

MLG OZ Limited - ACN 102 642 366

Interim Report

Period ended 31 December 2021



MLG

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Corporate Information

DIRECTORS

Jim Walker
Murray Leahy
Garret Dixon
Anna Neuling

COMPANY SECRETARIES

Dennis Wilkins
Philip Mirams

REGISTERED OFFICE

10 Yindi Way
Kalgoorlie WA 6433
(08) 9022 7746

PRINCIPAL PLACE OF BUSINESS

10 Yindi Way
Kalgoorlie WA 6433
(08) 9022 7746

SHARE REGISTER

Link Market Services

BANKERS

Westpac Banking Corporation

AUDITORS

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000
(08) 9227 7500

STOCK EXCHANGE LISTING

MLG Oz Limited are listed on the ASX (code: MLG)

WEBSITE

www.mlgoz.com.au

Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of MLG Oz Limited (referred to hereafter as the 'company' or 'parent entity') and the entity it controlled at the end of, or during, the half-year ended 31 December 2021.

DIRECTORS

The following persons were directors of MLG OZ Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Director	Role
Jim Walker	Chairman and Independent Director
Murray Leahy	Managing Director and Chief Executive Officer
Anna Neuling	Independent Non Executive Director
Garret Dixon	Independent Non Executive Director

PRINCIPAL ACTIVITIES

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Bulk haulage
- Crushing and screening
- Site Services and civil works
- Export logistics
- Sale of construction materials

Dividends

On 1 October 2021, the Company paid a final fully franked ordinary dividend in respect to the financial year ended 30 June 2021 of \$2,490,943 representing \$0.0171 per share (2020: \$120,869 fully franked).

The Company does not propose to pay an interim dividend.

Results

The net profit of the Group for the half-year, after providing for income tax was \$1,848,123 (2020: \$7,119,012).

REVIEW OF OPERATIONS

The Group's total revenue in the half year to 31 December 2021 as compared to the comparable period in FY2021 increased 17% from \$120.8m to \$141.9m, with the net after tax profit decreasing from \$7.1m to \$1.8m. Growth in revenue versus the comparative period was driven by extended work packages for existing clients.

Revenue from mine site services and bulk haulage increased in line with the commencement of new projects at Jundee and Paddington and driven by increases in billable rates following rise and fall reviews to address material cost increases for labour, freight, fuel and parts. In addition to the recent mobilisation of material projects such as Jundee and Paddington we have secured a number of add-on work packages with our existing clients, which have also helped improve total revenue over the half.

As anticipated the revenue contribution from our crushing and screening services was materially lower in HY2022 following the cessation of crushing services at Fortescue's Christmas Creek operation in June 2021. While the group continued to deliver contract crushing services for Fortescue's Solomon operation and several other client campaigns the total revenue from crushing and screening services was \$13.1 million, down 43.0% on the comparable period of \$22.9 million. The mobilisation of crushing services for Roy Hill is a positive development as we look to engage with them as a new client and to hopefully assist them over the longer term. The Group is also preparing to mobilise crushing and haulage services for Lithco No2. at the Bald Hill lithium operation with an anticipated commencement in March 2022. We note that the crushing operation incurred approximately \$1.5 million in care and maintenance costs in relation to the two crushing plants held in situ at Christmas creek. Costs of this scale are not expected to recur until the plants become operational again when redeployed.

The Group's net profit after tax was \$1.8 million as compared to \$7.1 million in the comparable period which reflects the lower profit contribution from crushing services but was also materially impacted by labour shortages, escalating labour costs, supply chain challenges, and higher costs of freight, parts and fuel. These material cost increases and operational constraints were primarily due to border closures, global shipping challenges, public health orders and supply chain constraints of the Covid 19 pandemic. The group was also forced to respond to material increases in sea freight charges within our Lime business. The increase has made the importation of lime from overseas economically unsustainable at this time and as a result the group incurred approximately \$580,000 in losses through the half year to support commitments made to clients, before suspending this operation.

To mitigate these cost challenges the group has managed to successfully renegotiate the majority of our client contracts through rise and fall provisions and renewals agreeing material increases in our charge out rates through the second quarter. This has helped deliver an improved performance in the second quarter as our clients began to absorb much of the abnormal cost increases experienced in the first quarter.

Capital expenditure in the half was \$33.0m primarily relating to additional trucks, new loaders and other equipment required to service the increase in haulage and site services revenues. The company will continue to benefit from the government incentive for immediate deduction of assets purchased prior to 31 December 2021 which will defer tax into future years and improve cashflow through FY2022 and into FY2023.

The impact of the Covid 19 pandemic on operations has been significant with continued shortages in the availability of skilled labour and restrictions driving higher costs and slower delivery times in supply chains. The ability of the group to engage with our clients and agree mitigation solutions either through increases in rates or specific site-based incentives reflects the strategic value of the business model, however we remain aware of the heightened risks that the recent outbreaks in WA of Covid will bring in the short to medium term.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group to the date of this report.

SIGNIFICANT EVENTS AFTER BALANCE DATE

There have been no significant events after the balance date to the date of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Therefore, this information has not been presented in this report.

ENVIRONMENTAL LEGISLATION

The Group has conducted minimal activities on mineral tenements. The right to conduct these activities is granted subject to environmental conditions and requirements. The Group aims to ensure a high standard of environmental care is achieved and, as a minimum, to comply with relevant environmental regulations. There have been no known breaches of any of the environmental conditions.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

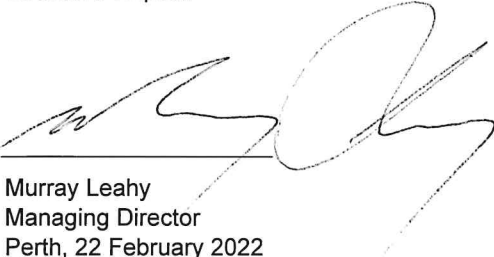
The Group has agreed to indemnify the company officers of the Group for any liabilities to another person (other than the Group or related body corporate) that may arise from their position as an officer of the Group, except where the liability arises out of conduct involving a lack of good faith.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party or the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead Auditor's Independence Declaration for the period ended 31 December 2021 has been received and immediately follows the Director's Report.



Murray Leahy
Managing Director
Perth, 22 February 2022

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of MLG Oz Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
22 February 2022



B G McVeigh
Partner

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Condensed Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2021

	Notes	31 December 2021 \$	31 December 2020 \$
Revenue	4	141,949,300	120,796,613
Changes in inventories of finished goods and work in progress		(223,332)	(1,145,076)
Employee benefits expense		(49,627,560)	(42,997,116)
Operational repairs and maintenance expense		(17,723,286)	(16,626,558)
Equipment and labour hire expenses		(21,164,708)	(13,050,690)
Fuel expenses		(12,098,426)	(9,718,861)
Subcontractor charges		(12,940,557)	(4,701,108)
Licences, registrations, permits & insurance expenses		(3,095,066)	(2,543,054)
Freight expenses		(2,487,226)	(2,173,451)
Other employee expenses		(4,679,041)	(3,797,768)
Occupancy expense		(963,260)	(654,319)
Royalties expense		(180,611)	(215,785)
Interest and finance expense		(1,513,737)	(2,466,964)
Other expenses		(2,608,426)	(2,050,688)
Depreciation and amortisation expense		(10,891,920)	(8,439,600)
Profit before income tax expense		1,752,144	10,215,575
Income tax benefit / (expense)	5	95,979	(3,096,563)
Net profit for the year		1,848,123	7,119,012
Other comprehensive income:		-	-
Total comprehensive income for the year		1,848,123	7,119,012
<i>Earnings per share attributable to ordinary equity holders</i>			
Basic earnings per share (\$ per share)	13	0.01	0.07
Diluted earnings per share (\$ per share)	13	0.01	0.07

The accompanying notes form part of these financial statements

Condensed Statement of Financial Position as at 31 December 2021

		31 December 2021	30 June 2021
	Notes	\$	\$
CURRENT ASSETS			
Cash and cash equivalents		2,562,958	9,689,060
Trade and other receivables		46,702,137	42,226,392
Inventories		16,658,943	14,214,135
Total current assets		65,924,038	66,129,587
NON-CURRENT ASSETS			
Property, plant and equipment		174,192,732	152,097,538
Deferred exploration and evaluation expenditure		59,911	59,911
Right to use assets		4,771,189	4,598,532
Intangible assets		1,047	1,047
Total non-current assets		179,024,879	156,757,028
Total assets		244,948,917	222,886,615
CURRENT LIABILITIES			
Trade and other payables		46,595,986	47,074,170
Financial liabilities	7	22,921,459	28,228,561
Lease liabilities		1,339,845	1,524,589
Provisions		1,109,633	1,008,976
Total current liabilities		71,966,923	77,836,296
NON-CURRENT LIABILITIES			
Financial liabilities	7	40,093,417	18,225,829
Lease liabilities		3,704,436	3,287,128
Provisions		326,625	326,625
Deferred tax liability		15,377,960	8,986,086
Total non-current liabilities		59,502,438	30,825,668
Total liabilities		131,469,361	108,661,964
Net assets		113,479,556	114,224,651
EQUITY			
Issued capital	8	47,306,750	47,409,025
Retained earnings		66,172,806	66,815,626
Total equity		113,479,556	114,224,651

The accompanying notes form part of these financial statements

Condensed Statement of Changes in Equity for the period ended 31 December 2021

	<i>Issued Capital</i>	<i>Retained Earnings</i>	<i>Total</i>
	\$	\$	\$
Consolidated			
Balance at 1 July 2020	1	54,479,590	54,479,591
Net profit after tax for the period	-	7,119,012	7,119,012
Total comprehensive income for the year	-	-	-
Dividends provided for or paid	-	(120,870)	(120,870)
Balance at 31 December 2020	1	61,477,732	61,477,733
Consolidated			
Balance at 1 July 2021	47,409,025	66,815,626	114,224,651
Tax impact of capital raising costs	(102,275)	-	(102,275)
Net profit after tax for the period	-	1,848,123	1,848,123
Total comprehensive income for the year	-	-	-
Dividends provided for or paid	-	(2,490,943)	(2,490,943)
Balance at 31 December 2021	47,306,750	66,172,806	113,479,556

The accompanying notes form part of these financial statements

Condensed Statement of Cash Flows for the period ended 31 December 2021

	31 December 2021	31 December 2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	154,932,274	133,080,497
Payments to suppliers and employees	(143,365,743)	(110,084,085)
Interest received	56	441
Finance costs	(391,454)	(1,174,002)
Income tax received / (paid)	76,777	(59,208)
Fuel tax credits received	1,676,367	1,939,301
Net cash provided by operating activities	12,928,277	23,702,944
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(4,663,408)	(5,522,779)
Proceeds from sale of property, plant and equipment	442,026	-
Net cash (used in) investing activities	(4,221,382)	(5,522,779)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(2,370,073)	(120,870)
Net movement in borrowings from related entities	-	(65,500)
Repayments of borrowings	(128,989)	(275,368)
Payments in relation to hire purchase agreements	(12,599,807)	(12,352,855)
Repayment of lease liabilities	(734,128)	(673,746)
Net cash used in financing activities	(15,832,997)	(13,488,339)
Net (decrease) / increase in cash held	(7,126,102)	2,791,826
Cash at the beginning of the financial period	9,689,060	(9,701,932)
Cash and cash equivalents at the end of the period	2,562,958	(6,910,106)

The accompanying notes form part of these financial statements

Note 1: Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 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 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.

(a) Adoption of New and Revised Standards

In the period ended 31 December 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2021. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted to the Group and, therefore, no change is necessary to Group accounting policies.

(b) Going concern

Despite the Group having a working capital deficit of \$6,042,885 as at 31 December 2021 (June 2021: \$11,706,709) the accounts have been prepared on a going concern basis as the Directors have reviewed the financial performance of the Group and determined that it will have sufficient cashflows to meet its expenditure requirements for a period of at least 12 months from the date of this report.

The forecasted operating cashflows show positive cash generation over the next 12 months with sufficient headroom to fund the expected operating needs of the business. The level of capital expenditure which was required to fund the road trains and yellow gear for the newly won and expanded projects is also expected to fall. In addition, the ongoing government incentives for immediate deduction of capital assets purchased prior to 31 December 2021 will result in significant tax deferrals leading to a reduction in working capital to fund tax payments.

The mining industry continues to have a large amount of activity in our core markets and we are very well placed to capitalise on the growth that our current clients are planning as well as increase our client base. The Group also has significant borrowing capacity in terms of working capital overdrafts and equipment finance facilities. In view of this, along with having recently upwardly repriced a number of our contracts, we are confident of our outlook and the Board is satisfied that the going concern basis of preparation is appropriate. Therefore, the financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the settlement of liabilities in the ordinary course of business.

Note 2: Significant Accounting Estimates and Assumptions

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2021.

Note 3: Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of MLG Oz Limited.

The Board has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The entity does not have any operational segments with discrete financial information.

The Board reviews internal management reports on a monthly basis that are consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows.

The Company has no single customer sites where the revenue from that customer was in excess of 10% of the Company's revenue for the half-year.

Note 4: Revenue

	31 December 2021	31 December 2020
	\$	\$
Revenue from contracts with customers	140,142,596	118,729,974
Fuel tax credits	1,669,787	1,890,258
Other revenue	136,917	176,381
	<u>141,949,300</u>	<u>120,796,613</u>

Disaggregation of revenue

The Group derives its revenue from the sale of goods and the provision of services at a point in time and over time in the following categories.

	31 December 2021	31 December 2020
	\$	\$
<i>At a point in time</i>		
Mine site services	110,224,960	88,066,637
Crushing and screening	13,054,865	22,918,614
Export logistics	3,733,684	1,955,504
<i>Over time</i>		
Civil Works	13,129,087	5,789,219
	<u>140,142,596</u>	<u>118,729,974</u>
Total revenue from contracts with customers		

Note 5: Income Tax Expense

Income tax recognised in profit or loss

The major components of tax expense are:

	31 December 2021	31 December 2020
	\$	\$
Current tax		
- Current tax expense	(4,935,502)	(23,162)
- Over provision for tax in prior period	(1,450,074)	-
Deferred tax		
- Origination and reversal of temporary differences	5,439,524	3,119,725
- Under Provision for tax in prior period	850,073	-
	<u>(95,979)</u>	<u>3,096,563</u>

Reconciliation

	31 December 2021	31 December 2020
	\$	\$

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Accounting profit before income tax	1,752,144	10,215,575
Income tax expense calculated at 30% (2019: 30%)	525,642	3,064,672
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
- Tax effect of non-deductible expenses	80,654	31,891
- Over Provision for tax in prior period	(600,000)	-
- Deductible equity raising costs	(102,275)	-
Income tax expense reported in the consolidated statement of profit or loss and other comprehensive income	<u>(95,979)</u>	<u>3,096,563</u>

The tax rate used in the above reconciliation is the corporate tax rate of 30% (2020: 30%) payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting period.

Note 6: Dividends

Dividends declared and paid during the period

	31 December 2021 \$	31 December 2020 \$
Fully franked dividends paid	2,490,943	120,870
	<u>2,490,943</u>	<u>120,870</u>

The tax rate at which paid dividends have been franked is 30% (2020: 30%).

Dividends proposed will be franked at the rate of 30% (2020: 30%).

Note 7: Financial Liabilities

Current

	Notes	31 December 2020 \$	30 June 2021 \$
- Hire purchase liability	(i)	22,921,459	28,099,572
- Supply chain finance	(ii)	-	128,989
		<u>22,921,459</u>	<u>28,228,561</u>

Non-current

	Notes	31 December 2020 \$	30 June 2021 \$
- Hire purchase liability	(i)	40,093,417	18,225,829
		<u>40,093,417</u>	<u>18,225,829</u>

Financing facilities available

At balance date, the following financing facilities had been negotiated and were available:

	Notes	31 December 2021 \$	30 June 2021 \$
Total facilities			
- Bank borrowings	(iii)	9,800,000	-
- Invoice financing facility		-	5,000,000
- Supply chain finance		-	4,000,000
		<u>9,800,000</u>	<u>9,000,000</u>
Facilities used at balance date			
- Bank borrowings		-	-
- Invoice financing facility		-	-
- Supply chain finance		-	128,989
		<u>-</u>	<u>128,989</u>

	Notes	31 December 2021 \$	30 June 2021 \$
Facilities unused at balance date			
- Bank borrowings		9,800,000	5,000,000
- Invoice financing facility		-	3,871,011
- Supply chain finance		9,800,000	8,871,011

Summary of borrowing arrangements

- (i) There are various hire purchase obligations currently in place charged at fixed interest rates appropriate to the financed asset. These contracts expire over a varied timeframe. Security is largely based on the individual assets.
- (ii) The supply chain finance is a short-term finance arrangement in place for a period of 4 months from draw down.
- (iii) The bank borrowings is an ongoing overdraft facility. Security is based on various company assets.

Fair value disclosures

Details of the fair value of the Group's borrowings are set out in Note 8.

Note 8: Issued Capital

	2021 Shares	2020 Shares	2021 \$	2020 \$
Ordinary shares issued and fully paid	145,669,163	1	50,000,001	1
Less: issue costs	-	-	(2,693,251)	-
Ordinary shares issued and fully paid	145,669,163	1	47,306,750	1

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

Movements in ordinary share capital

	Date	Shares	Issue price	\$
Balance	1-Jul-19	1	\$1.00	1
Balance	30-Jun-20	1	\$1.00	1
Share split	30-Apr-21	95,669,162	-	-
Issue of shares at IPO	30-Apr-21	50,000,000	\$1.00	50,000,000
Share issue costs for the year	30-Apr-21	-	-	(2,590,976)
Balance	30-Jun-21	145,669,163	\$1.00	47,409,025
Tax impact of prior period share issue costs	31-Dec-21	-	-	(102,275)
Balance	31-Dec-21	145,669,163	\$1.00	47,306,750

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

Note 9: Financial Instruments

The Directors consider that the carrying value of the financial assets and liabilities as recognised in the financial statements approximate their fair values..

Note 10: Commitments

The Group has finance leases and hire purchase contracts for various items of plant and machinery.
As at the balance date, the group had no contractual commitments.

Note 11: Contingent Liabilities and Assets

The Group has no contingent liabilities and assets as at 31 December 2021 (30 June 2021: Nil).

Note 12: Significant Events after Balance Date

There have been no significant events after the balance date to the date of this report.

Note 13: Earnings Per Share

	Consolidated 2021	Consolidated 2020
	\$	\$
<i>Earnings per share for profit from continuing operations</i>		
Profit after income tax attributable to the owners of MLG Oz Limited	1,848,123	7,173,336

	Consolidated 2021	Consolidated 2020
	\$	\$
Basic earnings per share	0.01	0.07
Diluted earnings per share	0.01	0.07

	Consolidated 2021	Consolidated 2020
	\$	\$
<i>Weighted average earnings per share</i>		
Weighted average number of ordinary shares used in calculating basic earnings per share	145,669,163	95,669,162
Weighted average number of ordinary shares used in calculating diluted earnings per share	145,669,163	95,669,162

On 30 April 2021 there was a share split of 1 to 95,669,163 that was taken into account for the calculation both in the current and prior year comparative.

Directors' Declaration

1. In the opinion of the Directors of MLG Oz Limited (the 'Company'):
 - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.
 - 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.
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2021.

This declaration is signed in accordance with a resolution of the board of Directors.

Murray Leahy
Managing Director
Perth, 22 February 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MLG Oz Limited

Report on the Condensed Half-Year Financial Report*Conclusion*

We have reviewed the accompanying half-year financial report of MLG Oz Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed 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, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 MLG Oz Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

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

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
22 February 2022



B G McVeigh
Partner