MASTER DRILLING

REPORT TO SHAREHOLDERS

UNAUDITED INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2023

HIGHLIGHTS FOR THE PERIOD

- Revenue in USD up 12.1% from 96.5 million to 108.2 million
- Profit in USD increased 8.0% from 13.5 million to 14.6 million
- Headline earnings per share in USD up 5.7% from 8.8 cents to 9.3 cents
- Headline earnings per share in ZAR up 25,0% from 135,6 cents to 169,5 cents
- Basic earnings per share in USD up 5.6% from 8.9 cents to 9.4 cents
- Basic earnings per share in ZAR up 24,9% from 137,1 cents to 171,3 cents
- Net asset value per share in USD up 3.3% from 121 cents to 125 cents
- Net cash from operating activities decreased 5.7% from USD13.4 million to USD12.6 million
- Revenue pipeline of USD517.1 million
- Committed order book of USD276.3 million
- In line with the Company's past practice the Board did not declare an interim dividend and will consider an appropriate dividend at year-end
- Dividend of 47,5 cents per share in ZAR terms relating to FY2022 was paid during May 2023

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COMMENTARY

ABOUT MASTER DRILLING

Master Drilling was established in 1986 and listed on the Johannesburg Stock Exchange Limited (JSE) in 2012. The Group delivers innovative drilling technologies and mining solutions globally. Master Drilling has built trusted partner relationships with blue-chip and mid-tier clients in the mining, hydro-electric energy, civil, engineering, as well as construction sectors worldwide. The Company is exposed to various key commodities that ensure its sustainability. The Master Drilling business model of providing drilling solutions and mining services to clients through tailor-made designs, coupled with a flexible support and logistics chain, makes it the preferred partner throughout the life cycle of projects.

Commenting on the results for the half year ended 30 June 2023, Danie Pretorius, CEO of Master Drilling, said:

"*Master Drilling is grateful to announce that we had an excellent start to the year for 2023 on the back of a solid 2022. Revenue is up by 12% to USD108.2 million and cash generated from the business was USD12.6 million. This is on the back of higher revenue per rig and investment in new business ventures. We thank our clients and business partners for their continued support.*

There was an increased focus on technology development, and we have seen some of our new technologies maturing and making an impact on the way mining is conducted. We believe in our vision of "making a difference" and we are going to stay the course, to make the industry safer, more productive, and cost-effective.

Apart from our cutting and drilling technologies, we have also invested in asset-light business ventures in the digital space. Master Drilling has further invested in businesses that provide proximity detection solutions and integrated data and resource management systems for mining. These business ventures have contributed to the bottom line and have also opened up new opportunities for the Group. These actions will ensure that the Group remains relevant and maintains its standing as a leading innovator.

Master Drilling has been able to leverage its relationships with clients and partners, as well as its international footprint, to grow the business. Building sound relationships has provided us with the foundation to offer more turnkey solutions to our clients and has seen the business metamorphose into a more holistic contractor.

*Whilst the lingering impact of the uncertain global conditions across our value chain remains unclear, we continue to drive diversification across regions, commodities, currencies and industries with an eye on the long term without compromising the management of short-term risks and headwinds associated with these global uncertainties.***"**

FINANCIAL OVERVIEW

Revenue increased 12.1% to USD108.2 million with operating profit up 22.8% to USD21.2 million. The increase in revenue and operating profits follows a record 2022 despite difficult operating conditions experienced globally.

The benefit of a more stable fixed cost component became apparent in the current year, resulting in an overall increase in profit after taxation of 8.0% to USD14.6 million.

USD basic earnings per share ("EPS") increased 5.6% to 9.4 cents, and ZAR EPS by 24,9% to 171,3 cents compared to the same period last year. USD headline earnings per share ("HEPS") increased 5.7% to 9.3 cents, and ZAR HEPS by 25,0% to 169,5 cents.

Net cash generated from operations decreased by USD0.8 to USD12.6 million. Master Drilling will continue to manage debtors actively to ensure robust conversion to cash. Cash resources continue to be managed prudently to cater for emerging opportunities that require specific design, planning and investment.

During the reporting period, 58% of the Master Drilling capital spend was on capacity expansion with the remaining 42% allocated towards maintenance capital.

As at 30 June 2023, the Group owed USD39.9 million on its banking facilities with a gearing ratio, including cash, of 9.6%.

OPERATIONAL OVERVIEW

Master Drilling's operations globally enjoyed a profitable year, evidencing the benefits of significant capital investment over the past 10 years.

Safety and response to risk

The Group has an extensive risk management programme and this is made visible through a collaborative platform. Progress on the implementation of mitigation measures is tracked and significant business risk is escalated to the executive team and Board. Internal auditors provide assurance that actions are followed through and have the desired impact.

Our Lost Time Injury Frequency Rate for half year 2023 has been 0,49 indicating a significant improvement from 0.83 in the previous year on our path to zero harm. This was achieved in a period where we employed many new employees which can potentially increase risk. Through a focus on behavior-based training and growing a high-performance culture, we have been able to promote compliance with policies and procedures. Our priority remains to move people out of harm's way through innovative engineering solutions.

South America

South America's performance was under pressure for the period as a result of several headwinds for miners in the region.

Our key client in Brazil experienced several headwinds due to regulatory changes that resulted in a delay in our drilling program. Although we are still confident of executing the work this delay impacted our margins. Other contracts in Brazil experienced geomechanical problems which temporarily stopped some of our operations, hence our lower margin in the region. Chile saw several delays from our key client Codelco in the first half of this year. Codelco experienced a few weeks of operational stoppage which impacted on our performance. The Master Drilling Besalco Consortium was also impacted by these delays, and we are in negotiations with Codelco regarding these stoppages. We are participating in a number of tender processes in the Consortium that is reflected in our pipeline and order book.

We are developing a new-generation blind hole machine to be deployed in Chile during the next year. These machines are technologically superior to those available through other companies and we believe they will have a major impact on the market.

In Peru, we started this year with political unrest in January and February. A number of our client's operations were stopped for a couple of weeks. The damage caused in the infrastructure in Peru in general impacted our ability to quickly recover operations. These delays impacted the revenue contribution from Peru. Despite these delays, we have seen a strong performance in Quarter two and we expect this momentum to carry on into the second half of the year. We can report that the bigger raise boring equipment that has been mobilized to the region is being utilized and is achieving good results. We are actively pursuing other opportunities in neighboring countries such as Ecuador and Colombia.

Central and North America

The market for raise boring and exploration drilling activities in North America continued the buoyancy of 2022. Our management team there is working on tenders for the current year as well as long-term drilling contracts to continue the stable business this region has grown into in the last couple of years.

The Canadian contracts are advancing as expected. The remote locations continue to present logistical challenges; however, we are well positioned to meet these. We have established a solid base in Canada and are well positioned to capitalise on increasing opportunities.

We continue with our efforts to secure contractors' licences across each relevant state in the USA. Doing this will assist in driving our new business pipelines, focusing primarily on mining-rich Nevada and also Arizona.

Mexico had a challenging performance in the first half of 2023. Additional machines have been deployed to projects in other neighboring countries in this area such as Nicaragua. We continue to work on our operational efficiencies to reduce overall costs.

The Master Drilling Mexico business in partnership with A&R Engineering and Mining Services and related companies, a subsidiary of the Group, has successfully delivered its first project in this region.

Africa

Africa remains a key area for the Group, and we are aggressively pursuing further opportunities in this market.

In Ghana, we are strategically placed to service existing and potential contracts in the Western African region.

In the DRC, we continued our satisfactory performance with our long-term project. We have a strong working relationship with the client, with additional opportunities for work in the copper, nickel and cobalt mines. Further growth opportunities exist in this region.

Stable revenue is expected in Mali and the current client is regarded as a strategic partner of Master Drilling. With the Sierra Leone fleet now comprising of 3 machines, this area has become a very valuable contributor.

Tanzania's operations remained stable during the first half of the year with an amendment of our current contracts to add a piling machine during the second half of the year secured.

We remain optimistic about opportunities in Zambia and are staying close to the developments in the country.

In Botswana, we are progressing well with a long-term contract at one of the copper mines and mobilized a second machine to this project.

The South African operations have maintained steady growth. With two XXXL machines busy on long-term contracts with a key client, and a third XXXL machine being mobilized at the start of the second half of the year, the medium-term outlook is very positive.

We remain committed to further expansion into other African countries that meet our investment criteria.

Even though the Group's main focus is the provision of specialised drilling services, the Group exercised its option during August 2022 to obtain a controlling stake in A&R Mining and Engineering and related companies. With this control it brought the sale of industrial products as diversification in revenue streams. These industrial products are primarily sold in the South African market with a small portion being sold in South America. The Group's view is to expand this diversification to the rest of its already well established global footprint.

COMMENTARY continued

Scandinavia

Master Drilling Europe performed well during the first half of 2023 and showed decent returns on the back of a good 2022. The flagship project in Europe has started and we are performing on schedule. This project is key to providing ventilation through four 500m shafts to the high-speed train between France and Italy. We have expanded our business in Iberia with additional equipment mobilised to the region. Our shaft construction projects in Stockholm are performing well and we will continue investing in similar projects. We see great opportunities in the region in the years to come.

In general, we see much more movement in the market than a year ago. Several enquiries are coming from infrastructure as well as hydro-electric sectors.

India

The Indian operations are performing well, in line with expectations. We will continue to seek additional projects within India and the surrounding areas. We have received a further extension on this long-term contract.

Other Regions

Master Drilling is growing its presence in Australia and Central Asia, with a focus on consolidation in the marketplace and organic growth.

Growth in Australia was promising for the year. We were fortunate to work for some of the largest mining houses in the country. We continue to actively market our offering for additional projects in this region.

We have started a project in Saudi Arabia and believe this will be the catalyst for future growth in this region. We have progressed with discussions for various stakeholders to be involved in shaft excavation in this region.

We are staying close to emerging mining countries and are confident of further geographical growth in 2023.

Technology

Technological innovation is a key priority for Master Drilling to support clients to move down the cost curve, optimise their operations and increase safety.

Given our mining clients' challenges, we have identified three technology focus areas in order to develop a growth strategy and diversify the business: shaft sinking, tunnelling and non-explosive mining.

In order to spread our risk and lighten funding requirements, we, Master Sinkers, partnered with the Industrial Development Corporation (IDC) with a view to pursuing a promising business case. During 2022, Master Sinkers continued to design, manufacture, and assemble the shaft boring system. Master Sinkers are currently engaging with the market to seek the best possible project to implement the technology in a phased approach. It is envisaged that the shaft boring machine will be commissioned H1 2024 during the test sink of a 50m deep shaft in South African hard rock. We are positioning ourselves as a specialised mining contractor, as opposed to a mainstream one.

A 2nd generation Mobile Tunnel Borer design is progressing well and will be completed and considered for further development during 2024. From our experience gained it has become evident that alternative non-explosive tunnelling technologies would be required for specific tunnelling application needs not addressed by the Mobile Tunnel Borer, and that will be considered for further development.

Non-explosives mining is still an uncharted area, and we are looking to provide solutions for clients that are not bound by the requirement of explosives approvals, while at the same time shielding personnel against hazards by offering the flexibility to operate remotely. We have engaged with a client where we are able to develop these technologies and provide bespoke solutions that cater to their specific needs. By doing so, we hope to build relationships with clients in a phased approach thereby ensuring gradual progress and minimising large exposure or risk. All these projects are progressing well.

These technologies all relate to providing a safer, higher productivity, cost-competitive and efficient solution.

Operational equipment

The fleet consists of 140 raise bore, 61 slim drilling and one mobile tunnel boring rigs. The total raise boring fleet utilisation rate was around 72% while the slim drilling fleet utilisation was around 84%. The rate of new rigs coming on board will settle with a focus on larger units, which typically generate higher income.

Our people

We believe that a motivated and engaged workforce creates a sustainable, competitive advantage for our business and benefits society. We are committed to attracting, developing and retaining the best people, providing a safe working environment for them and creating a winning culture that embraces their diversity and celebrates their contribution.

As at 30 June 2023, Master Drilling Group, together with its joint ventures, employs a total of 2859 employees. This headcount includes the incorporation of Hall Core Holdings (Pty) Ltd (237) and A&R Engineering and Mining Services (Pty) Ltd and related companies (436) personnel due to the incorporation of these businesses into the Group. There was a total increase in headcount of 649 from the corresponding period in 2022.

We continuously drive and strive to embed our RAISE values to ultimately create and foster a culture where all employees can thrive and grow. It is imperative to improve our working environment to one where employees feel:

1. Respected
2. Accountable
3. Innovative
4. Safe
5. Efficient

Human capital strategy

The human capital strategy, which is currently in the implementation phase is getting the desired momentum and Business milestones for 2023 should successfully be implemented. The milestones are:

- Attraction & retention strategy implemented.
- Coaching & mentoring initiatives rolled out through the Group.
- Active succession planning from middle management and above.
- to create a high-performance culture through the competency based performance management platform to ensure our employees are engaged, motivated and equipped to support the achievement of our group strategy.
- Career paths to ensure growth and a clear line of sight for career advancement.

Creating an ethical culture

The Master Drilling Group's code of ethics is made available and explained to all employees as part of their induction. Our code of ethics provides employees with information about the core principles of the Group, including legal compliance, ethical dealings, labour practices, human rights, and gender and race diversity. We recognise the right of employees to freedom of association, organisation and collective bargaining. As part of the process of monitoring our ethics, we have an independent, anonymous whistle-blower hotline. This allows anyone to report illegal or unethical behaviour, including mismanagement, discrimination, harassment, vandalism, corruption, violence and theft. The whistle-blower hotline is available to both national and international callers. Hotline activities are reported to the Social, Ethics and Sustainability Committee, Audit Committee, Risk Committee and the Board.

The above continues to be a strong focus area as part of our ESG strategic pillar.

The B-BBEE skills development initiatives for the South African entities will be once again successfully co-ordinated and financed via Master Drilling Training Services. The B-BBEE certification for Master Drilling Exploration should be finalised with a Level 1 rating being achieved by September 2023. Master Drilling (Pty) Ltd should also be finalized by October 2023 and the Level 3 rating should be maintained.

OUTLOOK AND PROSPECTS

Despite global uncertainty, we are confident that Master Drilling will perform well because of its long-term contracts, diversified footprint, proactive capital management and service orientation. The fleet utilisation is now moving towards the required benchmark of 75%. Capital management remains a top priority. The Group's diversification across regions, commodities, currencies, and industries proved to be a key factor in this and will remain an important part of Master Drilling's strategy.

The Group remains committed to ensuring the safety of its people and will continue using innovative mechanised equipment in its operation. This is also the future of the industry, with an increased focus on mechanisation and remote operations, which is the space in which Master Drilling likes to operate and is well placed to compete. Opportunities to diversify outside of the traditional drilling business into areas such as artificial intelligence will also continue to be pursued.

The pipeline as at 30 June 2023 totalled USD517.1 million, while the committed order book totalled USD276.3 million for the remainder of 2023 and beyond. In the short to medium term, the sales pipeline is expected to stabilise and increase with further tactical acquisitions and joint ventures supporting performance.

We will continue to invest in our people, and we have started to employ best practice in a number of areas within human capital that will ensure that we are an employer of choice and attract the best of the best in the industry.

There is an evolving commitment and enhanced contribution to all matters relating to ESG. This is not just the right thing to do, it will also support the industry objective and ensure that Master Drilling remains sustainable into the future.

Master Drilling's technology and experience put the Group in a strong position to continue to support its clients' drive to improve productivity and efficiencies while reducing operational risk.

Ultimately, our strategic focus remains the same. We want to make a difference in the lives of our employees and our clients. We challenge the status quo and want to ensure we address the challenges of safety, cost and productivity in the way we work. Our 2023 focus will continue to be on building a sustainable, diversified and scalable business through organic and acquisitive growth as well as formal partnerships and alliances.

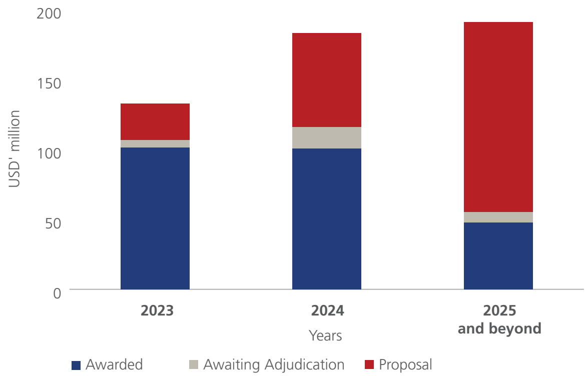
NATURE OF BUSINESS

Master Drilling Group Limited through its operating subsidiary companies provides specialised drilling services to blue-chip major and mid-tier companies in the mining, civil engineering, infrastructure and hydro-electric energy sectors, across a number of commodities and geographies. Master Drilling is the global leader in the raise bore drilling services industry.

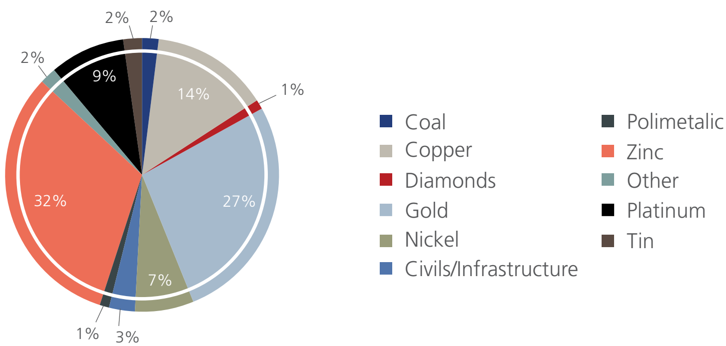
PIPELINE AND COMMITTED ORDERS

As at 30 June 2023 our sales pipeline totalled USD517.1 million (2022: USD540.9 million) while the committed order book totalled USD276.3 million (2022: USD242.7 million) for the remainder of 2023 and beyond, spread as follows:

PIPELINE



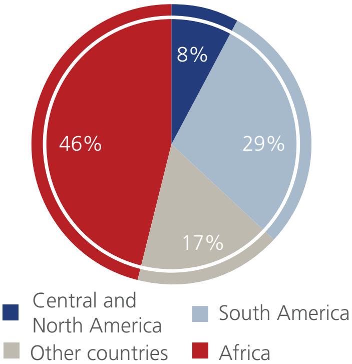
COMMITTED ORDERS



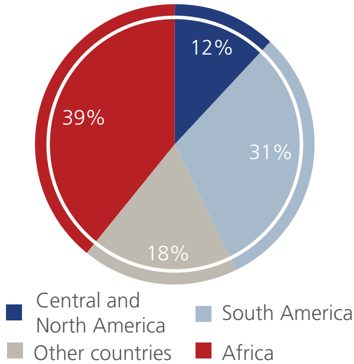
REVENUE

The following graphs reflect the Group's combined revenue for financial periods ended 30 June:

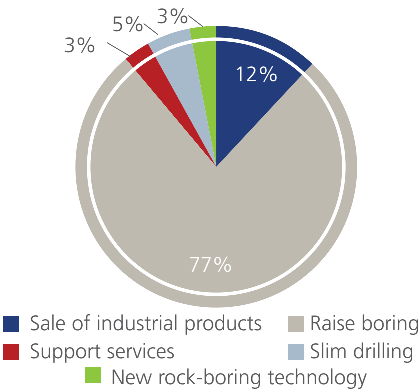
REVENUE BY GEOGRAPHICAL AREA JUNE 2023



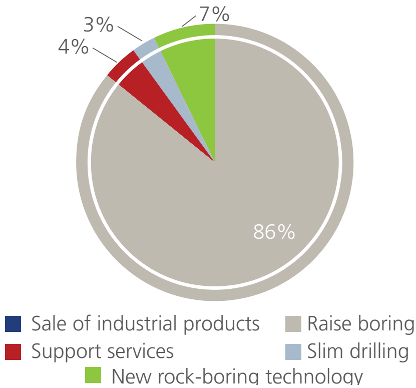
REVENUE BY GEOGRAPHICAL AREA JUNE 2022



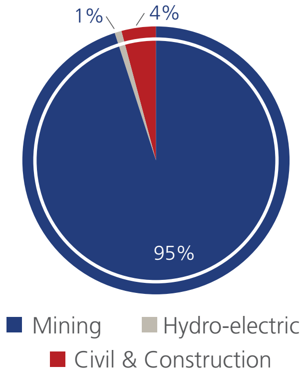
REVENUE BY ACTIVITY JUNE 2023



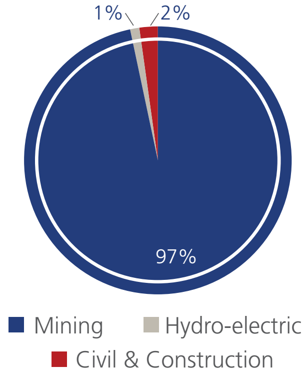
REVENUE BY ACTIVITY JUNE 2022



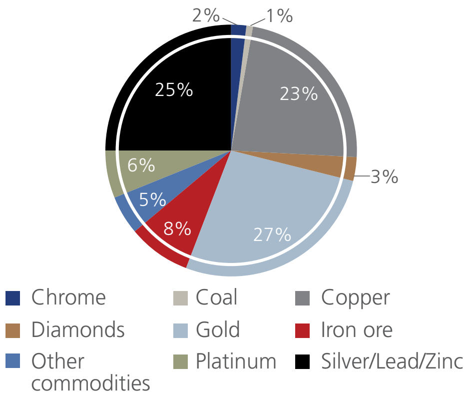
REVENUE BY BUSINESS SECTOR JUNE 2023



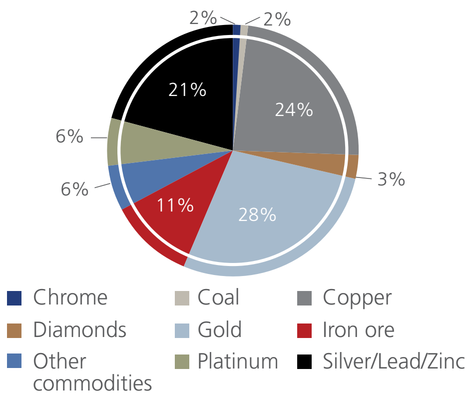
REVENUE BY BUSINESS SECTOR JUNE 2022



REVENUE BY COMMODITY JUNE 2023



REVENUE BY COMMODITY JUNE 2022



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note(s)	Unaudited six months ended Jun 2023 USD	Audited year ended Dec 2022 USD
Assets			
Non-current assets			
Property, plant and equipment	3	**152 002 129**	152 274 557
Intangibles and goodwill	4	**15 140 834**	15 921 053
Financial assets		**4 684 506**	5 084 173
Deferred tax asset		**2 555 843**	2 860 120
Related party loans		**1 328 776**	1 577 056
Investment in joint venture		**5 354 407**	4 382 221
Investment in associates		**778 612**	790 777
		181 845 107	182 889 957
Current assets			
Inventories		**47 858 531**	46 529 294
Related party loans	5	**586 753**	729 641
Trade and other receivables		**80 454 009**	79 359 647
Current tax receivable		**4 145 685**	4 034 447
Derivative financial instruments		**214 336**	248 648
Cash and cash equivalents		**23 281 794**	30 669 450
		156 541 108	161 571 127
Total assets		**338 386 215**	344 461 084
Equity and liabilities			
Equity			
Share capital		**149 365 330**	149 365 330
Reserves		**(131 163 881)**	(124 051 438)
Retained income		**155 636 986**	145 107 125
		173 838 435	170 421 017
Non-controlling interest		**19 029 999**	18 710 890
		192 868 434	189 131 907
Liabilities			
Non-current liabilities			
Interest bearing borrowings		**36 926 267**	41 411 477
Lease liabilities		**5 460 868**	5 773 563
Instalment sales liabilities		**419 556**	514 055
Contract liability		**2 954 542**	3 270 349
Provisions		**975 443**	500 182
Consideration payable		**1 160 541**	1 568 072
Put option liability for non-controlling interest		**9 020 417**	9 622 678
Deferred tax liability		**10 995 354**	9 956 970
		67 912 988	72 617 346
Current liabilities			
Interest bearing borrowings		**4 865 218**	4 702 628
Lease liabilities		**689 316**	610 876
Instalment sales liabilities		**1 301 378**	1 158 671
Related party loans		**1 941 578**	2 030 367
Current tax payable		**7 405 721**	7 344 355
Trade and other payables	6	**56 848 194**	57 335 004
Derivative financial instruments		**374 668**	424 288
Provisions		**487 358**	1 073 806
Contract liability		**1 440 914**	5 626 167
Put option liability for non-controlling interest		**2 250 448**	2 405 669
		77 604 793	82 711 831
Total liabilities		**145 517 781**	155 329 177
Total equity and liabilities		**338 386 215**	344 461 084

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note(s)	**Unaudited six months ended Jun 2023 USD**	Unaudited six months ended Jun 2022 USD	Audited year ended Dec 2022 USD
Revenue	10	**108 204 076**	96 490 278	226 393 741
Cost of sales		**(75 308 799)**	(67 178 551)	(161 478 511)
Gross profit		**32 895 277**	29 311 727	64 915 230
Other operating income		**2 978 039**	1 020 215	2 138 087
Other operating expenses		**(13 639 582)**	(12 835 486)	(31 933 529)
Movement of expected credit loss allowances		**(983 862)**	(190 393)	(22 614)
Operating profit		**21 249 872**	17 306 063	35 097 174
Investment income		**64 333**	49 697	893 544
Finance costs		**(1 935 102)**	(867 580)	(4 470 312)
Fair value adjustment		**–**	–	(167 929)
Share of profit from equity accounted investments		**765 844**	1 060 287	1 376 748
Profit before taxation		**20 144 947**	17 548 467	32 729 225
Taxation		**(5 581 063)**	(4 058 045)	(10 412 013)
Profit for the period		**14 563 884**	13 490 422	22 317 212
Other comprehensive loss that will subsequently be classified to profit and loss:				
Exchange differences on translating foreign operations		**(7 112 443)**	(8 714 855)	(13 686 597)
Other comprehensive loss for the year net of taxation		**(7 112 443)**	(8 714 855)	(13 686 597)
Total comprehensive income		**7 451 441**	4 775 567	8 630 615
Profit attributable to:		**14 563 884**	13 490 422	22 317 212
Owners of the parent		**14 244 775**	13 414 285	21 532 239
Non-controlling interest		**319 109**	76 137	784 973
Total comprehensive income attributable to:		**7 451 441**	4 775 567	8 630 615
Owners of the parent		**7 132 332**	4 699 430	7 845 642
Non-controlling interest		**319 109**	76 137	784 973
Earnings per share (USD)	7			
Basic earnings per share (cents)		**9.4**	8.9	14.2
Diluted earnings per share (USD)	7			
Diluted basic earnings per share (cents)		**9.4**	8.9	14.2
Earnings per share (ZAR)				
Basic earnings per share (cents)		**171.3**	137.1	232.5
Diluted earnings per share (ZAR)				
Diluted basic earnings per share (cents)		**171.3**	137.1	232.5

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note(s)	**Unaudited six months ended Jun 2023 USD**	Unaudited six months ended Jun 2022 USD
Cash flows from operating activities			
Cash generated from operations	8	**19 718 948**	17 554 125
Interest received		**53 774**	49 697
Finance costs		**(1 698 531)**	(741 127)
Tax paid		**(5 488 274)**	(3 512 807)
Net cash from operating activities		**12 585 917**	13 349 888
Cash flows from investing activities			
Purchase of property, plant and equipment		**(11 219 114)**	(9 246 635)
Sale of property, plant and equipment		**346 540**	377 581
Advances to related parties		**(45 123)**	(5 403)
Proceeds from related parties		**74 335**	–
Net cash from investing activities		**(10 843 362)**	(8 874 457)
Cash flows from financing activities			
Advance from financial liabilities		**–**	1 769 330
Repayment of financial liabilities		**(3 772 919)**	(5 519 295)
Repayment of capital portion of lease liabilities		**(212 267)**	(332 499)
Repayment of capital portion of instalment sales agreements		**(192 005)**	(239 767)
Advances from related parties		**73 536**	24 368
Repayment of related parties		**(38 993)**	–
Issue of share capital		**–**	42 747
Dividends paid to shareholders		**(3 714 914)**	(3 051 413)
Net cash from financing activities		**(7 857 562)**	(7 306 529)
Total cash movement for the period		**(6 115 007)**	(2 831 098)
Cash at the beginning of the period		**30 669 450**	21 387 523
Effect of exchange rate movement on cash balances		**(1 272 649)**	(547 017)
Total cash at end of the period		**23 281 794**	18 009 408

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

USD	Share capital	Equity arising on formation of the Group 1	Foreign currency translation reserve 2	Transaction between equity holders 3
Balance as at 31 December 2021	149 259 486	(58 264 013)	(53 801 180)	1 611 385
Share-based payments	–	–	–	–
Issue of share capital	75 980	–	–	–
Total comprehensive income for the period	–	–	(8 714 855)	–
Dividends to shareholders	–	–	–	–
Total changes	75 980	–	(8 714 855)	–
Balance as at 30 June 2022	149 335 466	(58 264 013)	(62 516 035)	1 611 385
Share-based payments	–	–	–	–
Issue of share capital	29 864	–	–	–
Dividends declared by subsidiaries	–	–	–	–
Contribution from non-controlling partner	–	–	–	–
Total comprehensive income for the period	–	–	(4 971 742)	–
Total changes	–	–	(4 971 742)	–
Balance as at 31 December 2022	**149 365 330**	**(58 264 013)**	**(67 487 777)**	**1 611 385**
Issue of share capital	**–**	**–**	**–**	**–**
Total comprehensive income for the period	**–**	**–**	**(7 112 443)**	**–**
Dividends to shareholders	**–**	**–**	**–**	**–**
Total changes	**–**	**–**	**(7 112 443)**	**–**
Balance as at 30 June 2023	**149 365 330**	**(58 264 013)**	**(74 600 220)**	**1 611 385**

[1] *Equity arising on formation of the Group – Equity that arose with the formation of the Group on the initial Johannesburg Stock Exchange Listing.*

[2] *Foreign currency translation reserve – Equity that arose as a result consolidation subsidiaries that have a different currency to that of the Group's reporting currency.*

[3] *Transactions between equity holders – Equity that arose due to transactions between different equity holders with the formation of the Group.*

Share-based payments reserve	Total reserve	Retained income	Attributable to owners of the parent	Non-controlling interest	Total Shareholders' equity
134 631	(110 319 177)	137 593 905	176 534 214	9 834 821	186 369 035
–	–	–	–	–	–
(33 253)	(33 253)	–	42 727	–	42 727
–	(8 714 855)	13 414 285	4 699 430	76 137	4 775 567
–	–	(3 051 413)	(3 051 413)	–	(3 051 413)
(33 253)	(8 748 108)	10 362 872	1 690 744	76 137	1 766 881
101 378	(119 067 285)	147 956 777	178 224 958	9 910 958	188 135 916
(12 411)	(12 411)	–	(12 411)	–	(12 411)
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	(4 971 742)	(2 849 652)	(7 821 394)	8 799 932	978 538
(12 411)	(4 984 153)	(2 849 652)	(7 833 805)	8 799 932	966 127
88 967	**(124 051 438)**	**145 107 125**	**170 421 017**	**18 710 890**	**189 131 907**
–	**–**	**–**	**–**	**–**	**–**
–	**(7 112 443)**	**14 244 775**	**7 132 332**	**319 109**	**7 451 441**
–	**–**	**(3 714 914)**	**(3 714 914)**	**–**	**(3 714 914)**
–	**(7 112 443)**	**10 529 861**	**3 417 418**	**319 109**	**3 736 527**
88 967	**(131 163 881)**	**155 636 986**	**173 838 435**	**19 029 999**	**192 868 434**

ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

The unaudited consolidated interim financial statements have been prepared in accordance with IAS 34: Interim Financial Reporting, International Financial Reporting Standards and the requirements of the South African Companies Act, (Act No 71 of 2008), as amended and the Listings Requirements of the JSE Limited. The unaudited consolidated interim financial statements have been prepared on the historical cost-basis, except certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in United States Dollar ("USD").

The significant accounting policies are consistent in all material respects with those applied in the audited consolidated annual financial statements for the year ended 31 December 2022.

Impact of accounting standards to be applied in future periods

There are a few standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to 31 December 2022. The Group performed an analysis of these standards and interpretations and concluded that these were not applicable to the Group.

The unaudited consolidated interim financial statements presented have been prepared by the corporate reporting staff of Master Drilling, headed by Willem Ligthelm CA(SA), the Group's financial manager. This process was supervised by André Jean van Deventer CA(SA), the Group's chief financial officer.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The Group financial statements incorporate all entities which are controlled by the Group.

The Group financial statements had been accounted for under the pooling of interest method as acquisition of entities under common control is excluded from IFRS 3.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Control is considered to exist if all of the factors below are satisfied.

a. the investor has power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities;

b. the investor has exposure, or rights to variable returns from its involvement with the investee; and

c. the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group assesses its control of an investee at the time of its initial investment and again if changes in facts and circumstances affect one or more of the control factors listed above. In assessing whether the Group has control over an investee, consideration is given to many factors including shareholding, voting rights and their impact on the Group's ability to direct the management, operations and returns of the investee; contractual obligations; minority shareholder rights and whether these are protective or substantive in nature; and the financial position of the investee.

Property, plant and equipment and intangibles

a. *Intangibles*

Patents are acquired by the Group and have an indefinite useful life as the Group's plan and ability is to renew and maintain the patent indefinitely. It is expected that the patent will generate revenue for the Group for an unlimited period of time. Patents are carried at cost less accumulated impairment losses. Patents are assessed annually for possible impairment.

Software licence agreements are acquired by the Group and have an indefinite useful life and is thus not depreciated as the Group's plan and ability is to renew and maintain the software licence indefinitely. It is expected that the software licence agreements will generate revenue for the Group for an unlimited period of time. Software licence agreements are carried at cost less accumulated impairment losses. Software licence agreements are assessed annually for possible impairment.

Computer software are initially measured at cost and subsequently at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Costs include costs incurred initially to acquire computer software. Cost associated with upgrades that result in increased capabilities or performance enhancements of computer software are capitalised. If a replacement part is recognised in the carrying amount of an item of computer software, the carrying amount of the replaced part is derecognised.

b. *Property, plant and equipment*

Property, plant and equipment are initially measured at cost and subsequently at cost less any accumulated depreciation and accumulated impairment losses.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment. Cost associated with equipment upgrades that result in increased capabilities or performance enhancements of property and equipment are capitalised. If a replacement part is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

An asset under construction will be reclassified to the relevant asset category as soon as it is available for use. Assets under construction are not depreciated.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year based on the economic, market and operating environment conditions. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset. Depreciation is recognised on a straight-line basis or units of production method as appropriate, to write down the cost less estimated residual values of the property, plant and equipment.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary environment in which the entity operates, i.e. "functional currency". The unaudited consolidated interim financial statements are presented in USD (the "presentation currency"). Management believes that USD is more useful to the users of the consolidated financial statements, as this currency most reliably reflects the global business performance of the Group as a whole.

GOING CONCERN

Based on the information available to it, the Board of Directors assessed and concluded that the Group remains a going concern.

ISSUED CAPITAL

There were no changes made to share capital since 31 December 2022.

OPERATING SEGMENTS

Changes were made to the operating segments from those disclosed at 30 June 2022. These changes are aligned with the Group's strategic pillars and will enable the chief decision maker, under direct supervision of the resident boards, to improve the management of performances and decisions on allocation of resources to the different segments. The comparative reporting periods were adjusted accordingly as the information was available. Refer to note 12.

EVENTS SUBSEQUENT TO REPORTING PERIOD

The directors are not aware of any other matters or circumstances arising since the reporting date to the date of this report, not otherwise dealt with in this report.

DIVIDENDS

In line with the Company's past practice the Board did not declare an interim dividend and will consider an appropriate dividend at year-end.

Dividend of 47,5 cents per share in ZAR terms relating to FY2022 was paid during May 2023.

BOARD OF DIRECTORS

There were no changes made to the Board since the previous reporting period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

Jun 2023 **USD**	**Cost**	**Accumulated depreciation and impairment losses**	**Carrying value**
Land and buildings	**3 309 830**	**(455 762)**	**2 854 068**
Right of use assets: Land and buildings	**6 614 055**	**(1 806 070)**	**4 807 985**
Instalment sale: Plant and machinery	**5 972 892**	**(3 824 675)**	**2 148 217**
Plant and machinery	**205 301 955**	**(70 028 204)**	**135 273 751**
Assets under construction	**5 788 819**	**(2 567)**	**5 786 252**
Furniture and fittings	**1 446 805**	**(1 328 893)**	**117 912**
Motor vehicles	**6 214 549**	**(5 671 650)**	**542 899**
Right of use assets: Motor Vehicles	**108 734**	**(54 218)**	**54 516**
IT equipment	**1 182 348**	**(765 819)**	**416 529**
Total	**235 939 987**	**(83 937 858)**	**152 002 129**

Dec 2022 USD	Cost	Accumulated depreciation and impairment losses	Carrying value
Land and buildings	3 436 696	(323 563)	3 113 133
Right of use assets: Land and buildings	6 868 057	(1 400 888)	5 467 169
Instalment sale: Plant and machinery	5 686 422	(3 290 312)	2 396 110
Plant and machinery	194 311 636	(60 232 647)	134 078 989
Assets under construction	4 655 583	(2 567)	4 653 016
Furniture and fittings	1 567 821	(1 250 980)	316 841
Motor vehicles	6 868 527	(5 101 995)	1 766 532
Right of use assets: Motor Vehicles	103 519	(18 440)	85 079
IT equipment	1 125 641	(727 953)	397 688
Total	224 623 902	(72 349 345)	152 274 557

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.1 Reconciliation of property, plant and equipment

Jun 2023 USD	**Opening balance**	**Additions**	**Exchange difference on consolidation of foreign subsidiaries**	**Assets acquired through business combination**
Land and buildings	**3 113 133**	**8 749**	**(214 676)**	**–**
Right of use assets: Land and buildings	**5 467 169**	**–**	**(357 795)**	**–**
Instalment sale: Plant and machinery	**2 396 110**	**–**	**(95 546)**	**–**
Plant and machinery	**134 078 989**	**9 990 592**	**(2 844 939)**	**–**
Assets under construction	**4 653 016**	**1 148 223**	**(14 987)**	**–**
Furniture and fittings	**316 841**	**14 184**	**(3 575)**	**–**
Motor vehicles	**1 766 532**	**362 137**	**(862 959)**	**–**
Right of use assets: Motor Vehicles	**85 079**	**–**	**(18 114)**	**–**
IT equipment	**397 688**	**94 896**	**(15 214)**	**–**
Total	**152 274 557**	**11 618 781**	**(4 427 805)**	**–**

Dec 2022 USD	Opening balance	Additions	Exchange difference on consolidation of foreign subsidiaries	Assets acquired through business combination
Land and buildings	2 102 511	848 782	243 348	36 905
Right of use assets: Land and buildings	3 982 394	1 619 746	(34 010)	526 626
Instalment sale: Plant and machinery	3 017 654	264 125	(130 314)	–
Plant and machinery	137 549 684	16 293 266	(5 696 847)	807 022
Assets under construction	753 355	3 934 548	(30 779)	–
Furniture and fittings	1 168 641	20 122	(280 863)	85 231
Motor vehicles	2 483 665	1 070 744	(517 463)	253 690
Right of use assets: Motor Vehicles	–	107 708	(3 443)	–
IT equipment	271 856	242 098	47 441	13 401
Total	151 329 760	24 401 139	(6 402 930)	1 722 875

Security

Moveable assets to the value of ZAR1,8 billion (USD99.8 million) of the South African subsidiaries have been bonded to Absa Capital as security for an interest-bearing loan.

Property, plant and equipment to the value of SEK40.8 million (USD3.9 million) of the European entity have been pledged to Swedbank as security for an interest bearing loan.

Assets under construction are reclassified and transferred to the applicable asset class once construction is completed and the asset is ready to operate.

Disposals	Depreciation	Impairment/ Scrapping	Reclassification and transfers	Derecognition on loss of control	Total
–	**(53 138)**	**–**	**–**	**–**	**2 854 068**
–	**(301 389)**	**–**	**–**	**–**	**4 807 985**
–	**(152 347)**	**–**	**–**	**–**	**2 148 217**
(116 447)	**(5 834 444)**	**–**	**–**	**–**	**135 273 751**
–	**–**	**–**	**–**	**–**	**5 786 252**
(121)	**(209 417)**	**–**	**–**	**–**	**117 912**
(110 763)	**(612 048)**	**–**	**–**	**–**	**542 899**
–	**(12 449)**	**–**	**–**	**–**	**54 516**
(375)	**(60 466)**	**–**	**–**	**–**	**416 529**
(227 706)	**(7 235 698)**	**–**	**–**	**–**	**152 002 129**

Reclassifications and transfers (to)/from inventory and intangibles	Disposals	Depreciation	Reclassification and transfers	Impairment of property, plant and equipment	Total
(4 766)	(113 647)	–	–	–	3 113 133
–	(627 587)	–	–	–	5 467 169
(449 756)	(305 599)	–	–	–	2 396 110
(567 183)	(11 885 613)	(658 265)	–	(1 763 075)	134 078 989
(4 108)	–	–	–	–	4 653 016
(43 241)	(633 049)	–	–	–	316 841
(72 112)	(1 451 992)	–	–	–	1 766 532
–	(19 186)	–	–	–	85 079
(27 322)	(149 786)	–	–	–	397 688
(1 168 488)	(15 186 459)	(658 265)	–	(1 763 075)	152 274 557

4. INTANGIBLE ASSETS

		Jun 2023 USD	Dec 2022 USD
Goodwill	4.1	**7 402 958**	7 768 228
Intangible assets	4.2	**7 737 876**	8 152 825
		15 140 834	15 921 053

4.1 Goodwill

	Jun 2023 USD	Dec 2022 USD
Goodwill recognised from value chain business combinations	**2 104 304**	2 162 370
Goodwill recognised from raisebore business combinations	**440 492**	445 038
Goodwill recognised from software support services	**4 858 162**	5 160 820
Goodwill recognised from business combinations	**7 402 958**	7 768 228

Jun 2023 USD	**Opening balance**	**Additions**	**Exchange difference on consolidation of foreign subsidiaries**	**Total**
Goodwill recognised from value chain business combinations	**2 162 370**	**–**	**(58 066)**	**2 104 304**
Goodwill recognised from raisebore business combinations	**445 038**	**–**	**(4 546)**	**440 492**
Goodwill recognised from software support services	**5 160 820**	**–**	**(302 658)**	**4 858 162**
Goodwill recognised from business combinations	**7 768 228**	**–**	**(365 270)**	**7 402 958**

Dec 2022 USD	Opening balance	Additions	Exchange difference on consolidation of foreign subsidiaries	Total
Goodwill recognised from value chain business combinations	2 341 256	–	(178 886)	2 162 370
Goodwill recognised from raisebore business combinations	455 439	–	(10 401)	445 038
Goodwill recognised from software support services	–	5 107 039	53 781	5 160 820
Goodwill recognised from business combinations	2 796 695	5 107 039	(135 506)	7 768 228

4.2 Intangible assets

Jun 2023 USD	**Cost**	**Accumulated amortisation and impairment losses**	**Carrying value**
Computer software	**1 662 974**	**(1 459 332)**	**203 642**
Software licence agreements	**6 624 706**	**–**	**6 624 706**
Patents	**909 528**	**–**	**909 528**
Total	**9 197 208**	**(1 459 332)**	**7 737 876**

Dec 2022 USD	Cost	Accumulated amortisation and impairment losses	Carrying value
Computer software	1 661 465	(1 414 872)	246 593
Software licence agreements	6 942 368	–	6 942 368
Patents	963 864	–	963 864
Total	9 567 697	(1 414 872)	8 152 825

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS continued

4. INTANGIBLE ASSETS (continued)

4.2 Intangible assets (continued)

Jun 2023 **USD**	**Opening balance**	**Additions**	**Exchange difference on consolidation of foreign subsidiaries**
Computer software	**246 593**	**11 719**	**(29 112)**
Software licence agreements	**6 942 368**	**–**	**(317 662)**
Patents	**963 864**	**–**	**(54 336)**
	8 152 825	**11 719**	**(401 110)**

Dec 2022 USD	Opening balance	Additions	Exchange difference on consolidation of foreign subsidiaries
Computer software	281 722	–	37 212
Software licence agreements	1 196 447	–	(51 062)
Patents	968 128	–	(4 264)
	2 446 297	–	(18 114)

Assets acquired through business combination	Reclassifications and transfers (to)/from property, plant and equipment	Deemed disposal on obtaining control	Amortisation	Impairment of intangible assets	Total
–	**–**	**–**	**(25 558)**	**–**	**203 642**
–	**–**	**–**	**–**	**–**	**6 624 706**
–	**–**	**–**	**–**	**–**	**909 528**
–	**–**	**–**	**(25 558)**	**–**	**7 737 876**

Assets acquired through business combination	Reclassifications and transfers (to)/from property, plant and equipment	Deemed disposal on obtaining control	Amortisation	Impairment of intangible assets	Total
1 120	–	–	(51 839)	(21 622)	246 593
6 911 133	–	(1 114 150)	–	–	6 942 368
–	–	–	–	–	963 864
6 912 253	–	(1 114 150)	(51 839)	(21 622)	8 152 825

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS continued

5. TRADE AND OTHER RECEIVABLES

	Jun 2023 USD	Dec 2022 USD
Trade receivables	**63 347 261**	59 973 365
Trade receivables – Normal (Gross)	**66 658 066**	63 566 215
Trade receivables – Retention (Gross)	**1 642 658**	1 213 210
Expected credit loss allowance of trade receivables	**(4 953 463)**	(4 806 060)
Contract asset	**5 991 446**	5 794 169
Loans to employees	**282 036**	270 735
Prepaid expenses	**5 343 269**	7 808 828
Deposits	**188 258**	291 886
Indirect taxes	**4 026 906**	4 083 177
Other receivables	**1 274 833**	1 137 487
	80 454 009	79 359 647
Trade receivables of South African subsidiaries have been ceded to Absa Capital as security for interest-bearing loan.		
The movement in expected credit losses is presented below		
Balance 1 January	**4 806 060**	4 800 831
Exchange differences on translation of foreign operations	**(211 346)**	(106 682)
Expected credit loss adjustment on business combination	**–**	89 297
Reversal of credit losses recognised previously	**(1 241 705)**	–
Amounts written off	**(625 113)**	–
Allowance for credit losses recognised	**2 225 567**	22 614
	4 953 463	4 806 060
Gross trade receivables per region:		
Africa	**27 001 841**	25 899 131
Central and North America	**9 554 623**	9 671 893
Rest of the World	**9 450 716**	7 817 418
South America	**22 293 544**	21 390 983
	68 300 724	64 779 425

Expected credit losses matrix:

AFRICA		
Current	**4.05% to 4.55%**	4.05% to 4.55%
30 days	**4.15% to 4.65%**	4.15% to 4.65%
31 to 60 days	**4.40% to 4.90%**	4.40% to 4.90%
61 to 90 days	**4.90% to 5.40%**	4.90% to 5.40%
90 + days	**5.90% to 6.40%**	5.90% to 6.40%
REST OF THE WORLD		
Current	**0.10% to 4.05%**	0.10% to 4.05%
30 days	**0.15% to 4.15%**	0.15% to 4.15%
31 to 60 days	**0.35% to 4.40%**	0.35% to 4.40%
61 to 90 days	**0.55% to 4.90%**	0.55% to 4.90%
90 + days	**0.70% to 5.15%**	0.70% to 5.15%

5. TRADE AND OTHER RECEIVABLES (continued)

Expected credit losses matrix:

CENTRAL AND NORTH AMERICA		
Current	**2.17% to 2.47%**	2.17% to 2.47%
30 days	**2.57% to 2.67%**	2.57% to 2.67%
31 to 60 days	**2.82% to 2.99%**	2.82% to 2.99%
61 to 90 days	**3.32% to 3.46%**	3.32% to 3.46%
90 + days	**3.69% to 3.94%**	3.69% to 3.94%
SOUTH AMERICA		
Current	**3.31% to 3.51%**	3.31% to 3.51%
30 days	**3.41% to 3.65%**	3.41% to 3.65%
31 to 60 days	**3.66% to 3.99%**	3.66% to 3.99%
61 to 90 days	**4.16% to 4.31%**	4.16% to 4.31%
90 + days	**4.33% to 4.58%**	4.33% to 4.58%

The carrying amount in USD of trade and other receivables are denominated in the following currencies:

	USD	**USD**
United States Dollar (USD)	**29 553 109**	25 870 621
South African Rands (ZAR)	**17 933 601**	19 901 000
Brazilian Reals (BRL)	**4 961 651**	6 120 217
Chilean Peso (CLP)	**11 734 229**	13 481 684
Peruvian Nuevo Sol (PEN)	**1 794 660**	1 421 086
Chinese Yuan Renminbi (CNY)	**361 328**	280 618
Guatemalan Quetzal (GTQ)	**64 055**	91 004
Zambian Kwacha (ZMW)	**17 837**	8 010
Colombian Peso (COP)	**14 668**	1 242
Swedish Krona (SEK)	**4 545 432**	3 532 451
Australian Dollar (AUD)	**1 298 517**	140 962
Canadian Dollar (CAD)	**2 400 885**	3 180 354
Indian Rupee (INR)	**5 774 037**	5 330 398
	80 454 009	79 359 647

6. TRADE AND OTHER PAYABLES

	Jun 2023 USD	Dec 2022 USD
Trade payables	**26 698 275**	24 254 945
Accruals	**12 971 365**	13 993 467
Indirect taxes	**5 823 469**	5 872 703
Leave pay accruals	**3 523 740**	3 465 954
Consideration payable	**970 642**	2 665 460
Employee related	**5 343 669**	5 550 939
Other payables	**1 517 034**	1 531 536
	56 848 194	57 335 004

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS continued

7. EARNINGS PER SHARE

	Jun 2023 USD	Jun 2022 USD	Dec 2022 USD
Reconciliation between earnings and headline earnings			
Profit for the period	**14 563 884**	13 490 422	22 317 212
Deduct:			
Non-controlling interest	**(319 109)**	(76 137)	(784 973)
Basic earnings for the year	**14 244 775**	13 414 285	21 532 239
Gain on disposal of property, plant and equipment	**(118 834)**	(112 123)	(750 665)
Loss/(Gain) on disposal of property, plant and equipment from equity accounted investments	**(12 446)**	–	5 715
Impairment of property, plant and equipment	**–**	–	658 265
Impairment of intangibles	**–**	–	21 622
Impairment of property, plant and equipment from non-controlling interest	**–**	–	(171 149)
Fair value adjustment on step-up acquisition	**–**	–	213 367
Gain on loss of control of subsidiary	**–**	–	(109 599)
Loss on disposal of property, plant and equipment from non-controlling interest	**–**	–	64 321
Tax effect on gain on disposal of property, plant and equipment and impairments	**34 489**	26 297	35 553
Tax effect on gain on disposal of property, plant and equipment and impairments from equity accounted investments	**3 485**	–	(1 600)
Tax effect on gain on disposal of property, plant and equipment and impairments from non-controlling interest	**–**	–	29 912
Headline earnings for the year	**14 151 469**	13 328 459	21 527 981
Earnings per share (USD cents)	**9.4**	8.9	14.2
Diluted earnings per share (USD cents)	**9.4**	8.9	14.2
Headline earnings per share (USD cents)	**9.3**	8.8	14.2
Diluted headline earnings per share (USD cents)	**9.3**	8.8	14.2
Dividends per share (ZAR cents)	**47.5**	32.5	32.5
Weighted average number of ordinary shares at the end of the year for the purpose of basic earnings per share and headline earnings per share	**151 362 777**	151 274 252	151 319 215
Effect of dilutive potential ordinary shares – employee share options	**51 319**	57 457	50 198
Weighted average number of ordinary shares at the end of the year for the purpose of diluted basic earnings per share and diluted headline earnings per share	**151 414 096**	151 331 709	151 369 413

8. CASH GENERATED FROM OPERATIONS

	Jun 2023 USD	Jun 2022 USD
Profit before taxation	**20 144 947**	17 548 467
Adjustments for:		
Depreciation and amortisation	**7 261 256**	5 793 845
Fair value adjustment on derivatives	**24 356**	21 853
Profit from equity accounted investments	**(765 844)**	(1 060 287)
Unrealised foreign exchange movements	**(385 747)**	427 854
Put option for non-controlling interest expense	**(847 885)**	–
Gain on disposal of fixed assets	**(118 834)**	(112 123)
Movement in expected credit loss allowance	**983 862**	190 393
Movement in allowance for obsolete inventory	**71 446**	–
Interest received	**(64 333)**	(49 697)
Movement in provisions	**(586 449)**	(966 140)
Derivative financial instrument settled in cash	**5 463**	3 599
Finance costs	**1 935 102**	867 580
Changes in working capital:		
Inventories	**(1 827 146)**	213 257
Trade and other receivables	**(1 128 087)**	(2 384 836)
Trade and other payables	**(797 404)**	(2 315 884)
Contract liability	**(4 185 755)**	(623 756)
	19 718 948	17 554 125

9. CAPITAL COMMITMENTS

	Jun 2023 USD	Dec 2022 USD
Capital expenditure authorised by the directors and contracted for within 12 months. Capital expenditure will be funded through cash generated from operations.	**6 818 873**	1 764 300

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS continued

10. REVENUE

	Jun 2023 USD	Jun 2022 USD	Dec 2022 USD
Revenue from contracts with customers			
Rendering of services	**95 553 481**	96 490 278	212 948 610
Sale of goods	**12 650 595**	–	13 445 131
	108 204 076	96 490 278	226 393 741
Disaggregation of revenue from contracts with customers			
The Group disaggregates revenue from customers as follows:			
Rendering of services	**95 553 481**	96 490 278	212 948 610
Sale of goods	**12 650 595**	–	13 445 131
	108 204 076	96 490 278	226 393 741
Timing of revenue recognition			
Over time			
Rendering of services	**95 553 481**	96 490 278	212 948 610
At a point in time			
Sale of goods	**12 650 595**	–	13 445 131

11. FAIR VALUE

Jun 2023
USD

The table below analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised (all amounts in USD as at 30 June):

	Level 1	Level 2	Level 3	Total
Derivative financial instrument	**214 336**	**–**	**–**	**214 336**
Derivative financial instrument	**(374 668)**	**–**	**–**	**(374 668)**
Put option for non-controlling interest	**–**	**–**	**11 270 865**	**11 270 865**

Dec 2022
USD

The table below analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised (all amounts in USD as at 31 December):

	Level 1	Level 2	Level 3	Total
Derivative financial instrument	248 648	–	–	**248 648**
Derivative financial instrument	(424 288)	–	–	**(424 288)**
Put option for non-controlling interest	–	–	12 028 347	**12 028 347**

12. SEGMENT REPORTING

12.1 Activity

The following table shows the distribution of the Group's combined sales by activity, regardless of where the goods were produced:

	Jun 2023 USD	Jun 2022 USD	Dec 2022 USD
Sales revenue by activity			
Sale of industrial products	**12 650 595**	–	13 445 131
Raise boring	**83 907 432**	82 947 042	180 261 596
Support services	**3 476 876**	4 328 806	9 249 892
Slim drilling	**5 208 170**	2 461 263	11 197 473
New rock-boring technology	**2 961 003**	6 753 167	12 239 649
	108 204 076	96 490 278	226 393 741
Gross profit by activity			
Sale of industrial products	**3 923 264**	–	4 072 065
Raise boring	**25 669 232**	27 133 528	57 366 860
Support services	**1 385 414**	2 331 042	3 715 530
Slim drilling	**855 086**	(2 584 989)	(4 524 158)
New rock-boring technology	**1 062 281**	2 432 146	4 284 933
	32 895 277	29 311 727	64 915 230

The chief decision maker of the Group is the chief executive officer. The chief executive officer, under the direct supervision of the resident board, manages the activities of the Group concomitant to the inherent risks facing these activities. It is for this reason that the activities are separated as disclosed above. The equipment and related liabilities of the Group can be used at multiple stages and therefore cannot be presented per activity.

Changes were made to the operating segments effective 31 December 2022. These changes are aligned with the Group's strategic pillars and will enable the chief decision maker, under direct supervision of the resident boards, to improve the management of performances and decisions on allocation of resources to the different segments. The 30 June 2022 comparative reporting period was presented on the previous basis and was adjusted accordingly as the information was available.

12. SEGMENT REPORTING (continued)

12.2 Geographical segments

Although the Group's major operating divisions are managed on a worldwide basis, they operate in four principal geographical areas of the world.

	Jun 2023 USD	Jun 2022 USD	Dec 2022 USD
Sales revenue by geographical market			
Africa	**49 603 468**	37 137 455	91 501 620
Central and North America	**8 880 382**	11 838 286	26 201 504
Rest of the World(*)	**17 933 837**	17 533 622	37 820 595
South America	**31 786 389**	29 980 915	70 870 022
	108 204 076	96 490 278	226 393 741
Gross profit by geographical market			
Africa	**20 230 601**	14 203 419	31 520 829
Central and North America	**916 618**	1 144 070	7 756 373
Rest of the World(*)	**6 238 628**	5 340 675	7 524 282
South America	**5 509 430**	8 623 563	18 113 746
	32 895 277	29 311 727	64 915 230

The gross profit percentages vary based on drilling ground conditions, competition in the markets and the mix of in-country and foreign cost.

	Jun 2023 USD	Jun 2022 USD	Dec 2022 USD
Depreciation and amortisation by geographical market			
Africa	**3 505 387**	2 285 008	7 868 304
Central and North America	**1 135 677**	1 374 971	1 914 503
Rest of the World(*)	**1 448 438**	1 015 996	3 179 389
South America	**1 171 754**	1 117 870	2 276 102
	7 261 256	5 793 845	15 238 298

12. SEGMENT REPORTING (continued)

	Jun 2023 USD	Jun 2022 USD	Dec 2022 USD
Investment revenue by geographical market			
Africa	**33 881**	34 362	709 956
Central and North America	**–**	–	–
Rest of the World[(*)]	**28 136**	9 579	29 274
South America	**2 316**	5 756	154 314
	64 333	49 697	893 544

	Jun 2023 USD	Jun 2022 USD	Dec 2022 USD
Finance cost by geographical market			
Africa	**1 375 430**	400 081	3 118 136
Central and North America	**192 371**	181 834	459 152
Rest of the World[(*)]	**6 995**	90 169	67 049
South America	**360 306**	195 496	825 975
	1 935 102	867 580	4 470 312

	Jun 2023 USD	Jun 2022 USD	Dec 2022 USD
Taxation by geographical market			
Africa	**2 693 039**	1 145 755	5 531 351
Central and North America	**111 574**	164 885	1 611 555
Rest of the World[(*)]	**2 037 805**	1 618 935	2 235 134
South America	**738 645**	1 128 470	1 033 973
	5 581 063	4 058 045	10 412 013

[(*)] *Rest of the World include operations in Scandinavia, Australia and India.*

CORPORATE INFORMATION

MASTER DRILLING GROUP LIMITED

Registration number: 2011/008265/06
Incorporated in the Republic of South Africa
JSE share code: MDI
ISIN: ZAE000171948 ||| LEI: 37890095B2AFC611E529

REGISTERED AND CORPORATE OFFICE

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DIRECTORS

Executive

Daniël (Danie) Coenraad Pretorius	Chief executive officer and founder
André Jean van Deventer	Financial director and chief financial officer
Barend Jacobus (Koos) Jordaan	Technical director
Fred George Dixon	Alternate director
Gareth Robert Sheppard	Alternate director

Non-executive

Hendrik Roux van der Merwe	Chairman and independent non-executive
Andries Willem Brink	Independent non-executive
Akhter Alli Deshmukh	Independent non-executive
Hendrik Johannes Faul	Independent non-executive
Mamokete Ramathe	Independent non-executive
Shane Trevor Ferguson	Non-executive

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Master Drilling posts information that is important to investors on the main page of its website at www.masterdrilling.com and under the "investment and multimedia" tab on the main page. The information is updated regularly and investors should visit the website to obtain important information about Master Drilling.

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