

# DMX

CAPITAL PARTNERS

ACN 603 568 494

## 2023 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](http://dmxam.com.au)*

**DMX Capital Partners Limited**  
**Directors' report**  
**30 June 2023**

Dear fellow shareholders,

DMX Capital Partners Limited (**DMXCP**) returned -0.7%, after all fees and expenses, for the 12 months to 30 June 2023 (**FY23**). DMXCP recorded an audited net loss before tax for FY23 of \$0.6m.

While market conditions have been difficult, it is disappointing to report a negative return for the year. Our strategy of investing in small under-the-radar companies has had its challenges in the past 18 months. Our conviction is strong that, over time, owning a portfolio of smaller listed businesses with strong growth prospects and attractive valuations is well placed to generate strong returns. Our small businesses continue growing over time into much larger, more valuable, businesses. As a long-term orientated investment company, we remain comfortable with our strategy and both the outlook and prospects of our portfolio of interesting, under-valued, under-the-radar and difficult to access small company opportunities.

Notwithstanding the negative return, our capital base continued to expand during the year as we welcomed a number of new investors to the register. As in previous years, a large number of existing investors also took the opportunity to add to their investments, with DMXCP's audited net assets increasing from \$19.5m at 30 June 2022 to \$21.2m at 30 June 2023. To all our investors, we thank you again for your support and your patience. During the year, Directors and Management of DMXCP also added to their holdings. We currently own 15% of DMXCP, so are very much aligned with shareholders in driving positive outcomes.

We are committed, supportive, long-term substantial and/or top 20 shareholders in many small ASX listed companies. A number of these are under-the-radar Australian success stories that are largely ignored by the investment community. These companies are providing significant benefits to stakeholders and society more broadly, through their innovation and product and services they provide and continue to develop. We have strong relationships with our portfolio companies, providing capital and support as they pursue their growth journeys. Together, they form part of our unique, hard to replicate portfolio that we are proud of.

*We are absolutely focused on adding value over time through our unique portfolio of these compelling smaller company opportunities. With an audited net asset position now in excess of \$20m, our loyal investor base, and the networks, relationships, and processes developed over the last nine years, we believe DMXCP has a strong platform from which to continue to grow over time.*

**FY23: Year-end Summary**

For the financial year to 30 June 2023 DMXCP returned -0.7%. Our published monthly reports provide a detailed account of the portfolio movements through the year. However, at a high level, while some of this FY23 performance has been self-inflicted, it has been a challenging period for investing in small and illiquid companies. Listed nano-caps and micro-caps have been under pressure over the last 18 months, despite the fundamentals of many of these companies improving strongly. While the largest ASX companies (>\$1b market cap) delivered a median share price return of 8% for the financial year, we have calculated that the smallest ASX listed companies (<\$20m market cap) fell by 37%. In a more uncertain, risk-off environment, investors have preferred the liquidity and comfort of larger, more mature businesses. With a median market cap holding of under \$30m, our portfolio has struggled to get traction against this broad negative sentiment towards small, illiquid companies, particularly in the second half of the financial year.

While the share prices of small companies have been under pressure, the fundamentals of most of our holdings have generally been improving. The opportunity set of interesting profitable small companies has also grown as a result of this dynamic of falling prices and improving fundamentals. Our portfolio is now very much weighted towards these increasingly profitable businesses with strong balance sheets and attractive growth profiles. Many portfolio companies also have a significant proportion of their market caps supported by cash. This highlights the type of opportunities that we are increasingly seeing at the moment: attractively valued, under the radar, businesses with strong technology, IP and market positions, and favourable tailwinds, that have very little growth priced into their share prices. Despite it being an uncertain time for investing with many economic unknowns, we believe there are multiple ways to win from the small company names that we own. We think the odds of success from here are in our favour due to:

- The holdings having proven business models supported by long term structural growth trends;
- The majority are on low multiples that allow for significant multiple expansion;
- Many holdings are misunderstood by the market, offering re-rate potential as they become better understood;
- Low market caps/enterprise values with limited liquidity that offer plenty of upside as they grow and attract broader investor interest; and
- Many positions don't need a broad market rally to re-rate – some of them are so cheap they just need a few new investors to take notice of them.

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As in prior years, we continue to see a significant amount of corporate activity across our portfolio. During FY23, several of our positions received takeover offers: PTB Group, Elmo Software, Proptech and DDH1. In the first three months of FY24, we have seen Diverger, Cirrus Networks and Energy One subject to takeover interest. It is disappointing to have these positions (many of which we have often built up over a long period of time) leave the ASX before they have had a chance to fulfil their potential. However, this takeover interest and activity does suggest that other industry participants and financial investors are also seeing the opportunities and value that we have identified.

In terms of disappointments, while the majority of our portfolio has been focussed on profitable companies, we have in prior years, purchased a number of typically smaller positions in technology stocks with low market caps that have been close to cash flow break even to provide exposure to interesting emerging growth stories. We had expected that with their growth profile and attractive unit economics they would grow to become NPAT positive in the short to medium term. Gross profit improvements on the back of revenue growth have typically been offset by increased growth costs and technology spend, and complicated by strategy and management changes in some cases. We have found that for those companies that have invested in growth (and those that have a culture of gifting management shares), the transition from EBITDA positive to NPAT positive, and then generating operating leverage can be a long and painful (for shareholders) journey. This journey to profitability among this basket of stocks has taken much longer, and proved more challenging and frustrating than we had expected. It has taken until the second half of FY23 to see the first in this basket (Kinatico - after over four years of holding) to reach an NPAT profit. We are now much more cautious about investing in these unprofitable names promising a path to profit.

We remain focused on identifying the most interesting and attractively valued, fundamentally strong, not widely known small companies with material upside potential in order to deliver strong long-term portfolio returns. With the valuations of many holdings trading at multi-year lows and the broad-based nature of the sell-off among small companies, we think the current opportunity set is the most prospective we have seen in this part of the market since we commenced DMXCP in 2015, and believe the portfolio is well positioned to achieve large re-rates when interest returns to the space.

## **OPERATIONS**

DMX Asset Management Limited continued as manager of DMXCP during FY23. During the year, DMXCP incurred a liability to DMXAM for management fees of \$230k (1% of gross assets). No performance fees were charged during the period.

In accordance with the management agreement, a further \$88k (~0.25% 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.

## **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 HLB Mann Judd.

Each month DMXAM calculates a share price (NAV) for DMXCP. The share price, since inception in 2015, has been calculated each month and each year using a consistent methodology as Share portfolio value + cash – fees payable – tax payable + franking credits. The calculation excludes any deferred tax assets/liabilities. The DMXCP share price as at 30 June 2023 was **\$2.18** (30 June 2022: \$2.41).

### **FY23 Return Calculation**

<b>NAV at 30 June 2023 (\$)</b>	<b>2.18</b>	<i>As per calculation below</i>
<b>NAV at 30 June 2022 (\$)</b>	<b>2.41</b>	<i>As per calculation below</i>
<i>Decrease in NAV (\$)</i>	<i>-0.23</i>	
<i>Dividend/ Franking credits paid in FY23 (\$)</i>	<i>0.21</i>	<i>15c dividend &amp; 6c franking credits paid in November 2022</i>
<b>Total return per share (\$)</b>	<b>-0.02</b>	<i>Equates to a return of -0.7% on the opening NAV of \$2.41</i>

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A reconciliation of the share price at 30 June 2023 (and 2022) to the audited accounts is set out below.

ITEM	30 JUNE 2023 - \$	30 JUNE 2022 - \$	DESCRIPTION
Cash	364,918	821,903	As per audited accounts – cash balance
Investments	20,662,881	19,875,438	As per audited accounts – market value
Dividends accrued and other receivables	100,392	33,606	As per audited accounts
<b>Gross Assets (before tax)</b>	<b>21,128,189</b>	<b>20,730,947</b>	As per audited accounts
Fees payable	-85,711	-20,547	As per audited accounts – accrued fees
Other payables		-17,903	As per audited accounts – unsettled trades
Less: cash subscriptions received in June in advance of 1 July 2023 share issue		-643,948	As per audited accounts
<b>Net Assets (before tax)</b>	<b>21,042,478</b>	<b>20,048,549</b>	
Adjustments for tax			
Less: Income tax payable	-502,353	-480,398	As per audited accounts
Add: Franking credits	772,818	585,725	Off balance sheet item – see note below
<b>Net Assets (after tax adjustments)</b>	<b>21,312,943</b>	<b>20,153,876</b>	
Shares on issue – 30 June 2023/2022	9,763,371	8,363,854	As per audited accounts – see note 11.
<b>Share price (after fees &amp; tax adjustments)</b>	<b>\$2.18</b>	<b>\$2.41</b>	

DMXCP is an investment company that intends to distribute its profits to shareholders in a tax effective manner through fully franked dividends. 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 whenever 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 (refer note 12 in audited accounts).

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 2023 is set out below:

<b>Net Assets (audited accounts)</b>	<b>21,239,047</b>	Audited net assets per Statement of Financial Position
Less: Deferred Tax Asset (DTA)	698,920	Balance as per audited accounts – the Deferred Tax Asset is excluded from net asset calculation as there is no certainty this will be realised
Add: Franking credits	772,818	Off balance sheet item – see note above
<b>Net Assets (after tax adjustments)</b>	<b>21,312,945</b>	Net assets used to calculate the share price at 30 June 2023

These two tax-related adjustments to the audited accounts (excluding the deferred tax asset and including franking credits - as described above) have been consistently applied since inception. We consider them 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 its profits in a tax effective manner through an annual dividend that is 100% franked, paying out franking credits accumulated through the financial year, derived from both income tax paid and from franking credits passed through from dividends received.

The Directors of DMXCP's have declared a dividend of 7.5 cents per share, fully franked. A Dividend Reinvestment Plan (DRP) is in place and investors representing approximately 85% of shares outstanding are presently participating in this programme. If you aren't presently electing to reinvest dividends and would like to do so, or if you have been reinvesting and instead wish to receive a cash component, please contact us to discuss and potentially alter your DRP election preference.

**DMX Capital Partners Limited**  
**Directors' report**  
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**OUTLOOK**

Our focus continues to be on building a strong track record as a respected investor in undervalued, under-the-radar companies. As we head into our ninth year of investing, we are enthused with how the portfolio is positioned and the attractive upsides and potential across our holdings. While FY24 brings with it economic uncertainties and market challenges, we remain utmost focused on controlling what we can control in order to continue to deliver good medium to long term performance.

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.

We thank all shareholders for their support and patience, and we are looking forward to continuing our investment journey into FY24 which we approach with confidence.

Sincerely



Dean Morel (Chair)



Roger Collison



Steven McCarthy

**Directors, DMX Capital Partners Limited**  
25 October 2023

**DMX Capital Partners Limited**  
**Directors' report**  
**30 June 2023**

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

**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:

	2023 \$	2022 \$
Final Dividend	<u>1,348,964</u>	<u>1,000,345</u>

**Review of operations**

The loss for the company after providing for income tax amounted to \$301,260 (2022: \$1,717,430).

**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**

No matter or circumstance has arisen since 30 June 2023 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.

**DMX Capital Partners Limited**  
**Directors' report**  
**30 June 2023**

**Information on directors**

Name: Roger Collison  
Title: Executive Director  
Qualifications: BEc(Hons), MBA (AGSM), CFA, GradDipAppFin, GradDipACG, SFFin, FAICD  
Experience and expertise: Roger is an experienced Investment Analyst and Fund Manager, having previously been a Director at Credit Suisse in both Sydney and London; and Head of Research at Tyndall Asset Management. Roger also has extensive governance experience both in the private and not-for-profit sectors. Roger is a Fellow of the Australian Institute of Company Directors (FAICD) and a Chartered Financial Analyst (CFA)

As Chair of our Investment Committee, Roger has brought institutional-grade structure, insight, and experience to bear in the oversight of our portfolio management function. In addition to lending his experience and perspective Roger is active with a number of other external governance roles, as well as actively managing a private family investment fund with a focus on value-opportunities on the ASX.

Name: Steven McCarthy  
Title: Executive Director  
Qualifications: B. Com (Finance); BA (Economics); CPA  
Experience and expertise: Steven is a qualified accountant and has over 17 years of 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, GAICD  
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 15 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 2023, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Roger Collison	5	5
Steven McCarthy	5	5
Dean Morel	5	5

**DMX Capital Partners Limited**  
**Directors' report**  
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**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 2023 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.

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



Dean Morel  
Non-Executive Chairman

25 October 2023



**Auditor's Independence Declaration**

To the directors of DMX Capital Partners Limited:

As lead auditor for the audit of the financial report of DMX Capital Partners Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

**Sydney, NSW**  
**25 October 2023**



**S Grivas**  
**Director**

**hlb.com.au**

**HLB Mann Judd Assurance (NSW) Pty Ltd ABN 96 153 077 215**

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HLB Mann Judd is a member of HLB International, the global advisory and accounting network.

## **DMX Capital Partners Limited**

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### **General information**

The financial statements cover DMX Capital Partners Limited as an individual entity. The financial statements are presented in Australian dollars, which is DMX Capital Partners Limited'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:

Suite 2  
Level 14  
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 25 October 2023. 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 2023**

	<b>Note</b>	<b>2023</b> <b>\$</b>	<b>2022</b> <b>\$</b>
<b>Revenue</b>			
Interest income		10,642	2,065
Dividend income		444,785	658,796
Other income		6,415	5,394
Net losses on financial assets held at fair value through profit or loss		(726,183)	(2,944,361)
Total loss		<u>(264,341)</u>	<u>(2,278,106)</u>
<b>Expenses</b>			
Management fee expenses		(319,864)	(322,558)
Other expenses		<u>-</u>	<u>(355)</u>
<b>Loss before income tax benefit</b>		(584,205)	(2,601,019)
Income tax benefit	3	<u>282,945</u>	<u>883,589</u>
<b>Loss after income tax benefit for the year</b>		(301,260)	(1,717,430)
Other Comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total Comprehensive loss for the year</b>		<u><u>(301,260)</u></u>	<u><u>(1,717,430)</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic (loss)/earnings per share	21	(3.21)	(21.86)
Diluted (loss)/earnings per share	21	(3.21)	(21.86)

*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 2023**

	<b>Note</b>	<b>2023</b> <b>\$</b>	<b>2022</b> <b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	364,918	821,903
Trade and other receivables	5	100,392	33,606
Financial assets at fair value through profit or loss	6	20,662,881	19,875,438
Total current assets		<u>21,128,191</u>	<u>20,730,947</u>
<b>Non-current assets</b>			
Deferred tax asset	7	698,920	-
Total non-current assets		<u>698,920</u>	<u>-</u>
<b>Total assets</b>		<u>21,827,111</u>	<u>20,730,947</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	85,711	682,398
Current tax liability	9	502,353	480,398
Total current liabilities		<u>588,064</u>	<u>1,162,796</u>
<b>Non-current liabilities</b>			
Deferred tax liability	10	-	97,920
Total non-current liabilities		<u>-</u>	<u>97,920</u>
<b>Total liabilities</b>		<u>588,064</u>	<u>1,260,716</u>
<b>Net assets</b>		<u>21,239,047</u>	<u>19,470,231</u>
<b>Equity</b>			
Issued capital	11	21,032,533	17,613,493
Retained profits		<u>206,514</u>	<u>1,856,738</u>
<b>Total equity</b>		<u>21,239,047</u>	<u>19,470,231</u>

*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 2023**

	<b>Issued capital \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2021	12,381,978	4,574,513	16,956,491
Loss after income tax benefit for the year	-	(1,717,430)	(1,717,430)
Other Comprehensive income for the year, net of tax	-	-	-
Total Comprehensive loss for the year	-	(1,717,430)	(1,717,430)
Shares issued	5,231,515	-	5,231,515
<i>Transactions with owners in their capacity as owners:</i>			
Dividends paid (note 12)	-	(1,000,345)	(1,000,345)
Balance at 30 June 2022	<u>17,613,493</u>	<u>1,856,738</u>	<u>19,470,231</u>
	<b>Issued capital \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2022	17,613,493	1,856,738	19,470,231
Loss after income tax benefit for the year	-	(301,260)	(301,260)
Other Comprehensive income for the year, net of tax	-	-	-
Total Comprehensive loss for the year	-	(301,260)	(301,260)
Shares issued	3,419,040	-	3,419,040
<i>Transactions with owners in their capacity as owners:</i>			
Dividends paid (note 12)	-	(1,348,964)	(1,348,964)
Balance at 30 June 2023	<u>21,032,533</u>	<u>206,514</u>	<u>21,239,047</u>

*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 2023**

	<b>Note</b>	<b>2023</b> <b>\$</b>	<b>2022</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Purchase of financial instruments held at fair value through profit or loss		(7,412,278)	(13,122,508)
Sale of financial instruments held at fair value through profit or loss		5,898,652	8,557,115
Interest received		6,840	8,065
Dividend received		444,785	658,796
Income tax paid		(480,398)	(293,440)
Payments to suppliers		(928,029)	(1,531,000)
Other income		6,415	-
Net cash used in operating activities	20	<u>(2,464,013)</u>	<u>(5,722,972)</u>
<b>Cash flows from investing activities</b>			
Net cash from investing activities		<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	11	3,419,040	5,231,515
Dividends paid		(1,348,964)	(1,000,345)
Other		(63,048)	-
Net cash from financing activities		<u>2,007,028</u>	<u>4,231,170</u>
Net decrease in cash and cash equivalents		(456,985)	(1,491,802)
Cash and cash equivalents at the beginning of the financial year		<u>821,903</u>	<u>2,313,705</u>
Cash and cash equivalents at the end of the financial year	4	<u><u>364,918</u></u>	<u><u>821,903</u></u>

*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 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 statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. They are not expected to have a material impact to the financial statements when 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.

### **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 assets at fair value through profit or loss*

Financial assets are recognised and measured at fair value through profit or loss. Net gains on financial assets comprise the realised gains and losses on the disposal of financial assets during the financial year and the gains and losses resulting from the change in fair value of the financial assets 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.

### *Other revenue*

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

**Note 1. Significant accounting policies (continued)**

**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, its 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 is recognised in other comprehensive income with a corresponding expense through profit or loss. 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.

**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, 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.

*Fair value of Financial Assets held at fair value through profit or loss*

Valuation techniques using a range of internally and externally developed unobservable inputs are used to estimate fair value. Valuation techniques make maximum use of market inputs, including reference to current fair values of financial assets that are substantially the same. Fair value estimates for these assets are made at a specific point in time, based on market conditions and information about the financial asset. These estimates are subjective in nature and involve uncertainties and matters of significant judgement.

*Determination of management and performance fees*

A performance fee is payable by DMX Capital Partners Limited to DMX Asset Management Limited equal to 15% of any increase in the gross asset value (GAV) per Share of DMX Capital Partners Limited in excess of the cumulative 30 day Bank Bill Swap Rate (BBSW) return for the period. The GAV is the value of each Share before any fee deductions or accruals and tax and other provisions, except that it shall be calculated after providing for the 1% management fee. It includes any franking credits received or generated. The performance fee is calculated annually on 30 June of each year and accrues on a monthly basis. As Shares are issued at various times throughout the period, the performance fee is calculated with reference to the weighted average number of Shares on issue for the period, as calculated at 30 June. The performance fee is also payable (pro-rata) on any Shares redeemed at the end of the relevant month.

**Note 3. Income tax (benefit)/expense**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Income tax (benefit)/expense</i>		
Current tax	513,897	566,400
Deferred tax - origination and reversal of temporary differences	<u>(796,842)</u>	<u>(1,449,989)</u>
Aggregate income tax benefit	<u><u>(282,945)</u></u>	<u><u>(883,589)</u></u>
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	<u>(584,205)</u>	<u>(2,601,019)</u>
Tax at the statutory tax rate of 30%	(175,262)	(780,306)
Franking tax credits	46,151	45,546
Other items	<u>(153,834)</u>	<u>(148,829)</u>
Income tax benefit	<u><u>(282,945)</u></u>	<u><u>(883,589)</u></u>

**Note 4. Current assets - cash and cash equivalents**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	2	2
Cash at bank	<u>364,916</u>	<u>821,901</u>
	<u><u>364,918</u></u>	<u><u>821,903</u></u>

**Note 5. Current assets - trade and other receivables**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Other receivables	<u>100,392</u>	<u>33,606</u>

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

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Financial assets held at fair value through profit or loss	<u>20,662,881</u>	<u>19,875,438</u>

Refer to note 14 for further information on fair value measurement.

**DMX Capital Partners Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 7. Non-current assets - deferred tax asset**

	<b>2023</b> <b>\$</b>	<b>2022</b> <b>\$</b>
Deferred tax asset	698,920	-
<i>Movements:</i>		
Opening balance	-	-
Impact on profit or loss	698,920	-
Closing balance	698,920	-

**Note 8. Current liabilities - trade and other payables**

	<b>2023</b> <b>\$</b>	<b>2022</b> <b>\$</b>
Management fee payable	20,547	20,547
Other payables	8,521	8,521
Unsettled trades	56,643	9,382
Payments in advance for shares in DMX CP	-	643,948
	85,711	682,398

**Note 9. Current liabilities - current tax liability**

	<b>2023</b> <b>\$</b>	<b>2022</b> <b>\$</b>
Current tax liability	502,353	480,398

**Note 10. Non-current liabilities - deferred tax liability**

	<b>2023</b> <b>\$</b>	<b>2022</b> <b>\$</b>
Deferred tax liability	-	97,920
<i>Movements:</i>		
Opening balance	97,920	1,547,909
Impact on profit or loss	(97,920)	(1,449,989)
Closing balance	-	97,920

**Note 11. Equity - issued capital**

	<b>2023</b> <b>Shares</b>	<b>2022</b> <b>Shares</b>	<b>2023</b> <b>\$</b>	<b>2022</b> <b>\$</b>
Ordinary shares - fully paid	9,763,371	8,363,854	21,032,533	17,613,493

**Note 11. Equity - issued capital (continued)**

*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.

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.

*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 quantum of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 30 June 2022 Annual Report.

**Note 12. Equity - dividends**

*Dividends*

Dividends paid during the financial year were as follows:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Final fully franked dividend for the year ended 30 June 2023 of 15 cents (2022: 14 cents) per ordinary share	<u>1,348,964</u>	<u>1,000,345</u>

*Franking credits*

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Franking credits available for subsequent financial years based on a tax rate of 30%	<u>772,818</u>	<u>585,725</u>

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

**Note 13. Financial instruments**

***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 program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company.

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.

**Note 13. 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 2023, the fair value of equities exposed to price risk were as follows:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Equity securities	20,662,881	19,875,438

*Interest rate risk*

The company has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets. 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 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	364,918	-
Trade and other receivables	-	100,392
Financial assets held at fair value through profit or loss	-	20,662,881
Liabilities payable	-	(588,064)
Net exposure	<u>364,918</u>	<u>20,175,209</u>

The table below summarises the impact of an increase/decrease of interest rates on the company's operating profit and net assets through changes in fair value or changes in future cash flows. The analysis is based on the assumption that prices changed by +/- 10% and interest rates changed by +/- 100 basis points from the year end rates with all other variables held constant.

	Price risk		Interest rate risk	
	-10%	+10%	-100 bps	+100 bps
<b>2023</b>				
Impact	(2,066,288)	2,066,288	(3,649)	3,649

**Note 13. Financial instruments (continued)**

	Price risk -10%	Price risk +10%	Interest rate risk -100 bps	Interest rate risk +100 bps
<b>2022</b>				
Impact	<u>(1,987,544)</u>	<u>1,987,544</u>	<u>(8,219)</u>	<u>8,219</u>

**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 frequently and the board of directors reviews it at each meeting.

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 14. 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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>2023</b>				
<b>Assets</b>				
Equity securities	19,155,080	83,914	1,423,887	20,662,881
Total assets	<u>19,155,080</u>	<u>83,914</u>	<u>1,423,887</u>	<u>20,662,881</u>



**Note 14. Fair value measurement (continued)**

<b>2022</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>	<b>Total \$</b>
<i>Assets</i>				
Equity securities	18,910,908	164,483	800,047	19,875,438
Total assets	18,910,908	164,483	800,047	19,875,438

*Level 3 assets*

Movements in level 3 assets during the current financial year are set out below:

	<b>Equity securities \$</b>
Opening balance at 1 July 2022	800,047
Gains recognised in profit or loss	351,740
Additions	272,100
Closing balance at 30 June 2023	<u>1,423,887</u>

There were no transfers between levels during the year.

**Note 15. Key management personnel disclosures**

*Directors*

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

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

*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:

**Note 15. Key management personnel disclosures (continued)**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Purchase of share capital - Steven McCarthy	5,045	80,642
Purchase of share capital - Zaolla Investments Pty limited as trustee of McCarthy Chew Family Trust. Associated with Steven McCarthy	54,322	22,139
(Sale)/Purchase of share capital - Roger Collison and S Parker	-	(32,680)
Purchase of share capital - DMX Asset Management Limited	3,062	2,048
Purchase of share capital - Alistair Donald Collison	-	76
Purchase of share capital - James Douglas Collison	-	245
Purchase of share capital - DMX Corporation Limited	3,435	2,354
Purchase of share capital - Collison Superannuation Fund - Roger Collison acting as trustee for the fund	8,254	5,656
(Sale)/Purchase of share capital - Jean Maitland Collison	-	(86,112)
(Sale)/Purchase of share capital - Dog Bowl Super Fund - Dean Morel acting as trustee for the fund	-	(209,606)
Purchase of share capital - Fitzroy Value Fund – Roger Collison as trustee	27,178	124,372
Purchase of share capital - Dog Bowl Super Fund – associated with Dean Morel	70,858	112,454
Purchase of share capital - Dog Bowl Investment Trust - Dean Morel acting as trustee for the Trust	118,625	159,665
	<u>290,779</u>	<u>181,253</u>

**Note 16. Remuneration of auditors**

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

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - HLB Mann Judd Assurance (NSW) Pty Ltd</i>		
Audit of the financial statements	<u>20,000</u>	<u>18,750</u>

**Note 17. Contingent assets, liabilities and commitments**

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2023 (2022: \$nil).

**Note 18. Related party transactions**

*Key management personnel*

Disclosures relating to key management personnel are set out in note 15.

DMX Asset Management Limited is also entitled to receive a management fee which is charged at 1% 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 \$nil (2022: \$nil) and a management fee of \$319,800 (2022: \$322,558) to DMX Capital Partners Limited. As at 30 June 2023 the performance fee payable is \$nil (2022: \$nil) and a management fee payable is \$20,547 (2022: \$20,547).

**Note 19. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2023 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 20. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax benefit for the year	(301,260)	(1,717,430)
Adjustments for:		
Net (increment/decrement on financial instruments held at fair value through profit or loss	2,659,938	4,835,679
Change in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(66,786)	64,032
Residual increase in financial assets after fair value adjustment above	(3,384,333)	(6,456,700)
Increase/(Decrease) in trade and other payables	(596,687)	(1,271,524)
Increase/(Decrease) in tax liabilities	(774,885)	(1,177,029)
Net cash used in operating activities	<u>(2,464,013)</u>	<u>(5,722,972)</u>

**Note 21. Earnings per share**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	<u>(301,260)</u>	<u>(1,717,430)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	9,384,432	7,855,355
Weighted average number of ordinary shares used in calculating diluted earnings per share	9,384,432	7,855,355
	Cents	Cents
Basic (loss)/earnings per share	(3.21)	(21.86)
Diluted (loss)/earnings per share	(3.21)	(21.86)

**DMX Capital Partners Limited**  
**Directors' declaration**  
**30 June 2023**

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 2023 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



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Dean Morel  
Non-Executive Chairman

25 October 2023

**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 financial report of DMX Capital Partners Limited ("the company") which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the company is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors 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.

**Information Other than the Financial Report and Auditor's Report Thereon**

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### **Responsibilities of the Directors for the Financial Report**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



**HLB Mann Judd Assurance (NSW) Pty Ltd**  
**Chartered Accountants**

**Sydney, NSW**  
**25 October 2023**



**S Grivas**  
**Director**

The shareholder information set out below was applicable as at 30 September 2023.

## 1. Top 20 Shareholders

	<b>Name of Shareholder</b>	<b># of shares</b>	<b>%</b>
1	BASAPA PTY LTD <KEHOE FAMILY ACCOUNT>	674,649	6.89
2	ZAOLLA INVESTMENTS PTY LTD <MCCARTHY CHEW FAMILY AC>	570,674	5.83
3	CAMDEN EQUITY PTY LTD <BYRNE HYBRID INVESTMENT AC>	388,736	3.97
4	DEAN GEOFFREY MOREL <DOG BOWL INVESTMENT A/C>	363,439	3.71
5	EASTERN PORPHYRY PTY LTD <THE STUBBS FAMILY ACCOUNT>	323,566	3.30
6	MR EVAN MANSFIELD	275,215	2.81
7	ANDREW BROTHERS MANUFACTURING P/L <ASIS SUPER FUND>	254,704	2.60
8	WHITE TIGER NOMINEES PTY LIMITED <WHITE TIGER A/C>	242,935	2.48
9	LVN INVESTMENTS P/L <LVN SUPER FUND>	236,498	2.42
10	DOLDORY PTY LTD <LEWIS FAMILY SUPER FUND>	230,204	2.35
11	MR THOMAS JAMES HUDSON + MRS CAROL ANN HUDSON	212,624	2.17
12	MKK CAPITAL PTY LIMITED <MKK FAMILY A/C>	208,558	2.13
13	NIVEZA PTY LTD <PETER THOMSON SUPER FUND>	206,089	2.10
14	RIVER CITY PTY LIMITED <PRENTICE SUPER FUND A/C>	197,534	2.02
15	PUPPY BOWL PTY LTD <DOG BOWL SUPER FUND A/C>	183,312	1.87
16	DOUBLE BAY MARINA PTY LIMITED	177,985	1.82
17	SCOTT ALEXANDER MILSON + JACQUELINE MILSON <MILSON SUPERFUND A/C>	165,788	1.69
18	MRS ANN MATTHEWS	155,019	1.58
19	SEED CAPITAL PTY LTD <FITZROY VALUE FUND A/C>	151,550	1.55
20	BAROGA PTY LTD <BAROGA SUPER FUND>	150,401	1.54
		<hr/>	
		5,369,480	54.80
	Other shareholders		
		<hr/>	
		4,422,589	45.20
	Total		
		<hr/>	
		<b>9,792,069</b>	<b>100%</b>

## 2. Distribution of Shareholders

<b>Spread of holdings</b>	<b># of shares</b>	<b># of holders</b>	<b>%</b>
1 - 1000	1,874	2	0.02%
1001 - 5000	18,324	6	0.19%
5001 - 10000	139,621	19	1.43%
10001 - 100000	3,385,468	90	34.57%
100001 - 999999999999	6,246,782	27	63.79%
<b>TOTAL</b>	<hr/> <b>9,792,069</b>	<hr/> <b>144</b>	<hr/> <b>100.00%</b>

## 3. Substantial Shareholders

<b>Name of Shareholder</b>	<b># of shares</b>	<b>%</b>
BASAPA PTY LTD <KEHOE FAMILY ACCOUNT>	674,649	6.89
ZAOLLA INVESTMENTS PTY LTD <MCCARTHY CHEW FAMILY AC>	570,674	5.83