



## ASX ANNOUNCEMENT

### VYSARN FINANCIAL RESULTS SIX MONTHS TO DECEMBER FY2023

Vertically integrated water service provider Vysarn Limited (ASX:VYS) (Vysarn)(Company) announces its financial results for the six (6) months to 31 December 2022 (1HFY23).

#### Summary of group results for 1HFY23:

- Revenue from operations \$29.08 million
- EBITDA \$4.24 million
- NPBT \$1.60 million
- Net Tangible Assets \$25.81 million
- Cash and Cash Equivalents \$7.13 million
- Operational Cashflow \$5.35 million

The Company maintains FY2023 NPBT guidance of \$5.1 million

#### Results Commentary

Please refer to the Appendix 4D (enclosed) for variance analysis of 1HFY2023 versus the previous corresponding period.

Over the course of the 12 month period to 31 December 2022, the Company has successfully executed the early stages of a diversification strategy transitioning the business away from being a sole service provider in hydrogeological drilling to a multi-faceted water service provider, while repositioning the drill rig fleet to service Tier 1 clients primarily in iron ore. As such, a more meaningful analysis of 1HFY2023 performance is a comparison to the 6 months to 30 June 2022 shown in the table below.

The non-cash income tax expense of \$1.65 million in the period primarily reflects the Company's increase in existing deferred tax liability due to a change in Company's corporate tax rate and utilisation of the ATO's instant asset write-off. As a result, the Company continues to carry tax losses of \$11.63 million that can be used to offset future income tax liabilities.

HY23 Key Financial Metrics	1H FY23	2H FY22	Variance	Variance
Description	(\$)	(\$)	(\$)	(%)
Operational Revenue	29,083,123	24,039,394	5,043,729	21%
EBITDA	4,241,253	3,553,473	687,780	19%
NPBT	1,598,414	985,362	613,052	62%
NPAT	(55,275)	463,853	(519,128)	(112%)
Operational Cashflow	5,348,523	5,535,753	(187,230)	(3.4%)

The earnings in 1HFY2023 are directly in line with the outlook and budget the Company had previously guided in its 2022 AGM Presentation released to the ASX on 24 November 2022.



The soft 1HFY2023 earnings as disclosed in the November AGM presentation relate in their entirety to a fall in full utilisation and consequent underperformance of the drill rig fleet in Pentium Hydro (PH).

PH pulled multiple rigs from the field in the financial period for compliance upgrades to meet Tier 1 iron ore miner's standards. While the strategic decision to remove multiple rigs from the field negatively impacted December half earnings (and cash flow), it is anticipated that this decision will allow for long term deployment and higher margins with key Tier 1 clients. Subsequent to this strategic decision, PH now has multiple rigs working on improved terms.

As previously disclosed in the November AGM presentation this strong demand is budgeted to deliver record PH subsidiary performance in 2HFY23 EBITDA of \$6.1m and be representative of this division's baseline earnings going forward.

On a pleasing note, during the period the Company's other subsidiaries in Pentium Water (PW), Pentium Test Pumping (PTP) and Project Engineering (ProEng) all achieved earnings in line or in excess of expectations. Vysarn corporate overheads also increased in the period, but not disproportionately to earnings when considering the major organisational and corporate restructuring during the period.

The Company is maintaining earnings guidance of \$5.1 million NPBT in FY2023 (a 25% increase on FY2022 and a 119% increase on 1HFY2023 to 2HFY2023).

Given the earnings performance in 1HFY2023 and the full year FY2023 guidance maintained by the Company, the 2HFY2023 earnings are an indication of the Board's ongoing confidence in Vysarn's strategic direction and business operations, not only in 2HFY2023, but also in future financial periods.

## **Operations and Outlook**

The Vysarn board and management continue to maintain that one of the largest and growing impediments to ongoing iron ore production is the removal and disposal of water. Based on this and the demand and outlook for the Company's current suite of services, the opportunities that underpin Vysarn's strategy of building a vertically integrated water services business have never been stronger within the Company's short lifespan.

### **Pentium Hydro**

Whilst management recognise the acute commodity concentration risk associated with the PH drill rig fleet being positioned to primarily service the iron ore sector in Western Australia, the forecast long term growth and subsequent sustained demand within the sector underpins the very deliberate commodity and geographic concentration strategy.

PH will continue to position the drill rig fleet to solely service Tier 1 mining clients via multi rig, multi year contracts. Rigs are anticipated to be deployed across BHP, Fortescue Metals Group and Roy Hill Iron Ore for the foreseeable future. This steadiness in geographical and commodity concentration also provides PH management a platform to continue to refine operational efficiencies and ongoing utilisation improvements over future periods. Asset utilisation improvements will initially come via early double shifting opportunities within the March quarter of FY2023.



### **Pentium Test Pumping**

PTP's current test pumping unit is expected to remain fully utilised servicing its current long-term contract with Fortescue Metals Group as well as accessing growing opportunities for double shifting. The first stage of the division's expansion strategy is anticipated to be executed within FY2023 with the second test pumping unit's construction on track for completion within the period. Current demand for test pumping services should see the second unit deployed immediately post commissioning.

Management anticipates that the growing operational expenditure on production and injection bores by the iron ore miners will see an increased emphasis on better understanding the performance of these bores and the associated aquifer characteristics that they are either extracting from or injecting in to. Management anticipate that this will translate into growing demand for test pumping and injection testing services.

This demand from current and prospective clients for test pumping services strongly supports the investigation of further capital investment in a third test pumping unit in future years. In addition to further expansion of the test pumping fleet, PTP is progressing capability in injection testing (via technology and capability acquired via ProEng), wireline services and ancillary downhole services.

### **Pentium Water**

While PW has experienced exponential growth in staff numbers and client engagement in its first 12 months of operations, management expects to see the ground water and surface water side of the business consolidate for the remainder of FY2023. This does not preclude minor incremental growth from staff hires to meet demand for PW's consulting services.

A growing number of PW clients that initially engaged the business to consult on ground and surface water are actively seeking additional assistance in areas such as the environment, traditional owner engagement and carbon sequestration and offset.

Consequently, PW sees its next stage of growth coming from these horizontal opportunities. PW is also actively pursuing organic and acquisitive growth from areas such as water resource engineering, mine closure, water infrastructure and asset management.

### **Project Engineering**

Despite the ProEng acquisition only being completed in the first half of FY2023, management is already seeing material growth potential in the construction and provision of managed aquifer recharge (MAR) units. An active business development program since acquisition has helped develop a strong indicative pipeline of MAR demand beyond the current financial period primarily underpinned by substantial investment in MAR borefields and associated infrastructure by the iron ore sector.

Management is in the early stages of planning expanded capability in ProEng to be able to execute project delivery for a material increase in the MAR production line over the next 2 years and beyond. This is in line with the Company's growth aspirations disclosed in the ProEng acquisition presentation released to the ASX on 5 October 2022. This expanded capability will initially include upgraded production facilities, warehousing and hard stand, as well as internalising a number of manufacturing services currently provided by third party contractors.



In parallel with the expansion of production capability at ProEng, the early stages of evolving the business model to include additional services relating to MAR will also begin. Management will also actively pursue MAR opportunities on the east coast of Australia in other commodities as well as water banking.

**Group**

Since its inception, the Company's vision and strategy has been to become an end to end, whole of life vertically integrated water service provider. Early success in the execution of that strategy now sees the Company well positioned with maintainable earnings and cashflow that can be used to fund future growth initiatives, not only in the water vertical, but in adjacent horizontal opportunities previously outlined.

This diversification across a range of complimentary services is designed to not only insulate the Company from the operational and financial vagaries often experienced by a single service business model, but to ultimately drive long term shareholder value through an expansion in business valuation multiples traditionally afforded to multi-faceted businesses.

Vysarn continues to be well positioned entering the second half of FY2023. The Company is guiding material earnings growth, continues to be well funded, and has a broad range of growth prospects to help drive ongoing long term, sustainable value for its shareholders.

This ASX announcement has been authorised for release by the Board of Vysarn Limited.

**For more information:**

James Clement  
Managing Director  
E: [info@vysarn.com.au](mailto:info@vysarn.com.au)

## ASX APPENDIX 4D

### HALF-YEAR FINANCIAL REPORT TO 31 DECEMBER 2022

#### 1. Details of reporting period:

Name of Entity	Vysarn Limited ("the Company")
ABN	41 124 212 175
Reporting Period	31 December 2022
Previous Corresponding Period	31 December 2021

#### 2. Results for announcement to the market

	6 Months ended 31 December 2022 \$	6 Months ended 31 December 2021 \$	Increase %	Amount Change \$
Revenues	29,083,123	22,258,011	31%	6,825,112
Profit / (loss) before income tax <sup>(1)</sup>	1,598,414	3,133,189	(49%)	(1,534,775)
Profit / (loss) after tax attributable to members <sup>(1)</sup>	(55,275)	2,416,247	(102%)	(2,471,522)

*Note 1 Inclusive of a \$1.65 million non-cash income tax expense.*

Refer to enclosed financial report for the half-year ended 31 December 2022 for further commentary.

Dividend / distributions	Amount per security (cents)	Franked amount per security (cents)	Amount \$	Amount per security of foreign sourced dividend (cents)	Record date	Date paid / payable
Interim dividend – current year	Nil	Nil	Nil	Nil	N/A	N/A
Interim dividend – previous year	Nil	Nil	Nil	Nil	N/A	N/A

#### 3. Statement of comprehensive income

Refer to enclosed financial report for the half-year ended 31 December 2022.

#### 4. Statement of financial position

Refer to enclosed financial report for the half-year ended 31 December 2022.

5. **Statement of cash flows**  
Refer to enclosed financial report for the half-year ended 31 December 2022.

6. **Dividend reinvestment plans**  
Not applicable.

7. **Statement of changes in equity**  
Refer to enclosed financial report for the half-year ended 31 December 2022.

8. **Net tangible assets per security**

	31 December 2022 (cents)	31 December 2021 (cents)
Net tangible assets per ordinary security	0.0653	0.0726

9. **Gain or loss of control over entities**  
Refer to enclosed financial report for the half-year ended 31 December 2022.

10. **Associates and joint ventures**  
Unincorporated Joint Venture agreement with Concept Environmental Services Pty Ltd.  
Refer to enclosed financial report for the half-year ended 31 December 2022.

11. **Other significant information**  
Not applicable.

12. **Foreign entities**  
Not applicable.

13. **Commentary on results for the period**  
Refer to enclosed financial report for the half-year ended 31 December 2022 for further commentary.

14. **Status of audit**  
The financial report for the half-year ended 31 December 2022 has been subject to an audit review. There are no items of dispute with the auditor and the audit review is not subject to qualification.



Signed: James Clement  
Managing Director

Date: 24 February 2023



**VYSARN**

**VYSARN LIMITED**

ABN 41 124 212 175

**CONDENSED CONSOLIDATED  
INTERIM FINANCIAL REPORT**  
for the half year ended 31 December 2022

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**CORPORATE DIRECTORY**

**Directors**

Peter Hutchinson	Chairman
James Clement	Managing Director and CEO
Sheldon Burt	Executive Director

**Company Secretary**

Matthew Power

**Registered Office and Principal Place of Business**

Level 1, 640 Murray Street  
West Perth, WA 6005  
Ph: +61 8 6144 9777

**Auditor**

Pitcher Partners BA&A Pty Ltd  
Level 11, 12-14 The Esplanade  
Perth, WA 6000

**Share Registry**

Automatic Registry Services  
Level 5, 191 St Georges Terrace  
Perth, WA 6000

**Bankers**

Westpac Banking Corporation  
Level 3, Tower Two, Brookfield Place  
123 St Georges Tce  
Perth, WA 6000

**Securities Exchange Listing**

ASX Limited  
Level 40, Central Park 152-158 St Georges Terrace  
Perth, WA 6000  
**ASX Code – VYS**



The Directors present their report, together with the financial statements for the half-year ended 31 December 2022 (the "financial period").

## 1. DIRECTORS

The names and the particulars of the Directors of Vysarn Limited ("Vysarn" or "the Company") and its controlled entities ("the Group") during the financial period and to the date of this report are:

Name	Status	Appointed
Peter Hutchinson	Chairman	27 October 2017
James Clement	Managing Director and CEO	3 February 2020
Sheldon Burt	Executive Director	15 May 2019

## 2. DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid, recommended or declared during the current or previous period.

## 3. LIKELY DEVELOPMENTS

The Group will continue to pursue new contract opportunities in Australia for its water service business activities.

## 4. REVIEW OF OPERATIONS

Vysarn is focused on becoming Australia's leading water services provider.

Throughout the financial period, the Group continued to focus on providing 'end-to-end' water services to various sectors, including, resources, urban development, government and utilities. The Group's operational entities now include:

- Pentium Hydro Pty Ltd ("Pentium Hydro");
- Pentium Test Pumping Pty Ltd ("PTP");
- Pentium Water Pty Ltd ("Pentium Water"); and
- Project Engineering (WA) Pty Ltd ("Project Engineering").

Pentium Hydro, the Company's foundation asset in hydrogeological drilling repositioned itself in the period to primarily service Tier 1 iron ore miners under a strategy to facilitate long term opportunities for full asset utilisation on improved terms. PTP continued to grow its test pumping division and progress opportunities for growth in injection testing. Pentium Water was organically created in February 2022 and has quickly built a highly credible and diverse water advisory team in the period. The consultancy division continues to provide Vysarn with an exceptional line of sight and entry opportunities in water services.

During the financial period, the Group acquired 100% of the issued capital of Project Engineering. Project Engineering is an Australian company that designs and constructs managed aquifer recharge systems. Project Engineering will help to organically grow and vertically integrate the Company's existing service offerings through Pentium Test Pumping in injection testing and Pentium Water in managed aquifer recharge consulting.

Vysarn intends to build on its current foundation of drilling, test pumping, managed aquifer recharge and water consultancy by pursuing further growth initiatives within the water vertical.

## 5. FINANCIAL PERFORMANCE

The loss for the Group after providing for income tax amounted to (\$55,275) (31 December 2021: profit of \$2,416,239).

Working capital, being current assets less current liabilities, was \$4,053,755 (30 June 2022: \$3,980,745). The Group had positive cash flows from operating activities for the period amounting to \$5,348,523 (31 December 2021 \$3,963,709).

Revenue from operations for the half year ended 31 December 2022 was \$29,083,123 (31 December 2021: \$22,258,011). The strong growth was generated primarily through the acquisitions of Pentium Test Pumping, Project Engineering (WA), and organic growth experienced by Pentium Water.

The table below provides a comparison of the key results for the half year ended 31 December 2022 to the preceding year ended 31 December 2021:

<i>Statement of Profit or Loss</i>	31-Dec-22 (\$)	31-Dec-21 (\$)
Revenue from operations	29,083,123	22,258,011
Reported profit / (loss) after tax	(55,275)	2,416,239

<i>Statement of Financial Position</i>	31-Dec-22 (\$)	30-June-22 (\$)
Net Assets	28,221,260	28,085,390
Total Assets	55,202,346	49,248,719
Cash and cash equivalents	7,126,018	5,706,447

## 6. PRINCIPAL ACTIVITIES

The Group currently operates hydrogeological drilling, test pumping, consultancy and managed aquifer recharge services businesses and is located at a number of mine sites across Western Australia.

## 7. EVENT SUBSEQUENT TO REPORTING DATE

The Company released the following ASX announcement post 31 December 2022:

- The Managing Director Options issued to Mr James Clement lapsed unvested upon their expiry on 3 February 2023.

There were no other matters or circumstance that have arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## 8. ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191, the amounts in the Directors' report and in the financial report have been rounded to the nearest \$1 (where rounding is applicable).

## 9. AUDITOR INDEPENDENCE

The auditor's independence declaration can be found on the following page.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.



James Clement  
Managing Director

Dated 24 February 2023

**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF VYSARN LIMITED AND ITS CONTROLLED ENTITIES**

In relation to the independent auditor's review for the half-year ended 31 December 2022, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Vysarn Limited and the entities it controlled during the period.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

Michael Fay

MICHAEL FAY  
Executive Director  
Perth WA, 24 February 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

**VYSARN**



		31 December 2022	31 December 2021
	Note	\$	\$
<b>Revenue</b>			
Revenue from contracts with customers	4	29,083,123	22,258,011
Other income		101,961	188,376
<b>Expenses</b>			
Administration and corporate expense	6	(1,485,143)	(837,519)
Employee benefits expense	6	(10,489,588)	(8,606,573)
Depreciation and amortisation expense	6	(2,399,632)	(2,144,467)
Finance costs	6	(243,802)	(241,804)
Consumables and other direct expenses	6	(12,968,505)	(7,482,843)
<b>Profit before income tax</b>		<b>1,598,414</b>	<b>3,133,181</b>
Income tax (expense)/benefit		(1,653,689)	(716,942)
<b>Profit/(loss) after income tax benefit for the half year attributable to the owners of the Company</b>		<b>(55,275)</b>	<b>2,416,239</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the half year attributable to owners of the Company</b>		<b>(55,275)</b>	<b>2,416,239</b>
<b>Earnings/(loss) per Share attributable to owners of the Company</b>			
Basic earnings/(loss) per share (cents per share)		(0.01)	0.62
Diluted earnings/(loss) per share (cents per share)		(0.01)	0.58

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



		31 December 2022	30 June 2022
	Note	\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		7,126,018	5,706,447
Trade receivables		7,209,429	5,986,504
Inventories		3,781,933	3,599,105
Other current assets	7	2,277,258	1,208,367
Prepayments and other assets	8	939,681	490,056
<b>TOTAL CURRENT ASSETS</b>		<b>21,334,319</b>	<b>16,990,479</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	9	31,043,541	31,701,407
Right of use asset		404,819	556,833
Goodwill		2,409,334	-
Patents		10,333	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>33,868,027</b>	<b>32,258,240</b>
<b>TOTAL ASSETS</b>		<b>55,202,346</b>	<b>49,248,719</b>
<b>CURRENT LIABILITIES</b>			
Borrowings	10	5,861,256	5,548,400
Trade and other payables		9,656,014	6,172,045
Employee liabilities	11	922,568	733,947
Lease liability		340,726	305,342
Contingent consideration payable		500,000	250,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>17,280,564</b>	<b>13,009,734</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	10	4,690,358	4,356,520
Lease liability		127,468	309,192
Employee liabilities	11	36,055	44,933
Deferred tax liability		4,596,641	2,942,951
Contingent consideration payable		250,000	500,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>9,700,522</b>	<b>8,153,596</b>
<b>TOTAL LIABILITIES</b>		<b>26,981,086</b>	<b>21,163,330</b>
<b>NET ASSETS</b>		<b>28,221,260</b>	<b>28,085,390</b>
<b>SHAREHOLDERS' EQUITY</b>			
Issued capital	12	19,493,032	19,495,181
Reserve	13	748,961	555,667
Retained earnings		7,979,266	8,034,542
<b>SHAREHOLDERS' EQUITY</b>		<b>28,221,260</b>	<b>28,085,390</b>

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

	Issued Capital	Share Based Payment Reserve	Retained Earnings	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	<b>19,130,558</b>	<b>452,293</b>	<b>5,180,113</b>	<b>24,762,964</b>
Profit for the period	-	-	2,416,239	2,416,239
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	2,416,239	2,416,239
<i>Transactions with owners in their capacity as owners</i>				
Issue of shares	375,000	-	-	375,000
Capital raising costs	(10,377)	-	-	(10,377)
Share based payments	-	51,687	-	51,687
<b>Balance at 31 December 2021</b>	<b>19,495,181</b>	<b>503,980</b>	<b>7,596,352</b>	<b>27,595,513</b>
<b>Balance at 1 July 2022</b>	<b>19,495,181</b>	<b>555,667</b>	<b>8,034,542</b>	<b>28,085,390</b>
Loss for the period	-	-	(55,275)	(55,275)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(55,275)	(55,275)
<i>Transactions with owners in their capacity as owners</i>				
Issue of shares	-	-	-	-
Capital raising costs	(2,149)	-	-	(2,149)
Share based payments	-	193,294	-	193,294
<b>Balance at 31 December 2022</b>	<b>19,493,032</b>	<b>748,961</b>	<b>7,979,267</b>	<b>28,221,260</b>

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

	31 December 2022	31 December 2021
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	31,943,768	26,389,223
Payments to suppliers and employees (inclusive of GST)	(26,351,443)	(22,183,710)
Interest received	-	-
Interest paid	(243,802)	(241,804)
<b>Net cash provided by operating activities</b>	<b>5,348,523</b>	<b>3,963,709</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for the acquisition of Project Engineering, net of cash acquired	(2,797,775)	-
Payment for the acquisition of Pentium Test Pumping	-	(2,205,524)
Proceeds from disposal of plant and equipment	50,000	342,200
Purchase of plant and equipment	(1,474,883)	(2,164,549)
<b>Net cash used in investing activities</b>	<b>(4,222,658)</b>	<b>(4,027,873)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	3,858,255	3,791,160
Repayment of borrowings	(3,416,060)	(3,470,668)
Payments for principal portion of lease liabilities	(146,340)	(111,740)
Capital raising costs	(2,149)	(10,376)
<b>Net cash provided by financing activities</b>	<b>293,706</b>	<b>198,376</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,419,571</b>	<b>134,212</b>
Cash and cash equivalents at the beginning of the half year	5,706,447	6,555,486
<b>Cash and cash equivalents at the end of the half year</b>	<b>7,126,018</b>	<b>6,689,698</b>

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

## NOTE 1: GENERAL INFORMATION

The interim financial report (Report) of Vysarn Limited ("the Company") and its controlled entities ("the Group") for the half year ended 31 December 2022 was authorised for issue in accordance with a resolution of the Directors.

Vysarn Limited is a listed public company, trading on the Australian Securities Exchange, limited by shares, incorporated and domiciled in Australia. The Group's registered office and principal place of business is Level 1, 640 Murray St, West Perth WA 6005.

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Statement of Compliance

The half-year financial statements are a condensed consolidated interim financial report, prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134: Interim Financial Reporting ("AASB 134"), Accounting Interpretation and other authoritative pronouncements of the Australian Accounting Standard Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34: Interim Financial Reporting.

This interim financial report does not include the full disclosures of those normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this interim financial report is read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by Vysarn Limited during and since the end of the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

### b) Basis of Preparation

The half-year financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The accounting policies applied in this half year financial report are consistent with those of the annual financial report for the year ended 30 June 2022.

#### *Critical accounting estimates*

The preparation of the half-year financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Refer to Note 3 of the half-year financial statements for new accounting estimates applicable for the period ended 31 December 2022.

### c) Going Concern

These half-year financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

The Directors have reviewed a budget/forecast and having considered the above, are of the opinion that the use of the going concern basis is appropriate and that the Group will be able to pay its debts as and when they fall due for the next 12 months.



**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**d) Business combination**

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is measured at its acquisition date fair value.

Goodwill is initially recognised at an amount equal to the excess of: (a) the aggregate of the consideration transferred, the amount of any non controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in the case of a step acquisition); over (b) the net fair value of the identifiable assets acquired, and liabilities assumed. For accounting purposes, such measurement is treated as the cost of goodwill at that date.

If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the amount of any non controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest, the difference is immediately recognised as a gain in profit or loss.

Acquisition related costs are expensed as incurred.

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Company taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the Group accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

**e) Rounding of amounts**

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

**f) New Accounting Standards issued but not yet effective**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below.

***AASB 2021-2 amends AASB 7 Financial Instruments Disclosures, AASB 101 Presentation of Financial Statements, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, AASB 134 Interim Financial Reporting and AASB Practice Statement 2 Making Materiality Judgements. The main amendments relate to***

- (a) AASB 7 – clarifies that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- (b) AASB 101 – requires entities to disclose their material accounting policy information rather than their significant accounting policies;
- (c) AASB 108 – clarifies how entities should distinguish changes in accounting policies and changes in accounting estimates;

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 134 – to identify material accounting policy information as a component of a complete set of

(d) financial statements; and

(e) AASB Practice Statement 2 – to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

AASB 2021-2 mandatorily applies to annual reporting periods commencing on or after 1 January 2023 and will be first applied by the Group in the financial year commencing 1 July 2023.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

### ***AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants***

AASB 2022-6 amends AASB 101 Presentation of Financial Statements to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.

Practice Statement 2 Making Materiality Judgements is also amended regarding assessing whether information about covenants is material for disclosure.

AASB 2022-6 also amends AASB 2020-1 by deferring the application date by 12 months.

This amending standard mandatorily applies to annual reporting periods commencing on or after 1 January 2023 regarding the deferred application date of AASB 2020-1 and the remaining amendments to disclosures apply to annual reporting periods commencing on or after 1 January 2024. This amendment to disclosures will be first applied by the Group in the financial year commencing 1 January 2024.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

## NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The critical accounting estimates and judgements have been consistently applied with the previous financial year and corresponding interim period, with the following addition during this financial period.

### *Business combination*

The Group has determined that the acquisition of Project Engineering (WA) Pty Ltd constitutes a business combination in accordance with the definitions and guidance provided by AASB 3 *Business Combinations* ("AASB 3") and has provisionally accounted for the acquisition in accordance with that standard at 31 December 2022. In accordance with AASB 3 the assets and liabilities acquired have been recorded by the Group at their acquisition date fair values, resulting in goodwill of \$2,409,334.

**NOTE 4: REVENUE FROM CONTRACTS WITH CUSTOMERS**

31-Dec-22      31-Dec-21  
\$                      \$

Revenue recognised over a period of time from contracts with Australian customers:

Drilling services	15,415,548	17,894,575
Test pumping services	1,400,312	482,397
Consultancy services	1,714,951	-
Income Engineering services	3,968,363	-
Hire revenue	986,100	777,102
Sub-total	<b>23,485,274</b>	<b>19,154,074</b>

Revenue recognised at a point in time from contracts with Australian customers

Sale of goods (consumables)	5,440,498	2,975,066
Mobilisation / demobilisation	157,351	128,870
Sub-total	<b>5,597,849</b>	<b>3,103,937</b>
<b>Total revenue</b>	<b>29,083,123</b>	<b>22,258,011</b>

**NOTE 5: RELATED PARTY TRANSACTIONS**

During the half year ended 31 December 2022, 10,000,000 options were issued to the Directors under the Managing Director Options Offer. Additionally, 3,333,332 ordinary shares were issued to the Directors as a result of a number of Performance Rights vesting. Refer to Note 14 for further information.

**(a) Individual Directors and executives compensation disclosures**

Apart from the details disclosed in this Note, no Director has entered into a material contract with the Group since the end of the previous financial year.

**(b) Subsidiaries**

All inter-company loans and receivables are eliminated on consolidation and are interest free with no set repayment terms.

**(c) Other key management personnel and Director transactions**

Purchases from and sales to related parties are made on terms equivalent to those that prevail in arm's length transactions. During the half year ended 31 December 2022, the Group did not enter into any related party transactions with the Directors or key management personnel.

**NOTE 6: EXPENSES**

Breakdown of expenses by nature:

	31-Dec-22	31-Dec-21
	\$	\$
<b>Administration and Corporate expenses</b>		
- Office expenses	439,142	262,707
- Corporate costs and compliance	1,026,568	553,200
- Other expenses	19,433	21,612
<b>Total</b>	<b>1,485,143</b>	<b>837,519</b>
<b>Employee benefits expense</b>		
- Wages and salaries (inclusive of superannuation)	9,773,132	8,093,932
- Employment related taxes	535,223	460,520
- Share-based payment expense	170,817	51,687
- Other employment related expenses	10,416	434
<b>Total</b>	<b>10,489,588</b>	<b>8,606,573</b>
<b>Depreciation and Amortisation Expense</b>		
- Depreciation and Amortisation expense	2,247,619	2,038,987
- Land and buildings lease amortisation	152,013	105,480
<b>Total</b>	<b>2,399,632</b>	<b>2,144,467</b>
<b>Finance Costs</b>		
- Interest expense	212,694	237,719
- Bank fees	31,108	4,085
<b>Total</b>	<b>243,802</b>	<b>241,804</b>
<b>Consumables and other direct expenses</b>		
- Consumables	8,862,054	3,940,647
- Other direct expenses	4,106,451	3,542,196
<b>Total</b>	<b>12,968,505</b>	<b>7,482,843</b>

**NOTE 7: OTHER CURRENT ASSETS**

	31-Dec-22	30-Jun-22
	\$	\$
Contract fulfilment costs	2,277,258	1,208,367
<b>Total</b>	<b>2,277,258</b>	<b>1,208,367</b>

Contract fulfilment costs are costs generally incurred prior to the commencement of a contract and are expected to be recovered. Contract fulfilment costs are amortised on a straight-line basis over the term of the contract, or a period of 12 months for long term contracts greater than 12 months in duration.

**NOTE 8: PREPAYMENTS AND OTHER ASSETS**

	31-Dec-22	30-Jun-22
	\$	\$
Deposits	-	53,438
Prepayments	861,676	436,618
Other assets	78,005	-
<b>Total</b>	<b>939,681</b>	<b>490,056</b>

**NOTE 9: PLANT AND EQUIPMENT**

	31-Dec-22	30-Jun-22
	\$	\$
Cost	43,654,707	42,065,554
Accumulated depreciation	(12,611,166)	(10,364,147)
<b>Net carrying amount</b>	<b>31,043,541</b>	<b>31,701,407</b>

**a) Movements in Plant and Equipment**

	Plant and equipment	Trucks, trailers and light vehicles	Office Equipment	Assets Under Construction	Total
	\$	\$	\$	\$	\$
<b>Consolidated Group</b>					
Balance at 30 June 2022	21,365,172	10,180,651	155,584	-	31,701,407
Additions	1,240,106	104,715	92,627	173,604	1,611,052
Disposals	-	(21,899)	-	-	(21,899)
Depreciation expense	(1,484,996)	(692,275)	(69,748)	-	(2,247,019)
<b>Balance at 31 December 2022</b>	<b>21,120,282</b>	<b>9,571,192</b>	<b>178,463</b>	<b>173,604</b>	<b>31,043,541</b>

**NOTE 10: BORROWINGS**

	31-Dec-22	30-Jun-22
	\$	\$
<b>CURRENT</b>		
Insurance premium funding (a)	670,778	-
Asset finance facilities (b)	3,716,586	3,054,858
Current maturities of long-term bank loan (c)	1,473,892	2,493,542
<i>Sub-total</i>	<u>5,861,256</u>	<u>5,548,400</u>
<b>NON-CURRENT</b>		
Asset finance facilities (b)	4,690,358	4,143,564
Long-term bank loan, net of current maturities (c)	-	212,956
<i>Sub-total</i>	<u>4,690,358</u>	<u>4,356,520</u>
<b>Total</b>	<u><u>10,551,614</u></u>	<u><u>9,904,920</u></u>

**a) Insurance premium**

The insurance premium funding bears interest at prevailing market rates and is repayable over 10 months.

**b) Asset finance facilities including vendor loan agreement**

The asset finance facilities and vendor loan agreement bear fixed interest at prevailing market rates (ranging from 3.3% to 4%) and are primarily repayable over 1 to 4 years. The asset finance facilities are secured via a registered GSA over the assets purchased under the relevant agreements. The vendor loan agreement is secured via a registered GSA over the two drill rigs which were purchased under the arrangement.

**c) Long-term bank loan**

The Group has a long-term bank loan with a major bank which bears interest at 4.41% per annum and expires in July 2023. A debt facility was secured to support the acquisition of Project Engineering and bears interest of 5.34% over 4 years. The Group has also provided a general security agreement to the bank in respect of the Group's existing and future assets, excluding those included under the asset finance facilities and vendor loan agreement.

**NOTE 11: EMPLOYEE LIABILITIES**

	31-Dec-22	30-Jun-22
	\$	\$
<b>Current</b>		
Provision for long service leave	34,603	-
Provision for annual leave	399,404	257,487
Superannuation liability	488,561	476,460
<i>Sub-total</i>	<u>922,568</u>	<u>733,947</u>
<b>Non-current</b>		
Liability for long service leave	36,055	44,933
<i>Sub-total</i>	<u>36,055</u>	<u>44,933</u>
<b>Total</b>	<u><u>958,623</u></u>	<u><u>778,880</u></u>

NOTE 12: SHARE CAPITAL	31-Dec-22	30-Jun-22
	\$	\$
<b>(a) Share Capital</b>		
395,289,196 (30 June 22: 391,955,864) fully paid ordinary shares	19,493,032	19,495,181

During the six-month period ended 31 December 2022, the Group issued 3,333,332 ordinary shares (30 June 2021: nil). The issue of 3,333,332 shares were issued under the Performance Rights incentive plan to Executive Directors.

NOTE 13: RESERVES	31-Dec-22	30-June-22
	\$	\$
<b>(a) Share Based Payment Reserve</b>		
30,000,000 options (30 June 2022: 20,000,000) and 6,666,668 performance rights (30 June 2022: 10,000,000) on issue	748,961	555,667

**(b) Movement in Share Based Payment Reserve**

Opening balance at 1 July 2022		\$
Options and performance rights on issue on issue at the beginning of the period		555,667
Share based payment for options issued under the Managing Directors Options Offer (Note 14)		22,477
Shares based payment for performance rights assessed based on non-market based vesting conditions (Note 14)		170,817
<b>Total</b>		<b>748,961</b>

## NOTE 14: SHARE BASED PAYMENTS

### Share Issue

3,333,332 performance rights were converted to fully paid ordinary shares and issued to Executive Directors as part of the Performance Rights Incentive. These performance rights had been expensed in full as at 30 June 2022. No further shares were issued during the six-month period ended 31 December 2022.

### Options

During the half-year ended 31 December 2022, the Company issued 10,000,000 options over ordinary shares under the Managing Directors Options Offer (30 June 2022: nil).

	31-Dec-22	31-Dec-22	30-Jun-22	30-Jun-22
	No.	(Cumulative expense in \$)	No.	(Cumulative expense in \$)
At the beginning of the reporting period	20,000,000	364,000	20,000,000	364,000
Options issued during the period under the Managing Directors Options Offer (a)	10,000,000	22,477	-	-
<b>Total</b>	<b>30,000,000</b>	<b>386,477</b>	<b>20,000,000</b>	<b>364,000</b>

- (a) On 24 November 2022, the Company issued 10,000,000 Incentive Options to Mr. James Clement, with an exercise price of \$0.075 and an expiry date of 5 July 2024.

The fair value of the options issued has been determined using a Black-Scholes option pricing model with the following inputs:

### Managing Director Options

#### Options

Number of options	10,000,000
Grant date	24-Nov-2022
Share price at grant date	\$0.085
Issue date	14-Dec-2022
Exercise price	\$0.075
Expected volatility	37.33%
Implied option life	1.61 years
Expected dividend yield	-
Risk free rate	3.16%%
Valuation per option \$	\$0.02247
<b>Total valuation</b>	<b>\$224,774</b>

As per the ASX announcement on 6 February 2023, Mr James Clement has been issued 10,000,000 Managing Director Options. The new options issued have an expiry date of 5 July 2024. An amount of \$22,477 has been expensed during the half-year noting that the total expense of the 10,000,000 Incentive Options will be recognised over the remaining option term to July 2024.

The Managing Director Options issued to Mr James Clement on 3 February 2020 lapsed unvested upon their expiry on 3 February 2023.



**NOTE 14: SHARE BASED PAYMENTS (CONTINUED)**

The following options were outstanding as at 31 December 2022.

*Chairmans Options*

10,000,000 options exercisable at \$0.054 on or before 28 August 2024 as performance incentives under the Chairman options offer.

*Managing Directors' Options*

20,000,000 options exercisable at \$0.075 on or before 5 July 2024 as performance incentives under the Managing Directors Options Offer. 10,000,000 of these options lapsed unvested subsequent to the half-year reporting date. Refer to Note 7 in the Directors' Report.

***Performance Rights***

During the six-month period ended 31 December 2022, the Company did not issue any additional performance rights. 3,333,332 performance rights were converted to fully paid ordinary shares as the achievement of the vesting conditions had been met. An expense is recognised for the period amounting to \$170,817 for the re-assessment of the probability of the performance rights vesting.

	31-Dec-22	31-Dec-22	30-June-22	30-June-22
	No.	(Cumulative expense in \$)	No.	(Cumulative expense in \$)
At the beginning of the reporting period	10,000,000	191,667	10,000,000	88,293
Performance rights issued during the period	-	-	-	-
Performance rights converted to fully paid ordinary shares	(3,333,332)	-	-	-
Expense recognised in the period for existing performance rights - over their vesting period		170,817	-	103,374
<b>Total</b>	<b>6,666,668</b>	<b>362,484</b>	<b>10,000,000</b>	<b>191,667</b>

## NOTE 15: ACQUISITION OF PROJECT ENGINEERING

### Summary of Business Combination

On 1 July 2022 the Company entered into a binding Share Sale Agreement for the acquisition of 100% of the issued capital of Project Engineering. Under the terms of the acquisition, the Company acquired 100% of the issued shares in Project Engineering for consideration of \$4,280,805 cash, adjusted for post working capital adjustments ("Transaction").

The Company assumed control of the trading activities of Project Engineering with effect from 1 July 2022. The Company paid \$4,280,805 in cash to the vendors of Project Engineering as consideration for all of the issued capital of Project Engineering.

Project Engineering is an Australian company. The Transaction was in line with the Company's vertical integration growth strategy in water services and will help to organically grow the Company's existing service offerings through injection testing and managed aquifer recharge consulting.

Having reviewed the terms of the Transaction, the Company has concluded that the Project Engineering Transaction is most accurately reflected as a business combination for accounting purposes as per the definitions and requirements of AASB 3. Details of the purchase consideration and assigned fair value of assets and liabilities acquired are as follows:

	31-Dec-22
	\$
<b>a) Purchase Consideration</b>	
Cash paid (net of working capital adjustments)	4,280,805
<b>Fair value consideration</b>	<b>4,280,805</b>
<b>b) Fair Value of Net Tangible Assets</b>	
Property, plant and equipment	23,505
Cash and cash equivalents	1,483,030
Trade and other receivables	1,105,731
Trade and other payables	(739,166)
Loans	(1,628)
<b>Total</b>	<b>1,871,472</b>
<b>c) Goodwill</b>	
Excess of consideration over fair value of net assets acquired	2,409,334

## NOTE 16: OPERATING SEGMENTS

### Segment Information

#### Identification of reportable segments

As at 31 December 2022 the Group had three reportable segments as outlined below:

- Pentium Hydro;
- Pentium Test Pumping; and
- Project Engineering.

The Group has identified its reportable segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

Project Engineering is a new segment for the half year ended 31 December 2022, having been respectively acquired and established in July 2022. Pentium Water's results or assets are not of a material manner to warrant their classification as a reportable segment at 31 December 2022.

The major results of the Group's operating segments are consistent with the presentation of these consolidated financial statements.

REPORTABLE SEGMENTS	31-Dec-22 \$	31-Dec-21 \$
<b>1. Segmented external revenues</b>		
Pentium Hydro	21,976,872	21,758,894
Pentium Test Pumping	1,422,937	499,117
Project Engineering	3,968,363	-
Other <sup>1</sup>	1,714,951	-
<b>Total</b>	<b>29,083,123</b>	<b>22,258,011</b>

*Note 1 Other revenue comprises of Pentium's Water's consultancy income from professional services rendered.*

<b>2. Segmented net profit before tax</b>		
Pentium Hydro	1,444,808	3,436,963
Pentium Test Pumping	377,528	115,089
Project Engineering	740,849	-
Other <sup>2</sup>	(964,771)	(418,862)
<b>Total</b>	<b>1,598,414</b>	<b>3,133,190</b>

*Note 2 Inclusive of Vysarn Limited's corporate overhead.*

<b>3. Segmented assets</b>		
Pentium Hydro	44,367,377	43,250,327
Pentium Test Pumping	4,151,456	4,329,022
Project Engineering	5,132,309	-
Other	1,551,203	319,142
<b>Total</b>	<b>55,202,345</b>	<b>47,898,491</b>

**NOTE 16: OPERATING SEGMENTS (CONTINUED)**

4. Segmented liabilities	31-Dec-22	31-Dec-21
	\$	\$
Pentium Hydro	20,795,894	18,570,276
Pentium Test Pumping	1,009,754	1,635,116
Project Engineering	3,536,658	-
Other	1,638,690	97,712
<b>Total</b>	<b>26,980,996</b>	<b>20,303,104</b>

**NOTE 17: CONTROLLED ENTITIES**

The ultimate legal parent entity of the Group is Vysarn Limited, incorporated and domiciled in Australia. The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies.

Controlled Entities	Country of Incorporation	Percentage Owned	
		31-Dec-22	30-Jun-2022
Pentium Hydro Pty Ltd	Australia	100%	100%
Pentium Test Pumping Pty Ltd	Australia	100%	100%
Pentium Water Pty Ltd	Australia	100%	100%
Project Engineering (WA) Pty Ltd	Australia	100%	-

The Group is also party to an unincorporated joint venture ("Joint Venture") with Concept Environmental Services Pty Ltd, to which it shares 50% of the costs and returns associated with operating activities. The Joint Venture is still in early stages and did not have a material impact on the results of the Group for the period ended 31 December 2022.

**NOTE 18: FAIR VALUE MEASUREMENT**

Unless otherwise stated, the carrying amounts of financial instruments approximate their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Contingent consideration payable is measured at fair value each reporting date. The fair value of contingent consideration payable has been determined by discounting the cash flows, at market rates of similar borrowings, to their present value (a level 2 measurement within the fair value hierarchy). The probability weighted pay-out method has been utilised by Management to determine the best estimate of expected cashflows arising as a result of the arrangement.

Refer to the Group annual financial report for the year ended 30 June 2022 for further information.

**NOTE 19: CONTINGENT LIABILITIES**

The Group has no known commitments or contingent liabilities as at 31 December 2022 or at the date of this report (31 December 2021: Nil).

**NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE**

The Company released the following ASX announcement post 31 December 2022:

- The Managing Director Options issued to Mr James Clement lapsed unvested upon their expiry on 3 February 2023.

There were no other matters or circumstance that have arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years

In the opinion of the Directors of Vysarn Limited:

1. The financial statements and notes, as set out on pages 9-22 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting.
2. There are reasonable ground to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



**James Clement**  
**Managing Director**  
Dated 24 February 2023

VYSARN LIMITED  
ABN 41 124 212 175

INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF VYSARN LIMITED

**Report on the Half-Year Financial Report**

**Conclusion**

We have reviewed the half-year financial report of Vysarn Limited (the "Company") and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Company does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ("ASRE 2410"). Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 (including Independence Standards)* (the "Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

**Responsibility of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

VYSARN LIMITED  
ABN 41 124 212 175

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF VYSARN LIMITED**

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Pitcher Partners BA&A Pty Ltd*

PITCHER PARTNERS BA&A PTY LTD

*Michael Fay*

MICHAEL FAY  
Executive Director  
Perth WA, 24 February 2023