

EAST 72 HOLDINGS LIMITED

ACN 099 912 044



INTERIM FINANCIAL STATEMENTS

**for the half year ended
31 December 2021**

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

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2021.

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 profit after provision for income tax of \$128,292 for the period compared to a profit of \$281,435 in the comparative period. As a result of the profit, net tangible asset backing per share increased from 10.64c per share (including on balance sheet tax benefits) at 30 June 2021 to 11.2c per share at 31 December 2021.

A full review of the Company's activities during the September 2021 quarter was lodged via Quarterly Report #21 with National Stock Exchange of Australia (NSXA) on 7 October 2021 and the December 2021 quarter via Quarterly Report #22 on 6 January 2022.

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 4 February 2022, E72 announced to NSXA that the company's unaudited pre-tax return for the month of January 2022 was 4.2% before expenses and tax, equating to a profit before expenses of \$71,889. This occurred in a period of significant equity market weakness across the globe and was mainly attained from significant hedging activity using short index CFDs, exposures to which were significantly increased after 31 December 2021.

No other matters or circumstances occurring subsequent to the end of the period that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Auditor's Declaration

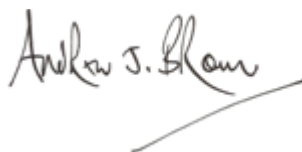
The auditor's independence declaration is set out on page 4 for the half year ended 31 December 2021.

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: 10 February 2022

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 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.



PKF



PAUL PEARMAN
PARTNER

10 FEBRUARY 2022
SYDNEY, NSW

PKF (NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

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under Professional Standards Legislation

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Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2021

Continuing Operations	Note	31 Dec 2021 \$	31 Dec 2020 \$
Investment Profits	2	211,790	364,451
Other expenses	3	(70,609)	(79,375)
Finance costs	4	(12,889)	(3,641)
Profit before income tax		128,292	281,435
Income tax benefit/(expense)		-	-
Profit after income tax for the half-year		128,292	281,435
Other comprehensive income for the half year, net of tax		-	-
Total comprehensive income attributable to members of East 72 Holdings Limited		128,292	281,435

Basic earnings per share (cents per share) 0.6c 1.4c

Diluted earnings per share (cents per share) 0.6c 1.4c

Dividends per share (cents per share) - 1.0c

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 2021

	Note	31 Dec 2021 \$	30 June 2021 \$
CURRENT ASSETS			
Cash and cash equivalents	6	8,393	15,174
Due from brokers	6	-	77,532
Trade and other receivables		39,701	32,931
Prepayments		10,105	2,180
Financial assets	7	2,949,653	2,259,232
Right of use lease asset		17,426	11,322
TOTAL CURRENT ASSETS		3,025,278	2,398,371
NON CURRENT ASSETS			
Deferred tax assets		679,734	679,739
TOTAL NON CURRENT ASSETS		679,734	679,739
TOTAL ASSETS		3,705,012	3,078,110
CURRENT LIABILITIES			
Financial liabilities – equity securities sold short for future repurchase		143,851	198,471
Financial liabilities – derivatives at fair value		21,666	98,893
Financial liabilities – margin loan	6	927,706	34,331
Financial liabilities – foreign exchange broker loans	6	160,360	427,397
Dividend provision		7,030	7,030
Trade creditors		2,861	5,811
Accruals		15,219	14,227
Office lease liability		17,426	11,349
TOTAL CURRENT LIABILITIES		1,296,119	797,509
TOTAL LIABILITIES		1,296,119	797,509
NET ASSETS		2,408,893	2,280,601
EQUITY			
Issued capital	8	6,788,290	6,788,290
Reserves – share based payments		43,280	43,280
Accumulated losses		(4,422,677)	(4,550,969)
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF EAST 72 HOLDINGS LIMITED		2,408,893	2,280,601

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 2021

	Issued Capital \$	Share based payments \$	Accumulated Losses \$	Total Equity \$
At 30 June 2020	6,681,384	43,280	(4,630,186)	2,094,478
Total comprehensive income for the period	-	-	281,435	281,435
Dividend declared	-	-	(199,486)	(199,486)
At 31 December 2020	6,681,384	43,280	(4,548,237)	2,176,427
Total comprehensive income for the period	-	-	(2,732)	(2,732)
Issue of equity (net of issuance costs)	106,906	-	-	106,906
At 30 June 2021	6,788,290	43,280	(4,550,969)	2,280,601
Total comprehensive income for the period	-	-	128,292	128,292
At 31 December 2021	6,788,290	43,280	(4,422,677)	2,408,893

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 2021

	Note	31 Dec 2021 \$	31 Dec 2020 \$
Cash flows from operating activities			
Payments to suppliers and employees		(83,823)	(91,389)
Purchases of equity investments		(1,675,093)	(694,776)
Proceeds from sale of equity investments		1,465,361	1,760,572
Net investment in derivatives account [†]		(452,056)	(415,490)
Dividends received from equity investments		44,290	1,822
Dividends paid away on short sale equity investments		-	(736)
Interest received		5	2
Finance costs paid		(12,889)	(3,641)
Foreign exchange movement		3,554	(31,455)
Loss on futures contracts		-	(87,772)
Net cash (used in)/provided by operating activities		(710,651)	437,137
Net (decrease)/ increase in cash		(710,651)	437,137
Cash at beginning of period		(369,022)	(119,742)
Cash at end of period	6	(1,079,673)	317,395

[†] 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 10 February 2022.

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 2021 ("**2021 Annual Report**"). The 2021 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 2021 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 2021 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

	31 Dec 2021	31 Dec 2020
	\$	\$
NOTE 2: INVESTMENT RETURNS		
Profit/(loss) on investments held at fair value through Profit and loss account (a)	160,482	393,025
Interest revenue	5	2
Dividend income	47,749	2,143
Foreign exchange translation profits/(losses)	3,554	(30,719)
Total	211,790	364,451

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

Proceeds of sale and short sales of equity investments	1,497,128	1,900,429
Cost of sales and short sales of equity investments	(1,432,813)	(1,694,973)
Net gain from sale of equity investments	64,315	205,456
Change in fair value of equity investments retained	28,827	135,310
Profit/(loss) from sale of derivative instruments	(139,680)	99,107
Change in fair value of derivative instruments retained	207,020	41,660
Dividends paid away on short sale positions	-	(736)
Loss on expiry of futures contracts	-	(87,772)
TOTAL	160,482	393,025

NOTE 3: EXPENSES

Expenses excluding finance costs are comprised as follows:

Directors fees and costs	30,000	30,000
Other expenses	40,609	49,375
Total expenses excluding finance costs	70,609	79,375

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

	31 Dec 2021 \$	31 Dec 2020 \$
NOTE 4: FINANCE COSTS		
Cost of finance attributable to loans from other entities	12,889	3,641

At 31 December 2021 and 31 December 2020, 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 (2020: \$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	-	-
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Proposed and recognised as a liability (fully franked at 30%)

Interim franked dividend for period to 31 December 2021: nil (30 June 2021: nil)	-	-
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The current balance of the franking account, prior to accounting for any taxation paid in relation to the result for the latest period but after payment of the proposed interim dividend is \$324,470.

	31 Dec 2021 \$	30 June 2021 \$
NOTE 6: CASH AND CASH EQUIVALENTS		
Cash on hand and at bank	8,393	15,174
Cash in broking accounts	-	77,532
Net cash & cash equivalents as per statement of financial position	8,393	92,706
Broking account foreign currency loans	(160,360)	(427,397)
Margin lending account balance	(927,706)	(34,331)
Net cash and cash equivalents as per statement of cash flows	(1,079,673)	(369,022)

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

Listed investments at fair value		
- shares in listed corporations (note 12)	1,846,569	1,597,522
Derivative securities held at fair value (note 14)	323,727	193,934
Derivative account funds	779,357	467,776
TOTAL	2,949,653	2,259,232

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

	31 Dec 2021 \$	30 June 2021 \$
NOTE 8. EQUITY – ISSUED CAPITAL		
21,426,066 fully paid authorised ordinary shares (30 June 2021: 21,426,066)	6,788,290	6,788,290

MOVEMENT IN ISSUED SHARES OF THE PARENT ENTITY FOR THE PERIOD

Date	Details	Number of shares	\$
30 June 2021	Opening balance	21,426,066	6,788,290
31 December 2021	Closing balance	<u>21,426,066</u>	<u>6,788,290</u>

NOTE 9. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned	
		31 Dec 2021	30 June 2021
Parent Entity:			
East 72 Holdings Limited	Australia	-	-
Controlled Entities of East 72 Holdings Limited:			
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 2021	Level 1	Level 2	Level 3	TOTAL
	\$	\$	\$	\$
Financial assets at fair value through profit or loss:				
Shares in other corporations	1,846,569	-	-	1,846,569
Shares in other corporations sold short	(143,851)	-	-	(143,851)
Derivative assets	-	323,727	-	323,727
Derivative liabilities	-	(21,666)	-	(21,666)
TOTAL	1,702,718	302,061	-	2,004,779
30 June 2021	Level 1	Level 2	Level 3	TOTAL
	\$	\$	\$	\$
Financial assets at fair value through profit or loss:				
Shares in other corporations	1,597,522	-	-	1,597,522
Shares in other corporations sold short	(198,471)	-	-	(198,471)
Derivative assets and put options	-	193,934	-	193,934
Derivative liabilities	-	(98,893)	-	(98,893)
TOTAL	1,399,051	95,041	-	1,494,092

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

	31 Dec 2021	30 June 2021
	\$	\$

NOTE 12. FINANCIAL ASSETS – SHARES IN LISTED CORPORATIONS

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

Company	Industry	Value	Value
AdvisorShares Pure US Cannabis ETF	Cannabis investment trust	70,476	-
Ansell	Protective equipment	113,436	-
Bayer	Chemicals	73,518	80,990
BNK Bank	Mortgage provision	-	35,395
BOWX Acquisition Corp	SPAC	-	30,671
Compagnie de L'Odet	Holding Company	128,985	33,307
Discovery Inc	Media	78,835	57,968
E-L Financial Corp	Financial services	197,952	182,014
EXOR NV	Conglomerate	166,739	106,848
Freedom Insurance Group	Run off insurer	-	24,000
FRP Holdings	Property ownership/development	39,796	-
HAL Trust	Conglomerate	138,662	142,697
Hochtief AG	Construction	44,424	-
KraneShares CSI China Internet ETF	China technology investment trust	110,545	-
Namoi Cotton Co-operative	Cotton ginning & related	-	216,000
Prime Media Group	Regional media	-	139,750
Regeneron	Biotechnology	130,443	-
Spotify	Streaming audio	112,793	73,500
Treasure ASA	Investment	139,785	128,145
vanEck Gold Miners ETF	Gold mining investment trust	74,981	-
vanEck Junior Gold Miners ETF	Gold mining investment trust	66,400	-
Virtu Financial	Market making	158,799	187,321
Yellow Brick Road	Mortgage services	-	254,125
TOTAL		1,846,569	1,597,522

NOTE 13. FINANCIAL LIABILITIES – LISTED SECURITIES SOLD SHORT FOR FUTURE PURCHASE

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

Company	Industry	Value	Value
ARK Innovation ETF	Growth company ETF	72,160	129,402
Freshpet	US petfood	26,238	
Trupanion	Pet insurance	45,453	69,069
TOTAL		143,851	198,471

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 Dec 2021

30 June 2021

\$

\$

NOTE 14. FINANCIAL ASSETS – DERIVATIVE SECURITIES HELD

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

Company	Industry	Value	Value
Agency Group	Real estate agency	264,600	175,000
Appen Limited	Machine learning	-	74,800
Australian Rural Capital	Investment	-	15,518
BNK Bank	Mortgage provision	-	122,630
CIMIC Limited	Construction	-	63,296
Deterra Royalties	Iron ore royalty	172,000	117,000
Herbalife	Multilevel marketing	45,090	-
Liberty Broadband	Tracker stock (Charter Comms)	88,736	-
Macerich	Shopping centre REIT	107,078	109,515
Namoi Cotton Limited	Cotton ginning & related	425,023	136,165
Praemium	Financial services platform	147,000	54,500
Vivendi	Media	22,318	-
Yellow Brick Road	Mortgage services	637,500	390,925
TOTAL NOTIONAL		1,909,345	1,259,348
TOTAL FAIR VALUE		323,727	149,508

NOTE 15. 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:

Company	Industry	Value	Value
Freshpet Inc	US petfood	-	43,462
Penumbra	Medical devices	-	63,954
Promedius	Medical imaging software	-	46,976
Russell 200 index	US small cap equity index	-	377,726
S&P/ASX 200	Australian equity index	104,293	-
S&P500 index	US equity index	310,083	868,564
Sezzle	Consumer credit	-	123,340
Wisetech Global	Logistics software	82,012	79,825
TOTAL NOTIONAL		496,388	1,603,849
TOTAL FAIR VALUE		21,666	(54,466)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 4 February 2022, E72 announced to NSXA that the company's unaudited pre-tax return for the month of January 2022 was 4.2% before expenses and tax, equating to a profit before expenses of \$71,889. This occurred in a period of significant equity market weakness across the globe and was mainly attained from significant hedging activity using short index CFDs, exposures to which were significantly increased after 31 December 2021.

No other matters or circumstances occurring subsequent to the end of the period that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

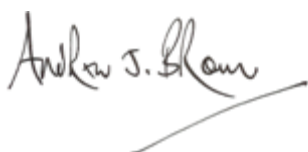
DIRECTORS' DECLARATION

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 2021 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

10 February 2022

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 2021, 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 2021, 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 2021 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.

Auditor's Responsibility (cont'd)

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.



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PAUL PEARMAN
PARTNER

10 FEBRUARY 2022
SYDNEY, NSW