

DAWNEY & Co LTD

ACN 138 270201

Annual Report
For Year Ended 30 June 2023

DAWNEY & CO LIMITED

A.C.N. 138 270 201

ANNUAL REPORT - FOR THE YEAR ENDED 30TH JUNE 2023

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DAWNEY & CO LIMITED

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FIVE YEAR SUMMARY

Key Financial Statistics

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Net profit / (loss) after tax | (487,169) | 175,065 | 1,124,597 | (331,953) | (157,561) |
| Earnings per Share (cents per share) | (2.02) | 0.82 | 5.87 | (1.74) | (1.08) |
| Dividends per share (cents per share) | - | - | - | - | - |
| Total Assets | 4,427,981 | 5,127,381 | 4,044,858 | 2,639,657 | 2,963,211 |
| Total Liabilities | 17,548 | 236,115 | 276,490 | 25,887 | 38,819 |
| Shareholder's Funds | 4,410,433 | 4,891,266 | 3,768,368 | 2,613,770 | 2,924,392 |
| Net asset backing per share | 0.1832 | 0.2036 | 0.1958 | 0.1370 | 0.1543 |
| Shares on issue | 24,071,054 | 24,020,182 | 19,244,489 | 19,077,823 | 18,953,416 |
| Number of shareholders | 117 | 177 | 179 | 184 | 200 |
| Options on issue | Nil | Nil | Nil | Nil | 32,271 |
| Number of option holders | Nil | Nil | Nil | Nil | 12 |

DAWNEY & CO LIMITED

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DIRECTORS' REPORT

Your directors present their report on the Company for the financial year ended 30 June 2023.

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

Directors

The names of directors in office at any time during or since the end of the year are:

- Kerry John Daly
- Mitchell David Dawney
- Giles Cameron Craig (Resigned: 31/05/2023)
- Peter Johns (Appointed: 31/05/2023)

Company Secretary

Mitch Dawney and Kerry Daly act as joint company secretaries.

Principal Activities

The principal activity of the Company during the financial year was investment in cash and securities (debt and equity). Our objective is to seek out and invest in securities that offer a superior risk-adjusted total return.

Operating Results

The company made a net operating loss before income tax for the year of \$702,017 (2022: profit \$240,337).

Dividends Paid or Recommended

No dividends have been paid since the date of incorporation and the directors do not recommend the payment of a dividend.

Review of operations

The Company continued to invest in securities which are expected to provide superior risk adjusted returns.

Dawney & Co Ltd (DWY) made a loss before income tax of \$702,017 for the 2023 financial year.

During the year, the Company made an unsuccessful takeover bid for ICSGlobal Ltd (ICS). Through acceptances, we increased our holding slightly to 4.14% of ICS. Disappointingly, ICS has still not found a suitable business to acquire and was delisted by the ASX on 22 June 2023.

After income tax for FY22 was paid, the franking account balance increased to \$0.01 per share.

Future Developments, Prospects and Business Strategies

Your Board continues to seek out and evaluate investment opportunities that offer the prospect of superior risk-adjusted returns.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under the law of the Commonwealth or any state.

Post Balance Date Events

There have been no events since 30 June 2023 requiring disclosure.

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Non-audit services

Details of the auditor's remuneration for auditing the company's financial statements are set out in note 13 to the financial statements. No amounts have been paid or payable to the auditors for non-audit services.

Information on Directors

| | |
|---|---|
| Kerry John Daly | - Chairman (appointed 5 October 2018) |
| Qualifications | - Bachelor of Business (Accountancy), Certified Practising Accountant |
| Experience | - Board member and Chairman since 5 October 2018 |
| Interest in Shares and Options | - 287,059 Ordinary Shares |
| Special Responsibilities | - Joint Company Secretary |
| Directorships held in other listed entities | - Australian Adventure Tourism Group Limited (formerly Jimmy Crow Limited) |
| Mitchell David Dawney | - Executive Director |
| Qualifications | - Diploma in Stockbroking |
| Experience | - Board member since 5 October 2018 |
| Interest in Shares and Options | - 2,550,000 Ordinary Shares |
| Special Responsibilities | - Joint Company Secretary |
| Directorships held in other listed entities | - None |
| Giles Cameron Craig | - Non-Executive Director |
| Qualifications | - Bachelor of Science (Economics) Hons, Fellow of the Institute of Chartered Accountants in England and Wales |
| Experience | - Board member since 14 July 2009 (retired 31/05/2023) |
| Interest in Shares and Options | - 346,344 Ordinary Shares |
| Special Responsibilities | - None |
| Directorships held in other listed entities | - Asset Resolution Limited |
| Peter Johns | - Non-Executive Director |
| Qualifications | - Bachelor of Laws, Bachelor of Economics |
| Experience | - Board member since 31 May 2023 |
| Interest in Shares and Options | - 731,707 Ordinary Shares |
| Special Responsibilities | - None |
| Directorships held in other listed entities | - AF Legal Group Limited, East72 Limited |

CORPORATE GOVERNANCE STATEMENT

The Board has the responsibility of ensuring that the company is properly managed to protect and enhance shareholders' interests in a manner that is consistent with the company's responsibility to meet its obligations to all parties with which it interacts. To this end, the Board has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and nature of activities.

The main corporate governance policies are summarised below.

Appointment and Retirement of Non-Executive Directors

It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of non-executive directors on a case by case basis and in conformity with the requirements of the Listing Rules and the Corporations Act.

Directors Access to Independent Professional Advice

It is the Board's policy that any committees established by the Board should:

- Be entitled to obtain independent professional or other advice at the cost of the Company unless the Board determines otherwise.
- Be entitled to obtain such resources and information from the Company including direct access to employees of and advisers to the Company as they might require.
- Operate in accordance with the terms of reference established by the Board.

Audit Committee

The Audit Committee meets with the external auditors at least once a year. This committee addresses the financial and compliance oversight responsibilities of the Board. The specific activities include assessing and monitoring:

- The adequacy of the Company's internal controls and procedures to ensure compliance with all applicable legal obligations.
- The adequacy of the financial risk management processes.
- The appointment of the external auditor, any reports prepared by the external auditor and liaising with the external auditor.

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REMUNERATION REPORT

Remuneration policy

All issues in relation to remuneration of both executive directors and non-executive directors are dealt with by the Board.

The constitution of Dawney & Co Limited requires approval by the shareholders in general meetings of a maximum amount of remuneration per year to be allocated between Non-Executive Directors as they determine. In proposing the maximum amount for consideration in general meeting, and in determining the allocation, the Board takes account of the time demands made on Directors, together with such factors as the general level of fees paid to Directors. The amount of remuneration currently approved by shareholders for Non-Executive Directors is a maximum of \$200,000 per annum.

Non-Executive Directors hold office until such time as they retire, resign or are removed from office under the terms set out in the constitution of the Company.

Non-Executive Directors do not receive any performance-based remuneration.

Mr Dawney receives a base annual salary of \$125,000 p.a. plus superannuation, health insurance and a CBD carpark. He is also reimbursed for any out of pocket business related expenses. In addition to Mr Dawney's base a cash bonus pool will be created if the Net Tangible Assets per ordinary share increase by 15%pa on a pre-tax basis, in any one year. The Board of Directors will determine the cash bonus amount.

Mr Daly and Mr Craig both received \$15,000, paid in shares, for their services between 1 July 2022 and 30 June 2023.

Details of remuneration for year ended 30 June 2023

The Company has one executive director and two non-executive directors.

Details of the remuneration for each Director of the Company was as follows:

| | Salary & Fees | Bonus | Superannuation Contributions | Other | Total |
|-----------------|---------------|-------|------------------------------|---------|-----------|
| Kerry Daly | \$15,000 | - | - | - | \$15,000 |
| Mitchell Dawney | \$125,000 | - | \$13,125 | \$9,922 | \$148,047 |
| Giles Craig | \$15,000 | - | - | - | \$15,000 |
| Peter Johns | - | - | - | - | - |

Meetings of Directors

During the financial year, three meetings of directors (including committees) were held. Attendances were:

| | DIRECTORS MEETINGS | | AUDIT COMMITTEE MEETINGS | |
|-----------------|---------------------------|-----------------|---------------------------|-----------------|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Kerry Daly | 3 | 3 | 2 | 2 |
| Mitchell Dawney | 3 | 3 | 2 | 2 |
| Giles Craig | 3 | 3 | 2 | 2 |
| Peter Johns | - | - | - | - |

Shareholdings – Ordinary shares

Number of shares held by directors:

| | Balance – 01/07/2022 | Received as Remuneration | Options Exercised | Other Change* | Balance – 30/06/2023 |
|-----------------|----------------------|--------------------------|-------------------|---------------|----------------------|
| Kerry Daly | 213,888 | 73,171 | - | - | 287,059 |
| Mitchell Dawney | 2,550,000 | - | - | - | 2,550,000 |
| Giles Craig | 273,173 | 73,171 | - | - | 346,344 |
| Peter Johns | 731,707 | - | - | - | 731,707 |
| Total | 3,768,768 | 146,342 | - | - | 3,915,110 |

*Other change refers to shares purchased or sold during the financial year.

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Indemnifying Officers or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

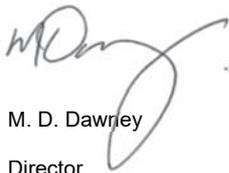
Proceedings on Behalf of Company

No person has applied for leave of the court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 8 of the annual report.

Signed in accordance with a resolution of the Board of Directors.



M. D. Dawney

Director

18 August 2023

Dawney & Co Limited
ACN: 138 270 201

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

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as auditor for the audit of Dawney & Co Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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



PKF



MARTIN MATTHEWS
PARTNER

18 AUGUST 2023
NEWCASTLE, NSW

DAWNEY & CO LIMITED

A.C.N. 138 270 201

ANNUAL REPORT - FOR THE YEAR ENDED 30TH JUNE 2023

STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | Note | 30/06/2023 | 30/06/2022 |
|---|------|------------------|----------------|
| | | \$ | \$ |
| Dividends / Distributions Received | 2 | 15,000 | 352,549 |
| Realised and unrealised investment gains / (losses) | 2 | (401,708) | 182,689 |
| Other Income | 2 | 9,334 | 6,750 |
| Total income from ordinary activities | | (377,374) | 541,988 |
| Administration expenses | 3 | 146,596 | 125,583 |
| Employment benefit expenses | | 148,047 | 146,068 |
| Directors Fees | | 30,000 | 30,000 |
| Operating profit before income tax | | (702,017) | 240,337 |
| Income tax expense relating to ordinary activities | 4 | 214,848 | (65,272) |
| Profit loss attributable to members of the company | | (487,169) | 175,065 |
| Other comprehensive income for the financial year | | - | - |
| Total comprehensive income for the financial year | | (487,169) | 175,065 |
| Overall operations | | | |
| Basic earnings per share (cents per share) | 11 | (2.02) | 0.82 |
| Diluted earnings per share (cents per share) | 11 | (2.02) | 0.82 |

The accompanying notes form part of these financial statements.

DAWNEY & CO LIMITED

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ANNUAL REPORT - FOR THE YEAR ENDED 30TH JUNE 2023

STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2023

| | Note | 30/06/2023 \$ | 30/06/2022 \$ |
|--|------|------------------|------------------|
| ASSETS | | | |
| Cash and cash equivalents | 5 | 593,853 | 2,114,636 |
| Trade and other receivables | 6 | 15,000 | - |
| Current tax refund | 7 | 3,566 | - |
| Deferred tax asset | 7 | 167,673 | - |
| Financial assets at fair value through profit and loss | 8 | 3,647,889 | 3,012,745 |
| TOTAL ASSETS | | 4,427,981 | 5,127,381 |
| LIABILITIES | | | |
| Trade and other payables | 9 | 17,548 | 18,056 |
| Current tax liabilities | 7 | - | 170,884 |
| Deferred tax liability | 7 | - | 47,175 |
| TOTAL LIABILITIES | | 17,548 | 236,115 |
| NET ASSETS | | 4,410,433 | 4,891,266 |
| EQUITY | | | |
| Issued capital | 10 | 4,127,024 | 4,120,688 |
| Retained earnings | | 283,409 | 770,578 |
| TOTAL EQUITY | | 4,410,433 | 4,891,266 |

The accompanying notes form part of these financial statements.

DAWNEY & CO LIMITED

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STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | Issued Capital | Retained earnings | Total |
|---|------------------|-------------------|------------------|
| | \$ | \$ | \$ |
| Balance as at 01/07/2021 | 3,172,854 | 595,514 | 3,768,368 |
| Loss for the period | - | 175,065 | 175,065 |
| Total comprehensive income for the Period | - | 175,065 | 175,065 |
| Shares issued | 947,834 | - | 947,834 |
| Balance as at 30/06/2022 | 4,120,688 | 770,578 | 4,891,266 |
| Balance as at 01/07/2022 | 4,120,688 | 770,578 | 4,891,266 |
| Profit for the period | - | (487,169) | (487,169) |
| Total comprehensive income for the Period | - | (487,169) | (487,169) |
| Shares issued | 30,000 | - | 30,000 |
| Shares bought back | (23,664) | - | (23,664) |
| Balance as at 30/06/2023 | 4,127,024 | 283,409 | 4,410,433 |

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STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | Note | 30/06/2023 \$ | 30/06/2022 \$ |
|--|-----------|--------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Interest Received | | 1,174 | - |
| Dividends / Distributions Received | | - | 352,549 |
| Other receipts | | 8,976 | 6,750 |
| Bank charges | | (270) | (181) |
| Employment costs | | (137,933) | (163,672) |
| Professional fees | | (58,895) | (64,029) |
| Payments to suppliers | | (273,319) | (121,824) |
| Net cash provided by (used in) operating activities | 15 | (460,267) | 9,593 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of financial assets | | 921,399 | 3,965,667 |
| Payments made for purchase of financial assets | | (1,958,251) | (3,070,951) |
| Net cash provided by/(used in) investing activities | | (1,036,852) | 894,716 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issuing shares | | - | 940,017 |
| Unmarketable share buy-back | | (18,617) | - |
| Share issue costs | | (5,047) | (30,433) |
| Net cash provided by/(used in) financing activities | | (23,664) | 909,584 |
| Net increase/ (decrease) in cash held | | (1,520,783) | 1,813,893 |
| Cash at beginning of the year | 5 | 2,114,636 | 300,743 |
| Cash at end of the year | 5 | 593,853 | 2,114,636 |

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001 and Accounting Standards and Interpretations and comply with other requirements of the law.

Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the financial statements and notes of the company comply with International Financial Reporting Standards (IFRS).

All amounts are presented in Australian dollars unless otherwise noted.

The financial statements were authorised for issue by the directors on 18 August 2023.

Basis of Preparation

Reporting Basis and Conventions

Adoption of new and revised Accounting Standards

There were no new standards, interpretations or amendments to existing accounting standards adopted that are not mandatory for the year ended 30 June 2023.

The adoption of the various Australian Accounting Standards and Interpretations in issue but not yet effective will not impact the company's accounting policies. However, the pronouncements will result in changes to information currently disclosed in the financial statements. The company does not intend to adopt any of these pronouncements before their effective dates.

The financial statements are prepared using the valuation methods described below for holdings of securities. All other items have been treated in accordance with the historical cost convention.

(a) Financial Assets

The Financial Assets held by the company consist of securities acquired for the purpose of making a profit from their sale or disposal.

Increments and decrements on the value of securities are taken to profit or loss through the Statement of Profit or Loss and Other Comprehensive Income.

(b) Income from securities holdings

Distributions relating to listed securities are recognised as income when those securities are quoted on an ex- distribution basis and distributions relating to unlisted securities are recognised as income when received. If the distributions are capital returns on ordinary securities the amount of the distribution is treated as an adjustment.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

(d) Taxation

The company adopts the liability method of tax-effect accounting where the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(f) Financial instruments issued by the company

Debt and equity instruments are classified as either liabilities or as equity in accordance with substance of the contractual agreements. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the company are recorded as the proceeds received, net of direct issue costs.

(g) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(h) Initial public offer costs

The costs incurred in the establishment of the Company and its subsequent public offerings have been charged directly against issued capital.

(i) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Board has been identified as the chief operating decision-maker, as it is responsible for allocating resources and assessing performance of the operating segments.

(j) Critical Accounting Estimates and Judgements

The preparation of financial reports in conformity with AIFRS requires the use of certain critical accounting estimates. This requires the Board and management to exercise their judgement in the process of applying the Company's accounting policies.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events.

There are no key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period other than:

Deferred tax assets

As noted in Note 1(d), deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which temporary differences and tax losses can be utilised.

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NOTE 2: REVENUE

| | 30/06/2023 | 30/06/2022 |
|---|------------------|----------------|
| | \$ | \$ |
| Dividends / Distributions Received | 15,000 | 352,549 |
| Other Income | 9,334 | 6,750 |
| Realised gain on disposal of investments | 159,128 | 642,434 |
| Unrealised loss on revaluation of investments | (560,836) | (459,745) |
| Total revenue | (377,374) | 541,988 |

NOTE 3: ADMINISTRATION EXPENSES

| | 30/06/2023 | 30/06/2022 |
|--------------------------------------|----------------|----------------|
| | \$ | \$ |
| Accountancy fees | 42,482 | 44,308 |
| Auditor's remuneration | 15,750 | 15,763 |
| Company secretarial | 10,974 | 5,281 |
| Legal expenses | 35,128 | 22,271 |
| Listing fees | 15,219 | 19,847 |
| Share registry fees | 9,069 | 8,204 |
| Other expenses | 17,974 | 9,909 |
| Total administration expenses | 146,596 | 125,583 |

NOTE 4: INCOME TAX EXPENSE

| | 30/06/2023 | 30/06/2022 |
|---|------------------|---------------|
| | \$ | \$ |
| Corporation income tax: | | |
| Current year tax liability | - | 170,884 |
| Deferred tax (refer note 7): | | |
| Current year deferred tax | (214,848) | (105,612) |
| Total income tax expense (benefit) | (214,848) | 65,272 |

The charge for the year can be reconciled to the profit before tax as follows:

| | | |
|--|------------------|---------------|
| Profit before tax on continuing operations | (702,017) | 240,337 |
| Tax at the corporation tax rate of 30% (2022: 30%) | (210,605) | 72,101 |
| Tax effect of franking credits | - | 875 |
| Tax effect of temporary differences | (4,243) | 28,128 |
| Recoupment of prior year tax losses | - | (35,832) |
| Tax losses not previously recognised | - | - |
| Tax expense/(benefit) for the year | (214,848) | 65,272 |

NOTE 5: CASH AND CASH EQUIVALENTS

| | 30/06/2023 | 30/06/2022 |
|--|----------------|------------------|
| | \$ | \$ |
| Cash at bank | 593,853 | 2,114,636 |
| Total cash and cash equivalents | 593,853 | 2,114,636 |

All cash investments are invested with Authorised Deposit Taking Institutions. All deposits are guaranteed by the Commonwealth of Australia. The credit risk exposure of the company in relation to cash and cash equivalents is the carrying amount and any unpaid accrued interest.

NOTE 6: TRADE & OTHER RECEIVABLES

| | 30/06/2023 | 30/06/2022 |
|--------------------------------------|---------------|------------|
| | \$ | \$ |
| Current | | |
| Dividends Receivable | 15,000 | - |
| Total trade & receivables | 15,000 | - |

DAWNEY & CO LIMITED

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NOTE 7: TAX ASSETS (LIABILITIES)

| | 30/06/2023 | 30/06/2022 |
|---|----------------|------------------|
| | \$ | \$ |
| Current | | |
| Current tax asset (liability) | 3,566 | (170,884) |
| Total current tax asset (liability) | 3,566 | (170,884) |
| Deferred | | |
| Tax losses | 46,597 | - |
| Temporary differences | 121,076 | (47,175) |
| Total deferred tax asset (liability) | 167,673 | (47,175) |

NOTE 8: OTHER FINANCIAL ASSETS

| | Note | 30/06/2023 | 30/06/2022 |
|---|------|------------------|------------------|
| | | \$ | \$ |
| CURRENT | | | |
| Financial assets mandatorily measured at fair value through profit or loss | 19 | 3,647,889 | 3,012,745 |
| Total non-current assets | | 3,647,889 | 3,012,745 |
| a. Financial assets mandatorily measured at fair value through profit or loss | 19 | 3,647,889 | 3,012,745 |
| Held for trading Australian listed shares | | 3,647,889 | 3,012,745 |

NOTE 9: TRADE AND OTHER PAYABLES

| | 30/06/2023 | 30/06/2022 |
|---------------------------------------|---------------|---------------|
| | \$ | \$ |
| Accrued charges | 3,768 | 3,069 |
| Other payables | 13,780 | 14,987 |
| Total trade and other payables | 17,548 | 18,056 |

NOTE 10: 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 |
|-------------------|--|-------------------|-------|------------------|
| | | | \$ | \$ |
| 01/07/2022 | Opening Balance | 24,020,182 | - | 4,120,688 |
| 02/11/2022 | Non-Executive Director Fees | 146,342 | 0.205 | 30,000 |
| 13/09/2022 | Unmarketable Share Buy Back less capital raising costs | (95,470) | 0.195 | (23,664) |
| 30/06/2023 | Closing Balance | 24,071,054 | | 4,127,024 |

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

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and does not calculate a par value for issued shares.

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NOTE 11: EARNINGS PER SHARE

| | 30/06/2023 | 30/06/2022 |
|--|-------------------|-------------------|
| | Number | Number |
| Weighted average number of ordinary shares used in the calculation of basic earnings per share | 24,034,941 | 21,226,073 |
| Weighted average number of ordinary shares used in calculation of dilutive earnings per share | 24,034,941 | 21,226,073 |
| | \$ | \$ |
| Profit/ (loss) attributable to members of the company | (487,169) | 175,065 |
| | Cents | Cents |
| Basic earnings per share | (2.03) | 0.82 |
| Diluted earnings per share | (2.03) | 0.82 |

NOTE 12: FRANKING ACCOUNT

| | 30/06/2023 | 30/06/2022 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Balance at the beginning of the year | 60,421 | 59,171 |
| Franking credits on dividends received | - | 1,250 |
| PAYG instalments paid | 3,857 | - |
| Income tax paid | 170,885 | - |
| Balance available for subsequent reporting periods | 235,163 | 60,421 |
| Franking credits (per share) | 0.010 | 0.003 |

The number of fully paid shares issued as at 30 June 2023 is 24,071,054

NOTE 13: AUDITOR'S REMUNERATION

| | 30/06/2023 | 30/06/2022 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Remuneration of the auditor of the company for: | | |
| Auditing and reviewing the financial reports | 15,763 | 15,225 |

NOTE 14: 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.

| | | |
|------------------------------------|--------------|--------------|
| Net asset backing per share | Cents | Cents |
| | 18.32 | 20.36 |

(c) Other Segment Information

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

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NOTE 15: CASH FLOW INFORMATION

| | 30/06/2023 | 30/06/2022 |
|--|------------------|--------------|
| | \$ | \$ |
| Reconciliation of cash flow from operations with (loss) / profit after income tax: | | |
| Profit after income tax | (487,169) | 175,065 |
| Realised and unrealised gains | 401,708 | (182,689) |
| Directors' and capital raise fees paid as issued shares | 30,000 | 38,250 |
| (Increase) / decrease in trade and other receivables | (15,000) | - |
| Increase / (decrease) in trade payables and accruals | (508) | (86,306) |
| Increase / (decrease) in tax provisions | (389,298) | 65,273 |
| Cash flow from operations | (460,267) | 9,593 |

NOTE 16: RELATED PARTY TRANSACTIONS

The directors and their related entities hold the following shares and options in Dawney & Co Limited:

| | Ordinary Shares |
|-----------------|------------------------|
| Kerry Daly | 287,059 |
| Mitchell Dawney | 2,550,000 |
| Giles Craig | 346,344 |
| Peter Johns | 731,707 |

NOTE 17: DIRECTORS AND EXECUTIVES DISCLOSURE

In accordance with the Corporations Amendments Regulation 2005 (No 4) the company has transferred the disclosure required by AASB 1046 from the notes to the Financial Statements to the Directors' Report under the heading of Remuneration Report.

NOTE 18: FINANCIAL INSTRUMENTS

Financial Risk Management

Accounting Standards identify four types of risk associated with financial instruments (i.e. the Company's investments, receivables, payables and borrowings):

Credit Risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk is managed as noted in the Notes to the financial statements with respect to cash and trade and other receivables. None of these assets are over-due or considered to be impaired.

Liquidity Risk

This is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company monitors its cash-flow requirements and ensures that it has cash available which is sufficient to meet any payments.

Market Risk

This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market price.

The Company seeks to minimise market risk by diversification of investments.

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The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

Interest Rate Risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company currently has no borrowings and accordingly is not subject to interest rate risk.

Capital Management

It is the Board's policy to maintain a strong capital base as to maintain investors and market confidence.

To achieve this, the Board monitors the Company's net tangible assets, its levels of borrowings and its investment performance.

The Company is not subject to any externally imposed capital requirements.

NOTE 19: FAIR VALUE MEASUREMENTS

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------|----------------|----------------|----------------|--------------|
| 30 June 2023 | | | | |
| Listed Securities | 3,555,656 | 92,233 | - | 3,647,889 |
| Cash and cash equivalents | 593,853 | - | - | 593,853 |
| Total financial assets | 4,149,509 | 92,233 | - | 4,241,742 |
| Net fair value | 4,149,509 | 92,233 | - | 4,241,742 |
| 30 June 2022 | | | | |
| Listed Securities | 3,012,745 | - | - | 3,012,745 |
| Cash and cash equivalents | 2,114,636 | - | - | 2,114,636 |
| Total financial assets | 5,127,381 | - | - | 5,127,381 |
| Net fair value | 5,127,381 | - | - | 5,127,381 |

NOTE 20: SUBSEQUENT EVENTS

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.

NOTE 21: CONTINGENCIES

At balance date the Directors are not aware of any other material contingent liabilities or contingent assets other than those already disclosed elsewhere in the financial report.

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NOTE 22: COMPANY DETAILS

The registered office of Dawney & Co Limited is:

C/- HopgoodGanim Lawyers
Level 8, 1 Eagle Street
BRISBANE QLD 4000

DAWNEY & CO LIMITED

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DIRECTORS' DECLARATION

The directors of the company declare that:

- (a) 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;
- (b) In the director' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company;
- (c) In the directors opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
- (d) The directors have been given the declarations required by section 259A of the Corporations Act 2001. This declaration is made in accordance with a resolution of the Board of Directors pursuant to s.303 (5) of the Corporations Act 2001.



M. D. Dawney

Director

18 August 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DAWNEY & CO LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Dawney & Co Limited (the company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

- a) In our opinion the accompanying financial report of Dawney & Co Limited is in accordance with the Corporations Act 2001, including:
 - i) Giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
 - ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independent Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period.

This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matters (cont'd)

1. Valuation & Existence of Investment Portfolio

Why significant

As at 30 June 2023, a significant proportion of the Company's assets (93%) comprised of investment securities. The fair value of financial assets is \$3,647,889 (2022: \$3,744,115) as disclosed in Note 8 of the financial report.

All of these financial assets are listed securities classified as 'level 1' financial instruments in accordance with the classification under Australian Accounting Standards where quoted prices in active markets are available for identical assets.

Refer to Note 1(a) for details of these assets' accounting policies and Notes 8 & 19 for their classification.

Based on the above, we have considered the valuation and existence of financial assets to be a Key Audit Matter.

How our audit addressed the key audit matter

We performed substantive testing on a sample of financial assets. This included:

- agreeing the quantity of securities held and recognised in the financial report to external independent trading registers;
- confirming the fair values as at 30 June 2023 are reasonable. For level 1 financial assets, the values were agreed to the Australian Stock Exchange;
- reviewing reconciliations prepared by management and supporting documentation to confirm market movements. This included agreeing the gain/loss incurred throughout the period to transaction reports; and
- assessing the appropriateness of the related disclosures in Notes 1, 8 and 19.

2. Recognition and Valuation of Deferred Tax Asset

Why significant

As disclosed in Note 7 of the financial report, at 30 June 2023 the Company has recorded a deferred tax asset of \$167,673 relating to deductible temporary differences and tax losses incurred.

As noted in Note 1(d) of the financial report, deferred tax assets are only recognised if the Company considers it probable that future taxable income will be generated to utilise these temporary differences and losses.

Judgement is required in forecasting future taxable income.

Based on the above, we have considered the recognition and valuation of the deferred tax asset to be a Key Audit Matter.

How our audit addressed the key audit matter

We have assessed and challenged management's judgements relating to the Company's ability to generate future taxable income, and also the recognition criteria under AASB 112. Our procedures included but were not limited to:

- assessing the reasonableness of key assumptions with respect to future income and expenditure;
- reviewing the nature of the deferred tax asset (i.e. temporary differences or revenue losses) and its probability of being realised.
- assessing the appropriateness of the disclosures included in Note 7 in respect of the deferred tax balances.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the company's Annual Report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Dawney & Co Limited for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



PKF



MARTIN MATTHEWS
PARTNER

18 AUGUST 2023
NEWCASTLE, NSW

DAWNEY & CO LIMITED

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STOCK EXCHANGE INFORMATION

Top 20 holders of Fully Paid Ordinary Shares as at 30 June 2023.

| Shareholder | Shares | % of issued |
|--|-------------------|------------------------|
| One Managed Invst Funds Ltd | 10,118,488 | 42.04% |
| Ronald Langley & Rhonda Langley | 2,101,805 | 8.73% |
| Trepass Pty Ltd <Dkml Super Fund A/C> | 2,000,000 | 8.31% |
| Maxlek Pty Ltd <Jims and Joels Super A/C> | 1,491,948 | 6.20% |
| John Holt & Hilary Jane Holt | 1,380,540 | 5.74% |
| Suchting Investments Pty Ltd <The Suchting Investment A/C> | 1,254,381 | 5.21% |
| J P Morgan Nominees Australia Pty Ltd | 1,143,902 | 4.75% |
| Westferry Operations Pty Ltd <The Westferry Fund A/C> | 731,707 | 3.04% |
| MCAE Pty Ltd | 600,902 | 2.50% |
| Norfolk Enchants Pty Ltd <Trojan Retirement Fund A/C> | 600,000 | 2.49% |
| Ingot Capital Investments Pty Ltd | 487,804 | 2.03% |
| Auslese Investments Pty Ltd | 350,000 | 1.45% |
| North Shore Custodians Pty Ltd <The Craig Family A/C> | 332,772 | 1.38% |
| Kerry John Daly | 231,504 | 0.96% |
| DDMD Pty Ltd (The DKML A/C> | 200,000 | 0.83% |
| Aravind Lal Patel & Dhanlaxmi Patel | 108,000 | 0.45% |
| HSBC Custody Nominees (Australia) Limited | 100,140 | 0.42% |
| A&M Salter Nominees Pty Ltd <ALF Salter & Assoc S/F A/C> | 65,213 | 0.27% |
| Kreskin Pty Ltd <KD Superannuation Fund A/C> | 55,555 | 0.23% |
| Synergy Ventures Pty Ltd <Horsbrugh Development A/C> | 45,250 | 0.19% |
| Total | | |
| Total ordinary shares | 23,399,911 | 97.21% |
| Number of ordinary shares held | Holders | % Issued shares |
| 1 – 1,000 | 4 | 0.00% |
| 1,001 – 5,000 | 47 | 0.65% |
| 5,001 – 10,000 | 29 | 0.93% |
| 10,001 – 100,000 | 20 | 1.89% |
| 100,001 and over | 17 | 96.52% |
| Total | 117 | 100.00% |

DAWNEY & CO LIMITED

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CORPORATE DIRECTORY

| | |
|--------------------------|--|
| Directors | - Kerry Daly Mitch Dawney Peter Johns |
| Company Secretary | - Kerry Daly Mitchell Dawney |
| Registered Office | - C/- HopgoodGanim Lawyers Level 8, 1 Eagle Street BRISBANE QLD 4000 Telephone 07 3024 0000 Facsimile 07 3024 0300 |
| Business Office | - C/- HopgoodGanim 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 | - Ord Minnett Limited Level 8, 255 George Street SYDNEY NSW 2001 Telephone 02 8216 6300 Facsimile 02 8216 6311 |
| Auditor | - PKF Newcastle 755 Hunter Street NEWCASTLE WEST NSW 2302 Telephone 02 4962 2688 Facsimile 02 4962 3245 |