Dynamic Drill & Blast Pty Ltd
Interim Report – 31 December 2019

Dynamic Drill & Blast Pty Ltd
Directors' report
For the half year ended 31 December 2019

The directors present their report, together with the financial statements, on the company for the period ended 31 December 2019.

Directors
The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mark Troy Davis
Matthew Leo Freedman – appointed 11 June 2019
George Henry Miller Garnett – appointed 11 June 2019

Principal activities
During the financial year the principal continuing activities of the company consisted of:
- Drilling & blasting services
- Contract labour hire

Dividends
Since the start of the financial period, the directors have not paid or declared a dividend.

Review of operations
The profit / (loss) for the company after providing for income tax amounted to ($481,723) (31 December 2018: $720,807).

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the company during the financial period.

Matters subsequent to the end of the financial year
Since the financial period date the following significant events have occurred:

- On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

  The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during 2020.

  Management is actively monitoring the global situation and its impact on the Company's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2020 financial year.

  Although the company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, and liquidity in the fiscal year 2020.

- Since the reporting date of this report, the Company has secured a long-term contract with one of its customers.

- To further expand the Company's operations, the Directors wish to list the Company on the Australian Stock Exchange and is currently completing the requirements in order to undertake an Initial Public Offering.

Other than these matter, no matter have arisen since the end of the financial year to the date of this report of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

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 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

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Mark Troy Davis
Director

24 June 2020

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF DYNAMIC DRILL & BLAST PTY LTD

As lead auditor for the review of Dynamic Drill & Blast Pty Ltd for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 24 June 2020

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General information

The general purpose financial statements cover Dynamic Drill & Blast Pty Ltd as an individual entity. The general purpose financial statements are presented in Australian dollars, which is Dynamic Drill & Blast Pty Ltd's functional and presentation currency.

Dynamic Drill & Blast Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
Cooper Partners	
Level 15, 216 St Georges Terrace	7 Goongarrie Street
Perth WA 6000	Wangara WA 6063

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

The general purpose financial statements were authorised for issue, in accordance with a resolution of directors, on 24 June 2020. The directors have the power to amend and reissue the financial statements.

Dynamic Drill & Blast Pty Ltd
Statement of profit or loss and other comprehensive income
For the half year ended 31 December 2019

	Note	Dec 2019 $	Dec 2018 $
Revenue	2	7,826,228	9,234,790
Other income	3	(13,800)	10,540
Finance income		141	-
Expenses			
Operating expenses	4	(5,654,767)	(6,355,801)
Employee benefits expense		(175,603)	(85,827)
Employment expense		(1,980,126)	(1,991,241)
Depreciation and amortisation expense		(100,484)	(90,029)
Doubtful debts		-	155,133
Travel & accommodation		(378,519)	(228,881)
Vehicle expense		(88,259)	(94,353)
Other expenses		(80,482)	(252,702)
Finance costs	4	(20,198)	(22,194)
Profit / (loss) before income tax expense		**(665,869)**	**279,435**
Income tax benefit/ (expense)	5	184,146	441,372
Profit / (loss) after income tax expense for the period attributable to the owners of Dynamic Drill & Blast Pty Ltd	**20**	**(481,723)**	**720,807**
Other comprehensive income / (loss), net of tax		**-**	**-**
Total comprehensive income / (loss) for the year		**(481,723)**	**720,807**

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

Dynamic Drill & Blast Pty Ltd
Statement of financial position
As at 31 December 2019

	Note	Dec 2019 $	June 2019 $
Assets			
Current assets			
Cash and cash equivalents	6	1,317,684	2,749,412
Trade and other receivables	7	1,402,614	1,502,612
Other	8	43,819	66,141
Total current assets		**2,764,117**	**4,318,165**
Non-current assets			
Property, plant and equipment	9	597,315	658,566
Right of use assets	10	1,300,877	-
Deferred tax	11	610,769	263,174
Other		493	540
Total non-current assets		**2,509,454**	**922,280**
Total assets		**5,273,571**	**5,240,445**
Liabilities			
Current liabilities			
Trade and other payables	12	2,138,540	3,262,502
Borrowings	13	514,961	539,024
Lease Liability	14	1,184,123	-
Employee benefits	15	226,723	181,422
Other	16	6,885	8,832
Total current liabilities		**4,071,232**	**3,991,780**
Non-current liabilities			
Borrowings	17	765,239	821,702
Lease Liability	18	922,836	-
Total non-current liabilities		**1,688,075**	**821,702**
Total liabilities		**5,759,307**	**4,813,482**
Net assets		**(485,736)**	**426,963**
Equity			
Issued capital	19	306	306
Retained profits / (losses)	20	(486,042)	426,657
Total equity		**(485,736)**	**426,963**

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

Dynamic Drill & Blast Pty Ltd
Statement of changes in equity
For the half year ended 31 December 2019

	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2018	**6**	**-**	**(1,099,592)**	**(1,099,586)**
Profit / (loss) after income tax expense for the year	-	-	720,807	720,807
Other comprehensive income / (loss) for the year, net of tax	-	-	-	-
Total comprehensive / (loss) income for the year	**-**	**-**	**720,807**	**720,807**
Transactions with owners in their capacity as owners:				
Issue of share capital	-	-	-	-
Balance at 31 Dec 2018	**6**	**-**	**(378,785)**	**(378,779)**

	Issued Capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2019	**306**	**-**	**426,657**	**426,963**
Adjustment under new AASB 16 as at 1July 2019			(430,976)	(430,976)
Profit/ (loss) after income tax expense for the year	-	-	(481,723)	(48,723)
Other comprehensive income / (loss) for the year, net of tax	-	-	-	-
Total comprehensive income / (loss) for the year	**-**	**-**	**(481,723)**	**(481,723)**
Transactions with owners in their capacity as owners:				
Issue of share capital	-	-	-	-
Balance at 31 December 2019	**306**	**-**	**(486,042)**	**(485,736)**

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

Dynamic Drill & Blast Pty Ltd
Statement of cash flows
For the half year ended 31 December 2019

	Note	Dec 2019 $	Dec 2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		7,926,226	7,746,076
Payments to suppliers and employees (inclusive of GST)		(8,680,163)	(7,434,841)
		(753,937)	311,235
Interest received		141	-
Net cash from operating activities	**24**	**(753,796)**	**311,235**
Cash flows from investing activities			
Payments for property, plant and equipment		(53,052)	22,727
Proceeds from disposal of property, plant and equipment		-	(13,653)
Payments for Investments		-	-
Loans from Related Parties		-	-
Net cash used in investing activities		**(53,052)**	**9,074**
Cash flows from financing activities			
Proceeds from borrowings		-	658
Repayment of borrowings		(624,880)	(90,614)
Net cash used in financing activities		**(624,880)**	**(89,956)**
Net increase in cash and cash equivalents		(1,431,728)	230,353
Cash and cash equivalents at the beginning of the financial period		2,749,412	672,185
Cash and cash equivalents at the end of the financial period	**6**	**1,317,684**	**902,538**

The above 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 31 December 2019 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 30 June 2019.

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

Going Concern
The financial reports has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. For the period ended 31 December 2019, the Company recorded a loss before income tax of $665,869. The Company's net cash flow from operating activities was $(753,796) with a net current deficit position of $(1,307,115).

Subsequent to reporting date, on 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreaks as a pandemic. These events are having a significant impact on the economy and recovery from the COVID-19 is unknown but it may have an impact on the Company's activities and potentially impact on the company's ability to raise capital in an uncertain market.

In context of this operating environment, the ability of the Company to continue as a going concern is dependant on securing additional funding through debt or equity to continue to funds its operational activities. These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that there will be sufficient funds available to continue to meet the Company's working capital requirements as at the date of this report and that sufficient funds will be available to finance the operations of the Company for the following reasons:

- The Directors have assessed the likely cash flow for the 12 month period from the date of signing this financial report and its impact on the Company and believe there will be sufficient funds to meet the Company's working capital requirements at the date of this report.
- The Company has the ability to reduce its expenditure to conserve cash.
- The Company can call upon further working capital from the existing shareholders if required.
- The Company's net current liability position at period end is due to the current liability classification of borrowings of $514,961, lease liabilities of $1,184,123 and employee benefits of $226,723. Whilst these amounts are classified as current at reporting date, they are not due as at that date and will be settled over the course of the following twelve-month period. The Directors believe that the Company will have sufficient cash flow to meet all commitments and working capital requirements for the 12-month period from the date of signing this report.
- Additional cash funding from the Australian Government in the form of cash payments and credits have eased the financial burden during the global pandemic.
- The Company intends to capital raise by listing on the Australian Stock Exchange which is expected to significantly increase the Company's working capital position

Should the Company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial reports does not include any adjustments relating to the recoverability and classification or recorded asset amounts or liabilities that might be necessary should the Company not continue as a going concern and meet its debts as and when they become due and payable. The directors plan to continue the Company's operations on the basis as outlined above and believe there will be sufficient funds for the Company to meet its obligations and liabilities for at least twelve months from the date of this report.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity 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.

The following Accounting Standards and Interpretations are most relevant to the entity:

AASB 16 Leases
The entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption
On adoption of AASB 16, the entity recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of AASB117 Leases. These liabilities were measured at the present value of the remaining lease payments using the finance rates implicit within each lease contract as of 1 July 2019:

	1 July 2019 $
Operating lease commitments as at 1 July 2019	1,692,575
Discounted using the lessee’s incremental borrowing rate at the date of initial application	1,374,968
Less adjustments for short-term/ low value leases	-
Lease liability as at 1 July 2019	1,374,968
Of which are:	
Current lease liabilities	1,366,791
Non-Current lease liabilities	8,177
	1,374,968

The associated right-of-use assets were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contacts that would have required an adjustment to the right-of-use-assets at the date of initial application.

The recognised right-of-use assets relate to the following assets:

	1 July 2019 $
Land and buildings	59,062
Plant and equipment	721,545
Total right-of-use assets	780,607

The change in accounting policy affected the following items in the statement of financial position on 1 July 2019:

	1 July 2019 $
Right-of-use assets- increased by	780,607
Deferred tax assets- increased by	163,385
Lease liabilities- increased by	1,374,968
The net impact on retained earnings on 1 July 2019 was a decrease of:	430,976

In applying AASB 16 for the first time, the entity has used the following practical expedients permitted by the standard:

- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the lease terms where the contact contains options to extend or terminate the lease.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Key Estimates and Judgement
Preparing interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Leases
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise option, or not exercise option a termination option. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's financial statements as at and for the year ended 30 June 2019.

Note 2. Revenue

	Dec 2019 $	Dec 2018 $
Product type		
Services	7,822,749	9,219,274
Other	3,479	15,516
	7,826,228	9,234,790
Timing of Transfer of Services		
Over time	7,826,228	9,234,790
	7,826,228	9,234,790
Primary Geographic Market		
Western Australia	7,826,228	9,234,790
	7,826,228	9,234,790

Note 3. Other income

	Dec 2019 $	Dec 2018 $
Net gain on disposal of property, plant and equipment	(13,800)	10,540
Other income	(13,800)	10,540

Note 4. Expenses

	Dec 2019 $	Dec 2018 $
Profit before income tax includes the following specific expenses:		
Cost of sales		
Cost of sales	5,654,767	6,355,801
Finance costs		
Finance costs expensed	20,198	22,194

Note 5. Income tax expense

	Dec 2019 $	Dec 2018 $
Profit/(Loss) before income tax	(665,869)	279,435
At the company statutory income tax rate 27.5% (Dec 2018: 27.5%)	(183,114)	76,845
Non deductible/assessable items & adjustments	(1,032)	3,269
Recognition of deferred taxes		(521,486)
	(184,146)	(441,372)

Note 6. Current assets - cash and cash equivalents

	Dec 2019 $	June 2019 $
Cash on hand	6	6
Cash at bank	1,317,678	2,749,406
	1,317,684	2,749,412

Note 7. Current assets - trade and other receivables

	Dec 2019 $	June 2019 $
Trade receivables	1,402,598	1,502,312
	1,402,598	1,502,312
Sundry receivables	16	300
	1,402,614	1,502,612

Note 8. Current assets - other

	Dec 2019 $	June 2019 $
Prepayments	35,698	58,020
Bonds paid	8,121	8,121
	43,819	66,141

Note 9. Non-current assets - property, plant and equipment

	Dec 2019 $	June 2019 $
Leasehold improvements - at cost	35,280	35,280
Less: Accumulated depreciation	(4,719)	(4,328)
	30,561	30,952
Plant and equipment - at cost	1,812,305	1,949,994
Less: Accumulated depreciation	(1,245,551)	(1,322,380)
	566,754	627,614
	597,315	658,566

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

	Land and buildings $	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2018	-	31,729	809,403	841,132
Additions	-	-	165,983	165,983
Disposals	-	-	(160,694)	(160,694)
Depreciation expense	-	(777)	(187,078)	(187,855)
Balance at 30 June 2019	-	30,952	627,614	658,566
Balance at 1 July 2019	-	30,952	627,614	658,566
Additions	-	-	37,308	37,308
Disposals	-	-	(23,433)	(23,433)
Depreciation expense	-	(391)	(74,735)	(75,126)
Balance at 31 December 2019	-	30,561	566,754	597,315

Note 10. Non-current assets - right-of-use assets

	31 Dec 2019 $	June 2019 $
Land and buildings - right-of-use	59,062	-
Less: Accumulated depreciation	(25,312)	-
	33,750	-
Plant and equipment - right-of-use	1,953,006	-
Less: Accumulated depreciation	(685,879)	-
	1,267,127	-
	1,300,877	-

The company leases land and buildings for its office and warehouses under agreements for one year with options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The company also leases drill rig under agreements of two years.

Note 11. Non-current assets - deferred tax

Recognised on the Statement of Financial Position, deferred income tax at the end of the reporting period relates to the following: (Dec 2019: 27.5%, June 2019: 27.5%)

	Dec 2019 $	June 2019 $
Employee benefits	62,349	49,891
Prepayment and other deductible	2,208	-
Right of use asset	221,672	-
Tax losses carried forward	324,540	213,283
	610,769	263,174

Note 12. Current liabilities - trade and other payables

	Dec 2019 $	June 2019 $
Trade payables	1,982,464	3,192,002
Other payables	156,076	70,500
	2,138,540	3,262,502

Note 13. Current liabilities – borrowings

	Dec 2019 $	June 2019 $
Bank loans	114,961	139,024
Other borrowings	400,000	400,000
	514,961	539,024

Note 14. Current liabilities – Lease Liabilities

	Dec 2019 $	June 2019 $
Lease Liability	1,184,123	-
	1,184,123	-

Note 15. Current liabilities - employee benefits

	Dec 2019 $	June 2019 $
Annual leave	147,486	115,407
Superannuation	79,237	66,015
	226,723	181,422

Note 16. Current liabilities - other

	Dec 2019 $	June 2019 $
Credit Cards	2,349	8,832
Rent Payable	4,536	-
	6,885	8,832

Note 17. Non-current liabilities - borrowings

	Dec 2019 $	June 2019 $
Bank loans	73,412	129,875
Other borrowings	691,827	691,827
	765,239	821,702

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Dec 2019 $	June 2019 $
Bank loans	188,373	268,899
Other borrowings	1,091,827	1,091,827
	1,280,200	1,360,726

Assets pledged as security
The bank loans are chattel mortgages secured over the company's motor vehicles and drill equipment.

Note 18. Non-current liabilities – Lease Liabilities

	Dec 2019 $	June 2019 $
Lease Liability	922,836	-
	922,836	-

Note 19. Equity - issued capital

	Dec 2019 Shares	June 2019 Shares	Dec 2019 $	June 2019 $
Ordinary shares - fully paid	30,300	30,300	306	306

Movements in ordinary share capital

Details	**No of shares**	**$**
Opening balance (1 July 2018)	303	6
Shares Issued	29,997	300
Closing Balance (30 June 2019)	30,300	306
Shares issued	-	-
Closing balance (31 December 2019)	30,300	306

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

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 20. Equity - retained profits

	Dec 2019 $	June 2019 $
Retained profits at the beginning of the financial year	426,657	(1,099,592)
Adjustment under new AASB 16 as at 1July 2019	(430,976)	-
Profit after income tax expense for the period	(481,723)	1,526,249
Retained profits at the end of the financial period	(486,042)	(426,657)

Note 21. Equity - dividends

Dividends
There were no dividend paid or declared during the current or previous financial period.

Franking credits

	Dec 2019 $	June 2019 $
Franking credits available for subsequent financial years based on a tax rate of 27.5%	489,812	489,812

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 22. Contingent liabilities

There were no contingent liabilities as at the date of this report..

Note 23. Events after the reporting period

Subsequent to year end the following events occurred:

- The Company successfully tendered a new long term contract with a major client.

- On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COIVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

  The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity and future results of operations during 2020.

  Management is actively monitoring the global situation and its impact on the Company's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2020 financial year.

  Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, and liquidity in fiscal year 2020.

Other than these matters, no matters have arisen since the end of the financial year to the date of this report of a material and unusual nature likely, in the opinion of the Director's, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Note 24. Reconciliation of profit after income tax to net cash from operating activities

	Dec 2019 $	Dec 2018 $
Profit after income tax expense for the year	(481,723)	720,807
Adjustments for:		
Depreciation and amortisation	786,316	90,029
Net gain on disposal of non-current assets	13,800	(10,540)
Movement in DTA	(184,146)	(441,372)
Change in operating assets and liabilities:		
Increase/(decrease) in trade and other receivables	99,998	(1,643,847)
Increase/(decrease) in prepayments	22,370	84,820
Increase/(decrease) in trade and other payables	(1,122,061)	1,423,501
Increase/(decrease) in employee benefits	41,453	67,665
Increase/(decrease) in other operating liabilities	70,197	20,172
Net cash from operating activities	(753,796)	311,235

Dynamic Drill & Blast Pty Ltd
Directors' declaration
For the half year ended 31 December 2019

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 consolidated entity's financial position as at 31 December 2019 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

Mark Troy Davis
Director

24 June 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dynamic Drill & Blast Pty Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Dynamic Drill & Blast Pty Ltd (the Company), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year then ended, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Company is not in accordance with the Corporations Act 2001 including:

(i) Giving a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2019 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Company, 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. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 24 June 2020