

*DAWNEY & CO LIMITED*

*A.C.N. 138 270 201*

*INTERIM FINANCIAL REPORT*

*FOR THE HALF-YEAR ENDED 31 DECEMBER 2019*

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The information contained in this report is to be read in conjunction with Dawney & Co Limited's 2019 annual report and any announcements to the market by Dawney & Co Limited during the half-year period ended 31 December 2019.

DAWNEY & CO LIMITED

A.C.N. 138 270 201

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

## DIRECTORS' REPORT

Your directors present their report on the company for the half-year ended 31 December 2019.

In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### Directors

The names of each person who has been a director during the period and to the date of this report are:

- Kerry John Daly
- Mitchell David Dawney
- Giles Cameron Craig

### Review of operations

The company generated a profit after tax of \$213,759 for the half-year ended 31 December 2019. The company realised profits on Allegiance Coal Ltd, Aveo, Betmakers Tech Group Ltd and Karoon Energy Ltd. During the period we disclosed a 7.24% stake in 81P Emerging Companies Ltd, invested in Primewest Group Ltd and Thorn Group Ltd. NGE presented a trading opportunity for a portion of our holding (selling shares at 75/76c and repurchasing at 60c). Subsequent to the balance date we were able to sell most of the 60c shares at 71/72c.

#### Investment in Horizon Oil Limited (HZN.AX)

On Monday 10 February 2020 an article in the Australian Financial Review revealed allegations of corruption relating to the acquisition of Licence PRL 21. We are not able to comment on the allegations but will speak generally to our thinking on the Company. PNG is a volatile place to conduct business, evidenced by the recent PNG LNG and Papua LNG negotiations. We do believe there is value in HZN's China/New Zealand oil assets, which generate considerable free cash flow. This cash flow has seen the Company reduce net debt by 88% in CY19 and moving towards net cash over the next two quarters. However, the PNG allegations will likely weigh on the HZN share price for the medium term. We will be monitoring the company and the situation closely.

At the balance date we owned 9,000,000 shares. We sold 1,500,000 (at 11.25c) when PNG and Exxon did not look like they were going to come to an agreement on the P'nyang expansion. Therefore, our current holding is 7,500,000 shares trading at roughly 8c per share at the time of writing (30% below where it was trading at 31 December 2019).

The board continues to review debt and equity investment opportunities.

As at 31 December 2019 the company held \$292,194 in cash and securities with a market value of \$2,832,645. The company had no borrowings.

Holdings of note at 31 December 2019:

Ticker	No. of Units	Market Value (\$)
HZN.AX	9,000,000	1,080,000
NGE.AX	1,000,000	680,000
TGA.AX	1,500,000	315,000
BCB.AX	5,000,000	235,000

These holdings represent over 80% of the total holdings of the company.

### Auditor's Independence Declaration

The lead auditors' independence declaration in accordance with section 307C of the Corporations Act 2001, for the half-year ended 31 December 2019 is set out on page 3.

Signed in accordance with a resolution of the board of directors.



M. D. Dawney

Managing Director

2 March 2020

*The accompanying notes form part of these financial statements.*

## DAWNEY & CO LIMITED

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

I am pleased to provide the following declaration of independence to the directors of Dawney & Co Limited.

As lead audit partner for the review of the financial statements of Dawney & Co Limited for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



PKF



MARTIN MATTHEWS  
PARTNER

2 MARCH 2020  
NEWCASTLE, NSW

DAWNEY & CO LIMITED

A.C.N. 138 270 201

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	Half-year ended 31/12/2019 \$	Half-year ended 31/12/2018 \$
Dividends / Distributions Received		-	6,116
Gain / (loss) on disposal of investment		319,161	(962)
Revaluation of investments		88,541	(246,834)
<b>Total income from ordinary activities</b>		<b>407,702</b>	<b>(241,680)</b>
Administration expenses		(29,800)	(56,704)
Non-executive directors' fees		(18,265)	-
Executive director's remuneration		(56,485)	-
<b>Operating profit / (loss) before income tax</b>		<b>303,152</b>	<b>(298,384)</b>
Income tax (expense) / benefit relating to ordinary activities		(89,393)	89,515
<b>Profit / (loss) attributable to members of the company</b>		<b>213,759</b>	<b>(208,869)</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>213,759</b>	<b>(208,869)</b>
<b>Overall operations</b>			
Basic earnings per share (cents per share)		1.13	(2.06)
Diluted earnings per share (cents per share)		1.12	(2.06)

The accompanying notes form part of these financial statements.

DAWNEY & CO LIMITED

A.C.N. 138 270 201

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	31/12/2019 \$	Year ended 30/06/2019 \$
<b>ASSETS</b>			
Cash and cash equivalents		292,194	549,656
Trade and other receivables		1,979	1,979
Deferred tax assets		56,084	145,477
Financial assets at fair value through profit and loss		2,832,645	2,266,099
<b>TOTAL ASSETS</b>		<b><u>3,182,902</u></b>	<b><u>2,963,211</u></b>
<b>LIABILITIES</b>			
Trade and other payables		23,420	38,819
<b>TOTAL LIABILITIES</b>		<b><u>23,420</u></b>	<b><u>38,819</u></b>
<b>NET ASSETS</b>		<b><u>3,159,482</u></b>	<b><u>2,924,392</u></b>
<b>EQUITY</b>			
Issued capital		3,142,854	3,121,524
Retained earnings / (accumulated losses)		16,628	(197,132)
<b>TOTAL EQUITY</b>		<b><u>3,159,482</u></b>	<b><u>2,924,392</u></b>

The accompanying notes form part of these financial statements.

DAWNEY & CO LIMITED

A.C.N. 138 270 201

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Issued Capital	Retained Earnings	Total
	\$	\$	\$
<b>Balance as at 01/07/2018</b>	<b>269,955</b>	<b>(39,570)</b>	<b>230,385</b>
Profit / (loss) for the period	-	(208,869)	(208,869)
Capital raised – reverse takeover	1,499,479	-	1,499,479
Capital raised – placement	1,352,090	-	1,352,090
<b>Balance as at 31/12/2018</b>	<b><u>3,121,524</u></b>	<b><u>(248,439)</u></b>	<b><u>2,873,085</u></b>
<b>Balance as at 01/07/2019</b>	<b>3,121,524</b>	<b>(197,131)</b>	<b>2,924,393</b>
Profit / (loss) for the period	-	213,759	213,759
Shares issued – exercise of options	1,330	-	1,330
Shares issued – directors' fees	20,000	-	20,000
<b>Balance as at 31/12/2019</b>	<b><u>3,142,854</u></b>	<b><u>16,628</u></b>	<b><u>3,159,482</u></b>

DAWNEY & CO LIMITED

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INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

CONDENSED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	Half-year ended 31/12/2019 \$	Half-year ended 31/12/2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		-	938
Bank charges		(71)	(142)
Executive director's remuneration		(46,365)	-
Professional fees		(24,120)	-
Payments to suppliers		(29,393)	(72,834)
Other receipts		-	5,178
Net cash provided by / (used in) operating activities		<u>(99,949)</u>	<u>(66,860)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from capital reduction of financial assets		-	6,133
Proceeds from sale of financial assets		1,993,371	-
Payments made for purchase of financial assets		(2,152,214)	(710,280)
Net cash provided by / (used in) investing activities		<u>(158,843)</u>	<u>(704,147)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from exercise of options		1,330	-
Proceeds from issuing shares		-	1,352,090
Net cash provided by / (used in) financing activities		<u>1,330</u>	<u>1,352,090</u>
Net increase / (decrease) in cash held		(257,462)	581,083
Cash at beginning of period		549,656	261,161
<b>Cash at end of period</b>		<b><u>292,194</u></b>	<b><u>842,244</u></b>

The accompanying notes form part of these financial statements.

DAWNEY & CO LIMITED

A.C.N. 138 270 201

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A) Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with the Corporations Act 2001 and AABS 134: Interim Financial Reporting. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards, Accounting Standards and Interpretations and comply with other requirements of the law.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Dawney & Co Limited. As such it does not contain information that represents relatively insignificant changes occurring during the half-year within the company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the company for the year ended 30 June 2019, together with any public announcements made during the following half-year.

The financial statements were authorised for issue by the directors on 14 February 2020.

#### B) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

#### C) New and Amended Standards Adopted by the company

There were no new standards, interpretations or amendments to existing accounting standards that had a material effect on the company's accounting policies.

### NOTE 2: ISSUED CAPITAL AND OPTIONS

#### Issued Capital

Movements in issued capital of the company during the financial year were as follows:

Date	Details	Ordinary shares	Price \$	Issued Capital \$
01/07/2019	Opening Balance	18,953,416	Various	3,121,524
20/11/2019	Shares issued	111,110	0.18	20,000
26/11/2019	Shares issued	3,297	0.10	330
28/11/2019	Shares issued	10,000	0.10	1,000
<b>31/12/2019</b>	<b>Closing Balance</b>	<b>19,077,823</b>		<b>3,142,854</b>

All ordinary shares rank equally inter se for all purposes of participation in profits or capital of the company.

Ordinary shares confer on their holder the right to receive notices, reports and accounts and to attend and speak and vote at general meetings of the company.

#### Options

Movements in B Class options during the financial year were as follows:

Date	Details	B Class options	Price \$	Issued Capital \$
01/07/2019	Opening Balance	32,271	-	(128,904)
26/11/2019	Options exercised	(3,297)	-	13,170
28/11/2019	Options exercised	(10,000)	-	39,944
30/11/2019	Options expired	(18,974)	-	75,790
<b>31/12/2019</b>	<b>Closing Balance</b>	<b>-</b>		<b>-</b>

The accompanying notes form part of these financial statements.



DAWNEY & CO LIMITED

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INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 3: EARNINGS PER SHARE

	<b>Half-year ended 31/12/2019 Number</b>	<b>Half-year ended 31/12/2018 Number</b>
Weighted average number of ordinary shares used in the calculation of basic earnings per share	18,981,271	10,144,337
Weighted average number of options outstanding	23,637	32,271
Weighted average number of ordinary shares used in calculation of dilutive earnings per share	19,004,908	10,144,337
	<b>\$</b>	<b>\$</b>
Profit / (loss) attributable to members of the company	213,759	(208,869)
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	1.13	(2.06)
Diluted earnings per share	1.12	(2.06)

NOTE 4: SEGMENT REPORTING

(a) Description of segments

The board makes the strategic resource allocations for the company. The company has therefore determined the operating segments based on the reports reviewed by the board, which are used to make strategic decisions.

The board is responsible for the company's entire portfolio of investments and considers the business to have a single operating segment. The board's asset allocation decisions are based on a single, integrated investment strategy, and the company's performance is evaluated on an overall basis.

The company invests in cash and securities for the purpose of providing shareholders with attractive risk-adjusted investment returns.

(b) Segment information provided to the Board

The internal reporting provided to the board for the company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of Australian Accounting Standards.

The board considers the company's net asset backing per share after tax to be a key measure of the company's performance.

	<b>Half-year ended 31/12/2019 Cents</b>	<b>Half-year ended 31/12/2018 Cents</b>
<b>Net asset backing per share</b>	<b>16.56</b>	<b>15.16</b>

(c) Other Segment Information

The company is domiciled in Australia and all the company's income is derived from Australian entities.

DAWNEY & CO LIMITED

A.C.N. 138 270 201

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 5: RELATED PARTY TRANSACTIONS

Transactions with related parties:

	<b>Half-year ended 31/12/2019</b>	<b>Half-year ended 31/12/2018</b>
	<b>\$</b>	<b>\$</b>
<ul style="list-style-type: none"><li>Fees paid to Rees Pritchard Pty Limited for accounting and company secretarial services.</li></ul>	-	16,668
Steven Pritchard is interested in the above transactions as a director and a beneficial shareholder of Rees Pritchard Pty Limited.		
<ul style="list-style-type: none"><li>Fees paid to Newcastle Capital Markets Registries Pty Limited for share registry services.</li></ul>	-	5,844
Steven Pritchard is interested in the above transactions as a director and a beneficial shareholder of Newcastle Capital Markets Registries Pty Limited.		

Steven Pritchard resigned as a director on 5 October 2018.

NOTE 6: DIRECTORS AND EXECUTIVES DISCLOSURE

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

NOTE 7: SUBSEQUENT EVENTS

We draw attention to the Review of Operations on page 2 of this report and the recent developments surrounding Horizon Oil and NGE Capital.

Other than the events outlined in the directors' report there have been no other activities which have 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 the future.

DAWNEY & CO LIMITED

A.C.N. 138 270 201

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Dawney & Co Limited, the directors of the company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001, including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b. 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.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



M. D. Dawney

Managing Director

3 March 2020

# INDEPENDENT AUDITOR'S REVIEW REPORT

## TO THE MEMBERS OF DAWNEY & CO LIMITED

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of Dawney & Co Limited (the company), which comprises the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

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

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

#### Independence

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

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

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

#### Auditor's Responsibility

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



PKF



MARTIN MATTHEWS  
PARTNER

3 MARCH 2020  
NEWCASTLE, NSW

DAWNEY & CO LIMITED

A.C.N. 138 270 201

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

## CORPORATE DIRECTORY

<b>Directors</b>	- Giles Craig Kerry Daly Mitchell Dawney
<b>Company Secretary</b>	- Kerry Daly Mitchell Dawney
<b>Registered Office</b>	- C/- Hopgood Ganim Lawyers Level 8, 1 Eagle Street BRISBANE QLD 4000 Telephone 07 3024 0000 Facsimile 07 3024 0300
<b>Business Office</b>	- C/- Hopgood Ganim Lawyers Level 8, 1 Eagle Street BRISBANE QLD 4000 Telephone 07 3024 0000 Facsimile 07 3024 0300
<b>Share Registry</b>	- Automic Level 5, 126 Phillip Street SYDNEY NSW 2000 Telephone 02 9698 5414
<b>Stockbroker</b>	- E.L. & C. Baillieu Limited Level 22, 35 Collins Street MELBOURNE VIC 3000 Telephone 03 9602 9222 Facsimile 03 9602 2350
<b>Auditor</b>	- PKF Newcastle 755 Hunter Street NEWCASTLE WEST NSW 2302 Telephone 02 4962 2688 Facsimile 02 4962 3245