

DAWNEY & Co LTD

ACN 138 270201

Interim Financial Report
For the Half-Year Ended 31 December 2021

DAWNEY & CO LIMITED

A.C.N. 138 270 201

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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 2021 annual report and any announcements to the market by Dawney & Co Limited during the half-year period ended 31 December 2021.

DAWNEY & CO LIMITED

A.C.N. 138 270 201

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

DIRECTORS' REPORT

Your directors present their report on the company for the half-year ended 31 December 2021.

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 earned a profit after tax of \$301,216 for the half-year ended 31 December 2021. Growth in pre-tax NTA per share was 10.3%, from 20.4c to 22.5c. The Directors would like to highlight the difference in opening pre-tax NTA per share between our half-year report and unaudited month-to-month NTA reporting. The Managing Director's performance bonus was paid in July 2021, however, as the bonus related to the performance in the 2021 financial year, it was accrued at the balance date. Pre-tax NTA per share pre-bonus was 20.8c and pre-tax post-bonus was 20.4c. For consistency, the month-to-month unaudited NTA reporting uses the 20.8c opening figure, whereas, 20.4c has been used in the half-year financial statements to 31 December 2021.

During the period we realised profit on the sale of our holdings in Bowen Coking Coal, Cardno and Kiland. We also reduced our holding in Benjamin Hornigold and had mark-to-market gains in Western Areas and Quantum Health. We exited a few smaller "underperforming holdings" in Icar Asia and 3P Learning, which in hindsight, with a bit of patience, could have delivered a better result. In any event, we believe the Company is in a good position moving into calendar year 2022.

The board continues to review debt and equity investment opportunities.

As at 31 December 2021 the company held \$1,161,934 in cash and securities with a market value of \$3,237,814. The company had no borrowings.

Holdings of note at 31 December 2021:

Ticker	No. of Units	Market Value (\$)
BHD.AX	2,927,135	804,962
WSA.AX	150,000	514,500
QTM.AX	6,000,000	504,000
JRL.AX	200,000	440,000
AU1.AX	7,500,000	367,500
AFL.AX	877,865	346,757

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 2021 is set out on page 3.

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


K. J. Daly

Chairman

4 February 2022

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 2021, 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

4 FEBRUARY 2022
NEWCASTLE, NSW

DAWNEY & CO LIMITED

A.C.N. 138 270 201

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Half-year ended 31/12/2021 \$	Half-year ended 31/12/2020 \$
Interest Received	-	10
Dividends / Distributions Received	349,633	75,161
Realised and unrealised investment gains	252,238	1,635,596
Total income from ordinary activities	601,871	1,710,767
Administration expenses	(81,450)	(63,193)
Non-executive directors' fees	(30,000)	(30,000)
Executive director's remuneration	(68,750)	(65,700)
Operating profit before income tax	421,671	1,551,874
Income tax expense relating to ordinary activities	(120,455)	(440,257)
Profit attributable to members of the company	301,216	1,111,617
Total comprehensive income for the period	301,216	1,111,617
Overall operations		
Basic earnings per share (cents per share)	1.56	5.82
Diluted earnings per share (cents per share)	1.56	5.82

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 2021

CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	31/12/2021 \$	30/06/2021 \$
ASSETS			
Cash and cash equivalents		1,161,934	300,743
Financial assets at fair value through profit and loss		3,237,814	3,744,115
TOTAL ASSETS		<u>4,399,748</u>	<u>4,044,858</u>
LIABILITIES			
Trade and other payables		175,921	123,704
Deferred tax liability		124,243	152,786
TOTAL LIABILITIES		<u>300,164</u>	<u>276,490</u>
NET ASSETS		<u><u>4,099,584</u></u>	<u><u>3,768,368</u></u>
EQUITY			
Issued capital	2	3,202,854	3,172,854
Retained earnings		896,730	595,514
TOTAL EQUITY		<u><u>4,099,584</u></u>	<u><u>3,768,368</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 2021

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Issued Capital	Retained Earnings	Total
	\$	\$	\$
Balance as at 01/07/2020	3,142,854	(529,084)	2,613,770
Profit for the period	-	1,111,617	1,111,617
Shares issued – directors' fees	30,000	-	30,000
Balance as at 31/12/2020	3,172,854	582,533	3,755,387
Balance as at 01/07/2021	3,172,854	595,514	3,768,368
Profit for the period	-	301,216	301,216
Shares issued – directors' fees	30,000	-	30,000
Balance as at 31/12/2021	3,202,854	896,730	4,099,584

DAWNEY & CO LIMITED

A.C.N. 138 270 201

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

CONDENSED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Half-year ended 31/12/2021 \$	Half-year ended 31/12/2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	349,633	75,161
Interest	-	11
Bank charges	(68)	(76)
Employment costs	(146,777)	(54,414)
Professional fees	(38,995)	(35,321)
Payments to suppliers	(41,796)	(16,812)
Net cash provided by / (used in) operating activities	121,997	(31,452)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets	3,245,882	2,673,755
Payments made for purchase of financial assets	(2,506,687)	(2,605,256)
Net cash provided by / (used in) investing activities	739,195	68,499
Net increase / (decrease) in cash held	861,192	37,047
Cash at beginning of period	300,743	504,127
Cash at end of period	1,161,934	541,174

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 2021

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 2021 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 2021, together with any public announcements made during the following half-year.

The financial statements were authorised for issue by the directors on 4 February 2022.

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 \$
01/07/2021	Opening Balance	19,244,489	Average 0.16	3,172,854
16/11/2021	Shares issued	75,000	0.20	15,000
16/11/2021	Shares issued	75,000	0.20	15,000
31/12/2021	Closing Balance	<u>19,394,489</u>		<u>3,202,854</u>

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 2021

NOTE 3: EARNINGS PER SHARE

	Half-year ended 31/12/2021 Number	Half-year ended 31/12/2020 Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	19,281,374	19,106,809
Weighted average number of options outstanding	-	-
Weighted average number of ordinary shares used in calculation of dilutive earnings per share	19,281,374	19,106,809
	\$	\$
Profit attributable to members of the company	301,216	1,111,617
	Cents	Cents
Basic earnings per share	1.56	5.82
Diluted earnings per share	1.56	5.82

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.

	Half-year ended 31/12/2021 Cents	Half-year ended 31/12/2020 Cents
Net asset backing per share	21.14	19.51

(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 2021.

NOTE 6: DIRECTORS AND EXECUTIVES DISCLOSURE

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

NOTE 7: SUBSEQUENT EVENTS

On 11 January 2021, Dawney & Co Ltd announced a non-renounceable entitlement offer. The offer closed on 31 January 2022, with applications for 2,747,036 Entitlement and Additional shares, amounting to \$563,142.42 (before costs). Shortfall for the offer totalled 2,101,586 shares. Applications for Shortfall shares totalled 1,838,413 shares, amounting to \$376,874.66 (before costs). 4,625,693 new shares, including the fee paid to Lead Manager (Centec Securities Pty Ltd), were allotted 4 February 2022.

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 2021

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 2021 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.



K. J. Daly

Chairman

4 February 2022

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 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of 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 2021, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Independence

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 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

4 FEBRUARY 2022
NEWCASTLE, NSW

DAWNEY & CO LIMITED

A.C.N. 138 270 201

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

CORPORATE DIRECTORY

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