

DMX Capital Partners Limited (DMXCP)

ACN: 603 568 494

2015 Annual Report

For the period 6 January 2015

to 30 June 2015

Director's Report

The directors present their report on DMX Capital Partners Limited (DMXCP) for 6 January 2015 to 30 June 2015.

Directors

The following persons were directors of DMXCP during the financial year and up to the date of this report:

Roger Collison	Executive Chairman	Appointed 6 January 2015
John Welsh	Non-Executive Director	Appointed 6 January 2015
Steven McCarthy	Executive Director	Appointed 6 January 2015

Principal activities

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

Dividends

No dividend was declared or paid during the period ended 30 June 2015.

Review and results of operations

DMXCP was incorporated on 6 January 2015 as an unlisted public investment company. DMXCP received its first subscriptions in March 2015. On 1 April 2015, DMX Asset Management Limited (DMXAM) and DMXCP executed an Investment Management Agreement and DMXAM began investing on behalf of DMXCP in April 2015.

The net profit for DMXCP after providing for income tax amounted to \$8,431.

Significant changes in the state of affairs

DMXCP was incorporated on 6 January 2015.

Matters subsequent to the end of the financial year

The following events occurred after the balance sheet date:

1. On 1 July 2015, DMXAM was issued 3,621 shares in DMXCP as consideration for accrued performance fees;
2. On 1 July 2015, DMX Corporation Limited was issued 45,078 DMXCP shares at \$1.11 (\$50,000 subscription);
3. On 1 July 2015, Roger Collison and Elizabeth Collison as trustees for the Collison Super Fund were issued 45,078 DMXCP shares at \$1.11 (\$50,000 subscription); and
4. On 1 September 2015, DMXAM lodged a prospectus with ASIC in relation to an issue of shares of up to \$15 million in DMXCP.

Other than the above, no matters or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the Company's operations in future financial years, the results and cash flows of those operations in future financial years, or the Company's state of affairs in future financial years.

Likely developments and expected results of operations

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

Information on directors

Name: Roger Collison

Title: Executive Chairman (appointed 6 January 2015)

Qualifications: BEc (Hons), MBA, CFA, GradDipAppFin, GradDipACG, FFin, FCIS, FCSA, GAICD

Experience and expertise: Investment banking, funds management, strategy consulting, not-for-profit.

Other current directorships: Executive Chairman – DMX Corporation Limited; Executive Chairman – DMX Asset Management Limited; Executive Chairman – Nina's Chocolates; Non-Executive Director - Waterford Retirement Village

Trustee - Anglican Church Property Trust; Anglican National Super

Councillor - Sydney Church of England Grammar School (Shore)

Former directorships (in the last 3 years): St Catherine's School, Waverley

Interests in shares: 45,078

Director's Report

Name: John Welsh

Title: Non-Executive Director (appointed 6 January 2015)

Qualifications: B. Sc, B. App. Sc, CCSP

Experience and expertise: Mr Welsh has extensive operational and investment banking experience. He was a highly rated industrial analyst while working at BBY, Australia's 4th largest domestic stockbroking firm. With its global reach in equity capital markets and M&A, BBY maintained a core focus on the resource and industrial sectors. He is a graduate of the Institute of Company Directors. Mr Welsh continues to maintain an extensive and direct exposure with manufacturing and healthcare end-users globally.

Other current directorships: Non-executive Director – DMX Corporation Limited; Non-executive Director – DMX Asset Management Limited

Former directorships (in the last 3 years): None

Interests in shares: nil

Name: Steven McCarthy

Title: Executive Director (appointed 6 January 2015)

Qualifications: B. Com (Finance); BA (Economics); CPA

Experience and expertise: Steven is a qualified accountant and has over 15 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.

Other current directorships: Executive Director – DMX Asset Management Limited

Former directorships (in the last 3 years): None

Interests in shares: 191,153

Company secretary

Roger Collison, appointed 6 January 2015.

Board meetings

The numbers of meetings of the company's board of directors held during the period ended 30 June 2015, and the numbers of meetings attended by each director were:

	Attended	Held
Roger Collison	nil	nil
John Welsh	nil	nil
Steven McCarthy	nil	nil

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Non-audit services

Auditor's remuneration is borne by DMX Asset Management Limited. Therefore auditors remuneration is nil in the Company.

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 on the following page.

This report is made in accordance with a resolution of directors, on behalf of the directors.



Roger Collison

Executive Chairman

Dated: 1 September 2015

Sydney

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE BOARD OF DIRECTORS OF DMX CAPITAL PARTNERS LIMITED

As lead audit partner for the audit of the financial statements of DMX Capital Partners Limited for the financial period 6 January 2015 to 30 June 2015, 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.

Nexia Court & Co

Nexia Court & Co

Chartered Accountants

Lester Wills

Lester Wills

Partner

Sydney

1 September 2015

Sydney Office

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DMX Capital Partners Limited

Statement of Profit or Loss and Other Comprehensive Income

for the period 6 January 2015 to 30 June 2015

	Note	6 January 2015 to 30 June 2015
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Investment income		
Interest income		260
Dividend income		1,078
Net gains on financial instruments held at fair value through profit or loss	8	14,667
Total net investment income		16,005
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Expenses		
Performance fee expense	11	(4,017)
Total operating expenses		(4,017)
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Total operating profit		11,988
Income tax expense	2	(3,557)
Profit after income tax		8,431
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Other comprehensive income		-
Total comprehensive income for the period		8,431
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Earnings per share for profit attributable to the ordinary equity holders of the company:		
		Cents
Basic earnings per share	14	4.41
Diluted earnings per share	14	4.41

The statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes to the financial statements.

DMX Capital Partners Limited

Statement of Financial Position

as at 30 June 2015

	Note	30 June 2015 \$
Assets		
Cash and cash equivalents	3	147,693
Receivables		970
Financial assets held at fair value through profit or loss	9	167,344
Total assets		316,007
Liabilities		
Payables	4	104,017
Deferred tax liability	2(c)	3,557
Total liabilities		107,574
Net assets		208,433
Equity		
Issued capital	5	200,002
Accumulated profits		8,431
Total equity		208,433

The statement of financial position should be read in conjunction with the accompanying notes to the financial statements.

DMX Capital Partners Limited

Statement of Changes in Equity

for the period 6 January 2015 to 30 June 2015

	Issued capital	Accumulated profits	Total Equity
	\$	\$	\$
Balance 6 January 2015	2	-	2
Total comprehensive income for the year	-	8,431	8,431
Shares issued	200,000	-	200,000
Balance 30 June 2015	200,002	8,431	208,433

The statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

DMX Capital Partners Limited

Statement of Cash Flows

for the period 6 January 2015 to 30 June 2015

	Note	6 January 2015 to 30 June 2015
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Cash flows from operating activities		
Purchase of financial instruments held at fair value through the profit and loss		(152,677)
Interest received		260
Dividend received		131
GST payment		(23)
Net cash inflow from operating activities	10	(152,309)
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Cash flows from financing activities		
Loans from related parties		100,000
Proceeds from issue of shares		200,002
Net cash flow from financing activities		300,002
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Net increase in cash and cash equivalents		147,693
Cash and cash equivalents at the beginning of the financial year		-
Cash and cash equivalents at the end of the financial year	3	147,693
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The statement of cash flows should be read in conjunction with the accompanying notes to the financial statement

Notes to the Financial Statements

for the period 6 January 2015 to 30 June 2015

Note 1. Significant accounting policies

The financial report covers DMX Capital Partners Limited (the Company) as an individual entity. The financial report is presented in Australian dollars, which is the Company's functional and presentation currency. The Company is an unlisted public company limited by share capital, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 4, 92 Pitt Street, Sydney NSW 2000.

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

The financial report was authorised for issue, in accordance with a resolution of Directors, on 1 September 2015. The Directors have the power to amend and reissue the financial report.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied throughout the period, unless otherwise stated in the following text.

Basis of accounting

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Accounting Standards Board and the Corporations Act 2001 in Australia. The Company is a for-profit entity for the purposes of preparing the financial statements.

The financial statements of the DMX Capital Partners Ltd also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The balance sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial assets at fair value through profit or loss and equity.

The Company manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance date.

Financial instruments

Classification

The Company's investments are classified as at fair value through profit or loss. They comprise:

- Financial instruments designated at fair value through profit or loss

Financial Instruments designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is for the senior finance executive team to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

Recognition/derecognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all of the risks and rewards of ownership.

Measurement

Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

For further details on how the fair values of financial instruments are determined please see note 9 to the financial statements.

Notes to the Financial Statements

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Investment income

Interest income is recognised in profit or loss for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described above.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Income tax

The income tax expense or benefit for the period is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted.

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.

Cash and cash equivalents

For statement of cash flows presentation purposes, 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, and bank overdrafts. Bank overdrafts are shown within borrowings on the statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Company's main income generating activity.

Payables

Payables include liabilities and accrued expenses owing by the Company which are unpaid as at the end of the reporting period.

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.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, 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 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)

The GST incurred on the costs of various services provided to the Company by third parties such as custodial services and investment management fees have been passed onto the Company. The Company qualifies for Reduced Input Tax Credits (RITC); hence investment management fees, custodial fees and other expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST.

Notes to the Financial Statements (continued)

The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

Use of estimates

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For all of the Company's financial instruments, quoted market prices are readily available. For more information on how fair value is calculated please see note 7 to the financial statements.

New and amended standards adopted by the company

The Company has applied the following new and revised accounting standards which became effective for the annual reporting period commencing on or after 1 July 2014:

- AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting

The amendments made by AASB 2013-5 introduce an exception from the consolidation requirements for investment entities. The amendment provides relief from the requirement to consolidate any investments in subsidiaries. The Company meets the definition of an investment entity under the standard. Therefore any investment in subsidiaries (other than those subsidiaries that provide investment related services) must be measured as fair value through profit and loss. The adoption of the amendment does not have any impact as the Company does not have investments in subsidiaries.

The adoption of AASB 2013-4 did not have any impact on the current period or any prior period and is not likely to affect future periods.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for financial years beginning on or after 1 July 2014 that have a material impact on the Company.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period and have not been early adopted by the Company. The directors' assessment of the impact of these new standards (to the extent relevant to the Company) and interpretations is set out below:

- AASB 9 Financial Instruments (and applicable amendments), (effective from 1 January 2018)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption.

The directors do not expect this to have a significant impact on the recognition and measurement of the Company's financial instruments as they are carried at fair value through profit or loss.

The derecognition rules have not been changed from the previous requirements, and the Company does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Company's investments are all held at fair value through profit or loss, the change in impairment rules will not impact the Company.

The Company has not yet decided when to adopt AASB 9.

- AASB 15 Revenue from Contracts with Customers, (effective from 1 January 2017)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Company's main sources of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As consequence, the directors do not expect the adoption of the new revenue recognition rules to have a significant impact on the Company's accounting policies or the amounts recognised in the financial statements.

Notes to the Financial Statements (continued)

Note 2. Income tax expense 6 January
2015 to 30
June 2015
\$

(a) Income tax expense	
Current tax	-
Deferred tax – origination of temporary differences (note 2(c))	3,557
Income tax expense	3,557

(b) Numerical reconciliation of income tax benefit to prima facie tax payable

Profit before income tax	11,988
Tax at the Australian tax rate of 30%	3,596
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	(39)
Income tax expense	3,557

(c) Movement in deferred tax balances

	Net balance 6 January 2015	Recognised in Profit	Net balance 30 June 2015
Tax losses	-	(1,127)	(1,127)
Accrued dividends	-	284	284
Financial assets at fair value through profit or loss	-	4,400	4,400
Net deferred tax liability	-	3,557	3,557

Note 3. Cash and cash equivalents 30 June
2015
\$

Cash at bank	147,691
Cash on hand	2
Total cash and cash equivalents	147,693

Note 4. Payables 30 June
2015
\$

Amounts due to related parties (note 11)	100,000
Performance fee payable	4,017
Total Payables	104,017

Notes to the Financial Statements (continued)

Note 5. Equity – issued capital

6 January to 30 June 2015

	No. of shares	\$
Balance at incorporation	2	2
Shares issued during period	191,153	200,000
Closing balance	191,155	200,002

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up 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.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 6. Financial risk management

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 programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. It also seeks to maximise the returns derived for the level of risk to which the Company is exposed and seeks to minimise potential adverse effects on the Company's financial performance. The Company's policy allows it to use derivative financial instruments to both moderate and create certain risk exposures. During the period ended 30 June 2015, the company did not use any derivative financial instruments.

All securities investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair value of those positions.

The management of these risks is carried out by senior finance executives under the review of the Board of Directors of the Company.

The Company uses different methods to measure different types of risk to which it is exposed. These methods are explained below and include sensitivity analysis in the case of interest rate, other price risks, and ageing analysis for credit risk.

Price risk

The Company is exposed to equity securities price risk. This 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. All of the Company's equity investments are publicly traded and are included in the ASX.

At 30 June 2015, the fair values of equities exposed to price risk were as follows:

	30 June 2015 \$
Equity securities designated at fair value through profit and loss	167,344

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 on page 14 may not fully indicate the total effect on the Company's net assets attributable to shareholders of future movements in interest rates.

Notes to the Financial Statements (continued)

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

30 June 2015	Floating interest rate \$	Non-interest bearing \$	Total \$
Financial Assets			
Cash and cash equivalents	147,693	-	147,693
Receivables	-	970	970
Financial assets held at fair value through profit and loss	-	167,344	167,344
Financial liabilities			
Payables	-	(104,017)	(104,017)
Net exposure	147,693	64,297	211,990

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.

Summarised sensitivity analysis

The following table summarises the sensitivity of the Company's operating profit and net assets to interest rate risk and price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Company's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Company invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

Impact on operating profit/net assets	Price risk		Interest rate risk	
	-10% \$	+10% \$	-100bps \$	+100bps \$
30 June 2015	(16,734)	16,734	(260)	260

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 of the Board of Directors.

Settlement of securities transactions

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

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Company's listed securities are considered readily realisable, as they are listed on the Australian Stock Exchange.

The Company may periodically invest in derivative contracts traded over the counter and unlisted equity investments that are not traded in an active market. As a result, the Company may not be able to quickly liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any

Notes to the Financial Statements (continued)

particular issuer or counterparty. No over-the-counter derivative contracts were held at year end.

The Company's policy is to hold at least 60% of the net assets in liquid investments. The investment manager monitors liquidity on a daily basis.

Compliance with the Company's policy is reported to the Board at each meeting of the Board of Directors.

Maturities of non-derivative financial liabilities

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	1 year or less	Total
	\$	\$
Payables	104,017	104,017
Total non-derivatives	104,017	104,017

Capital risk management

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

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 monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total 'payables' less 'cash and cash equivalents' as shown in the statement of financial position. Total capital is calculated as 'total equity' as shown in the statement of financial position plus net debt.

The gearing ratio at year-end was as follows:

	Note	30 June 2015
		\$
Payables	4	104,017
Cash and cash equivalents	3	147,693
Net debt/(cash)		(43,676)
Total equity		208,433
Total capital		164,757

Note 7. Fair Value Measurement

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities designated at fair value through profit or loss (FVPL) (see note 8 and 9)

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Company values its investments in accordance with the accounting policies set out in note 1 to the financial statements. For all of its investments, the Company relies on information provided by independent pricing services for the valuation of its investments.

Notes to the Financial Statements (continued)

The quoted market price used for financial assets held by the Company is the closing price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Company would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black Scholes option valuation model.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds. The Company may make adjustments to the value based on considerations such as; liquidity of the Investee Fund or its underlying investments, the value date of the net asset value provided, or any restrictions on redemptions and the basis of accounting.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds.

Recognised fair value measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value as at 30 June 2015.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Financial assets designated at fair value through profit or loss:				
Australian equity securities	167,344	-	-	167,344
Total	167,344	-	-	167,344
Financial Liabilities				
	-	-	-	-

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There have been no transfers between levels for the period ended 30 June 2015.

Fair value of financial instruments not carried at fair value

The carrying value of payables are assumed to approximate their fair values.

Note 8. Net gain on financial instruments held at fair value through profit or loss	6 January 2015 to 30 June 2015
	\$
Financial Assets	
Net gain on financial assets designated as at fair value through profit or loss	14,667
Total net gain on financial instruments held at fair value through profit or loss	14,667

Notes to the Financial Statements (continued)

Note 9. Financial assets held at fair value through profit or loss	30 June 2015
	Fair value \$
Designated as fair value through profit or loss	
Equity securities – Australian equity securities	167,344
Total financial assets held at fair value through profit or loss	167,344

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in note 6 and note 7 to the financial statements.

Note 10. Reconciliation of profit to net cash inflow from operating activities	6 January 2015 to 30 June 2015
	\$
Profit for the year	11,988
Purchase of financial instruments held at fair value through profit or loss	(152,677)
Net gains on financial instruments held at fair value through profit or loss	(14,667)
Net change in receivables	(970)
Net change in payables	4,017
Net cash inflow from operating activities	(152,309)

Note 11. Related party transactions

Directors

Key management personnel includes persons who were directors of DMX Capital Partners Limited at any time during the financial year as follows:

Roger Collison	Executive Chairman	Appointed 6 January 2015
John Welsh	Non-Executive Director	Appointed 6 January 2015
Steven McCarthy	Executive Director	Appointed 6 January 2015

Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Company, directly or indirectly during the financial year.

Transactions with key management personnel

Key management personnel services are provided by DMX Asset Management Limited and included in the performance 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:

	No. of Shares	6 January 2015 to 30 June 2015 \$
Purchase of share capital – Steven McCarthy	191,153	200,000
Loan payable to the Collinson Superannuation Fund – Roger Collinson acting as trustee to the fund (note 15)	N/A	50,000

Notes to the Financial Statements (continued)

Other related party transactions

Under the terms of the Management Agreement between DMX Capital Partners Limited and DMX Asset Management Limited, DMX Asset Management Limited is entitled to received a performance fee of 25% 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.

Transactions during the year and amounts payable at year end between the Company and other related parties were as follows:

	6 January 2015 to 30 June 2015
	\$
Performance fee for the period payable by DMX Capital Partners Limited to DMX Asset Management Limited	4,017
Loan payable to DMX Corporation Limited (note 17)	50,000

All expenses in connection with the preparation of accounting records and the audit of the Company's financial statements are paid by DMX Asset Management Limited.

Option holding

There were no options on issue for the period 6 January 2015 to 30 June 2015.

Note 12. Contingent assets, liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2015.

Note 13. Commitments for expenditure

There are no commitments for expenditure as at reporting date.

Note 14. Earnings per share

	6 January 2015 to 30 June 2015
	\$
Basic and diluted earnings per share	
Profit attributable to the ordinary equity holders of the Company	8,431
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	191,155
	Cents
Basic and diluted earnings per share	4.41

Shares under option

Unissued ordinary shares of DMX Capital Partners Limited under option at the date of this report are nil.

Notes to the Financial Statements (continued)

Note 15. Events occurring after balance date

The following events occurred after the balance sheet date:

- On 1 July 2015, DMXAM was issued 3,621 shares in DMXCP as consideration for accrued performance fees;
- On 1 July 2015, DMX Corporation Limited was issued 45,078 DMXCP shares at \$1.11 (\$50,000 subscription);
- On 1 July 2015, Roger Collison and Elizabeth Collison as trustees for the Collison Super Fund were issued 45,078 DMXCP shares at \$1.11 (\$50,000 subscription); and
- On 1 September 2015, DMXAM lodged a prospectus with ASIC in relation to an issue of shares of up to \$15 million in DMXCP.

Other than the above, no matters or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the Company's operations in future financial years, the results and cash flows of those operations in future financial years, or the Company's state of affairs in future financial years.

Director's Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 19 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the period 6 January 2015 to 30 June 2015; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) The notes to the financial statements include a statement of compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



Roger Collison

Executive Chairman

Dated 1 September 2015

Sydney

INDEPENDENT AUDITOR'S REPORT

To the members of DMX Capital Partners Limited:

Report on the Financial Report

We have audited the accompanying financial report of DMX Capital Partners Limited (the Company), which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of DMX Capital Partners Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of DMX Capital Partners 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 2015 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial reporting Standards as disclosed in Note 1.



Nexia Court & Co

Chartered Accountants

Sydney

1 September 2015

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Lester Wills

Partner

Corporate Governance Statement

For the period 6 January 2015 to 30 June 2015

The Board of Directors of DMX Capital Partners Limited are responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of DMX Capital Partners Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The following formalises the main corporate governance practices established and in force throughout the financial period to ensure the Board is well equipped to discharge its responsibilities.

Composition of the Board

The composition of the Board shall be determined in accordance with the following principles and guidelines:

- (a) The Board should consist of at least 3 Directors, increasing where additional expertise is considered desirable in certain areas;
- (b) Directors should bring characteristics, which allow a mix of qualifications, skills and experience;
- (c) All available information in connection with items to be discussed at a meeting of the Board shall be provided to each Director prior to that meeting; and
- (e) The Board will review its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience. External advisers may be used to assist in such a process. The Board will then appoint the most suitable candidate, who must stand for election at the next general meeting of shareholders.

The primary responsibilities of the Board include:

- (f) The establishment of the long-term goals of the Company and strategic plans to achieve those goals;
- (g) The review and adoption of annual budgets for the financial performance of the Company and monitoring of results on a monthly basis. The establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes;
- (h) Ensuring the Company has implemented adequate systems of internal control together with appropriate monitoring of compliance activities; and
- (i) The approval of the annual financial reports.

The terms and conditions of the appointment and retirement of Directors will be set out in a letter of appointment, which covers remuneration, expectations, terms, the procedures for dealing with conflicts of interest, and the availability of independent professional advice.

The Chairman will review the performance of all Directors each year.

Independent professional advice

Each Director will have the right to seek independent professional advice at the Company's expense. The prior approval of the Chairman will be required, which will not be unreasonably withheld.

Remuneration

The Board will review the remuneration packages and policies applicable to the Directors and Senior Executives on an annual basis. Remuneration levels will be competitively set to attract the most qualified and experienced Directors and Senior Executives. The Board may obtain independent professional advice on the appropriateness of remuneration packages.

Audit Committee

The Board shall maintain an Audit Committee of at least two Directors. Audit Committee meetings may also be attended, by invitation, by the external auditors. The role of the Audit Committee will be to provide a direct link between the Board and the external auditors.

The Audit Committee will also give the Board additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining the matters for inclusion in the financial statements.

The responsibilities of the Audit Committee include the following:

- Monitoring compliance with regulatory requirements;
- Improving the quality of the accounting function;
- Reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified appropriate and prompt remedial action is taken by management; and

Corporate Governance Statement (continued)

- Liaising with the external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner.

The Audit Committee will review the performance of the external auditors on an annual basis. Nomination of auditors will be at the instigation of the Audit Committee.

Business risk

The Board will monitor and receive advice on areas of operational and financial risk, and consider strategies for appropriate risk management.

Specific areas of risk identified initially and regularly considered at Board meetings include risks associated with business and investment, new and rapidly evolving markets, technological change, competition and business and strategic alliances, the environment, and continuous disclosure obligations.

Ethical standards

The Board's policy is for the Directors and Senior Executives to conduct themselves with the highest ethical standards. All Directors and employees will be expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Trading in DMX Capital Partners Limited Securities

The Board's policy with regard to trading in the Company's securities is available for viewing on the Company website.

Authority limits

The Board shall annually review the level of authority limits for the Managing Director and Senior Executives. That review shall coincide with the approval of the annual budgets.

Confidentiality

The Board members are required to ensure that all Company business is kept confidential by each Director and employee and members of staff subject to their supervision.

Dealing with conflicts of interest

If a conflict or potential conflict of interest arises, full disclosure should be made to the Board as soon as the Director becomes aware of the conflict or potential conflict. The Board shall manage the conflict in such a way that the interests of the Company as a whole are safeguarded.

A conflict will arise when the private or other business interests of Directors and officers conflict directly or indirectly with their obligations to the Company or when benefits (including gifts or entertainment) are received from a person doing business that could be seen by others as creating an obligation to someone other than the Company.

Directors and officers shall not act in a way which may cause others to question their loyalty to the Company.

Company Directory

30 June 2015

Directors:	Roger Collison (Executive Chairman) John Welsh (Non-Executive Director) Steven McCarthy (Executive Director)
Secretary:	Roger Collison
Notice of annual general meeting:	The annual general meeting of DMX Capital Partners Limited will be held at: Stature Financial Group Level 4 92 Pitt Street Sydney NSW 2000 Time: 8:00am Date: Wednesday 7 October 2015
Principal registered office in Australia:	Level 4 92 Pitt Street Sydney NSW 2000
Auditor:	Nexia Court & Co Level 16 1 Market Street Sydney NSW 2000
Solicitors:	Addisons Level 12 60 Carrington Street Sydney NSW 2000
Bankers:	Commonwealth Bank 363 George Street Sydney NSW 2000
Website address:	www.dmxam.com.au