

**EAST 72 HOLDINGS LIMITED**

ACN 099 912 044



**INTERIM  
FINANCIAL STATEMENTS**

**for the half year ended  
31 December 2019**

# CONTENTS

Directors' Report	2
Auditor's Independence Declaration	4

<b>Financial Statements</b>	
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to Financial Statements	9
Directors' Declaration	18
Independent Auditor's Report	19

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 entities that it controls (East 72 Investments Pty. Limited and Stiletto Investments Pty. Limited) unless otherwise stated.

## **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

### **DIRECTORS' REPORT**

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2019.

#### **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 \$575,488 for the period compared to a loss of \$759,236 in the comparative period. As a result of the loss, net tangible asset backing per share decreased from 25.25c per share at 30 June 2019 to 22.25c per share at 31 December 2019.

A full review of the Company's activities during the latest quarter was lodged via Quarterly Report #14 with National Stock Exchange of Australia on 8 January 2020; the first quarter of the 2020 financial year's activities were covered in Quarterly Report #13 lodged with National Stock Exchange of Australia on 10 October 2019.

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

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

#### **Events subsequent to reporting date**

On 8 January 2020, E72 placed 570,000 new shares at \$0.20 to Executive Director, Andrew Brown.

As a result of adverse changes in the price of Tesla Inc and strength in Australian equities in January, and US equities in the early part of February 2020, the Company was forced to significantly reduce its net short position against equity markets. As at 29 February 2020, unaudited shareholders' funds were approximately \$3.8million.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### Auditor's Declaration

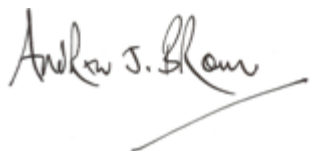
The auditor's independence declaration is set out on page 4 for the half year ended 31 December 2019.

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: 13 March 2020

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



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 2019, 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.

PKF

PAUL PEARMAN  
PARTNER

13 MARCH 2020  
SYDNEY, NSW

PKF(NS) Audit & Assurance Limited  
Partnership  
ABN 91 850 881 839

Liability limited by a scheme  
approved under Professional  
Standards Legislation

Sydney  
Level 8, 1 O'Connell Street  
Sydney NSW 2000 Australia  
GPO Box 5446 Sydney NSW 2001  
p +81 2 8346 6000  
f +81 2 8346 6099

Newcastle  
755 Hunter Street  
Newcastle West NSW 2302 Australia  
PO Box 2368 Dangar NSW 2309  
p +81 2 4962 2688  
f +81 2 4962 3245

PKF(NS) Audit & Assurance Limited Partnership is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.  
For office locations visit [www.pkf.com.au](http://www.pkf.com.au)

4

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Statement of Profit or Loss and Other Comprehensive Income**  
For the half year ended 31 December 2019

<b>Continuing Operations</b>	<b>Note</b>	<b>31 Dec 2019</b>	<b>restated 31 Dec 2018</b>
		<b>\$</b>	<b>\$</b>
Investment Losses	<b>2</b>	(526,333)	(905,807)
Other expenses	<b>3</b>	(155,828)	(122,838)
Finance costs	<b>4</b>	(59,970)	(60,766)
<b>Loss before income tax</b>		(742,131)	(1,089,411)
Income tax benefit/(expense)		166,643	330,175
<b>Loss after income tax for the half-year</b>		(575,488)	(759,236)
Other comprehensive income for the half year, net of tax		-	-
<b>Total comprehensive income attributable to members of East 72 Holdings Limited</b>		(575,488)	(759,236)
Basic (loss)/earnings per share (cents per share)		(3.0c)	(4.1c)
Diluted (loss)/earnings per share (cents per share)		(3.0c)	(4.1c)

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS****Statement of Financial Position**

As at 31 December 2019

	Note	Economic Entity	
		31 Dec 2019	restated 30 June 2019
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	1,232	5,662
Due from brokers	6	158,766	851,893
Trade and other receivables		44,405	8,752
Prepayments		42,163	36,090
Financial assets	7	6,371,880	7,238,972
<b>TOTAL CURRENT ASSETS</b>		<b>6,618,446</b>	<b>8,141,369</b>
<b>NON CURRENT ASSETS</b>			
Right of use lease asset		22,065	33,946
Deferred tax assets		842,247	675,596
<b>TOTAL NON CURRENT ASSETS</b>		<b>864,312</b>	<b>709,542</b>
<b>TOTAL ASSETS</b>		<b>7,482,758</b>	<b>8,850,911</b>
<b>CURRENT LIABILITIES</b>			
Financial liabilities – equity securities sold short for future repurchase		1,695,149	288,550
Financial liabilities – derivatives at fair value		742,113	878,949
Financial liabilities – margin loan	6	362,673	539,679
Financial liabilities – foreign exchange broker loans	6	351,712	2,215,925
Trade creditors		19,967	32,094
Accruals		28,256	25,914
Office lease liability		21,140	20,054
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,221,010</b>	<b>4,001,165</b>
<b>NON CURRENT LIABILITIES</b>			
Office lease liability		1,821	14,331
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>1,821</b>	<b>14,331</b>
<b>TOTAL LIABILITIES</b>		<b>3,222,831</b>	<b>4,015,496</b>
<b>NET ASSETS</b>		<b>4,259,927</b>	<b>4,835,415</b>
<b>EQUITY</b>			
Issued capital	8	6,551,795	6,551,795
Reserves – share based payments		43,280	43,280
Accumulated losses		(2,335,148)	(1,759,660)
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF EAST 72 HOLDINGS LIMITED</b>		<b>4,259,927</b>	<b>4,835,415</b>

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Statement of Changes in Equity**

For the half year ended 31 December 2019

	Issued Capital \$	Share based payments \$	Accumulated Losses \$	Total Equity \$
<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>
Total comprehensive income for the period	-	-	218,663	218,663
Issue of equity (net of issuance costs)	553,253	-	-	553,253
<b>At 30 June 2018</b>	<b>5,875,149</b>	<b>43,280</b>	<b>(822,899)</b>	<b>5,095,530</b>
Total comprehensive income for the period	-	-	(759,236)	(759,236)
Issue of equity (net of issuance costs)	676,646	-	-	676,646
<b>At 31 December 2018</b>	<b>6,551,795</b>	<b>43,280</b>	<b>(1,582,135)</b>	<b>5,012,940</b>
Total comprehensive income for the period	-	-	(177,525)	(177,525)
<b>At 30 June 2019</b>	<b>6,551,795</b>	<b>43,280</b>	<b>(1,759,660)</b>	<b>4,835,415</b>
Total comprehensive income for the period	-	-	(575,488)	(575,488)
Issue of equity (net of issuance costs)	-	-	-	-
<b>At 31 December 2019</b>	<b>6,551,795</b>	<b>43,280</b>	<b>(2,335,148)</b>	<b>4,259,927</b>

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



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS****Statement of Cash Flows**  
For the half year ended 31 December 2019

	Note	Economic Entity	
		31 Dec 2019	31 Dec 2018
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(157,785)	(87,098)
Purchases of equity investments		(2,523,346)	(2,410,778)
Proceeds from sale of equity investments		4,436,539	2,819,872
Net investment in derivatives account <sup>†</sup>		(290,900)	(366,500)
Dividends received from equity investments		46,966	71,865
Dividends paid away on short sale equity investments		(2,032)	(85)
Interest received		1,922	8,786
Finance costs paid		(55,846)	(60,766)
Foreign exchange movement		(73,472)	(48,618)
Loss on futures contracts		(38,412)	-
Tax paid		-	(20,455)
<b>Net cash used in operating activities</b>		<b>1,343,633</b>	<b>(93,777)</b>
<b>Cash flows from financing activities</b>			
Proceeds from equity issuance		-	684,630
Cost of equity issuance		-	(8,783)
<b>Net cash provided by financing activities</b>		<b>-</b>	<b>675,874</b>
<b>Net increase/(decrease) in cash</b>		<b>1,343,633</b>	<b>582,070</b>
Cash at beginning of period		(1,898,049)	(1,739,584)
<b>Cash at end of period</b>	<b>6</b>	<b>(554,416)</b>	<b>(1,157,514)</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 13 March 2020.

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 2019 ("**2019 Annual Report**"). The 2019 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 2019 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 2019 Annual Report, other than new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. Other than as disclosed below, no new Accounting Standards and Interpretations became effective during the current reporting period:

#### *AASB 9: Restatement of Prior Accounts*

E72 has reviewed its policies in relation to the accounting for financial instruments that applies to contracts for differences. In doing so, it was identified that an error existed whereby the gross notional amount of the underlying assets were recognised rather than the difference which results in the derivative.

Consequently, the financial assets for the year ended 30 June 2019 were overstated by \$7,900,095 (1 July 2018 \$5,010,994); financial liabilities were overstated by \$6,995,922 (1 July 2018 \$4,252,867). This error has been retrospectively adjusted back to 1 July 2018. There is no impact to the net assets as a result of the error correction.

It was further noted that allocations between revenue and expense items were also reported in error. Consequently, revenue in the six months ended 31 December 2018 was overstated by \$1,558,852 and finance charges were also overstated by \$76,531 for the period ended 31 December 2018. This error has been retrospectively adjusted back to 1 January 2019. There is no impact to the profit after tax as a result of the error correction.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

	526,333	<b>Economic Entity</b>	
		<b>31 Dec 2019</b>	<b>Restated 31 Dec 2018</b>
		\$	\$
<b>NOTE 2: INVESTMENT LOSSES</b>			
Loss on investments held at fair value through profit and loss account (a)		(524,591)	(1,012,423)
Interest revenue		5,286	8,880
Dividend income		66,444	97,736
Foreign exchange translation losses		(73,472)	-
<b>Total</b>		<b>(526,333)</b>	<b>(905,807)</b>

(a) Loss on investments held at fair value through profit and loss account is composed of:

Proceeds of sale and short sales of equity investments	3,460,000	2,760,047
Cost of sales and short sales of equity investments	(3,047,453)	(2,561,315)
<b>Net gain from sale of equity investments</b>	<b>412,547</b>	<b>198,732</b>
Change in fair value of equity investments retained	(423,755)	(902,154)
(Loss) from sale of derivative instruments	(322,810)	(165,786)
Change in fair value of derivative instruments retained	(149,930)	(143,130)
Dividends paid away on short sale positions	(2,232)	(85)
Loss on expiry of futures contracts	(38,411)	-
<b>TOTAL</b>	<b>(524,591)</b>	<b>(1,012,423)</b>

**NOTE 3: EXPENSES**

Expenses excluding finance costs are comprised as follows:

Directors fees and costs	30,000	30,000
Employment costs	61,875	-
Other expenses	63,953	92,838
<b>Total expenses excluding finance costs</b>	<b>155,828</b>	<b>122,838</b>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

	<b>Economic Entity</b>	
	<b>31 Dec 2019</b>	<b>Restated 31 Dec 2018</b>
	\$	\$
<b>NOTE 4: FINANCE COSTS</b>		
Cost of finance attributable to loans from other entities	59,970	60,766

At 31 December 2019, 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 (2018: \$2,500,000). 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.

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

Total dividends paid	-	-
----------------------	---	---

**Proposed and not recognised as a liability (fully franked at 30%)**

Interim franked dividend for period to 31 December 2019: nil (30 June 2019: nil)	-	-
---	---	---

The current balance of the franking account, prior to accounting for any taxation paid in relation to the result for the latest period or payment of the proposed interim dividend is \$401,019.

	<b>Economic Entity</b>	
	<b>31 Dec 2019</b>	<b>Restated 30 June 2019</b>
	\$	\$
<b>NOTE 6: CASH AND CASH EQUIVALENTS</b>		
Cash on hand and at bank	1,233	5,662
Cash in broking accounts	158,766	851,893
Net cash & cash equivalents as per statement of financial position	159,999	857,555
Broking account foreign currency loans	(351,742)	(539,679)
Margin lending account balance	(362,673)	(2,215,925)
Net cash and cash equivalents as per statement of cash flows	(554,416)	(1,898,049)

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

Listed investments at fair value		
- shares in listed corporations (note 14)	5,423,613	5,981,815
Derivative securities held at fair value	66,217	352,984
Derivative account funds	882,050	904,173
<b>TOTAL</b>	<b>6,371,880</b>	<b>7,238,972</b>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

	31 Dec 2019	Economic Entity restated 30 June 2019
	\$	\$

### NOTE 8. EQUITY – ISSUED CAPITAL

19,150,000 fully paid authorised ordinary shares (30 June 2019: 19,150,000)	6,551,795	6,551,795
--	-----------	-----------

### MOVEMENT IN ISSUED SHARES OF THE PARENT ENTITY FOR THE PERIOD

Date	Details	Number of shares	\$
30 June 2019	Opening balance	19,150,000	6,551,795
31 December 2019	Closing balance	19,150,000	6,551,795

### NOTE 9. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned	
		31 Dec 2019	30 June 2019
<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%	100%

### NOTE 10: SEGMENT INFORMATION

The Economic Entity operates in only one segment being investment (listed securities and derivative and derivative financial assets).

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS****NOTE 11. 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 2019	Level 1	Level 2	Level 3	TOTAL
	\$	\$	\$	\$
Financial assets at fair value through profit or loss:				
Shares in other corporations	5,423,613	-	-	5,423,613
Shares in other corporations sold short	(1,695,149)	-	-	(1,695,149)
Long derivative exposures	-	66,217	-	66,217
Short derivative exposures	-	(742,113)	-	(742,113)
<b>TOTAL</b>	<b>3,728,464</b>	<b>(675,896)</b>	<b>-</b>	<b>3,052,568</b>
30 June 2019	Level 1	Level 2	Level 3	TOTAL
	\$	\$	\$	\$
Financial assets at fair value through profit or loss:				
Shares in other corporations	5,981,815	-	-	5,981,815
Shares in other corporations sold short	(288,550)	-	-	(288,550)
Long derivative exposures	-	352,984	-	352,984
Short derivative exposures	-	(848,949)	-	(848,949)
<b>TOTAL</b>	<b>5,693,265</b>	<b>(495,965)</b>	<b>-</b>	<b>5,197,300</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**

<b>Economic Entity</b>	
<b>31 Dec 2019</b>	<b>30 June 2019</b>
<b>\$</b>	<b>\$</b>

**NOTE 12. 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>
A2B Limited	Taxi management systems	161,250	189,738
Aercap Holdings NV	Aircraft leasing	210,244	-
Alleghany Corp	Reinsurance	-	97,080
Alliance Data Systems	Credit card systems	255,836	179,756
AMC Entertainment	Cinemas	20,636	-
Australian Rural Capital	Agribusiness investment	148,926	185,411
Beazer Homes	US homebuilder	-	95,881
Berkshire Hathaway	Conglomerate	282,439	265,855
Bollore	Logistics/investment	187,329	163,342
Brookfield DTLA preference	Los Angeles office ownership	101,503	100,770
Consolidated Comms	Broadband provider	-	42,161
(Walt) Disney Companies	Entertainment/media	-	99,316
Dreamscape Networks	Domain name sales & hosting	-	224,750
E-L Financial Corp	Financial services	163,788	72,968
Enterprise Diversified	Funds management	43,323	34,393
EXOR NV	Strategic investor	331,319	-
Fairfax India Holdings	Indian asset ownership	-	126,710
Fitbit	Body monitoring devices	-	94,071
Freedom Insurance Group	Run off insurer	32,000	32,000
Gentrack	Utility software	25,992	-
Gowings Limited	Investment	230,000	249,000
Janus Henderson Group	Funds management	-	121,160
ING Groep	Banking	153,784	148,582
Jeffries Financial	Merchant & investment banking	91,364	82,226
Joban Kaihatsu	Construction	59,672	81,899
L1 Long Short Fund	Long/short closed end LIC	82,250	-
Lindsay Australia	Logistics	-	34,500
Madison Square Garden Co	Arena & sports team ownership	125,776	119,701
McGrath Holdings	Real estate agency sales	247,500	225,000
Monash Absolute	Small company closed end LIC	-	285,250
MPC Containerships	Feeder vessel ownership	27,947	38,221
MSG Networks	Sports broadcasting	37,195	-
Namoi Cotton Co-operative	Cotton ginning & related	235,600	262,500
NZME Limited	NZ based media	103,125	120,300
PICO Holdings	Water ownership	79,236	82,808
PM Capital Global Opp Fund	Global equity closed end LIC	195,300	273,750
Prime Media Group	Regional media	221,000	241,500
RENN Fund	Closed end US fund	135,074	111,018
Rights and Issues Inv Trust PLC	Closed end UK investment trust	-	72,681
Rolls Royce PLC	Aircraft engines	103,300	-
Rubicon Technologies	Shell company	-	35,490
Schouw & Co	Danish conglomerate	-	43,421
Treasure ASA	Investment	66,437	67,151
vanEck Gold Miners ETF	Gold mining Investment	-	145,724
Virtu Financial	Market making	250,797	309,879

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

	<b>Economic Entity</b>	
	<b>31 Dec 2019</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>

**NOTE 12. FINANCIAL ASSETS – SHARES IN LISTED CORPORATIONS (continued)**

<b>Company</b>	<b>Industry</b>	<b>Value</b>	<b>Value</b>
Vornado Realty Trust	NYC real estate	236,925	-
Vulcan International	Rubber products/investment	79,806	72,406
Webster Limited	Agribusiness, water	-	210,000
Wells Fargo	Financial services	126,737	111,488
Wm. Wilhelmsen Holding	Shipping based holding co.	74,955	66,416
Yandex	Russian technology provider	-	54,162
Yellow Brick Road	Financial services franchisor	495,248	311,500
<b>TOTAL</b>		<b>5,423,613</b>	<b>5,981,815</b>

**NOTE 13. FINANCIAL ASSETS – DERIVATIVE SECURITIES HELD**

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

<b>Company</b>	<b>Industry</b>	<b>Value</b>	<b>Value</b>
AerCap Holdings	Aircraft leasing	-	333,588
Alphabet	Technology & IT investment	285,810	308,438
AMC Entertainment	Cinema	41,271	-
AMP Limited	Financial Services	-	212,000
Exor SpA	Holding company/reinsurance	-	299,223
Financiere de L'Odet	Intermediate holding co.	-	157,238
Goldman Sachs	Investment banking	-	233,409
KKR and Co LP	Private Equity	-	180,088
Lloyds Banking Group	Banking	-	138,124
Pact Group Holdings	Packaging	-	69,750
Seven West Media	Media	-	74,400
Vornado Realty Trust	Real estate ownership	-	182,725
<b>TOTAL NOTIONAL</b>		<b>327,081</b>	<b>2,188,983</b>
<b>TOTAL FAIR VALUE</b>		<b>57,128</b>	<b>(139,763)</b>



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS****NOTE 14. FINANCIAL LIABILITIES – DERIVATIVE SECURITIES SOLD SHORT FOR FUTURE PURCHASE**

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

<b>Company</b>	<b>Industry</b>	<b>Value</b>	<b>Value</b>
A2Milk	Dairy products	-	55,400
Afterpay Touch	Consumer credit	96,624	150,420
Altium	Circuit board design software	-	64,980
Apple	Consumer electronics	-	56,465
DAX	German equity index	920,465	746,973
Euro 50	European equity index	-	293,336
Macquarie Group	Financial services	-	125,390
Mirvac Limited	Property	-	109,550
NASDAQ 100 index	US equity index	523,854	400,244
Promedius	Medical imaging software	44,700	134,037
S&P/ASX 200	Australian equity index	2,956,936	2,486,277
S&P500 index	US equity index	2,935,452	2,360,096
Shopify	Online shopping	-	85,562
Tesla Inc	Solar/electrical vehicles	-	509,464
Wall Street index	Dow Jones IA Derivative	114,114	213,547
Wirecard AG	Payments processing	68,745	-
Wisetech Global	Logistics software	-	83,130
<b>TOTAL NOTIONAL</b>		<b>7,660,890</b>	<b>7,874,871</b>
<b>TOTAL FAIR VALUE</b>		<b>(733,024)</b>	<b>(386,202)</b>

**NOTE 16. FINANCIAL LIABILITIES – LISTED SECURITIES SOLD SHORT FOR FUTURE PURCHASE**

The Economic Entity, via stock borrowing arrangements, has sold short the following listed securities:

<b>Company</b>	<b>Industry</b>	<b>Value</b>	<b>Value</b>
AAON Inc	HVAC manufacturing	21,124	-
Atlassian	Software development products	17,150	-
Dominos Pizza Enterprises	Pizza chain/franchisor	41,867	-
Freshpet	Pet food products	42,105	-
Intelsat SA	LEO satellites/spectrum	-	47,128
iShares PHLX Semi Conductor ETF	Semi conductor ETF	250,492	-
Lululemon	Designer spandex	33,016	-
Netflix Inc	Subscription entertainment	115,281	130,887
PagerDuty	IT incident response platform	-	23,471
Planet Fitness	Gymnasia	42,571	-
Restaurant Brands	Fast food	25,446	-
Shopify	Online shopping	84,989	-
Tesla Inc	Solar/electrical vehicles	953,866	-
Veeva Systems	Life sciences cloud computing	30,068	-
WWE Entertainment	Sports promotion	-	61,753
Yeti Holdings	Branded consumer products	37,174	-
Zoom Communications	Web based communication	25,311	-
<b>TOTAL</b>		<b>1,695,149</b>	<b>288,550</b>

## **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

### **NOTE 18. EVENTS OCCURRING AFTER THE REPORTING PERIOD**

On 8 January 2020, the Company issued 570,000 new shares at a price of \$0.20 to raise \$114,000.

As a result of adverse changes in the price of Tesla Inc and strength in Australian equities in January, and US equities in the early part of February 2020, the Company was forced to significantly reduce its net short position against equity markets. As at 29 February 2020, unaudited shareholders' funds were approximately \$3.8million.

## 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 2019 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, reading "Andrew J. Brown", is written over a horizontal line. The signature is cursive and includes a long horizontal stroke at the end.

Andrew Brown  
Executive Director

13 March 2020



**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 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of 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 2019, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

**Independence**

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

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

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

PKF(NS) Audit & Assurance Limited  
Partnership  
ABN 91 850 981 830

Liability limited by a scheme  
approved under Professional  
Standards Legislation

Sydney  
Level 8, 1 O'Connell Street  
Sydney NSW 2000 Australia  
GPO Box 5446 Sydney NSW 2001  
p +61 2 8348 6000  
f +61 2 8348 6099

Newcastle  
705 Hunter Street  
Newcastle West NSW 2302 Australia  
PO Box 2368 Dangar NSW 2309  
p +61 2 4962 2688  
f +61 2 4962 3245

PKF(NS) Audit & Assurance Limited Partnership is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.  
For office locations visit [www.pkf.com.au](http://www.pkf.com.au)



#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2019 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of 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.

A stylized, handwritten-style logo for PKF in blue ink.

PKF

A handwritten signature in blue ink that reads 'P. Pearman'.

PAUL PEARMAN  
PARTNER

13 MARCH 2020  
SYDNEY, NSW