

Delta Drone International Limited
Appendix 4D
Half-year report

1. Company details

Name of entity: Delta Drone International Limited
ABN: 17 618 678 701
Reporting period: **For the half-year ended 30 June 2022**
Previous period: **For the half-year ended 30 June 2021**

2. Results for announcement to the market

			\$
Revenues from continuing ordinary activities including other income	up	46.2% to	2,825,907
Loss from continuing ordinary activities after tax attributable to the owners of Delta Drone International Limited	up	101.6% to	(1,344,148)
Loss for the half-year attributable to the owners of Delta Drone International Limited	down	43.9% to	(838,516)

Dividends

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

Comments

Further explanation of the results is contained in the attached announcement and interim financial report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.12	0.688

4. Control gained over entities

Not applicable.

5. Loss of control over entities

In February 2022, the Group finalised the sale of Parazero Israel. During the current period the discontinued operations contributed a gain of \$505,632 (2021:\$828,338) after income tax expense.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Foreign entity accounting information is prepared and complies with International Financial Reporting Standards (IFRS).

10. Audit qualification or review

This report is based on accounts that have been subject to an audit review. The Auditor has issued an Independent Auditor's Review Report with an unqualified opinion. The attached half-year financial report has been prepared on a going concern basis. There are no items of dispute with the auditor and the audit review is not subject to a qualification.

11. Signed

Signed 

Christopher Clark
Chief Executive Officer

Date: 29 August 2022

ASX Announcement

Half Year Financial Report and Appendix 4D Refocused Business, Strong Growth and Pathway to Profitability

HIGHLIGHTS

- Operating revenue growth of 47% at \$2.8m in 1H FY2022 compared to 1H FY2021
- Introduction of new commercial performance metrics; Annual Recurring Revenue (ARR) and Total Contract Value (TCV) with ARR reaching \$1.7m and TCV \$3.8m
- Continued growth in contracts signed; material multi-year contracts signed with Red 5 Limited and post period end, Assmang's Khumani Iron Ore
- Strong revenue contribution from Australian business following acquisition of Arvista in Western Australia (renamed Rocketmine WA) in late calendar 2021 and refocusing of the business on drone data services to the mining sector with the sale of ParaZero (drone safety solutions) in early calendar 2022
- Board composition changes to size the board to the right size of the current business
- Outlook: further multi-year contracts expected to be signed and a pathway to sustainable breakeven has been established with Gross Profit of \$1.37m and Net Loss after tax of \$0.8m in 1H FY2022; Cash at bank of \$3.2m at 30 June 2022

29 August 2022 – Delta Drone International Limited (**ASX: DLT**), a Global drones-as-a-service provider, is pleased to provide this business update for the half year ending 30 June 2022 (1H FY2022), along with its Appendix 4D.

During the half year, DLT generated Operating revenue of \$2.8m, 47% growth over 1H FY2021. This excludes revenues generated from ParaZero in both periods. Gross Profit was \$1.37m (with Australia being a strong contributor and increasing its gross margin) and Net Loss after tax of \$0.8m in 1H FY2022.

In addition, some initial steps were taken to unwind some of the corporate cost increases seen on late 2021. This resulted in a one-off impact from director termination fees and a part benefit in reduced underlying director fees during 1H FY2022, contributing only late in the period (see further information in section – Other key changes in this report).

DLT CEO Christopher Clark said: "DLT has a unique value proposition, in which it offers a data commodity product to traditional industries, such as mining and agricultural, while operating in the highly-regulated framework for drones ..

These last 6-months have really been about positioning the business to take advantage of this value proposition locally in Australia: by focusing on our Arvista investment and giving it the operational capacity which it required, it has organically increased monthly revenues by 48% since acquiring the business.

With the local branding now standardised as Rocketmine WA, we are changing up another gear by incorporating more software and AI-related tools into our contract services. This will not only increase the overall profitability per enterprise customer but will also continue to separate us from

the competition, as we are able to deliver more complex data products over much larger target areas.

Many of our long-term customers, who currently purchase our services repeatedly on an ad-hoc basis, are starting to take note of our unique offering, which ultimately transitions their project-based arrangements into long-term commitments and allows them to benefit from a better pricing structure. This means we often need to follow a longer process of transferring these customers from single recurring monthly purchase orders into multi-year legal contracts.

This is where our new reporting metrics come in. To help shareholders and analysts understand the true value of our unique tech-services model, we have also introduced new Annual Recurring Revenue (ARR) & Total Contract Value (TCV) metrics to give scale to the extent of our confirmed order book and long-term customer billing commitments.

We look forward in continuing our mission of applying first principles to the business in 2H FY22, with the goal of solving complex customer problems and by incorporating simple product and partner additions, while aiming for overall profitability in the business, which we see a clear runway towards achieving."

New commercial performance metrics

DLT introduced new commercial performance metrics late in the period (see Q2 FY2022 June quarterly report for further information [announced 25 July 2022](#)).

- Annual Recurring Revenue (ARR) of \$1.7m at 30 June 2022
- Total Contract Value (TCV) of \$3.8m at 30 June 2022

These metrics will give investors insight into commercial drivers of the business and also help investors undertake peer valuation.

Multi-year contracts sit behind these metrics with Red 5 Limited (material contract) being a contributor. Post period end in July, a contract was signed with Assmang's Khumani Iron Ore (material contract). In addition, smaller contracts or projects were signed with Seriti Coal, Exxaro, BDO for audit project (recontract), Lucapa Diamonds, Bibiani Mine and Newmont Akyem and Ahafo (additional scope).

Other key changes

Board: Changes were made to the composition of the Board to suit the size of the current business. This will contribute to reducing overhead costs in future periods.

Acquisition / divestiture: In late calendar 2021 DLT acquired Arvista in Western Australia (WA) who have an existing mining client base. The Company invested in building and expanding operational capacity in WA and building regulatory, marketing and sales functions to support future expected growth. The Arvista business was subsequently renamed to Rocketmine WA. In early calendar 2022, ParaZero was divested (drone safety solutions).

This announcement has been authorised for release by the CEO of Delta Drone International Limited.

-ENDS-

For more information, please contact:

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Investors and Media

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About Delta Drone International www.dlti.com.au

Delta Drone International is a ASX listed (ASX: DLT) multi-national drone-based data service and technology solutions provider for the mining, agricultural and engineering industries.

Services are aerial surveying and mapping, security and surveillance, and blast monitoring and fragment analysis through a fully-outsourced service with AI and fast data turnaround that allows enterprise customers to focus on operations on the ground while Delta Drone International takes care of everything in the air.

Revenues are generated through multi-year recurring revenue contracts and short projects which also have the potential to be recurring. Key customer contracts include with tier 1 and tier 2 miners, South32, Newmont Mining, Red 5 and Seriti Coal.

DLT's operations are focused on Australia and Africa with regional offices in Perth, Johannesburg & Accra.

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else [click here](#)*



Delta Drone International Limited

ABN 17 618 678 701

Interim Report - 30 June 2022

Delta Drone International Limited
Corporate directory
30 June 2022

Directors	Mr Christopher Clark Mr Nicolas Clerc Mr Christian Viguie Mr Paul Williamson	Executive Chairman, Chief Executive Officer Non-Executive Director Non-Executive Director Executive Director, Chief Financial Officer
Company secretary	Mr Stephen Buckley	
Registered office	75 Thomas Street Subiaco WA 6008 Email: contact@dlti.com.au	
Principal place of business	75 Thomas Street Subiaco WA 6008	
Share register	Automic Registry Services Level 5, 191 St Georges Terrace Perth WA 6000 Email: hello@automic.com.au Web: www.automic.com.au	
Auditor	Hall Chadwick 283 Rokeby Road Subiaco WA 6008	
Legal Advisers (Australia)	Eaton Hall 20/210 Queen Victoria Street North Fremantle WA 6159	
Legal Advisers (Israel)	Shibolet Museum Tower 4 Berkowitz Street Tel Aviv Israel 6423806	
Legal Advisers (South Africa)	Rodl & Partner 1 Eastgate Lane Bedfordview South Africa 2007	
Stock exchange listing	Delta Drone International Limited shares are listed on the Australian Securities Exchange (ASX code: DLT) ASX Limited Level 40, Central Park 152-158 St Georges Terrace Perth WA 6005	
Website	Web: www.dlti.com.au	
Corporate Governance Statement	Delta Drone's Corporate Governance Statement can be viewed at: https://www.dlti.com.au/resource/corporate-governance/	

Delta Drone International Limited
Directors' report
30 June 2022

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Delta Drone International Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2022.

Directors

Name	Title	Appointed	Resigned
B. Gen (ret.) Eden Attias	Executive Chairman	13 June 2018	17 June 2022
Mr Christopher Clark	Executive Chairman, Chief Executive Officer	3 December 2020	-
Mr Stephen Gorenstein	Non-Executive Director	17 October 2018	17 June 2022
Mr Nicolas Clerc	Non-Executive Director	8 April 2021	-
Mr Christian Viguie	Non-Executive Director	8 April 2021	-
Mr Clive Donner	Non-Executive Director	14 July 2021	24 May 2022
Mr Paul Williamson	Executive Director, Chief Financial Officer	22 June 2022	

Principal activities

Delta Drone International is a multi-national drone-based data service and technology solutions provider for the mining, agricultural and engineering industries.

Services are aerial surveying and mapping, security and surveillance, and blast monitoring and fragment analysis through a fully-outsourced service with AI and fast data turnaround that allows enterprise customers to focus on operations on the ground while Delta Drone International takes care of everything in the air.

Revenues are generated through multi-year recurring revenue contracts and short projects which also have the potential to be recurring. Key customer contracts include with tier 1 and tier 2 miners, South32, Newmont Mining, Red 5 and Seriti Coal.

DLT's operations are focused on Australia and Africa with regional offices in Perth, Johannesburg & Accra.

Review of operations

The loss for the Group after providing for income tax and non-controlling interest amounted to \$818,264 (2021: \$1,463,639).

The loss for the Group from continuing operations amounted to \$1,323,896 (2021: \$635,301).

Unless otherwise stated, all figures in this report are in the Company's presentation currency, the Australian Dollar ("A\$").

The Company introduced new operating metrics for the business which provide investors with insight into the Company's commercial model. These metrics are driven by the ongoing signing of multi-year contracts and are measured as follows:

- Annual Recurring Revenue (ARR)
- Total Contract Value (TCV)

At 30 June 2022, ARR of the Group totalled \$1.710m and TCV totalled \$3.822m. In addition, the Company generates revenues from short contracts which are likely to re-occur as well as one-off revenue. For further information, see the Company's June Q2 FY2022 quarterly report.

Key announcements made during the half year period include:

- Beyond Visual Line of Sight (BLVOS) drone operating license granted by the Civil Aviation Safety Authority (CASA) in greater Kalgoorlie of Western Australia opening significant business opportunities to tender for contracts.
- Red-5 (via wholly owned subsidiary Greenstone Resources), 3-year contract.

During the half year Eden Attias (Non-executive Chairman), Stephen Gorenstein (Non-executive Director) and Clive Donner (non-executive Director) resigned their positions as Directors of the Company. Paul Williamson was appointed as an Executive Director and now holds the positions of Executive Director and Chief Financial Officer, whilst Christopher Clark was appointed Executive Chairman and now holds the positions of Executive Chairman and Chief Executive Officer.

Delta Drone International Limited
Directors' report
30 June 2022

Significant changes in the state of affairs

In February 2022, the Group finalised the sale of Parazero Israel. In line with *AASB 5 Non-current Assets Held for Sale and Discontinued Operations* the assets and liabilities of the entity has been disclosed separately in this note and has been recognised as assets of disposal groups classified as held for sale and liabilities directly associated with assets classified as held for sale. The performance of Parazero Israel has been included as a single line item in the Consolidated statement of profit or loss and other comprehensive income.

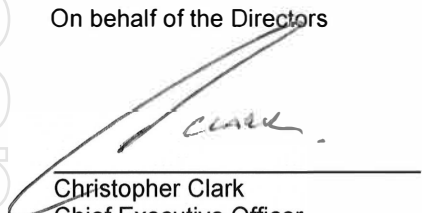
There were no further significant changes in the state of affairs of the Group during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

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

On behalf of the Directors



Christopher Clark
Chief Executive Officer

29 August 2022

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

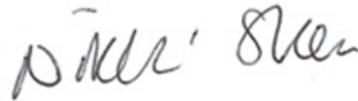
As lead audit director for the review of the financial statements of Delta Drone International Ltd for the half-year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours Faithfully,



HALL CHADWICK AUDIT (WA) PTY LTD
ABN 42 163 529 682



NIKKI SHEN CA
Director

Dated this 29th day of August 2022
Perth, Western Australia

Delta Drone International Limited

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30 June 2022

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General information

The financial statements cover Delta Drone International Limited as a Group consisting of Delta Drone International Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Delta Drone International Limited's functional and presentation currency.

Delta Drone International Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

75 Thomas Street, Subiaco WA 6008

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 24 August 2022.

Delta Drone International Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2022

	Note	Consolidated 2022 \$	Consolidated 2021 \$
Continuing operations			
Revenue	3	2,783,501	1,896,373
Cost of sales		(1,417,359)	(802,866)
Gross profit		1,366,142	1,093,507
Other income		10,625	36,621
Gains from disposals of assets		31,781	-
Expenses			
Operating expense	4	(2,572,065)	(1,708,133)
Depreciation and amortisation expense		(149,149)	(55,146)
Loss on disposal of assets		-	(1,601)
Operating loss		(1,312,666)	(634,752)
Finance income		6,784	5,990
Finance expense		(27,221)	(13,527)
Loss before income tax benefit from continuing operations		(1,333,103)	(642,289)
Income tax benefit		9,207	6,988
Loss after income tax benefit from continuing operations		(1,323,896)	(635,301)
Discontinued operations			
(Loss)/profit after income tax expense from discontinued operations	5	505,632	(828,338)
Loss after income tax benefit for the half-year		(818,264)	(1,463,639)
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(423,394)	148,622
Other comprehensive (loss)/income for the half-year, net of tax		(423,394)	148,622
Total comprehensive loss for the half-year		<u>(1,241,658)</u>	<u>(1,315,017)</u>
Loss for the half-year is attributable to:			
Non-controlling interest		20,252	31,485
Owners of Delta Drone International Limited		(838,516)	(1,495,124)
		<u>(818,264)</u>	<u>(1,463,639)</u>

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

Delta Drone International Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2022

	Note	Consolidated 2022 \$	2021 \$
Total comprehensive loss for the half-year is attributable to:			
Continuing operations		35,742	31,485
Discontinued operations		-	-
Non-controlling interest		35,742	31,485
Continuing operations		(1,348,363)	(518,164)
Discontinued operations		70,963	(828,338)
Owners of Delta Drone International Limited		(1,277,400)	(1,346,502)
		(1,241,658)	(1,315,017)
		Cents	Cents
Loss per share for loss from continuing operations attributable to the owners of Delta Drone International Limited			
Basic loss per share		(0.26)	(0.27)
Diluted loss per share		(0.26)	(0.27)
Earnings per share for profit/(loss) from discontinued operations attributable to the owners of Delta Drone International Limited			
Basic earnings/(loss) per share		0.10	(0.33)
Diluted earnings per share		0.10	(0.33)
Loss per share for loss attributable to the owners of Delta Drone International Limited			
Basic loss per share		(0.16)	(0.60)
Diluted loss per share		(0.16)	(0.60)

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

Delta Drone International Limited
Consolidated statement of financial position
As at 30 June 2022

	Note	Consolidated 2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	6	3,188,730	954,916
Trade and other receivables	7	2,226,638	1,415,957
Deposits		44,346	40,178
		<u>5,459,714</u>	<u>2,411,051</u>
Assets of disposal groups classified as held for sale		-	6,540,901
Total current assets		<u>5,459,714</u>	<u>8,951,952</u>
Non-current assets			
Property, plant and equipment	8	1,121,082	741,252
Right-of-use assets	9	73,693	121,621
Intangibles	10	5,454	5,313
Deferred tax	11	145,048	97,542
Goodwill		<u>1,210,181</u>	<u>1,403,438</u>
Total non-current assets		<u>2,555,458</u>	<u>2,369,166</u>
Total assets		<u>8,015,172</u>	<u>11,321,118</u>
Liabilities			
Current liabilities			
Trade and other payables	12	681,907	470,528
Contract liabilities	13	87,258	114,850
Borrowings	14	49,661	369,085
Lease liabilities	15	58,311	97,638
Income tax		16,407	-
Deferred consideration		-	271,483
		<u>893,544</u>	<u>1,323,584</u>
Liabilities directly associated with assets classified as held for sale	16	-	1,682,604
Total current liabilities		<u>893,544</u>	<u>3,006,188</u>
Non-current liabilities			
Borrowings	17	159,235	105,253
Lease liabilities	18	47,108	56,003
Total non-current liabilities		<u>206,343</u>	<u>161,256</u>
Total liabilities		<u>1,099,887</u>	<u>3,167,444</u>
Net assets		<u>6,915,285</u>	<u>8,153,674</u>
Equity			
Issued capital		13,207,118	13,207,118
Reserves		(1,007,479)	(587,354)
Accumulated losses		<u>(5,419,795)</u>	<u>(4,581,279)</u>
Equity attributable to the owners of Delta Drone International Limited		6,779,844	8,038,485
Non-controlling interest		135,441	115,189
Total equity		<u>6,915,285</u>	<u>8,153,674</u>

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

Delta Drone International Limited
Consolidated statement of changes in equity
For the half-year ended 30 June 2022

Consolidated	Issued capital \$	Foreign currency translation reserve \$	Reserves \$	Share based payment reserve \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 January 2021	12,904,061	419,845	(968,570)	-	(963,472)	75,021	11,466,885
(Loss)/profit after income tax benefit for the half-year	-	-	-	-	(1,495,124)	31,485	(1,463,639)
Other comprehensive income for the half-year, net of tax	-	142,437	-	-	-	6,185	148,622
Total comprehensive (loss)/income for the half-year	-	142,437	-	-	(1,495,124)	37,670	(1,315,017)
Issue of shares	20,939	-	-	-	-	-	20,939
Issue of performance rights	-	-	-	1,829	-	-	1,829
Share issue costs	(3,844)	-	-	-	-	-	(3,844)
Balance at 30 June 2021	<u>12,921,156</u>	<u>562,282</u>	<u>(968,570)</u>	<u>1,829</u>	<u>(2,458,596)</u>	<u>112,691</u>	<u>10,170,792</u>

Consolidated	Issued capital \$	Foreign currency translation reserve \$	Reserves \$	Share based payment reserve \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 January 2022	13,207,118	327,423	(968,570)	53,793	(4,581,279)	115,189	8,153,674
(Loss)/profit after income tax benefit for the half-year	-	-	-	-	(838,516)	20,252	(818,264)
Other comprehensive loss for the half-year, net of tax	-	(438,884)	-	-	-	15,490	(423,394)
Total comprehensive (loss)/income for the half-year	-	(438,884)	-	-	(838,516)	35,742	(1,241,658)
<i>Transactions with owners in their capacity as owners:</i>							
Share-based payments (note 20)	-	-	-	3,269	-	-	3,269
Balance at 30 June 2022	<u>13,207,118</u>	<u>(111,461)</u>	<u>(968,570)</u>	<u>57,062</u>	<u>(5,419,795)</u>	<u>150,931</u>	<u>6,915,285</u>

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

Delta Drone International Limited
Consolidated statement of cash flows
For the half-year ended 30 June 2022

	Note	Consolidated 2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,101,160	2,248,388
Payments to suppliers (inclusive of GST)		(3,739,969)	(2,477,535)
		(638,809)	(229,147)
Interest received		6,769	5,924
Interest and other finance costs paid		(1,155)	(14,691)
Net cash (used in) discontinued operations		(127,423)	(1,050,422)
Income taxes refunded		26,853	-
Income taxes paid		-	(121,464)
Net cash used in operating activities		(733,765)	(1,409,800)
Cash flows from investing activities			
Payments for property, plant and equipment	8	(543,507)	(283,771)
Payment for deferred consideration		(274,483)	-
Proceed from loans		7,775	-
Proceeds from loans		-	4,541
Proceeds from disposal of business		4,275,218	-
Payments for costs associated with disposal of business		(200,351)	-
Proceeds from disposal of property, plant and equipment		68,691	193
Proceeds from release of security deposits		-	6,631
Net cash used by discontinued operations		-	(6,466)
Net cash from/(used in) investing activities		3,333,343	(278,872)
Cash flows from financing activities			
Proceeds from borrowings		40,000	200,994
Repayment of borrowings		(380,216)	(506,838)
Net cash used by discontinued operations		-	(36,963)
Net cash used in financing activities		(340,216)	(342,807)
Net increase/(decrease) in cash and cash equivalents		2,259,362	(2,031,479)
Cash and cash equivalents at the beginning of the financial half-year		954,916	5,182,923
Effects of exchange rate changes on cash and cash equivalents		(25,548)	(18,636)
Cash and cash equivalents at the end of the financial half-year		<u>3,188,730</u>	<u>3,132,808</u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Discontinued Operation

Recognition and Measurement

A discontinued operation is a component of the Group that has either been disposed of, or is held for sale, and;

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the statement of profit or loss and other comprehensive income. This amount, which comprises the post-tax profit or loss of discontinued operations, is analysed in Note 5.

Going Concern

During the period, the Group generated a loss after tax from continuing operations of \$1,323,896 (2021: \$635,301), is reporting a net working capital of \$4,566,170 (2021 : \$5,945,764), has incurred net cash outflows from operations of \$733,765 (2021 outflow of \$1,409,800). As at 30 June 2022, the Group had \$3,188,730 in cash (2021 : \$3,132,808) and consolidated net asset of \$6,915,285 (2021 : net asset of \$8,153,674).

The Group has prepared the financial statements for the financial period ended 30 June 2022 on a going concern basis, which assumes continuity of current business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Note 1. Significant accounting policies (continued)

Significant Accounting judgements, estimates and assumptions

In the process of applying the Group's accounting policies management makes judgements. In addition, the carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Coronavirus (COVID-19 pandemic)

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Tax impact on discontinued operation

The Group has consulted a tax consultant in regards to the gain or loss arising from the discontinued operation. With that understanding, the Group has determined that there is a nil taxation impact from the discontinued operation.

Note 2. Operating segments

Identification of reportable operating segments

The Group is organised into one operating segment. These operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. The segment is split into the geographical locations of the Group's main business, namely Australia, South Africa and Israel. The following table analyses sales revenue and EBITDA based on geographical location

Operating segment information

	Australia	Africa	Discontinued Operation	Corporate	Total
Consolidated - 2022	\$	\$	\$	\$	\$
Revenue					
Sales to external customers	973,732	1,809,769	42,373	-	2,825,874
Other income and gain on sale of assets	1,215	41,191	-	-	42,406
Total revenue	<u>974,947</u>	<u>1,850,960</u>	<u>42,373</u>	<u>-</u>	<u>2,868,280</u>
EBITDA	(331,854)	6,050	505,632	(837,713)	(657,885)
Depreciation and amortisation	(73,612)	(71,092)	-	(4,445)	(149,149)
Interest revenue	-	5,428	-	1,356	6,784
Finance costs	(691)	(23,772)	-	(2,758)	(27,221)
(Loss)/profit before income tax benefit	<u>(406,157)</u>	<u>(83,386)</u>	<u>505,632</u>	<u>(843,560)</u>	<u>(827,471)</u>
Income tax benefit					9,207
Loss after income tax benefit					<u>(818,264)</u>

Results relating to operations in discontinued operations have been included in this note for disclosure purposes. Contained with the results is the gain on the disposal with the result being \$505,632. Results for the segment are reported on a net basis in the consolidated statement of profit or loss and other comprehensive income as it is a discontinued operation.

Note 2. Operating segments (continued)

	Australia	Africa	Discontinued Operation	Corporate	Total
	\$	\$	\$	\$	\$
Consolidated - 2021					
Revenue					
Sales to external customers	-	1,896,373	596,458	-	2,492,831
Other income		36,621			36,621
Total revenue	-	1,932,994	596,458	-	2,529,452
EBITDA	(86,960)	121,403	(525,220)	(614,049)	(1,104,826)
Depreciation and amortisation	(2,472)	(52,674)	(273,836)	-	(328,982)
Interest revenue	-	5,869	-	121	5,990
Finance costs	-	(13,527)	(29,282)	-	(42,809)
(Loss)/profit before income tax benefit	(89,432)	61,071	(828,338)	(613,928)	(1,470,627)
Income tax benefit					6,988
Loss after income tax benefit					(1,463,639)

Results relating to operations in Israel have been included in this note for disclosure purposes. Results for the segment are reported on a net basis in the consolidated statement of profit or loss and other comprehensive income as it is a discontinued operation.

	2022	2021
Segment assets	4,681,394	10,504,861
Unallocated assets:		
Cash	3,188,730	954,915
Deferred tax asset	145,048	97,542
	<u>8,015,172</u>	<u>11,557,318</u>
Segment liabilities	890,991	2,948,391
Unallocated liabilities:		
Borrowings	208,896	455,253
	<u>1,099,887</u>	<u>3,403,644</u>

Note 3. Revenue

	Consolidated 2022 \$	Consolidated 2021 \$
Rendering of services	<u>2,783,501</u>	<u>1,896,373</u>
	Consolidated 2022 \$	Consolidated 2021 \$
Timing of revenue recognition		
At a point in time	-	-
Over time	<u>2,783,501</u>	<u>1,896,373</u>
	<u>2,783,501</u>	<u>1,896,373</u>

All revenue received during the period was earned over a period of time. Revenue unearned have been recorded in the Statement of Financial Position as a Contract Liability.

Delta Drone International Limited
Notes to the consolidated financial statements
30 June 2022

Note 4. Operating expense

	Consolidated	
	2022	2021
	\$	\$
Employee benefits expense	1,127,243	554,496
General and administrative expenses	818,171	614,327
Corporate costs	623,382	537,481
Share based payments	3,269	1,829
	<u>2,572,065</u>	<u>1,708,133</u>

Note 5. Discontinued operations

Financial performance information

	Consolidated	
	2022	2021
	\$	\$
Revenue	42,373	596,458
Expenses	(176,265)	(1,424,796)
Loss before income tax expense	(133,892)	(828,338)
Income tax expense	-	-
Loss after income tax expense	(133,892)	(828,338)
Gain on disposal before income tax	639,524	-
Income tax expense	-	-
Gain on disposal after income tax expense	639,524	-
(Loss)/profit after income tax expense from discontinued operations	<u>505,632</u>	<u>(828,338)</u>

Cash flow information

	Consolidated	
	2022	2021
	\$	\$
Net cash used in operating activities	<u>(127,423)</u>	<u>(991,647)</u>

Delta Drone International Limited
Notes to the consolidated financial statements
30 June 2022

Note 5. Discontinued operations (continued)

Carrying amounts of assets and liabilities disposed

	Consolidated	
	2022	2021
	\$	\$
Cash and cash equivalents	68,001	-
Trade and other receivables	184,879	-
Inventories	463,307	-
Property, plant and equipment	83,780	-
Total assets	<u>799,967</u>	<u>-</u>
Trade and other payables	1,081,907	-
Total liabilities	<u>1,081,907</u>	<u>-</u>
Net liabilities	<u>(281,940)</u>	<u>-</u>

Details of the disposal

	Consolidated	
	2022	2021
	\$	\$
Cash consideration to 30 June 2022	4,275,218	-
Funds held in escrow	1,150,000	-
Disposal costs under sale agreement	197,540	-
Net working capital adjustment	<u>377,242</u>	<u>-</u>
Contractual amount	6,000,000	-
Disposal costs under sale agreement	(197,540)	-
Net working capital adjustment	(377,242)	-
Provisions for withholding tax and claims	<u>(113,026)</u>	<u>-</u>
Total accounting sale consideration	5,312,192	-
Carrying amount of net liabilities disposed	281,940	-
Derecognition of foreign currency reserve	434,669	-
Derecognition of goodwill and intangible assets	(5,156,344)	-
Disposal costs, Australia	<u>(232,933)</u>	<u>-</u>
Gain on disposal before income tax	<u>639,524</u>	<u>-</u>
Gain on disposal after income tax	<u>639,524</u>	<u>-</u>

In February 2022, the Group finalised the sale of Parazero Israel. In line with *AASB 5 Non-current Assets Held for Sale and Discontinued Operations* the assets and liabilities of the entity has been disclosed separately in this note and has been recognised as assets of disposal groups classified as held for sale and liabilities directly associated with assets classified as held for sale. The performance of Parazero Israel has been included as a single line item in the Consolidated statement of profit or loss and other comprehensive income.

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	2022	2021
	\$	\$
Cash and cash equivalents	<u>3,188,730</u>	<u>954,916</u>

Note 7. Current assets - trade and other receivables

	Consolidated	
	2022	2021
	\$	\$
Trade receivables	1,016,501	1,067,644
Expected Credit loss allowance	(6,257)	(6,095)
Goods and services tax	49,278	92,143
	<u>1,059,522</u>	<u>1,153,692</u>
Prepayments	<u>111,991</u>	<u>259,885</u>
Other receivables	18,151	2,380
Parazero sale escrow net of provisions for withholding tax and claims	1,036,974	-
	<u>1,055,125</u>	<u>2,380</u>
	<u><u>2,226,638</u></u>	<u><u>1,415,957</u></u>

There are no receivables that are past due where expected credit loss has not been assessed.

Prepayments mainly relate to payments made for insurances paid in advance.

Note 8. Non-current assets - property, plant and equipment

	Consolidated	
	2022	2021
	\$	\$
Cost	3,069,149	2,095,970
Accumulated depreciation	(1,948,067)	(1,354,718)
Net carrying amount	<u><u>1,121,082</u></u>	<u><u>741,252</u></u>

Delta Drone International Limited
Notes to the consolidated financial statements
30 June 2022

Note 8. Non-current assets - property, plant and equipment (continued)

	Opening balance \$	Additions \$	Transfers \$	Business combination \$	Disposals \$	Depreciation \$	Foreign exchange movements \$	Closing balance \$
30 June 2022								
Survey equipment	-	-	-	-	-	-	-	-
Furniture and fixtures	23,437	1,879	-	-	-	(5,505)	590	20,401
Motor vehicles	142,186	51,951	-	-	(23,785)	(20,285)	(1,861)	148,206
Office equipment	32,268	30,983	-	-	-	(8,993)	(12,759)	41,499
IT equipment	49,712	51,590	-	-	-	(19,279)	6,693	88,716
Leasehold improvements	10,172	33,967	24,673	-	-	(3,838)	1,387	66,361
Drone accessories	141,421	143,522	88,567	-	(3,180)	(139,774)	953	231,509
Drones	294,928	160,223	-	-	-	(88,407)	2,768	369,512
Drone batteries	19,995	68,572	(88,567)	-	-	-	-	-
Other fixed assets	2,460	820	-	-	-	(1,002)	(1)	2,277
Capital works in progress	24,673	-	(24,673)	-	-	-	-	-
Plant and equipment	-	-	-	211,294	-	(58,693)	-	152,601
	<u>741,252</u>	<u>543,507</u>	<u>-</u>	<u>211,294</u>	<u>(26,965)</u>	<u>(345,776)</u>	<u>(2,230)</u>	<u>1,121,082</u>

	Opening balance \$	Additions \$	Disposals \$	Depreciation \$	Foreign exchange movements \$	Closing balance \$
31 December 2021						
Survey equipment	18,961	-	-	(19,310)	349	-
Furniture and fixtures	28,571	2,936	-	(7,327)	(743)	23,437
Motor vehicles	20,281	137,770	-	(14,679)	(1,186)	142,186
Office equipment	12,533	28,620	-	(8,635)	(250)	32,268
IT equipment	44,779	47,278	-	(43,206)	861	49,712
Leasehold improvements	16,285	-	-	(5,835)	(278)	10,172
Drone accessories	55,404	219,829	-	(129,241)	(4,571)	141,421
Drone batteries	-	69,686	(1,427)	(47,081)	(1,183)	19,995
Other fixed assets	287	7,318	(1,488)	(4,962)	1,305	2,460
Drones	183,832	291,614	(3,044)	(170,165)	(7,309)	294,928
Capital works in progress	17,019	8,741	(189)	-	(898)	24,673
	<u>397,952</u>	<u>813,792</u>	<u>(6,148)</u>	<u>(450,441)</u>	<u>(13,903)</u>	<u>741,252</u>

Delta Drone International Limited
Notes to the consolidated financial statements
30 June 2022

Note 9. Non-current assets - right-of-use assets

	Consolidated	
	2022	2021
	\$	\$
Land and buildings - right-of-use	391,953	397,700
Less: Accumulated depreciation	<u>(318,260)</u>	<u>(276,079)</u>
	<u><u>73,693</u></u>	<u><u>121,621</u></u>

Reconciliations

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

	Land and buildings	Total
	\$	\$
Consolidated		
Balance at 1 January 2022	121,621	121,621
Exchange differences	(2,840)	(2,840)
Depreciation expense	<u>(45,088)</u>	<u>(45,088)</u>
Balance at 30 June 2022	<u><u>73,693</u></u>	<u><u>73,693</u></u>

Right-of-use assets relate to rental properties used in South Africa.

Note 10. Non-current assets - intangibles

	Consolidated	
	2022	2021
	\$	\$
Brand Names - at cost	31,038	30,235
Less: Accumulated amortisation	<u>(30,003)</u>	<u>(29,228)</u>
	<u>1,035</u>	<u>1,007</u>
Client contracts - at cost	200,007	194,837
Less: Accumulated amortisation	<u>(200,007)</u>	<u>(194,837)</u>
	<u>-</u>	<u>-</u>
Licenses to operate - at cost	124,151	120,942
Less: Accumulated amortisation	<u>(120,013)</u>	<u>(116,910)</u>
	<u>4,138</u>	<u>4,032</u>
Domain, manuals and processes - at cost	97,104	94,594
Less: Accumulated amortisation	<u>(96,823)</u>	<u>(94,320)</u>
	<u>281</u>	<u>274</u>
	<u><u>5,454</u></u>	<u><u>5,313</u></u>

Note 10. Non-current assets - intangibles (continued)

Reconciliations

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

	Brand names	Licenses to operate	Domain, manuals and processed	Total
Consolidated	\$	\$	\$	\$
Balance at 1 January 2022	1,007	4,032	274	5,313
Exchange differences	28	106	7	141
Balance at 30 June 2022	<u>1,035</u>	<u>4,138</u>	<u>281</u>	<u>5,454</u>

Note 11. Non-current assets - deferred tax

	Consolidated 2022	2021
	\$	\$
Deferred tax asset	<u>145,048</u>	<u>97,542</u>

Note 12. Current liabilities - trade and other payables

	Consolidated 2022	2021
	\$	\$
Trade payables	678,875	431,198
Goods and services tax	3,032	39,330
	<u>681,907</u>	<u>470,528</u>

Note 13. Current liabilities - contract liabilities

	Consolidated 2022	2021
	\$	\$
Contract liabilities	<u>87,258</u>	<u>114,850</u>

Reconciliation

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

Opening balance	114,850	-
Payments received in advance	210,668	114,850
Transfer to revenue	(238,260)	-
Closing balance	<u>87,258</u>	<u>114,850</u>

Note 14. Current liabilities - borrowings

	Consolidated	
	2022	2021
	\$	\$
Bank loans	49,661	19,085
Short-term loan	-	350,000
	<u>49,661</u>	<u>369,085</u>

The borrowing represents a short-term bridge financing by way of an unsecured line of credit ("loan") of \$350,000 advanced by Delta Drone SA France with an interest rate of 2.5% per annum. The loan and the accrued interest was repaid during the period.

Note 15. Current liabilities - lease liabilities

	Consolidated	
	2022	2021
	\$	\$
Lease liability	<u>58,311</u>	<u>97,638</u>

Note 16. Current liabilities - liabilities directly associated with assets classified as held for sale

	Consolidated	
	2022	2021
	\$	\$
Trade payables	-	932,302
Deferred tax liability	-	750,302
	<u>-</u>	<u>1,682,604</u>

Note 17. Non-current liabilities - borrowings

	Consolidated	
	2022	2021
	\$	\$
Borrowings	<u>159,235</u>	<u>105,253</u>

Non-current borrowings relate to motor vehicle finance leases and long-term borrowing from a supplier.

Note 18. Non-current liabilities - lease liabilities

	Consolidated	
	2022	2021
	\$	\$
Lease liability	<u>47,108</u>	<u>56,003</u>

Note 19. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 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.

Note 20. Share-based payments

During the period, the Group provided performance rights and share options to Christopher Clark as a part of his remuneration package and as a performance incentive – the Board considers that these are appropriate forms of incentive as they align remuneration with the long-term success of the Group, shareholder interests and current market practice.

Vesting of performance rights is conditional on the satisfaction of various milestones within a 4-year timeframe. The performance rights were issued at nil cost and will be converted into the equivalent number of shares when exercised. Vesting of the Share options occurs based on employment conditions between 1 July 2022 and 1 July 2024.

There were 8,000,000 performance rights granted over ordinary shares, and 2,000,000 share options issued to Christopher Clark, on 3 June 2022, as approved by Shareholders of the Company at the Annual General Meeting of the Company held on 31 May 2022.

During the period, the 6,000,000 performance rights held by Eden Attias and the 1,000,000 performance rights held by Stephen Gorenstein were forfeited due to their resignations

2022		Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
Grant date	Expiry date					
24/06/2021	24/06/2024	13,000,000	-	-	(7,000,000)	6,000,000
03/06/2021	03/06/2026	-	8,000,000	-	-	8,000,000
		13,000,000	8,000,000	-	(7,000,000)	14,000,000

During the period to 30 June 2022, an expense of \$3,269 (2021: \$1,829) has been recognised as set out below:

Share based payments recognised to 31 December 2021	53,793
Recognition of pro-rata expense for Performance rights granted 24 June 2021 (i)	24,044
Recognition of pro-rata expense for Performance rights granted 3 June 2022 (ii)	3,591
Recognition options granted 4 June 2022, vested 1 July 2022 (iii)	4,600
De-recognition of pro-rata expense to 31 Dec 2021 for 7,000,000 forfeited performance rights	(28,966)
	3,269
Share based payments recognised to 30 June 2022	57,062

- (i) The performance rights granted on 24 June 2021 are recognised pro-rata to 30 June 2022 at a fair value of 2.4 cents per performance right over 36 months.
- (ii) The performance rights granted on 3 June 2022 are recognised pro-rata to 30 June 2021 at a fair value of 1.4 cents per performance right over periods to 31 December 2023, 31 December 2024 and 31 December 2025 for each milestone respectively.
- (iii) The options granted on 3 June 2022 have an exercise price of 2.1 cents, expiry date of 30 May 2026 and the expense is recognised pro-rata at a fair value of 0.69 cents per option on each vesting date. One third of the options vested on 1 July 2022, and given that the employment condition has been satisfied, the expense was recognised at 30 June 2022. The remaining two thirds vest over the next eight quarters in equal tranches commencing on 1 October 2022 and ending on 1 July 2024.

The details of holdings of performance rights as at 30 June 2022 and the milestones are described in the tables below:

Name	No. of Performance Rights	Milestones
Christopher Clark	2,000,000	DDG 2021 Milestones
Christopher Clark	4,000,000	2021 Milestones
Christopher Clark	8,000,000	2022 Milestones

Note 20. Share-based payments (continued)

DDG 2021 New Milestones

Milestone	Description
DDG Milestone 1	DDSA achieving consolidated revenue (for the avoidance of doubt, only DDSA and excluding the Group) for any full financial year (being 1 Jan to 31 Dec) during the three-year term of the Performance Rights of not less than US\$3,200,000 (based on audited accounts having been prepared by an external auditor or other suitable expert).
DDG Milestone 2	If DDSA enters into at least two binding contracts with Australian-based mining companies (being companies that conduct mining, exploration or extraction services) for the provision of drone survey or mapping solutions services to those mining companies in Australia ("Services") and DDSA receives not less than US\$1,000,000 (based on audited accounts having been prepared by an external auditor or other suitable expert) of verified revenue in aggregate from such executed contracts received within the three-year term of the Performance Rights for its Services.
DDG Milestone 3	If during the three-year term of the Performance Rights, the Company announces to the ASX that DDSA has expanded the services of its business offering (being the provision of drone survey and mapping solutions) into a new geographic location outside of Australia, Israel, South Africa, Ghana and Namibia and achieved a revenue in that new geographic location of not less than US\$1,000,000 (based on audited accounts having been prepared by an external auditor or other suitable expert).

Note: DDSA means Delta Drone South Africa and its current subsidiaries, Drone Safety and Legal, Rocketmine South Africa and Rocketmine Ghana.

2021 New Milestones

Milestones	Description
New Milestone 1	The Group achieving consolidated revenue of not less than A\$10,000,000 in a single financial year (being 1 Jan to 31 Dec) based on audited accounts having been prepared by an external auditor or other suitable expert.
New Milestone 2	The Group achieving total consolidated EBITDA of not less than A\$1,000,000 in a single financial year (being 1 Jan to 31 Dec) based on audited accounts having been prepared by an external auditor or other suitable expert.
New Milestone 3	The Company achieving a total return on equity of not less than 10% in a single financial year (being 1 Jan to 31 Dec), where return on equity is equal to net profit as a percentage of total equity based on audited accounts having been prepared by an external auditor or other suitable expert.

2022 Milestones

Milestone	Description
New Milestone 1	The Group achieving total consolidated EBIT of not less than A\$nil (i.e. break-even) in a single financial year (being 1 Jan to 31 Dec) based on audited accounts having been prepared by an external auditor or other suitable expert.
New Milestone 2	The Group achieving total consolidated revenue of not less than A\$15,000,000 in a single financial year (being 1 Jan to 31 Dec) based on audited accounts having been prepared by an external auditor or other suitable expert.
New Milestone 3	The Group achieving total consolidated EBIT of more than A\$2,000,000 in a single financial year (being 1 Jan to 31 Dec) based on audited accounts having been prepared by an external auditor or other suitable expert.

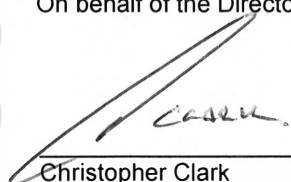
Delta Drone International Limited
Directors' declaration
30 June 2022

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Christopher Clark
Chief Executive Officer

29 August 2022

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DELTA DRONE INTERNATIONAL LTD

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Delta Drone International Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial 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.

Directors' Responsibility for the half-year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to 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 consolidated financial position as at 30 June 2022 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

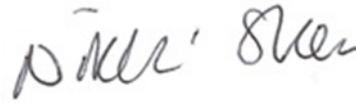
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



HALL CHADWICK AUDIT (WA) PTY LTD
ABN 42 163 529 682



NIKKI SHEN CA
Director

Dated this 29th day August 2022
Perth, Western Australia