



**Swick Mining Services Ltd and  
its Controlled Entities**

**Appendix 4D**

**Half-Year Financial Report**  
**31 December 2020**

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## RESULTS FOR ANNOUNCEMENT TO THE MARKET (APPENDIX 4D)

	Period ended
Current Reporting Period	31-Dec-20
Previous Corresponding Period	31-Dec-19

				\$'000
Revenue from Ordinary Activities	Down	11%	to	68,719
Net Profit After Tax from Ordinary Activities	Up	130%	to	872
Net Profit After Tax Attributable to Members	Up	130%	To	872
<b>Dividends</b>	Amount per security		Franked amount per security %	
<b>Half year 31 December 2019</b>				
Interim Dividend	0.3 cents per share		100%	
<b>Half year 31 December 2020</b>				
Interim Dividend	0.45 cents per share		100%	
Record date for determining entitlements	<b>19 March 2021</b>			
Date of payment	<b>16 April 2021</b>			

## Net tangible asset backing per ordinary share (cents)

31-Dec-20	31-Dec-19
22.83	24.20

Net tangible asset backing per share has been calculated by dividing the net tangible assets by the closing number of ordinary shares on issue.

## DIRECTORS' REPORT

The Directors of Swick Mining Services Limited (Swick) are pleased to submit their report for the half-year ended 31 December 2020.

### DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

#### Name

Andrew Simpson (Chairman) (Non-Executive)  
 Kent Swick (Managing Director)  
 Ian McCubbing (Non-Executive)  
 Stuart Carmichael (Non-Executive)  
 Dr Alan Bye (Non-Executive)

#### Appointment Date

Appointed 24<sup>th</sup> October 2006  
 Appointed 24<sup>th</sup> October 2006  
 Appointed 1<sup>st</sup> August 2010  
 Appointed 1<sup>st</sup> August 2019  
 Appointed 8<sup>th</sup> November 2019

#### Company Secretary

Frank Campagna

Appointed 19<sup>th</sup> June 2014

## RESULTS AND REVIEW OF OPERATIONS

FINANCIAL RESULTS (UNREVIEWED NON-IFRS AND INCLUDING DISCONTINUED OPERATIONS)	HY21 \$'000	HY20 \$'000	Change %
<b>Profit &amp; Loss</b>			
Revenue	72,765	80,323	(9.4%)
EBITDA (Drilling business)	14,947	12,149	23.0%
EBITDA (Mineral Technology business)	(2,802)	(2,025)	(38.4%)
EBITDA (Total)	11,763	10,770	9.2%
EBIT (Drilling business)	7,181	702	922.9%
EBIT (Mineral Technology business)	(3,567)	(3,188)	(11.9%)
EBIT (Total)	3,232	(1,840)	275.7%
NPAT (Total)	872	(2,860)	130.5%
<b>Cash Flow</b>			
Net cash from operating activities	5,717	3,736	53.0%
Net cash used in investing activities	(2,450)	(7,950)	69.2%
Free cash flow	3,267	(4,214)	177.5%
Operating cash flow before interest and taxes	6,494	4,632	40.2%
<b>At Balance Date</b>	<b>31 Dec 20</b>	<b>31 Dec 19</b>	
Cash	13,250	12,729	4.1%
Debt (excluding lease liabilities)	22,700	23,729	(4.3%)
Net debt (excluding lease liabilities)	9,450	11,000	(14.1%)
<b>Ratios</b>	<b>HY21</b>	<b>HY20</b>	
EBITDA margin (Drilling business) (%)	20.5%	15.1%	
EBITDA margin (%)	16.2%	13.4%	
EBIT margin (Drilling business) (%)	9.9%	0.9%	
EBIT margin (%)	4.4%	(2.3%)	
Basic EPS (reported) – cents per share	0.29	(1.10)	
EBITDA cash conversion (%)	55.2%	43.0%	
Gearing (Net debt excluding lease liabilities/equity) (%)	10.5%	11.9%	

Revenue from continuing and discontinued operations (RC Drilling business) for the six months ending 31 December 2020 was \$72.8 million, 9.4% lower than the \$80.3 million for the prior corresponding period (pcp). The revenue reduction was due to the reduction in volume of work at the Barrick Nevada contract in USA. The Company operated at 26 mine sites for 22 individual clients, including 5 international sites during the period.

Group EBITDA was \$11.8 million (16.2% margin) for the first half, up 9.2% from \$10.8 million (13.4% margin) in the pcp. EBITDA for the Drilling Business including discontinued operations was \$14.9 million (20.5% margin), up 23% from the pcp of \$12.1 million (15.7% margin). Drilling Business earnings improved following improved results at Pogo, an improvement achieved despite the COVID-19 challenges of the region, and operating cost management at Australian sites. Lower corporate overheads following the June 2020 head office restructure and a gain on sale of plant (\$0.5 million) for the discontinued operations also contributed to the improved results.

Swick continues to invest in the ongoing development and commercialisation of the Orexplore technology resulting in the Mineral Technology segment reporting a 1H FY21 EBITDA loss of \$2.8 million compared to a loss of \$2.0 million in the pcp.

The improved operating margins and lower cost structure resulted in a return to profitability, with net profit after tax of \$0.9 million a significant improvement on the \$2.9 million net loss after tax reported in 1H FY20.

#### **Drilling Business**

The Drilling Business recorded revenue of \$72.7 million, a reduction of 9.4% when compared to pcp. Despite the lower revenue, EBITDA increased by 23% to \$14.9 million. This increased profitability was driven by improved results at the Pogo mine coupled with reduction in operating costs at Australian sites. Overall utilisation for the main Underground Diamond Drilling operations was 72% for the half, compared to 79% in 2H FY20 based on a full time equivalent basis.

During the period there were a number of contract renewals and scope increases with existing clients with BHP's Olympic Dam increasing to eight rigs up from three rigs, Aureila Metals' Peak/Hera operations increasing to five rigs up from one and Swick returning to Newcrest's Telfer mine with three rigs. This was partially offset by Sandfire's Monty/Degrussa operations demobilising the two rigs in operation as the mines reached the end of their drilling requirements.

For the international business, with operations stabilising for both Swick and the client, Pogo added a ninth rig, with client mine development expected to result in an increase to 12 rigs in the near future. The Pogo operation was de-risked in 1H FY21, with costs per shift 18% below 1H FY20. This cost reduction was achieved despite increased operating challenges related to state government restrictions because of COVID-19.

Following the official launch of the DeepEX division in December 2020, Swick continues to develop the DeepEX drilling fleet, the world's most powerful underground mobile drill rigs available. Swick already has two hybrid mobile rigs in operation, with hole depths already reached in excess of 1,600 metres. Swick is expanding the fleet with three purpose built DeepEX rigs that will be capable of drilling deep holes up to 2,000m once commissioned.

Swick's Surface Reverse Circulation (RC) operations had an average of 2.7 of the 6 rigs in work during the period, an increase from 2.1 for pcp. The seventh rig was sold during the period, realising a profit on sale. Subsequent to year end, the sale of the remaining Surface RC operations was completed in early February 2021.

Swick continues to remain vigilant with its cost management. Following on from the Head Office restructure in FY20, a process which resulted in annualised salary and wages savings of \$1.6 million, Swick has reduced capital expenditure by \$3.7 million, or 46% when compared to 1H FY20, to \$4.3 million. As part of the capital management strategy, Swick cancelled delivery of two new skid rigs which were originally ordered specifically for the Nevada market.

Total metres drilled reduced by 4.3% compared to pcp. Metres drilled in the UD division reduced by 9% and metres drilled in the surface Reverse Circulation (RC) division increased by 121% compared to pcp. The reduction in metres drilled for the UD division reflects the lower FTE rigs in work compared to pcp, while the RC operations increased metres were driven by the increase in rigs in work and drilling in more favourable ground conditions.

Swick generated free cashflow for the half of \$3.3 million, a significant improvement on pcp. This improvement came from a combination of the improved operating results and reduced capital spend. EBITDA cash conversion was 55% for the half (1H FY20: 43%) predominantly due to a \$6.2 million increase in debtors driven by increased volume of work with large blue-chip mining clients with payment terms exceeding the standard 30-day payment terms.

#### **Drilling Business Outlook**

Swick finished the first half of FY21 with a strong order book of \$330 million and a strong balance sheet with low gearing and net debt (excluding lease liabilities) of \$9.5 million. Fleet utilisation remains high, with 61 mobile rigs out of an available fleet of 68 at work at the end of the half, and the outlook for exploration and mining activity remains positive in 2021.

Swick is already receiving a number of enquiries for the deployment of the purpose build DeepEX rigs under construction, with expectations that they will be deployed to client sites once they are commissioned.

The COVID-19 situation continues to provide uncertainty, in particular for Swick's international operations, and the company continues to monitor the situation and respond accordingly.

#### **Mineral Technology**

Ongoing investment in refining and testing the Orexplore technology for commercial adoption resulted in an EBITDA loss of \$2.8 million (1H FY20: loss of \$2.0 million) and capital expenditure of \$0.6 million (1H FY20: \$0.9 million) for 1H FY21.

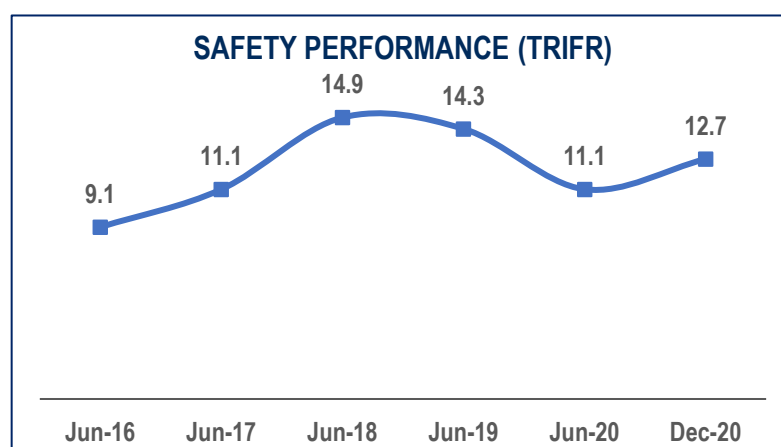
#### **Safety and Training**

The Group experienced a total of six recordable injuries during the period, these consisted of four Restricted Duty Injuries (RDI) and two Medical Treatment Injuries (MTI). Five of the six recordable events occurred in the month of July as manning pressures during state border closures peaked. The inability to freely move personnel from state to state, longer swings and restricted flights disrupted the Company's ability to properly manage its workforce. A refocus throughout all of Swick's operating sites saw an immediate positive reaction and the Company was able to close out the five months to Christmas with only one recordable event. Swick continues to focus on innovation to mitigate injury whilst improving production, however, COVID-19 has disrupted some supply lines and has slowed some research and development

projects. As supply lines 'catch up', Swick will see improvement in the roll out of these initiatives and the positives that come with them.

Swick's award winning training facility has seen disruption in this period due to border closures and social distancing requirements. West Australian candidates have been able to utilise the facility for the majority of the period whilst interstate candidates have transitioned into the company via remote learning and 'on-site inductions'.

A workforce with positive mental health is more important now than ever, and Swick continues to explore avenues to improve the mental health of its workers. Swick's mental health strategy to educate and empower employees and qualify all managers in mental health first aid now transitions into another phase as the Company concentrates its efforts on employee driven strategies to mitigate mental health issues with business surveys, peer training and building a psychosocial safety climate.



### Capital Expenditure

Capital purchases and development costs for the first half was \$4.3 million (\$8.1 million in the pcg). The table below shows the drivers of capital spending.

	1H FY21			1H FY20		
		Mineral			Mineral	
\$'000	Drilling	Technology	Total	Drilling	Technology	Total
Growth Capital	828	584	1,412	784	879	1,663
Sustaining Capital	2,897	-	2,897	6,381	-	6,381
<b>Total</b>	<b>3,725</b>	<b>584</b>	<b>4,309</b>	<b>7,165</b>	<b>879</b>	<b>8,044</b>

The Drilling Business has seen a 46% reduction in capital spend to \$4.3 million due to:

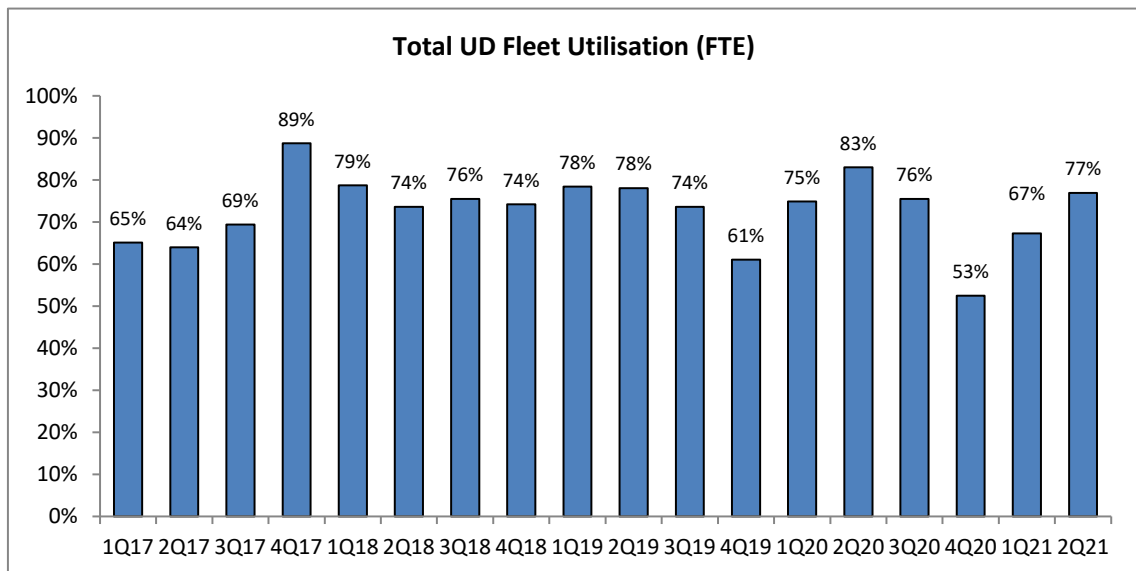
1. completion of underground rig rebuilds for the Pogo contract (\$1.2 million reduction) in the pcg;
2. lower spend in long-life drilling consumables (\$1.6 million reduction) – drilling rods now accounted as consumable expense; and
3. lower RC rig rebuild activity (\$0.4 million reduction) compared to the pcg.

### Fleet Utilisation

The Company's UD fleet consists of 72 Swick mobile rigs (including 3 DeepEX rigs) and 5 Nevada skid rigs. Of the 72 mobile rigs, two are allocated to the Training and R&D departments and another two are effectively in rebuild at any given time resulting in 68 mobile rigs and 5 Nevada skid rigs currently available. At the end of the period 61 (56 full-time-equivalent) mobile rigs

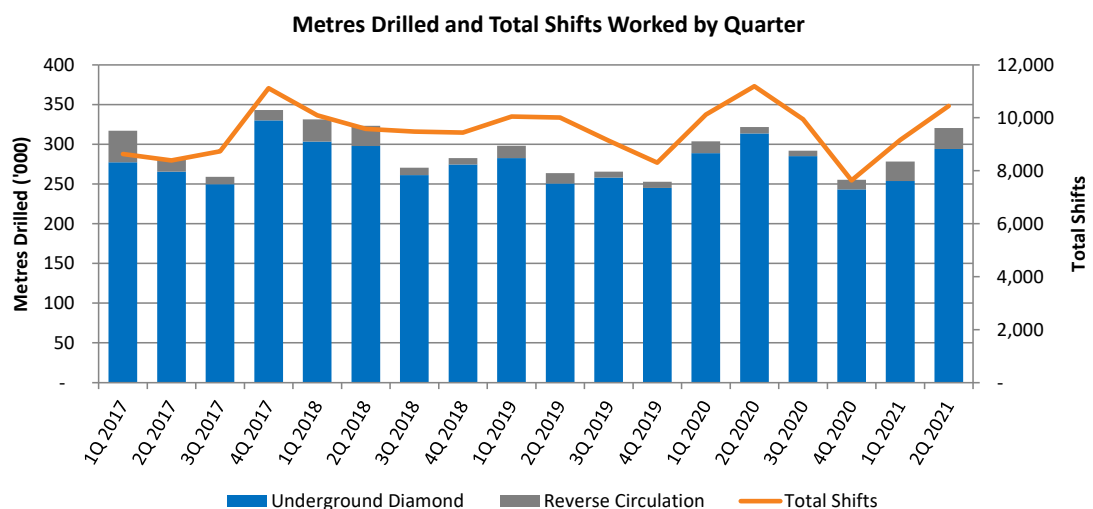
were deployed globally: 14 operating internationally, 25 in Western Australia and 22 across the rest of Australia. The 5 Nevada skid rigs remain idle following the reduction in work at Barrick Nevada in USA, and plans are in place to sell the idle skid based fleet and associated equipment.

A full-time-equivalent (FTE) average of 52 UD rigs from an available fleet of 68 operated in the first half. Utilisation was lower in the first quarter and increased in the second quarter as the Olympic Dam and Peak/Hera projects ramped-up during the period. The Company's total UD fleet utilisation per quarter is shown below:



### Metres Drilled

Total metres drilled for 1H FY21 decreased 4.3% to 598,645 metres from 625,475 metres in 1H FY20. The quarterly metres drilled by division is shown in the graph below with UD down 9%, and RC up 121% compared to the corresponding half last year.





**Interim Dividend**

The Directors have declared an interim fully franked ordinary dividend of 0.45 cents per share for the half year. The strong balance sheet position, positive Group cash flow and positive outlook for the underground drilling market has supported the declaration of this dividend.

**AUDITOR'S INDEPENDENCE DECLARATION**

We have obtained an independence declaration from our auditors, Ernst & Young, which is included on page 10.

Signed in accordance with a resolution of the directors

A handwritten signature in black ink, appearing to read "K. Swick".

Kent Swick  
Managing Director  
Dated: 25 February 2021

## Auditor's independence declaration to the directors of Swick Mining Services Ltd

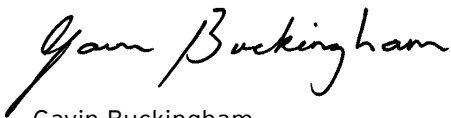
As lead auditor for the review of Swick Mining Services Ltd for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Swick Mining Services Ltd and the entities it controlled during the financial period.



Ernst & Young



Gavin Buckingham  
Partner  
25 February 2021

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

		Consolidated	
	Note	31-Dec-20 \$'000	31-Dec-19 \$'000
<b>Continuing operations</b>			
Revenue	2.2	68,719	77,275
Other income	2.2	372	1,094
Raw materials and consumables used		(12,631)	(14,045)
Employee benefits expense		(37,731)	(43,056)
Depreciation of property, plant and equipment and amortisation of intangibles assets		(7,295)	(11,150)
Depreciation of right-of-use assets		(760)	(699)
Finance costs		(436)	(622)
Interest on lease liabilities		(154)	(170)
Other expenses	2.3	(8,373)	(10,052)
<b>Profit/(loss) before income tax expense from continuing operations</b>		<b>1,711</b>	<b>(1,425)</b>
Income tax expense		(1,491)	(590)
<b>Net profit/(loss) after tax for the period from continuing operations</b>		<b>220</b>	<b>(2,015)</b>
<b>Discontinued operations</b>			
Net profit/(loss) after tax for the period from discontinued operations	2.6	652	(845)
<b>Net profit/(loss) after tax for the period</b>		<b>872</b>	<b>(2,860)</b>
Profit/(loss) for the period attributable to: Owners of the Company		872	(2,860)
		<b>872</b>	<b>(2,860)</b>
<b>Other comprehensive loss:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign-controlled entities		(1,905)	(783)
<b>Other comprehensive loss for the period, net of tax</b>		<b>(1,905)</b>	<b>(783)</b>
<b>Total comprehensive loss for the period</b>		<b>(1,033)</b>	<b>(3,643)</b>
Comprehensive loss for the period attributable to: Owners of the Company		(1,033)	(3,643)
		<b>(1,033)</b>	<b>(3,643)</b>
<b>Earnings per share</b>			
Basic earnings/(loss) per share (cents)	2.5	0.29	(1.10)
Diluted earnings/(loss) per share (cents)	2.5	0.29	(1.10)
<b>Earnings per share – from continuing operations</b>			
Basic earnings/(loss) per share (cents)		0.07	(0.78)
Diluted earnings/(loss) per share (cents)		0.07	(0.78)

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

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2020

		Consolidated	
	Note	31-Dec-20	30-Jun-20
		\$'000	\$'000
<b>Current assets</b>			
Cash and cash equivalents		12,959	12,556
Restricted cash		291	173
Trade and other receivables		22,778	16,216
Inventories		18,825	19,280
Prepayments		1,632	1,609
Assets held for sale	3.4	4,661	-
<b>Total current assets</b>		<b>61,146</b>	<b>49,834</b>
<b>Non-current assets</b>			
Property, plant and equipment		64,643	74,420
Intangible assets		12,679	12,151
Financial asset classified as FVOCI	3.1	1,815	1,815
Right-of-use assets		8,985	9,714
<b>Total non-current assets</b>		<b>88,122</b>	<b>98,100</b>
<b>Total assets</b>		<b>149,268</b>	<b>147,934</b>
<b>Current liabilities</b>			
Trade and other payables		13,661	13,402
Current tax liability		2,258	280
Deferred revenue		291	173
Contract liability		1,882	-
Borrowings	3.2	2,465	2,471
Provisions		5,636	5,683
Liabilities directly associated with assets held for sale	3.4	560	-
<b>Total current liabilities</b>		<b>26,753</b>	<b>22,009</b>
<b>Non-current liabilities</b>			
Borrowings	3.2	29,418	30,068
Provisions		443	413
Deferred tax liabilities		2,709	3,081
<b>Total non-current liabilities</b>		<b>32,570</b>	<b>33,562</b>
<b>Total liabilities</b>		<b>59,323</b>	<b>55,571</b>
<b>Net assets</b>		<b>89,945</b>	<b>92,363</b>
<b>Equity</b>			
Issued capital	4.1	94,990	95,415
Reserved shares	4.2	(945)	(837)
Reserves	4.3	1,415	3,275
Accumulated losses		(5,515)	(5,490)
<b>Total equity attributable to owners of the Company</b>		<b>89,945</b>	<b>92,363</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	Issued capital \$'000	Reserved shares \$'000	Reserves \$'000	(Accumulated losses)/ retained earnings \$'000	Total equity \$'000
<b>CONSOLIDATED</b>						
<b>At 1 July 2020</b>		<b>95,415</b>	<b>(837)</b>	<b>3,275</b>	<b>(5,490)</b>	<b>92,363</b>
Profit for the period		-	-	-	872	872
Other comprehensive loss		-	-	(1,905)	-	(1,905)
<b>Total comprehensive loss for the period</b>		<b>-</b>	<b>-</b>	<b>(1,905)</b>	<b>872</b>	<b>(1,033)</b>
Shares bought back during the period	4.1	(400)	-	-	-	(400)
Transaction costs on share buy back	4.1	(1)	-	-	-	(1)
Tax on transaction costs on share issue	4.1	(24)	-	-	-	(24)
Reserved shares purchased	4.2	-	(108)	-	-	(108)
Share-based payments	4.3	-	-	45	-	45
Dividends recognised for the period	2.4	-	-	-	(897)	(897)
<b>At 31 December 2020</b>		<b>94,990</b>	<b>(945)</b>	<b>1,415</b>	<b>(5,515)</b>	<b>89,945</b>
<b>At 1 July 2019</b>		<b>79,446</b>	<b>(777)</b>	<b>3,174</b>	<b>2,840</b>	<b>84,683</b>
Loss for the period		-	-	-	(2,860)	(2,860)
Other comprehensive loss		-	-	(783)	-	(783)
<b>Total comprehensive loss for the period</b>		<b>-</b>	<b>-</b>	<b>(783)</b>	<b>(2,860)</b>	<b>(3,643)</b>
Shares issued	4.1	16,890	-	-	-	16,890
Transaction costs on shares issued	4.1	(818)	-	-	-	(818)
Tax on transaction costs on shares issued	4.1	246	-	-	-	246
Share-based payments	4.3	-	-	80	-	80
Dividends recognised for the period	2.4	-	-	-	(1,389)	(1,389)
<b>At 31 December 2019</b>		<b>95,764</b>	<b>(777)</b>	<b>2,471</b>	<b>(1,409)</b>	<b>96,049</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Consolidated	
	31-Dec-20	31-Dec-19
	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	74,606	84,381
Receipts from government grants	176	194
Payments to suppliers and employees	(68,288)	(79,943)
Income tax paid	(187)	(104)
Net interest paid	(590)	(792)
<b>Net cash provided by operating activities</b>	<b>5,717</b>	<b>3,736</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant & equipment	1,784	26
Purchase of property, plant & equipment <sup>1</sup>	(3,356)	(7,120)
Payments for development costs	(953)	(924)
Investment income	75	68
<b>Net cash used in investing activities</b>	<b>(2,450)</b>	<b>(7,950)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from shares issued	-	16,890
Transaction costs on shares issued	-	(818)
Share buy back payment	(400)	-
Transaction costs on share buy back	(1)	-
Purchase of own shares	(108)	-
Repayment of borrowings	(1,215)	(10,039)
Dividends paid by parent entity	(897)	(1,389)
<b>Net cash (used in)/provided by financing activities</b>	<b>(2,621)</b>	<b>4,644</b>
<b>Net increase in cash, cash equivalents and restricted cash held</b>	<b>646</b>	<b>430</b>
Cash, cash equivalents and restricted cash at the beginning of the period	12,729	11,553
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(125)	16
<b>Cash, cash equivalents and restricted cash at the end of the period</b>	<b>13,250</b>	<b>11,999</b>

<sup>1</sup> The Company acquired plant and equipment under hire purchase agreements amounting to \$767,000 (HY20: \$391,000) during the period which have been excluded from the Consolidated Statement of Cash Flows.

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

## 1 GENERAL NOTES

### 1.1 General information

The half-year financial report of Swick Mining Services Ltd ('the Company') for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the directors on 25 February 2021.

Swick Mining Services Ltd is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

### 1.2 Basis of preparation

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Swick Mining Services Ltd as at 30 June 2020.

It is also recommended that the half-year financial report be considered together with any public announcements made by Swick Mining Services Ltd and its controlled entities ('the Group') during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

The half-year consolidated financial report is a condensed general purpose financial report, which has been prepared in accordance with the requirement of the *Corporations Act 2001* and AASB 134 "Interim Financial Reporting". The half-year financial report has been prepared on a historical cost basis, except where stated.

The consolidated financial statements provide comparative information in respect of the previous period. Comparative information has been realigned to conform to the current year presentation for consistency purposes.

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Report) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

### 1.3 Functional currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

### 1.4 Principles of consolidation

The half-year consolidated financial statements comprise the financial statements of Swick Mining Services Ltd and its controlled subsidiaries.

A change in the ownership interest of a subsidiary, without a change in control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

## 1.5 Changes to accounting standards and interpretations

The accounting policies and methods of computation were the same as those disclosed in the most recent financial statements as at 30 June 2020 save for impact of adopting the new standards and interpretations as of 1 July 2020 and the policies for assets held for sale and discontinued operations, which are disclosed in more detail below. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised standards and interpretations effective for the current half-year that are relevant to the Group include:

- Amendments to AASB 3 – Definition of a Business
- Amendments to AASB 7, AASB 9 and IAS 39 – Interest rate Benchmark Reform
- Amendments to IAS 1 and IAS 8 – Definition of Material
- Conceptual Framework for Financial Reporting issued on 29 March 2018
- Amendments to AASB 16 – Covid-19 Related Rent Concessions

The adoption of the new and revised standards and interpretations did not have a material impact to the consolidated financial statements of the Group.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

## 2 FINANCIAL PERFORMANCE

### 2.1 Operating segments

#### General information

#### Identification of reportable segments

Information reported to the Board for the purposes of resource allocation and assessment of performance is more specifically focused on Drilling Services in Asia Pacific, Drilling Services in International and Mineral Technology.

At 31 December 2020, Reverse Circulation (RC) drilling business is classified as a disposal group held for sale and as a discontinued operation. RC drilling business represented part of the Group's Drilling Services – Asia Pacific operating segment. With RC drilling business being classified as discontinued operations, the business is no longer presented in the segment note.



The results from continuing operations are reflected in the table that follows.

For half year ended 31 December 2020 \$'000	Drilling Services – Asia Pacific	Drilling Services – International	Mineral Technology	Other	Elimination	Total
Revenue	53,721	14,972	26	-	-	68,719
Other income	102	27	168	75	-	372
Inter-segment revenue	864	-	-	-	(864)	-
<b>Total revenue and other income</b>	<b>54,687</b>	<b>14,999</b>	<b>194</b>	<b>75</b>	<b>(864)</b>	<b>69,091</b>
<b>EBITDA</b>	<b>12,567</b>	<b>973</b>	<b>(2,802)</b>	<b>(382)</b>	<b>-</b>	<b>10,356</b>
Depreciation and amortisation	(5,573)	(1,717)	(765)	-	-	(8,055)
<b>Segment result – EBIT</b>	<b>6,994</b>	<b>(744)</b>	<b>(3,567)</b>	<b>(382)</b>	<b>-</b>	<b>2,301</b>
Finance costs and interest on lease liabilities						(590)
<b>Loss before tax</b>						<b>(1,711)</b>
Total assets	99,679	37,279	12,863	3,043	(8,257)	144,607
Total liabilities	(57,326)	(4,530)	(4,970)	(194)	8,257	(58,763)
<b>Total net assets</b>	<b>42,353</b>	<b>32,749</b>	<b>7,893</b>	<b>2,849</b>	<b>-</b>	<b>85,844</b>
Additions to property, plant and equipment	3,810	123	190	-	-	4,123
Additions to intangible assets	559	-	394	-	-	953
<b>Total additions to non- current assets</b>	<b>4,369</b>	<b>123</b>	<b>584</b>	<b>-</b>	<b>-</b>	<b>5,076</b>

For half year ended 31 December 2019 \$'000	Drilling Services – Asia Pacific	Drilling Services – International	Mineral Technology	Other	Elimination	Total
Revenue	53,278	23,949	48	-	-	77,275
Other income	56	2	213	823	-	1,094
Inter-segment revenue	2,141	-	-	-	(2,141)	-
<b>Total revenue and other income</b>	<b>55,475</b>	<b>23,951</b>	<b>261</b>	<b>823</b>	<b>(2,141)</b>	<b>78,369</b>
<b>EBITDA</b>	<b>12,686</b>	<b>(91)</b>	<b>(2,025)</b>	<b>646</b>	<b>-</b>	<b>11,216</b>
Depreciation and amortisation	(7,522)	(3,164)	(1,163)	-	-	(11,849)
<b>Segment result – EBIT</b>	<b>5,164</b>	<b>(3,255)</b>	<b>(3,188)</b>	<b>646</b>	<b>-</b>	<b>(633)</b>
Finance costs and interest on lease liabilities						(792)
<b>Loss before tax</b>						<b>(1,425)</b>
Total assets	101,530	43,373	12,323	3,004	(8,557)	151,673
Total liabilities	(49,736)	(10,735)	(3,614)	(96)	8,557	(55,624)
<b>Total net assets</b>	<b>51,794</b>	<b>32,638</b>	<b>8,709</b>	<b>2,908</b>	<b>-</b>	<b>96,049</b>
Additions to property, plant and equipment	5,743	1,476	292	-	-	7,511
Additions to intangible assets	337	-	587	-	-	924
<b>Total additions to non- current assets</b>	<b>6,080</b>	<b>1,476</b>	<b>879</b>	<b>-</b>	<b>-</b>	<b>8,435</b>

## 2.2 Revenue and other income

	Consolidated	
	31-Dec-20 \$'000	31-Dec-19 \$'000
<b>Revenue</b>		
Provision of drilling and drilling related services	68,693	77,227
Provision of mineral analysis services	26	48
<b>Total revenue</b>	<b>68,719</b>	<b>77,275</b>
<b>Other income</b>		
Gain on disposal of property, plant and equipment	44	17
Government grants – Mineral Technology business	148	228
Government grants – Drilling business	54	34
Investment income	75	68
Net foreign exchange gains	-	740
Other income	51	7
<b>Total other income</b>	<b>372</b>	<b>1,094</b>

## Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market and type of contract. The table also includes a reconciliation of the disaggregated revenue with the Group's strategic divisions, which are its reportable segments (see note 2.1).

For half year ended 31 December 2020 \$'000	Drilling Services – Asia Pacific	Drilling Services – International	Mineral Technology	Other	Elimination	Total
<b>Primary geographical markets based on location of customers</b>						
Australia	53,721	-	24	-	-	53,745
North America	-	10,658	-	-	-	10,658
Europe	-	4,314	2	-	-	4,316
Total revenue	53,721	14,972	26	-	-	68,719
<b>Major services</b>						
Underground diamond drilling	53,721	14,972	-	-	-	68,693
Mineral analysis	-	-	26	-	-	26
Total revenue	53,721	14,972	26	-	-	68,719
<b>Timing of revenue recognition</b>						
Services transferred over time	53,721	14,972	26	-	-	68,719
For half year ended 31 December 2019 \$'000	Drilling Services – Asia Pacific	Drilling Services – International	Mineral Technology	Other	Elimination	Total
<b>Primary geographical markets based on location of customers</b>						
Australia	53,278	-	35	-	-	53,313
North America	-	20,630	-	-	-	20,630
Europe	-	3,319	13	-	-	3,332
Total revenue	53,278	23,949	48	-	-	77,275
<b>Major services</b>						
Underground diamond drilling	53,278	23,949	-	-	-	77,227
Mineral analysis	-	-	48	-	-	48
Total revenue	53,278	23,949	48	-	-	77,275
<b>Timing of revenue recognition</b>						
Services transferred over time	53,278	23,949	48	-	-	77,275

## 2.3 Other expenses

	Consolidated	
	31-Dec-20	31-Dec-19
	\$'000	\$'000
<b>Other expenses</b>		
Accommodation and travel	1,701	2,734
Repairs and maintenance	2,437	3,241
Administration costs	2,604	2,299
Insurance	1,261	1,222
Recruitment and training	183	291
Rental expense	187	265
<b>Total other expenses</b>	<b>8,373</b>	<b>10,052</b>

## 2.4 Dividends

	Consolidated	
	31-Dec-20	31-Dec-19
	\$'000	\$'000
<b>Distributions paid/payable</b>		
2020 final fully franked ordinary dividend of 0.3 cents per share paid in 2021 franked at the tax rate of 30%	897	-
2019 final fully franked ordinary dividend of 0.6 cents per share paid in 2020 franked at the tax rate of 30%	-	1,389
<b>Total dividends</b>	<b>897</b>	<b>1,389</b>

## 2.5 Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Consolidated	
	31-Dec-20	31-Dec-19
	\$'000	\$'000
<b>Earnings used to calculate basic earnings per share</b>		
Profit/(loss) after income tax expense attributable to owners of the Company	872	(2,860)

	Consolidated	
	31-Dec-20 No.	31-Dec-19 No.
Weighted average number of ordinary shares outstanding during the year	299,234,709	260,716,780
Adjustments for:		
- Shares held by Employee Share Trust	(1,507,134)	(919,433)
<b>Weighted average number of ordinary shares outstanding during the period used in calculating basic earnings per share</b>	<b>297,727,574</b>	<b>259,797,347</b>
Adjustments for:		
- Shares held by Employee Share Trust <sup>(i)</sup>	1,507,134	-
- Employee Share Options Scheme <sup>(i)</sup>	759,216	-
- Performance rights <sup>(i)</sup>	-	-
<b>Weighted average number of ordinary shares outstanding during the period used in calculating dilutive earnings per share</b>	<b>299,993,925</b>	<b>259,797,347</b>
<b>Basic earnings/(loss) per share (cents)</b>	<b>0.29</b>	<b>(1.10)</b>
<b>Diluted earnings/(loss) per share (cents)</b>	<b>0.29</b>	<b>(1.10)</b>

<sup>(i)</sup> The impact of shares held by Employee Share Trust, performance rights and options in the period ended 31 December 2020 have been factored into the calculation of the diluted earnings per share while in the period ended 31 December 2019 these have not been as the Group was in a loss position. 919,433 shares held by Employee Share Trust, 6,452,114 options and 1,819,941 performance rights were not included in diluted earnings per share calculation for the period ended 31 December 2019.

## 2.6 Discontinued operations

The company entered into an Asset Sale agreement with K-Drill Pty Ltd and their related entities on 21 December 2020 to transfer equipment, contracts, inventories and employees related to Reverse Circulation (RC) drilling business. The financial close occurred on 5 February 2021. Assets and liabilities related to the RC drilling business have been classified as Assets and Liabilities Held For Sale as at 31 December 2020, and the performance of the business has been classified as Discontinued Operations for the period ended 31 December 2020 and 31 December 2019.

The result of the RC drilling business for the period is presented below:

	31-Dec-20 \$'000	31-Dec-19 \$'000
<b>Discontinued operations</b>		
Revenue	4,046	3,048
Gain on disposal of property, plant and equipment	488	-
Other income	29	50
Raw materials and consumables used	(972)	(886)
Employee benefits expense	(1,609)	(1,833)
Depreciation of property, plant and equipment	(476)	(761)
Other expenses	(575)	(826)
<b>Profit/(loss) before income tax from discontinued operations</b>	<b>931</b>	<b>(1,208)</b>
Income tax (expense)/benefit	(279)	363
<b>Net profit/(loss) after tax from discontinued operations</b>	<b>652</b>	<b>(845)</b>

The net cash flows generated/(incurred) by the RC drilling business are as follows:

	31-Dec-20 \$'000	31-Dec-19 \$'000
Net cash provided by/(used in) operating activities	400	(117)
Net cash provided by/(used in) investing activities	922	(594)
Net cash used in financing activities	(29)	(25)
<b>Net cash provided by/(used in) from discontinued operations</b>	<b>1,293</b>	<b>(736)</b>
<b>Earnings/(loss) per share from discontinued operations</b>		
Basic earnings/(loss) per share (cent)	0.22	(0.33)
Diluted earnings/(loss) per share (cent)	0.22	(0.33)

### Recognition and measurement

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated 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.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

## 3 ASSETS AND LIABILITIES

### 3.1 Financial asset classified as FVOCI

	Consolidated	
	31-Dec-20 \$'000	30-Jun-20 \$'000
<b>Financial asset classified as FVOCI</b>		
Units in unlisted property trust	1,815	1,815

**Fair value of the Group's financial assets that are measured at fair value on a recurring basis**

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a qualitative sensitivity analysis as at 31 December 2020 and 30 June 2020 are as shown below:

Financial asset	Fair value as at		Valuation technique	Significant unobservable input(s)	Sensitivity of the input to fair value
	31/12/20 \$'000	30/06/20 \$'000			
Investment in unlisted property trust	1,815	1,815	Capitalisation Method per external valuation	Sales of sites within similar areas taking into account the location, size and condition of improvements to determine a rate per square metre of \$535.	A \$25 per square metre increase in price would increase the value by \$120,000, and vice versa.

On 4 November 2013 the Group acquired a 20% interest in an unlisted property trust that purchased its leased premises located at 64 Great Eastern Highway, South Guildford, Western Australia. The directors consider the carrying amount of the financial asset approximates the fair value when considering the most recent valuation performed, then compared against market-based movements generally available and the ongoing long-term lease for the property.

**3.2 Borrowings**

	Consolidated	
	31-Dec-20 \$'000	30-Jun-20 \$'000
<b>Current liabilities – secured</b>		
Lease liabilities related to hire purchase	1,182	1,187
Lease liabilities related to right-of-use assets	1,283	1,284
	<b>2,465</b>	<b>2,471</b>
<b>Non-current liabilities – secured</b>		
Lease liabilities related to hire purchase	1,314	1,355
Lease liabilities related to right-of-use assets	8,104	8,713
Bank loans	20,000	20,000
	<b>29,418</b>	<b>30,068</b>

Lease liabilities related to hire purchase generally have a term of between 3 and 5 years with the financier having an interest in the asset until the final payment is made. Lease liabilities related to hire purchase are secured by the asset for which the agreement relates.

Lease liabilities related to right-of-use assets generally have a term of between 1 and 10 years with the lessor retaining the underlying assets.

During the period the Company renegotiated its banking facilities to a total facility value of \$38,000,000 of which \$25,000,000 is a variable bank bills facility that expires on 31 October 2022. The remaining facilities expire on 31 October 2021.

### 3.3 Recoverable value of assets

In assessing the potential impairment of assets, management have identified two separate functional divisions as being the cash generating units (CGUs) within the Group:

- Underground Diamond (UD) drilling;
- Mineral Technology

For impairment purposes, intangible assets have been allocated to either the Underground Diamond drilling or the Mineral Technology CGUs.

According to AASB 136 Impairment of Assets, impairment testing is required when there is an indication of possible impairment. The Group considers the relationship between its market capitalisation and the carrying value of its net assets, among other factors, when reviewing for indicators of impairment.

#### Fair value less costs of disposal

Determining whether the assets of the Group are impaired under this method requires an estimation of the market value of each asset individually and adjusting this value by expected costs required to dispose of the asset. Where the calculated value is less than the book value, an impairment loss may arise. Management have performed an impairment assessment as at 31 December 2020 focusing on whether anything has come to their attention to suggest that the key assumptions underpinning the valuations as at 30 June 2020 have deteriorated over the six-month period, and whether any factors have arisen in the six-month period to suggest that the value of the respective CGUs at 31 December 2020 have deteriorated from the assessment at 30 June 2020.

#### Underground Diamond (UD) drilling

The impairment assessment of the UD CGU has been performed by management. Valuation was determined by capitalisation of future maintainable earnings methodology, with historically achieved EBITDA (earnings before interest, tax, depreciation and amortisation expenses) used to estimate future earnings and the earnings multiple derived from trading multiples of listed companies with comparable operations to the UD CGU. A cost of disposal was then applied to the value.

Key assumptions used in the valuation were annual revenue of \$145 million to \$150 million (HY20: \$150 million to \$155 million), future maintainable earnings (EBITDA) margin of 18% to 19% (HY20: 20%), earnings multiple (on a control basis) of 4.0 times to 4.3 times (HY20: 4.0 times to 4.5 times) and a cost of disposal of 2% (HY20: 2%).

Based on the valuation and a review of key inputs since the valuation was completed, no impairment expense has been recognised in the UD CGU (HY20: nil).

#### Mineral Technology

The impairment assessment for the Mineral Technology CGU was performed using the fair value less cost of disposal method. The valuation was carried out by undertaking an evidence-based review of the risk profile and earnings potential of the CGU from the last observable arms length transaction which occurred on 1 June 2017.

Based on the review, which identified a high earnings potential on achievement of key milestones, an improved moderate risk profile following the successful launch of the GeoCore X10 machine and technology and execution of commercial agreements with customers, no impairment has been recognised for the Mineral Technology CGU (HY20: nil).

### 3.4 Assets held for sale and liabilities directly associated with the assets held for sale

	31-Dec-20 \$'000
<b>Assets held for sale</b>	
Inventories	1,078
Property, plant and equipment	3,583
	<b>4,661</b>
<b>Liabilities directly associated with the assets held for sale</b>	
Trade and other payables	81
Borrowings	204
Provisions	275
	<b>560</b>

#### Recognition and measurement

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Immediately before the initial classification of the disposal group as held for sale, the carrying amounts of the Reverse Circulation (RC) drilling business have been assessed for impairment. The impairment assessment of the RC drilling business was performed by an independent third party at 30 June 2020 using the fair value less cost of disposal method for each piece of equipment in the CGU. The valuation was completed by comparing the available assets against recent sales of similar assets, then applying a 4% sales commission. Management have assessed that there were no significant changes in conditions from 30 June 2020, and have also compared the carrying value of the disposal group to the fair value measured with reference to the offer price of \$5.3m and concluded that no impairment is required.



## 4 CAPITAL STRUCTURE

### 4.1 Issued capital

#### Movement in ordinary shares on issue

Details	Number of shares	Value \$'000
30 June 2020 balance	302,213,702	95,415
Shares bought back during the period	(3,170,479)	(400)
Transaction costs on share buy back	-	(1)
Tax on transaction costs on share issue	-	(24)
<b>31 December 2020 balance</b>	<b>299,043,223</b>	<b>94,990</b>
30 June 2019 balance	231,450,825	79,446
Issued shares through share placement	73,434,879	16,890
Transaction costs on share issue	-	(818)
Tax on transaction costs on share issue	-	246
<b>31 December 2019 balance</b>	<b>304,885,704</b>	<b>95,764</b>

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

### 4.2 Reserved shares

#### Movement in reserved shares

Details	Number of shares	Value \$'000
30 June 2020 balance	-	(837)
Shares bought back during the period	561,080	(108)
<b>31 December 2020 balance</b>	<b>561,080</b>	<b>(945)</b>
30 June 2019 balance	18	(777)
<b>31 December 2019 balance</b>	<b>18</b>	<b>(777)</b>

The reserved shares for the Company's own shares comprises the cost (net of tax) of the Company's shares held by the trustee of the consolidated entity's equity compensation plans which were purchased on-market in anticipation of vesting of share-based payment awards under the equity compensation plans. During the period 561,080 (HY20: nil) shares were purchased by the employee share trust for a total cost of \$108,000 (HY20: \$nil) at an average price of \$0.192 (HY20: \$nil) per share. As at 31 December 2020 there are 561,080 (HY20: 18) unallocated Company's own shares held in trust.

### 4.3 Reserves

	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Share-based payments reserve \$'000	Transactions with non- controlling interest reserve \$'000	Total \$'000
<b>CONSOLIDATED</b>					
<b>At 1 July 2020</b>	<b>843</b>	<b>571</b>	<b>2,866</b>	<b>(1,005)</b>	<b>3,275</b>
Other comprehensive loss for the period	(1,905)	-	-	-	(1,905)
Share-based payments	-	-	45	-	45
<b>At 31 December 2020</b>	<b>(1,062)</b>	<b>571</b>	<b>2,911</b>	<b>(1,005)</b>	<b>1,415</b>
<b>At 1 July 2019</b>	<b>1,026</b>	<b>441</b>	<b>2,712</b>	<b>(1,005)</b>	<b>3,174</b>
Other comprehensive loss for the period	(783)	-	-	-	(783)
Share-based payments	-	-	80	-	80
<b>At 31 December 2019</b>	<b>243</b>	<b>441</b>	<b>2,792</b>	<b>(1,005)</b>	<b>2,471</b>

## 5 OTHER NOTES

### 5.1 Contingent liabilities

	31-Dec-20 \$'000	30-Jun-20 \$'000
Bank guarantees	469	469

### 5.2 Events after the reporting period

#### Dividends recommended

Interim ordinary dividend of 0.45 cents per share, fully franked, approved on 25 February 2021 by the Directors to be paid on 16 April 2021 out of retained profits at 31 December 2020

\$1,345,695

#### Sale of Reverse Circulation (RC) drilling business

The company entered into an Asset Sale agreement with K-Drill Pty Ltd and their related entities on 21 December 2020 to transfer equipment, contracts, inventories and employees related to RC drilling business with an agreed price of \$5.3 million. The financial close occurred on 5 February 2021. Assets and liabilities related to the RC drilling business have been classified as Assets and Liabilities Held For sale as at 31 December 2020, and the performance of the business has been classified as Discontinued Operations for the period ended 31 December 2020 and 31 December 2019.

#### Other events after the reporting period

There have been no other events subsequent to period end which require adjustment or disclosure in the half year financial report.

**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Swick Mining Services Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - i. give a true and fair view of the financial position as at 31 December 2020 and the performance for the half-year ended on that date; and
  - ii. comply with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors

A handwritten signature in black ink, appearing to read "K. Swick".

Kent Swick  
Managing Director  
Perth, 25 February 2021

## Independent auditor's review report to the members of Swick Mining Services Ltd

### Report on the half-year financial report

#### Conclusion

We have reviewed the accompanying half-year financial report of Swick Mining Services Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, 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 31 December 2020 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.

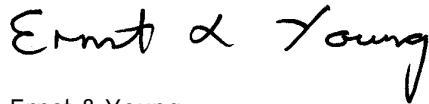
#### Auditor's responsibility

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 31 December 2020 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*.



Ernst & Young



Gavin Buckingham  
Partner  
Perth  
25 February 2021