



ASX APPENDIX 4D

HALF-YEAR FINANCIAL REPORT TO 31 DECEMBER 2020

1. DETAILS OF REPORTING PERIOD

Name of Entity	Vysarn Limited (“the Company”)
ABN	41 124 212 175
Reporting Period	31 December 2020
Previous Corresponding Period	31 December 2019

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31 December 2020 \$	31 December 2019 \$	Increase/ (Decrease) %	Amount change \$
Revenues from ordinary activities	11,450,937	1,778,969	544%	9,671,968
Profit/(Loss) after tax from ordinary activities attributable to members	937,534	3,309,214 ¹	(72%)	(2,371,680)
Profit/(Loss) after tax attributable to members	937,534	3,309,214 ¹	(72%)	(2,371,680)

¹ This included a gain on bargain purchase of \$6,910,466. Refer to Note 3 of the Interim Financial Report for the half year ended 31 December 2019 for further detail.

	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 2020 \$	30 June 2020 \$
Net tangible asset backing per ordinary security	0.0653	0.0629

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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 2020.

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 25 February 2021



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VYSARN
LIMITED



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VYSARN LIMITED

ABN 41 124 212 175

CONSOLIDATED INTERIM FINANCIAL REPORT
for the half year ended 31 December 2020

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CORPORATE DIRECTORY

Directors

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

Company Secretary

Kyla Garlic

Registered Office and Principal Place of Business

108 Outram 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

Automic Registry Services
Level 2, 267 St Georges Terrace
Perth, WA 6000

Bankers

National Australia Bank
Level 1, 1238 Hay Street
West Perth, WA 6005

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 2020.

1. DIRECTORS

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

Name	Status	Appointed	Resigned
Peter Hutchinson	Chairman	27 October 2017	-
James Clement	Managing Director and CEO	3 February 2020	-
Sheldon Burt	Executive Director	15 May 2019	-
Christopher Brophy	Executive Director	15 May 2019	28 October 2019
Christopher Brophy	Non-Executive Director	28 October 2019	29 January 2021

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 hydrogeological and dewatering business activities.

4. REVIEW OF OPERATIONS

Vysarn, through its wholly owned subsidiary Pentium Hydro Pty Ltd ("Pentium Hydro") has grown rapidly since commencing operations in September 2019 and is now servicing major mining and mining service companies.

The Group is continuing to see strength in underlying industry fundamentals which is being reflected in the level of client engagement and growth in Pentium Hydro's opportunity pipeline.

Growth in Pentium Hydro's work in progress, order book and pipeline is being driven by multiple factors:

- Water issues in the Pilbara driving a need for more comprehensive waterwell drilling programs;
- Increasing demand for waterwell drilling services as Pentium Hydro's reputation grows;
- Deferred dewatering projects by clients, driving a need for more comprehensive waterwell drilling programs;
- and
- Continuing strength in underlying industry fundamentals, leading to increased levels of client engagement.

Material contract opportunities are currently under development with multiple clients.

5. FINANCIAL PERFORMANCE

The profit for the Group after providing for income tax amounted to \$937,534 (31 December 2019: \$3,309,214).

Working capital, being current assets less current liabilities, was \$5,505,647 (30 June 2020: \$7,104,259). The Group had positive cash flows from operating activities for the year amounting to \$1,074,728 (31 December 2019: negative cash flows from operating activities of \$1,184,600).

Revenue from operations for the half year ended 31 December 2020 was \$11,450,937 (31 December 2019: \$1,778,969). 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 2020 to the preceding year ended 31 December 2019:

Statement of Profit or Loss	31-Dec-20	31-Dec-19
	(\$)	(\$)
Revenue from operations	11,450,937	1,778,969
Reported profit / (loss) after tax	937,534	3,309,214 ¹

¹ This included a gain on bargain purchase of \$6,910,466. Refer to Note 3 of the Interim Financial Report for the half year ended 31 December 2019 for further detail.

Statement of Financial Position	31-Dec-20	30-June-20
	(\$)	(\$)
Net Assets	25,266,488	24,334,908
Total Assets	38,376,729	40,861,623
Cash and cash equivalents	8,102,079	9,706,113

6. PRINCIPAL ACTIVITIES

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

7. EVENT SUBSEQUENT TO REPORTING DATE

As announced on 29 January 2021, Chris Brophy resigned as Non-Executive Director of the Company.

There are no other matter or circumstance that has arisen since 31 December 2020 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. INDUSTRY AND GEOGRAPHIC EXPOSURES

The Group is exposed to the Australian mining industry. On a geographic basis, the Group is predominantly exposed to Western Australia.

9. ENVIRONMENTAL REGULATION

In the normal course of business, there are no environmental regulations or requirements that the Group is currently subject to.

10. 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).

11. 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 25 February 2021

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

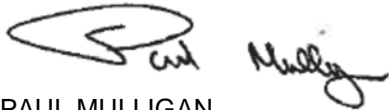
In relation to the independent review for the half-year ended 31 December 2020, to the best of my knowledge and belief there have been:

- (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 entity it controlled during the period.

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD



PAUL MULLIGAN
Executive Director
Perth WA, 25 February 2021

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

VYSARN
LIMITED



		31 December 2020	31 December 2019
	Note	\$	\$
Revenue			
Revenue from contracts with customers	4	11,450,937	1,778,969
Other income	5	406,038	7,034,825
Expenses			
Administration and corporate expense	6	(566,261)	(431,642)
Employee benefits expense	6	(4,626,162)	(2,788,489)
Depreciation and amortisation expense	6	(1,494,443)	(1,589,501)
Finance costs	6	(225,176)	(148,707)
Consumables and other direct expenses	6	(4,299,412)	(1,059,555)
Profit before income tax		645,522	2,795,900
Income tax benefit		292,012	513,314
Profit after income tax benefit for the half year attributable to the owners of Vysarn Limited		937,534	3,309,214
Other comprehensive income		-	-
Total comprehensive income/(loss) for the half year attributable to owners of the Company		937,534	3,309,214
Earnings/(loss) per Share attributable to owners of the Company			
Basic earnings/(loss) per share (cents per share)	8	0.24	1.34
Diluted earnings/(loss) per share (cents per share)	8	0.22	1.29

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020



		31 December 2020	30 June 2020
	Note	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	9	8,102,079	9,706,113
Trade receivables		1,102,799	2,766,495
Inventories	10	2,730,363	2,641,305
Assets classified as held for sale	11	152,727	152,727
Prepayments and other assets	12	540,298	161,871
TOTAL CURRENT ASSETS		12,628,266	15,428,512
NON-CURRENT ASSETS			
Plant and equipment	13	25,126,752	24,707,782
Right of use asset		621,711	725,330
TOTAL NON-CURRENT ASSETS		25,748,463	25,433,112
TOTAL ASSETS		38,376,729	40,861,623
CURRENT LIABILITIES			
Borrowings	14	3,873,956	3,070,264
Trade and other payables	15	2,798,140	4,852,027
Employee liabilities		241,200	215,488
Lease Liability		209,322	186,473
TOTAL CURRENT LIABILITIES		7,122,618	8,324,252
NON-CURRENT LIABILITIES			
Borrowings	14	4,911,407	6,707,770
Lease liability		453,501	581,895
Employee liabilities		1,929	-
Deferred tax liability		620,786	912,798
TOTAL NON-CURRENT LIABILITIES		5,987,623	8,202,463
TOTAL LIABILITIES		13,110,241	16,526,715
NET ASSETS		25,266,488	24,334,908
SHAREHOLDERS' EQUITY			
Issued capital	16	19,129,660	19,135,614
Reserve	17	364,000	364,000
Retained earnings		5,772,828	4,835,294
SHAREHOLDERS' EQUITY		25,266,488	24,334,908

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2020



	Issued Capital	Share Based Payment Reserve	(Accumulated Losses)/ Retained Earnings	Total
	\$	\$	\$	\$
Balance at 1 July 2019	29,912,298	-	(22,988,152)	6,924,146
Profit for the period	-	-	3,309,214	3,309,214
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	3,309,214	3,309,214
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares	8,717,200	-	-	8,717,200
Capital raising costs	(459,204)	-	-	(459,204)
Share based payments	-	241,000	-	241,000
Balance at 31 December 2019	38,170,294	241,000	(19,678,938)	18,732,356
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

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

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020



	31 December 2020	31 December 2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	14,590,898	945,615
Payments to suppliers and employees (inclusive of GST)	(13,312,010)	(1,998,225)
Interest received	6,730	16,717
Interest paid	(210,890)	(148,707)
Net cash provided by/(used in) operating activities	1,074,728	(1,184,600)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for completion of Ausdrill Transaction	-	(16,000,000)
Proceeds from disposal of plant and equipment	310,000	440,000
Purchase of plant and equipment	(1,870,307)	(451,279)
Net cash used in investing activities	(1,560,307)	(16,011,279)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from the issue of shares	-	6,540,796
Proceeds from borrowings	561,528	8,800,000
Repayment of borrowings	(1,531,351)	(803,939)
Payments for principal portion of lease liabilities	(142,680)	-
Capital raising costs	(5,954)	-
Net cash (used in)/provided by financing activities	(1,118,456)	14,536,857
Net decrease in cash and cash equivalents	(1,604,034)	(2,659,022)
Cash and cash equivalents at the beginning of the half year	9,706,113	6,983,931
Cash and cash equivalents at the end of the half year	8,102,079	4,324,910

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

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NOTE 1: GENERAL INFORMATION

The interim financial report (Report) of Vysarn Limited (“the Company”) and its controlled entity (“the Group”) for the half year ended 31 December 2020 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 108 Outram Street, West Perth WA 6005.

NOTE 2: OPERATING SEGMENTS

The Company has one reportable segment, Pentium Hydro which is the Group’s operational business unit.

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. The major results of the Group’s sole operating segment are consistent with the presentation of these consolidated financial statements.

NOTE 3: 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 2020 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. Amounts are presented in Australian dollars and have been rounded off to the nearest dollar, unless stated otherwise.

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.

Changes In accounting estimates - Plant and Equipment

Depreciation of plant and equipment constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as a depreciation expense over the estimated useful lives of the respective assets using the straight-line method and its reflected in the Group's statement of profit or loss and other comprehensive income.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group decided to revise the useful life of certain classes of plant and equipment during the half year, from 7 years to 10 years. The basis of this change was as a result of a number of internal factors including;

- A greater understanding of asset conditions and their expected operating useful lives, gained over the last 12 months since the Group established its operation;
- Industry considerations and guidance including peer reviews conducted; and
- Discussions with suitably qualified and experienced internal personnel as to Group's assets and their past experience with similar plant and equipment.

In implementing the revised useful lives, the Group has applied the change in depreciation based on an assessment of individual asset useful lives prospectively, from 1 July 2020, as required under Australian Accounting Standards. As a result of the change in estimate, depreciation for the six month period ended 31 December 2020 decreased from approximately \$1,966,170 to 1,390,825. Further information on the Group's Plant and Equipment is contained within Note 13 of this report.

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.

d) Adoption of New Accounting Standards

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's financial report for the year ended 30 June 2020, except for the adoption of the new standards as set out below.

The adoption of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) has no material impact on the accounts reported in the current and prior periods.

The Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2020, including the following:

i) AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business

AASB 2018-6 amends AASB 3 Business Combinations to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments:

- (a) clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- (b) remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- (c) add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- (d) narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and
- (e) add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The application of AASB 2018-6 has not materially impacted the financial statements of the Group.

ii) AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material

AASB 2018-7 principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.

The application of AASB 2018-7 has not materially impacted the financial statements of the Group.

iii) AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform

AASB 2019-3 has been issued to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate.

The reliefs apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The application of AASB 2019-3 has not materially impacted the financial statements of the Group.

iv) AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia

AASB 2019-5 makes amendments to AASB 1054 Australian Additional Disclosures by adding a disclosure requirement for an entity intending to comply with IFRS Standards to disclose the information required by paragraph 30 of AASB 108 (regarding disclosing the effect of new standards not yet issued) to IFRS Standards that have not yet been issued by the Australian Accounting Standards Board.

The application of AASB 2019-5 has not materially impacted the financial statements of the Group.

e) New Accounting Standards

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.

i) AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments

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 as a consequence of the recent issuance by IASB of the following IFRS: Annual Improvements to IFRS Standards 2018-2020, Reference to the Conceptual Framework, Property, Plant and Equipment: Proceeds before Intended Use and Onerous Contracts – Cost of Fulfilling a Contract.

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.

ii) **AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date**

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.

AASB 2020-1 and AASB 2020-6 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 4: REVENUE FROM CONTRACTS WITH CUSTOMERS

	31-Dec-20	31-Dec-19
	\$	\$
Revenue recognised over a period of time from contracts with Australian customers:		
Drilling services	8,078,121	965,128
Dry-hire revenue	705,130	635,750
Sub-total	<u>8,783,251</u>	<u>1,600,878</u>
Revenue recognised at a point in time from contracts with Australian customers		
Sale of goods (consumables)	2,156,716	178,091
Mobilisation / demobilisation	510,970	-
Sub-total	<u>2,667,686</u>	<u>178,091</u>
Total revenue	<u>11,450,937</u>	<u>1,778,969</u>

NOTE 5: OTHER INCOME

	31-Dec-20	31-Dec-19
	\$	\$
Finance income	6,730	16,446
Other revenue	74,819	-
Cash boost stimulus (COVID-19)	75,000	-
Gain on bargain purchase	-	6,910,466
Net gain on disposal of assets	249,489	107,913
Total	<u>406,038</u>	<u>7,034,825</u>

NOTE 6: EXPENSES	31-Dec-20	31-Dec-19
Breakdown of expenses by nature:	\$	\$
Administration and Corporate expenses		
- Office expenses	172,699	-
- Corporate costs and compliance	392,325	431,642
- Other expenses	1,236	-
Total	566,261	431,642
Employee benefits expense		
- Wages and salaries (inclusive of superannuation)	4,315,776	1,066,561
- Employment related taxes	234,618	99,156
- Share-based payment expense	-	1,622,772
- Other employment related expenses	75,768	-
Total	4,626,162	2,788,489
Depreciation and Amortisation Expense		
- Plant and equipment depreciation	1,390,825	1,589,501
- Land and buildings lease amortisation	103,618	-
Total	1,494,443	1,589,501
Finance Costs		
- Interest expense	222,549	148,707
- Bank fees	2,627	-
Total	225,176	148,707
Consumables and other direct expenses		
- Consumables	2,980,798	509,970
- Other direct expenses	1,318,614	549,585
Total	4,299,412	1,059,555

NOTE 7: RELATED PARTY TRANSACTIONS

During the half year ended 31 December 2020, 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 and there were no material contracts involving Directors' interests existing at 31 December 2020.

(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. The Company acquired the following services from entities that are controlled by members of the Company's KMP. Some Directors, or former Directors of the Company, hold or have held positions in other companies, where it is considered they control or significantly influence the financial or operating policies of those entities. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available.

Related party	Nature of transactions	Transaction value		Payable balance	
		31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
		\$	\$	\$	\$
Connada Pty Ltd / Mr Sheldon Burt	Non-executive director and consulting fees	-	35,000	-	-
Insight Ecosys Pty Ltd / Mr Chris Brophy	Non-executive director and consulting fees	-	110,000	-	-
Otsana Pty Ltd trading as Otsana Capital / Mr Faldi Ismail (resigned 29 August 2019) and Mr Nicholas Young (resigned 29 August 2019)	Lead manager fee of \$150,000 and capital raising fee of \$420,000	-	570,000	-	-
Onyx Corporate Pty Ltd / Mr Nicholas Young (resigned 29 August 2019), Mr Faldi Ismail (resigned 29 August 2019) and Ms Kyla Garic	CFO and accounting fees ¹	-	113,500	-	25,000

¹ Ms Kyla Garic, through Onyx Corporate Pty Ltd, at 31 December 2019, provided the Group with CFO and accounting services. Mr Ismail and Mr Young are shareholders of Onyx Corporate and Mr Young is a director.

Onyx ceased providing CFO and accounting services to the Group during the 30 June 2020 financial year.

During the six-month period ended 31 December 2020, there were no share-based payment transactions with Key Management Personnel. Further information on such transactions including issues during the year ended 30 June 2020, is disclosed In Note 16.

NOTE 8: EARNINGS/(LOSS) PER SHARE

	31-Dec-20	31-Dec-19
	\$	\$
Earnings/(Loss) per share (EPS)		
a) Profit/(Loss) used in calculation of basic EPS and diluted EPS	937,534	3,309,214
b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings/(loss) per share	386,955,864	246,494,757
c) Weighted average number of ordinary shares outstanding during the year used in calculation diluted earnings/(loss) per share	416,955,864	256,740,658
Basic earnings/(loss) per share (cents per share)	0.24	1.34
Diluted earnings/(loss) per share (cents per share)	0.22	1.29

NOTE 9: 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-20	30-Jun-20
	\$	\$
Cash and cash equivalents	6,768,746	8,372,780
Cash and cash equivalents - term deposit	1,333,333	1,333,333
	8,102,079	9,706,113

NOTE 9a: CASH FLOW INFORMATION

	31-Dec-20	31-Dec-19
	\$	\$
Profit / (loss) after income tax expense for the year	937,534	3,309,214

Non-cash flows in result from continuing activities:

Share based payments (benefit) / expense	-	1,622,772
Depreciation and amortisation	1,494,443	1,589,501
Tax expense / (benefit)	(292,012)	(513,314)
Net (gain) / loss on disposal of property, plant and equipment	(249,489)	-
Gain on bargain purchase	-	(6,910,466)

Changes in assets and liabilities:

(Increase) / decrease in inventories	89,058	(1,976,025)
(Increase) / decrease in trade and other receivables	1,663,696	(1,302,983)
Increase / (decrease) in employee entitlements	(25,712)	-
Increase / (decrease) in trade and other payables	(2,053,887)	1,162,067
Increase / (decrease) in other assets and liabilities	(488,903)	1,834,633
Net cash (used in)/provided by operating activities	1,074,728	(1,184,600)

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NOTE 10: INVENTORIES	31-Dec-20	30-Jun-20
	\$	\$
Consumables and spare parts – at cost	2,249,142	2,334,712
Contract fulfilment costs – at cost	481,222	306,593
Total	2,730,363	2,641,305

Inventory is stated at the lower of cost or net realisable value.

NOTE 11: ASSETS CLASSIFIED AS HELD FOR SALE	31-Dec-20	30-Jun-20
	\$	\$
Non-current assets held for sale		
Plant and equipment at cost	152,727	152,727
	152,727	152,727

During completion of its acquisition of waterwell drilling assets in the year ended 30 June 2020, the Group identified several items of plant and equipment for disposal considered surplus to its operational needs. These items have been listed for sale with an equipment broker. Active sales are currently being discussed with potential buyers, with sales expected to be completed in 2021.

NOTE 12: PREPAYMENTS AND OTHER ASSETS	31-Dec-20	30-Jun-20
	\$	\$
Deposits	63,388	53,438
Prepayments	476,910	108,433
Total	540,298	161,871

NOTE 13: PLANT AND EQUIPMENT	31-Dec-20	30-Jun-20
	\$	\$
Cost	26,517,577	27,591,744
Accumulated depreciation	(1,390,825)	(2,883,962)
Net carrying amount	25,126,752	24,707,782

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 2019	-	-	-	-	-
Additions	17,052,820	8,356,230	76,769	2,105,925	27,591,744
Disposals	-	-	-	-	-
Depreciation expense	(1,869,804)	(1,003,605)	(10,553)	-	(2,883,962)
Carrying amount at 30 June 2020	15,183,016	7,352,625	66,216	2,105,925	24,707,782
Additions	1,246,545	578,636	45,126	-	1,870,307
Disposals (i)	(60,512)	-	-	-	(60,512)
Transfers	2,105,925	-	-	(2,105,925)	-
Depreciation expense	(944,518)	(428,482)	(17,825)	-	(1,390,825)
Balance at 31 December 2020	17,530,456	7,502,779	93,517	-	25,126,752

(i) Several items of plant and equipment were sold during the period resulting in a gain on disposal of assets of \$249,489.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. As detailed within Note 3 (b), the Group undertook a detailed review of its current depreciation policy during the period and increased the useful lives of certain asset classes from 7 years to 10 years. The change in useful life affected a number of individual assets within the below asset classes:

- Plant and equipment; and
- Trucks, trailers and light vehicles.

The change in accounting estimate has been accounted for prospectively, with effect from 1 July 2020, as required under Australian Accounting Standards.

All assets are secured under asset finance facilities and long-term bank loans. Refer to Note 14 for further details.

NOTE 14: BORROWINGS	31-Dec-20	30-Jun-20
	\$	\$
CURRENT		
Insurance premium funding (a)	325,264	27,120
Asset finance facilities (b)	946,226	708,066
Current maturities of long-term bank loan (c)	2,602,466	2,335,078
<i>Sub-total</i>	<u>3,873,956</u>	<u>3,070,264</u>
NON-CURRENT		
Asset finance facilities (b)	549,204	1,030,013
Long-term bank loan, net of current maturities (c)	4,362,203	5,677,757
<i>Sub-total</i>	<u>4,911,407</u>	<u>6,707,770</u>
Total	<u>8,785,363</u>	<u>9,778,034</u>

a) Insurance premium

The insurance premium funding bears interest at prevailing market rates and is repayable over 11 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 15: TRADE AND OTHER PAYABLES	31-Dec-20	30-Jun-20
	\$	\$
Trade payables	2,550,253	3,610,317
GST liability	13,091	119,376
PAYG withholdings payable	202,144	544,499
Accruals	11,496	500,044
Other payables	21,156	77,791
Total	<u>2,798,140</u>	<u>4,852,027</u>

NOTE 16: SHARE CAPITAL	31-Dec-20	30-Jun-20
	\$	\$
(a) Share Capital		
386,955,864 (30 June 20: 386,955,864) fully paid ordinary shares	19,129,600	19,135,614

Ordinary shares

During the six-month period ended 31 December 2020, the Group did not issue any ordinary shares (30 June 2020: 250,727,248 fully paid ordinary shares were issued).

All issued shares are fully paid.

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(b) Movement in Ordinary Capital

		31-Dec-20	31-Dec-20	30-Jun-20	30-Jun-20
	Ordinary Shares	No.	\$	No.	\$
	At the beginning of the reporting period	386,955,864	19,135,614	136,228,616	29,912,298
28 August 2019	Shares issued under the public offer	-	-	129,629,630	7,000,000
28 August 2019	Shares issued under the Director past services offer to Directors as remuneration for past services (Note 18)	-	-	24,000,000	1,296,000
28 August 2019	Shares issued under the Pentium Hydro offer to Pentium Hydro vendors as consideration for the Company's acquisition of the entire issued capital of Pentium Hydro (Note 18)	-	-	7,800,000	421,200
30 June 2020	Issued of shares under rights issue (ii)	-	-	89,297,618	4,018,393
	Capital raising costs	-	(5,954)	-	(524,126)
	Reduction in capital not represented by available assets (i)	-	-	-	(22,988,151)
Closing balance		386,955,864	19,129,660	386,955,864	19,135,614

NOTE 17: RESERVES	31-Dec-20	30-June-20
	\$	\$
(a) Share Based Payment Reserve		
20,000,000 options (30 June 2020: 20,000,000) and 10,000,000 performance rights (30 June 2020: 10,000,000) on issue	364,000	364,000
(b) Movement in Share Based Payment Reserve		
Opening balance at 1 July 2020	No.	\$
Options and performance rights on issue on issue at the beginning of the period	20,000,000	364,000
Movement during the period	-	-
Total	20,000,000	364,000

NOTE 18: SHARE BASED PAYMENTS

Share Issue

No shares were issued during the six-month period ended 31 December 2020 in lieu of goods or services received. The company issued the following share-based payments during the year ended 30 June 2020:

Remuneration of Directors for Past Services

The issue of 24,000,000 shares to Directors as remuneration for past services under the Director past services offer to Directors. The shares were valued based on the public offer price of \$0.054.

Mr Peter Hutchinson (or nominee) received 15,500,000 shares equivalent to a fee of \$837,000 under the Director past services offer. Mr Nicholas Young (or nominee) received 4,250,000 shares equivalent to a fee of \$229,500 under the Director past services offer. Mr Faldi Ismail (or nominee) received 4,250,000 shares equivalent to a fee of \$229,500 under the Director past services offer.

Pentium Hydro Offer

The issue of 7,800,000 shares to Pentium Hydro vendors as consideration for the Company's acquisition of the entire issued capital of Pentium Hydro under the Pentium Hydro offer. The shares were valued based on the public offer price of \$0.054. A total of 7,800,000 shares were issued to related party vendors of the Company as noted below.

Connada Pty Ltd an entity controlled by executive Director Mr Sheldon Burt received 2,925,000 shares under the Pentium Hydro offer equivalent to consideration of \$157,950. Insight Ecosys Pty Ltd an entity controlled by non-executive Director Mr Chris Brophy received 2,925,000 shares under the Pentium Hydro offer equivalent to consideration of \$157,950. Artificial Holdings Pty Ltd a nominee of Mr Sheldon Burt and Mr Chris Brophy received 1,170,000 shares under the Pentium Hydro offer equivalent to consideration of \$63,180. STRK Corporate Pty Ltd a nominee of Mr Sheldon Burt and Mr Chris Brophy received 780,000 shares under the Pentium Hydro offer equivalent to consideration of \$42,120.

Options

During the six-month period ended 31 December 2020, the Company did not issue any options (30 June 2020: 20,000,000).

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

During the year ended 30 June 2020 the Company issued the following options over ordinary shares to Directors as part of compensation that were outstanding as at 30 June 2020.

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.

The options were issued to Chairman Mr Peter Hutchinson in lieu of cash fees for the first 6 months following completion of the Acquisitions.

Managing Director Option Offer

The issue of 10,000,000 options to Managing Director Mr James Clement as part of his remuneration package.

The options have been valued using a Hoadley option pricing model.

The vesting conditions in accordance with the Managing Director options offer have been met. The options remain unexercised as at 31 December 2020. The options are exercisable at \$0.075 on or before 3 February 2023.

Fair Value

The Hoadley option pricing model was used to determine the fair value of the unlisted options issued. The Hoadley inputs and valuation were as follows:

Options	Chairman Options	Managing Director Options	
		Class A	Class B
Number of options	10,000,000	5,000,000	5,000,000
Grant date	5-Jul-19	3-Feb-20	3-Feb-20
Share price at grant date	\$0.033	\$0.067	\$0.067
Issue date	28-Aug-19	3-Feb-20	3-Feb-20
Exercise price	\$0.054	\$0.075	\$0.075
Expected volatility	100%	100%	100%
Implied option life	5 years	3 years	3 years
Expected dividend yield	-	-	-
Risk free rate	1.50%	0.70%	0.70%
Performance hurdle	-	30 day VWAP of \$0.085	30 day VWAP of \$0.100
Valuation per option \$	\$0.0241	\$0.012734	\$0.011866
Total valuation	\$241,000	\$63,670	\$59,330

Performance Rights

During the six-month period ended 31 December 2020, the Company did not issue any additional performance rights.

	31-Dec-20 No.	31-Dec-20 \$	30-June-20 No.	30-June-20 \$
At the beginning of the reporting period	10,000,000	-	-	-
Performance rights issued during the period	-	-	10,000,000	-
Total	10,000,000	-	10,000,000	-

As at 31 December 2020, 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).

Tranche	Number of Performance Rights on Issue	Value at Grant Date (\$)	Condition Test Date/Vesting Date	Vesting Condition	Management Probability Assessment 31 Dec 2020	Fair Value (\$)
1	3,333,333	191,666	30 June 2022	<ul style="list-style-type: none"> • Employment condition • Cumulative EPS condition 	0%	-
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			0%	-

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 2020: \$575,000), assuming satisfaction of performance conditions in full and 100% vesting rate.

At 31 December 2020 the Group has assessed the likelihood of the achievement of the vesting conditions in respect of tranches 1 – 3 of the performance rights. It was determined that, consistent with its conclusion at 30 June 2020, the achievement of the vesting conditions is uncertain at this point in time.

As a result, no share-based payment was recorded in relation to the performance rights during the half-year ended 31 December 2020 (30 June 2020: \$NIL), representing the Group’s best estimate of the performance rights that will eventually vest.

NOTE 19: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has one reportable segment, Pentium Hydro which is the Group's operational business unit.

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

NOTE 20: CONTROLLED ENTITY

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 entity	Country of Incorporation	Percentage Owned	
		31-Dec-20	30-Jun-20
Pentium Hydro Pty Ltd	Australia	100%	100%

NOTE 21: COMMITMENTS

The Group has no other known commitments at 31 December 2020 and between 31 December 2020 and the date of this report (31 December 2019: NIL).

NOTE 22: CONTINGENT LIABILITIES

The Group has no known contingent liabilities as at 31 December 2020 or at the date of this report (31 December 2019: NIL).

NOTE 23: EVENTS SUBSEQUENT TO REPORTING DATE


As announced on 29 January 2021, Chris Brophy resigned as Non-Executive Director of the Company.

There are no other matter or circumstance that has arisen since 31 December 2020 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 5-23 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 2020 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 25 February 2021

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 entity Pentium Hydro Pty Ltd (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of 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 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 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 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

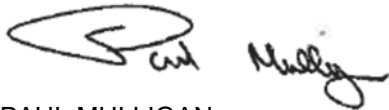
Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 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, 25 February 2021