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# **8IP Emerging Companies Limited**

ABN 75 608 411 347

## **Appendix 4D Half-year report for the half-year ended 31 December 2019**

## Half-year report

This half-year ended report is for the reporting period from 1 July 2019 to 31 December 2019. The previous corresponding half-year ended period was from 1 July 2018 to 31 December 2018.

### Results for announcement to the market

				31 December 2018 \$		31 December 2019 \$
Investment loss from ordinary activities	Down	97%	from	(6,525,621)	to	(190,870)
Loss before tax for the half-year	Down	91%	from	(7,056,473)	to	(668,888)
Loss from ordinary activities after tax attributable to members	Down	87%	from	(4,969,953)	to	(668,888)

### Dividends

There were no dividends paid during the half-year ended 31 December 2019.

At a General Meeting on 1 August 2019, Shareholders resolved to approve the sale of the Company's assets and the distribution of capital to Shareholders. An initial distribution of \$0.52 per share was paid to Shareholders on 21 August 2019 and a second distribution of \$0.22 per share was paid to Shareholders on 3 October 2019.

### Net tangible assets ("NTA")

	31 December 2019 \$	31 December 2018 \$
Net tangible asset backing (per share) after tax	<b>0.1012</b>	0.8892
Net tangible asset backing (per share) before tax	<b>0.0940</b>	0.8706

NTA (per share) after tax includes an income tax refund due of 0.7 cents per share.

### Brief explanation of results

Investment loss from ordinary activities of \$0.2million is down by 97% (31 December 2018: investment loss of \$6.5million).

Loss before tax of \$0.7million is down by 91% (31 December 2018: loss before tax of \$7.1million), with loss after tax of \$0.7million down by 87% (31 December 2018: loss after tax of \$5.0million).

Tax expense in the period was nil as the Company continues to use prior period tax losses.

NTA after tax includes \$0.3million of income tax refund due from the recently lodged tax return. No other tax assets are recognised.

NTA (per share) after tax of \$0.10 as at 31 December 2019 after capital return of \$0.52 per share on 21 August 2019 and \$0.22 per share on 3 October 2019 (31 December 2018: \$0.89). 8EC's share price of \$0.07 at 31 December 2019 was at a discount to NTA.

### Further information

This report is based on the Interim Report which has been subject to independent review by the Auditors, Pitcher Partners. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2019 Annual Financial Report.

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# **8IP Emerging Companies Limited**

ABN 75 608 411 347

## **Interim Report for the half-year ended 31 December 2019**

**8IP Emerging Companies Limited  
Corporate Directory**

<b>Directors</b>	Jonathan Sweeney (Independent Chairman) Tony McDonald (Independent Director) Robin Burns (Independent Director) Kerry Series (Non-Independent Director) Geoff Wilson (Non-Independent Director)
<b>Secretary</b>	Laura Newell
<b>Investment Manager</b>	Eight Investment Partners Pty Limited Level 2, 33 York Street Sydney NSW 2000 Telephone: (02) 8274 2088
<b>Registered office</b>	c/o Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Telephone: (02) 9290 9600
<b>Custodian and Administrator</b>	Link Fund Solutions Pty Limited Level 12, 680 George Street Sydney NSW 2000 Telephone: (02) 8280 7100
<b>Share registrar</b>	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Telephone: 1300 737 760 Facsimile: (02) 9279 0664 Email: enquiries@boardroomlimited.com.au  For enquiries relating to shareholdings, dividends and related matters, please contact the share registrar.
<b>Auditor</b>	Pitcher Partners Level 16, Darling Park Tower 2, 201 Sussex St Sydney NSW 2000 Telephone: (02) 9221 2099 Facsimile: (02) 9223 1762
<b>Securities exchange</b>	Australian Securities Exchange (ASX) The home exchange is Sydney ASX code: 8EC Ordinary Shares
<b>Website</b>	www.8EC.com.au

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**8IP Emerging Companies Limited** ABN 75 608 411 347  
**Interim Report - for the half-year ended 31 December 2019**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by 8IP Emerging Companies Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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## Directors' Report

The Directors present their report together with the interim financial report of 8IP Emerging Companies Limited ("8EC" or the "Company") for the half-year ended 31 December 2019. The prior comparative period is for the period from 1 July 2018 to 31 December 2018.

### Directors

The following persons held office as Directors during the half-year or since the end of the half-year and up to the date of this report:

Jonathan Sweeney (Independent Chairman)  
Tony McDonald (Independent Director)  
Robin Burns (Independent Director)  
Kerry Series (Non-Independent Director)  
Geoff Wilson (Non-Independent Director)

### Principal activities

The Company's investment strategy is to invest in a concentrated portfolio of ASX-listed companies which do not comprise the S&P/ASX 100 Index.

At a General Meeting on 1 August 2019, Shareholders resolved to approve the sale of the Company's assets and the distribution of capital to Shareholders.

### Review of operations

The operating loss before tax was \$668,888 for the half-year ended 31 December 2019 (31 December 2018: operating loss of \$7,056,473). The net result after tax was a loss of \$668,888 (31 December 2018: loss of \$4,969,953).

Tax expense in the period was nil as the Company continues to use prior period tax losses.

The net tangible asset backing before tax as at 31 December 2019 was \$0.0940 after capital return of \$0.52 per share on 21 August 2019 and \$0.22 per share on 3 October 2019 (31 December 2018: \$0.8706).

### Significant changes in the state of affairs

At a General Meeting on 1 August 2019, Shareholders resolved to approve the sale of the Company's assets and the distribution of capital to Shareholders. An initial distribution of \$0.52 per share was paid to Shareholders on 21 August 2019 and a second distribution of \$0.22 per share was paid to Shareholders on 3 October 2019.

In the absence of a superior proposal, once the Sale and Distribution Proposal has been substantially implemented, the Company plans to hold a meeting of Shareholders to approve the appointment of a Liquidator and wind-up the Company.

There were no significant changes in the state of affairs of the Company during the half-year ended 31 December 2019, other than already disclosed above.

### Matters subsequent to the end of the financial period

No matter or circumstance has occurred subsequent to period end and 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.

### Rounding of amounts

The Company is of a kind referred to ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off to the nearest dollar in accordance with that ASIC Corporations instrument, unless otherwise indicated.

**Auditor's independence declaration**

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

This report is made in accordance with a resolution of Directors.



Jonathan Sweeney  
Independent Chairman

Sydney  
28 February 2020

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**Auditor's Independence Declaration  
To the Directors of 8IP Emerging Companies Limited  
ABN 75 608 411 347**

In relation to the independent auditor's review of 8IP Emerging Companies Limited for the half year ended 31 December 2019, I declare to the best of my knowledge and belief there have been:

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



**S M Whiddett**  
Partner

**Pitcher Partners**  
Sydney

28 February 2020

**8IP Emerging Companies Limited**  
**Statement of Comprehensive Income**  
**For the half-year ended 31 December 2019**

	Half-year ended	
	31 December 2019	31 December 2018
	\$	\$
<b>Investment income from ordinary activities</b>		
Net realised gains on financial instruments at fair value through profit or loss	1,389,902	1,172,857
Net unrealised losses on financial instruments at fair value through profit or loss	(1,623,878)	(7,863,995)
Dividend income	11,957	137,474
Interest income	31,149	28,043
	<u>(190,870)</u>	<u>(6,525,621)</u>
<b>Expenses</b>		
Management fees	(91,289)	(256,550)
Performance fees	-	-
Brokerage expense	-	(19,183)
Accounting fees	(37,946)	(39,086)
Company secretarial fees	(16,500)	(16,500)
Share registry fees	(16,605)	(17,882)
Custody fees	(7,140)	(11,898)
Tax fees	(18,865)	(5,830)
Legal fees	(48,097)	(6,088)
Directors' fees	(66,000)	(83,250)
ASX fees	(21,306)	(21,318)
Audit fees	(45,954)	(28,943)
Other expenses	(108,316)	(24,324)
	<u>(478,018)</u>	<u>(530,852)</u>
<b>Loss before income tax</b>	(668,888)	(7,056,473)
Income tax benefit	-	2,086,520
<b>Loss for the half-year</b>	<u>(668,888)</u>	<u>(4,969,953)</u>
<b>Other comprehensive income for the half-year, net of tax</b>	-	-
<b>Total comprehensive loss for the half-year</b>	<u>(668,888)</u>	<u>(4,969,953)</u>
	<b>Cents</b>	<b>Cents</b>
<b>Losses per share for loss attributable to the ordinary equity holders of the Company:</b>		
Basic losses per share	(1.63)	(12.12)
Diluted losses per share	(1.63)	(12.12)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

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**8IP Emerging Companies Limited**  
**Statement of Financial Position**  
**As at 31 December 2019**

	At	
	31 December 2019	30 June 2019
Notes	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,215,938	22,240,600
Trade and other receivables	5,861	52,152
Financial assets at fair value through profit or loss	3 1,693,914	12,876,074
Current tax assets	293,482	88,616
Other current assets	17,326	27,657
<b>Total current assets</b>	<b>4,226,521</b>	<b>35,285,099</b>
<b>Total assets</b>	<b>4,226,521</b>	<b>35,285,099</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	75,257	111,547
<b>Total current liabilities</b>	<b>75,257</b>	<b>111,547</b>
<b>Total liabilities</b>	<b>75,257</b>	<b>111,547</b>
<b>Net assets</b>	<b>4,151,264</b>	<b>35,173,552</b>
<b>EQUITY</b>		
Issued capital	7 9,956,195	40,309,595
Accumulated losses	(5,804,931)	(5,136,043)
<b>Total equity</b>	<b>4,151,264</b>	<b>35,173,552</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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**8IP Emerging Companies Limited**  
**Statement of Changes in Equity**  
**For the half-year ended 31 December 2019**

Notes	Issued capital \$	Profits reserve \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2018</b>	40,309,595	10,259,722	(7,877,851)	42,691,466
Loss for the half-year	-	-	(4,969,953)	(4,969,953)
<b>Total comprehensive loss for the half-year</b>	-	-	<b>(4,969,953)</b>	<b>(4,969,953)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Dividends provided for or paid	-	(1,230,544)	-	(1,230,544)
Transfer to and from profits reserve	-	212,003	(212,003)	-
	-	(1,018,541)	(212,003)	(1,230,544)
<b>Balance at 31 December 2018</b>	<b>40,309,595</b>	<b>9,241,181</b>	<b>(13,059,807)</b>	<b>36,490,969</b>
<b>Balance at 1 July 2019</b>	40,309,595	-	(5,136,043)	35,173,552
Loss for the half-year	-	-	(668,888)	(668,888)
<b>Total comprehensive loss for the half-year</b>	-	-	<b>(668,888)</b>	<b>(668,888)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Capital distributions paid	(30,353,400)	-	-	(30,353,400)
	(30,353,400)	-	-	(30,353,400)
<b>Balance at 31 December 2019</b>	<b>9,956,195</b>	-	<b>(5,804,931)</b>	<b>4,151,264</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

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**8IP Emerging Companies Limited**  
**Statement of Cash Flows**  
**For the half-year ended 31 December 2019**

	<b>Half-year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial instruments at fair value through profit or loss	<b>10,947,498</b>	21,346,729
Purchase of financial instruments at fair value through profit or loss	-	(12,050,319)
Dividends received	<b>31,261</b>	137,474
Interest received	<b>49,372</b>	21,529
Other income received	-	4,761
Brokerage expenses paid	-	(19,978)
Income taxes paid	<b>(204,866)</b>	580,070
Investment management fees paid	<b>(116,913)</b>	(262,460)
Payments for other expenses	<b>(377,614)</b>	(299,387)
<b>Net cash inflow from operating activities</b>	<b>10,328,738</b>	9,458,419
<b>Cash flows from financing activities</b>		
Dividends paid to Company's Shareholders	-	(1,192,161)
Capital distributions paid	<b>(30,353,400)</b>	-
<b>Net cash outflow from financing activities</b>	<b>(30,353,400)</b>	(1,192,161)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(20,024,662)</b>	8,266,258
Cash and cash equivalents at the beginning of the half-year	<b>22,240,600</b>	6,965,217
<b>Cash and cash equivalents at the end of the half-year</b>	<b>2,215,938</b>	15,231,475

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

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## 1 General information

8IP Emerging Companies Limited ("8EC" or the "Company") is a listed public company domiciled in Australia. The address of 8EC's registered office is Level 12, 225 George Street, Sydney, NSW, 2000. At a General Meeting on 1 August 2019, Shareholders resolved to approve the sale of the Company's assets and the distribution of capital to Shareholders. Subsequently, the Board advised the Manager that they were no longer bound by the Investment Guidelines in the Investment Management Agreement and instructed the Manager to realise the sale of securities at fair prices.

The interim financial statements were authorised for issue by the Directors on 28 February 2020.

## 2 Significant accounting policies

The principal accounting policies adopted in the preparation of these interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The interim financial statements are for the entity 8IP Emerging Companies Limited.

### (a) Basis of preparation

These interim financial statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

The Company is a for-profit entity for the purpose of preparing the interim financial statements.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by 8EC during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Board of Directors as approved by Shareholders have agreed to the sale of Company assets and distribution of capital to Shareholders. Accordingly, the interim financial report has been prepared on a non-going concern basis. Under a non-going concern basis of accounting, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations are applied in the context of 8EC ceasing to be a going concern. This includes testing for impairment at the reporting date. Where necessary, to comply with the requirements of AASB, assets have been written down to their recoverable amounts and liabilities for obligations that exist at the reporting date have been recognised and remeasured as appropriate.

#### (i) Adoption of new and revised accounting standards

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting half-year period.

### (b) Rounding of amounts

The Company is of a kind referred to ASIC *Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the interim financial statements. Amounts in the interim financial statements have been rounded off to the nearest dollar in accordance with that ASIC Corporations instrument, unless otherwise indicated.

### **3 Fair value measurements**

This note provides an update on the judgements and estimates made by the Company in determining the fair values of the financial instruments since the last annual financial report.

The Company measures and recognises the following financial assets at fair value on a recurring basis:

- Financial assets at fair value through profit or loss (FVTPL)

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

#### **(a) Fair value hierarchy**

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

##### *(i) Fair value in an active market (level 1)*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Company values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, the Company relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial instruments held by the Company is the last sale price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

##### *(ii) Fair value in an inactive or unquoted market (level 2 and 3)*

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds.

### 3 Fair value measurements (continued)

#### (a) Fair value hierarchy (continued)

##### (iii) Recognised fair value measurements

The following table presents the Company's financial assets measured and recognised at fair value at 31 December 2019 and 30 June 2019 on a recurring basis.

At 31 December 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
Listed equity securities	327,248	-	-	327,248
Unlisted equity securities	-	-	999,999	999,999
Unlisted convertible note	-	-	366,667	366,667
<b>Total financial assets</b>	<b>327,248</b>	<b>-</b>	<b>1,366,666</b>	<b>1,693,914</b>
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
At 30 June 2019				
<b>Financial assets</b>				
Listed equity securities	11,436,075	-	-	11,436,075
Unlisted equity securities	-	-	999,999	999,999
Unlisted convertible note	-	-	440,000	440,000
<b>Total financial assets</b>	<b>11,436,075</b>	<b>-</b>	<b>1,439,999</b>	<b>12,876,074</b>

Included within Level 1 of the hierarchy are listed investments. The fair value of these financial assets have been based on the last sale prices at the end of the reporting period, excluding transaction costs.

The investments included in Level 3 of the hierarchy include investments that have not listed on the Australian Securities Exchange as at 31 December 2019 and therefore represent investments in an inactive market. Also included in Level 3 of the hierarchy are unlisted convertible notes acquired during the year ended 30 June 2019 that have been priced against the underlying listed security, which the Directors consider to represent fair value.

At 30 June 2019, there was a transfer of financial assets with a total valuation of \$999,999 from Level 2 to Level 3 because of a reduction in current market observable inputs. There were no transfers between fair value hierarchy levels as at 31 December 2019.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

##### (iv) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in fair value of level 3 instruments for the half-year ended 31 December 2019 and year ended 30 June 2019.

	31 December 2019 \$	30 June 2019 \$
Opening balance	1,439,999	-
Transfers in during the period	-	999,999
Acquisition during the period	-	440,000
Losses recognised in the Statement of Comprehensive Income	(73,333)	-
<b>Closing balance</b>	<b>1,366,666</b>	1,439,999

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### 3 Fair value measurements (continued)

#### (a) Fair value hierarchy (continued)

##### (v) Disclosed fair values

For all financial instruments other than those measured at fair value their carrying amount approximates fair value.

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

### 4 Segment information

The Company has only one reportable segment. The Company is engaged solely in investment activities conducted in Australia, deriving revenue from dividend income, interest income and from the sale of its investments.

### 5 Income tax expense

Income tax expense is based on profit/(loss) for the period adjusted for any non-assessable or disallowed items and utilisation of carried forward tax losses. The effective tax rate for the period to 31 December 2019 is nil (31 December 2018: 29.6%).

### 6 Contingencies and commitments

The Company had no contingent assets, contingent liabilities or commitments as at 31 December 2019 (31 December 2018: nil).

### 7 Issued capital

#### (a) Share capital

	31 December 2019 Shares	30 June 2019 Shares	31 December 2019 \$	30 June 2019 \$
Ordinary shares	<u>41,018,108</u>	41,018,108	<u>9,956,195</u>	40,309,595

#### (b) Movements in ordinary share capital

Details	Number of shares	\$
Opening balance 1 July 2019	41,018,108	40,309,595
Capital distributions paid	-	(30,353,400)
<b>Closing balance 31 December 2019</b>	<u>41,018,108</u>	<u>9,956,195</u>
Opening balance 1 July 2018	<u>41,018,108</u>	40,309,595
<b>Closing balance 30 June 2019</b>	<u>41,018,108</u>	<u>40,309,595</u>

#### (c) 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 and amounts paid on the 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.

## 8 Dividends

### (a) Dividends paid during the reporting period

There were no dividends paid during the half-year ended 31 December 2019.

### (b) Dividends not recognised at the end of the reporting period

Since the half-year ended 31 December 2019, the Directors have not recommended any dividends.

## 9 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end 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.

**8IP Emerging Companies Limited  
Directors' Declaration  
For the half-year ended 31 December 2019**

In the opinion of the Directors of the Company:

- (a) the interim financial statements and notes set out on pages 4 to 12 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company 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.



Jonathan Sweeney  
Independent Chairman

Sydney  
28 February 2020

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**Independent Auditor's Review Report  
to the Members of 8IP Emerging Companies Limited  
ABN 75 608 411 347**

**Report on the Half Year Financial Report**

We have reviewed the accompanying half year financial report of 8IP Emerging Companies Limited ("the Company"), which comprises the statement of financial position as at 31 December 2019, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' 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 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.

**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 Accounting Standard AASB 134: "*Interim Financial Reporting*" and the *Corporations Regulations 2001*. As the auditor of 8IP Emerging Companies Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the review of the annual financial report.

A review of the half year financial report consists of making enquiries, primarily of persons responsible for the 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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## **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

## **Qualified Conclusion**

Based on our review, which is not an audit, except the matter referred to in the *Basis for Qualified conclusion* section of our report, the accompanying financial report of 8IP Emerging Companies Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting and Corporations Regulations 2001*.

### *Basis for Qualified Conclusion*

The Company's investment in Freemantle Octopus Group Limited, is being carried at its acquisition cost of \$999,999 on the statement of financial position as at 31 December 2019 and is classified as a level 3 investment as a result of there being limited observable inputs. As disclosed in Note 3(a) Fair value Hierarchy, the Directors have noted a lack of additional available information on which to assess or base a change in the fair value of the investment in Freemantle Octopus Group Limited. Due to a lack of observable market or other data we were unable to satisfy ourselves by alternative means concerning the carrying value of that investment. Since the valuation of investments enters into the determination of the financial position of the Company, we were unable to determine whether adjustments might have been necessary in respect of net unrealised gains/(losses) on financial instruments at fair value through profit or loss for the year reported in the statement of comprehensive income, and the Financial assets at fair value through profit or loss on the statement of financial position.

We conducted our review in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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* ("the Code") that are relevant to our review of the 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 on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the review evidence we have obtained is sufficient and appropriate to provide a basis for our qualified conclusion.

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*Emphasis of Matter*

We draw attention to Note 2(a) of the financial report, which explains that they have been prepared on a non-going concern basis, as the Board intends to sell all of the Company's assets and return the proceeds to shareholders then proceed with the winding up and deregistration the Company.

Our conclusion is not modified in respect of these matters.



**Scott Whiddett**  
Partner

28 February 2020



**Pitcher Partners**  
Sydney

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