

**EAST 72 HOLDINGS LIMITED**

ACN 099 912 044



**INTERIM  
FINANCIAL STATEMENTS**

**for the half year ended  
31 December 2017**

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In these Interim Financial Statements Report a reference to "Group", "we", "us" "E72" or "our" is a reference to East 72 Holdings Limited ABN 85 099 912 044 and the entity that it controls unless otherwise stated.

## **DIRECTORS' REPORT**

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2017.

### **Directors**

The names of directors who held office during or since the end of the half-year:

Wayne Adsett  
Richard Charles Ochojski  
Andrew John Brown

### **Principal Activities**

During the financial half-year, the principal activities of the consolidated entity consisted of investment in listed corporations, contracts for difference, other derivatives and other financial assets.

### **Review of Operations**

East 72 Holdings Limited (**E72**) posted a loss after provision for income tax of \$883,378 for the period compared to a profit of \$124,410 in the comparative period. Net tangible asset backing per share before tax declined from 35.5c per share at 30 June 2017 to 27.5c at 31 December 2017 as a result of the net short position held in rising equity and other financial markets, notably over the last three months of the period.

A full review of the Company's activities during the latest quarter and half year to 31 December 2017 was lodged with National Stock Exchange of Australia on 15 January 2018.

### **Significant Changes in the State of Affairs**

On 26 September 2017, acquired Stiletto Investments Pty. Limited (**Stiletto**) in exchange for the issue of 6,361,472 E72 Shares, a cash payment of \$24,398 and the cancellation of 400,000 E72 Shares held by Stiletto.

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

**Auditor's Declaration**

The auditor's independence declaration is set out on page 4 for the half year ended 31 December 2017.

The report is made in accordance with a resolution of the Board of Directors pursuant to section 306(3)(a) of the Corporations Act 2001.

Signed on behalf of the Directors:



**Richard Ochojski**  
Director



**Andrew Brown**  
Director

Dated: 22 February 2018

EAST 72 HOLDINGS LIMITED

ACN: 099 912 044

## Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2017, there have been:

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



PKF



MARTIN MATTHEWS  
PARTNER

22 FEBRUARY 2018  
NEWCASTLE, NSW

**Statement of Profit or Loss and Other Comprehensive Income**  
For the half year ended 31 December 2017

<b>Continuing Operations</b>	<b>Note</b>	<b>31 Dec 2017</b> \$	<b>31 Dec 2016</b> \$
Revenue	<b>2</b>	914,363	210,927
Other expenses	<b>3</b>	(2,051,333)	(45,876)
Finance costs	<b>4</b>	(154,312)	(19,931)
<b>Loss/(profit) before income tax</b>		(1,291,282)	145,120
Income tax benefit/(expense)		407,904	(20,710)
<b>Loss/(profit) after income tax for the half-year</b>		(883,378)	124,410
Other comprehensive income for the half year, net of tax		-	-
<b>Total comprehensive income attributable to members of East 72 Holdings Limited</b>		(883,378)	124,410
Basic (loss)/earnings per share (cents per share)		(7.2c)	7.3c
Diluted (loss)/earnings per share (cents per share)		(7.2c)	7.3c

**The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the attached notes.**

## Statement of Financial Position

As at 31 December 2017

	Note	Economic Entity	
		31 Dec 2017	30 June 2017
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	<i>6</i>	880,660	968,628
Trade and other receivables		2,827	374
Prepayments		5,667	-
Financial assets	<i>7,9,13,14,16</i>	16,091,998	7,126,528
<b>TOTAL CURRENT ASSETS</b>		<b>16,981,152</b>	<b>8,095,530</b>
<b>NON CURRENT ASSETS</b>			
Deferred tax assets		347,252	6,265
<b>TOTAL NON CURRENT ASSETS</b>		<b>347,252</b>	<b>6,265</b>
<b>TOTAL ASSETS</b>		<b>17,328,404</b>	<b>8,101,795</b>
<b>CURRENT LIABILITIES</b>			
Financial liabilities – derivative securities sold short for future repurchase	<i>8,9,13,17</i>	10,725,455	4,534,004
Financial liabilities – equity securities sold short for future repurchase	<i>13,15</i>	268,549	-
Financial liabilities – margin loan	<i>6</i>	1,151,105	321,975
Financial liabilities – foreign exchange broker loans	<i>6</i>	640,481	-
Financial liabilities – related party loan loans	<i>4</i>	50,000	-
Trade creditors		521	6,425
Accruals		19,804	18,168
Provision for income tax		100,443	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>12,956,358</b>	<b>4,880,572</b>
<b>NON CURRENT LIABILITIES</b>			
Deferred tax liabilities		48,432	51,303
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>48,432</b>	<b>51,303</b>
<b>TOTAL LIABILITIES</b>		<b>13,004,790</b>	<b>4,931,875</b>
<b>NET ASSETS</b>		<b>4,323,614</b>	<b>3,169,920</b>
<b>EQUITY</b>			
Issued capital	<i>10</i>	5,321,896	3,284,824
Reserves – share based payments		43,280	43,280
Accumulated losses		(1,041,562)	(158,184)
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF EAST 72 HOLDINGS LIMITED</b>		<b>4,323,614</b>	<b>3,169,920</b>

The Statement of Financial Position is to be read in conjunction with the attached notes.

## Statement of Changes in Equity

For the half year ended 31 December 2017

	Issued Capital \$	Share based payments \$	Accumulated Losses \$	Total Equity \$
<b>At 31 December 2016</b>	<b>925,378</b>	<b>43,280</b>	<b>(231,211)</b>	<b>737,447</b>
Total comprehensive income for the period	-	-	73,027	73,027
Issue of equity (net of issuance costs)	2,359,446	-	-	2,359,446
<b>At 30 June 2017</b>	<b>3,284,824</b>	<b>43,280</b>	<b>(158,184)</b>	<b>3,169,920</b>
Total comprehensive income for the period	-	-	(883,378)	(883,378)
Issue of equity (net of issuance costs)	2,173,754	-	-	2,173,754
Cancellation of equity	(136,682)	-	-	(136,682)
<b>At 31 December 2017</b>	<b>5,321,896</b>	<b>43,280</b>	<b>(1,041,562)</b>	<b>4,323,614</b>

The Statement of Changes in Equity is to be read in conjunction with the attached notes.



## Statement of Cash Flows

### For the half year ended 31 December 2017

	Note	Economic Entity	
		31 Dec 2017	31 Dec 2016
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(82,236)	(28,348)
Purchases of equity investments		(1,844,404)	(507,435)
Proceeds from sale of equity investments		2,138,497	138,324
Net investment in derivatives account <sup>†</sup>		(1,274,102)	(43,000)
Dividends received from equity investments		58,328	1,589
Dividends paid away on short sale equity investments		(663)	
Interest received		4,296	-
Finance costs paid		(22,704)	(2,065)
Foreign exchange movement		7,087	
<b>Net cash used in operating activities</b>		<b>(1,051,900)</b>	<b>(440,935)</b>
<b>Cash flows from investing activities</b>			
Loans from related entities		105,000	-
Repayment of loans to related entities		(55,000)	-
Payment for business, net of cash acquired	<b>11</b>	(591,679)	-
<b>Net cash used in investing activities</b>		<b>(541,679)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from equity issuance		-	297,645
Cost of equity issuance		-	(1,443)
<b>Net cash provided by financing activities</b>		<b>-</b>	<b>296,202</b>
<b>Net decrease in cash</b>		<b>(1,557,579)</b>	<b>(144,733)</b>
Cash at beginning of period		646,653	54,135
<b>Cash at end of period</b>	<b>6</b>	<b>(910,926)</b>	<b>(90,598)</b>

† Dividends earned, dividends paid away, interest costs, fees, charges and commissions related to investments in derivatives are capitalised to the derivatives account.

**The Statement of Cash Flows is to be read in conjunction with the attached notes.**

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial report was approved by the Board of Directors on [xx February 2018].

This interim consolidated financial report has been prepared in accordance with Accounting Standard AASB 134 and is to be read in conjunction with the annual financial report for the financial year ended 30 June 2017 ("**2017 Annual Report**"). The 2017 Annual Report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and the Corporations Act 2001, as appropriate for for-profit oriented entities.

The half yearly report does not include full disclosures 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 economic entity as the full financial report. Accordingly, it is recommended that this financial report be read in conjunction with the 2017 Annual Report and any public announcements made by East 72 Holdings Limited ("**E72**") during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The same accounting policies have been followed as those applied and discussed in the 2017 Annual Report.

<b>Economic Entity</b>	
<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
<b>\$</b>	<b>\$</b>

### NOTE 2: REVENUES

Revenues are comprised as follows:

Profit from sale of derivative instruments	542,214	48,535
Profit from sale of equity investments (a)	275,592	16,405
Interest revenue	4,554	29
Dividend income	71,537	10,432
Foreign exchange gains on loans	7,087	-
Other	79	-
Gain on bargain purchase	13,300	-
Change in fair value of derivative instruments retained	-	91,814
Change in fair value of equity investments retained	-	43,712
<b>Total revenues</b>	<b>914,363</b>	<b>210,927</b>

(a) Net gain from sale of equity investments is composed of:

Proceeds of sale of equity investments <sup>†</sup>	1,873,428	138,324
Cost of sales of equity investments <sup>†</sup>	(1,597,836)	(121,919)
<b>Net gain from sale of equity investments</b>	<b>275,592</b>	<b>16,405</b>

<sup>†</sup> including short sales

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

	<b>Economic Entity</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 3: EXPENSES</b>		
Expenses excluding finance costs are comprised as follows:		
Change in fair value of derivative instruments retained	858,197	-
Change in fair value of equity investments retained	11,926	-
Dividends paid away on derivative instruments	110,684	7,502
Dividends paid away on equities sold short	1,863	
Fees, charges and commissions on derivative positions	16,364	4,589
Directors fees and costs	30,000	-
Loss on sale of derivative instruments	973,460	9,831
Other expenses	48,839	23,954
<b>Total expenses excluding finance costs</b>	<b>2,051,333</b>	<b>45,876</b>

**NOTE 4: FINANCE COSTS**

Cost of finance attributable to derivative instruments	131,608	17,866
Cost of finance attributable to loans from other entities	22,704	2,065
<b>Total finance costs</b>	<b>154,312</b>	<b>19,931</b>

At 31 December 2017, the two controlled entities of E72 had combined margin lending facilities with a subsidiary of an Australian banking institution of up to \$2,500,000 (2016: \$175,000). These facilities grant the bank a mortgage charge against the Australian equity investments held by the Company, and are guaranteed by Andrew Brown, the sole Director of the two controlled entities and a Director of the Company.

At 31 December 2017, the Company had an outstanding balance of \$50,000 in respect of a short term, nil interest bearing loan provided by Andrew Brown, repayable on demand. This loan was repaid on 7 February 2018. At 31 December 2016, E72 had an undrawn line of credit facility of up to \$500,000 with Andrew Brown, a Director of the Company, with an expiry date of 30 June 2017.

**NOTE 5: DIVIDENDS PAID OR PROPOSED****Declared and paid during the period**

Total dividends paid	-	-
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**Proposed and not recognised as a liability (fully franked at 30%)**

Interim franked dividend for period to 31 December 2017: nil (30 June 2017: nil)	-	-
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The current balance of the franking account, prior to accounting for current period taxation paid is \$279,419.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

	<b>Economic Entity</b>	
	<b>31 Dec 2017</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 6: CASH AND CASH EQUIVALENTS</b>		
Cash on hand and at bank	58,023	914,794
Cash in broking accounts	822,637	53,834
Net cash & cash equivalents as per statement of financial position	880,660	968,628
Broking account foreign currency loans	(640,481)	-
Margin lending account balance	(1,151,105)	(321,975)
Net cash and cash equivalents as per statement of cash flows	(910,926)	646,653

**NOTE 7: FINANCIAL ASSETS****Fair value through profit and loss:**

Listed investments at fair value		
- shares in listed corporations (note 14)	4,466,486	1,991,899
Derivative securities held at fair value (notes 9 and 16)	2,449,041	2,348,882
Net assets in derivative account (note 9)	9,176,471	2,785,747
TOTAL	16,091,998	7,126,528

**NOTE 8: FINANCIAL LIABILITIES – SECURITIES SOLD SHORT FOR FUTURE PURCHASE**

Derivative securities sold short for future purchase at fair value (notes 9 and 17)	10,725,455	4,534,004
Equity securities sold short for future purchase at fair value (note 15)	268,549	-
	10,994,004	4,534,004

**NOTE 9: DERIVATIVE ACCOUNT COMPOSITION**

Andrew Brown, a Director of the Company, is the guarantor of the two controlled entities' derivative trading accounts. Derivative account liabilities arise from the composition of the derivative trading account at any given time, and are limited only by the composition of security exposures held or sold short, gearing capacity on individual exposures, and margin available within the account. The derivative account composition at the reporting dates was:

Derivative securities – long exposure	2,449,041	2,348,882
Derivative securities – sold short exposure	(10,725,455)	(4,534,004)
Net exposure to derivative account	(8,276,414)	(2,185,122)
<b>Funded by:</b>		
Equity within derivative account	900,057	600,625
Derivative account assets (note 7)	(9,176,471)	(2,785,747)
	(8,276,414)	(2,185,122)

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Economic Entity**  
**31 Dec 2017**    **30 June 2017**  
**\$**                      **\$**

**NOTE 10. EQUITY – ISSUED CAPITAL**

15,017,900 fully paid authorised ordinary share  
(30 June 2017: 9,056,428)

	5,321,896	3,284,824
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**MOVEMENT IN ISSUED SHARES OF THE PARENT ENTITY FOR THE PERIOD**

		Number of shares	\$
30 June 2017	Opening balance	9,056,428	3,284,824
26 September 2017	Acquisition of Stiletto Investments Pty. Limited	6,361,472	2,173,754
26 September 2017	Cancellation of E72 Shares held by Stiletto Investments Pty. Limited	(400,000)	(136,682)
		15,017,900	5,321,896

**NOTE 11. ACQUISITION OF CONTROLLED ENTITY**

On 26 September 2017, E72 acquired 100% of the issued capital of Stiletto Investments Pty. Limited (**Stiletto**) from a group of shareholders including related interests of Andrew Brown, a Director of the Company, after approval was given by E72 Shareholders at the AGM of 25 September 2017. In the period from 26 September 2017 to 31 December 2017, the acquired business contributed revenue of \$154,715 (before consolidation adjustments) and a loss before tax of \$319,095.

The carrying amounts of assets and liabilities at the date of acquisition of Stiletto are as follows:

	Acquiree's carrying amount \$	Fair value \$
Cash and cash equivalents	1,243	1,243
Debtors	8,939	(8,939)
Equity in derivative account	554,848	554,848
Listed shares at market value	2,382,749	2,382,749
<b>TOTAL ASSETS</b>	<b>2,947,779</b>	<b>2,947,779</b>
Secured loans	(568,524)	(568,524)
Current tax liabilities	(101,569)	(101,569)
Deferred tax liabilities	(66,234)	(66,234)
<b>TOTAL LIABILITIES</b>	<b>(736,327)</b>	<b>(736,327)</b>
<b>NET ASSETS</b>	<b>2,211,452</b>	<b>2,211,452</b>
Deemed value of E72 Shares cancelled on acquisition	(136,682)	(136,682)
Gain on bargain purchase	(13,300)	(13,300)
<b>ADJUSTED NET ASSETS</b>	<b>2,061,470</b>	<b>2,061,470</b>
E72 Shares issued at deemed value	2,037,072	2,037,072
Cash payments	24,398	24,398
<b>TOTAL PURCHASE CONSIDERATION</b>	<b>2,061,470</b>	<b>2,061,470</b>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS****NOTE 12. CONTROLLED ENTITIES**

	Country of Incorporation	Percentage Owned	
		31 Dec 2017	30 June 2017
<b>Parent Entity:</b>			
East 72 Holdings Limited	Australia	-	-
<b>Controlled Entities of East 72 Holdings Limited:</b>			
East 72 Investments Pty. Limited	Australia	100%	100%
Stiletto Investments Pty. Limited	Australia	100%	-

**NOTE 13. FAIR VALUE MEASUREMENT***Fair value hierarchy*

The following tables detail the consolidated entity's assets and liabilities measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the fair value measurement being:

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

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

31 December 2017	Level 1	Level 2	Level 3	TOTAL
	\$	\$	\$	\$
Financial assets at fair value through profit or loss:				
Shares in other corporations	4,466,486	-	-	4,466,486
Short sale exposures	(268,549)	-	-	(268,549)
Long derivative exposures	-	2,449,041	-	2,449,041
Short derivative exposures	-	(10,725,455)	-	(10,725,455)
<b>TOTAL</b>	<b>4,197,937</b>	<b>(8,276,414)</b>	<b>-</b>	<b>(4,078,477)</b>
30 June 2017	Level 1	Level 2	Level 3	TOTAL
	\$	\$	\$	\$
Financial assets at fair value through profit or loss:				
Shares in other corporations	1,991,899	-	-	1,991,899
Long derivative exposures	-	2,348,882	-	2,348,882
Short derivative exposures	-	(4,534,004)	-	(4,534,004)
<b>TOTAL</b>	<b>1,991,899</b>	<b>(2,185,122)</b>	<b>-</b>	<b>(193,223)</b>

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Economic Entity**  
**31 Dec 2017    30 June 2017**  
**\$                                  \$**

**NOTE 14: FINANCIAL ASSETS – SHARES IN LISTED CORPORATIONS**

The Economic Entity's shares in listed corporations comprise the following interests:

<b>Company</b>	<b>Industry</b>	<b>Value</b>	<b>Value</b>
Associated Capital Group	investment/funds management	174,626	88,427
Australian Agricultural Co	pastoral	32,625	-
Australian Rural Capital	investment	275,018	136,799
Baby Bunting Ltd	retail	40,250	-
Beadell Resources	gold mining	36,000	43,000
Cabcharge Limited	taxi management systems	195,000	75,900
Cons. Communications	cable ownership	46,819	-
CPT Global	IT consulting	95,837	-
DHT Holdings	tanker shipping ownership	68,941	-
Dreamscape Networks	domain name services	107,500	110,000
Ellerston Asian Investments	Asian LIC	-	56,100
Frontier Digital Ventures	developing country portal owners	45,500	30,000
Grays Ecommerce	online auctions	-	163,239
Janus Henderson Group	funds management	236,160	-
IDT Australia	pharma manufacturing	199,516	-
Kogan Limited	online retail/MVNO	-	66,800
Liberty Trip Advisor	Trip Advisor tracker stock	24,133	-
Macquarie Group	financial services	149,445	-
McGrath Holdings	real estate services	159,000	64,400
McPhersons Limited	consumer products	107,350	32,500
Medical Australia	medical product distribution	-	18,400
Mitula Group	real estate portals	58,500	58,200
Monash Absolute	small company LIC	173,000	-
Murray Goulburn Unit Trust	capital provider to dairy co-op	-	25,800
Namoi Cotton Co-operative	cotton ginning	265,000	-
National Aust Bank	banking	63,871	-
News Corp	media conglomerate	140,270	54,750
NZME Limited	print, radio & digital media	151,050	62,300
Pental Limited	consumer products	-	51,470
Pershing Square Holdings	hedge fund investment company	17,501	-
PM Capital Global Opp Fund	investment company	276,750	110,500
Prime Financial Group	weath management	154,193	238,229
Ramelius Resources	gold mining	77,000	-
Scottish Pacific Group	specialist financing	147,600	40,650
Seven West Media	TV, print & digital media	70,349	81,787
Shire PLC	pharmaceuticals	87,686	-
Simonds Group	housebuilding	-	53,512
Treasure ASA	logistics investment	44,931	49,864
Trip Advisor Inc	travel portal	48,529	-
Vealls Limited	investment	-	80,695
Virtu Financial	market-making/trading	199,142	-
Watermark Global Leaders	hedge fund LIC	46,250	-
Webster Limited	pastoral, walnuts, water	173,582	68,011

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

<b>Economic Entity</b>	
<b>31 Dec 2017</b>	<b>30 June 2017</b>
<b>\$</b>	<b>\$</b>

**NOTE 14: FINANCIAL ASSETS – SHARES IN LISTED CORPORATIONS (continued)**

Westgold Resources	gold mining	238,950	92,000
Wm. Wilhelmsen Holding	shipping holding company	38,613	38,566
		4,466,486	1,991,899

**NOTE 15: FINANCIAL LIABILITIES – EQUITY SECURITIES SOLD SHORT FOR FUTURE PURCHASE**

The Economic Entity has sold short the following shares in listed corporations:

<b>Company</b>	<b>Industry</b>	<b>Value</b>	<b>Value</b>
GUD Holdings	automotive supply	48,760	-
Bendigo & Adelaide Bank	banking	23,340	-
Eclixp Group	vehicle leasing	60,600	-
Herbalife	nutritional product system	86,698	-
Netflix Inc	SVOD supply	49,151	-
		268,549	-

**NOTE 16: FINANCIAL ASSETS – DERIVATIVE SECURITIES HELD**

The Economic Entity's derivative securities held comprise the following long exposures held through contracts for difference at fair value:

<b>Company</b>	<b>Industry</b>	<b>Value</b>	<b>Value</b>
A P Moeller Maersk	shipping/oil	156,570	78,485
Acacia Research	patent ownership	-	29,196
AerCap Holdings	aircraft leasing	195,326	96,603
American Express	consumer credit	-	71,204
AMP Limited	financial services	-	51,900
Banca Sabadell SA	banking	-	26,438
Bank of America	financial services	-	15,774
Barclays	banking	126,455	61,814
British Empire Secs & GT	investment trust	-	23,205
Credit Suisse Gp	financial services	-	94,068
Crude Oil	commodity contract	-	97,469
Dell Inv Class V	VM Ware tracker stock	-	55,627
DHT Holdings	tanker shipping ownership	-	26,983
EasyJet PLC	airline	-	69,055
Everest Re	reinsurance	70,817	-
Exor SpA	holdng company/reinsurance	243,446	105,640
Fairfax Financial Holdings	insurance/reinsurance	156,786	67,658
Fairfax Media	media/real estate	-	44,000
Fiat Chrysler	automobile manufacture	-	68,690
Financiere de L'Odet	intermediate holding co	242,434	104,325
Flow Traders	ETF market making	96,819	43,067
Foxtons	real estate agency	80,531	91,129
Frontline	shipping tanker ownership	-	14,679
General Electric	conglomerate	22,340	-



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Economic Entity**  
**31 Dec 2017**    **30 June 2017**  
**\$**                      **\$**

**NOTE 16: FINANCIAL ASSETS – DERIVATIVE SECURITIES HELD (continued)**

Grand City Properties	residential real estate	-	36,503
Greenlight Capital Re	reinsurance	77,199	40,767
Hansa Trust PLC	investment trust	54,272	45,986
ING Groep	banking	148,375	67,321
Janus Henderson Group	funds management		86,800
KKR and Co LP	private equity	124,025	38,700
Lloyds Banking Group	banking	158,909	84,032
News Corp B	media conglomerate	-	18,400
Owens Illinois	packaging	-	43,547
Pershing Square Holdings	hedge fund investment	122,507	58,517
Rubicon Project	real time ad bidding	23,941	33,420
Shire PLC	pharmaceutical	-	57,425
Tanker Investments Ltd	tanker shipping ownership	72,751	36,619
Third Point Re	reinsurance	37,511	36,151
Twitter	social media	-	34,857
Virgin Australia	airline	-	16,000
Virtu Financial	market-making/trading	-	103,283
Wellard	animal freight	-	57,750
Wells Fargo	banking	147,578	72,055
WPP plc	advertising and marketing	90,451	43,740
		<u>2,449,041</u>	<u>2,348,882</u>

**NOTE 17. FINANCIAL LIABILITIES – DERIVATIVE SECURITIES SOLD SHORT FOR FUTURE PURCHASE**

The Economic Entity's derivative securities sold short comprise the following short exposures held through contracts for difference at fair value:

<b>Company</b>	<b>Industry</b>	<b>Value</b>	<b>Value</b>
Amazon Inc	online/cloud supply chain	149,721	-
Apple	consumer electronics	238,322	93,641
Bank of the Ozarks	banking	-	60,949
BHP Billiton	diversified resources	73,925	58,200
Bitcoin	crypto-currency	256,351	-
Blue Sky Alternative	alternative investment mgt	103,234	43,654
Caterpillar Inc	capital equipment	308,664	139,740
Computershare	registry & mortgage servs	24,450	21,210
Corporate Travel	travel services	183,568	70,999
Dexus Property Group	office REIT	48,750	47,400
Eclix Group	fleet leasing & services	-	80,482
EuroStoxx50 index	European large cap index	825,863	411,449
FTSE 100 index	UK large cap index	-	21,988
GUD Holdings	auto components, pumps	-	38,730
Hanesbrands	apparel	-	22,588
Hormel Foods	spam & processed foods	-	22,178

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Economic Entity**  
**31 Dec 2017    30 June 2017**  
**\$                    \$**

**NOTE 17. FINANCIAL LIABILITIES – DERIVATIVE SECURITIES SOLD SHORT FOR FUTURE PURCHASE (continued)**

Istoxx Iboxx High Yield ETF	low rated bond investor	184,329	80,441
JB Hi Fi	retail	62,350	-
Magellan Financial	investment management	86,272	34,608
McCormick and Co	spices, foods	-	38,040
NASDAQ 100 index	US equity index	440,130	135,746
Pandora AS	costume jewellery	41,815	-
Perpetual Limited	investment management	164,390	106,153
Pioneer Natural Resources	oil and gas producer	-	-
QBE Insurance	insurance/reinsurance	-	23,620
S&P/ASX 200 index	Australian equity index	3,948,864	1,360,860
S&P500 index	US equity index	2,641,835	1,018,451
Simon Property Group	shopping mall reit	-	21,035
Singapore Telecom	telecommunications	-	55,136
SS&C Technologies	inv. management software	-	24,974
Telstra Limited	telecommunications	-	64,500
Tesla Inc	solar/electrical vehicles	189,337	105,803
Wall Street index	DJIA derivative	642,236	213,850
WD40 Inc	lubricant	-	57,399
Wesfarmers Limited	conglomerate	111,050	60,180
		<b>10,725,455</b>	<b>4,534,004</b>

**NOTE 18: SEGMENT INFORMATION**

The Economic Entity operates in only one segment being investment.


## DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink that reads "Andrew J. Brown". The signature is written in a cursive style and is positioned above a horizontal line that extends to the right.

Andrew Brown  
Executive Director

22 February 2018

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF EAST 72 HOLDINGS LIMITED

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of East 72 Holdings Limited (the "company") and its controlled entities (collectively the "consolidated entity"), which comprises the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of East 72 Holdings Limited is not in accordance with the Corporations Act 2001 including:-

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

#### Independence

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

#### Directors' Responsibility for the Half-Year Financial Report

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

## Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2017 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of East 72 Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



PKF



MARTIN MATTHEWS  
PARTNER

22 FEBRUARY 2018  
NEWCASTLE, NSW