



ASX APPENDIX 4D

HALF-YEAR FINANCIAL REPORT TO 31 DECEMBER 2021

1. DETAILS OF REPORTING PERIOD

Name of Entity	Vysarn Limited (“the Company”)
ABN	41 124 212 175
Reporting Period	31 December 2021
Previous Corresponding Period	31 December 2020

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31 December 2021 \$	31 December 2020 \$	Increase/ (Decrease) %	Amount change \$
Revenues from ordinary activities	22,258,011	11,450,937	94%	10,807,074
Profit/(Loss) after tax from ordinary activities attributable to members	2,416,239	937,534	158%	1,478,705
Profit/(Loss) after tax attributable to members	2,416,239	937,534	158%	1,478,705

	Amount Per Security	Franked Amount Per Security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous Corresponding Period	Nil	Nil
Record Date for Determining Entitlements	Not Applicable	

Commentary on results:

For further information, refer to the review of activities contained in the directors’ report, which forms part of the attached Interim Financial Report.

3. NET TANGIBLE ASSETS PER SHARE

	31 December 2021 \$	30 June 2021 \$
Net tangible asset backing per ordinary security	0.0704	0.0640

4. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

Not Applicable

5. DIVIDEND DETAILS

No dividend has been paid or recommended to be paid for the half-year ended 31 December 2021.

6. DETAILS OF DIVIDEND REINVESTMENT PLANS

Not Applicable

7. DETAILS OF ASSOCIATE AND JOINT VENTURE ENTITIES

Not Applicable

8. FOREIGN ENTITIES

Not Applicable

9. AUDIT

This report has been based on accounts that have been subject to an audit review. There are no items of dispute with the auditor and the audit review is not subject to qualification.



James Clement

Managing Director

Dated 21 February 2022



VYSARN

VYSARN LIMITED

ABN 41 124 212 175

CONDENSED CONSOLIDATED
INTERIM FINANCIAL REPORT
for the half year ended 31 December 2021

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CORPORATE DIRECTORY

Directors

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

Company Secretary

Matthew Power

Registered Office and Principal Place of Business

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

Auditor

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

Share Registry

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

Bankers

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

Securities Exchange Listing

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

ASX Code – VYS

The Directors present their report, together with the financial statements for the half-year ended 31 December 2021 (the "financial period").

1. DIRECTORS

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

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

2. DIVIDENDS PAID OR RECOMMENDED

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

3. LIKELY DEVELOPMENTS

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

4. REVIEW OF OPERATIONS

The Company's wholly owned subsidiary Pentium Hydro Pty Ltd ("Pentium Hydro") continued to experience significant growth in the financial period as it approached steady state operations and full asset utilisation. Pentium Hydro continues to service major mining companies that are experiencing mounting dewatering issues as a result of a growing proportion of their economic resources lying below the water table.

During the financial period, the Group acquired 100% of the issued capital of Australian Groundwater Solutions Pty Ltd trading as Yield Test Pumping ("YTP") and also undertook the organic establishment of Pentium Water Pty Ltd ("Pentium Water").

YTP is a leading provider of tailor-made test-pumping solutions to tier-1 resource clients in Western Australia and provided the Company with a unique and differentiated integrated service offering across hydrogeological drilling and test pumping.

Pentium Water was established to provide water management consulting services in hydrogeology, hydrology and environmental planning. Pentium Water will service the resource, urban development, utility, government and agricultural sectors.

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

5. FINANCIAL PERFORMANCE

The profit for the Group after providing for income tax amounted to \$2,416,239 (31 December 2020: \$937,534).

Working capital, being current assets less current liabilities, was \$4,518,158 (30 June 2021: \$3,925,334). The Group had positive cash flows from operating activities for the period amounting to \$3,963,709 (31 December 2020: \$1,074,728).

Revenue from operations for the half year ended 31 December 2021 was \$22,258,011 (31 December 2020: \$11,450,937). The strong growth was generated primarily through increased rig utilisation.

The table below provides a comparison of the key results for the half year ended 31 December 2021 to the preceding year ended 31 December 2020:

<i>Statement of Profit or Loss</i>	31-Dec-21	31-Dec-20
	(\$)	(\$)
Revenue from operations	22,258,011	11,450,937
Reported profit / (loss) after tax	2,416,239	937,534

<i>Statement of Financial Position</i>	31-Dec-21	30-June-21
	(\$)	(\$)
Net Assets	27,595,513	24,762,964
Total Assets	47,898,491	45,334,680
Cash and cash equivalents	6,689,698	6,555,486

6. PRINCIPAL ACTIVITIES

The Group currently operates a hydrogeological drilling, dewatering and test pumping services business and is located at a number of mine sites across Western Australia.

7. EVENT SUBSEQUENT TO REPORTING DATE

The Company released the following material ASX announcements post 31 December 2021:

- Titled *Launch of Consulting Division* on 8 February 2022 - outlining the organic creation of Pentium Water Pty Ltd and establishment of new corporate headquarters in West Perth; and
- Titled *Pentium Secures Three Year Contract* on 15 February 2022 - outlining the successful award of a good and services contract with BHP Nickel West Pty Ltd.

There were no other matter or circumstance that has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

8. ROUNDING OF AMOUNTS

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

9. AUDITOR INDEPENDENCE

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

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



James Clement

Managing Director

Dated 21 February 2022

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

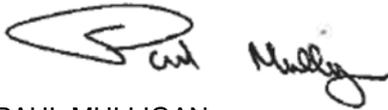
In relation to the independent review for the half-year ended 31 December 2021, to the best of my knowledge and belief there have been:

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

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

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD



PAUL MULLIGAN
Executive Director
Perth, 21 February 2022

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



		31 December 2021	31 December 2020
	Note	\$	\$
Revenue			
Revenue from contracts with customers	4	22,258,011	11,450,937
Other income		188,376	406,038
Expenses			
Administration and corporate expense	5	(837,519)	(566,261)
Employee benefits expense	5	(8,606,573)	(4,626,162)
Depreciation and amortisation expense	5	(2,144,467)	(1,494,443)
Finance costs	5	(241,804)	(225,176)
Consumables and other direct expenses	5	(7,482,843)	(4,299,412)
Profit before income tax		3,133,181	645,522
Income tax (expense)/benefit		(716,942)	292,012
Profit after income tax benefit for the half year attributable to the owners of Vysarn Limited		2,416,239	937,534
Other comprehensive income		-	-
Total comprehensive income/(loss) for the half year attributable to owners of the Company		2,416,239	937,534
Earnings/(loss) per Share attributable to owners of the Company			
Basic earnings/(loss) per share (cents per share)	7	0.62	0.24
Diluted earnings/(loss) per share (cents per share)	7	0.58	0.22

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



		31 December 2021	30 June 2021
	Note	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	8	6,689,698	6,555,486
Trade receivables		3,363,381	4,983,227
Inventories		3,116,350	2,205,272
Other current assets	9	1,018,904	1,281,839
Prepayments and other assets	10	1,311,012	244,145
TOTAL CURRENT ASSETS		15,499,345	15,269,969
NON-CURRENT ASSETS			
Plant and equipment	11	31,988,572	29,548,656
Right of use asset		410,574	516,055
TOTAL NON-CURRENT ASSETS		32,399,146	30,064,711
TOTAL ASSETS		47,898,491	45,334,680
CURRENT LIABILITIES			
Borrowings	12	6,464,401	5,616,854
Trade and other payables		3,411,029	5,050,530
Employee liabilities	13	886,973	458,468
Lease Liability		218,784	218,784
TOTAL CURRENT LIABILITIES		10,981,187	11,344,636
NON-CURRENT LIABILITIES			
Borrowings	12	6,656,168	7,183,223
Lease liability		222,835	334,576
Employee liabilities	13	21,345	4,781
Deferred tax liability		2,421,443	1,704,501
TOTAL NON-CURRENT LIABILITIES		9,321,791	9,227,080
TOTAL LIABILITIES		20,302,978	20,571,716
NET ASSETS		27,595,513	24,762,964
SHAREHOLDERS' EQUITY			
Issued capital	14	19,495,181	19,130,558
Reserve	15	503,980	452,293
Retained earnings		7,596,352	5,180,113
SHAREHOLDERS' EQUITY		27,595,513	24,762,964

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

	Issued Capital	Share Based Payment Reserve	(Accumulated Losses)/ Retained Earnings	Total
	\$	\$	\$	\$
Balance at 1 July 2020	19,135,614	364,000	4,835,294	24,334,908
Profit for the period	-	-	937,534	937,534
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	937,534	937,534
<i>Transactions with owners in their capacity as owners</i>				
Issue of shares	-	-	-	-
Capital raising costs	(5,954)	-	-	(5,954)
Share based payments	-	-	-	-
Balance at 31 December 2020	19,129,660	364,000	5,772,828	25,266,488
Balance at 1 July 2021	19,130,558	452,293	5,180,113	24,762,964
Profit for the period	-	-	2,416,239	2,416,239
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	2,416,239	2,416,239
<i>Transactions with owners in their capacity as owners</i>				
Issue of shares (Note 14)	375,000	-	-	375,000
Capital raising costs	(10,377)	-	-	(10,377)
Share based payments	-	51,687	-	51,687
Balance at 31 December 2021	19,495,181	503,980	7,596,352	27,595,513

The above consolidated statements 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



		31 December 2021	31 December 2020
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		26,389,223	14,590,898
Payments to suppliers and employees (inclusive of GST)		(22,183,710)	(13,312,010)
Interest received		-	6,730
Interest paid		(241,804)	(210,890)
Net cash provided by operating activities	8a	3,963,709	1,074,728
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of assets (Note 17)		(2,205,524)	-
Proceeds from disposal of plant and equipment		342,200	310,000
Purchase of plant and equipment		(2,164,549)	(1,870,307)
Net cash used in investing activities		(4,027,873)	(1,560,307)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		3,791,160	561,528
Repayment of borrowings		(3,470,668)	(1,531,351)
Payments for principal portion of lease liabilities		(111,740)	(142,680)
Capital raising costs		(10,376)	(5,954)
Net cash provided by/(used in) by financing activities		198,376	(1,118,456)
Net increase/(decrease) in cash and cash equivalents		134,212	(1,604,034)
Cash and cash equivalents at the beginning of the half year		6,555,486	9,706,113
Cash and cash equivalents at the end of the half year	8	6,689,698	8,102,079

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

NOTE 1: GENERAL INFORMATION

The interim financial report (Report) of Vysarn Limited (“the Company”) and its controlled entities (“the Group”) for the half year ended 31 December 2021 was authorised for issue in accordance with a resolution of the Directors.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

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

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

It is recommended that this interim financial report is read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by Vysarn Limited during and since the end of the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

b) Basis of Preparation

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

Except as disclosed in Note 1, the accounting policies applied in this half year financial report are consistent with those of the annual financial report for the year ended 30 June 2021.

Critical accounting estimates

The preparation of the half-year financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Refer to Note 3 of the half-year financial statements for new accounting estimates applicable for the period ended 31 December 2021.

c) Going Concern

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) **Asset acquisition**

Where an asset acquisition does not constitute a business combination, or the optional concentration test under AASB 3 *Business Combinations* has been applied, the assets and liabilities acquired are assigned a carrying amount based on their fair values in an asset purchase transaction. No deferred tax will arise in relation to the acquired assets and assumed liabilities, as the initial recognition exemption for deferred tax under AASB 112 *Income Taxes* applied. No goodwill will arise on the acquisition.

e) **Rounding of amounts**

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

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

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

AASB 2020-3 amends AASB 1 First-time Adoption of Australian Accounting Standards, AASB 3 Business Combinations, AASB 9 Financial Instruments, AASB 116 Property, Plant and Equipment, AASB 137 Provisions, Contingent Liabilities and Contingent Assets and AASB 141 Agriculture. The main amendments relate to

- (a) AASB 1 – simplifies the application by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
- (b) AASB 3 – updates references to the Conceptual Framework for Financial Reporting;
- (c) AASB 9 – clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
- (d) AASB 116 – requires an entity to recognise the sales proceeds from selling items produced while preparing PP&E for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset;
- (e) AASB 137 – specifies the costs that an entity includes when assessing whether a contract will be loss making; and
- (f) AASB 141 – removes the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

AASB 2020-3 mandatorily applies to annual reporting periods commencing on or after 1 January 2022 and will be first applied by the Group in the financial year commencing 1 July 2022.

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

AASB 2020-1 amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It requires a liability to be classified as current when entities do not have a substantive right to defer settlement at the end of the reporting period.

AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022. They will first be applied by the Group in the financial year commencing 1 July 2023.

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

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

- (a) AASB 7 – clarifies that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- (b) AASB 101 – requires entities to disclose their material accounting policy information rather than their significant accounting policies;
- (c) AASB 108 – clarifies how entities should distinguish changes in accounting policies and changes in accounting estimates;
- (d) AASB 134 – to identify material accounting policy information as a component of a complete set of financial statements; and
- (e) AASB Practice Statement 2 – to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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

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

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Business combination vs asset acquisition

Where asset acquisitions do not constitute a business, or when the optional concentration test allowed under AASB 3 *Business Combinations* has been applied, the carrying amount of assets acquired and liabilities assumed is based on their relative fair value. Entities may choose to apply or not apply the optional concentration test for each acquisition made. The optional concentration test is deemed to be met when substantially all of the fair value of gross assets acquired are concentrated in a single identifiable asset or group similar identifiable assets.

On 1 October 2021, the Group completed the acquisition of Australian Groundwater Solutions Pty Ltd trading as Yield Test Pumping (YTP). Director judgement was required in order to determine whether the requirements of the optional concentration test had been met. The Directors procured an independent valuation report on the acquired assets of YTP in order to determine the fair value of plant and equipment assets acquired. Having considered the contents of this report and the suite of plant and equipment assets acquired, it was determined that the optional concentration test has been met and subsequently applied for this transaction.

NOTE 4: REVENUE FROM CONTRACTS WITH CUSTOMERS 31-Dec-21 31-Dec-20
\$ \$

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

Drilling services	17,894,575	8,078,121
Test pumping services	482,397	-
Dry-hire revenue	777,102	705,130
Sub-total	19,154,074	8,783,251

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

Sale of goods (consumables)	2,975,066	2,156,716
Mobilisation / demobilisation	128,870	510,970
Sub-total	3,103,937	2,667,686
Total revenue	22,258,011	11,450,937

NOTE 5: EXPENSES 31-Dec-21 31-Dec-20
\$ \$

Breakdown of expenses by nature:

Administration and Corporate expenses

- Office expenses	262,707	172,699
- Corporate costs and compliance	553,200	392,325
- Other expenses	21,612	1,236
Total	837,519	566,261

Employee benefits expense

- Wages and salaries (inclusive of superannuation)	8,093,932	4,315,776
- Employment related taxes	460,520	234,618
- Share-based payment expense	51,687	-
- Other employment related expenses	434	75,768
Total	8,606,573	4,626,162

Depreciation and Amortisation Expense

- Plant and equipment depreciation	2,038,987	1,390,825
- Land and buildings lease amortisation	105,480	103,618
Total	2,144,467	1,494,443

NOTE 5: EXPENSES (CONTINUED)

	31-Dec-21	31-Dec-20
Finance Costs	\$	\$
- Interest expense	237,719	222,549
- Bank fees	4,085	2,627
Total	241,804	225,176
Consumables and other direct expenses		
- Consumables	3,940,647	2,980,798
- Other direct expenses	3,542,196	1,318,614
Total	7,482,843	4,299,412

NOTE 6: RELATED PARTY TRANSACTIONS

During the half year ended 31 December 2021, no options and or shares were issued to the Directors

(a) Individual Directors and executives compensation disclosures

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

(b) Subsidiaries

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

(c) Other key management personnel and director transactions

Purchases from and sales to related parties are made on terms equivalent to those that prevail in arm's length transactions. During the half year ended 31 December 2021, the Group did not enter into any related party transactions with the Director, key management personnel or their related entities.

NOTE 7: EARNINGS/(LOSS) PER SHARE	31-Dec-21	31-Dec-20
	\$	\$
Earnings/(Loss) per share (EPS)		
a) Profit/(Loss) used in calculation of basic EPS and diluted EPS	2,416,239	937,534
b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings/(loss) per share	388,015,647	386,955,864
c) Weighted average number of ordinary shares outstanding during the year used in calculation diluted earnings/(loss) per share	418,015,647	416,955,864
Basic earnings/(loss) per share (cents per share)	0.62	0.24
Diluted earnings/(loss) per share (cents per share)	0.58	0.22

NOTE 8: CASH AND CASH EQUIVALENTS

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions with a short maturity period of 90 days or less.

	31-Dec-21	30-Jun-21
	\$	\$
Cash and cash equivalents	6,689,698	6,555,486
	6,689,698	6,555,486

NOTE 8a: CASH FLOW INFORMATION

	31-Dec-21	31-Dec-20
	\$	\$
Profit / (loss) after income tax expense for the year	2,416,239	937,534

Non-cash flows in result from continuing activities:

Share based payments (benefit) / expense	51,687	-
Depreciation and amortisation	2,144,467	1,494,443
Tax expense / (benefit)	-	(292,012)
Net (gain) / loss on disposal of property, plant and equipment	(76,030)	(249,489)

Changes in assets and liabilities:

(Increase) / decrease in inventories	(597,496)	89,058
(Increase) / decrease in trade and other receivables	1,619,846	1,663,696
Increase / (decrease) in employee entitlements	445,069	(25,712)
Increase / (decrease) in trade and other payables	(1,639,501)	(2,053,887)
Increase / (decrease) in other assets and liabilities	(400,572)	(488,903)
Net cash (used in)/provided by operating activities	3,963,709	1,074,728

NOTE 9: OTHER CURRENT ASSETS	31-Dec-21	30-Jun-21
	\$	\$
Contract fulfilment costs	1,018,904	968,257
Total	1,018,904	968,257

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

NOTE 10: PREPAYMENTS AND OTHER ASSETS	31-Dec-21	30-Jun-21
	\$	\$
Deposits	77,481	63,388
Contract asset - retentions	284,414	-
Prepayments	934,046	180,757
Other assets	15,071	-
Total	1,311,012	244,145

NOTE 11: PLANT AND EQUIPMENT	31-Dec-21	30-Jun-21
	\$	\$
Cost	40,115,960	35,637,057
Accumulated depreciation	(8,127,388)	(6,088,401)
Net carrying amount	31,988,572	29,548,656

NOTE 11: PLANT AND EQUIPMENT (CONTINUED)

a) Movements in Plant and Equipment

	Plant and equipment	Trucks, trailers and light vehicles	Office Equipment	Assets Under Construction	Total
Consolidated Group	\$	\$	\$	\$	\$
Carrying amount at 30 June 2020	15,183,016	7,352,625	66,216	2,105,925	24,707,782
Additions	5,924,335	2,003,827	90,432	-	8,018,594
Disposals	(60,508)	(17,637)	-	-	(78,145)
Transfers from assets not held ready for use	2,105,925	-	-	(2,105,925)	-
Transfer of Asset Held for Sale	127,264	-	-	-	127,264
Depreciation expense	(2,247,210)	(936,643)	(42,986)	-	(3,226,839)
Balance at 30 June 2021	21,032,822	8,402,172	113,662	-	29,548,656
Additions	1,841,793	2,862,975	40,313	-	4,745,081
Disposals	-	(265,650)	(528)	-	(266,178)
Depreciation expense	(1,394,666)	(612,602)	(31,719)	-	(2,038,987)
Balance at 31 December 2021	21,479,940	10,386,904	121,728	-	31,988,572

NOTE 12: BORROWINGS

	31-Dec-21	30-Jun-21
	\$	\$
CURRENT		
Insurance premium funding (a)	666,953	-
Asset finance facilities (b)	3,339,910	3,196,246
Current maturities of long-term bank loan (c)	2,457,538	2,420,608
<i>Sub-total</i>	<u>6,464,401</u>	<u>5,616,854</u>
NON-CURRENT		
Asset finance facilities (b)	5,171,330	4,437,800
Long-term bank loan, net of current maturities (c)	1,484,838	2,745,423
<i>Sub-total</i>	<u>6,656,168</u>	<u>7,183,223</u>
Total	<u><u>13,120,569</u></u>	<u><u>12,800,077</u></u>

NOTE 12: BORROWINGS (CONTINUED)

a) Insurance premium

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

b) Asset finance facilities including vendor loan agreement

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

c) Long-term bank loan

The Group has a long-term bank loan with a major bank which bears interest at 4.41% per annum and repayable over 4 years. The Group has also provided a general security agreement to the bank in respect of the Group's existing and future assets, excluding those included under the asset finance facilities and vendor loan agreement. The loan is repayable in monthly instalments until its expiry in July 2023.

NOTE 13: EMPLOYEE LIABILITIES	31-Dec-21	30-Jun-21
	\$	\$
Current		
Accrued wages	271,415	-
Provision for annual leave	149,004	140,835
Superannuation liability	466,554	317,633
Sub-total	886,973	458,468
Non-current		
Liability for long service leave	21,345	4,781
Sub-total	21,345	4,781
Total	908,318	463,249

NOTE 14: SHARE CAPITAL	31-Dec-21	30-Jun-21
	\$	\$
(a) Share Capital		
391,955,864 (30 June 21: 386,955,864) fully paid ordinary shares	19,495,181	19,129,660

Ordinary shares

During the six-month period ended 31 December 2021, the Group issued 5,000,000 ordinary shares (30 June 2021: nil).

The issue of 5,000,000 Shares to YTP vendors as consideration for the Company's acquisition of the entire issued capital of YTP under the YTP offer. The Shares were valued based on the Share Price of \$0.075.

NOTE 16: SHARE BASED PAYMENTS

Share Issue

Outside of the issue to vendors as part of the acquisition of Australian Groundwater Solutions Pty Ltd (Note 17), no shares were issued during the six-month period ended 31 December 2021 in lieu of goods or services received.

Options

During the half-year ended 31 December 2021, the Company did not issue any options over ordinary shares (30 June 2021: nil).

	31-Dec-21	31-Dec-21	30-Jun-21	30-Jun-21
	No.	\$	No.	\$
At the beginning of the reporting period	20,000,000	364,000	20,000,000	364,000
Options issued during the period	-	-	-	-
Total	20,000,000	364,000	20,000,000	364,000

The following options were outstanding as at 31 December 2021.

Chairman Option Offer

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

Managing Director Option Offer

The issue of 10,000,000 options to Managing Director Mr James Clement as part of his remuneration package upon commencement of his employment with the Group.

Performance Rights

During the six-month period ended 31 December 2021, the Company did not issue any additional performance rights.

	31-Dec-21	31-Dec-21	30-June-21	30-June-21
	No.	\$	No.	\$
At the beginning of the reporting period	10,000,000	-	10,000,000	-
Performance rights issued during the period	-	-	-	-
Total	10,000,000	-	10,000,000	-

As at 31 December 2021, 10,000,000 performance rights were on issue and outstanding. Each performance right will convert on a 1:1 basis to fully paid ordinary shares upon achievement of their relevant vesting conditions (refer below).

NOTE 16: SHARE BASED PAYMENTS (CONTINUED)

Tranche	Number of Performance Rights on Issue	Value at Grant Date (\$)	Condition Test Date/Vesting Date	Vesting Condition	Management Probability Assessment 31 Dec 2021	Fair Value (\$)
1	3,333,333	191,666	30 June 2022	<ul style="list-style-type: none"> • Employment condition • Cumulative EPS condition 	100%	191,666
2	3,333,333	191,667	30 June 2023		0%	-
3	3,333,334	191,667	30 June 2024		0%	-
Total	10,000,000	575,000				-

Where the:

- Employment condition – means the holder of the Rights remains employed by the Group at the condition Test Date; and
- Cumulative EPS condition – means the earnings per share (EPS) based on the achievement of compound annual growth in the Group’s EPS of 15% per annum from the financial year 30 June 2020, subject to a minimum EPS of \$0.01 for the financial year ending 30 June 2020. The EPS calculation will be based on the Group’s cumulative net profit after tax up until the relevant condition test date divided by the weighted average number of shares on issue over the relevant period, taking into account any new shares issued (or cancelled by the Group in the relevant period).

The performance rights have been valued based on the Company’s share price as at the date of their approval for issue. A total valuation of \$575,000 has been determined (30 June 2021: \$575,000), assuming satisfaction of performance conditions in full and 100% vesting rate.

It was put to the shareholders as an ordinary resolution, that, pursuant to and in accordance with Chapter 2E of the Corporations Act, Listing Rule 6.23.4, and for all other purposes, Shareholders approve the removal of the cumulative EPS condition attached to Tranche 1 of the Director Performance Rights on the terms and conditions in the Notice of Meeting. The resolution was subsequently passed at the Company’s Annual General Meeting on 25 November 2021. Accordingly, at 31 December 2021 the Company assessed the likelihood tranche 1 vesting to be 100%.

\$51,687 in share-based payment was recorded as an expense in the statement of profit or loss and other comprehensive income during the half-year ended 31 December 2021 (30 June 2021: \$88,293) in relation to the performance rights.

In respect of tranches 2 – 3 of the performance rights, it was determined that, consistent with its conclusion at 30 June 2021, the achievement of the vesting conditions is unknown at this point in time noting the uncertainty surrounding the current COVID-19 economic environment. As a result, no share-based payment was recorded in relation to tranches 2 – 3.

NOTE 17: ACQUISITION OF AUSTRALIAN GROUNDWATER SOLUTIONS PTY LTD

Summary of Asset Acquisition

On 29 September 2021 the Company entered into a binding Share Sale Agreement for the acquisition of 100% of the issued capital of Australian Groundwater Solutions, trading as Yield Test Pumping ("YTP"). Under the terms of the acquisition, the Company acquired 100% of the issued shares in YTP for consideration of 5,000,000 Vysarn shares and \$2,500,000 cash, adjusted for post working capital adjustments (herein referred to as the "Transaction").

The Company assumed control of the trading activities of YTP with effect from 1 October 2021. On 23 November 2021 the Company issued 5,000,000 Shares to the vendors of YTP as consideration for all of the issued capital of YTP.

YTP is an Australian company. The primary reason for the Transaction was to vertically integrate this service offering into the Company's existing waterwell bore drilling operation.

Having reviewed the terms of the Transaction, the Group has elected to apply the optional concentration test in assessing its acquisition of YTP. Details of the purchase consideration and assigned fair value of assets and liabilities acquired are as follows:

	31-Dec-21
	\$
a) Purchase Consideration	
Cash paid (net of working capital adjustments)	2,140,015
Acquisition related costs incurred	65,509
Ordinary shares issued (5,000,000 Shares at \$0.075)	375,000
Fair value consideration	<u>2,580,524</u>
b) Fair Value of Net Tangible Assets	
Property, plant and equipment	2,790,509
Cash and cash equivalents	4,861
Trade and other receivables	343,713
Trade and other payables	(558,559)
Total	<u>2,580,524</u>

Acquisition related costs of \$65,509 were incurred and capitalised as a cost of the Transaction.

NOTE 18: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group as at 31 December 2021 had three operating segments, as outlined below:

- Pentium Hydro;
- YTP; and
- Pentium Water.

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

YTP and Pentium Water are new segments for the half year ended 31 December 2021, having been respectively acquired and established in late 2021. Both YTP and Pentium Water have not contributed revenue, results or assets in a material manner to warrant their classification as a reportable segment at 31 December 2021.

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

NOTE 19: CONTROLLED ENTITIES

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

Controlled Entities	Country of Incorporation	Percentage Owned	
		31-Dec-21	30-Jun-2021
Pentium Hydro Pty Ltd	Australia	100%	100%
Australian Groundwater Solutions Pty Ltd t/a Yield Test Pumping	Australia	100%	Nil
Pentium Water Pty Ltd (incorporated 8 Dec 2021)	Australia	100%	Nil

NOTE 20: COMMITMENTS

The Group has no other known commitments at 31 December 2021 and between 31 December 2021 and the date of this report (31 December 2020: NIL).

NOTE 21: CONTINGENT LIABILITIES

The Group has no known contingent liabilities as at 31 December 2021 or at the date of this report (31 December 2019: NIL).

NOTE 22: EVENTS SUBSEQUENT TO REPORTING DATE

The Company released the following material ASX announcements post 31 December 2021:

- Titled *Launch of Consulting Division* on 8 February 2022 - outlining the organic creation of Pentium Water Pty Ltd and establishment of new corporate headquarters in West Perth; and
- Titled *Pentium Secures Three Year Contract* on 15 February 2022 - outlining the successful award of a good and services contract with BHP Nickel West Pty Ltd.

There were no other matter or circumstance that has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the opinion of the Directors of Vysarn Limited:

1. The financial statements and notes, as set out on pages 9-23 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 its performance for the half-year ended on that date; and
 - (ii) (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting.
2. There are reasonable ground to believe that the Group will be able to pay its debts as and when they become due and payable.

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



James Clement
Managing Director
Dated 21 February 2022

VYSARN LIMITED
ABN 41 124 212 175
INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF VYSARN LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Vysarn Limited (the "Company") and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the Vysarn Limited financial position as at 31 December 2021 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 Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

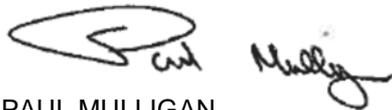
Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 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*.

VYSARN LIMITED
ABN 41 124 212 175
INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF VYSARN LIMITED

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

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD



PAUL MULLIGAN
Executive Director
Perth, 21 February 2022