



# Half-Year Financial Reports and Accounts

For the half-year ended 31 December 2022

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## GENERAL INFORMATION

The consolidated interim Financial Report of the SSH Group Ltd (“the Company”) as at and for the six months ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as “the Group”). The Financial Statements are presented in Australian dollars, which is the Group’s functional and presentation currency.

### REGISTERED OFFICE

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Level 2/10 Ord St, West Perth WA 6005

A description of the nature of the Group’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 the Directors on 28<sup>th</sup> February 2023.

## DIRECTORS’ REPORT

In accordance with the *Corporations Act 2001*, the SSH Group Ltd (ABN 79 140 110 130) (referred to hereafter as the ‘Company’), and its subsidiaries (referred to hereafter as the ‘Group’) provides this Report for the six months ended 31 December 2022.

### DIRECTORS

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The Directors who held office during or since the end of the period are:

Bruce Lane	Non-Executive Chairman
Daniel Cowley-Cooper	Managing Director
Stefan Finney	Executive Director

### COMPANY SECRETARY

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Matthew Foy

### SHARES AND UNITS ON ISSUE

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Shares issued in the Company during the period totalled 3,068,698 increasing the total shares on issue to 65,399,853.

The shares were issued to meet the deferred consideration payment as per the agreement with respect to the acquisition of Karratha Machinery Hire in the previous financial year.

### PRINCIPAL ACTIVITIES

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During the period, the principal continuing activities of the Group consisted of security and site access services, labour hire services (People Hire) and commercial fleet hire services and plant and equipment hire services (Equipment Hire).

### DIVIDENDS

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There were no dividends paid, recommended, or declared during the current or comparative period for the six months ended 31 December 2022.

## REVIEW OF OPERATIONS

During the six months ended 31 December the Group has been able to focus on its core business and operations after a sustained period of growth including its successful IPO in the prior financial year.

The increased focus on operations identified an opportunity to restructure and merge the Safety and Labour Hire divisions into one People Hire division. Both divisions were closely aligned and delivering similar services, so the restructure allowed for the realisation of many procedural and support function efficiencies and resulted in a reduction in many supervisory costs. The Equipment Hire division was expanded to enable the Group to continue to grow margin on a lower revenue base.

Financial results and a reconciliation between EBITDA<sup>1</sup> and Profit After Tax for the period are summarised below.

	31 Dec 2022	31 Dec 2021
People Hire (Safety and People) Revenue	19,062,876	51,700,105
Equipment Hire (Fleet Plant and Equipment) Revenue	3,892,656	-
Other / Interdivision Revenue	(180,124)	-
<b>Total Revenue</b>	<b>22,775,408</b>	<b>51,700,105</b>
Gross Margin	5,347,451	5,626,798
Gross Margin %	23.4%	10.8%
Accounting (loss) before income tax for the period	(1,352,831)	(1,716,221)
<b>Add Back</b>		
Depreciation	1,334,885	355,452
Interest	797,663	156,793
<b>Prima Facie EBITDA</b>	<b>779,717</b>	<b>(1,203,976)</b>
<b>Normalised one off entries for the period</b>		
Restructuring payroll costs	818,993	
Lease exit cost	19,371	
Tru Fleet Establishment costs	162,927	
Share based payments – IPO	27,356	1,214,372
Cost of Reserve Acquisition – IPO	-	1,729,308
<b>Normalised EBITDA</b>	<b>1,808,364</b>	<b>1,739,704</b>
<b>Normalised EBITDA / Revenue</b>	<b>7.9%</b>	<b>3.3%</b>

The Group reports EBITDA in addition to the Profit After Tax. EBITDA is a financial measure not prescribed by the Australia Accounting Standards (AAS) and represents statutory profit under AAS adjusted for specific non-cash and significant items. The Directors of the Group consider EBITDA to reflect core earnings of the Group.

Revenue for the period was \$22,775,408 (31 December 2021: \$51,700,105), which was a decrease of \$28,924,697, or 56%. The reduction is due to several contracts in the historical Safety division coming to their natural completion as of 30 June 2022. The Equipment division had not been established by 31 December 2021 so there is no comparative revenue.

<sup>1</sup> Non-IFRS information.

Gross Profit for the period was \$5,347,451 (31 December 2021: \$5,626,798). While this represents a small decrease in the total amount returned, the Gross Margin percentage has increased by 116% on the prior corresponding period. This Gross Margin percentage increase is due to the Group growing the much higher margin Equipment Hire division as part of the growth strategy previously outlined.

The Group's normalised EBITDA from operations, excluding one off entries for the period – being non-recurring and restructuring costs - was \$1,808,364 (Normalised 31 December 2021: \$1,739,704).

This represents a 4% increase in EBITDA on prior corresponding period despite the revenue reduction. The non-recurring expenses relate to the one-off costs of repositioning and re-structuring the Group for future growth following the completion of a large contract, as previously announced, and the establishment of the SSH Group Equipment division. The Group has significantly shifted its operations to higher margin services in stronger markets as part of its strategy for future growth.

The Group has established a light vehicle commercial fleet business during the period (Tru Fleet). Costs of establishment totalled \$162,927, whilst the Group provided \$1,216,879 in working capital to establish operations. The fleet size has grown to 115 cars with a value exceeding \$8 million. Tru Fleet's revenue to December totalled \$926,968 servicing more than 20 clients with an order book exceeding \$2 million. Tru Fleet has now exceeded its minimum efficient scale and as such is expected to contribute to Group EBITDA in the next reporting period.

The Groups cashflow from operations was a positive \$2,980,335 whilst the \$1,687,500 was spent in meeting the deferred consideration payment for the Karratha Machinery Hire acquisition.

The Group's debt position decreased marginally during the period due to working capital facilities with trade debtor funding being partially repaid and scheduled repayments of existing asset financing facilities continuing, whilst borrowings increased to fund light vehicle acquisitions.

## USE OF FUNDS

As of 31 December 2022, the Company has fulfilled all "use of funds" commitments outlined in the SSH Group Prospectus as noted below.

Use of Funds	Prospectus	Expenditure to Date
Site Services Holdings Group Operational Expenditure		
Retire extended short-term payables	1,105,000	1,105,000
Reduce short-term debt	645,000	645,000
Capital equipment purchases	2,500,000	2,500,000
<b>Operational Expenditure Sub-Total</b>	<b>4,250,000</b>	<b>4,250,000</b>
Corporate and administration costs		
Costs of the Offers and Acquisition	637,414	429,000
Working capital	1,806,586	2,015,000
<b>Total Funds Allocated</b>	<b>6,694,000</b>	<b>6,694,000</b>

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the period the Group established its commercial fleet hire services (Tru Fleet) to compliment and increase its existing equipment hire offering. Tru Fleet was launched in July with a fleet of 80 light vehicles, expanding to 115 vehicles by 31 December, with an asset value of \$8.6m.

During the period the Group's People Hire division transitioned from SSH Group People into Bridge Resources. On the 1st of October 2022 Bridge Resources officially launched to the market. Bridge Resources also manages the clients of the former Safety division.

The Group has also created a strategic partnership with the Four Hills Group. This strategic partnership, Four Hills Services Pty Ltd, is owned 49% by SSH Group and will bring together the strengths and expertise of both companies to

deliver high-quality people and equipment hire services to the construction, civil, and mining sectors of Western Australia. Four Hills Services will spend 10% of its revenue on direct Aboriginal economic impact.

There were no other significant changes to the Group's operations.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

## ENVIRONMENTAL REGULATION

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

## MEETINGS OF DIRECTORS

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During the period, there were 6 meetings of Directors held. Attendance by each Director during the period were as follows:

	Number eligible to attend	Number attended
Bruce Lane	6	6
Daniel Cowley-Cooper	6	6
Stefan Finney	6	6

## INDEMNITY AND INSURANCE OF AUDITOR

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The Group has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor. During the financial period, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

## PROCEEDINGS ON BEHALF OF THE GROUP

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No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of any of the Group entities, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

## AUDITOR'S INDEPENDENCE DECLARATION

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A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Director's Report.

This Report is made in accordance with a resolution of the Directors pursuant to section 306(3)(a) of the Corporations Act 2001.



Daniel Cowley-Cooper  
Director

27<sup>th</sup> February 2023  
Perth

To the Board of Directors

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

As lead audit director for the review of the financial statements of SSH Group Limited for the half year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,



**HALL CHADWICK WA AUDIT PTY LTD**



**D M BELL CA**

**Director**

Dated this 27<sup>th</sup> day of February 2023  
Perth, Western Australia



## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2022

Consolidated Group

	Note	31 Dec 2022	31 Dec 2021
<b>Continuing Operations</b>			
Revenue	4	22,775,408	51,700,105
Cost of Sales		(17,427,957)	(46,073,307)
		5,347,451	5,626,798
<b>Other Revenue</b>			
Other Income	4	31,549	253,333
<b>Expenses</b>			
Employee Benefits Expense		(3,576,073)	(2,965,793)
Administration Costs		(886,289)	(1,110,726)
Depreciation and amortisation expense		(1,334,885)	(156,793)
Finance costs		(797,663)	(355,452)
Occupancy expenses		(109,565)	(63,908)
Share Based Payments expense		(27,356)	(1,214,372)
Cost of corporate reorganisation on listing		-	(1,729,308)
Loss before income tax		(1,352,831)	(1,716,221)
Tax benefit / (expense)		505,724	(310,874)
Net loss for the year		(847,107)	(2,027,095)
<b>Net loss attributable to:</b>			
Owners of the Parent Entity		(847,107)	(2,027,095)
Non-controlling interest		-	-
		(847,107)	(2,027,095)
<b>Earnings per share</b>			
<b>From operations:</b>			
Basic earnings per share (cents)		(0.01)	(0.05)
Diluted earnings per share (cents)		(0.01)	(0.05)

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	31 Dec 2022	30 Jun 2022
<b>Assets: Current Assets</b>			
Cash and Cash Equivalents	5	2,005,205	5,346,816
Trade and Other Receivables	6	6,027,645	11,135,102
Inventory		26,806	-
Current tax assets		306,723	-
<b>Total Current Assets</b>		<b>8,366,379</b>	<b>16,481,918</b>
<b>Assets: Non-Current Assets</b>			
Property, Plant and Equipment	7	18,578,536	14,864,561
Deferred Tax Assets		158,894	116,486
Intangible Assets	9	5,683,438	5,690,191
Other Non-Current Assets	6	431,189	264,463
Right of Use Assets	8	1,515,367	1,987,523
<b>Total Non-Current Assets</b>		<b>26,367,424</b>	<b>22,923,224</b>
<b>Total Assets</b>		<b>34,733,803</b>	<b>39,405,142</b>
<b>Liabilities: Current Liabilities</b>			
Trade and Other Payables	10	5,231,163	6,658,848
Other Current Liabilities		-	2,250,000
Lease Liabilities	11	3,380,457	2,903,819
Borrowings	11	2,846,592	5,839,712
Current Tax Liabilities		-	169,919
Provisions	12	315,488	320,747
<b>Total Current Liabilities</b>		<b>11,773,700</b>	<b>18,143,045</b>
<b>Liabilities: Non-Current Liabilities</b>			
Borrowings	11	1,664,600	1,908,200
Lease Liabilities	11	13,942,028	11,746,046
Provisions	12	29,775	22,371
<b>Total Non-Current Liabilities</b>		<b>15,636,403</b>	<b>13,676,617</b>
<b>Total Liabilities</b>		<b>27,410,103</b>	<b>31,819,662</b>
<b>Net Assets</b>		<b>7,323,700</b>	<b>7,585,480</b>
<b>Equity</b>			
Issued Capital	13	8,437,674	7,879,703
Reserves		1,994,184	1,966,828
Accumulated Losses		(3,108,158)	(2,261,051)
<b>Total Equity</b>		<b>7,323,700</b>	<b>7,585,480</b>

## STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2022

	Note	Issued equity / Capital	Reserves	Retained Earnings	Total Equity
Balance at 01 Jul 2021		100	36,761	336,165	373,026
Loss after income tax for the period		-	-	(2,027,095)	(2,027,095)
Total comprehensive income for the year		-	-	(2,027,095)	(2,027,095)
Shares issued for Initial Public Offering		6,250,000	-	-	6,250,000
Capital raising costs		(1,133,122)	-	-	(1,133,122)
Shares issued for acquisition of Group entities net of cost		2,216,955	-	-	2,216,955
Options issued during the period		-	1,884,474	-	1,884,474
Performance rights issued during the period		-	33,762	-	33,762
Balance at 31 Dec 2021		7,333,933	1,954,997	(1,690,930)	7,598,000
Balance at 01 Jul 2022		7,879,703	1,966,828	(2,261,051)	7,585,480
Loss after income tax for the period		-	-	(847,107)	(847,107)
Total comprehensive income for the year		-	-	(847,107)	(847,107)
Shares issued for deferred consideration payments net of cost		557,971			557,971
Value of performance rights recognised during the period			27,356		27,356
Balance at 31 Dec 2022		8,437,674	1,994,184	(3,108,158)	7,323,700

## STATEMENT OF CASH FLOWS

For the six months ended 31 December 2022

### Consolidated Group

	Note	31 Dec 2022	31 Dec 2021
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		31,525,656	53,618,644
Payments to suppliers and employees		(27,774,999)	(54,435,285)
Other revenue received		31,549	228,840
Interest received		476	-
Finance costs		(789,021)	(344,447)
Income tax paid		(13,326)	(6,748)
<b>Net cash generated by / (used in) operating activities</b>		<b>2,980,335</b>	<b>(944,996)</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from disposal of property, plant and equipment		814,868	12,037
Purchase of property, plant and equipment		(5,373,816)	(171,941)
Payment of deferred consideration in relation to purchase of a business		(1,687,500)	-
Recognition of cash balances acquired on acquisition		-	268,954
<b>Net cash (used in) / generated by investing activities</b>		<b>(6,246,448)</b>	<b>109,050</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares		-	6,250,000
Payment of capital raising/share issue costs		(4,529)	(429,259)
Proceeds from borrowings other		4,115,084	3,097,187
Repayment of borrowings other		(4,186,053)	(1,556,439)
<b>Net cash (used in) / provided by financing activities</b>		<b>(75,498)</b>	<b>7,361,489</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(3,341,611)</b>	<b>6,525,543</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>5,346,816</b>	<b>161,920</b>
<b>Cash and cash equivalents at the end of the financial year</b>	4	<b>2,005,205</b>	<b>6,687,463</b>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

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The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

#### New or Amended Accounting Standards and Interpretations Adopted

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early-adopted.

#### Statement of Compliance

The half year Financial Report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with IFRS Accounting Standards IAS 34 Interim Financial Reporting. The half year Report does not include notes of the type normally included in an Annual Report and should be read in conjunction with the most recent annual 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.

#### Going Concern

The half year financial report has been prepared on the going concern basis which contemplates the continuity of normal business activity, the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the period ended 31 December 2022 the Group incurred a loss before tax of \$1,352,831 (2021: \$1,716,221) and net cash outflows of \$3,341,611, whilst net cashflows contributed from operations totalled \$2,980,335 (2021: outflow \$944,996). Cash outflows includes \$5,373,816 for the purchase of plant and equipment to expand the Group's hire fleet and \$1,687,500 for final payment of the consideration for the acquisition of Karratha Machinery Hire. As at balance date, the Group has a working capital deficit of \$3,714,044, which includes current borrowings of \$6,227,049.

Included in current borrowings is \$3,445,535 of bank loans and hire purchase agreements which are supported by the Group's hire assets including light vehicles and plant and equipment totalling \$18,214,509, these assets are disclosed as non-current assets. Future revenues (through medium to long term Hire contracts) generated by these assets are not recognised as at 31 December 2022 but will be available to meet the debt repayments as and when they fall due.

The ability of the Group to continue as a going concern is principally dependent on the ability of the entity to continue to generate net cash inflows from operating activities and manage its working capital including the extension of its borrowing facilities in the ordinary course of business. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern.

The Directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Group's history of raising capital, the Directors are confident of the Group's ability to raise additional funds if required.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

## 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 Group'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. Critical Accounting Judgements, Estimates and Assumptions.

## Principles of Consolidation

The consolidated Financial Statements incorporate the assets and liabilities of all subsidiaries of SSH Group Limited as at 31 December 2022 and the results of all subsidiaries for the six months then ended. SSH Group Limited and its subsidiaries together are referred to in this Financial Report as the Group.

Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. Investments in subsidiaries are accounted for at cost in the individual financial statements of SSH Group Limited.

Intercompany transactions, balances, and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provided evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated Statement of Profit or Loss and Other Comprehensive Income and in the Statement of Financial Position respectively.

## Revenue Recognition

The Group recognises revenue as follows:

### Revenue from Contracts with Customers

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

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

### Sale of Goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

### Rendering of Services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or hourly rate.

### Interest

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

### Other Revenue

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

### Income Tax

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

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

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

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date.

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

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

### Current and Non-Current Classification

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

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

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

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

### Cash and Cash Equivalents

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

### Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

## Investments and Other Financial Assets

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

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

### Financial Assets at Amortised Cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- i.* it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- ii.* the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

### Impairment of Financial Assets

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

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses.

The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

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

## Property, Plant, and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a diminishing value basis to write off the net cost of each item of property, plant, and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-10 years
Motor Vehicles	3-5 years
Leasehold Improvements	3-5 years
Computer Equipment	1-3 years

The residual values, useful lives, and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.



## 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 and 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.

## Impairment of Non-Financial Assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

## Trade and Other Payables

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

## Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

## Finance Costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

## Employee Benefits

### Short-Term Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

### Other Long-Term Employee Benefits

The liability for long service leave is not expected to be settled within 12 months of the reporting date and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using a net present valuation calculation method.

Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### Share-Based Payments

Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The costs of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either Black-Scholes or Monte Carlo option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employee to receive payment. No account is taken of any other vesting conditions.

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to the profit and loss is calculated based on the grant date fair value of the award, recognised in profit and loss for the period is the cumulative amount calculated at each reporting date less amount already recognised in previous periods.

### Fair Value Measurement

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

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

### Issued Capital

Ordinary units are classified as equity.

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

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

Where the business combination is achieved in stage, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between 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 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 either 12 months from the date of the acquisition or when the acquirer receives all the information possible to determine fair value.

### Goods and Services Tax ('GST') and Other Similar Taxes

Revenues, expenses, and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

## NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue, and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, which management believes to be reasonable under these 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.

### Share-Based Payment Transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### Allowance For Expected Credit Losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

### Fair Value Measurement Hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- i.* Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- ii.* Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- iii.* Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and there which category the asset or liability is placed in can be subjective.

The fair value of the assets and liabilities classified as Level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

### Estimation of Useful Lives of Assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1. Significant Accounting Policies.

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

### Impairment of Non-Financial Assets other than Goodwill and other Indefinite Life Intangible Assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

## Income Tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

## Recover of Deferred Tax Assets

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

## Employee Benefits Provision

As discussed in Note 1. Significant Accounting Policies, the liability for employee benefits expected to be settled more than 12 months from the reporting date is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date.

In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

### NOTE 3. FINANCIAL REPORTING BY SEGMENTS

#### a) Identification of Reportable Segments

It was determined that during FY21 the Group operated in two distinct Segments, "Safety" and "People". As part of the Group's IPO a third operating Segment, "Equipment", was identified along with the "Corporate" cost centre.

During the current financial period it was determined the Safety Division delivers people hire services in providing a broad range of safety services (including security, site and facility safety, road safety, and associated services for the construction, civil, mining, and government portfolios.) As such the Safety and People Segments have been merged into a People Hire segment.

The Equipment Hire Segment comprises Tru Fleet Pty Ltd for light Vehicles, and SSH Group Machinery Hire Pty Ltd trading as Karratha Machinery Hire for other equipment items and is unchanged from 30 June 2022.

Likewise, the Corporate segment, being the Groups corporate and share services function, is unchanged from 30 June 2022

#### b) Segment Results

##### Segment Performance

31 December 2022 Revenue	People Hire	Equip. Hire	Corporate	Total
External sales	19,062,876	3,711,532	1,000	22,775,408
Intersegment sales	-	181,124	(181,124)	-
<b>Total segment revenue</b>	<b>19,062,876</b>	<b>3,892,656</b>	<b>(180,124)</b>	<b>22,775,408</b>
Segment profit from operations	354,311	1,932,649	(1,479,887)	807,073
Depreciation and amortisation	(127,722)	(1,098,570)	(108,593)	(1,334,885)
Finance and interest costs	(199,158)	(563,929)	(34,576)	(797,663)
Share based payments	-	-	(27,356)	(27,356)
Tax (expense)/benefit	107,938	24,647	373,139	505,724
<b>Net profit</b>	<b>135,369</b>	<b>294,797</b>	<b>(1,277,273)</b>	<b>(847,107)</b>
31 December 2021 Revenue	People Hire	Equip. Hire	Corporate	Total
External sales	51,700,105	-	-	51,700,105
Intersegment sales	-	-	-	-
<b>Total segment revenue</b>	<b>51,700,105</b>	<b>-</b>	<b>-</b>	<b>51,700,105</b>
Segment result before tax - continuing operations	3,744,882	-	(2,005,178)	1,739,704
Depreciation and amortisation	(41,124)	-	(115,669)	(156,793)
Finance costs	(348,479)	-	(6,973)	(355,452)
Share based payments	-	-	(1,214,372)	(1,214,372)
Corporate re organisation cost for listing	-	-	(1,729,308)	(1,729,308)
Tax (expense)/benefit	(106,240)	-	(204,634)	(310,874)
<b>Net profit before tax - continuing operations</b>	<b>3,249,039</b>	<b>-</b>	<b>(5,276,134)</b>	<b>(2,027,095)</b>

## Segment Assets and Liabilities

	People Hire	Equip. Hire	Corporate	Total
<b>Segment assets</b>				
31 December 2022	6,036,281	24,947,075	4,019,159	34,733,803
30 June 2022	11,351,621	21,149,053	6,904,468	39,405,142
<b>Segment liabilities</b>				
31 December 2022	6,140,526	19,860,041	1,678,248	27,410,103
30 June 2022	12,274,003	18,757,098	788,561	31,819,662

## NOTE 4. REVENUE AND OTHER INCOME

	31 Dec 2022	31 Dec 2021
<b>Sources of revenue</b>		
Review from agreements with customers	22,775,408	51,700,105
<b>Total revenue</b>	<b>22,775,408</b>	<b>51,700,105</b>
<b>Other Income</b>		
Subsidies and grants	-	253,333
Interest received	476	-
Gain on disposal of property, plant, and equipment	20,698	-
Other income	10,375	-
	<b>31,549</b>	<b>253,333</b>
	<b>22,806,957</b>	<b>51,953,438</b>

## NOTE 5. CASH AND CASH EQUIVALENTS

	31 Dec 2022	30 Jun 2022
Cash at bank and on hand	2,004,905	5,346,516
Cash on hand	300	300
	<b>2,005,205</b>	<b>5,346,816</b>
<b>Reconciliation of cash</b>		
Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:		
Cash and cash equivalents	2,005,205	5,346,816
Bank overdrafts	-	-
	<b>2,005,205</b>	<b>5,346,816</b>

**NOTE 6. TRADE AND OTHER ASSETS**

	Consolidated Group	
	31 Dec 2022	30 Jun 2022
<b>Current</b>		
Trade receivables	4,485,728	9,953,787
Accrued income	526,534	816,345
Provision for impairment	-	(61,892)
	5,012,262	10,708,240
Other receivables	128,021	137,870
Prepayments	887,362	288,992
	1,015,383	426,862
<b>Total current trade and other receivables</b>	<b>6,027,645</b>	<b>11,135,102</b>
<b>Non-Current</b>		
Security deposits	323,913	264,463
Other non-current assets	107,276	-
<b>Total non-current trade and other receivables</b>	<b>431,189</b>	<b>264,463</b>
<b>Total trade and other receivables</b>	<b>6,485,640</b>	<b>11,399,565</b>



## NOTE 7. PROPERTY, PLANT, AND EQUIPMENT

Consolidated Group	31 Dec 2022	30 Jun 2022
<b>Plant and equipment</b>		
At cost	10,899,609	10,834,796
Accumulated depreciation	(963,502)	(425,026)
	9,936,107	10,409,770
<b>Motor Vehicles</b>		
At cost	8,771,415	4,314,194
Accumulated depreciation	(493,013)	(171,975)
	8,278,402	4,142,219
<b>Computers and Office Equipment</b>		
At cost	479,782	446,717
Accumulated depreciation	(300,703)	(260,268)
	179,079	186,449
<b>Leasehold Improvements</b>		
At cost	204,737	129,209
Accumulated depreciation	(19,789)	(3,086)
	184,948	126,123
<b>Total property, plant, and equipment</b>	<b>18,578,536</b>	<b>14,864,561</b>

Consolidated Group:	Plant and Equipment	Motor Vehicles	Computers and Office Equipment	Leasehold Improvements	Total
Balance at 1 Jul 2022	10,409,770	4,142,219	186,449	126,123	14,864,561
Additions	239,551	5,215,706	44,950	75,527	5,575,734
Disposals	(120,716)	(673,861)	(11,083)	-	(805,660)
Acquisition - business combination	-	-	-	-	-
Depreciation expense	(592,498)	(405,662)	(41,237)	(16,702)	(1,056,099)
Balance at 31 Dec 2022	9,936,107	8,278,402	179,079	184,948	18,578,536
Balance at 1 Jul 2021	32,970	262,555	2,182	454	298,161
Additions	153,224	4,542,277	168,828	128,731	4,993,060
Acquisition - business combination	10,525,004	22,814	109,528	-	10,657,346
Disposals	(11,332)	(427,333)	-	-	(438,665)
Depreciation expense	(290,096)	(258,094)	(94,089)	(3,062)	(645,341)
Balance at 30 June 2022	10,409,770	4,142,219	186,449	126,123	14,864,561

**NOTE 8. RIGHT-OF-USE ASSETS**
**AASB 16-Related Amounts Recognised in the Balance Sheet**

	31 Dec 2022	30 Jun 2022
Right of use assets		
Leased assets	1,785,827	2,469,942
Accumulated depreciation	(270,460)	(482,419)
Total right of use asset	1,515,367	1,987,523
Movement in carrying amounts:		
Opening net carrying amount 1 July 2022	1,987,523	-
Leased assets acquired through business combinations on acquisition		399,361
Leased assets derecognised through lease surrender	(372,361)	-
Leased assets acquired during the year	165,412	1,833,377
Depreciation expense	(265,207)	(245,215)
Net carrying amount 31 December 2022	1,515,367	1,987,523

**AASB 16-Related Amounts Recognised in the Statement of Profit or Loss**

	31 Dec 2022	31 Dec 2021
Right of use assets		
Depreciation charge related to right-of-use assets	265,207	83,834
Interest expense on lease liabilities	60,502	12,955

**NOTE 9. INTANGIBLES**
**Consolidated Group**

	31 Dec 2022	30 Jun 2022
Goodwill		
Cost	5,622,920	5,622,920
Accumulated impairment	-	-
Net carrying amount	5,622,920	5,622,920
Website Development Costs		
Costs	84,422	77,597
Accumulated amortisation and impairment	(23,904)	(10,326)
Net carrying amount	60,518	67,271
Total intangible assets	5,683,438	5,690,191

## NOTE 10. TRADE AND OTHER PAYABLES

Consolidated Group		
	31 Dec 2022	30 Jun 2022
Current		
Trade payables	3,436,989	2,755,633
Sundry payables and accrued expenses	1,794,174	3,903,215
	<u>5,231,163</u>	<u>6,658,848</u>

## NOTE 11. BORROWINGS

Consolidated Group		
	31 Dec 2022	30 Jun 2022
Current		
Secured liabilities – amortised cost:		
Debtor finance facility	2,359,392	5,352,512
Bank loans	487,200	487,200
Other	-	-
	<u>2,846,592</u>	<u>5,839,712</u>
Hire Purchase liabilities mortgage loans	2,958,335	2,425,656
Right of use asset liabilities	422,122	478,163
	<u>3,380,457</u>	<u>2,903,819</u>
Total current borrowings	<u>6,227,049</u>	<u>8,743,531</u>
Non-Current		
Secured liabilities – amortised cost:		
Bank loans	1,664,600	1,908,200
Hire Purchase liabilities mortgage loans	12,764,196	10,129,626
Right of use asset liabilities	1,177,832	1,616,420
	<u>13,942,028</u>	<u>11,746,046</u>
Total non-current borrowings	<u>15,606,628</u>	<u>13,654,246</u>
Total borrowings	<u>21,833,677</u>	<u>22,397,777</u>

## Details on Secured Liabilities

*Debtor finance facility* is provided by National Australia Bank Ltd and secured by the debtors assigned to it by the Group's People Hire division along with the debtors of Karratha Machinery Hire. The facility is subject to floating interest rates. Repayments are made on receipt of payments to the Company from the assigned debtors.

*Secured bank loan* was provided by National Australia Bank Limited to assist with the acquisition of Karratha Machinery Hire. The facility is secured over all assets of SSH Group Machinery Pty Ltd and Complete Equipment Australia plus a guarantee from SSH Group Limited. The facility is repayable monthly over 5 years and is subject to fixed interest rates. The facility has a number of reporting and covenant requirements. The Company is in compliance with these covenants as at 31 December 2022.

*Hire Purchase liabilities* are provided by four lenders, Toyota Financial Services, Nissan Finance, Daimler Financial Services, and National Australia Bank. The Toyota, Nissan and Daimler facilities are provided to the Company's subsidiary Tru Fleet Pty Ltd for the acquisition of light vehicles, whilst the National Australia Bank facility relates to the assets acquired by Complete Equipment Australia following the acquisition of Karratha Machinery Hire. The Hire Purchase agreements vary over 3-5 years with fixed interest rates agreed at the inception of the agreement. Security is provided in the form of the asset-funded, included Motor Vehicles to the value of \$8,694,912 and Plant and Equipment to the value of \$10,549,159.

## NOTE 12. PROVISIONS

	Consolidated Group	
	Employee Benefits \$000	Total \$000
Opening balance at 1 July 2022	343,118	343,118
Additional provisions	2,145	2,145
Balance at 31 December 2022	345,263	345,263

### Analysis of Total Provisions

	31 Dec 2022	30 Jun 2022
Current	315,488	320,747
Non-current	29,775	22,371
Total provisions	345,263	343,118

## NOTE 13. ISSUED CAPITAL

	31 Dec 2022	30 Jun 2022
65,399,853 fully paid ordinary shares (30 June 2022; 62,331,155 fully paid ordinary shares)	9,591,955	9,029,455
Less Share issue and capital raising costs	(1,154,281)	(1,149,752)
	<u>8,437,674</u>	<u>7,879,703</u>

Movement for the period	Qty	\$
At the beginning of the reporting period	62,331,155	7,879,703
Issue of shares re deferred consideration as part of the Karratha Machinery Hire acquisition	3,068,698	562,500
Share issue and capital raising costs	-	(4,529)
At the end of the reporting period	<u>65,399,853</u>	<u>8,437,674</u>

## NOTE 14. RELATED PARTY TRANSACTIONS

### Key Management Personnel.

The following persons were Directors during the financial period, and this table contains details of the benefits and payments received during the period:

#### Consolidated Group

	31 Dec 2022	31 Dec 2021
<b>Executive Director Salaries</b>		
Daniel Cowley Cooper	138,701	134,615
Stefan Finney	138,701	134,615
	<u>277,402</u>	<u>269,230</u>
<b>Director Fees and Services Provide</b>		
Daniel Cowley Cooper	25,000	16,669
Stefan Finney	25,000	16,669
Bruce Lane	32,000	50,000
Bevan Tarratt	-	19,815
Matthew Foy	-	16,000
	<u>82,000</u>	<u>119,153</u>

## NOTE 15. BUSINESS COMBINATIONS

On 9 May 2022 the Company acquired all the assets and operating contracts of Karratha Machinery Hire. The Company did not inherit any liabilities.

Acquisition of Karratha Machinery Hire	
Representing:	
Acquisition value paid to the vendor in consideration for acquisition of business in cash and shares	15,268,120
Calculated consideration	
Less:	
Property Plant and Equipment	(10,500,000)
Liabilities	-
	(10,500,000)
Goodwill	4,768,120

The acquisition consideration is split between the initial consideration of \$13,018,120 and deferred consideration of \$2,250,000. The deferred consideration was paid in full in this financial period.

The acquisition of KMH has been provisionally accounted for.

## NOTE 16. SUBSEQUENT EVENTS

Following the end of the financial period the Group announced a strategic partnership with the Four Hills Group. This strategic partnership, Four Hills Services Pty Ltd, is owned 49% by SSH Group and will bring together the strengths and expertise of both companies to deliver high-quality people and equipment hire services to the construction, civil, and mining sectors of Western Australia. Four Hills Services will spend 10% of its revenue on direct Aboriginal economic impact. There have been no significant costs incurred with the establishment of this entity.

## NOTE 17. COMMITMENTS

Other than as elsewhere disclosed in this half year report there no material commitments for the Group as at 31 December 2022 (30 June 2022 nil)

## NOTE 18. CONTINGENCIES

There are no Contingent Liabilities as at 31 December 2022 (30 June 2022 nil)

## DIRECTORS DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes as set out on pages 9 to 30, are in accordance with the *Corporations Act 2001*, and:
  - i. Comply with Accounting Standard AASB 134: *Interim Financial Reporting*; and
  - ii. Give a true and fair view of the financial position as at 31 December 2022 and of the performance for the half year ended on that date of the Company.
2. In the Directors' opinion there are reasonable grounds to believe that the Company 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 pursuant to section 305(5)(a) of the *Corporations Act 2001* (Cth) and is signed for and on behalf of the Directors by:



Daniel Cowley-Cooper  
Director

27<sup>th</sup> February 2023  
Perth

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SSH GROUP LIMITED

### Conclusion

We have reviewed the accompanying half-year financial report of SSH Group Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, 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 half-year financial report of SSH Group Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a) Giving a true and fair view of the Consolidated Entity'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 *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* 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.

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

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half year financial report which indicates that the Consolidated Entity incurred a net loss before tax of \$1,352,831 during the half year ended 31 December 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



### 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 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 Consolidated Entity'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*.

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.



**HALL CHADWICK WA AUDIT PTY LTD**



**D M BELL CA**

**Director**

Dated this 27<sup>th</sup> day of February 2023  
Perth, Western Australia