Fair Value through Profit or Loss (FVTPL).

Fair value hierarchy

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Company:

Recurring fair value measurements

30 June 2021	Financial Assets FVTPL – Listed Equity Securities
Level 1	$32,023,749
Level 2	–
Level 3	–
Total	$32,023,749

30 June 2020	Financial Assets FVTPL – Listed Equity Securities
Level 1	$22,760,007
Level 2	–
Level 3	–
Total	$22,760,007

Transfers between levels of hierarchy

There were no transfers between levels of the fair value hierarchy.

Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

20. Related party transactions

Transactions with related parties

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

The following transactions occurred with other related parties:

	2021 $	2020 $
J D Pohl has an interest in the transaction as during the year J D Pohl was a Director and employee of ECP Asset Management Pty Ltd, the Manager.		
A Performance Fee payable in accordance with the Management Services Agreement as detailed in Note 21.	2,145,724	936,884
A Management Fee of 1% per annum is paid or payable as detailed in Note 21.	338,691	258,434

21. Management services agreement

In accordance with a Management Services Agreement approved by Shareholders, the terms of which were contained in the prospectus, the Company agreed to engage the Manager to provide primary and secondary management services, including:

1) managing the investment of the Company's portfolio, including keeping it under review;

2) ensuring investments by the Company are only made in authorised investments;

3) complying with the investment policy of the Company;

4) identifying, evaluating and implementing the acquisition and disposal of authorised investments;

5) provide the Company with monthly investment performance reporting;

6) promoting investment in the Company by the general investment community;

7) providing investor relationship services; and

8) provision of office services, corporate support and information technology services support.

The agreement may be terminated if:

a) either party ceases to carry on business, or

b) either party enters into liquidation voluntarily or otherwise, or

c) either party passes any resolution for voluntary winding-up, or

d) a receiver of the property of either party, or any part thereof, is appointed, or

e) the Shareholders of the Company at a general meeting called for that purpose, resolve by ordinary resolution to terminate this agreement, or

f) if the Company provides written notice to the Manager in the event of any material and substantial breach of the agreement by the Manager or if the Manager fails to remedy a breach of this agreement within 14 days following written notice of the breach.

g) if the Manager provides 3 months written notice to the Company in the event of any material and substantial breach of the agreement by the Company or if the Company fails to remedy a breach of this agreement within 14 days following written notice of the breach.

Under the agreement the Manager will receive a management fee of 1% per annum on the portfolio net assets of the Company. In addition, a performance fee, payable annually in arrears, equal to 20% of the amount by which the Company's net performance before tax (that is, after all costs and outlays but before the calculation of the performance fee) exceeds the Benchmark of 8% subject to a high-water mark. If the Company's net performance in the year is less than the Benchmark, then no performance fee will be payable.

22. Key management personnel disclosures

	2021 $	2020 $
The Company has no staff and therefore has no Key Management Personnel other than the Directors.		
No member of Key Management Personnel held options over shares in the Company during the year.		
There have been no other transactions with Key Management Personnel or their related entities other than those disclosed in Note 20.		
The totals of remuneration paid to the Directors of ECP Emerging Growth Limited during the year are as follows:		
Short-term Employment benefits	128,125	128,125

Detailed remuneration disclosures are provided in sections (A) – (F) of the remuneration report on pages 14 and 15.

The Company's Secretary, Brian Jones, was contracted directly during the current financial year (July 2020 – June 2021).

23. Cash flow information

Reconciliation of result for the year to cash flows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2021 $	2020 $
Profit for the year	7,096,722	2,490,917
Cash flows included in profit attributable to investing activities		
Net gain on sale of financial assets	(8,725,776)	(3,577,623)
Non-cash flows in profit		
Net unrealised gain on financial assets at fair value	(3,739,607)	(1,079,792)
Changes in assets and liabilities		
(increase)/decrease in trade and other receivables	2,151	(48,927)
increase/(decrease) in trade and other payables	1,215,508	484,069
increase/(decrease) in current tax payable	706,894	650,141
(increase)/decrease in net deferred tax liabilities	1,123,435	331,675
Cash flow from operations	(2,320,673)	(749,540)

24. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2021 (30 June 2020: None).

25. Events occurring after the reporting date

No matters or circumstances have arisen since the end of the financial year which 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.

Subsequent to year-end on 25 August 2021, the Directors declared a final 2021 fully franked ordinary share dividend of 2.75 cents per share.

ECP EMERGING GROWTH LIMITED
ABN 30 167 689 821

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ECP EMERGING GROWTH LIMITED
(Page 1 of 4)

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of ECP Emerging Growth Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of ECP Emerging Growth Limited 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 2021 and of its financial performance for the year then ended; 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 confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 judgement, were of most significance in our audit of the financial report for the year ended 30 June 2021. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

ECP EMERGING GROWTH LIMITED
ABN 30 167 689 821

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ECP EMERGING GROWTH LIMITED
(Page 2 of 4)

KEY AUDIT MATTER	HOW THE KEY AUDIT MATTER WAS ADDRESSED IN OUR AUDIT
Financial Assets at Fair Value Through Profit or Loss Refer to Notes 2(e) and 10 to the financial statements	
As at 30 June 2021 the Company's statement of financial position includes financial assets at fair value through profit or loss of $32,023,749. We focused on this area as a key audit matter due to the amounts involved being material.	Our procedures included, inter alia: • Inspecting externally prepared documentation to verify the valuation of the portfolio as at 30 June 2021. • Randomly and judgmentally selecting investments and agreeing dividends and closing market value to third party evidence. • Recalculating the movement in fair value for the year. • Review of the appropriateness of the Company's disclosures in the financial report in accordance with AASB 7 and AASB 9.
Tax and Income Tax Expense Refer to Note 7 and 12 to the financial statements	
The Company recognises deferred tax liabilities and deferred tax assets. As at 30 June 2021 the deferred tax liability included in the statement of financial position amounted to $2,003,571 and the deferred tax asset included in the statement of financial position amounted to $nil. Current tax payable as at 30 June 2021 included in the statement of financial position amounted to $1,826,216. We focused on this area as a key audit matter due to the amounts involved being material.	Our procedures included, inter alia: • Reviewing the Company's taxation calculations for accuracy, completeness and compliance with AASB 112. • Review of the appropriateness of the Company's disclosures in the financial report in accordance with AASB 112.
Performance fee and management fee Refer to Notes 20 and 21 to the financial statements	
For the year ended 30 June 2021 the Company's statement of profit or loss and other comprehensive income includes the performance fee of $2,145,724 and a management fee of $338,691. The Company pays a performance fee and a management fee to a related party to engage a manager to provide primary and secondary management services. We focused on this area as a key audit matter due to the nature of the relationship.	Our procedures included, inter alia: • Reviewing the management service agreement. • Reviewing the Company's performance and management fee calculations. • Reviewing the appropriateness of the Company's disclosures in the financial report in accordance with AASB 124.

ECP EMERGING GROWTH LIMITED
ABN 30 167 689 821

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ECP EMERGING GROWTH LIMITED
(Page 3 of 4)

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 annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. 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.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of ECP Emerging Growth Limited for the year ended 30 June 2021, intended to be included on the Company's website. The Company's directors are responsible for the integrity of the Company's website. We have not been engaged to report on the integrity of the Company's website. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the website.

Responsibility 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 related 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, omitting, misstating or obscuring them, could reasonably be expected to influence the decisions of primary users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement 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 controls.

CNA CONNECT NATIONAL AUDIT

ECP EMERGING GROWTH LIMITED
ABN 30 167 689 821

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ECP EMERGING GROWTH LIMITED

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, 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 directors and management.

- Conclude on the appropriateness of directors and management's 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 disclosure 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 transaction and events in a manner that achieves fair presentation.

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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in pages 14 to 15 of the directors' report for the year ended 30 June 2021.

In our opinion the remuneration report of ECP Emerging Growth Limited for the year ended 30 June 2021 complies with s300A 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 s300A 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.

CONNECT NATIONAL AUDIT PTY LTD
Authorised Audit Company No. 521888

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AUDIT PRINCIPAL

Dated this 25th day of August 2021.