

IMDEX Limited
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7 February 2022

ASX Limited
Company Announcements Office
Exchange Centre
20 Bridge Street
SYDNEY NSW 2001

BY ELECTRONIC LODGEMENT

Dear Sir / Madam

ASX APPENDIX 4D AND INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2021.

Please find attached IMDEX Limited's Appendix 4D and Interim Financial Report for the Half Year Ended 31 December 2021, inclusive of the Auditors Review Report and Independence Declaration.

Yours faithfully
IMDEX Limited

A handwritten signature in black ink, appearing to read "Michael Tomasz". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael Tomasz
Company Secretary

These have been approved for lodgement by the IMDEX Board of Directors.

IMDEX LIMITED

ABN 78 008 947 813

ASX Appendix 4D “Half Year” Report and Interim Directors’ Report and Financial Report

for the Half Year Ended 31 December 2021

The ASX Appendix 4D “Half Year” Report is provided to ASX in accordance with Listing Rule 4.2A for announcement to the market.

Current Reporting Period:	31 December 2021
Previous Corresponding Reporting Period:	31 December 2020

The Financial Report has been subject to review and is not subject to dispute or qualification. The auditor’s review report is included herein.

The interim Financial Report has been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report and hence should be read in conjunction with the latest annual report of IMDEX Limited, being for the financial year ended 30 June 2021.

In addition, reference should be made to any public announcements made by IMDEX Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 (Cth).

APPENDIX 4D HALF YEAR REPORT 31 DECEMBER 2021

			Consolidated	
	Notes	% Change Up / (Down)	Half Year Ended 31 Dec 2021 \$'000	Half Year Ended 31 Dec 2020 \$'000
Revenue from ordinary activities	(i)	35%	167,778	124,336
Net profit for the period	(i)	81%	24,394	13,476
Net profit attributable to members	(i)	81%	24,394	13,476
Interim dividend (cents per share)	(ii)	50%	1.5	1.0
Net tangible assets per ordinary security (cents)		16%	41.93	36.14

- (i) The announcement made to the ASX on 7 February 2022 provides an explanation of the Group's financial results and operating performance for the half year ended 31 December 2021.
- (ii) The FY22 interim fully franked dividend was declared on 4 February 2022 with a record date of 10 March 2022 and a payment date of 24 March 2022. There are no dividend reinvestment plans in operation.

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2021

The Directors of IMDEX Limited submit herewith the financial report of IMDEX Limited and its subsidiaries (the Group or Consolidated Entity) for the half year ended 31 December 2021. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The Directors of the Company during or since the end of the Half Year are:

Name	Period of Directorship
Mr Anthony Wooles, Non-Executive Chairman	Appointed 1 July 2016
Mr Kevin Dundo, Non-Executive Director	Appointed 14 January 2004
Mr Ivan Gustavino, Non-Executive Director	Appointed 3 July 2015
Ms Sally-Anne Layman, Non-Executive Director	Appointed 6 February 2017
Ms Tracey Arlaud, Non-Executive Director	Appointed 11 February 2021

Review of Operations

	Consolidated Half Year Ended 31 Dec 2021 \$'000	Consolidated Half Year Ended 31 Dec 2020 \$'000
Total Revenue from ordinary activities	167,778	124,336
Profit from ordinary activities after tax for the half year	24,394	13,476
Total Profit after tax for the half year	24,394	13,476
Basic earnings per share (cents)	6.15	3.42

The profit after tax for the half year ended 31 December 2021 was \$24.4 million (31 December 2020: Profit \$13.5 million). The result was achieved on total revenue of \$167.8 million (31 December 2020: \$124.3 million).

Profit per share from total operations was 6.15 cents per share (31 December 2020: Profit of 3.42 cents per share).

Further details on the operations and overall results are contained in the Financial Report and the announcement made to the ASX on 7 February 2022 regarding the Group's financial results and operating performance for the half year ended 31 December 2021.

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the auditor, Deloitte Touche Tohmatsu, to provide the Directors of IMDEX Limited with an Independence Declaration in relation to the review of the Half Year Financial Report. The Independence Declaration is on the next page.

Rounding Off of Amounts

The amounts contained in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) where noted (\$'000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

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

Dated at PERTH, Western Australia, 5 February 2022

A handwritten signature in black ink, appearing to read 'Anthony Wooles', with a stylized flourish at the end.

Anthony Wooles
Chairman

The Board of Directors
Imdex Limited
216 Balcatta Road
Balcatta WA 6021

5 February 2022

Dear Directors

Auditor's Independence Declaration to IMDEX Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of IMDEX Limited.

As lead audit partner for the review of the financial statements of IMDEX Limited for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Peter Rupp
Partner
Chartered Accountants

Independent Auditor's Review Report to the members of IMDEX Limited

Conclusion

We have reviewed the half-year financial report of IMDEX Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 6 to 20.

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 the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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.

Directors' Responsibilities for the Half-year 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 Responsibilities for the Review of the Half-year 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 2021 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A handwritten signature in blue ink, appearing to read 'Peter Rupp', with a stylized flourish underneath.

Peter Rupp

Partner

Chartered Accountants

Perth, 5 February 2022

DIRECTORS' DECLARATION

The Directors declare that:

- (a) 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; and
- (b) in the Directors' opinion, the attached Financial Report and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
 - (j) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Signed in accordance with a resolution of the Directors made pursuant to s. 303(5) of the Corporations Act 2001.

Dated at PERTH, Western Australia, 5 February 2022



Anthony Wooles
Chairman

IMDEX LIMITED
and its controlled entities

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Notes	Half Year Ended	
		31 Dec 2021 \$'000	31 Dec 2020 \$'000
Revenue from sale of goods, rentals and software		167,778	124,336
Other income		64	57
Raw materials and consumables used		(50,343)	(38,870)
Employee benefit expense		(40,231)	(33,267)
Depreciation and amortisation expense		(17,592)	(15,017)
Finance costs		(1,867)	(1,505)
Other expenses		(25,560)	(19,062)
Fair value gain on deferred consideration	7	2,732	2,232
Share of profit/(loss) of an associate	8	(91)	-
Profit for the period before tax		34,890	18,904
Income tax expense		(10,496)	(5,428)
Profit for the period		24,394	13,476
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on the translation of foreign operations		(1,968)	(4,565)
Other comprehensive income for the period, net of income tax		(1,968)	(4,565)
Total comprehensive income for the period		22,426	8,911
Profit attributable to owners of the parent		24,394	13,476
Total comprehensive income attributable to owners of the parent		22,426	8,911
Earnings per share			
From continuing operations			
Basic earnings per share (cents)		6.15	3.42
Diluted earnings per share (cents)		5.92	3.34

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Current Assets			
Cash and cash equivalents		41,530	58,477
Trade and other receivables		56,184	58,243
Inventories		56,294	41,501
Current tax assets		2,615	2,330
Other		5,971	5,185
Total current assets		162,594	165,736
Non-current assets			
Property, plant and equipment		51,275	45,621
Right-of-use assets		35,580	32,960
Intangible assets	5	108,316	92,943
Investment in an associate	8	5,614	-
Deferred tax assets		28,417	25,144
Other		3,573	3,708
Total non-current assets		232,775	200,376
Total assets		395,369	366,112
Current liabilities			
Trade and other payables		39,715	37,885
Lease liabilities		4,287	4,064
Deferred consideration	7	1,496	5,741
Current tax liabilities		10,059	4,582
Provisions		5,789	5,693
Total current liabilities		61,346	57,965
Non-current liabilities			
Lease liabilities		37,671	34,809
Deferred consideration	7	9,945	8,926
Borrowings		11,529	11,128
Provisions		313	233
Total non-current liabilities		59,458	55,096
Total liabilities		120,804	113,061
Net assets		274,565	253,051
Equity			
Issued capital	2	169,078	169,078
Reserves		5,344	1,088
Retained earnings		100,143	82,885
Total equity		274,565	253,051

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

IMDEX LIMITED

and its controlled entities

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	Reserves		Shares reserved for performance rights plan	Foreign currency translation reserve	Share-based payments reserve	Reserves total	Fully paid ordinary shares	Retained earnings	Total attributable to equity holders of the entity
Balance at 1 July 2020		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Exchange differences on translation of foreign operations after taxation		(129)	(5,438)	10,031			4,464	158,697	58,471	221,632
Profit for the period		-	(4,565)	-	-	-	(4,565)	-	-	(4,565)
Total comprehensive income for the period		-	(4,565)	-	-	-	(4,565)	-	13,476	13,476
Granting/settlement of performance rights		(77)	-	(5,304)	-	-	(5,381)	5,381	-	-
Share based payments of performance rights		-	-	1,582	-	-	1,582	-	-	1,582
Issue of shares relating to acquisition of AusSpec		-	-	-	-	-	-	5,000	-	5,000
Dividends paid		-	-	-	-	-	-	-	(2,776)	(2,776)
Balance at 31 December 2020		(206)	(10,003)	6,309	-	-	(3,900)	169,078	69,171	234,349
Balance at 1 July 2021		(123)	(6,854)	8,065	-	-	1,088	169,078	82,885	253,051
Exchange differences on translation of foreign operations after taxation		-	(1,968)	-	-	-	(1,968)	-	-	(1,968)
Profit for the period		-	(1,968)	-	-	-	-	-	24,394	24,394
Total comprehensive income for the period		-	(1,968)	-	-	-	(1,968)	-	24,394	22,426
Settlement of performance rights		-	-	(4,214)	-	-	(4,214)	-	-	(4,214)
Share based payments of performance rights		-	-	1,935	-	-	1,935	-	-	1,935
Tax effect on the share-based payments		-	-	718	-	-	718	-	-	718
Share based payments - MinePortal	6	-	-	7,575	-	-	7,575	-	-	7,575
Others		-	-	210	-	-	210	-	-	210
Dividends paid		-	-	-	-	-	-	-	(7,136)	(7,136)
Balance at 31 December 2021		(123)	(8,822)	14,289	-	-	5,344	169,078	100,143	274,565

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Notes	Half Year Ended	
		31 Dec 2021 \$'000	31 Dec 2020 \$'000
Cash flows from operating activities			
Receipts from customers		185,354	138,433
Payments to suppliers and employees		(146,551)	(103,847)
Interest and other costs of finance paid		(311)	(196)
Income tax paid		(5,417)	(1,178)
Net cash provided by operating activities		33,075	33,212
Cash flows from investing activities			
Interest received		60	57
Payment for property, plant and equipment		(17,973)	(10,781)
Payment for intangible assets		(1,812)	-
Payment for deferred consideration		(1,000)	-
Acquisitions	6	(8,588)	(1,004)
Investment in an associate		(5,706)	-
Net cash used in investing activities		(35,019)	(11,728)
Cash flows from financing activities			
Repayment of borrowings		-	(6,129)
Proceeds from borrowings		-	13,363
Dividends paid		(7,136)	(2,775)
Settlement of performance right		(4,214)	-
Repayment of lease liabilities		(3,515)	(3,332)
Net cash used in financing activities		(14,865)	1,127
Net increase in cash and cash equivalents held		(16,809)	22,611
Cash and cash equivalents at the beginning of the period		58,477	38,263
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		(138)	(1,096)
Cash and cash equivalents at the end of the period		41,530	59,778

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

Statement of Compliance

The half year 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 International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of Preparation

The half year condensed consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2021, except for the adoption of new amendments to existing standards, as set out below.

(a) Amendments to existing standards effective and adopted from 1 July 2021 but not relevant or significant to the Group

AASB 17	Insurance Contracts
AASB2020-8	Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2
AASB2021-3	Amendments to Australian Accounting Standards – Covid 19 – Related Rent Concession beyond 30 June 2021

(b) New standards and amendments to standards that have been issued but not yet effective or early adopted by the Group. These are not expected to be significant to the Group.

Amendments to AASB 1	Classification of Liabilities as Current or Non-current
Amendments to AASB 3	Reference to the Conceptual Framework
Amendments to AASB 16	Property, Plant and Equipment – Proceeds Before Intended Use
Amendments to AASB 137	Onerous Contracts – Cost of Fulfilling Contract

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

- Income tax expense is recognised based on management's best estimate of the weighted average effective annual income tax rate expected for the full financial year, consistent with AASB 134 28.
- Share-based payments recorded for the performance rights are measured at the fair value of the equity instrument at the grant date. Grant date is the date when the Company and the counterparty have a shared understanding of the terms and conditions of the arrangement. Fair value is measured using Black-Scholes option pricing, Binomial Tree Method or Monte-Carlo Simulation model, as appropriate, which is based on significant assumptions such as volatility, dividend yield, expected term and forfeiture rate. The fair value of the performance right is expensed over the vesting period, based on the Company's estimate of shares that will eventually vest.

1. Summary of significant accounting policies (continued)

Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

- A deferred consideration liability has been recognised in respect of the acquisition of Flexidrill (completed in January 2020). The fair value of the deferred consideration includes the estimated fair value of the revenue-based instalments, determined after estimating the fair value of the dividend and share price appreciation components of the deferred consideration. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, future dividends, future share prices of IMDEX, future AUD/NZD exchange rates and volatility. Further details are disclosed in note 7.

2. Issued capital

	Notes	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Issued and paid up capital - fully paid ordinary shares	(i)	169,078	169,078

	31 Dec 2021		30 Jun 2021	
	Number	Number	Number	\$'000
Issued and paid up capital - fully paid ordinary shares				
Balance at beginning of the financial year	396,452,400	169,078	388,057,257	158,697
Issue of shares relating to acquisition of AusSpec (ii)	-	-	4,438,851	5,000
Issue of shares under performance rights	-	-	3,956,292	5,381
Closing balance at end of the financial year	396,452,400	169,078	396,452,400	169,078

- (i) Fully paid ordinary shares carry one vote per share and the right to dividends.
- (ii) During the prior period the Company issued 4,438,851 ordinary shares in connection with the acquisition of AusSpec International Limited. Refer to note 6.

3. Dividends

	Half Year Ended 31 Dec 2021		Half Year Ended 31 Dec 2020	
	Cents per share	\$'000	Cents per share	\$'000
Recognised amounts				
Fully paid ordinary shares – final dividend franked to 30%	1.4	5,550	0.7	2,775
Fully paid ordinary shares – special dividend franked to 30%	0.4	1,586	-	-
Unrecognised amounts				
Fully paid ordinary shares – interim dividend franked to 30%	1.5	5,947	1.0	3,965

The FY22 interim fully franked dividend was declared on 4 February 2022 with a record date of 10 March 2022. The financial effect of the dividend has not been recognised in the financial statements at 31 December 2021.

IMDEX LIMITED
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NOTES TO THE FINANCIAL REPORT

4. Segment information

The primary means by which the Board view the business and make key decisions is based on geographical lines.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a regional general manager and the level of segment information presented to the Board of Directors.

Information reported to the CODM for the purposes of resource allocation and assessment of segment performance focuses on the regions serviced. The Directors of the Company have chosen to organise the Group around different geographical markets serviced by the entity's products and services.

No operating segments have been aggregated in arriving at the reportable segments of the Group. All segments are in the business of the manufacture and sale/rental of products and software to the mining sector along the following geographical lines:

AM - Americas

APAC - Asia Pacific

AE – Africa / Europe

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise deferred tax assets, treasury cash, net financing costs for the Group and the corporate portion of head office costs. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The following is an analysis of the revenue and results for the period, analysed by reportable segment. This is consistent with the segment reporting presented in the most recent annual financial report.

	Half Year Ended	
	31 Dec 21	31 Dec 20
	\$'000	\$'000
(a) Segment Revenues		
AM – Americas	78,231	51,697
APAC – Asia Pacific	49,924	40,583
AE – Africa / Europe	39,623	32,056
Total of all segments	167,778	124,336
Unallocated revenue	-	57
Total revenue	167,778	124,393
(b) Segment Results		
AM – Americas	21,952	10,665
APAC – Asia Pacific	15,735	11,004
AE – Africa / Europe	13,613	10,813
Total of all segments	51,300	32,482
IMDEX Technology (i)	(15,776)	(12,883)
Central administration costs (ii)	(2,409)	(2,279)
Finance costs (iii)	(957)	(648)
Fair value gain on revaluation of Flexidrill deferred consideration	2,732	2,232
Share of profit of an associate	-	-
Profit before income tax expense	34,890	18,904
Income tax expense	(10,496)	(5,428)
Profit attributable to ordinary equity holders of IMDEX Limited	24,394	13,476

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NOTES TO THE FINANCIAL REPORT

4. Segment information (continued)

- (i) IMDEX Technology costs includes Engineering and Product Development (EPD) costs together with Product Management costs. In the prior interim reporting period, EPD activities were reflected as a separate unallocated cost, while Product Management costs were included within the operating segment results. Prior year comparatives have been reclassified for consistency. EPD spend in current period totalled \$12.1 million (prior period: \$9.3 million).
- (ii) Central Administration Costs comprise the corporate portion of head office costs. Head office costs attributable to operations are allocated to reportable segments in proportion to the revenues earned from those segments.
- (iii) Unallocated finance costs represent the finance costs associated with the Group treasury function. Interest on lease liabilities is considered directly attributable to the segments and has been included in their segment results.

	Assets		Liabilities	
	31 Dec 21 \$'000	30 Jun 21 \$'000	31 Dec 21 \$'000	30 Jun 21 \$'000
(c) Segment assets/ liabilities				
AM – Americas	128,349	110,575	23,258	24,036
APAC – Asia Pacific	149,716	129,604	53,564	50,982
AE – Africa / Europe	67,789	58,470	10,953	7,666
Total of all segments	345,854	298,649	87,775	82,684
Unallocated	49,515	67,463	33,029	30,377
Consolidated	395,369	366,112	120,804	113,061

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than tax assets and treasury cash.
- All liabilities are allocated to reportable segments other than tax liabilities, the external loan and the deferred consideration.
- Certain prior year disclosures have been reclassified for consistency with the current year presentation. These reclassifications are not material to the half year financial report.

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NOTES TO THE FINANCIAL REPORT

5. Intangible assets

		Goodwill	Intellectual property and other intangibles	Software	TOTAL
	Notes	\$'000	\$'000	\$'000	\$'000
At cost		86,112	48,866	7,650	142,628
Accumulated amortisation		-	(7,705)	(2,312)	(10,017)
Accumulated impairment losses		(24,295)	-	-	(24,295)
Net carrying amount as at 31 December 2021		61,817	41,161	5,338	108,316
Movement					
As at 30 June 2021		62,104	27,442	3,397	92,943
Additions		-	-	1,803	1,803
Acquisition of assets/subsidiaries	6	-	15,524	639	16,163
Amortisation expense		-	(1,903)	(506)	(2,409)
Foreign currency exchange differences		(287)	98	5	(184)
As at 31 December 2021		61,817	41,161	5,338	108,316

IMDEX assesses impairment at the Operating Segment level for goodwill and at the Cash Generating Unit (CGU) level for fixed assets and other intangible assets. A CGU being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs identified are at a lower level than each Operating Segment (based on regional hubs).

Goodwill and intangible assets not yet available for use are not amortised but tested for impairment annually and whenever there is an indication that the asset may be impaired.

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets (other than goodwill) at the CGU level to determine whether there is any indication that those assets may have suffered an impairment loss.

Where an indication of impairment exists, a formal estimate of the recoverable amount is made at the reporting period. No impairment indicators were noted during the current period for all the CGUs.

Other intangible assets relate primarily to intellectual property acquired in the acquisitions of Flexidrill (completed January 2020), AusSpec International Limited (completed July 2020) and Mine Portal (completed in September 2021). The Group continues to progress the development of the associated Maghammer, Corevibe, aiSIRIS-X and Mine Portal technologies. Management assesses the recoverability of the associated intangible assets at each reporting date as these technologies progress towards commercialisation.

6. Acquisitions

On 17 September 2021, the Group finalised an Asset Purchase Agreement (“APA”) to acquire the MinePortal software from Californian-based DataCloud International Inc (“DataCloud”). MinePortal is a new-generation native cloud application that enables geological data modelling and real-time 3D visualisation. MinePortal will integrate with IMDEX HUB-IQ™ to deliver a connected real-time orebody knowledge ecosystem and accelerate IMDEX’s product development roadmap.

The total purchase consideration comprises a combination of cash and equity. The Group has paid \$8.0 million in cash in September 2021. The balance of the transaction is payable by the issue of IMDEX shares over a three-year period, with an option to settle the payment by equivalent cash value based on the prevailing share price at the date of each anniversary (at IMDEX’s discretion), as set out below:

- The issue of 1,578,117 million of IMDEX Limited ordinary shares upon the first anniversary of completion (“Tranche 1”);
- The issue of 1,578,117 million of IMDEX Limited ordinary shares upon the second anniversary of completion (“Tranche 2”);
- The issue of 2,104,156 million of IMDEX Limited ordinary shares upon the third anniversary of completion (“Tranche 3”). The Tranche 3 is applicable if revenue from the DataCloud assets achieves the target agreed between the parties by the third anniversary of completion. If this revenue target is not achieved no shares will be issued in Tranche 3.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below.

	\$'000
MinePortal software ⁽ⁱ⁾	639
MinePortal intellectual property ⁽ⁱⁱ⁾	15,524
Net assets acquired	16,163
Satisfied by:	
Cash	8,000
Equity instruments	7,575
Acquisition costs	588
Fair value of consideration paid/payable	16,163
Net cash outflow arising on acquisition:	
Cash consideration	8,000
Acquisition costs	588
Less: cash and cash equivalent balances acquired	-
Net cash outflow	8,588
(i) The fair value of the MinePortal software of \$0.6 million equals the replacement cost less accumulated amortisation.	
(ii) The fair value of the MinePortal intellectual property of \$15.6 million is the residual value of the total purchase consideration.	

The fair value of the ordinary shares to be issued as part of the consideration paid for MinePortal (\$7.6 million) was determined at the share price of IMDEX Limited securities at the acquisition date. For Tranche 3, the fair value is modified based on the probability that the target will be achieved.

Included in the half-year result is a loss after tax of \$0.9 million in relation to MinePortal. Revenue for the half-year includes \$0.1 million in respect of MinePortal. Had the acquisition occurred on 1 July 2021, the Group’s financial performance for the period would not be significantly different.

6. Acquisitions (continued)

On 22 July 2020, the Group acquired 100 per cent of the issued share capital of AusSpec International Limited ("AusSpec"), incorporated in New Zealand and operating out of premises located in New Zealand. AusSpec is a leading provider of spectral mineralogy through its unique aiSIRIS platform – Artificial Intelligence (AI) Spectral InfraRed Interpretation System. The AusSpec acquisition enhances IMDEX's rock knowledge offering with spectral mineralogy and AI technologies.

The agreed acquisition price was \$8.5 million. The Group paid \$1.0 million in cash and issued IMDEX Limited ordinary shares to the value \$5.0 million on the settlement date. The balance of the agreed acquisition price will be settled through:

- The payment of \$1.0 million cash in July 2021 on the achievement of certain new revenue-generating contracts;
- The payment of \$1.0 million cash and the issue of \$0.5 million of IMDEX Limited ordinary shares in July 2022 on the achievement of certain new revenue-generating contracts.

Assets acquired and liabilities assumed at the date of acquisition:

	\$'000
Cash	11
Receivables (i)	130
Other assets	177
Property, plant & equipment	3
Intangibles	5,500
Payables	(150)
Deferred tax liability	(1,650)
Net assets acquired	4,021

- (i) The fair value of the receivables of \$0.1 million equals the gross contractual value of \$0.1 million.

Satisfied by:

Cash	1,015
Equity instruments (4,438,851 ordinary shares of IMDEX Limited)	5,000
Contingent and deferred consideration arrangements	2,100
Fair value of consideration paid/payable	8,115

Goodwill arising on acquisition:

Estimated purchase consideration	8,115
Less: fair value of identifiable net assets acquired	(4,021)
Goodwill arising on acquisition	4,094

Goodwill of \$4.1 million arose on the acquisition of AusSpec (including goodwill of \$1.6 million associated with recognition of deferred tax liabilities in relation to identified intangible assets). The goodwill recognised reflects the growth potential and synergies arising from the acquisition.

Net cash outflow arising on acquisition:

Cash consideration	1,015
Less: cash and cash equivalent balances acquired	(11)
Net cash outflow	1,004

Included in the profit for the prior half-year is a loss after tax of \$0.5 million in relation to AusSpec. Revenue for the prior half-year includes \$0.4 million in respect of AusSpec. Had the acquisition occurred on 1 July 2020, the Group's financial performance for the prior period would not be significantly different.

7. Deferred consideration

	Note	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Gross carrying amount			
Balance at beginning of the period		14,667	14,726
Acquisition of assets/subsidiaries	6	-	2,100
Payment		(1,000)	-
Interest accretion		352	791
Fair value (gain)/loss on deferred consideration		(2,732)	(2,917)
Effect of foreign exchange movements		154	(33)
Balance at end of the period		11,441	14,667
Current deferred consideration		1,496	5,741
Non-current deferred consideration		9,945	8,926

The balance of the current deferred consideration relates to the acquisition of AusSpec, which includes the payment of \$1.0 million cash and the issue of \$0.5 million of IMDEX Limited ordinary shares in July 2022 on the achievement of certain new revenue-generating contract.

Non-current deferred consideration relates to the acquisition of Flexidrill, including the issue of NZ\$2.5 million of IMDEX Limited ordinary sharers and the payment of NZ\$2.5 million cash upon the successful commercialisation of Maghammer, as well as the fair value of the revenue-based instalments, determined after estimating the fair value of the dividend and share price appreciation components of the deferred consideration. The value to be attributed to the dividend and share-price appreciation component of the deferred consideration has been determined using a Monte Carlo Option Pricing Model. The estimated fair value of the deferred consideration at 31 December 2021 resulted in recognition of a fair value gain of \$2.7 million in the profit and loss for the period.

8. Investment in an associate

The Group acquired a 30% interest in DataRock Holdings Pty Ltd ("DataRock") on 23 November 2021 for \$5.5 million] cash. DataRock is an Australian-based mining technology company servicing the global exploration and mining sector. DataRock's product suite, both existing and planned, complements IMDEX's software offering and strengthens the Group's cloud-based platform (IMDEX HUB-IQ™) to deliver real-time rock knowledge answer products. IMDEX has exclusive options to acquire the remaining interest in DataRock over the next four years in a two-tranche process, subject to DataRock achieving agreed strategic milestones.

The Group's interest in DataRock is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in DataRock:

	\$'000
Net assets ⁽ⁱ⁾	(1,783)
Group's share in net assets – 30%	(535)
Notional intangible assets ⁽ⁱ⁾	6,149
Group's carrying amount of the investment	5,614

- (i) The net assets recognised in the 31 December 2021 financial statements were based on a provisional assessment of their fair value, while the Group progresses the valuation process. The valuation had not been completed by the date the 31 December 2021 financial statements were approved for issue by the Board of Directors.

	\$'000
Loss before tax	133
Income tax expense	-
Loss for the period	133
Group's share of loss for the period – 30%	40
Amortisation of the notional intangible assets	51
Group's total share of loss for the period	91

9. Contingent liabilities and contingent assets

The Group is party to legal proceedings and claims which arise in the normal course of business. Any liabilities may be mitigated by legal defences, insurance, and third-party indemnities. Unless recognised as a provision, management do not consider it to be probable that they will require settlement at the Group's expense.

(i) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

The Group had no material contingent liabilities to disclose at 31 December 2021.

(ii) Contingent assets

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

IMDEX LIMITED

and its controlled entities

NOTES TO THE FINANCIAL REPORT

A subsidiary of the Group (Australian Mud Company Pty Ltd or “AMC”) is currently a party to litigation in relation to infringement of patents by a third party. The courts have found in favour of AMC on the matter, and the company is awaiting an outcome on the quantum of the financial settlement.

10. Subsequent events

No matters or circumstances have arisen since the end of the half-year which will significantly affect or may significantly affect the state of affairs or operations of the reporting entity in future financial periods.