

# DAWNEY & Co LTD

ACN 138 270 201

Interim Financial Report  
For The Half-Year Ended 31 December 2020

*DAWNEY & CO LIMITED*

*A.C.N. 138 270 201*

*INTERIM FINANCIAL REPORT*

*FOR THE HALF-YEAR ENDED 31 DECEMBER 2020*

CONTENTS

DIRECTORS' REPORT .....	2
AUDITOR'S INDEPENDENCE DECLARATION .....	3
CONDENSED STATEMENT OF COMPREHENSIVE INCOME .....	4
CONDENSED STATEMENT OF FINANCIAL POSITION .....	5
CONDENSED STATEMENT OF CHANGES IN EQUITY.....	6
CONDENSED STATEMENT OF CASH FLOWS.....	7
NOTES TO THE FINANCIAL STATEMENTS.....	8
DIRECTORS' DECLARATION .....	10
INDEPENDENT REVIEW REPORT .....	11
CORPORATE DIRECTORY .....	13

The information contained in this report is to be read in conjunction with Dawney & Co Limited's 2020 annual report and any announcements to the market by Dawney & Co Limited during the half-year period ended 31 December 2020.

DAWNEY & CO LIMITED

A.C.N. 138 270 201

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

## DIRECTORS' REPORT

Your directors present their report on the company for the half-year ended 31 December 2020.

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 \$1,111,617 for the half-year ended 31 December 2020. Growth in pre-tax NTA per share, the metric we assess ourselves on, rose 66.9%, from 12.13c to 20.24c.

Our company was suffering from our oversized position in Horizon Oil (HZN) which we have discussed in various announcements. However, as highlighted in the investment and NTA update on 11 August 2020, the turning point for the Company was the big moves in Tesseract (TNT), AF Legal Group (AFL), Consolidated Financial Holdings (CWL) and Thorn Group (TGA).

During the half-year to December we built a 12.16% stake in Benjamin Hornigold Limited (BHD), making us the largest shareholder.

The board continues to review debt and equity investment opportunities.

As at 31 December 2020 the company held \$541,175 in cash and securities with a market value of \$3,384,408. The company had no borrowings.

Holdings of note at 31 December 2020:

<b>Ticker</b>	<b>No. of Units</b>	<b>Market Value (\$)</b>
BHD.AX	2,937,235	829,769
AYS.AX	750,000	570,000
TNT.AX	1,500,000	502,500
AFL.AX	1,000,000	450,000
OVT.AX	43,860,000	307,020
MCE.AX	1,450,000	224,750

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 2020 is set out on page 3.

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



M. D. Dawney

Director

24 February 2021

## 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 2020, 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

24 FEBRUARY 2021  
NEWCASTLE, NSW

DAWNEY & CO LIMITED

A.C.N. 138 270 201

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	Half-year ended 31/12/2020 \$	Half-year ended 31/12/2019 \$
Interest Received		10	-
Dividends / Distributions Received		75,161	-
Realised and unrealised investment gains / (losses)		1,635,596	407,702
<b>Total income from ordinary activities</b>		<b>1,710,767</b>	<b>407,702</b>
Administration expenses		(63,193)	(29,800)
Non-executive directors' fees		(30,000)	(18,265)
Executive director's remuneration		(65,700)	(56,485)
<b>Operating profit / (loss) before income tax</b>		<b>1,551,874</b>	<b>303,152</b>
Income tax (expense) / benefit relating to ordinary activities		(440,257)	(89,393)
<b>Profit / (loss) attributable to members of the company</b>		<b>1,111,617</b>	<b>213,759</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>1,111,617</b>	<b>213,759</b>
<b>Overall operations</b>			
Basic earnings per share (cents per share)		5.82	1.13
Diluted earnings per share (cents per share)		5.82	1.13

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 2020

CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	31/12/2020 \$	Year ended 30/06/2020 \$
<b>ASSETS</b>			
Cash and cash equivalents		541,175	504,127
Trade and other receivables		-	18,749
Deferred tax assets		114,317	309,144
Plant and equipment		1,662	
Financial assets at fair value through profit and loss		3,384,408	1,817,311
<b>TOTAL ASSETS</b>		<b>4,041,562</b>	<b>2,649,331</b>
<b>LIABILITIES</b>			
Trade and other payables		31,071	25,887
Deferred tax liability		255,104	9,674
<b>TOTAL LIABILITIES</b>		<b>286,175</b>	<b>35,561</b>
<b>NET ASSETS</b>		<b>3,755,387</b>	<b>2,613,770</b>
<b>EQUITY</b>			
Issued capital		3,172,854	3,142,854
Retained earnings / (accumulated losses)		582,533	(529,084)
<b>TOTAL EQUITY</b>		<b>3,755,387</b>	<b>2,613,770</b>

DAWNEY & CO LIMITED

A.C.N. 138 270 201

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Issued Capital	Retained Earnings	Total
	\$	\$	\$
<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>
<b>Balance as at 01/07/2020</b>	<b>3,142,854</b>	<b>(529,084)</b>	<b>2,613,770</b>
Profit / (loss) for the period	-	1,111,617	1,111,617
Shares issued – directors' fees	30,000	-	30,000
<b>Balance as at 31/12/2020</b>	<b><u>3,172,854</u></b>	<b><u>582,533</u></b>	<b><u>3,755,387</u></b>

DAWNEY & CO LIMITED

A.C.N. 138 270 201

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

CONDENSED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	Half-year ended 31/12/2020 \$	Half-year ended 31/12/2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Dividends Received		75,161	-
Interest received		11	-
Bank charges		(76)	(71)
Executive director's remuneration		(54,414)	(46,365)
Professional fees		(35,321)	(24,120)
Payments to suppliers		(16,812)	(29,393)
Net cash provided by / (used in) operating activities		<u>(31,451)</u>	<u>(99,949)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of financial assets		2,673,755	1,993,371
Payments made for purchase of financial assets		(2,605,256)	(2,152,214)
Net cash provided by / (used in) investing activities		<u>68,499</u>	<u>(158,843)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from exercise of options		-	1,330
Net cash provided by / (used in) financing activities		<u>-</u>	<u>1,330</u>
Net increase / (decrease) in cash held		37,048	(257,462)
Cash at beginning of period		504,127	549,656
<b>Cash at end of period</b>		<u><u>541,175</u></u>	<u><u>292,194</u></u>

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 2020

## 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 2020 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 2020, together with any public announcements made during the following half-year.

The financial statements were authorised for issue by the directors on 14 February 2021.

#### 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

#### Issued Capital

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

Date	Details	Ordinary shares	Price \$	Issued Capital \$
01/07/2020	Opening Balance	19,077,823	Various	3,142,854
30/11/2020	Shares issued	83,333	0.18	15,000
30/11/2020	Shares issued	83,333	0.18	15,000
<b>31/12/2020</b>	<b>Closing Balance</b>	<b>19,244,489</b>		<b>3,172,854</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.

DAWNEY & CO LIMITED

A.C.N. 138 270 201

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 3: EARNINGS PER SHARE

	<b>Half-year ended 31/12/2020 Number</b>	<b>Half-year ended 31/12/2019 Number</b>
Weighted average number of ordinary shares used in the calculation of basic earnings per share	19,106,809	18,981,271
Weighted average number of options outstanding	-	23,637
Weighted average number of ordinary shares used in calculation of dilutive earnings per share	19,106,809	19,004,908
	<b>\$</b>	<b>\$</b>
Profit / (loss) attributable to members of the company	1,111,617	213,759
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	5.82	1.13
Diluted earnings per share	5.82	1.12

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 31/12/2020 Cents</b>	<b>Half-year ended 31/12/2019 Cents</b>
<b>Net asset backing per share</b>	<b>19.51</b>	<b>16.56</b>

(c) Other Segment Information

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

NOTE 5: RELATED PARTY TRANSACTIONS

There were no related party transactions during the half year to 31 December 2020.

NOTE 6: DIRECTORS AND EXECUTIVES DISCLOSURE

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

NOTE 7: SUBSEQUENT EVENTS

Other than the events outlined in the directors' report (if any) 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 2020

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 2020 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

Director

24 February 2021

## 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 2020, 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 2020, 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

24 FEBRUARY 2021  
NEWCASTLE, NSW

DAWNEY & CO LIMITED

A.C.N. 138 270 201

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

## 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