

**Dynamic Group Holdings Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity:	Dynamic Group Holdings Limited
ABN:	49 640 888 213
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

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

			\$
Revenues from ordinary activities	up	34.3% to	45,697,531
Loss from ordinary activities after tax attributable to the owners of Dynamic Group Holdings Limited	down	276.5% to	(2,511,628)
Loss for the half-year attributable to the owners of Dynamic Group Holdings Limited	down	276.5% to	(2,511,628)

*Dividends*

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

*Comments*

The loss for the consolidated entity after providing for income tax amounted to \$2,511,628 (31 December 2021: profit of \$1,422,788).

**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	19.52	20.88

**4. Control gained over entities**

Name of entities (or group of entities)	Delmoss Nominees Pty Ltd & PDC Drilling Pty Ltd trading as "Welldrill"
Date control gained	15 July 2022

**5. Loss of control over entities**

Not applicable.

**6. Dividends**

*Current period*

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

*Previous period*

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

**7. Dividend reinvestment plans**

Not applicable.

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**8. Details of associates and joint venture entities**

Not applicable.

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**9. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

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**10. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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**11. Attachments**

*Details of attachments (if any):*

The Interim Report of Dynamic Group Holdings Limited for the half-year ended 31 December 2022 is attached.

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**12. Signed**

Signed 

Date: 28 February 2023



**Dynamic Group Holdings Limited**

**ABN 49 640 888 213**

**Interim Report - 31 December 2022**

Directors	Mark Davis Garret Dixon Matthew Freedman George Garnett David Kinnersley Joel Skipworth
Company secretary	James Bahen
Registered office	Suite 1 295 Rokeby Road Subiaco WA 6008
Principal place of business	54 Achievement Way Wangara WA 6065
Share register	Automic Registry Services Level 5 191 St Georges Terrace Perth WA 6000
Auditor	BDO Audit (WA) Pty Ltd Level 9 Mia Yellagonga Tower 2 5 Spring Street Perth WA 6000
Solicitors	Hamilton Locke Level 48 152-158 St Georges Terrace Perth WA 6000
Stock exchange listing	Dynamic Group Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: DDB)
Website	<a href="http://www.dynamicgroupholdings.com.au">www.dynamicgroupholdings.com.au</a>
Corporate Governance Statement	A copy of the Corporate Governance statement can be found at <a href="http://www.dynamicgroupholdings.com.au">www.dynamicgroupholdings.com.au</a>

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Dynamic Group Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

### **Directors**

The following persons were directors of Dynamic Drill and Blast Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mark Davis  
Matthew Leo Freedman  
George Garnett  
Garret Dixon  
David Kinnersley  
Joel Skipworth

### **Principal activities**

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- Drilling & Blasting services
- Reverse Circulation drilling services
- Air Core drilling services
- Water well drilling

### **Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$2,511,628 (31 December 2021: profit of \$1,422,788).

Dynamic Group Holdings Limited successfully completed acquisition of Welldrill, comprising Delmoss Nominees Pty Ltd and PDC Drilling Pty Ltd on 15 July 2022.

Dynamic Group Holdings Limited ("the Company") is a supplier of various specialised drilling services as well as blasting services to clients in the mining and construction sectors in Western Australia. The Company operates under 3 divisions, Dynamic Drill & Blast, Orlando Drilling and Welldrill.

Dynamic Group Holdings Limited has achieved a 34% increase in revenue for the 6 months ended 31 December 2022 compared to the revenue for the 6 months ended 31 December 2021. This is in part due to the acquisition of Welldrill increased fleet and utilisation of Drill Rigs.

The Company's significant project pipeline is based around medium to long term contracts and has a highly experienced executive management team focused on quality service provision, employee safety and providing solutions.

The Company is committed to business and quality management systems that provides the framework for its personnel to achieve its customer's measurable objectives, while using continual improvement initiatives to strive for best practice performance. Since incorporation, the Company has developed comprehensive policies, procedures and processes that aid the safe, effective and efficient provision of services.

Dynamic Drill & Blast ("Dynamic") is a wholly owned subsidiary of the Company. Dynamic is a supplier of drilling and blasting services to clients in the mining and construction sectors in Western Australia. Dynamic focuses on mining and construction projects within a range of commodity sectors, including iron ore, lithium and gold. Dynamic also undertakes short term specialised drilling and blasting projects.

Orlando Drilling ("Orlando") is a wholly owned subsidiary of the Company. Orlando is a Western Australian based company providing grade control, exploration and resource definition drilling services to the mining industry since 2007, utilising its fleet of AC, RC and diamond drill rigs and experienced personnel.

Welldrill is a wholly owned subsidiary of the Company. Welldrill is a Western Australian based company providing specialised production dewatering and bore drilling services to the mining industry since 2000.

## **Current Operations**

Drill and Blast operations continue at Allkem Limited's Mt Cattlin Lithium Spodumene project and AngloGold Ashanti Limited's Golden Delicious project in the Goldfields region of Western Australia. Multiple short-term projects have also been undertaken during the first half of the year with overall utilisation of equipment very high.

Orlando was selected by Pilbara Minerals Resources (ASX:PLS) to complete 38,000m RC drill program at their Pilgangoora Lithium Project.

In addition Orlando have entered into a number of smaller contracts with ongoing exploration projects located in the Pilbara, Murchison and Goldfields regions for the purposes of exploration of the mineral resource reserves of gold, lithium, nickel and copper.

Welldrill continue to service their long-term contract with a tier 1 Iron Ore producer with an expanding scope and implementation of new rig and supporting equipment in quarter 3 of FY23. Overall rig utilisation for Welldrill is high, with all rigs operating for the first half of the year.

## **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 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Mark Davis  
Director

28 February 2023

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF DYNAMIC GROUP HOLDINGS LIMITED

As lead auditor for the review of Dynamic Group Holdings Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Dynamic Group Holdings Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth

28 February 2023

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**General information**

The financial statements cover Dynamic Group Holdings Limited as a consolidated entity consisting of Dynamic Group Holdings Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Dynamic Group Holdings Limited's functional and presentation currency.

Dynamic Group Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

**Registered office**

C/O SmallCap Corporate Pty Ltd  
Suite 6  
295 Rokeby Road  
Subiaco WA 6008

**Principal place of business**

54 Achievement Way  
Wangara  
WA 6065

A description of the nature of the consolidated entity'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 28 February 2023.



**Dynamic Group Holdings Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2022**



		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>	3	45,697,308	34,023,190
Other income		179,669	716,394
Finance Income		223	18
<b>Expenses</b>			
Operating expenses	4	(14,528,956)	(7,870,669)
Travel & accommodation		(1,316,906)	(818,907)
Employee benefits expense		(1,886,988)	(1,050,779)
Employment Expenses		(18,157,525)	(12,794,867)
Depreciation and amortisation expense		(7,654,584)	(4,605,423)
Vehicle expenses		(514,364)	(646,468)
Share based payments	14	(118,370)	(165,848)
Other expenses		(4,369,872)	(3,352,558)
Finance costs		(826,759)	(335,272)
<b>Profit/(loss) before income tax (expense)/benefit</b>		<b>(3,497,124)</b>	<b>3,098,811</b>
Income tax (expense)/benefit	5	985,496	(1,676,023)
<b>Profit/(loss) after income tax (expense)/benefit for the half-year attributable to the owners of Dynamic Group Holdings Limited</b>		<b>(2,511,628)</b>	<b>1,422,788</b>
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year attributable to the owners of Dynamic Group Holdings Limited</b>		<b>(2,511,628)</b>	<b>1,422,788</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings / (loss) per share		(2.05)	1.24
Diluted earnings / (loss) per share		(1.93)	1.24

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

**Dynamic Group Holdings Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2022**



		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2022</b>	<b>30 June 2022</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		4,813,925	9,503,502
Trade and other receivables		16,863,491	11,666,577
Inventories		7,785,233	6,619,034
Other		2,286,252	1,852,887
Total current assets		31,748,901	29,642,000
<b>Non-current assets</b>			
Property, plant and equipment	6	47,831,923	35,952,398
Right-of-use assets		463,697	744,392
Intangible assets	7	16,480,704	12,754,403
Deferred tax		1,126,524	935,733
Other		103,826	21,517
Total non-current assets		66,006,674	50,408,443
<b>Total assets</b>		97,755,575	80,050,443
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		7,217,304	4,731,104
Borrowings	8	8,931,726	6,739,691
Lease liabilities		240,664	539,139
Income tax		2,629,179	2,922,931
Employee benefits		2,830,396	1,717,075
Provisions	12	4,000,000	8,380,000
Other		7,814	453,152
Total current liabilities		25,857,083	25,483,092
<b>Non-current liabilities</b>			
Borrowings	9	19,148,969	11,812,695
Lease liabilities		236,621	311,093
Deferred tax		9,775,216	5,812,619
Total non-current liabilities		29,160,806	17,936,407
<b>Total liabilities</b>		55,017,889	43,419,499
<b>Net assets</b>		42,737,686	36,630,944
<b>Equity</b>			
Issued capital	10	40,591,602	32,091,602
Reserves		491,658	373,288
Retained profits		1,654,426	4,166,054
<b>Total equity</b>		42,737,686	36,630,944

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

**Dynamic Group Holdings Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2022**



<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Share based payment reserve \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2021	11,595,065	113,572	2,118,752	13,827,389
Profit after income tax expense for the half-year	-	-	1,422,788	1,422,788
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	1,422,788	1,422,788
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	3,460,396	-	-	3,460,396
Share-based payments (note 14)	-	165,848	-	165,848
Issues of shares for acquisition	16,875,000	-	-	16,875,000
Balance at 31 December 2021	<u>31,930,461</u>	<u>279,420</u>	<u>3,541,540</u>	<u>35,751,421</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Share based payment reserve \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2022	32,091,602	373,288	4,166,054	36,630,944
Loss after income tax benefit for the half-year	-	-	(2,511,628)	(2,511,628)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,511,628)	(2,511,628)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 14)	-	118,370	-	118,370
Issues of shares for acquisitions	8,500,000	-	-	8,500,000
Balance at 31 December 2022	<u>40,591,602</u>	<u>491,658</u>	<u>1,654,426</u>	<u>42,737,686</u>

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

**Dynamic Group Holdings Limited**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2022**



Note	<b>Consolidated</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	49,228,889	39,645,798
Payments to suppliers and employees (inclusive of GST)	(45,649,374)	(31,915,025)
Receipts of other income	290,573	506,101
Interest received	224	18
Interest and other finance costs paid	(909,069)	(335,272)
Income taxes paid	(802,071)	(229,482)
Net cash from operating activities	<u>2,159,172</u>	<u>7,672,138</u>
<b>Cash flows from investing activities</b>		
Payment for purchase of business, net of cash acquired	12 (13,752,549)	(3,219,084)
Payments for property, plant and equipment	(2,484,725)	(8,656,349)
Payments for deposits for property, plant and equipment yet to be acquired	-	(1,516,493)
Proceeds from disposal of property, plant and equipment	149,351	79,129
Net cash used in investing activities	<u>(16,087,923)</u>	<u>(13,312,797)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	10 -	3,770,443
Proceeds from borrowings	15,867,639	7,173,306
Repayment of borrowings	(6,339,328)	(3,390,399)
Share issue transaction costs	-	(310,047)
Repayment of leases	(289,137)	(262,830)
Net cash from financing activities	<u>9,239,174</u>	<u>6,980,473</u>
Net increase/(decrease) in cash and cash equivalents	(4,689,577)	1,339,814
Cash and cash equivalents at the beginning of the financial half-year	<u>9,503,502</u>	<u>8,750,224</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>4,813,925</u></u>	<u><u>10,090,038</u></u>

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

## **Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### **Basis of preparation**

These general purpose financial statements for the half year ended 31 December 2022 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'). The group is a for profit entity for the purpose of this financial report.

#### *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 consolidated entity'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.

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only.

The accounting policies adopted are consistent with the accounting policies adopted in Dynamic's last annual financial statements for the year ended 30 June 2022. Comparative figures have been adjusted to confirm to changes in presentation for the current financial year.

### **Going Concern**

The Company incurred a loss before tax for the half year ended 31 December 2022 of \$3,497,124 (Half year ended 31 December 2021: profit of \$3,098,811), and had a net cash outflow of \$4,689,577 (Half year ended 31 December 2021: inflow of \$1,339,814) from activities.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

### **Operating Segments**

The consolidated entity is organised into one operating segment: Rendering of services. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors.

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

### **Business Combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

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 and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

### **Intangible assets**

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

### **Goodwill**

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

### **Customer contracts**

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit.

## **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.

### *Recovery of deferred tax assets*

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

### *Deferred consideration*

The deferred consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The consolidated entity applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the deferred consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

### *Business combinations*

As discussed in note 1, 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 consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination 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.

## **Note 3. Revenue**

	<b>Consolidated</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>\$</b>	<b>\$</b>
Services	<u>45,697,308</u>	<u>34,023,190</u>

### *Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

	<b>Consolidated</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>\$</b>	<b>\$</b>
<i>Product type</i>		
Services	<u>45,697,308</u>	<u>34,023,190</u>
<i>Geographical regions</i>		
Western Australia	<u>45,697,308</u>	<u>34,023,190</u>
<i>Timing of revenue recognition</i>		
Services transferred over time	<u>45,697,308</u>	<u>34,023,190</u>

**Note 3. Revenue (continued)**

During the period ended ended 31 December 2022, the consolidated entity derived revenue in excess of 10% of the total revenue of the entity as follows:

	<b>Revenue for the period ended 31 December 2022 \$</b>
Customer	
Alkerm Limited	9,917,778
BHP Billiton Limited	5,440,249

**Note 4. Operating expenses**

	<b>Consolidated 31 December 2022 \$</b>	<b>31 December 2021 \$</b>
Cost of sales	13,482,452	6,632,754
Equipment Hire (short term)	1,046,504	1,237,915
	<u>14,528,956</u>	<u>7,870,669</u>



	Consolidated 31 December 2022 \$	31 December 2021 \$
<i>Income tax expense/(benefit)</i>		
Deferred tax - origination and reversal of temporary differences	(1,548,315)	619,189
Provision for Income Tax	562,819	1,056,834
Aggregate income tax expense/(benefit)	<u>(985,496)</u>	<u>1,676,023</u>
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets	(87,671)	619,189
Decrease in deferred tax liabilities	<u>(1,460,644)</u>	<u>-</u>
Deferred tax - origination and reversal of temporary differences	(1,548,315)	619,189
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Profit/(loss) before income tax (expense)/benefit	<u>(3,497,124)</u>	<u>3,098,811</u>
Tax at the statutory tax rate of 30%	(1,049,137)	929,643
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	-	607,242
Entertainment expenses	17,566	26,134
Share-based payments	35,511	49,754
Non Deductible items & adjustments	<u>201</u>	<u>318</u>
	(995,859)	1,613,091
Adjustment to deferred tax balances as a result of change in statutory tax rate	<u>10,363</u>	<u>62,932</u>
Income tax expense/(benefit)	<u>(985,496)</u>	<u>1,676,023</u>
	Consolidated 31 December 2022 \$	30 June 2022 \$
<i>Amounts credited directly to equity</i>		
Deferred tax assets	-	(44,018)

**Note 6. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2022</b>
	<b>2022</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Leasehold improvements - at cost	318,512	307,347
Less: Accumulated depreciation	(129,157)	(122,441)
	<u>189,355</u>	<u>184,906</u>
Plant and equipment - at cost	76,043,852	50,462,236
Less: Accumulated depreciation	(30,789,793)	(17,402,207)
	<u>45,254,059</u>	<u>33,060,029</u>
Motor vehicles - at cost	4,281,416	4,315,511
Less: Accumulated depreciation	(1,892,907)	(1,608,048)
	<u>2,388,509</u>	<u>2,707,463</u>
	<u><u>47,831,923</u></u>	<u><u>35,952,398</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the previous financial year are set out below:

	Leasehold Improvements \$	Plant & Equipment \$	Motor Vehicles \$	Total \$
Balance as at 1 July 2021	62,493	9,622,088	685,380	10,369,961
Additions	82,278	12,301,941	1,831,306	14,215,525
Additions through business combinations	52,655	16,041,649	747,486	16,841,790
Disposals	-	(86,931)	(79,525)	(166,456)
Depreciation expense	(12,521)	(4,818,719)	(477,182)	(5,308,422)
Balance as at 30 June 2022	<u>184,905</u>	<u>33,060,028</u>	<u>2,707,465</u>	<u>35,952,398</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	Leasehold Improvements \$	Plant & Equipment \$	Motor Vehicles \$	Total \$
Balance at 1 July 2022	184,905	33,060,028	2,707,465	35,952,398
Additions	11,166	2,468,459	5,100	2,484,725
Additions through business combinations (note 12)	-	14,183,627	-	14,183,627
Disposals	-	(222,346)	(32,371)	(254,717)
Depreciation expense	(6,715)	(4,235,709)	(291,686)	(4,534,110)
Balance at 31 December 2022	<u>189,356</u>	<u>45,254,059</u>	<u>2,388,508</u>	<u>47,831,923</u>

**Note 7. Non-current assets - Intangible assets**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2022</b>
	<b>2022</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Goodwill - at cost	7,954,263	7,291,423
Customer contracts - at cost	18,150,296	12,255,377
Less: Accumulated amortisation	(9,623,855)	(6,792,397)
	8,526,441	5,462,980
	<u>16,480,704</u>	<u>12,754,403</u>

**Note 8. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2022</b>
	<b>2022</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Bank loans	8,918,186	6,738,497
Credit Cards	13,540	1,194
	<u>8,931,726</u>	<u>6,739,691</u>

**Note 9. Non-current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2022</b>
	<b>2022</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Bank loans	<u>19,148,969</u>	<u>11,812,695</u>

*Total secured liabilities*

The total secured liabilities (current and non-current) are as follows:

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2022</b>
	<b>2022</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Bank loans	28,067,155	18,551,192
Credit Cards	13,540	1,194
	<u>28,080,695</u>	<u>18,552,386</u>

*Assets pledged as security*

The loans are secured by first mortgages over the consolidated entity's plant and equipment.

**Note 10. Equity - issued capital**

	31 December 2022 Shares	30 June 2022 Shares	Consolidated 31 December 2022 \$	30 June 2022 \$
Ordinary shares - fully paid	<u>134,552,955</u>	<u>114,873,844</u>	<u>40,591,602</u>	<u>32,091,602</u>

*Movements in ordinary share capital for the half year ended 30 June 2022.*

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	68,939,527		11,595,065
Issue of securities	8 July 2021	8,434,317	\$0.45	3,770,443
Issue costs	8 July 2021	-	\$0.00	(148,906)
Issue of securities	14 July 2021	<u>37,500,000</u>	<u>\$0.45</u>	<u>16,875,000</u>
Balance	30 June 2022	<u>114,873,844</u>		<u>32,091,602</u>

*Movements in ordinary share capital for the half year ended 31 December 2022.*

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	114,873,844		32,091,602
Issue of securities	15 July 2022	3,012,444	\$0.31	1,000,000
Issue of securities	10 Nov 2022	<u>16,666,667</u>	<u>\$0.45</u>	<u>7,500,000</u>
Balance	31 December 2022	<u>134,552,955</u>		<u>40,591,602</u>

## **Note 11. Related party transactions**

### *Options issued to related Parties*

The following unlisted options in Dynamic Group Holdings Limited were issued during the 6 months ended 31 December 2022:

- 10 November 2022 - 110,000 unlisted options exercisable at \$0.58 vesting in 12 months to Jezac Pty Ltd ATF MJAC SIVAD Trust
- 10 November 2022 - 110,000 unlisted options exercisable at \$0.64 vesting in 24 months to Jezac Pty Ltd ATF MJAC SIVAD Trust
- 10 November 2022 - 110,000 unlisted options exercisable at \$0.72 vesting in 36 months to Jezac Pty Ltd ATF MJAC SIVAD Trust
- 10 November 2022 - 95,000 unlisted options exercisable at \$0.58 vesting in 12 months, each to Rangehill Holdings Pty Ltd ATF the Calypso Family Trust, Joel Skipworth ATF the Tigerdrill Trust and David Kinnersley ATF the Milligan Trust
- 10 November 2022 - 95,000 unlisted options exercisable at \$0.64 vesting in 24 months, each to Rangehill Holdings Pty Ltd ATF the Calypso Family Trust, Joel Skipworth ATF the Tigerdrill Trust and David Kinnersley ATF the Milligan Trust
- 10 November 2022 - 95,000 unlisted options exercisable at \$0.72 vesting in 36 months, each to Rangehill Holdings Pty Ltd ATF the Calypso Family Trust, Joel Skipworth ATF the Tigerdrill Trust and David Kinnersley ATF the Milligan Trust

Jezac Pty Ltd ATF MJAC SIVAD Trust is an entity to which Mr Mark Davis has a beneficial interest.

Rangehill Holdings Pty Ltd ATF the Calypso Family Trust is an entity to which Mr Matt Freedman has a beneficial interest.

David Kinnersley ATF the Milligan Trust is an entity to which Mr David Kinnersley has a beneficial interest.

Joel Skipworth ATF the Tigerdrill Trust is an entity to which Mr Joel Skipworth has a beneficial interest.

There were no loans to or from related parties at the current and previous reporting date.

## **Note 12. Business combinations**

On 15 July 2022 Dynamic Group Holdings Limited acquired 100% of the ordinary shares of Delmoss Nominees Pty Ltd and PDC Drilling Pty Ltd, trading as Welldrill for the total consideration of \$19,000,000. This is a Waterwell drilling business and operates in the water well division of the consolidated entity. Fair values have been accounted for on a provisional basis.

Details of the acquisition are as follows:

	<b>Fair value</b> <b>\$</b>
Cash and cash equivalents	247,451
Trade receivables	4,261,571
Inventories	1,004,886
Property, Plant and equipment	14,183,627
Customer contracts	5,894,918
Other non-current assets	197,097
Trade payables	(951,768)
Deferred tax liability	(5,320,121)
Employee benefits	(603,986)
Other liabilities	(576,515)
<b>Net assets acquired</b>	<b>18,337,160</b>
<b>Goodwill</b>	<b>662,840</b>
<b>Acquisition-date fair value of the total consideration transferred</b>	<b><u>19,000,000</u></b>
Representing:	
Cash paid or payable to vendor	14,000,000
Dynamic Group Holdings Limited shares issued to vendor	1,000,000
Deferred consideration	4,000,000
	<b><u>19,000,000</u></b>

The revenue contributed by the Welldrill acquisition to the Consolidated entity from acquisition date to 31 December 2022 is \$10,301,185.

The revenue of Welldrill for the 6 months ended 31 December 2022 is \$10,833,381.

The Net Profit After Tax contributed by the Welldrill acquisition to the Consolidated entity from acquisition date to 31 December 2022 is \$776,509.

The Net Profit After Tax of Welldrill for the 6 months ended 31 December 2022 is \$876,500.

### ***Deferred Consideration***

The deferred consideration of \$4,000,000 is payable in March 2023 and is not contingent on any performance milestone.

## **Note 13. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

## **Note 14. Share-based payments**

### ***Options***

Details of the Options issued during the period ended 31 December 2022 are outlined below:

**Note 14. Share-based payments (continued)**

	Unlisted options Exercisable at \$0.58 Maturing on 10 November 2025	Unlisted options Exercisable at \$0.64 Maturing on 10 November 2026	Unlisted options Exercisable at \$0.72 Maturing on 10 November 2027
Number of options	395,000	395,000	395,000
Exercise price	\$0.58	\$0.64	\$0.72
Maturity date	10 November 2025	10 November 2026	10 November 2027
Vesting final date	10 November 2023	10 November 2024	10 November 2025
Share based payment expensed to 31 December 2022	\$4,166	\$2,497	\$1,876

Details of Options issued in previous periods expensed to 31 December 2021 is outlined below:

	Unlisted options Exercisable at \$0.74 Maturing on 10 December 2023	Unlisted options Exercisable at \$0.82 Maturing on 10 December 2024	Unlisted options Exercisable at \$0.92 Maturing on 10 December 2025
Number of options	375,000	562,500	562,500
Exercise price	\$0.74	\$0.82	\$0.92
Maturity date	10 December 2023	10 December 2024	10 December 2025
Vesting final date	10 December 2022	10 December 2023	10 December 2023
Share based payment expensed to 31 December 2022	\$13,077	\$16,613	\$18,007

  

	Unlisted options Exercisable at \$0.62 Maturing on 25 November 2024	Unlisted options Exercisable at \$0.69 Maturing on 25 November 2025	Unlisted options Exercisable at \$0.77 Maturing on 25 November 2026
Number of options	362,500	372,500	372,500
Exercise price	\$0.62	\$0.69	\$0.77
Maturity date	25 November 2024	25 November 2025	25 November 2026
Vesting final date	25 November 2022	25 November 2023	25 November 2024
Share based payment expensed to 31 December 2022	\$24,735	\$14,436	\$10,482

**Performance Rights**

Details of the Performance Rights issued during the period ended 31 December 2021 are outlined below:

	Date of Issue	Milestone	Number of Performance Rights
Tranche 1	10 November 2022	Service condition for key management personnel to 15 July 2024	300,000
Tranche 2	10 November 2022	Service condition for key management personnel to 15 July 2024	200,000

Details of the Performance Rights expensed in the period ended 31 December 2022 are outlined below:

**Note 14. Share-based payments (continued)**

	2022 Tranche 1	2022 Tranche 2
Number of rights	300,000	200,000
Date of issue	10 November 2022	10 November 2022
Expensed to 31 December 2022	\$7,488	\$4,992



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-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 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mark Davis  
Director

28 February 2023

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dynamic Group Holdings Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Dynamic Group Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 Group does not comply 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 of its financial performance for the half-year ended on that date; and
- (ii) 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*. 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

#### 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 financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Dean Just', is written over a faint, larger 'BDO' logo.

Dean Just

Director

Perth

28 February 2023