



ECP EMERGING GROWTH LIMITED

INTERIM FINANCIAL REPORT

For the Half-Year Ended 31 December 2021

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Directors' Report

Your Directors submit the Interim Financial Report of ECP Emerging Growth Limited (the "Company") for the half-year ended 31 December 2021.

Directors

The following persons were Directors of ECP Emerging Growth Limited since 30 June 2021 and up to the date of this report, unless stated otherwise.

- Mr Murray d'Almeida (Chairman)
- Mr David Crombie AM
- Mr Jared Pohl

Principal Activity

The principal activity of the Company is investing in a diversified portfolio of quality small to mid-cap companies listed on the Australian Securities Exchange. There have been no significant changes in the nature of this activity during the period.

Review of Operations

During the last six months, dividends received amounted to \$183,606 which is a \$46,377 (or 33.8%) increase on last year. However, the portfolio has only moderately increased during the half-year due to high PE (Price/Earnings) growth stocks coming under pressure in an environment of rising inflation and increased interest rates. This is seen in the Statement of Profit or Loss where profit for the period is \$1,130,246 compared to \$5,519,536 last year.

The impact on the portfolio is not isolated to ECP Emerging Growth Limited. In the six months to December 2021 the ASX Small Ordinaries Index has increased by 4.3% compared to 18.9% last year. The ECP Emerging Growth portfolio performance is positive 4.2% for the financial year to date, the long-term performance (5yrs) is 23.4% compared to the ASX Small Ordinaries index which has increased by 8.2%.

Portfolio Performance

	6 mths to Dec 2021	12 mths to Dec 2021	2 years	5 years	Since Inception (23 Jan 2014) p.a.
ECP Portfolio	4.2%	16.9%	29.9%	23.4%	19.1%
ASX Small Ordinaries	4.3%	14.2%	10.4%	8.2%	6.4%

Market Commentary

In Australia over the past six months the focus has been on the vaccine rollout to provide a buffer to the effects of COVID-19. New variants of the virus including Omicron serve as a reminder that the pandemic is not over yet and therefore an uninterrupted "normal" is still a mirage in the distance. In business news a few key themes have rotated in the headlines, including: supply chain disruption from low inventories, semi-conductor chip shortages, AdBlue shortages or labour shortages, rising inflation also featured and the forecast impact on interest rates.

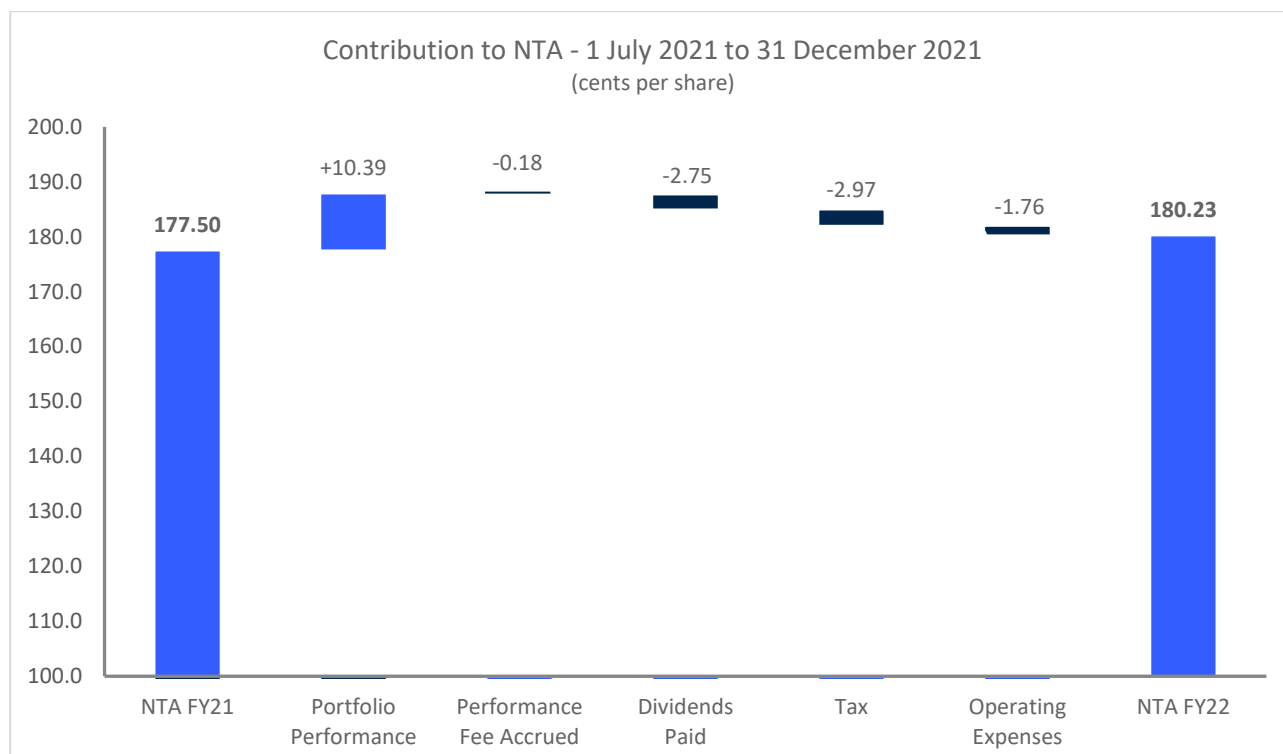
In 2022 while corporate earnings appear robust, it is expected that markets will remain volatile, impacted by the developments in the pandemic and macro-economic conditions. For ECP Emerging Growth Limited the focus remains on creating Shareholder wealth through active management of the investment portfolio. This is executed by the manager, ECP Asset Management Pty Ltd through the disciplined implementation of the investment process. To read more about the investment process, please visit the manager's website ecpam.com.

Subsequent Events

As at 31 January 2022 the net tangible assets of the Company have decreased by 14.3% which is representative of market conditions. The ASX Small Ordinaries index decreased by 9.0% during January 2022 amid continued inflation concerns and forecasted increases in interest rates.

Net Tangible Asset Backing

The net tangible asset backing (NTA) per share (tax on realised gains only) at 31 December 2021 was 180.2 cents per share compared with 177.5 at 30 June 2021. The graph below depicts the movement in NTA in terms of the contribution of the portfolio and outgoings in running the Company.



Significant Changes In State Of Affairs

There have been no significant changes to the operations of the Company during the last six months.

Dividend Declared

A fully franked interim dividend of 2.1 cents per share in respect to the half-year ended 31 December 2021 is to be paid on 15 March 2022. This represents a 5% increase on the interim dividend paid in March 2021.

During the six-month period to December 2021 the Company paid a final dividend for the 2021 financial year of 2.75 cents per share. This was as a result of the performance achieved during the 2021 financial year and was an increase on the prior year of 22.2%. The total distribution of \$503,746 was paid on 15 September 2021.

Capital Gains Component Of Dividend

The capacity of the Company to continue to facilitate access to the capital gain benefit of the dividend, will depend on the Company's capacity to generate capital profits.

The interim dividend will include an LIC capital gain component.

Auditor's Independence Declaration

The Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* is set out on page 4 and forms part of the Directors' Report for the half-year ended 31 December 2021.

This report is made in accordance with a Resolution of the Directors.

Murray d'Almeida
Chairman
GOLD COAST
22 February 2022



**ECP EMERGING GROWTH LIMITED
ABN 30 167 689 821**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER
SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ECP EMERGING GROWTH LIMITED**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Connect National Audit Pty Ltd
Authorised Audit Company No. 521888

A handwritten signature in blue ink, appearing to read 'Dippenaar', written over the printed name.

**LEE-ANN DIPPENAAR BCOM CA RCA
AUDIT PRINCIPAL**

Dated this 22nd day of February 2022.

Condensed Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2021

	Note	31 Dec 2021 \$	31 Dec 2020 \$
Revenue	2	183,607	138,218
Net cumulative gain on sale of financial assets at fair value		2,104,190	3,695,348
Net unrealised gains/(losses) on financial assets at fair value		(384,075)	5,128,438
Other Expenses		(354,313)	(1,120,588)
Profit/(Loss) before income tax		1,549,409	7,841,416
Income tax (expense)/benefit		(419,163)	(2,321,880)
Net Profit/(Loss) after income tax for the half-year		1,130,246	5,519,536
<i>Other Comprehensive Income</i>			
Other Comprehensive Income/(Loss) for the half-year, net of tax		-	-
Total Comprehensive Income/(Loss) for the half-year		1,130,246	5,519,536

Earnings per share:	Cents	Cents
Basic earnings per share based on net profit/(loss)	6.17	30.13
Diluted earnings per share based on net profit/(loss)	6.17	30.13
Comprehensive Earnings/(Loss) per share	6.17	30.13

The above Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Condensed Financial Statements.

Condensed Statement of Financial Position

As at 31 December 2021

	Note	31 Dec 2021 \$	30 June 2021 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents		2,504,781	3,774,884
Trade and Other Receivables		42,968	982,209
TOTAL CURRENT ASSETS		2,547,749	4,757,093
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss	4	32,914,950	32,023,749
TOTAL NON-CURRENT ASSETS		32,914,950	32,023,749
TOTAL ASSETS		35,462,699	36,780,842
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables		76,935	2,440,740
Current Tax Liabilities		2,370,609	1,826,216
TOTAL CURRENT LIABILITIES		2,447,544	4,266,956
NON-CURRENT LIABILITIES			
Deferred Tax Liability		1,878,340	2,003,571
TOTAL NON-CURRENT LIABILITIES		1,878,340	2,003,571
TOTAL LIABILITIES		4,325,884	6,270,527
NET ASSETS		31,136,815	30,510,315
EQUITY			
Issued Capital	5	17,952,246	17,952,246
Retained Earnings		13,184,569	12,558,069
TOTAL EQUITY		31,136,815	30,510,315

The above Condensed Statement of Financial Position should be read in conjunction with the Notes to the Condensed Financial Statements.

Condensed Statement of Changes in Equity

For the Half-Year Ended 31 December 2021

2020	Note	Ordinary Shares	Retained Earnings	Asset Revaluation Reserve	TOTAL
		\$	\$	\$	\$
Balance at 1 July 2020		17,952,246	6,239,864	-	24,192,110
Profit/(Loss) for the half-year		-	5,519,536	-	5,519,536
Other Comprehensive Income		-	-	-	-
Transactions with Owners in their capacity as owners					
Dividends paid	3	-	(412,156)	-	(412,156)
Balance at 31 December 2020		17,952,246	11,347,244	-	29,299,490

2021	Note	Ordinary Shares	Retained Earnings	Asset Revaluation Reserve	TOTAL
		\$	\$	\$	\$
Balance at 1 July 2021		17,952,246	12,558,069	-	30,510,315
Profit/(Loss) for the half-year		-	1,130,246	-	1,130,246
Other Comprehensive Income		-	-	-	-
Transactions with Owners in their capacity as owners					
Dividends paid	3	-	(503,746)	-	(503,746)
Balance at 31 December 2021		17,952,246	13,184,569	-	31,136,815

The above Condensed Statement of Changes in Equity should be read in conjunction with the Notes to the Condensed Financial Statements.

Condensed Statement of Cash Flows

For the Half-Year Ended 31 December 2021

	31 Dec 2021 \$	31 Dec 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	220,405	185,171
Interest received	1	989
Income tax (paid)/refund	-	(469,181)
Other payments (inclusive of GST)	(2,481,370)	(1,245,299)
Net cash provided by/(used in) operating activities	(2,260,964)	(1,528,320)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	12,460,964	8,857,501
Payment for investments	(10,966,357)	(9,258,997)
Net cash provided by/(used in) investing activities	1,494,607	(401,496)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(503,746)	(412,156)
Net cash (used in)/provided by financing activities	(503,746)	(412,156)
Net (decrease)/increase in cash and cash equivalents held	(1,270,103)	(2,341,972)
Cash and Cash Equivalents at beginning of the financial period	3,774,884	4,354,187
Cash and Cash Equivalents at the end of the financial period	2,504,781	2,012,215

The above Condensed Statement of Cash Flows should be read in conjunction with the Notes to the Condensed Financial Statements.

Notes to the Condensed Financial Statements

NOTE 1 BASIS OF PREPARATION

These general purpose Interim Financial Statements for the half-year reporting period ended 31 December 2021 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

ECP Emerging Growth Limited is a for-profit Company for financial reporting purposes under Australian Accounting Standards.

This Interim Financial Report is intended to provide users with an update on the latest financial statements of ECP Emerging Growth Limited. As such it does not include all the Notes of the type normally included in an Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial statements for the year ended 30 June 2021, together with any public announcements made by ECP Emerging Growth Limited during the half-year ended 31 December 2021 in accordance with the continuous disclosure requirements of the ASX listing rules.

The same accounting policies and methods of computation have been followed in this Interim Financial Report as were applied in the most recent annual financial statements.

These Interim Financial Statements were authorised for issue on 22 February 2022.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

Changes in Accounting Policy

There are no changes in accounting policy that apply for the half-year ended 31 December 2021.

New, Revised or Amending Accounting Standards and Interpretations Adopted

The Company has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Notes to the Condensed Financial Statements

NOTE 2 REVENUE AND OTHER INCOME

	31 Dec 2021 \$	31 Dec 2020 \$
Dividends Received	183,606	137,229
Interest Received	1	989
Total Revenue	<u>183,607</u>	<u>138,218</u>

NOTE 3 DIVIDENDS

	31 Dec 2021 \$	31 Dec 2020 \$
Dividends paid during the half-year:		
- final dividend of 0.6 cents per share paid 18 September 2020 – fully franked	-	109,908
- special dividend of 1.65 cents per share paid 18 September 2020 – fully franked	-	302,248
- final dividend of 2.75 cents per share paid 15 September 2021 – fully franked	503,746	-
	<u>503,746</u>	<u>412,156</u>

Since the end of the half-year, the Directors have declared an interim dividend of 2.1 cents per share. The Interim dividend is 100% franked and payable on 15 March 2022.

NOTE 4 FAIR VALUE MEASUREMENTS

The following assets and liabilities are recognised and measured at fair value on a recurring basis:

Financial Assets at fair value through Profit or Loss.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be measured and disclosed using the three-level hierarchy:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 Inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), and
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Financial Statements

NOTE 4 FAIR VALUE MEASUREMENTS (Continued)

The following table sets out the Company's assets and liabilities that are measured and recognised at fair value in the financial statements.

Company – at 30 June 2021	Level 1	Level 2	Level 3	TOTAL
Assets	\$	\$	\$	\$
Recurring fair value measurements.				
Financial Assets at fair value through profit or loss -				
Listed Equity Securities	32,023,749	-	-	32,023,749
Total Financial Assets	32,023,749	-	-	32,023,749

Company – at 31 December 2021	Level 1	Level 2	Level 3	TOTAL
Assets	\$	\$	\$	\$
Recurring fair value measurements.				
Financial Assets at fair value through profit or loss -				
Listed Equity Securities	32,914,950	-	-	32,914,950
Total Financial Assets	32,914,950	-	-	32,914,950

There were no transfers during the year between Level 1 and Level 2 for recurring fair value measurements.

The Company's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

Due to their short-term nature, the carrying amount of trade receivables and payables are assumed to approximate their fair values.

The carrying amount of current trade and other payables are assumed to approximate their fair values because the impact of discounting is not significant.

NOTE 5 OPERATING SEGMENTS

Segment Information

The Company operates solely 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 the reports reviewed by the Board. 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 to the Condensed Financial Statements

NOTE 6 MOVEMENTS IN ISSUED CAPITAL

Date	Details	Number of shares	Price	Issued Capital \$
30 June 2020	Balance	18,318,043		18,322,898
	Nil Movement*	-		-
30 June 2021	Balance	18,318,043		18,322,898
	Nil Movement*	-		-
31 December 2021	Balance	18,318,043		18,322,898
<i>Adjust for</i>				
	Capital Raising Costs			529,503
	Capital Raising Costs – Tax Effect			(158,851)
	Net Capital Raising Costs (After Tax)			370,652
	Balance of Contributed Equity Per Balance Sheet			17,952,246

* The Dividend Reinvestment Plan was facilitated through on-market purchase of shares.

There were no shares issued during the period.

(a) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

NOTE 7 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company has no known contingent liabilities or contingent assets.

NOTE 8 EVENTS OCCURRING AFTER REPORTING DATE

Since the end of the period, the Directors declared a fully franked interim dividend of 2.1 cents per share payable on 15 March 2022.

As at 31 January 2022 the net tangible assets of the Company have decreased by 14.3% which is representative of market conditions. The ASX Small Ordinaries index decreased by 9.0% during January 2022 amid continued inflation concerns and forecasted increases in interest rates.

The Directors are not aware of any other matter or circumstance which has arisen since balance date that has 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 subsequent financial periods.

Directors' Declaration

The Directors declare that the Financial Statements and Notes as set out on pages 5 to 12 are in accordance with the Corporations Act 2001, including:

- a) complying with Accounting Standard AASB134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.

In the Directors' opinion, there are reasonable grounds to believe that ECP Emerging Growth Limited 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.

A handwritten signature in black ink, appearing to read 'Murray d'Almeida', with a long horizontal stroke extending to the right.

Murray d'Almeida

Chairman

GOLD COAST

22 February 2022

ECP EMERGING GROWTH LIMITED
ABN 30 167 689 821

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ECP EMERGING GROWTH LIMITED
(Page 1 of 2)

Conclusion

We have reviewed the half-year financial report of ECP Emerging Growth Limited (the Company), which comprises the Condensed Statement of Financial Position as at 31 December 2021, the Condensed Statement of Profit or Loss and Other Comprehensive Income, the Condensed Statement of Changes in Equity and the Condensed Statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information 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 accompanying half-year financial report of ECP Emerging Growth Limited does not comply with the Corporations Act 2001, including:

- (a) giving a true and fair view of ECP Emerging Growth Limited's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review 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 (including Independence Standards) (the Code) that are relevant to our audit of the annual 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 review report.

Responsibility of the Directors for the 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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**ECP EMERGING GROWTH LIMITED
ABN 30 167 689 821****INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ECP EMERGING GROWTH LIMITED
(Page 2 of 2)****Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

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.

Connect National Audit Pty Ltd
Authorised Audit Company No. 521888



**LEE-ANN DIPPENAAR BCOM CA RCA
AUDIT PRINCIPAL**

Dated this 22nd day of February, 2022



www.ecpam.com/emerging

REGISTERED OFFICE

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