



ECP EMERGING GROWTH LIMITED

INTERIM FINANCIAL REPORT

For the Half-Year Ended 31 December 2023

CONTENTS

Directors' report

Auditor's Independence Report

Financial Statements

Directors' Declaration

Auditor's Review Report

ECP Emerging Growth Limited
ACN 167 689 821

Level 4
The Pavilion Building
388 George Street
Sydney NSW 2000
AUSTRALIA

Tel: 1800 352 474
Fax: +61 2 8651 6899
Email: info@ecpam.com

For personal use only

Directors' Report

Your Directors submit the Interim Financial Report of ECP Emerging Growth Limited (the "Company") for the half-year ended 31 December 2023.

Directors

The following persons were Directors of ECP Emerging Growth Limited since 30 June 2023 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.

Market Commentary

Over the last twelve months, the investment climate has been marked by significant events and trends shaping investments and the general economic outlook. The ongoing geopolitical tensions, including the escalated conflict between Israel and Hamas have contributed to a climate of political uncertainty. These events have had far-reaching economic impacts, further complicating the investment environment.

Amidst these challenges, global inflationary pressures have prompted aggressive interest rate responses from central banks over the past 24 months. More recently, the rhetoric from central banks has softened, encouraging Australian bank economists in forecasting to see rates reducing by the end of 2024. If interest rates do reduce this will certainly have a positive impact on areas of the economy feeling the impact of cost-of-living pressures.

Over the last 12 months one driver of positive market sentiment has been the widespread adoption of generative artificial intelligence technology. The use cases and future possibilities are certain to transform industries. While at present, some of the applications appear to be superficial, it is expected that over time the hype-cycle will turn into a meaningful industry supporting businesses across the board.

Review of Operations

Investment performance for the six months to December 2023 was positive 17.8%, compared to the ASX Small Ordinaries Index increase of 5.8%. The result is an improvement on the prior year six month portfolio performance of positive 11.1% and adds to the since inception average performance, currently 14.0%.

Net profit increased compared to last year by \$1,658,347, due to the portfolio performance mentioned above. The portfolio comprises of companies that the Investment Manager has assessed as high quality growth business with the ability to generate predictable above-average economic returns. In this current market cycle the disciplined approach has produced a better return than the benchmark index and while this is not always the case the current track record is very pleasing.

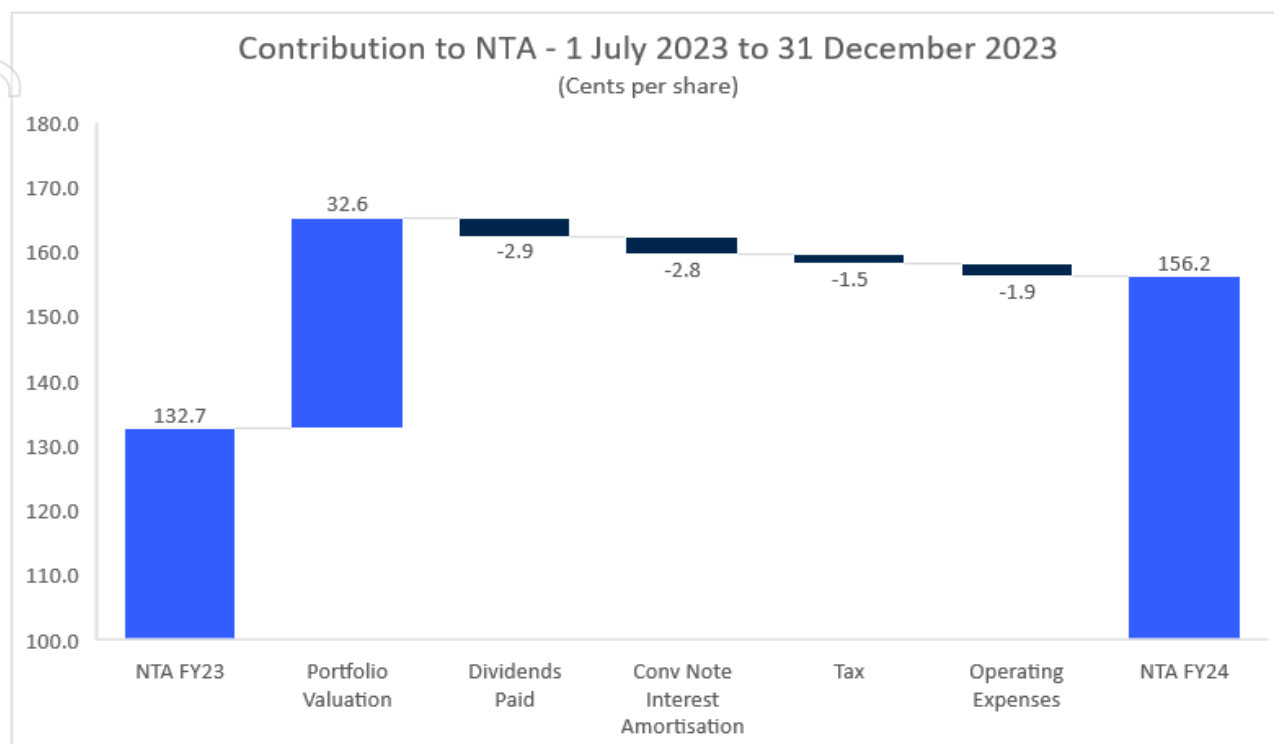
During the six months to December 2023 the company paid the FY2023 Final Dividend of 2.9 cents per share. At 31 December 2023 the Company maintains sufficient reserves to maintain the annual fully franked dividend of 5.1 cents per share for a further 7 years.

Portfolio Performance

	6 mths to Dec 2023	12 mths to Dec 2023	3 years	5 years	Since Inception (23 Jan 2014) p.a.
ECP Portfolio	17.8%	23.9%	3.5%	17.8%	14.0%
ASX Small Ordinaries	4.9%	4.7%	-1.8%	3.6%	2.9%

Net Tangible Asset Backing

The net tangible asset backing (NTA) per share (tax on realised gains only) at 31 December 2023 was 156.2 cents per share compared with 132.7 at 30 June 2023. 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 2.3 cents per share in respect to the half-year ended 31 December 2023 is to be paid on 15 March 2024. This represents a 4.5% increase on the interim dividend paid in March 2023.

During the six-month period to December 2023 the Company paid a final dividend for the 2023 financial year of 2.9 cents per share. The total distribution of \$531,834 was paid on 12 September 2023.

Capital Gains Component of Dividend

The capacity of the Company to continue to facilitate access to the LIC 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 2023.

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

Murray d'Almeida
Chairman
GOLD COAST
22 February 2024

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 2023, 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.

Augmented Audit Co Pty Ltd
Authorised Audit Company No. 541764



Jessica Juhl
Director
22 February 2024

Condensed Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$
Other Income	2	369,634	321,110
Net cumulative gain/(loss) on sale of financial assets at fair value		(13,262)	(775,440)
Net unrealised gains/(losses) on financial assets at fair value		5,371,889	3,909,617
Finance Expense		(519,153)	(496,218)
Other Expenses		(352,466)	(351,574)
Profit before income tax		4,856,642	2,607,495
Income tax expense		(596,841)	(6,041)
Net Profit after income tax for the half-year		4,259,801	2,601,454
<i>Other Comprehensive Income</i>			
Other Comprehensive Income for the half-year, net of tax		-	-
Total Comprehensive Income for the half-year		4,259,801	2,601,454

Earnings per share:	Cents	Cents
Basic earnings per share based on net profit	23.23	14.19
Diluted earnings per share based on net profit	18.20	11.61
Comprehensive Earnings per share	23.23	14.19

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 2023

	Note	31 Dec 2023 \$	30 June 2023 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents		3,336,560	1,893,100
Trade and Other Receivables		55,939	253,369
Current Tax Receivable		-	608,678
TOTAL CURRENT ASSETS		3,392,499	2,755,147
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss	4	34,618,808	30,709,476
Deferred tax asset		319,142	67,783
TOTAL NON-CURRENT ASSETS		34,937,950	30,777,259
TOTAL ASSETS		38,330,449	33,532,406
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables		50,716	51,266
TOTAL CURRENT LIABILITIES		50,716	51,266
NON-CURRENT LIABILITIES			
Deferred Tax Liability		848,199	-
Convertible Note		9,373,912	9,151,485
TOTAL NON-CURRENT LIABILITIES		10,222,111	9,151,485
TOTAL LIABILITIES		10,272,827	9,202,751
NET ASSETS		28,057,622	24,329,655
EQUITY			
Issued Capital	6	17,978,916	17,978,916
Option premium on convertible notes		1,848,766	1,848,766
Retained Earnings		8,229,940	4,501,973
TOTAL EQUITY		28,057,622	24,329,655

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 2023

	Note	Ordinary Shares	Retained Earnings	Notes Option Premium	TOTAL
2022		\$	\$	\$	\$
Balance at 1 July 2022		17,978,916	1,408,847	1,848,766	21,236,529
Profit for the half-year		-	2,601,454	-	2,601,454
Other Comprehensive Income		-	-	-	-
Transactions with Owners in their capacity as owners					
Dividends paid	3	-	(504,325)	-	(504,325)
Balance at 31 December 2022		17,978,916	3,505,975	1,848,766	23,333,657

	Note	Ordinary Shares	Retained Earnings	Notes Option Premium	TOTAL
2023		\$	\$	\$	\$
Balance at 1 July 2023		17,978,916	4,501,973	1,848,766	24,329,655
Profit for the half-year		-	4,259,801	-	4,259,801
Other Comprehensive Income		-	-	-	-
Transactions with Owners in their capacity as owners					
Dividends paid	3	-	(531,834)	-	(531,834)
Balance at 31 December 2023		17,978,916	8,229,940	1,848,766	28,057,622

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 2023

	31 Dec 2023 \$	31 Dec 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	324,511	313,490
Interest received	51,068	18,402
Income Tax refund received	608,678	-
Interest paid on convertible notes	(296,726)	(298,240)
Other payments (inclusive of GST)	(161,532)	(304,664)
Net cash used in operating activities	525,999	(271,012)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	8,525,937	10,578,362
Payment for investments	(7,076,642)	(10,626,820)
Net cash provided by/(used in) investing activities	1,449,295	(78,458)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(531,834)	(504,325)
Net cash used in by financing activities	(531,834)	(504,325)
Net decrease in cash and cash equivalents held	1,443,460	(853,795)
Cash and Cash Equivalents at beginning of the financial period	1,893,100	2,904,468
Cash and Cash Equivalents at the end of the financial period	3,336,560	2,050,673

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 2023 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 2023, together with any public announcements made by ECP Emerging Growth Limited during the half-year ended 31 December 2023 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 2024.

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 2023.

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 OTHER INCOME

	31 Dec 2023 \$	31 Dec 2022 \$
Dividends Received	318,566	302,708
Interest Received	51,068	18,402
Total Other Income	<u>369,634</u>	<u>321,110</u>

NOTE 3 DIVIDENDS

	31 Dec 2023 \$	31 Dec 2022 \$
Dividends paid during the half-year:		
- final dividend of 2.75 cents per share paid 14 September 2022 – fully franked	-	504,325
- final dividend of 2.9 cents per share paid 12 September 2023 – fully franked	531,834	-
	<u>531,834</u>	<u>504,325</u>

Since the end of the half-year, the Directors have declared an interim dividend of 2.3 cents per share. The Interim dividend is 100% franked and payable on 15 March 2024.

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 2023	Level 1	Level 2	Level 3	TOTAL
Assets	\$	\$	\$	\$
Recurring fair value measurements.				
Financial Assets at fair value through profit or loss -				
Listed Equity Securities	30,709,476	-	-	30,709,476
Total Financial Assets	30,709,476	-	-	30,709,476

Company – at 31 December 2023	Level 1	Level 2	Level 3	TOTAL
Assets	\$	\$	\$	\$
Recurring fair value measurements.				
Financial Assets at fair value through profit or loss -				
Listed Equity Securities	34,618,808	-	-	34,618,808
Total Financial Assets	34,618,808	-	-	34,618,808

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 2022	Balance	18,339,088		18,350,465
	Nil Movement*	-	-	-
30 June 2023	Balance	18,339,088		18,350,465
	Nil Movement*	-	-	-
31 December 2022	Balance	18,339,088		18,350,465
<i>Adjust for</i>				
	Capital Raising Costs			(530,784)
	Capital Raising Costs – Tax Effect			159,235
	Net Capital Raising Costs (After Tax)			(371,549)
	Balance of Contributed Equity Per Balance Sheet			17,978,916

* 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 2.3 cents per share payable on 15 March 2024.

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 2023 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.



Murray d'Almeida

Chairman

GOLD COAST

22 February 2024

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

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 2023, 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 2023 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.

For personal use only

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 2023 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.

Augmented Audit Co Pty Ltd

Authorised Audit Company No. 541764



Jessica Johl

Director

22 February 2024

For personal use only

ECP

For personal use only

www.ecpam.com/emerging

REGISTERED OFFICE

ECP Emerging Growth Limited
ACN 167 689 821

Level 4
The Pavilion Building
388 George Street
Sydney NSW 2000
AUSTRALIA

Tel: 1800 352 474
Fax: +61 2 8651 6899
Email: info@ecpam.com

SHARE REGISTRY

Automic Pty Ltd

GPO Box 5193
SYDNEY NSW 2001

Toll Free: 1300 288 664
International: +61 (0) 2 9698 5414

Email: hello@automicgroup.com.au