

8IP Emerging Companies Limited

ABN 75 608 411 347

Appendix 4D

Half-year report

for the half-year ended 31 December 2020

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Half-year report

This half-year ended report is for the reporting period from 1 July 2020 to 31 December 2020. The previous corresponding half-year ended period was from 1 July 2019 to 31 December 2019.

Results for announcement to the market

				31 December 2019 \$		31 December 2020 \$
Investment loss from ordinary activities	Down	45%	from	(190,870)	to	(105,806)
Loss before tax for the half-year	Down	47%	from	(668,888)	to	(352,803)
Loss from ordinary activities after tax attributable to members	Down	45%	from	(668,888)	to	(369,019)

Dividends and Distributions

There were no dividends paid during the half-year ended 31 December 2020.

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. The Shareholders received a third distribution of capital of \$0.05 per share on 28 April 2020 and a fourth distribution of capital of \$0.02 per share on 11 August 2020.

Net tangible assets ("NTA")

	31 December 2020 \$	31 December 2019* \$
Net tangible asset backing (per share) after tax	0.9534	0.1012
Net tangible asset backing (per share) before tax	0.9689	0.0940

*based on share issued pre-consolidation

Brief explanation of results

Investment loss from ordinary activities of \$0.1million is down by 45% (31 December 2019: investment loss of \$0.2million).

Loss before tax of \$0.4million is down by 47% (31 December 2019: loss before tax of \$0.7million), with loss after tax of \$0.4million down by 45% (31 December 2019: loss after tax of \$0.7million).

NTA (per share) after tax of \$0.95 (post-consolidation) as at 31 December 2020 after capital return of \$0.02 per share on 11 August 2020 (31 December 2019: \$0.10). 8EC's latest available share price of \$0.03 for the half-year ended 31 December 2020 was on a pre-consolidation basis, and as at the date of suspension of the Company from official quotation on 15 October 2020.

As at the beginning of the half-year, the Company had 41,018,108 outstanding fully paid ordinary shares on issue. During the half-year, as part of the resolutions passed by the shareholders at the 13 November 2020 general meeting, the Company issued 6,152,716 placement shares (pre-consolidation) to Lanyon Asset Management Pty Ltd. As at 31 December 2020, the Company has 1,150,656 fully paid ordinary shares on issue, following the implementation of the 41 for 1 share consolidation on 1 December 2020.

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 2020 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 2020

**8IP Emerging Companies Limited
Corporate Directory**

Directors

Jonathan Sweeney (Independent Chairman)
Tony McDonald (Independent Director)
Robin Burns (Independent Director)
Kerry Series (Non-Independent Director) (resigned 25 November 2020)
Geoff Wilson (Non-Independent Director) (resigned 29 September 2020)
David Prescott (Director)

Secretary

Laura Newell

Investment Manager

Lanyon Asset Management Pty Limited
Level 7/66 Hunter Street
Sydney NSW 2000

Level 1/16 Vardon Avenue
Adelaide SA 5000

Telephone: (02) 8203 3800

Registered office

c/o Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Telephone: (02) 9290 9600

Custodian and Administrator

Link Fund Solutions Pty Limited
Level 12, 680 George Street
Sydney NSW 2000
Telephone: (02) 8280 7100

Share registrar

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.

Auditor

Pitcher Partners
Level 16, Darling Park
Tower 2, 201 Sussex St
Sydney NSW 2000
Telephone: (02) 9221 2099
Facsimile: (02) 9223 1762

Securities exchange

Australian Securities Exchange (ASX)
The home exchange is Sydney
ASX code: 8EC Ordinary Shares

Website

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 2020

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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 2020 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 2020. The prior comparative period is for the period from 1 July 2019 to 31 December 2019.

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) (resigned 25 November 2020)
Geoff Wilson (Non-Independent Director) (resigned 29 September 2020)
David Prescott (Director)

Principal activities

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 execute the sale of securities at fair prices. On 16 March 2020, the Company announced that it had entered into an agreement with Lanyon Asset Management Pty Ltd (Lanyon) in relation to the recapitalisation and future of the Company, which the Board determined as superior to completing the existing Sale and Distribution Proposal which was planned to conclude with the wind-up of the Company. On 15 September 2020, a notice of meeting was announced. On 13 November 2020, meeting was held and all the following resolutions were passed:

- (1) Change to nature and scale of activities
- (2) 15% placement of Company's shares to Lanyon
- (3) Consolidation of capital
- (4) Buy-back
- (5) Capital raising
- (6) Approval to issue Capital Raising Shares to Jonathan Sweeney if he subscribes for the shares under offer
- (7) Approval to issue Capital Raising Shares to Tony McDonald if he subscribes for the shares under offer
- (8) Approval to issue Capital Raising Shares to Robin Burns if he subscribes for the shares under offer

Review of operations

The operating loss before tax was \$352,803 for the half-year ended 31 December 2020 (31 December 2019: operating loss of \$668,888). The net result after tax was a loss of \$369,019 (31 December 2019: loss of \$668,888).

The net tangible asset backing before tax as at 31 December 2020 was \$0.9689 (post consolidation) after the capital return of \$0.02 per share (pre consolidation) on 11 August 2020 (31 December 2019: \$0.0940).

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.

On 16 March 2020, the Company announced that it had entered into an agreement with Lanyon Asset Management Pty Limited ("Lanyon") in relation to the future of 8EC. The Board determined that the agreement with Lanyon was superior to completing the existing Sale and Distribution Proposal which was planned to conclude with the wind-up of the Company.

Significant changes in the state of affairs (continued)

The securities of the Company were suspended from quotation, following the announcement that it had entered into an agreement ("Lanyon Proposal") with Lanyon with respect to a proposed recapitalisation. The suspension was lifted on 21 September 2020. From 15 October 2020 to date, the Company has been suspended from official quotation. The Company is working to meet the ASX's re-compliance requirements for admission and quotation.

Further to the agreement announced on 16 March 2020 and in accordance with the resolutions passed at the General Meeting on 1 August 2019, a third distribution of capital of \$0.05 per share was paid to Shareholders on 28 April 2020.

The Company's remaining listed investment (Novonix) was sold in July 2020.

On 29 July 2020, the Company announced that in accordance with the resolutions passed at the General Meeting on 1 August 2019, and following the sale of the Company's remaining listed investment in early July 2020, a fourth distribution of capital of \$0.02 per share was paid to Shareholders on 11 August 2020.

On 15 September 2020, a Notice of Meeting (NOM) was issued to be held on 16 October 2020. The meeting was postponed until 6 November 2020, and then subsequently until 13 November 2020 due to a delay in Net Tangible Asset (NTA) calculation pending receipt of FY2020 financial statements for Fremantle Octopus Group (FOG), which constitutes the Company's remaining share investment.

On 5 November 2020, the Company announced it had reduced the carrying value of the FOG investment from \$999,999 to \$842,423 following receipt of a report from Hall Chadwick. The revised valuation was reflected in the 31 October 2020 NTA.

On 11 November 2020, a revised indicative timetable attached to the Notice of Meeting was announced. On 13 November 2020, the following resolutions were all passed:

- (1) Change to nature and scale of activities
- (2) 15% placement of Company's shares to Lanyon
- (3) Consolidation of capital
- (4) Buy-back
- (5) Capital raising
- (6) Approval to issue Capital Raising Shares to Jonathan Sweeney if he subscribes for the shares under offer
- (7) Approval to issue Capital Raising Shares to Tony McDonald if he subscribes for the shares under offer
- (8) Approval to issue Capital Raising Shares to Robin Burns if he subscribes for the shares under offer

On 18 November 2020, the Company issued 6,152,716 placement shares at \$0.02289 per share to Lanyon (pre-consolidation).

On 30 November 2020, the Company announced the equal access share buy-back included in the resolutions passed above. The buy back was a continuation of the Company's commitment to implement the Sale and Distribution Proposal by providing shareholders who did not wish to fully participate in the new investment strategy with a way to partially exit their investment in the Company at NTA. The total number of shares proposed to be bought back was 150,088 at \$0.9573 per share (post-consolidation). The offer period was from 10 December 2020 to 29 December 2020.

On 1 December 2020, the Company announced it had 1,150,656 fully paid ordinary shares on issue following the implementation of the 41 for 1 share consolidation during November.

On 24 December 2020, the Company announced that the 8EC Board considered the market conditions for capital raising by listed investment companies had worsened in the past few months and were not currently favourable. In light of this, the Board resolved to delay the capital raising until such time as market conditions improve.

The Board will continue to monitor market conditions and will provide an update to shareholders, considering all options for the Company's future, by 30 June 2021. The Company also announced that over the first quarter of 2021, it would look to refresh the composition of the Board. This is likely to include the resignation of some of the long standing incumbent directors and the appointment of new directors who will take the Company forward as it begins its next stage.

Significant changes in the state of affairs (continued)

There were no significant changes in the state of affairs of the Company during the half-year ended 31 December 2020, other than already disclosed above.

Matters subsequent to the end of the financial period

On 12 January 2021, the Company announced that the total number of shares bought back under the equal access buy-back was 23,508 shares at \$0.9573 per share.

No other 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 4.

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



Jonathan Sweeney
Independent Chairman

Sydney
26 February 2021

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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 2020, 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.



C I Chandran
Partner

Pitcher Partners
Sydney

26 February 2021

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8IP Emerging Companies Limited
Statement of Comprehensive Income
For the half-year ended 31 December 2020

	Half-year ended	
	31 December	31 December
	2020	2019
	\$	\$
Investment income from ordinary activities		
Net realised gains on financial instruments at fair value through profit or loss	317,301	1,389,902
Net unrealised losses on financial instruments at fair value through profit or loss	(433,120)	(1,623,878)
Dividend income	-	11,957
Interest income	13	31,149
Other income	10,000	-
	<u>(105,806)</u>	<u>(190,870)</u>
Expenses		
Management fees	(10,138)	(91,289)
Accounting fees	(27,079)	(37,946)
Company secretarial fees	(26,194)	(16,500)
Share registry fees	(20,783)	(16,605)
Custody fees	(1,245)	(7,140)
Tax fees	(20,625)	(18,865)
Legal fees	-	(48,097)
Directors' fees	(34,749)	(66,000)
ASX fees	(22,131)	(21,306)
Audit fees	(14,082)	(45,954)
Consultancy fees	(21,000)	(9,000)
Advisory fees	(16,500)	(33,000)
Insurance expense	(24,197)	(32,746)
Other expenses	(8,274)	(33,570)
	<u>(246,997)</u>	<u>(478,018)</u>
Loss before income tax	(352,803)	(668,888)
Income tax expense	(16,216)	-
Loss for the half-year	<u>(369,019)</u>	<u>(668,888)</u>
Other comprehensive income for the half-year, net of tax	<u>-</u>	<u>-</u>
Total comprehensive loss for the half-year	<u>(369,019)</u>	<u>(668,888)</u>
	Cents	Cents
Losses per share for loss attributable to the ordinary equity holders of the Company:		
Basic losses per share	(1.06)	(1.63)
Diluted losses per share	(1.06)	(1.63)

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 2020

		At	
	Notes	31 December 2020 \$	30 June 2020 \$
ASSETS			
Current assets			
Cash and cash equivalents		294,976	830,627
Trade and other receivables		2,726	4,035
Financial assets at fair value through profit or loss	3	842,423	1,413,316
Other current assets		11,836	36,033
Total current assets		1,151,961	2,284,011
Total assets		1,151,961	2,284,011
LIABILITIES			
Current liabilities			
Trade and other payables		36,300	67,740
Current tax liabilities		17,852	68,279
Total current liabilities		54,152	136,019
Total liabilities		54,152	136,019
Net assets		1,097,809	2,147,992
EQUITY			
Issued capital	6	7,223,542	7,904,706
Accumulated losses		(6,125,733)	(5,756,714)
Total equity		1,097,809	2,147,992

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 2020

	Notes	Issued capital \$	Profits reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2019		40,309,595	-	(5,136,043)	35,173,552
Loss for the half-year		-	-	(668,888)	(668,888)
Total comprehensive loss for the half-year		-	-	(668,888)	(668,888)
Transactions with owners in their capacity as owners:					
Capital distributions paid		(30,353,400)	-	-	(30,353,400)
		(30,353,400)	-	-	(30,353,400)
Balance at 31 December 2019		9,956,195	-	(5,804,931)	4,151,264
Balance at 1 July 2020		7,904,706	-	(5,756,714)	2,147,992
Loss for the half-year		-	-	(369,019)	(369,019)
Total comprehensive loss for the half-year		-	-	(369,019)	(369,019)
Transactions with owners in their capacity as owners:					
Capital placement	6	140,836	-	-	140,836
Capital distributions paid	6	(822,000)	-	-	(822,000)
		(681,164)	-	-	(681,164)
Balance at 31 December 2020		7,223,542	-	(6,125,733)	1,097,809

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 2020

	Half-year ended	
	31 December 2020	31 December 2019
	\$	\$
Proceeds from sale of financial instruments at fair value through profit or loss	455,074	10,947,498
Dividends received	-	31,261
Interest received	35	49,372
Other income received	10,000	-
Income taxes paid	(66,643)	(204,866)
Investment management fees paid	(10,850)	(116,913)
Payments for other expenses	(242,103)	(377,614)
Net cash inflow from operating activities	145,513	10,328,738
Cash flows from financing activities		
Proceeds from capital placement	140,836	-
Capital distributions paid	(822,000)	(30,353,400)
Net cash outflow from financing activities	(681,164)	(30,353,400)
Net decrease in cash and cash equivalents	(535,651)	(20,024,662)
Cash and cash equivalents at the beginning of the half-year	830,627	22,240,600
Cash and cash equivalents at the end of the half-year	294,976	2,215,938

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. On 16 March 2020, the Company announced that it had entered into an agreement with Lanyon Asset Management Pty Ltd (Lanyon) in relation to the recapitalisation and future of the Company, which the Board determined as superior to completing the existing Sale and Distribution Proposal which was planned to conclude with the wind-up of the Company. On 13 November 2020, the shareholders meeting was held to consider the Lanyon Proposal and the resolutions with regard to the Lanyon Proposal were passed. The Company has started implementation of the following resolutions as per the indicative timetable announced on 11 November 2020:

- (1) Change to nature and scale of activities
- (2) 15% placement of Company's shares to Lanyon
- (3) Consolidation of capital
- (4) Buy-back
- (5) Capital raising
- (6) Approval to issue Capital Raising Shares to Jonathan Sweeney if he subscribes for the shares under offer
- (7) Approval to issue Capital Raising Shares to Tony McDonald if he subscribes for the shares under offer
- (8) Approval to issue Capital Raising Shares to Robin Burns if he subscribes for the shares under offer

On 24 December 2020, the Company announced that the 8EC Board considered the market conditions for capital raising by listed investment companies had worsened in the past few months and were not currently favourable. In light of this, the Board resolved to delay the capital raising until such time as market conditions improve.

The Board will continue to monitor market conditions and will provide an update to shareholders, considering all options for the Company's future by 30 June 2021. The Company also announced that over the first quarter of 2021, it would look to refresh the composition of the Board. This is likely to include the resignation of some of the long standing incumbent directors and the appointment of new directors who will take the Company forward as it begins its next stage.

The interim financial statements were authorised for issue by the Directors on 26 February 2021.

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 2020 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 2020 and any public announcements made by 8EC during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

2 Significant accounting policies (continued)

(a) Basis of preparation (continued)

As at the date of preparing these interim financial statements, and in the context of a potential recapitalisation of the Company or a realisation of assets, these financial statements have been prepared on a going concern basis of accounting.

(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.

3 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

(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.

(iii) Recognised fair value measurements

The following table presents the Company's financial assets measured and recognised at fair value at 31 December 2020 and 30 June 2020 on a recurring basis.

At 31 December 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Unlisted equity securities	-	-	842,423	842,423
Total financial assets	-	-	842,423	842,423
At 30 June 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Listed equity securities	413,317	-	-	413,317
Unlisted equity securities	-	-	999,999	999,999
Total financial assets	413,317	-	999,999	1,413,316

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 2020 and therefore represent investments in an inactive market.

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.

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3 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

(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 2020 and year ended 30 June 2020.

	31 December 2020	30 June 2020
	\$	\$
Opening balance	999,999	1,439,999
Sales during the period	-	(440,000)
Losses recognised in the Statement of Comprehensive Income	(157,576)	-
Closing balance	842,423	999,999

(v) *Disclosed fair values*

The Company held shares of Fremantle Octopus Group Limited ("FOG") as at 30 June 2020 which was carried at \$999,999. During the period, the Directors engaged an independent valuer to assess the carrying value of the FOG investment. The Company held 606,060 ordinary shares in FOG, acquired at a cost of \$1.65 per share in February 2017. This represented 4.7% of the FOG's issued capital. The independent valuer determined the equity value of FOG shares to be \$1.39 per share based on the realisation of net assets approach. Based on this valuation report, the Directors resolved to adjust the carrying value of the FOG unlisted investment to \$842,423 as at 31 December 2020.

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 Contingencies and commitments

The Company had no contingent assets, contingent liabilities or commitments as at 31 December 2020 (31 December 2019: nil).

6 Issued capital

(a) Share capital

	31 December 2020	30 June 2020	31 December 2020	30 June 2020
	Shares	Shares	\$	\$
Ordinary shares	1,150,656	41,018,108	7,223,542	7,904,706

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6 Issued capital (continued)

(b) Movements in ordinary share capital

Details	Number of shares	\$
Opening balance 1 July 2019	41,018,108	40,309,595
Capital distributions paid	-	(32,404,889)
Closing balance 30 June 2020	41,018,108	7,904,706

Details	Number of shares	\$
Opening balance 1 July 2020	41,018,108	7,904,706
Capital placement	6,152,716	140,836
Capital distributions paid	-	(822,000)
Share consolidation	(46,020,168)	-
Closing balance 31 December 2020	1,150,656	7,223,542

(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.

(d) Placement shares

On 18 November 2020, the Company issued 6,152,716 placement shares at \$0.02289 per share (pre-consolidation) to Lanyon Asset Management Pty Ltd as part of the resolutions passed as set out in Note 1.

(e) Share buy-back

On 30 November 2020, the Company announced the equal access share buy-back included in the resolutions passed above. The buy back was a continuation of the Company's commitment to implement the Sale and Distribution Proposal by providing shareholders who did not wish to fully participate in the new investment strategy with a way to partially exit their investment in the Company at NTA. The total number of shares proposed to be bought back was 150,088 at \$0.9573. The offer period was from 10 December 2020 to 29 December 2020. No shares were bought back during the period.

(f) Share consolidation

On 1 December 2020, the Company announced it had 1,150,656 fully paid ordinary shares on issue following the implementation of the 41 for 1 share consolidation during November.

7 Dividends

(a) Dividends paid during the reporting period

There were no dividends paid during the half-year ended 31 December 2020.

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

Since the half-year ended 31 December 2020, the Directors have not recommended any dividends.

8 Events occurring after the reporting period

On 12 January 2021, the Company announced that the total number of shares bought back under the equal access buy-back was 23,508 shares at \$0.9573 per share.

No other 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.

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**8IP Emerging Companies Limited
Directors' Declaration
For the half-year ended 31 December 2020**

In the opinion of the Directors of the Company:

- (a) the interim financial statements and notes set out on pages 5 to 14 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 2020 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
26 February 2021

**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

Disclaimer of Conclusion

Due to the significance of the matters described in the *Basis for Disclaimer of Conclusion* paragraph, we were unable to obtain sufficient appropriate evidence to form a conclusion on the accompanying financial statements. Accordingly, we do not express a conclusion on these financial statements.

Basis for Disclaimer of Conclusion

8IP Emerging Companies Limited's ("the Company") investment in Fremantle Octopus Group Limited ("FOG") is carried at \$842,423 on the statement of financial position, which represents over 76% of the Company's net assets as at 31 December 2020. Management obtained an independent valuation of the investment, we were unable to obtain sufficient evidence regarding all the inputs related to the realisation of net assets approach used to value the investment as at 31 December 2020.

Consequently, 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.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 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*.

Because of the matter described in the *Basis for Disclaimer of Conclusion* paragraph, however, we were not able to obtain sufficient appropriate evidence as a basis for expressing a conclusion on the financial statements.



C I Chandran
Partner



Pitcher Partners
Sydney

26 February 2021

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