DMX CAPITAL PARTNERS

ACN 603 568 494

2020 ANNUAL REPORT

DMX Capital Partners is an unlisted public investment company that invests in compelling nano and micro-cap opportunities on the ASX. The company is managed by DMX Asset Management.

dmxam.com.au

DMX Capital Partners Limited
Shareholder statement
30 June 2020

Dear fellow shareholders,

We are pleased to report that DMX Capital Partners Limited (**DMXCP**) returned 9.95%, after all fees and expenses, for the 12 months to 30 June 2020 (**FY20**). DMXCP recorded an audited net profit after tax for FY20 of $479k (FY19: $174k).

The year will no doubt long be remembered for the emergence of COVID-19 and the disruption it created and the impact it has had on society, economies and markets. These market disruptions were at times challenging, however DMXAM, the manager of DMXCP, has remained wholly focussed on building and maintaining a portfolio of the most 'compelling' small undervalued companies. Pre COVID-19, as at 31 December 2019, DMXCP had returned 18.4% for the first 6 months of the year. While we did hand back some of that performance as we negotiated a COVID-19 landscape, we are pleased to have still delivered a solid positive return for the year.

At the height of COVID-19, on 1 April 2020, DMXCP marked its five-year anniversary. Over the last five years, we are proud to have built an investment company that offers sensible exposures to interesting, under-valued, "under-the-radar" opportunities and that acts with integrity. Importantly, our diversified, difficult to replicate, portfolio provides investors with exposure to a segment of the market that is under-owned and which can be difficult to access, yet contains some wonderful investment opportunities. Our investment philosophy is based upon two key principles which we believe can deliver sustainable long term above-market returns:

- Taking advantage of inefficient market pricing which often exists when companies are small and under-the-radar, illiquid and/or misunderstood; and

- Focussing on 'asymmetric' return opportunities where, because of mispricing, the risk vs reward outcomes are very much in our favour.

Our annualised return since inception (1 April 2015 until 31 August 2020) is 25.45%. These returns have been achieved through a relatively cautious approach to our portfolio management. We focus on controlling what we can control and making sensible, considered, investment decisions: purchasing stocks with reasonable valuations, not paying up for over-hyped stocks, not taking oversized bets and investing in a wide range of sectors. Given our investment universe is in a part of the market which has naturally heightened risks (small, illiquid companies) we feel such an approach is warranted.

The DMXCP asset base continues to grow. During the year, gross assets increased by approximately $1.3m (from $7.1m to approximately $8.4m). As at 31 August 2020 this had further increased to $10.5m. The number of shares on issue has expanded from 3.8m at 30 June 2019 to 4.8m today. We continue to target a soft-close asset size of $20m (that is, closing the fund to new members) – a level we feel provides us sufficient scale, but at the same time ensures we remain nimble and able to target the smallest sized companies, where we believe market pricing to be at its most inefficient. We also intend that our eventual "soft-close" approach leaves room for existing and long-supporting investors to continue to add to their investments with us ahead of potentially "hard-closing" the fund (that is, closing the fund entirely to new capital) at a later date. With limited space in our investment capability, we wish to provide our long-term supporters with the fullest opportunity to soak that capacity up.

Our job is made so much easier due to the support of you, our shareholders, which now number almost 100. Notwithstanding the market gyrations, we have had strong net inflows every month so far in 2020. Many of you have also taken the opportunity to increase your holdings through the year. With this loyalty, our capital allocation can be conducted with the confidence of having a supportive, stable, long-term oriented capital base. It is a luxury many investment managers don't have, and we appreciate and sincerely thank you for it.

As an unlisted public company with a large and diverse shareholder base, we subject ourselves to high levels of corporate governance. Our financial accounts (as they have been since inception) are prepared by independent accountants (Moore Stephens), and independently audited by Nexia. Our share registry is independently maintained by ASX listed Advanced Share Registries. During the year, Directors and Management of DMXCP added to their holdings, and currently own 21% of DMXCP, so are very much aligned with shareholders in driving positive outcomes.

FY20 has no doubt been eventful in many respects, however from an investment perspective, our strategy has remained unchanged. We have continued to focus our attention on the smallest ASX listed companies (the current median market cap of our portfolio is $29m, and we hold seven companies with market caps of less than $10m). We have continued to build a portfolio of the most compelling opportunities among these small companies – where we consider the risk/reward characteristics (or upside/downside) to be most in our favour. This approach has seen us invest in a range of positions; from asset plays and shell opportunities, to various value and growth exposures. As always, there have been highlights and lowlights. Below, we briefly discuss the five biggest winners and losers in relation to portfolio contribution for the year.

FY20 DETRACTORS

Blackwall (ASX:BWF) & Elanor Investors (ASX:ENN): Two of the largest detractors for the year were in the property sector. Blackwall and Elanor Investors Group are both property fund managers. Along with much of the sector, they were hit hard with uncertainty around both their investment portfolio and management revenues, and post COVID-19 were trading below NTA. The market was effectively implying no value for their management businesses. Both positions remain in the portfolio, and we are reasonably positive on their outlook given their current valuation and management track record.

CV Check (ASX:CV1) was the portfolio's biggest winner in FY19 as it met its cashflow breakeven goals and transformed its focus to a business-to-business model. FY20 has proven to be a mixed year as it went back into cashflow negative and growth slowed. COVID-19 has impacted the business as hiring subsequently dropped across Australia. While we did take some profits in FY19, we could have sold more of the position when the enthusiasm around the stock was at its highest. Notwithstanding the disappointing year, the company continues to win new business and integrate with major HR software products. We retain a small position in the stock.

Tambla (ASX:TBL). Human resources software company, Tambla, delivered lower revenue growth than we had expected, and announced a delisting from the ASX. It highlights the challenges an undercapitalised small company has in growing where competitors are well resourced to acquire new business and reinvest in their products. While now delisted, TBL's last traded price implies an EV of less than 1x ARR and 0.5x revenue, so we don't believe its closing price reflects its intrinsic value. We continue to hold a small position and, given the acquisition activity in the sector, we expect that the company will be acquired at some stage.

Pioneer Credit (ASX:PNC) Financial services company Pioneer Credit is an organisation we have had a long association with. In early 2019 we had sold our position after concerns around PNC's accounting. However, with takeover rumours and reaffirmed profit forecasts, we subsequently bought back in believing the opportunity to take advantage of potential M&A activity was compelling. Unfortunately, PNC's financiers withdrew their support prior to a takeover deal being agreed and made public. A takeover offer was in fact tabled, but at a much lower price than what we had initially expected, and well below the price that we had paid to re-enter our position. We exited our position shortly before concerns emerged around whether the takeover would complete. This outcome has really highlighted the importance of ensuring the risk reward profile is well in our favour.

FY20 WINNERS

Konekt (ASX:KKT) Workplace health solutions provider, KKT, has had a wild ride over the last few years. DMXCP rode much of that volatility from an entry price of 20c back in 2016. In an incredibly tough industry, CEO Damien Banks, turned the business around (twice). It was taken over by private equity for 70c early in the financial year. We were pleased with the takeover valuation.

McPhersons (ASX:MCP) is a classic turnaround story. We had watched from afar as MCP shed is various under-performing divisions and began to focus on its beauty products in FY18. However, the market continued to value MCP as a distribution business on around 10x NPAT. Along with a more focussed product set, the business was getting some real traction in China with its fast-growing Dr Lewins brand. We brought our stake at $1.20 and the stock rallied close to $3.00 before we exited when the PE had expanded to 20x.

Stream Group (ASX:SGO) The investment case here was as simple as they come: an illiquid company trading at cash backing, with no value attributed to its franking credits, operating business or potential as a listed shell. In June 2020, management took steps to unlock some of this value by announcing a 2c fully franked special dividend. The market reacted positively to this news, bidding the shares up more than 150% to a level much higher than its asset backing.

Urbanise (ASX:UBN) We consider UBN to be a high quality SAAS business with a market leading cloud-based product (for strata apartment management and facilities management) and a global opportunity. The stock has little liquidity, and in looking to enter this stock, management referred us to an offshore forced seller (a fund liquidation event) and we were able to secure their entire line of stock at a very attractive entry point (3c). The stock price has re-rated substantially, as the market begins to recognise its high quality characteristics.

Quickfee (ASX:QFE) Online loan and payment provider, QFE, provides a platform for professional services firms to receive payments online rather than through cheques. Online portal transactions have more than doubled, post COVID-19, to nearly USD50m per month. While it operates in a relatively niche space, the estimated combined US accounting and legal firm revenues is approximately USD450b per annum, so the runway for QFE is substantial which the market is beginning to understand.

OPERATIONS

DMX Asset Management Limited continued as manager of DMXCP during FY20. During the year, DMXCP incurred a liability to DMXAM for management fees of $80k (1% of gross assets) and performance fees of $117k (excluding GST).

In accordance with the management agreement, a further $40k (0.5% of gross assets) has been incurred as a contribution towards DMXCP's administration expenses paid directly by DMXAM on behalf of DMXCP. The actual expenses paid by DMXAM include accounting, audit, legal, regulatory and share-registry costs as well as DMXCP's Independent Director's fees and exceed the $40k contribution paid by DMXCP.

During the year, ASX listed Advanced Share Registries was engaged to manage the DMXCP share register. We consider this to be an important step in ensuring the integrity and independence of the share register.

FINANCIAL STATEMENTS

The audited financial statements for DMXCP are presented on the following pages. As per the Auditor's Report, an unqualified independent audit opinion was issued by Nexia Sydney Partnership.

Each month DMXAM calculates a share price (NAV) for DMXCP. The share price, since inception over 5 years ago, has been calculated each month and each year using a consistent methodology as Share portfolio value + cash – fees payable – tax payable + franking credits. The DMXCP share price as at 30 June 2020 was **$1.784** (30 June 2019: $1.685).

FY20 Return Calculation

NAV at 30 June 2020 ($)	***1.784***	*As per calculation below*
NAV at 30 June 2019 ($)	***1.685***	*As per calculation below*
Increase in NAV ($)	*0.099*	
Dividend/ Franking credits paid ($)	*0.068*	*4.8c dividend & 2.1c franking credits paid in November 2019*
Total return per share ($)	***0.167***	*Equates to a return of 9.95% on the opening NAV of $1.685*

A reconciliation of the share price at 30 June 2020 (and 2019) to the audited accounts is set out below.

ITEM	***30 JUNE 2020 - $***	***30 JUNE 2019 - $***	***DESCRIPTION***
Cash	*1,136,705*	*1,420,248*	*As per audited accounts – cash balance*
Investments (ASX shares)	*7,191,205*	*5,493,486*	*As per audited accounts – market value*
Dividends accrued and other receivables	*14,357*	*137,651*	*As per audited accounts*
Gross Assets (before tax)	***8,342,267***	***7,051,385***	*As per audited accounts*
Fees payable	*(132,460)*	*(74,457)*	*As per audited accounts – accrued fees*
Other payables	*(7,920)*	*(13,457)*	*As per audited accounts*
Less: cash subscriptions received in June in advance of 1 July 2020 share issue	*(99,628)*	*(554,804)*	*As per audited accounts – see note 1*
Net Assets (before tax)	***8,102,259***	***6,408,667***	
Adjustments for tax			
Less: Income tax payable	*(205,087)*	*(51,906)*	*As per audited accounts*
Add: Franking credits	*266,755*	*84,694*	*Off balance sheet item – see note 2 below*
Net Assets (after tax adjustments)	***8,163,927***	***6,441,455***	
Shares on issue – 30 June 2020/2019	*4,574,494*	*3,822,420*	*As per audited accounts – see note 10. Excludes shares issued on 1 July 2020/2019*
Share price (after fees & tax adjustments)	**$1.784**	**$1.685**	

1. DMXCP issues shares on a monthly basis on the first business day of the month following the receipt of funds. During June 2020, $100k in new subscriptions were received for shares issued on 1 July 2020 (FY19: $554k). The cash contributed and the shares to be issued have been excluded from the net assets and the calculation of the share price at 30 June 2020.

2. DMXCP is an investment company that intends to distribute fully franked distributions to its shareholders. While franking credits are an off-balance sheet item in the financial statements, they are included in the calculation of the month-end share price. New shares are issued monthly at the month-end share price. If franking credits were in fact excluded from the month-end share price, then existing shareholders would have their proportionate 'value' of DMXCP's accumulated franking credits diluted when new shares are issued. The DMXCP franking credit balance also includes franking credits that will arise from the payment of income tax at the reporting date based on a tax rate of 30%, and franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date. The franking credit is calculated by DMXAM and is unaudited.

Consistent with prior years, a reconciliation of the net assets used to calculate the share price (as calculated above) to the audited net asset position per the audited accounts as at 30 June 2020 is set out below:

Net Assets (audited accounts)	***7,909,053***	*Audited net assets per Statement of Financial Position*
Less: deferred tax asset	*(11,881)*	*Balance as per audited accounts – Under current Accounting Standards, the Company is required to provide for tax that may arise should the entire portfolio be (theoretically) disposed of on the reporting date. The deferred tax asset is deducted as DMXCP is a long-term investor and the tax is not currently refundable (and there is no certainty as to when it will become refundable/payable).*
Add: Franking credits	*266,755*	*Off balance sheet item added to net assets – see note 2 above*
Net Assets (after tax adjustments)	***8,163,927***	*Net assets used to calculate the share price at 30 June 2020*

We consider the two tax-related adjustments to the audited accounts (adjusting for the deferred tax asset/liability and including franking credits - as described above) to be appropriate in order to best reflect the 'asset value' of a DMXCP share at any point in time.

DIVIDEND

DMXCP's dividend policy is to distribute to shareholders an annual dividend that is 100% franked, such that all franking credits accumulated through the financial year are paid out. Accordingly, the size of the dividend declared is a function of the franking credits accrued. DMXCP's franking credits are derived from income tax paid and from franking credits passed through from dividends received. Franking credits were elevated this year as a result of high level of special dividends paid out by Konekt, Legend Corporation and Stream Group.

Based on the income tax payable for FY20 and available franking credits, the Directors of DMXCP's declared a dividend of 12.0 cents per share, fully franked, on 30 September 2020. A Dividend Reinvestment Plan (DRP) is in place and approximately 85% of shares outstanding is presently participating in this programme. If you aren't presently electing to reinvest dividends, or you have been reinvesting and instead wish to receive a cash component, please contact us to discuss and potentially alter your DRP election preference.

OUTLOOK

As we have seen through FY20, life, business, and markets can be suddenly disrupted by the most extraordinary of events. COVID-19 led to greater volatility, with segments of the market falling very substantially before finding their footing and recovering. The experience underscores the futility in trying to predict what will happen *next*, and the importance of being wholly focused on long-term business fundamentals. Investors should ensure companies are appropriately capitalised to withstand *whatever* happens next and invest with conviction to take advantage of irrational pricing heightened volatility inevitably brings. At DMXCP, we have conviction in our core portfolio holdings, and will continue to add to these positions on weakness, and where appropriate, sell on strength.

There are over 2,000 companies on the ASX. We remain confident in our ability to find new compelling opportunities where the odds are in our favour of a positive outcome, irrespective of market conditions or the broader economy. We are happy to look at a diverse range of opportunities. Indeed, as markets decline and liquidity dries up, we often come across attractive asset-based opportunities, and we are excited about finding the next Chant West (**ASX:CWL**) and Stream Group (**ASX:SGO**). At the same time, the portfolio has exposure to some very interesting "under-the-radar" growth names supported by compelling tailwinds with significant potential for market re-rates. We look forward to seeing companies like Quickfee (**ASX:QFE**), Urbanise (**ASX:UBN**) and SECOS (**ASX:SES**) continue to grow and capture the large global opportunities in front of them.

In summary, we are cautious and prepared for volatility. But we are excited about using the volatility to our advantage. Our portfolio is well diversified across investment style and sectors. Risk mitigation and position sizing is at the forefront of our minds every day of the week. We are confident that our core philosophy of identifying mispriced, "under-the-radar" small companies with compelling risk/reward characteristics will see us continue to deliver good returns over time.

Pleasingly, the new financial year has started strongly for the portfolio. While short-term uncertainty in a COVID-19 world is clearly elevated, we're pleased to report growth in NAV of 19.63% for the first two months of FY21.

We thank all shareholders for their support, and we are looking forward to a successful year of investing.

Sincerely

Roger Collison | Dean Morel | Steven McCarthy

Directors, DMX Capital Partners Limited
30 September 2020

DMX Capital Partners Limited
Directors' report
30 June 2020

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2020.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Roger Collison
Steven McCarthy
Dean Morel

Principal activities

The principal activity during the financial year was undertaking investments in small sized ASX listed companies.

Dividends

Dividends paid during the financial year were as follows:

	2020 $	2019 $
Final dividend	199,259	143,629

Review of operations

The profit for the company after providing for income tax amounted to $479,437 (30 June 2019: $176,793).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the company up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the matter discussed above, no other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Roger Collison
Title:	Executive Chairman
Qualifications:	BEc(Hons), MBA (AGSM), CFA, GradDipAppFin, GradDipACG, SFFin, FCIS, FCSA, FAICD
Experience and expertise:	Investment banking, fund management, strategy consulting, not-for-profit.

Name:	Steven McCarthy
Title:	Executive Director
Qualifications:	B. Com (Finance); BA (Economics); CPA
Experience and expertise:	Steven is a qualified accountant and has over 16 years' experience in corporate finance, business valuation and advisory services, with extensive analytical, valuation, due diligence and corporate advisory skills. He has had experience across a variety of industries with particular expertise in assessing the performance, future prospects and valuations of small to medium sized, listed and unlisted companies.

Name:	Dean Morel
Title:	Non-executive Director
Qualifications:	BAppSci, MappFin
Experience and expertise:	Dean has 30 years' investment experience in Australian and international equity and derivative markets. As Chief Investment Officer of an investment trust for the last 14 years he has developed considerable security analysis, asset allocation and portfolio management skills. Dean has extensive understanding of business process, integration and solutions across a broad range of industries. While working for SAP Australia and UK he designed and implemented medium to large scale business enterprise systems and provided strategic consulting and systems auditing services to diverse companies, ranging from Fortune 500 to medium size enterprises.

Company secretary
Steven McCarthy (B. Com (Finance); BA (Economics); CPA) has held the role of Company Secretary since 15 January 2016.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Roger Collison	1	1
Steven McCarthy	1	1
Dean Morel	1	1

Shares under option
There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
Nexia Sydney Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Roger Collison
Chairman

30 September 2020

To the Board of Directors of DMX Capital Partners Limited

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

As lead audit partner for the audit of the financial statements of DMX Capital Partners Limited for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Nexia

Nexia Sydney Partnership

Stephen Fisher
Partner

Date: 30 September 2020

Sydney Office
Level 16, 1 Market Street
Sydney NSW 2000
PO Box H195
Australia Square NSW 1215
p +61 2 9251 4600
f +61 2 9251 7138
e info@nexiasydney.com.au
w nexia.com.au

Statement of profit or loss and other comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Statement of cash flows	14
Notes to the financial statements	15
Directors' declaration	26
Independent auditor's report to the members of DMX Capital Partners Limited	27
Shareholder information	29
Company directory	30

General information

The financial statements cover DMX Capital Partners Limited as an individual entity. The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

DMX Capital Partners Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 7
9-13 Castlereagh Street
Sydney NSW 2000

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2020. The directors have the power to amend and reissue the financial statements.

DMX Capital Partners Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue			
Interest income		14,007	23,713
Dividend income		314,987	183,290
Other income		2,108	-
Net gains on financial assets held at fair value through profit or loss		554,573	109,233
		885,675	316,236
Expenses			
Broker fee expenses		(29,052)	(16,850)
Performance fee expenses		(117,314)	(26,569)
Management fee expenses		(120,663)	(31,543)
Administration expenses		(59)	(63,087)
Profit before income tax expense		618,587	178,187
Income tax expense	3	(139,150)	(1,394)
Profit after income tax expense for the year		479,437	176,793
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		479,437	176,793
		Cents	**Cents**
Basic earnings per share	20	11.42	4.63
Diluted earnings per share	20	11.42	4.63

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

DMX Capital Partners Limited
Statement of financial position
As at 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	4	1,136,705	1,420,248
Trade and other receivables	5	14,357	137,651
Financial assets at fair value through profit or loss	6	7,191,205	5,493,486
Total current assets		8,342,267	7,051,385
Non-current assets			
Deferred tax	7	11,881	-
Total non-current assets		11,881	-
Total assets		8,354,148	7,051,385
Liabilities			
Current liabilities			
Trade and other payables	8	445,095	694,624
Total current liabilities		445,095	694,624
Non-current liabilities			
Deferred tax liability	9	-	2,150
Total non-current liabilities		-	2,150
Total liabilities		445,095	696,774
Net assets		7,909,053	6,354,611
Equity			
Issued capital	10	7,311,783	6,037,519
Retained profits		597,270	317,092
Total equity		7,909,053	6,354,611

The above statement of financial position should be read in conjunction with the accompanying notes

DMX Capital Partners Limited
Statement of changes in equity
For the year ended 30 June 2020

	Issued capital $	Retained profits $	Total equity $
Balance at 1 July 2018	6,021,863	283,928	6,305,791
Profit after income tax expense for the year	-	176,793	176,793
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	176,793	176,793
Shares issued	15,656	-	15,656
Dividends paid (note 11)	-	(143,629)	(143,629)
Balance at 30 June 2019	6,037,519	317,092	6,354,611

	Issued capital $	Retained profits $	Total equity $
Balance at 1 July 2019	6,037,519	317,092	6,354,611
Profit after income tax expense for the year	-	479,437	479,437
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	479,437	479,437
Shares issued	1,274,264	-	1,274,264
Transactions with owners in their capacity as owners:			
Dividends paid (note 11)	-	(199,259)	(199,259)
Balance at 30 June 2020	7,311,783	597,270	7,909,053

The above statement of changes in equity should be read in conjunction with the accompanying notes

DMX Capital Partners Limited
Statement of cash flows
For the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Purchase of financial instruments held at fair value through profit or loss		(3,860,726)	(2,770,262)
Sale of financial instruments held at fair value through profit or loss		2,643,371	2,454,095
Interest received		14,007	23,713
Dividend received		314,987	183,290
Income tax paid		(2,244)	-
Payments to suppliers		(638,502)	(235,412)
Net cash used in operating activities	19	(1,529,107)	(344,576)
Net cash from investing activities		-	-
Cash flows from financing activities			
Proceeds from issue of shares	10	1,274,264	551,814
Dividends paid	11	(28,700)	(143,629)
Net cash from financing activities		1,245,564	408,185
Net (decrease)/increase in cash and cash equivalents		(283,543)	63,609
Cash and cash equivalents at the beginning of the financial year		1,420,248	1,356,639
Cash and cash equivalents at the end of the financial year	4	1,136,705	1,420,248

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements of DMX Capital Partners Limited (the Company) are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

The following accounting policies are most relevant to the company:

Revenue recognition
The company recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Net gains on financial instruments
Financial instruments are recognised and measured at fair value through profit or loss. Net gains on financial instruments comprise the realised gains and losses on the disposal of financial instruments during the financial year and the gains and losses resulting from the change in fair value of the financial instruments held at the reporting date between contracted cost amounts and their fair value at the reporting date.

All income is recognised net of the amount of goods and services tax (GST).

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 1. Significant accounting policies (continued)

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 1. Significant accounting policies (continued)

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance reduces the asset's carrying value with a corresponding expense recognised in other comprehensive income. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Note 1. Significant accounting policies (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of DMX Capital Partners Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2020. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, which management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Note 3. Income tax expense

	2020 $	2019 $
Income tax expense		
Current tax	141,300	51,908
Deferred tax - origination and reversal of temporary differences	(2,150)	(50,514)
Aggregate income tax expense	139,150	1,394
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax liabilities (note 9)	(2,150)	(50,514)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	618,587	178,187
Tax at the statutory tax rate of 30%	185,576	53,456
Prior year tax losses not recognised now recouped	(2,150)	(6,764)
Franking tax credits	(44,276)	(45,298)
Income tax expense	139,150	1,394

Note 4. Current assets - cash and cash equivalents

	2020 $	2019 $
Cash on hand	2	2
Cash at bank	1,136,703	1,420,246
	1,136,705	1,420,248

Note 5. Current assets - trade and other receivables

	2020 $	2019 $
Trade receivables	-	3,500
Other receivables	14,357	134,151
	14,357	137,651

Note 6. Current assets - financial assets at fair value through profit or loss

	2020 $	2019 $
Equity securities	7,191,205	5,493,486

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2020 $	2019 $
Opening fair value	5,493,486	5,068,086
Addition and disposal movement	1,890,263	587,349
Net revaluation decrements	(192,544)	(161,949)
Closing fair value	7,191,205	5,493,486

Refer to note 13 for further information on fair value measurement.

Note 7. Non-current assets - deferred tax

	2020 $	2019 $
Deferred tax asset	11,881	-

Note 8. Current liabilities - trade and other payables

	2020 $	2019 $
Trade payables	7,920	13,457
Management fee payable	4,375	30,305
Performance fee payable	125,897	29,226
Income tax payable	205,087	51,906
Administration expense payable	2,188	14,926
Other payables	99,628	554,804
	445,095	694,624

Note 9. Non-current liabilities - deferred tax liability

	2020 $	2019 $
Deferred tax liability	-	2,150
Movements:		
Opening balance	2,150	52,664
Credited to profit or loss (note 3)	(2,150)	(50,514)
Closing balance	-	2,150

Note 10. Equity - issued capital

	2020 Shares	2019 Shares	2020 $	2019 $
Ordinary shares - fully paid	4,574,494	3,822,420	7,311,783	6,037,519

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Capital risk management
The company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

Note 11. Equity - dividends

Dividends paid during the financial year were as follows:

	2020 $	2019 $
Final dividend	199,259	143,629

Note 12. Financial instruments

Financial risk management objectives
The company's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the company's operating units. Finance reports to the Board on a monthly basis.

Note 12. Financial instruments (continued)

Market risk

Price risk
The company is exposed to equity securities price risk. This risk arises from investments held by the company for which prices in the future are uncertain. The company mitigates price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the board. Most of the company's equity investments are publicly traded and are included in the ASX.

At 30 June 2020, the fair value of equities exposed to price risk were as follows:

	2020	2019
Equity securities	7,062,946	5,493,488

Interest rate risk
The company has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the company invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model. Therefore, the sensitivity analysis below may not fully indicate the total effect on the company's net assets attributable to shareholders of future movements in interest rates.

The table below summarises the company's exposure to interest rate risk:

	Floating interest rate	Non-interest bearing
Cash and cash equivalents	1,136,704	-
Assets receivable	-	14,357
Financial assets held at fair value through profit or loss	-	7,191,205
Liabilities payable	-	(289,670)
Net exposure	1,136,704	6,915,892

The table below summarises the impact of an increase/decrease of interest rates on the company's operating profit and net assets attributable to shareholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 100 basis points from the year end rates with all other variables held constant.

	Price risk		**Interest rate risk**	
2020	**-10%**	**+10%**	**-100 bps**	**+100 bps**
Impact	(706,295)	706,295	(11,367)	11,367

	Price risk		**Interest rate risk**	
2019	**-10%**	**+10%**	**-100 bps**	**+100 bps**
Impact	(549,349)	549,349	(14,202)	14,202

Credit risk
The company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due, causing a financial loss to the company.

The main concentration of credit risk, to which the company is exposed, arises from the company's cash and cash equivalents.

In accordance with the company's policy, the senior finance executives monitor the company's credit position on a daily basis and the board of directors reviews it at each meeting.

Note 12. Financial instruments (continued)

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once purchase on the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

Cash and cash equivalents
The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of AA (as determined by Standard and Poor's) or higher.

Liquidity risk
Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 13. Fair value measurement

Fair value hierarchy
The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
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

2020	Level 1 $	Level 2 $	Level 3 $	Total $
Equity securities	6,820,149	371,056	-	7,191,205
Total assets	6,820,149	371,056	-	7,191,205

2019	Level 1 $	Level 2 $	Level 3 $	Total $
Equity securities	5,493,488	-	-	5,493,488
Total assets	5,493,488	-	-	5,493,488

During the current financial year a number of assets held by the company have delisted from an active market and as a consequence have transitioned from level 1 to level 2. In aggregate, these assets account for a total of $241,023 and are measured and disclosed at fair value at the reporting date using inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

The reconciliation from the total equity securities classified as level 2 at the reporting date and the transition from level 1 to level 2 during the year is the Tambla Convertible Notes, which do not form part of the transition between levels.

Note 14. Key management personnel disclosures

Directors
The following persons were directors of DMX Capital Partners Limited during the financial year:

Roger Collison - Executive Chairman	Appointed 6 January 2015
Steven McCarthy - Executive Director	Appointed 6 January 2015
Dean Morel - Non-executive Director	Appointed 25 August 2017

Note 14. Key management personnel disclosures (continued)

Compensation
Key management personnel services are provided by DMX Asset Management Limited and costs are included in the performance and management fees disclosed below. There is no separate charge for these services. There was no compensation paid directly by the company to any of the key management personnel.

The following transactions occurred with key management personnel during the reporting period:

	2020 $	2019 $
Purchase of share capital – Steven McCarthy	13,933	10,742
Purchase of share capital – Zaolla Investments Pty Limited as trustee of McCarthy Chew Family Trust. Associated with Steven McCarthy	17,605	54,708
Purchase of share capital – Collison Superannuation Fund – Roger Collison acting as trustee to the fund	-	4,326
Purchase of share capital – Roger Collison and S Parker	7,097	1,172
Purchase of share capital – DMX Asset Management Limited	2,205	1,834
Purchase of share capital – Alistair Donald Collison	76	59
Purchase of share capital – James Douglas Collison	242	187
Purchase of share capital – DMX Corporation Limited	2,324	1,800
Purchase of share capital – Scott's Blower Super Fund	-	14,449
Purchase of share capital – Jean Maitland Collison	143,986	83,060
Purchase of share capital - Dog Bowl Super Fund - Dean Morel acting as trustee for the fund	67,242	-
	254,710	172,337

Under the terms of the Management Agreement between DMX Capital Partners Limited and DMX Asset Management Limited, DMX Asset Management Limited is entitled to receive a performance fee of 15% of any gain in the gross asset value per share of the Company (after provision for tax, but excluding any provision for performance fee for that period and ignoring any buy/sell spread) in excess of the period end 90-day BBSW for the period. The performance fee is also payable on any Shares redeemed throughout the financial year.

DMX Asset Management Limited is also entitled to receive a management fee which is charged at 1.5% per annum on the value of gross assets. The management fee is payable monthly – 0.00125% per month of the value of the gross assets under management on the last business day of each month. During the year DMX Asset Management Limited has charged a performance fee of $117,314 (2019: $26,569) and a management fee of $89,120 (2019: $63,087) to DMX Capital Partners Limited. As at 30 June 2020 the performance fee payable is $125,897 (2019: $29,226) and a management fee payable is $6,563 (2019: $45,231).

Note 15. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Nexia Sydney Partnership, the auditor of the company:

	2020 $	2019 $
Audit services - Nexia Sydney Partnership		
Audit or review of the financial statements	13,650	13,410

Note 16. Contingent assets, liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2020 (2019: $nil).

Note 17. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 14.

Note 18. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the company up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the matter discussed above, no other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 19. Reconciliation of profit after income tax to net cash used in operating activities

	2020 $	2019 $
Profit after income tax expense for the year	479,437	176,793
Adjustments for:		
Net decrement on financial instruments held at fair value through profit or loss	192,544	161,949
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	123,294	(123,462)
Increase in financial assets	(2,060,822)	(587,349)
Increase in deferred tax assets	(11,881)	-
Increase/(decrease) in trade payables and current tax liability	52,466	(458,151)
(Decrease)/increase in other payables	(455,176)	536,158
Decrease in deferred tax liabilities	(2,150)	(50,514)
Change in current tax liabilities	153,181	-
Net cash used in operating activities	(1,529,107)	(344,576)

Note 20. Earnings per share

	2020 $	2019 $
Profit after income tax	479,437	176,793
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	4,197,906	3,817,216
Weighted average number of ordinary shares used in calculating diluted earnings per share	4,197,906	3,817,216
	Cents	**Cents**
Basic earnings per share	11.42	4.63
Diluted earnings per share	11.42	4.63

DMX Capital Partners Limited
Directors' declaration
30 June 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Roger Collison
Chairman

30 September 2020

Independent Auditor's Report to the Members of DMX Capital Partners Limited

Report on the Audit of the Financial Report

Opinion

We have audited the annual report of DMX Capital Partners Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the members' declaration.

In our opinion, the accompanying annual report of the Company 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 2020 and of its financial performance for the year then ended; 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 annual report' section of our report. We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the members of the Company, would be in the same terms if given to the members as at the time of this auditor's report.

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

Other information

The members are responsible for the other information. The other information comprises the information in DMX Capital Partners Limited's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon. Our opinion on the annual 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 annual report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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 the other information we are required to report that fact. We have nothing to report in this regard.

Members' responsibility for the annual report

The members of the Company are responsible for the preparation of the annual 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 members determine is necessary to enable the preparation of the annual

Sydney Office
Level 16, 1 Market Street
Sydney NSW 2000
PO Box H195
Australia Square NSW 1215
p +61 2 9251 4600
f +61 2 9251 7138
e info@nexiasydney.com.au
w nexia.com.au

report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the annual report, the members are responsible for assessing the Company’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 members either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibility for the audit of the annual report

Our objectives are to obtain reasonable assurance about whether the annual 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this annual report.

A further description of our responsibilities for the audit of the annual report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_files/ar4.pdf. This description forms part of our auditor’s report.

Nexia

Nexia Sydney Partnership

Stephen Fisher
Partner
Dated: 30 September 2020

DMX Capital Partners Limited
Shareholder information
30 June 2020

The shareholder information set out below was applicable as at 1 September 2020.

1. Top 20 Shareholders

	Name of Shareholder	# of shares	%
1	BASAPA PTY LTD <KEHOE FAMILY ACCOUNT>	622,194	12.98
2	ZAOLLA INVESTMENTS PTY LTD <MCCARTHY CHEW FAMILY AC>	467,532	9.75
3	CAMDEN EQUITY PTY LTD <BYRNE HYBRID INVESTMENT AC>	244,981	5.11
4	DEAN MOREL & JANET WILSON <DOG BOWL SUPER FUND>	198,290	4.14
5	EASTERN PORPHRY PTY LTD <THE STUBBS FAMILY ACCOUNT>	177,806	3.71
6	NIVEZA PTY LTD <PETER THOMSON SUPER FUND>	138,085	2.88
7	LVN INVESTMENTS P/L <LVN SUPER FUND>	133,992	2.80
8	DOLDORY PTY LTD <LEWIS FAMILY SUPER FUND>	128,409	2.68
9	BAROGA PTY LTD <BAROGA SUPER FUND>	127,057	2.65
10	ROGER COLLISON & ELIZABETH COLLISON <THE COLLISON SUPER FUND>	119,458	2.49
11	SCOTT ALEXANDER MILSON & JACQUELINE MILSON <MILSON SUPERFUND>	102,689	2.14
12	MR ANDREW TYLER	97,093	2.03
13	M & S BOWDEN SUPER PTY LTD <M & S BOWDEN SUPER FUND>	93,734	1.96
14	MR DAVID EYLES	91,149	1.90
15	MS JEAN MAITLAND COLLISON	85,293	1.78
16	ANDREW BROTHERS MANUFACTURING P/L <ASIS SUPER FUND>	84,534	1.76
17	GENCO CAPITAL PTY LIMITED <GENCO CAPITAL A/C>	70,025	1.46
18	MS ARWEN CERISE BIRCH	69,499	1.45
19	DR DAVID MILECKI & MS SHARYN GROCH <MILECKI EXECUTIVE SF>	61,950	1.29
20	MR WILLIAM JOHN GILL & MRS MERLINDA GILL <WJ & M GILL SUPER FUND>	61,607	1.29
		3,175,377	66.24
	Other shareholders	1,618,304	33.76
	Total	**4,793,681**	**100.00%**

2. Distribution of Shareholders

Spread of holdings	# of shares	# of holders	%
1 - 1000	1,598	2	0.03%
1001 - 5000	20,791	7	0.43%
5001 - 10000	80,848	12	1.69%
10001 - 100000	2,229,951	61	46.52%
100001+	2,460,493	11	51.33%
TOTAL	**4,793,681**	**93**	**100.00%**

3. Substantial Shareholders

Name of Shareholder	# of shares	%
BASAPA PTY LTD <KEHOE FAMILY ACCOUNT>	622,194	12.98
ZAOLLA INVESTMENTS PTY LTD <MCCARTHY CHEW FAMILY AC>	467,532	9.75
CAMDEN EQUITY PTY LTD <BYRNE HYBRID INVESTMENT AC>	244,981	5.11

30 June 2020

Directors:	Roger Collison (Executive Chairman) Steven McCarthy (Executive Director) Dean Morel (Non-executive Director)
Secretary:	Steven McCarthy
Notice of annual general meeting:	The annual general meeting of DMX Capital Partners Limited will be held at: DMX Asset Management Level 13 111 Elizabeth Street Sydney NSW 2000 Time: 11:30am Date: 4 November 2020
Principal registered office in Australia:	Level 7 9 Castlereagh Street Sydney NSW 2000
Auditor:	Nexia Sydney Audit Pty Limited Level 16 1 Market Street Sydney NSW 2000
Solicitors:	Addisons Level12 60 Carrington Street Sydney NSW 2000
Bankers:	Commonwealth Bank 363 George Street Sydney NSW 2000
Website address:	www.dmxam.com.au