



VDM GROUP LIMITED

and its Controlled Entities

ABN 95 109 829 334

**INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2022**

VDM GROUP LIMITED

CORPORATE INFORMATION

DIRECTORS

Mr Luk Hiuming	Non-executive Chairman
Mr Michael Fry	Executive Director
Mr Colin Noid	Non-executive Director
Dr Hua Dongyi	Non-executive Director
Mr Huadong Guo	Non-executive Director

COMPANY SECRETARY

Mr Michael Fry

REGISTERED AND PRINCIPAL OFFICE

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Subiaco WA 6008
Telephone (08) 9265 1100
Website <http://www.vdmgroup.com.au>

POSTAL ADDRESS

PO Box 3347
East Perth WA 6892

AUDITORS

Hall Chadwick Audit (WA) Pty Ltd
283 Rokeby Road
Subiaco WA 6008

SHARE REGISTER

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne, VIC 3001
Telephone 1300 850 505
(outside Australia) +61 3 9415 4000

VDM Group Limited shares are listed on the Australian Securities Exchange (ASX)

ASX Code	VMG
ACN	109 829 334
ABN	95 109 829 334

In this report, the following definitions apply:

“**Board**” means the Board of Directors of VDM Group Limited

“**Company**” means VDM Group Limited ABN 95 109 829 334

“**VDM**” or “**Group**” means VDM Group Limited and its controlled entities

VDM GROUP LIMITED
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VDM GROUP LIMITED

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Your directors submit their report of VDM Group Limited ("the Company") and of the Consolidated Entity, being the Company and its controlled entities ("VDM" or "the Group") for the half year ended 31 December 2022.

1. BOARD COMPOSITION

The names and details of the directors of VDM Group Limited in office during the half year and until the date of this report are set out below. Each director was in office for this entire period unless stated otherwise.

Mr Luk Hiuming

Non-executive Chairman

Appointed as a Director on 21 March 2014, appointed Chairman on 29 January 2015
Member of the Audit & Risk Committee

Mr Michael Fry

Executive Director

Appointed as a Director on 3 June 2011
CFO and Company Secretary
Chairman of the Audit & Risk Committee

Mr Colin Noid

Non-executive Director

Appointed as a Director on 1 April 2021

Dr Hua Dongyi

Non-executive Director

Appointed as a Director on 28 August 2013
Member of the Audit & Risk Committee

Mr Huadong Guo

Non-executive Director

Appointed as a Director on 23 February 2021

Mr Ming Guo

Non-executive Director

Appointed as a Director on 1 May 2022; ceased on 29 November 2022.

COMPANY SECRETARY:

Mr Michael Fry

Appointed 9 February 2018

2. NATURE AND PRINCIPAL ACTIVITIES

VDM's business activities during the period principally related to:

- the Cachoeiras do Binga copper project located in the Republic of Angola (**Cachoeiras do Binga**) supported by VDM's project partners and the Government of Angola; and
- the Cage Bengo Project located in the Republic of Angola (**Cage Bengo**) supported by VDM's project partners and the Government of Angola;

VDM is no longer investigating other project opportunities connected with VDM's historical Construction and Trading divisions.

The business activities of the comparative period principally related to: 1) the Cachoeiras do Binga; 2) the Cage Bengo Project; and 3) investigation of other exploration project opportunities.

VDM GROUP LIMITED

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

3. OPERATING AND FINANCIAL REVIEW

Cachoeiras do Binga Copper Project

The Cachoeiras do Binga (**CdB**) Copper Project is located east of the regional capital and coastal city of Sumbe (airport and port) and approximately 385 km south of the Angolan capital city of Luanda.

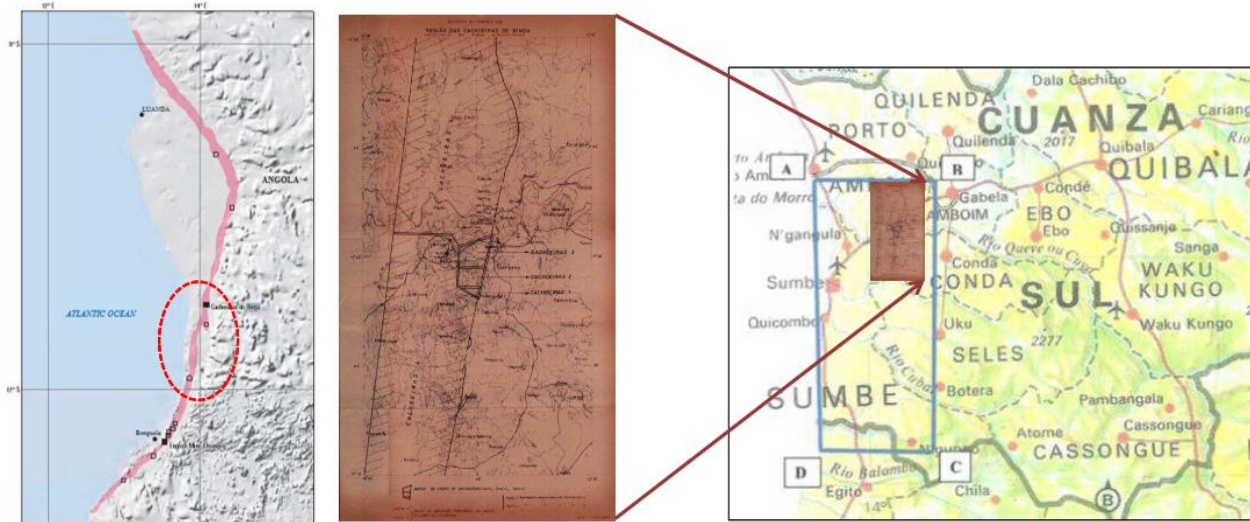


Figure 1: Location Map - CdB Project

The CdB Project covers an extremely large area of 3,854kms² and is approximately 32kms from East to West and 129kms from North to South and shows characteristics of a typical central African sediment-hosted copper deposit. It is highly prospective for copper mineralisation with historical work having demonstrated copper occurrences throughout the tenement area.

Historical Work Performed

Prior to VDM's involvement in CdB, exploration activity whilst significant had been sporadic and limited to small parts of the overall CdB Copper Project area; with much of it not reportable under the current JORC reporting standards applicable to Australian Stock Exchange listed companies.

Between 1920 and up to the late 1950's the United States Government Survey Company (USGS) conducted stream sampling analysis across much of sub-Saharan Africa including Angola and specifically over the CdB Project and was the first group to report elevated copper levels at CdB.

Building on this work, during the 1970's, the Institute of Geology in Angola (IGEO) undertook further mapping, sampling and some drilling, which was largely concentrated in the areas commonly referred to as Areas 1, 2 and 3 and published estimates of copper mineralisation.

In 1983, the United Nations Development Programme (UNDP) re-evaluated the copper deposits in the CdB area, confirming IGEO's estimations of copper mineralisation in Areas 1, 2 and 3. In addition, the UNDP interpreted that the copper extended to the west and to the north.

Since VDM's involvement from 2016, work initially focussed on confirming previous findings for copper mineralisation so as to report under JORC guidelines and extending the known copper mineralisation to the west, north and to the south.

Phase One drilling conducted in 2018 focussed on Areas 1, 2 and 3 (central), and Phase Two drilling conducted during 2019 focussed on Area 4 (west) and Area 5 (south).

The drilling was successful in its objectives confirming the copper mineralisation in Areas 1, 2 and 3 as identified in earlier work conducted by USGS, IGEO and UNDP and identifying copper mineralisation both to the west and to the south; and culminated in VDM announcing, on 26 November 2020, its maiden copper Mineral Resource Estimate for CdB Copper Project of 18.4 Mt @ 1.0% Cu for 183,845t of copper, comprising:

- Measured + Indicated: 13.467Mt @1.02% Cu for 137,590t of copper;
- Inferred: 4.937Mt @0.94% Cu for 46,355t of copper.

VDM GROUP LIMITED
DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

The CdB MRE is summarised as follows:

Resource Category	Million tonnes (Mt)	Cu %	Contained Cu (t)
Measured	0.875	1.62	14,179
Indicated	12.592	0.98	123,411
Inferred	4.937	0.94	46,355
Total	18.404	1.00	183,845

Notes: 1. Reported above a Cu cut-off grade of 0.2%;
2. Discrepancies may occur due to rounding.

The exploration database used for the resource estimation consists of 134 diamond coreholes and 7 trenches. A total of 1,658 intervals were sampled at the deposit. All the available data was input into a Geovia Surpac (Surpac) database for the estimation procedure.

Work Performed during the Half Year

During the half year to 31 December 2022, all on the ground exploration activity remained suspended.

For much of the years 2020 to 2022 inclusive, it was deemed unsafe by the Company for personnel to travel into and within Angola as Angola dealt with a high incidence of COVID-19 infection and had in place restrictions aimed at lessening the spread of infection. With the world returning to somewhat of a normal way of life from mid-2022 and restrictions in Angola lifted, it has been possible to return to work but the time window was not considered sufficient for meaningful work to recommence at the Project prior to the onset of the raining season.

More recently, the joint venture partners are in negotiation as to which of the partners will fund future work programs and whether ownership percentages are to be adjusted to reflect the expected future contributions. The earliest opportunity to recommence work activities on the ground is from the end of the raining season which historically ends in or around mid-March.

Work was focussed on desk-top review of historical information and discussions with potential partners who have demonstrated interest in being involved in the CdB Project in some capacity. The nature of these discussions have not yet reached a stage where disclosure is necessary.

Cage Bengo Project

In August 2019, the Company executed a Mining Investment Contract providing exclusive rights to explore for gold and other minerals at the Cage Bengo Project located in the Republic of Angola.

By entering into the Mining Investment Contract, VDM acquired a 55.25% ownership interest. On 20 August 2019, VDM issued to Seabank Resources Ltd 650 million fully paid shares in relation to the acquisition of its ownership interest.

On 15 April 2020, Prospecting Title 048/07/03 over the Cage Bengo Project was issued by the Angolan Government, allowing work to commence.

However, since the Prospecting Title was issued, no on-the-ground activity at the Cage Bengo Project has been possible with all activities remaining suspended due to travel restrictions and safety concerns arising from the COVID-19 pandemic.

Work was limited to planning and desk-top studies.

In accordance with accounting standard requirements, the Company has undertaken an impairment assessment in relation to this Project resulting in a provision for impairment of \$650,000

Other

During the half year, VDM elected to accept an offer for its 51% interest in the Quartz Estate landholding situated in South Headland netted proceeds on sale after costs of approximately \$740,000.

VDM has owned an apartment in The Palladio Apartments complex in Mandurah, Western Australia for a number of years, which it has rented out. The apartment and complex underwent renovation and repaid during the half year, and it is intended that the apartment now be placed on the market for sale. It is recognised at 31 December 2022 as an asset held for resale.

VDM GROUP LIMITED

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Financial Review

Revenue from continuing operations of \$1,000 (2021: \$Nil) is related to interest earned.

Total expenses from continuing operations were \$1,196,000 (2021: \$678,000) and included an impairment expense of \$650,000 related to the Cage Bengo Project. Excluding impairment expense, expenses were significantly lesser than the prior corresponding half and reflected the lower level of activity within the business.

Cash increased by \$419,000 in the half year with negative cash flow from operating activities of \$321,000.

4. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, other than the following.

Mandurah Apartment

The Company has owned an apartment in The Palladio Apartments complex in Mandurah, Western Australia for a number of years which it has rented out. The property has been listed for sale.

5. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 7 and forms part of the Directors' Report for the half year ended 31 December 2022.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Instrument 2016/191. The Company is an entity to which the Instrument applies.

Signed in accordance with a resolution of the directors.



Michael Fry

Director

Perth, Western Australia

16 March 2023

AUDITOR'S INDEPENDENCE DECLARATION VDM GROUP LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I provide the following declaration of independence to the directors of VDM Group Limited.

As lead audit partner for the review of the financial report of VDM Group Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682



Michael Hillgrove
Director

Dated 16 March 2023

VDM GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Notes	31 Dec 2022 \$000	31 Dec 2021 \$000
Continuing operations			
Revenue and other income	3	1	-
Expenses			
Employee benefits expense	4a	(69)	(84)
Occupancy related expenses		(6)	(6)
Depreciation and amortisation	4b	-	-
Impairment	4c	(650)	-
Legal expenses		(4)	-
Loss on sale of property	4e	(256)	-
Finance costs	4d	(289)	(293)
Other expenses	4f	(178)	(295)
Total expenses		(1,451)	(678)
Loss from continuing operations before income tax		(1,451)	(678)
Income tax expense	6	-	-
Loss from continuing operations after income tax		(1,451)	(678)
Discontinued operations			
Profit from discontinued operations after income tax	5	-	643
Loss for the period		(1,451)	(35)
Other comprehensive income		-	-
Total comprehensive loss for the period		(1,451)	(35)
Total comprehensive loss for the period is attributed to:			
Owners of the parent		(1,451)	(35)
		(1,451)	(35)
Loss per share			
Basic loss per share (cents per share)		(0.021)	(0.001)
Loss per share from continuing operations			
Basic loss per share (cents per share)		(0.017)	(0.010)
Profit per share from discontinued operations			
Basic profit per share (cents per share)		(0.004)	0.009

The accompanying notes form part of these financial statements.

VDM GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

		31 Dec 2022	30 Jun 2022
	Notes	\$000	\$000
ASSETS			
Current assets			
Cash and cash equivalents	7	1,546	1,127
Security deposits	8	20	20
Trade and other receivables		16	14
Assets held for sale	9	1,215	1,215
Other assets	10	27	3
Total current assets		2,824	2,379
Non-current assets			
Exploration and evaluation assets	11	12,972	13,622
Development properties	12	-	996
Property, plant and equipment	13	3	3
Total non-current assets		12,975	14,621
Total assets		15,799	17,000
LIABILITIES			
Current liabilities			
Trade and other payables	14	5,162	5,251
Interest-bearing loans and borrowings	15	11,521	11,177
Provisions	16	222	226
Total current liabilities		16,905	16,654
Non-current liabilities			
Provisions	16	-	1
Total non-current liabilities		-	1
Total liabilities		16,905	16,655
Net assets/(liabilities)		(1,106)	345
Equity			
Contributed equity	17	297,360	297,360
Share options reserve		35	35
Equity reserve		457	457
Retained losses		(298,958)	(297,507)
Total equity/(deficit)		(1,106)	345

The accompanying notes form part of these financial statements.

VDM GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Notes	31 Dec 2022 \$000	31 Dec 2021 \$000
Cash flows from operating activities			
Receipts from customers		-	12
Payments to suppliers and employees		(342)	(317)
Interest received		1	-
GST refunded		20	21
Net cash flows used in operating activities		(321)	(284)
Cash flows from investing activities			
Release from security deposit		-	-
Proceeds from sale of property, plant and equipment		740	-
Net cash flows (used in)/from investing activities		740	-
Cash flows from financing activities			
Repayment of borrowings		-	-
Proceeds from issue of shares		-	-
Net cash flows from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		419	(284)
Cash and cash equivalents at beginning of period		1,127	1,633
Cash and cash equivalents at end of period	7	1,546	1,349

The accompanying notes form part of these financial statements.

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Issued Capital Ordinary \$000	Accumulated Losses \$000	Equity Reserve \$000	Share Options Reserve \$000	Total \$000
Balance at 1 July 2022	297,360	(297,507)	457	35	345
Comprehensive loss for the period	-	(1,451)	-	-	(1,451)
Total comprehensive loss for the period	-	(1,451)	-	-	(1,451)
Transactions with owners in their capacity as owners					
Share Issue	-	-	-	-	-
Balance at 31 December 2022	297,360	(298,958)	457	35	(1,106)
Balance at 1 July 2021	297,360	(296,795)	457	35	1,057
Comprehensive loss for the period	-	(35)	-	-	(35)
Total comprehensive loss for the period	-	(35)	-	-	(35)
Transactions with owners in their capacity as owners					
Share Issue	-	-	-	-	-
Balance at 31 December 2021	297,360	(296,830)	457	35	1,022

The accompanying notes form part of these financial statements.

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

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VDM GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Corporate information

The interim consolidated financial statements of VDM Group Limited (the "Company") and its controlled entities ("VDM" or the "Group") for the half year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 16 March 2022.

VDM Group Limited is a for-profit entity limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX").

VDM's business activities during the period principally related to:

- the Cachoeiras do Binga copper project located in the Republic of Angola (**Cachoeiras do Binga**) supported by VDM's project partners and the Government of Angola; and
- the Cage Bengo Project located in the Republic of Angola (**Cage Bengo**) supported by VDM's project partners and the Government of Angola;

VDM is no longer investigating other project opportunities connected with VDM's historical Construction and Trading divisions.

(b) Basis of preparation

The interim consolidated financial statements for the half year ended 31 December 2022, represent a general purpose financial report prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as at 30 June 2022 and any public announcements made by VDM during the interim reporting period in accordance with the continuous disclosure requirements of the ASX listing rules.

(c) New and amended accounting standards and interpretations

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2022.

The Group has adopted all Australian Accounting Standards and Interpretations effective from 1 July 2022. The adoption of new and amended standards and interpretations had no impact on the financial position or performance of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

VDM GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

(d) Going Concern

VDM incurred a net loss after tax from continuing operations for the half year ended 31 December 2022 of \$1,195,000 (2021: \$678,000). Net cash inflows in operating activities were \$419,000 (2021: \$284,000 Outflow). At 31 December 2022, VDM had net current liabilities of \$16,905,000 (30 June 2022: \$16,654,000). The cash balance of VDM at 31 December 2022 was \$1,546,000 (30 June 2022: \$1,127,000) with a further \$20,000 of security deposits (30 June 2022: \$20,000).

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

VDM will require further capital funding:

- to progress its business strategy including the Cachoeiras do Binga and Cage Bengo exploration programs;
- to pursue other business growth opportunities;
- to settle shareholder loans; and
- for general working capital including payment of trade and other payables, and provisions that become due.

In forming this view, the directors have taken into consideration that the Group expects:

- to undertake future successful capital raisings sufficient to meet the above noted funding requirements; and
- VDM's largest shareholder, Australia Kengkong Investments Co Pty Ltd, will not demand repayment of amounts due under the Framework Loan Agreement until VDM completes sufficient capital raisings; and
- VDM's Cachoeiras do Binga joint venture partner Seabank Resources LDA not demanding repayment of outstanding amounts until the Group completes a significant capital raising or when the group's financial status has a significant improvement; and
- as a result of the Covid 19 with the termination of flights, closures of borders and various measures being imposed by governments in relation to the pandemic, the Group decided in March 2020 that it is prudent to suspend its Angolan exploration activities.

Should VDM not achieve the matters set out above, there is material uncertainty as to whether VDM will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that may be necessary should VDM not be able to continue as a going concern.

(e) Significant Accounting Judgements, Estimates and Assumptions

Preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has not identified any critical accounting policies for which judgement, estimates and assumptions are made, which are in addition to the significant judgements, estimates and assumptions identified in the preparation of the Group's half year consolidated financial statements for the period ended 31 December 2022.

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

2. SEGMENT INFORMATION

VDM is arranged under three operating divisions: i) construction, ii) trading and iii) mining. Refer to the "Review and Results of Operations" in the Directors' Report for an overview of the three operating divisions. The accounting policies adopted for the reported segments are consistent with those followed in the preparation of the Group's financial statements for the year ended 30 June 2022.

The following table presents the revenue, profit and selected balance sheet information for the Group's reportable segments for the half year ended 31 December 2022.

	Construction \$000	Mining \$000	Discontinued Operations \$000	Unallocated \$000	Total \$000
Revenue and other income					
External revenue and other revenue	-	-	-	1	1
Total segment revenue and other income	-	-		1	1
Results					
Segment results before tax	-	-	-	(1,195)	(1,195)
Finance costs	-	-	-	289	289
Depreciation & amortisation	-	-	-	-	-
Impairment	-	-	-	650	650
Reconciliation of segment results before tax to net loss after tax					
Segment results before tax					(1,195)
Net loss after tax from continuing operations per the statement of comprehensive income					(1,195)
Total assets	41	12,972	1,215	1,571	15,799
Total liabilities	113	4,957	-	11,835	16,905
Other disclosures					
Exploration and evaluation asset additions	-	-	-	-	-

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

The following table presents the revenue, profit, and selected expenditure information for the half year ended 31 December 2021 and selected balance sheet information as at 30 June 2022 for the Group's reportable segments.

	Construction \$000	Mining \$000	Discontinued Operations \$000	Unallocated \$000	Total \$000
Revenue and other income					
External revenue and other revenue	-	-	-	-	-
Total segment revenue and other income	-	-	-	-	-
Results					
Segment results before tax	-	-	-	(678)	(678)
Finance costs	-	-	-	293	293
Depreciation & amortisation	-	-	-	-	-
Reconciliation of segment results before tax to net loss after tax					
Segment results before tax					(678)
Net loss after tax from continuing operations per the statement of comprehensive income					(678)
Total assets	41	13,622	1,215	2,122	17,000
Total liabilities	113	4,679	-	11,863	16,655
Other disclosures					
Exploration and evaluation asset additions	-	-	-	-	-

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	31 Dec 2022	31 Dec 2021
	\$000	\$000
3. REVENUE AND OTHER INCOME		
Sales revenue		
Revenue from operating activities	-	-
Total sales revenue	-	-
Other income		
Interest	1	-
Total other income	1	-
Total revenue and other income	1	-
4. EXPENSES		
a) Employee benefits expense		
Wages and salaries	62	80
Superannuation expense	7	4
Other employee benefits expense	-	-
Total employee benefits expense	69	84
b) Depreciation and amortisation		
Depreciation	-	-
Total depreciation and amortisation	-	-
c) Impairment charges		
Impairment of exploration assets	650	-
Total impairment charges	650	-
d) Finance costs		
Bank fees and other finance charges	-	-
Interest	289	293
Total finance costs	289	293
e) Loss on sale		
Loss on sale of property	256	-
f) Other expenses		
Insurances	28	27
Telecommunications	1	2
Computer costs	13	12
Foreign exchange losses	56	151
Other	80	103
Total other expenses	178	295

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

5. DISCONTINUED OPERATIONS

	31 Dec 2022	31 Dec 2021
	\$000	\$000
<i>Financial performance of discontinued operations</i>		
Revenue	-	647
Expenses	-	(4)
Operating profit	-	643
Profit from discontinued operations before income tax	-	643
Income tax expense	-	-
Profit from discontinued operations after income tax	-	643
<i>Assets and liabilities of the discontinued operations</i>		
Total Assets	1,215	1,215
Total Liabilities	-	-
Net assets attributable to discontinued operations	1,215	1,215
<i>Net cash flows attributable to discontinued operations</i>		
Operating	-	7
Investing	-	-
Financing	-	-
Net cash (outflow) / inflow	-	7

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	31 Dec 2022	31 Dec 2021
	\$000	\$000
6. INCOME TAX		
a) Numerical reconciliation between aggregate tax expense recognised in the income statement and the tax expense calculated in the statutory income tax return		
Accounting loss before tax	(1,451)	(35)
Total accounting loss before tax	(1,451)	(35)
Prima facie income tax expense @ 27.5%	(399)	(10)
Prior year tax over provision	-	-
Tax adjustment for non-deductible expenses	-	-
Temporary differences and unrecognised tax losses	399	10
Aggregate income tax expense	-	-

b) Tax losses

VDM Group has recognised a deferred tax asset of nil (31 December 2021: nil) for Australian income tax purposes on the basis that it is not 'probable' that the carried forward revenue loss will be utilised against future assessable taxable profits.

Utilisation of the carried forward tax losses by the company is subject to satisfaction of the Continuity of Ownership Test ("COT") or, failing that, the Same Business Test ("SBT"). It is likely that VDM has failed COT during the 2015 financial year, therefore in order to be able to utilise the pre-2016 losses in the future, VDM may be required to satisfy the SBT. Where VDM derives assessable income in a future income year, an assessment of whether the same business has been carried on between just before the COT failure and the intervening period will determine whether the losses are available for utilisation.

c) Tax consolidation

Members of the tax consolidation group and the tax sharing arrangement

VDM Group Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2004. VDM Group Limited is the head entity of the tax-consolidated group. Members of Group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

	31 Dec 2022	30 Jun 2022
	\$000	\$000
7. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	1,546	1,127
Cash and cash equivalents	1,546	1,127

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	31 Dec 2022	30 Jun 2022
	\$000	\$000
8. SECURITY DEPOSITS		
Security Deposits	20	20
Current	20	20
Non-current	-	-
Total security deposits	20	20

Security deposits are recorded at cost and will be returned to the Group upon the satisfaction of contract and associated retention periods. No provision has been recorded against these amounts for contract claims.

9. ASSETS HELD FOR SALE

Assets held for sale	1,215	1,215
Total assets held for sale	1,215	1,215

10. OTHER CURRENT ASSETS

Prepayments	27	3
Total other current assets	27	3

11. EXPLORATION AND EVALUATION ASSETS

<i>Cachoeiras do Binga (CdB) Copper Project</i>		
Balance at beginning of period	12,972	12,912
Additions	-	60
Balance as at end of period	12,972	12,972
<i>Cage Bengo Gold Project</i>		
Balance at beginning of period	650	650
Impairment	(650)	-
Balance as at end of period	-	650
Total as at end of period	12,972	13,622

12. DEVELOPMENT PROPERTIES

Development properties	-	996
Total development properties	-	996
Reconciliation of carrying amounts		
Balance at beginning of period	996	996
Additions	-	-
Disposals	(740)	-
Loss on sale of development properties	(256)	-
Balance at end of period	-	996

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	31 Dec 2022	30 Jun 2022
	\$000	\$000
13. PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements at cost	14	14
Accumulated depreciation	(11)	(11)
Total leasehold improvements	3	3
Plant & equipment at cost	29	29
Accumulated depreciation	(29)	(29)
Total plant & equipment	-	-
Total property, plant and equipment	3	3
14. TRADE AND OTHER PAYABLES		
Trade payables and accruals	482	571
Employee related payables	1	1
Other payables	4,679	4,679
Total trade and other payables	5,162	5,251
15. INTEREST-BEARING LOANS AND OTHER BORROWINGS		
Shareholder loan (AUD denominated)	5,694	5,558
Shareholder loan (USD denominated)	5,827	5,619
Total interest bearing loans and other borrowings	11,521	11,177
16. PROVISIONS		
Current		
Employee entitlements	98	102
Construction warranties	11	11
Other construction contract obligations	74	74
Other provisions	39	39
Total current provisions	222	226
Non-Current		
Employee entitlements	-	1
Total non-current provisions	-	1
Total provisions	222	227

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	31 Dec 2022	30 Jun 2022
	\$000	\$000
17. CONTRIBUTED EQUITY		
a) Ordinary shares		
Issued and fully paid	297,360	297,360
	Number of Shares	\$000
Balance at 1 July 2021	6,927,660,952	297,360
Share Issues	-	-
Balance at 1 July 2022	6,927,660,952	297,360
Share Issues	-	-
Capital raising costs	-	-
Balance at 31 December 2022	6,927,660,952	297,360

18. RELATED PARTY DISCLOSURES

Transactions with key management personnel

Luk Hiuming

As at 31 December 2022, VDM owed \$98,000 to Mr Luk related to directors fees that have not been paid on his instruction (30 June 2022: \$65,000). No interest accrues and the outstanding amount is due when demanded by Mr Luk. The amount due to Mr Luk is included in trade and other payables (note 14).

Kengkong

On 27 January 2016, VDM entered into a Framework Loan Agreement ("FLA") with its largest shareholder, Australia Kengkong Investments Co Pty Ltd ("Kengkong"). VDM's Non-executive Chairman Mr Luk controls Kengkong. The FLA contemplates the parties entering into a secured one-year 6% loan facility that will incorporate the FLA liabilities. Until that occurs, the FLA advances plus interest accrued at 6% per annum are immediately repayable in the denominated currency when demanded by Kengkong. There were no drawings under the FLA during the reporting period. The amounts due under the FLA are included in interest-bearing loans and other borrowings (note 15).

19. COMMITMENTS AND CONTINGENCIES

There are no commitments and contingencies to disclose for the half year ended 31 December 2022.

20. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

VDM GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

21. FAIR VALUE

At 31 December 2022 there are no financial assets or financial liabilities which are accounted for at fair value. Carrying amounts approximate the fair value of financial assets and financial liabilities presented in the Consolidated Statement of Financial Position.

Assets held for resale – Mandurah Apartment

Included in the Consolidated Statement of Financial Position at fair value is the Company's Mandurah apartment which is valued at the expected sale price based upon real estate agents' advice and recent comparative sales less costs to undertake minor repairs, market and sell.

		31 Dec 2022
Mandurah Apartment	Notes	\$000
Fair value – estimated selling price		1,250
Repair costs		(10)
Costs to sell		(25)
Net assets attributable to discontinued operations	9	1,215

**VDM GROUP LIMITED
DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

In accordance with a resolution of the directors of VDM Group 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) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022, and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) Subject to the satisfactory achievement of the matters described in note 1(d), there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Michael Fry
Director
Perth, Western Australia
16 March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF VDM GROUP LIMITED

Report on the half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of VDM Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of matter – Material uncertainty related to going concern

We draw attention to Note 1(d) in the half-year financial report which describes the principal conditions that raised doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion 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, 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 2022 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682



Michael Hillgrove
Director

Dated 16 March 2023