MACMAHON

STRONGER SMARTER TOGETHER

ANNUAL REPORT 2017

LAYING FOUNDATIONS FOR A BRIGHTER FUTURE

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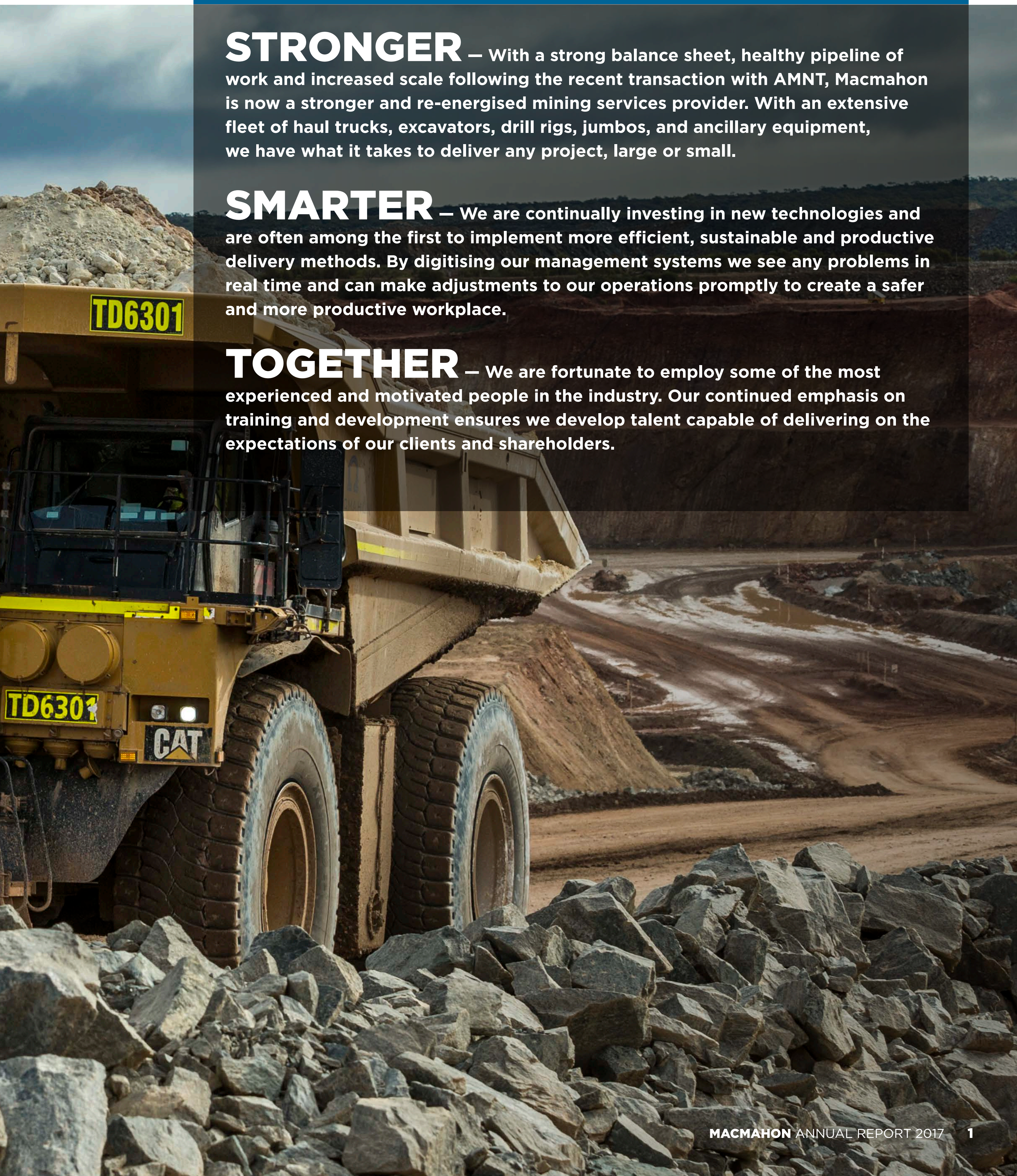
MACMAHON HOLDINGS LIMITED ACN 007 634 406

MACMAHON

STRONGER — With a strong balance sheet, healthy pipeline of work and increased scale following the recent transaction with AMNT, Macmahon is now a stronger and re-energised mining services provider. With an extensive fleet of haul trucks, excavators, drill rigs, jumbos, and ancillary equipment, we have what it takes to deliver any project, large or small.

SMARTER — We are continually investing in new technologies and are often among the first to implement more efficient, sustainable and productive delivery methods. By digitising our management systems we see any problems in real time and can make adjustments to our operations promptly to create a safer and more productive workplace.

TOGETHER — We are fortunate to employ some of the most experienced and motivated people in the industry. Our continued emphasis on training and development ensures we develop talent capable of delivering on the expectations of our clients and shareholders.



COMPANY OVERVIEW

Macmahon is an ASX listed company offering the complete package of mining services to miners throughout Australia, South East Asia and Africa.

Macmahon's extensive experience in both surface and underground mining has established the Company as the contractor of choice for mining projects across a range of locations and commodity sectors. Macmahon is focused on developing strong relationships with its clients whereby both parties work in an open, flexible and transparent way to ensure mutually beneficial outcomes whilst also minimising risks for both parties.

Map of Operations:

CHAIRMAN'S REVIEW

Encouraging signs of improvement are now evident in the resource services sector. Within Macmahon's business we are seeing a tightening of key market indicators such as labour rates, equipment availability and fast moving consumables, as well as an increase in the number of new work opportunities.

With improving market conditions, Macmahon's flexible approach to contracting has enabled the Company to build an order book and tender pipeline that is now significantly larger than in recent years. At 30 June 2017 Macmahon was in an exclusive, preferred or shortlisted position for a significant percentage of its tender pipeline, which suggests our growth trajectory will continue for the year ahead.

AMNT Transaction

A key development during the second half of the 2017 financial year was the transformational opportunity with Indonesian mining firm PT Amman Mineral Nusa Tenggara (AMNT).

This opportunity comprised a life-of-mine mining services contract at AMNT's Batu Hijau Mine in Indonesia worth approximately US$2.9 billion. It also involved Macmahon acquiring US$145.6 million worth of plant and equipment for this contract by issuing new Macmahon shares to a subsidiary of AMNT.

After careful consideration, the Board concluded that the transaction represented a compelling opportunity for Macmahon and its shareholders. This view was shared by Macmahon shareholders who voted overwhelmingly in favour of the transaction at a general meeting held on 12 July 2017.

As a result, AMNT's subsidiary has now obtained a 44.3% shareholding in Macmahon, which has in turn, significantly stabilised Macmahon's share register. Other expected benefits of this transaction include improved earnings, increased scale and diversity of the order book, a strengthened balance sheet and improved growth prospects.

Financial Performance

Whilst our balance sheet remains strong, with net cash at year-end of $54.1 million, the Company recorded a loss before interest and tax from continuing operations of $1.7 million for the 2017 financial year which excludes takeover defence costs. This result reflects ongoing issues at Telfer which have been well documented. These issues have been a core priority for the Board and management team, and the Company remains on track to rectify them over the coming period. In addition costs of $3.4 million were incurred in relation to the defence of the takeover attempt by CIMIC and a loss of $17.3 million was recorded from discontinued operations.

Given this result, the Board has determined that no dividend will be declared for the year ended 30 June 2017. However, the Board remains committed to delivering value to shareholders and will assess capital management initiatives as the Company's performance improves.

People

Over the past year we have maintained a strong focus on our people as we continued to restructure the business to best meet our strategic objectives. During the year we made a number of senior appointments that have provided additional capability in key areas such as plant maintenance, project management and technical support services.

Our people are now clearly focussed on delivering improved returns to shareholders through strong execution of new and existing work. We are also working on evolving the business into an advanced contracting organisation through the utilisation of new technologies and innovative mining solutions.

New Chief Executive Officer

In October 2016, Sybrandt van Dyk resigned as Chief Executive Officer. Sybrandt had been with the Company since 2014 when he was appointed as Chief Financial Officer before taking on the role of Chief Executive Officer in 2015. On behalf of the Board, I wish to take this opportunity to thank Sybrandt for his hard work and dedication during what was a very challenging period for the Company. We wish him the best in his future endeavours.

To replace Sybrandt, the Board was pleased to promote an internal candidate, Michael Finnegan, to the role of Chief Executive Officer. Michael is a professional mining engineer who prior to his appointment held the key position of General Manager of Surface Mining for Macmahon.

“Our strategy over the next 12–18 months is to remain focused on executing our existing projects well by ensuring that we deliver on our contractual obligations in a safe and efficient manner and in line with expectations.”

Before joining Macmahon, Michael held senior operational management positions with other major mining contracting companies, both in Australia and across Asia. Since his appointment Michael has led the Company through its successful defence of the CIMIC bid, the development and conversion of significant new business opportunities, and the continued reshaping of the business into a more dynamic and robust organisation.

Strategy and Outlook

As I said in my introduction, the market has been showing signs of improvement, however current conditions still require the Company to be extremely disciplined in terms of cost management.

In line with our recent market guidance, we expect to achieve significantly improved results in the 2018 financial year. Following completion of the AMNT transaction, we now have a significantly expanded order book approaching $5 billion and we are continuing to tender for new opportunities both in Australia and overseas. We are also now forecasting revenues of $620 – $680 million for the coming year and earnings before interest and tax (excluding one off costs) of between $40 and $50 million. It is important to note that these figures do not represent our full run rate, as a number of new projects are still in ramp-up phase and will not be fully reflected until FY19.

Our strategy over the next 12 – 18 months is to remain focused on executing our existing projects in a safe and efficient manner and in line with expectations or better. We are also investing in new technologies to ensure that we position ourselves ahead of our peers in regards to providing value-added mining solutions to clients.

Governance and the Board

Macmahon is committed to upholding the highest standards of governance, compliance, business ethics and safety performance. Throughout the year we continued to monitor and evaluate the composition of the Board to ensure an appropriate balance of experience and expertise. As part of this review, and in line with the Corporate Governance Guidelines, Mr Vella was assessed to now be an independent director.

In addition, the composition of the board has been expanded to incorporate two new directors nominated by AMNT. As a result, the number of directors on the Macmahon Board will increase to 6, of whom 4 will be classified as independent.

We believe that good corporate governance is critical to the long term sustainability of any organisation. With this in mind we have continued to monitor and review our corporate governance and reporting practices to ensure alignment with the latest ASX principles and recommendations. Our corporate governance statement can be found on our website, and I encourage all shareholders to read it.

Shareholders and Suppliers

Finally, I wish to acknowledge and thank our shareholders, clients, suppliers and our employees for their ongoing support during the year. We remain firmly committed to returning Macmahon to sustainable profitability and to achieving the returns that our shareholders deserve.

JC Walker

Jim Walker
Chairman

CEO'S REPORT

Over the past 6 months the leadership team and I have worked hard to instil a proactive, positive culture where our people are empowered to make decisions, are accountable for their actions and rewarded appropriately if successful. In doing so we have refocused our energy on our current base-load of work to ensure that we are executing every project in our portfolio well. We want to ensure that all projects, regardless of their size or complexity, deliver the returns that we expect.

We have been building our order book with clients who value our partnership-style relationships and we believe this enables us to be more flexible, nimble and further develop our processes, systems and ultimately our offerings to our clients.

Further to this, we have increased investment in innovation and technology, in partnership with our key clients, to ensure that we deliver our services in the most efficient and productive manner. This investment is already delivering significant benefits through real time analysis of our core mining operations. This analysis has helped us to improve the way we manage our daily operations by enabling us to make constant adjustments to our work flows, thereby maximising utilisation of our resources and improving productivity.

With these improvements already in place, and many more scheduled to be rolled out over the near term, I am confident that we will begin to set ourselves apart from our peers. With the exclusion of Telfer, which is still in a turnaround phase, all of our projects are already performing in line with tender expectations. In the years ahead I believe we can build on this momentum to establish ourselves as the leading mining contractor in the region.

Financial results

As noted in the Chairman's Review the Company reported a loss before interest and tax from continuing operations and excluding takeover defence costs of $1.7 million for FY17 which was in line with guidance and reflects the financial performance on the Telfer contract. I am pleased to report however that the second half result of $2.8 million was a clear improvement from the loss of $4.5 million recorded in the first half of the 2017 financial year. We are continuing to work hard to rectify the remaining issues at Telfer and are committed to ensuring all our projects are executed as per our tendered expectations.

AMNT Transaction

The AMNT Transaction will transform our business and is expected to provide significant benefits as we move forward. It has already delivered a much improved balance sheet and order book, and will enable us to pursue further work in the region from a position of strength, with the support of our major shareholder.

I would like to take this opportunity to thank everyone who contributed to this outcome. To prepare and execute this transaction took an enormous amount of effort and I'm pleased to report that everyone embraced the opportunity and went above and beyond to get the transaction finalised. We are now firmly focused on delivering on this exciting opportunity and ensuring it delivers the returns that we expect.

Work Winning

Maintaining a healthy pipeline of work is critical for any contractor. Macmahon's opportunity list is now stronger than ever, with more than $6 billion of new opportunities currently being pursued. Importantly, our partnership approach has continued to gain traction with clients and we are currently in an exclusive, preferred or shortlisted position for much of our current pipeline of work.

With the inclusion of Batu Hijau, Macmahon's order book is now very healthy, which ensures calm assessment of all tendering and due diligence in relation to pursuing new work.

Underground

Underground is a key focus area for the Company, which regrettably has been underutilised since the completion of our contract with BHP Billiton at Olympic Dam in South Australia. However, we believe that this business unit represents an important growth pathway for Macmahon, and we therefore remain committed to pursuing new opportunities as and when they arise.

To assist us in re-establishing ourselves in the market, I'm pleased to announce we recently appointed Warren Uyen to the position of General Manager, Underground. Warren has extensive underground experience, gained both in Australia and overseas, having worked for a number of major mining companies including Eldorado Gold, Barrick Gold, Teck Cominco and Western Metals Zinc. We intend to fully utilise Warren's experience and networks as we work to reinvigorate and grow our underground business.

"We have increased investment in innovation and technology, in partnership with our key clients, to ensure that we deliver our services in the most efficient and productive manner."

People

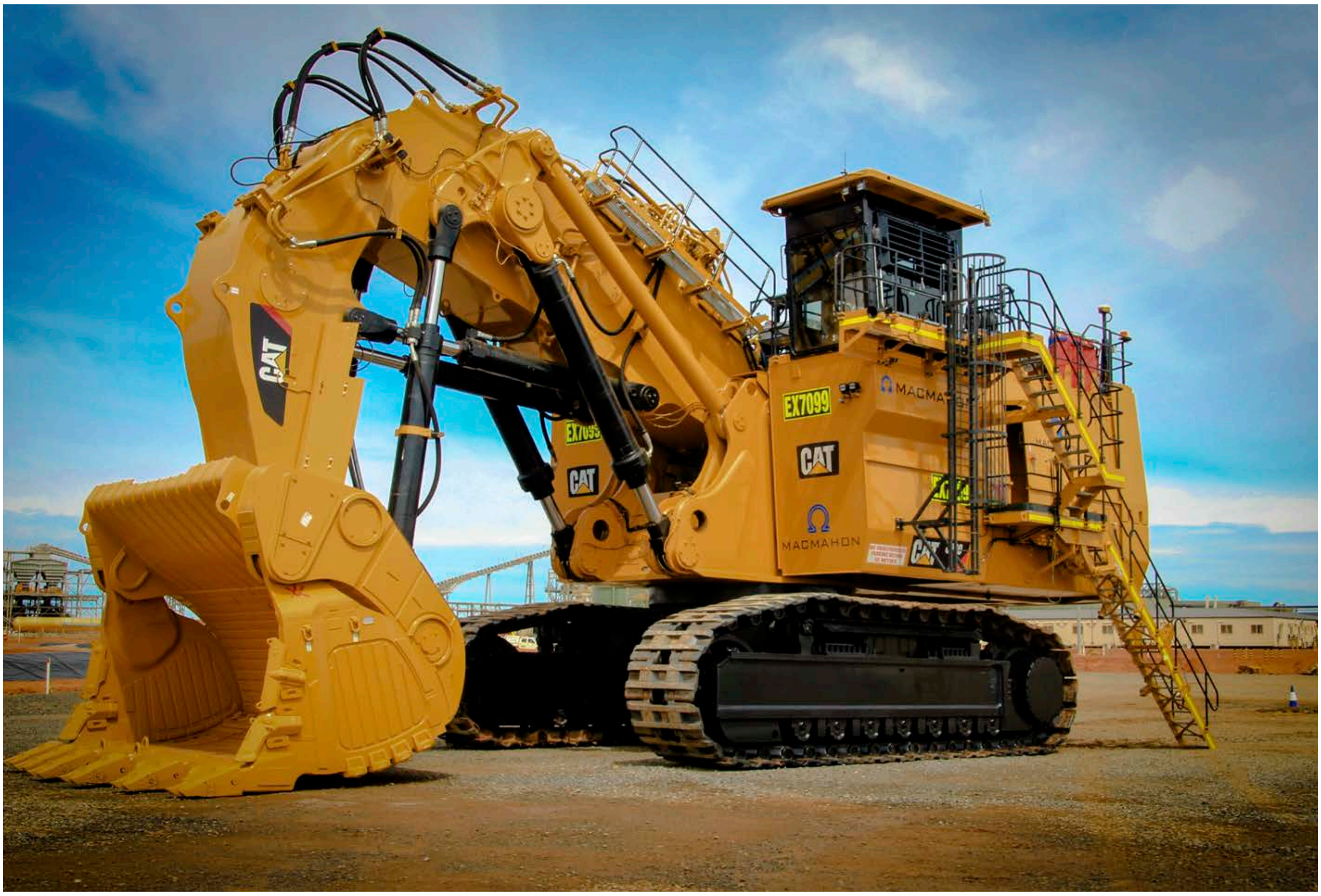
As a core services provider to clients, our people often are a key differentiator. Accordingly, during the year we continued to seek out top talent in an effort to broaden our collective skill set and increase our leadership bench strength. This saw us recruit some senior appointments including a new operations manager for our Surface Division, Dan Peel. Our efforts are now firmly focused on harnessing the full potential of our people and aligning everyone's motivation with our business goals.

With this in mind, we have decided to offer all permanent Australian based staff personnel, and key managers overseas, the opportunity to share in the success of the Company in FY18 via a short term incentive plan. This plan has been designed to focus the collective efforts of our people on exceeding the Company's EBIT target.

Conclusion

I am honoured to have the opportunity to lead Macmahon as we enter the next phase of the Company's evolution. I believe we have an incredible opportunity in front of us if we remain focused on execution and ensure all team members maintain a "finger on the pulse" mentality. I would like to thank all our shareholders and clients and I look forward to working with all stakeholders in the coming months and years to deliver on the opportunity in front of us.

Michael Finnegan
Chief Executive Officer



OPERATIONAL AND FINANCIAL REVIEW

Macmahon provides innovative, value-adding mining solutions to clients in Australia, South East Asia and Africa. Headquartered in Perth, Western Australia, the Company has extensive knowledge and experience in both surface and underground mining as well as engineering design and fabrication, and maintenance services.

OPERATIONAL REVIEW

Surface Mining

Macmahon offers a full range of surface mining services, including (but not limited to) mine planning, drill and blast, bulk and selective mining, crushing and screening, materials handling, resource infrastructure development, and plant operation and maintenance.

Project activity

Macmahon has continued to provide services to the following Projects:

- Tropicana Gold Mine in Western Australia for Anglo Gold Ashanti and Independence Group. Macmahon provides a full range of mining services for Tropicana. Operational highlights for 2017 include:
  - The successful implementation of a 600 tonne Caterpillar 6060 face shovel;
  - Achievement of record production levels throughout the year;
  - Achievement of industry best productivity and efficiency benchmarks as evidenced by monthly analysis of equipment productivities;
  - High levels of spatial compliance being achieved due to strong planning and execution integrity; and
  - Ongoing commitment to a zero incident workforce which has assisted in delivering a high level of performance.

  These outcomes are largely attributable to the highly effective alliance team structure in place at Tropicana. The alliance relationship remains strong, is highly valued by Macmahon and will be a key factor in identifying and unlocking the improvements required to continually reduce base operating costs and extend the mine life. The contract is based on a Life-of-Mine principle and planning is currently underway to define the scope of work for the Long Island project.
- Telfer Gold Mine in Western Australia's Pilbara region for Newcrest. Macmahon currently provides a full mining services contract which includes Drill & Blast subcontract management, mining, ROM management and maintenance of the client owned equipment. As indicated in previous market announcements, Macmahon has been incurring losses at Telfer since it commenced operations in February 2016 due to larger than expected start-up costs, difficult operating conditions and additional maintenance rectification costs for the equipment. During the year, Macmahon continued to work hard to address these issues and in doing so, set new bench marks in pit production and crusher feed, whilst providing a safe operating environment in the open cut. The Telfer project recorded a loss before tax of $29.2 million. As per the Company's previous guidance, Macmahon expects this contract to be reporting a monthly profit by the latter part of the calendar year 2017.
- St Ives Gold Mine in Western Australia for Gold Fields. Macmahon provides plant and personnel for large scale open cut mining operations. Over the past year Macmahon has exceeded its forecast production targets and achieved very high equipment availability and utilisation. This relationship and contract is very important to Macmahon and it enjoys a strong safety culture and working environment on site. Macmahon is hopeful of continuing its relationship with Gold Fields at the St Ives Gold Mine beyond the current contract term.
- Argyle Diamond Mine in Western Australia for Rio Tinto. During the period Macmahon continued to fulfil its 3-year contract with Rio Tinto to manage its tailings dam operations at the Argyle Diamond Mine.

New Projects

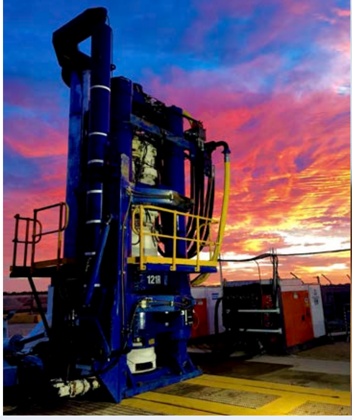
- Byerwen Coal Mine in Queensland. In April 2017 Macmahon was selected as the exclusive mining contractor for the establishment and operation of the new Byerwen Coal Mine near Glenden in Queensland's Bowen Basin. While the mining services contract is still in the process of being negotiated, Macmahon has commenced mobilisation and other preparatory activities. The scope of work in the proposed contract expected to include the full range of open cut mining and bulk earthworks related services for at least three years.

Underground Mining

Macmahon has a long and proud history of providing high quality underground development and production services. The Company's underground capability also includes the full suite of ground support services (rock bolting, cable bolting and shotcreting) as well as ventilation and access services including shaft sinking, raise drilling and shaft lining.

Project activity

- Macmahon's Mining Services business is currently providing an extensive range of services to a number of projects that have had contracts extended including the Mount Wright Gold Mine in Queensland for Carpentaria Gold, the Ballarat Gold Project in Victoria for Castlemaine Gold Fields and the Newcrest Cadia Project in New South Wales.
- Macmahon is continuing to provide raise drilling services at BHP Billiton's Olympic Dam Mine in South Australia. Macmahon has been active at this site for more than 10 years with the current scope of works contracted to 2018.

- Macmahon is continuing to deliver its care and maintenance services contract at the Ranger Mine in the Northern Territory for Energy Resources of Australia.
- During the period new work was awarded at Minjar Gold's Pajingo Mine for provision of box hole drilling.
- New work was also awarded at Metals X Nifty Mine in Western Australia to conduct production drilling and ground support works including cablebolting and shotcreting.
- Macmahon is also assisting numerous clients with short to medium term equipment hire.

Projects completed

- During the period Macmahon successfully completed short-term cablebolting contracts at the CMOC Northparkes Mine and ITH drilling for Newcrest at its Telfer mine.
- A number of raise drilling contracts were also completed including a large diameter surface ventilation shaft for Goldfields at its Wallaby Mine and underground ventilation shafts for Evolution Mining at its Cracow Mine and BHP at their Leinster Mine.

Since the completion of the Olympic Dam contract with BHP Billiton, Macmahon's underground development business has been underutilised. However, Macmahon views this business unit as important to its overall mining services strategy, and is currently tendering a number of opportunities both in Australia and overseas.

International Operations

Macmahon has been operating internationally for more than 25 years. Currently, Macmahon is active in South East Asia and is continuing to seek new opportunities to further expand its footprint.

Project activity – South East Asia

- Martabe Gold Mine in North Sumatra, Indonesia for PT Agincourt Resources. The Company's first full year operating at its Martabe operation in North Sumatra went remarkably well with mine planning, forecasted revenue and profit being delivered consistently and in line with expectations. This result was driven by Macmahon's exceptionally capable national workforce. Significant milestones achieved during the year included access to the new Ramba Joring open pit, the successful tender of a fixed equipment contract and local employees comprising 83% of the workforce. Furthermore, the Company's strong safety culture on site also resulted in no Lost Time Injury's (LTI's). Gender equality for female workers has been another key focus at Martabe during the period, with the project expecting to exceed 30% women by December 2019.
- Kanthan Quarry in Perak, Malaysia for LafargeHolcim. Throughout the period, Macmahon continued to deliver on its contract at Kanthan where it has been operating since 2003. Macmahon has maintained an exemplary safety record at this project, registering 4,896 LTI free days at year end, reflecting the strong safety culture on site. Macmahon also managed to meet its client's requirement and forecast margin and revenue for the year which is a testament to Macmahon's long term national workforce.
- LhokNga Quarry in Banda Aceh, Indonesia for LafargeHolcim. Macmahon has been operating on the northern most tip of Sumatra since 2008. Classed as one of the most difficult limestone quarries within the LafargeHolcim portfolio of cement plants globally, the Company has completed yet another year with no Lost Time Injury's and pleasing financial results. This is a further testament of Macmahon's ability to operate successfully and safely in remote parts of the Indonesian Archipelago.

Project activity – Africa

- Calabar Mine in Nigeria for LafargeHolcim. In October 2016 Macmahon ceased operations at the Calabar mine site in Nigeria with demobilisation commencing shortly thereafter. The project had been underperforming due to ongoing low mining volumes linked to the client's production plant and high rental and maintenance costs. The only remaining financial exposure is for closure costs which have been provided for during the year as part of the loss on discontinued operations.

OPERATIONAL AND FINANCIAL REVIEW

FINANCIAL REVIEW

Profit and Loss

Income

The Company reported total revenue of $359.6 million. Revenue was 15.2% higher than the 2016 financial year which included first half revenues from the wind down and demobilisation of both the Christmas Creek and Olympic Dam projects. 2017 included increased revenue from Tropicana with additional volumes moved, whilst both Telfer and St Ives were fully operational for the year having only been awarded and ramped up towards the end of 2016.

The Company reported a consolidated loss after tax of $22.8 million for the 2017 financial year. This includes a loss from discontinued operations of $17.3 million (principally in relation to the cessation of operations in Nigeria) and $3.4 million of costs in relation to the defence of a takeover attempt by CIMIC. Excluding discontinued operations and takeover defence costs, the Company reported an underlying Net Loss After Tax of $2.1 million. Earnings before interest and tax (EBIT) from continuing operations excluding takeover defence costs was a loss of $1.7 million.

Expenditure

Recurring expenditure from continuing operations (consisting of materials, sub-contractors, operating leases and personnel costs) was $329.1 million. This was higher than the prior year and was mainly as a result of the increased expenditure in relation to materials.

Depreciation of property, plant and equipment from continuing operations for the 2017 financial year was $33.5 million which is comparable to the prior year as a percentage of revenue. The vast majority of the Company's plant and equipment is depreciated based on hours worked.

Included in expenditure this year is an amount for $3.4 million that relates to costs incurred as a result of the Company defending an unsuccessful hostile takeover attempt.

Net finance costs of $0.1 million, were lower than the 2016 financial year. The decrease was as a result of the repayment of the Company's Syndicated Debt Facility in the previous year.

Tax Expense

The Group reported a tax expense of $0.3 million for continuing operations. The effective tax rate for continuing operations is 6.2%. Excluding the non deductible expenditure and deferred tax assets not recognised the resultant tax rate would be a 31.0% benefit.

Dividend and Capital Management

The Board has determined that a dividend will not be declared for the year ended 30 June 2017.

The share buy-back concluded in October 2016 and saw the Company buy back, on market, 60,779,072 fully paid ordinary shares during the buy-back period. This represented 4.8% of the original shares on issue and was an effective way to return capital to shareholders at that time.

The Board remains committed to returning value to shareholders and will continue to consider capital management initiatives as the Company's performance improves.

Balance Sheet

Financing

The Company's balance sheet is in a strong position, with a cash balance of $62.9 million at year end against a total debt of $8.8 million. This resulted in a net cash position of $54.1 million.

The Company has a general purpose corporate facility of $10 million which expires in November 2017. This facility is currently drawn for bank guarantees for $3.8 million.

Working Capital

Current trade and other receivables were $53.4 million at 30 June 2017 ($59.6 million in 2016) while current trade and other payables were $74.0 million at 30 June 2017 ($61.4 million in 2016). Inventory reduced from $37.3 million in 2016 to $32.1 million. The reduction in inventory is a result of the Company's increased focus on inventory management.

Non-current Assets

As at 30 June 2017, the value of the Company's property, plant and equipment totalled $122.7 million, compared to $117.7 million from the prior year. The increase in property plant and equipment was driven largely by asset additions.

The Company continues to redeploy surplus equipment to new and existing projects to reduce levels of idle equipment. Management recognises the importance of discipline with regards to its capital expenditure and will seek to transition idle fleet when appropriate either via deployment to new projects or disposal.

During the prior financial year the Company established a joint venture in Indonesia for the Martabe Project and an equity accounted profit of $2.5 million was earned from that venture.

Cash Flow

Net operating cash during the year totalled $30.2 million compared to $9.1 million in 2016.

The Company realised $12.6 million from sales of surplus and idle assets. Offsetting this inflow the Company incurred capital expenditure of $34.9 million, mainly on component spend on existing fleet and new fleet.

Net cash outflows on financing activities in the 2017 financial year totalled $2.6 million.

STRATEGY

By providing its services safely and efficiently, Macmahon aims to secure and deliver work that is profitable and repeatable in order to deliver sustainable returns to shareholders.

Taking into account Macmahon's significantly expanded order book following the finalisation of the AMNT transaction, the Company's immediate priorities are to execute its existing work whilst pursuing select opportunities where the Company has a strategic advantage.

In pursuing these priorities Macmahon currently has six key focus areas:

1. Technology and Innovation

Macmahon aims to differentiate itself from its peers by harnessing new technologies and developing innovative delivery solutions. By being at the forefront of the mining services industry, Macmahon is able to provide additional value to its clients through the delivery of safer, more efficient and productive operations. Macmahon's flexible and nimble operating model enables the rapid testing and deployment of new technologies. A recent example during the period has been the digitisation of a number of Macmahon's mining management systems, which has enabled the Company to begin making real-time adjustments to its operations, thus creating a safer and more productive working environment.

2. People and Culture

Macmahon recognises that its people are the key to its success which is why the Company strives to attract and retain the best people in the industry. During the year Macmahon continued to seek out top talent in an effort to broaden its collective skill set and increase its leadership capacity. The Company's recruitment efforts were supported by the Macmahon's work-winning culture which permeates throughout the business. This culture of success is reinforced by clear accountabilities and the alignment of the Company's strategic priorities with appropriate financial incentives.

3. Safety

Looking for ways to further improve safety performance across all operations remains a core priority for the Company. Macmahon has a solid reputation as an industry leader when it comes to operating safely and the Company is continuing to focus its efforts in this area to ensure that safety remains the top priority of all employees.

4. Work Winning and Diversification

Maintaining a healthy tender pipeline is critical to the longevity of any contractor. By fostering client relationships and focusing on opportunities where the Company has a strategic advantage, Macmahon has been able to establish a healthy tender pipeline. Furthermore, due largely to Macmahon's flexible, partnership-based contracting approach, Macmahon is currently in an exclusive, preferred or shortlisted position for more than 44% of this pipeline of work. Key areas of focus are on improving the level of work for our Underground business and to seek out new opportunities in mine site rehabilitation.

5. Financial Strength

Ensuring Macmahon has sufficient financial capacity to grow and evolve is a key priority for the business. At year end, the Company's balance sheet remained in a strong position, with a cash balance of $62.9 million against a total debt of $8.8 million. Moving forward, Macmahon intends to maintain this strong position by further utilising a mix of equipment financing, debt and other funding solutions to support future expansion initiatives.

6. Shareholder Base

Having recently defeated a hostile takeover attempt, Macmahon understands the importance of maintaining a stable and supportive shareholder base. Following the completion of the AMNT transaction Macmahon enjoys the support of a major shareholder who is completely aligned with the Company's strategy. Furthermore, the Company's remaining institutional support base is also comprised of high quality, long-term, value driven investors who are looking for consistent, sustainable returns.

OPERATIONAL AND FINANCIAL REVIEW

PEOPLE

At 30 June 2017 Macmahon had 1,659 employees. Macmahon maintains that its people are critical to strong and sustainable business growth and during the year the Company was named in the Top 25 of Randstad's Most Attractive Employers for 2017. This clearly reinforced Macmahon's brand as an attractive place to work, which further aids in our ability to attract and retain quality employees.

Several initiatives were implemented during the year to build on our status as a preferred employer including the introduction of new benefits to our employees, changes to our EAP service and the implementation of a company-wide communications smartphone App, *StaffConnect*, to facilitate information flow throughout the organisation. Macmahon will continue to develop simple people-orientated processes to enhance the employee work environment.

Australia

Tropicana – During the year Macmahon continued to work closely with Anglo Gold Ashanti at its Tropicana Gold Mine to further leverage synergies between the two organisations. This includes the co-participation in leadership programs and other development activities for Alliance employees. Macmahon also successfully renegotiated a 4-year Enterprise Agreement to cover the workforce at Tropicana until 2020. Pleasingly during the period, the Company also successfully recruited, trained and mobilised new shovel operators to bolster production on site.

St Ives – Following excellent performance on site, during the period Macmahon was asked to recruit additional people and expand its scope of work. Macmahon also successfully renegotiated its Enterprise Agreement at St Ives to cover surface mining operations until 2021. Macmahon has been working closely with the community at Kambalda and has successfully completed two intakes of local trainees.

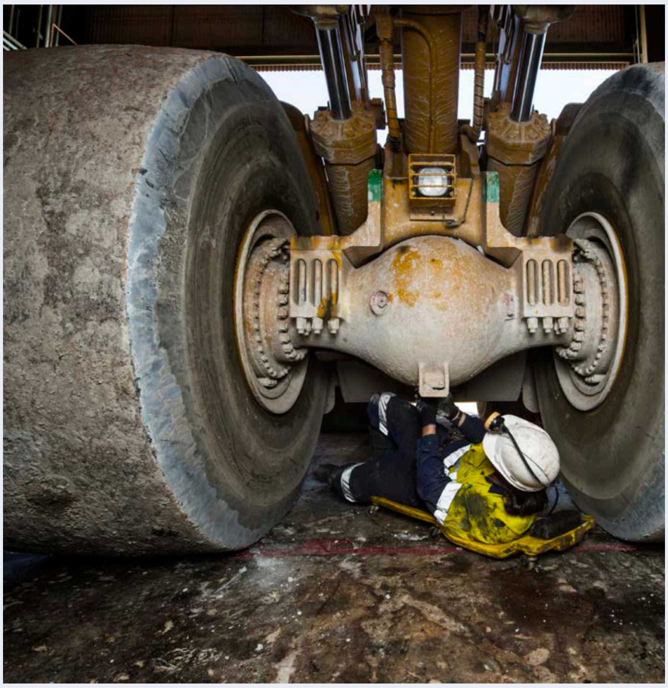
Telfer – Macmahon implemented a successful pilot project for utilisation of a new online survey tool to assist with the assessment of engagement and morale of the workforce. This pilot project will now be rolled out across the rest of the Company and we will work with the workforce to develop initiatives to improve the attraction and retention across the broader business.

Underground Mining Services – Macmahon successfully renegotiated a 4-year Enterprise Agreement for its Raisedrill operations at Olympic Dam with no industrial disputation. The Company's Underground Mining Services business unit continued to win work throughout the year providing many opportunities for our mining services team.

International

Nigeria – Macmahon successfully negotiated the closure of the Calabar project with no industrial disputation or unrest. 185 national employees were made redundant and received entitlements as per the appropriate agreements and/ or legislation. Where possible, Macmahon facilitated new employment via our existing clients or in-country network.

Indonesia – Macmahon successfully transferred the Martabe workforce from fixed term contracts to permanent employment and has continued to bring a strong focus on the development of the capability of its national workforce. Macmahon also increased its emphasis on the gender diversity with the Martabe project now comprising 19% female employees, including women operating dump trucks, graders, loaders and drills. Macmahon has also provided development opportunities for national employees to visit Australia to enhance their understanding of Macmahon systems and processes and to facilitate cross-cultural competency throughout the organisation.



> *"Macmahon is committed to the safety of all employees and achieving a resilient safety culture."*

MACMAHON'S HSEQT COMMITMENT

Macmahon is committed to providing a safe and healthy work environment for all employees, contractors and visitors to all our premises and project sites.

Our business success and continued licence to operate is dependent upon the successful implementation, maintenance and review of our Health, Safety, Environment Quality and Training (HSEQT) systems. As such our work is planned, our risks are managed and opportunity is taken to review and improve the means by which we carry out our work.

To successfully meet our commitment to provide a safe and healthy work environment, during the period Macmahon continued to:

- clearly define and establish safe systems of work in multiple jurisdictions;
- effectively identify and treat risk;
- apply consistent, visible, felt safety leadership;
- comply with relevant statutory, legal, customer and internal requirements;
- empower everyone to maintain a reporting culture;
- protect our workforce from harm, both mentally and physically;
- protect the environment; and
- invest in our people.

Macmahon Policies

Macmahon's policies serve as a set of guiding principles to guide decisions and shape the expected behaviours needed to achieve the company's goals. Whilst Macmahon's Vision and Values remained unchanged during the period, a review of the Health, Safety, Environment and Quality polices was undertaken. The review focused on our commitment within the business and defined accountability across all levels. The Company's policies can be found on the Macmahon website.

Standards and audits

Macmahon's Standards and Audits are fundamental in maintaining effective and healthy systems. During the period Macmahon completed certification surveillance audits against the requirements of: ISO 14001 (Environment), OHSAS 18001 and AS/NZS 4801 (Health and Safety), and ISO 9001 (Quality). The Company's focus is now on early preparation for the recertification audits in April 2018.

HSEQT Management Committee

The Macmahon HSEQT Management Committee comprises the Executive Leadership Team and department managers. The Committee is governed by the HSEQT Management Committee Charter and advises on strategy, policy, corporate governance and monitoring of HSEQT systems and processes. Outcomes from the Committee meetings are actioned for continuous improvement and communicated with the business through the management of change process.

Maintaining the safety or our workers

Macmahon is committed to the safety of all employees and achieving a resilient safety culture. As a core value, safety is integrated into all phases of the project life cycle and is supported by management across all areas and levels of the business. Macmahon utilises industry recognised systems and processes to reduce the risks to our people and to maintain a safe working environment.

Macmahon also recognises the importance of building strong and effective relationships with our clients and alliance partners, as alignment on safety is critical in establishing and maintaining a resilient safety culture.

OPERATIONAL AND FINANCIAL REVIEW

SAFETY PERFORMANCE

Measuring safety performance is a fundamental part of our safety management system. The measurement of safety performance is intended to provide decision makers within Macmahon with reliable and verifiable information on an ongoing basis to determine whether the Company's safety performance is meeting pre-determined criteria.

Our performance evaluation process enables us to measure, evaluate and communicate our performance using indicators which are based on accurate, relevant, reliable, measureable and verifiable information. The use of our indicators is established at our enterprise level rolling down to each project.

Our Lead and Lag Indicators Procedure describes indicators which are reported on a monthly basis and reviewed by management. These indicators are based on the use of our processes and tools which we believe will achieve our overall objective which is documented within our Health and Safety Policy.

At year end, Macmahon's Lost Time Injury Frequency Rate (LTIFR) was 0.39, while the Total Recordable Injury Frequency Rate (TRIFR) was 5.65. There was a total of 2 Lost Time Injuries (LTI) recorded in the year. There were no permanent disabling injuries or fatalities recorded across the Company's operations.

Pleasingly, there were multiple examples of excellent safety performance across our projects, with 93% of all Macmahon projects remaining LTI free for the entire year, while 66% of all projects were both LTI and Total Recordable Injury (TRI) free.

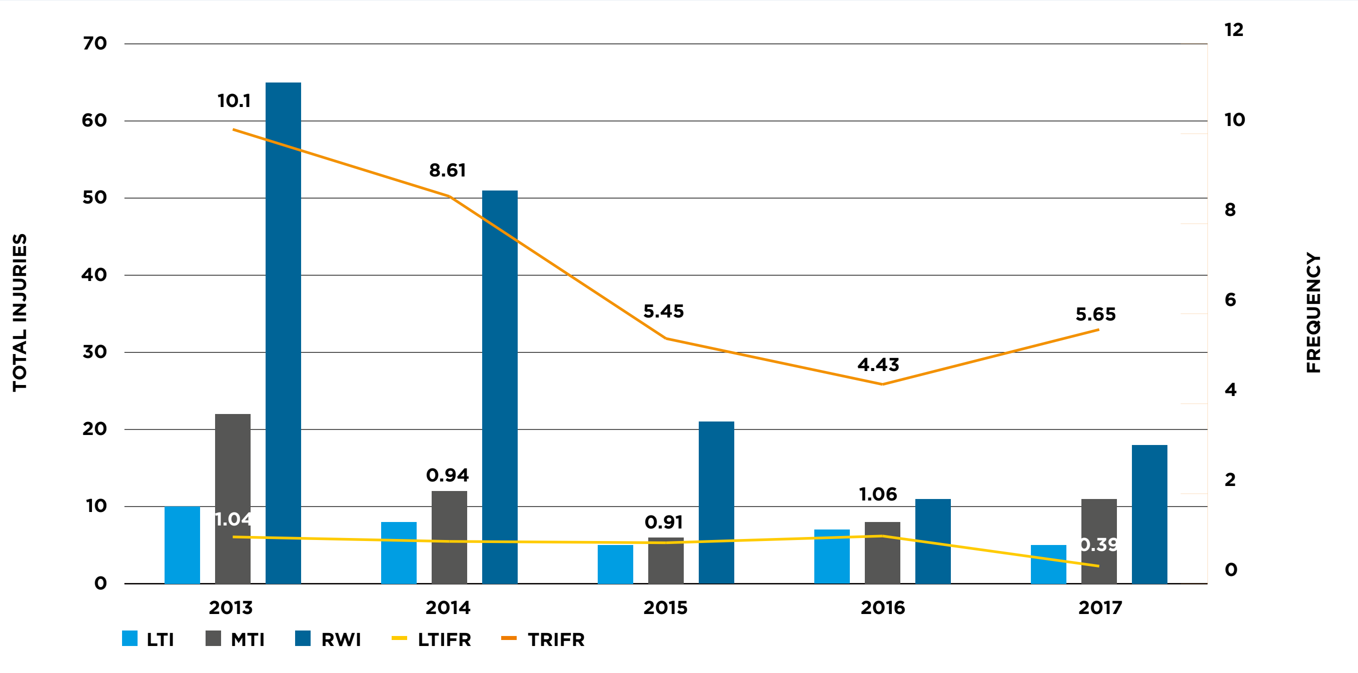
Examples of Exceptional Performance:

- 2017 Kanthan, Malaysia operating 12 years LTI free
- 2017 Lhok Nga, Indonesia operating 8 years LTI free
- 2017 Underground Drilling and Ground Support operating 8 years LTI Free
- 2016 WAC workshop achieved 8 years LTI free
- 2015 Nebo workshop achieved 7 years LTI free
- 2015 Doorn-Djil Yoordaning – No LTIs recorded

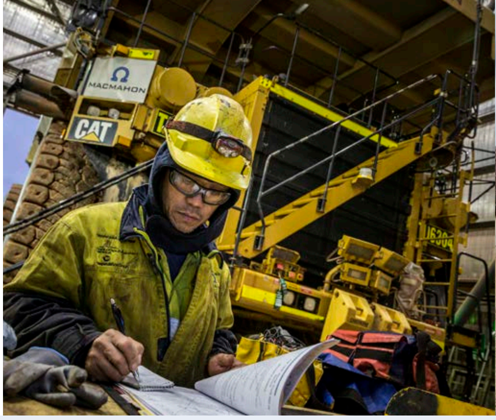
The below graph provides an indication of the 5 year safety performance for the business.

Table 1 – 5 Year Group Injury Statistics

Macmahon remains focused and committed to continuous improvement on safety performance and is targeting a reduction in the Total Recordable Injury Frequency Rate (TRIFR) as part of its FY18 HSEQT Strategic Plan.



Graph excludes the impact of the Nigerian incident.




TRAINEESHIPS

The Macmahon Traineeship Program offers site-based employees the opportunity to gain the nationally recognised RII30113 Certificate III in Surface Extraction Operations.

During the year Macmahon expanded the program to encompass all major sites in Western Australia including Tropicana, Telfer and St Ives with the view of doubling the number of employees enrolled.

APPRENTICESHIPS

In FY17 Macmahon continued to develop its successful Apprenticeship Program. As part of the program's ongoing development, during the period Macmahon established a candidate assessment centre which enabled the Company to screen and select exceptional candidates for future development. This ongoing commitment ensures that Macmahon continues to be one of Western Australia's larger employers of apprentices.

ENVIRONMENT

We believe that the effective management of environmental aspects of Macmahon depends on the commitment of its people to drive continual improvement. This commitment is supported through the implementation of our strong management practices, new and innovative technology and strategies for more effective use of resources.

At the outset of all projects, we identify risks and develop appropriate control strategies which we document in our HSEQ management plans. The purpose of the plan is to provide documentation in a suitable framework to minimise potential environmental impacts associated with project activities in accordance with contract requirements, relevant legislation and project objectives. In addition, the HSEQ management plan describes management responsibilities and authorities with respect to environmental procedures and controls that apply to the contract.

The implementation of these plans is assessed through regular inspections and audits which help drive continual improvement on our Projects. Our projects are subject to regular surveillance audits which helps ensure all the relevant requirements are achieved and exceeded.

Although our environmental management standards are high, we believe we can always improve on current performance. In order to achieve continual improvement we aim to learn from any environmental incidents we are involved in and apply those lessons to our future performance. We also seek to learn from positive impacts when projects make breakthroughs in environmental management practices, such as protecting ecological communities or successfully minimising waste.

A table outlining Macmahon's Environmental Aspects and Objectives, can be found on our website www.macmahon.com.au

OPERATIONAL AND FINANCIAL REVIEW

RISK MANAGEMENT

Given the nature of Macmahon's operations and the geographies and markets in which it operates, a wide range of risks have the potential to affect the Company.

Set out below is an overview of a number of material risks facing Macmahon. These risks are not set out in any particular order and do not represent every risk that Macmahon could encounter when conducting its business. Rather, they are the most significant risks that, in the opinion of the Board, should be monitored and managed by the Company, and considered by investors before investing in Macmahon.

Reliance on key customers	- Macmahon derives a significant proportion of its revenue from a small number of key customers. In the event that any of these customers reduces production or scales back operations, terminates the relationship, suffers an insolvency event or otherwise defaults on a contract, or fails to renew their contract with Macmahon, this may have an adverse impact on the financial position of Macmahon.
Industry and commodity cycles	- Macmahon's financial performance is influenced by the level of activity in the resources and mining industry, which is impacted by a number of factors beyond the control of Macmahon. These factors include: – demand for mining production, which may be influenced by factors including (but not limited to) prices of commodities, exchange rates and the competitiveness of Australian mining operations; – government policy on infrastructure spending; – the policies of mine owners including their decisions to undertake their own mining operations or to outsource these functions; and – the availability and cost of key resources including people, large earth moving equipment and critical consumables. - Macmahon is indirectly exposed to movements in commodity prices, which are volatile and beyond Macmahon's control. - Adverse movements in commodity prices may reduce the pipeline of work in the mining sector and the level of demand for the services of Macmahon's mining business, which could have a material impact on Macmahon's operating and financial performance.
Failure to win new contracts	- Macmahon's performance is impacted by its ability to win, extend and complete new contracts. Any failure by Macmahon to continue to win new contracts and work will impact its financial performance and position. - Macmahon expects to continue to have a broad range of competitors across all of its operations, which impacts the margins obtainable on contracts. There is a risk that existing and increased future competition may limit the ability to win new contracts or achieve attractive margins.
Early contract termination and contract variations	- Macmahon's current EBIT guidance is partly based on current contracts in hand and Macmahon derives a significant proportion of its revenue from providing services under large contracts. A client could terminate services on short term notice and as a result, there can be no assurance that work in hand will be realised as revenue in any future period. There could be future risks and costs arising from any termination of contract. - Early termination or failure to renew a contract by Macmahon's clients when that renewal is expected or likely to have an adverse effect on financial performance. - While Macmahon has no reason to believe any existing or potential contracts will be terminated, there can be no assurance that this will not occur. - Due to the nature of Macmahon's contracts, there is also a risk that Macmahon's claims for payments under those contracts will be disputed and not ultimately agreed, or will be insufficiently certain at a point in time such that they cannot be brought to account in a given accounting period.

Project delivery risk	- Execution and delivery of projects involves judgment regarding the planning, development and operation of complex operating facilities and equipment. As a result, Macmahon's operations, cash flows and liquidity could be affected if the resources or time needed to complete a project are miscalculated, if it fails to meet contractual obligations, or if it encounters delays or unspecified conditions.
Margins, operations, safety and environment	- Cost overruns, unfavourable contract outcomes, serious or continued operational failure, disruption at key facilities, disruptions to communication systems or a safety incident have the potential to have an adverse financial impact. - Macmahon is also exposed to input costs through its operations, such as the cost of fuel and energy sources, equipment and personnel. To the extent that these costs cannot be passed on to customers in a timely manner, or at all, Macmahon's financial performance could be adversely affected. - Macmahon's operations involve risk to personnel and property. An accident may occur that results in serious injury or death, damage to property and environment, which may have an adverse effect on Macmahon's financial performance, reputation and ability to win new contracts.
Contract pricing risk	- If Macmahon materially underestimates the cost of providing services, equipment, or plant, there is a risk of a negative impact on Macmahon's financial performance.
Commodity price exposure	- Gold and copper are the two most important commodities contributing to Macmahon's order book and tender pipeline. If the gold and copper industries were to suffer, it would have a material adverse effect on Macmahon revenues and profitability.
Equipment and consumable availability	- Macmahon has a significant fleet of equipment and has a substantial ongoing requirement for consumables including tyres, parts and lubricants. If Macmahon cannot secure a reliable supply of equipment and consumables, there is a risk that its operational and financial performance may be adversely affected.
Key personnel	- Macmahon's growth and profitability may be limited by loss of key Board, management or operating personnel, inability to recruit and retain skilled and experienced employees or by increases in compensation costs.
Currency fluctuation	- Macmahon is exposed to fluctuations in the value of the Australian dollar versus other currencies due to its international operations. Because Macmahon's consolidated financial results are reported in Australian dollars, if Macmahon generates sales or earnings or has assets and liabilities in other currencies, the translation into Australian dollars for financial reporting purposes could result in a significant increase or decrease in the amount of those sales or earnings and net assets.
Partner and control risk	- Macmahon may undertake services through and participate in joint ventures or partnering/ alliance arrangements. The success of these partnering activities depends on satisfactory performance by Macmahon's partners. The failure of partners to meet performance obligations could impose additional financial and performance obligations that could cause significant impact on Macmahon's reputation and financial results, including loss or termination of the contract and loss of profits. - Following the completion of the AMNT transaction, AMC has become the largest shareholder of Macmahon with a 44.3% shareholding, giving AMC significant influence over Macmahon, with the ability to block special resolutions of shareholders and potentially to pass or block ordinary resolutions. AMC's interests as a shareholder of Macmahon may differ from the interests of other shareholders, and the existence of this shareholding (together with other major shareholdings) may reduce the prospects of persons making takeover bids for Macmahon in the future.

OPERATIONAL AND FINANCIAL REVIEW

Country risk	- While Macmahon primarily operates in Australia it also operates in South East Asia and may undertake new projects in mining regions such as West Africa, where sovereign risk may be higher than is the case in Australia. - Operating in international markets can expose Macmahon to additional adverse economic conditions, civil unrest, conflicts, security breaches and bribery and corrupt practices. - Some countries in which Macmahon operates, or may operate in future, have less developed legal, regulatory or political systems than in Australia, which may be subject to unexpected or sudden change in which it may be more difficult to enforce legal rights. - The financial performance and position of Macmahon's foreign operations may be adversely affected by changes in the fiscal or regulatory regimes applying in the relevant jurisdictions, changes in, or difficulties in interpreting and complying with local laws and regulations of different countries (including tax, labour, foreign investment law) and nullification, modification or renegotiation of, or difficulties or delays in enforcing contracts with clients or joint venture partners that are subject to local law.
Performance of Telfer Mine	- There is a risk that the assumptions made about the performance of the Telfer project in forecasting the Company's current EBIT guidance may be incorrect. Although these risks apply to all projects, Telfer is particularly material to Macmahon.
Performance of Batu Hijau Mine	- There is a risk that the assumptions made about the performance of the Batu Hijau project in forecasting the Company's current EBIT guidance may be incorrect. - There is a risk that AMNT's ability to export production from the Batu Hijau Mine project will be curtailed, and that this will have a negative impact on the viability of the project. - There is a risk that AMNT will not be able to secure finance to complete the cut-backs at the Batu Hijau Mine required to expose the next stage of ore. - Commencement of full operations at this project requires certain matters to be agreed/achieved during Phase 1 of the Mining Services Contract. There is no guarantee this will occur. - Any underperformance at the Batu Hijau Mine will be particularly material to Macmahon.
Guidance	- Macmahon has provided earnings Guidance on the basis of several assumptions and forecasts, which may subsequently prove to be incorrect. - Guidance is not a guarantee of future performance, and involves known and unknown risks, many of which are beyond the control of Macmahon. - Key identified risks that may result in Macmahon not meeting its guidance include, but are not limited to, termination of key contracts, variability in cost and productivity assumptions, and inability to recover claims and variations from clients. - Macmahon's actual results may differ materially from its earnings guidance and the assumptions on which the guidance is based.
Other material risks	- A major operational failure or disruption at key facilities or to communication systems which interrupt Macmahon's business; - Changing government regulation including tax, occupational health and safety, and changes in policy and spending; - Loss of reputation through poor project outcomes, unsafe work practices, unethical business practices, and not meeting the market's expectation of our financial performance; and - Foreign exchange rates and interest rates in the ordinary course of business.

The above risks are sourced from the Company's corporate and project risk registers which are updated periodically.


MACMAHON

BOARD OF DIRECTORS

Board of Directors

Jim Walker
Non-executive Director, Chairman

Mr Walker has over 40 years of experience in the resources sector. He was previously Managing Director and Chief Executive Officer of WesTrac Group, where he led the Company's rapid development in industrial and mining services locally and in China.

Giles Everist
Independent, Non-executive Director

Mr Everist brings a strong commercial background and extensive experience in the contracting and resources sectors at both the Board and executive management level. Mr Everist completed his Bachelor of Sciences (Honours) in Mechanical Engineering at the University of Edinburgh and is also a Chartered Accountant.

Eva Skira
Independent, Non-executive Director

Ms Skira has a background in banking, capital markets, stockbroking and financial markets, previously holding executive positions at Commonwealth Bank in the Corporate Banking/Capital Markets divisions and later with stockbroker Barclays de Zoete Wedd.

She has served on a number of boards in business, government and the not-for-profit sectors across a range of industries.

AMNT Appointed Directors

As approved at the General Meeting of Shareholders on 12 July 2017, subsequent to year end, two AMNT appointed Directors joined the Macmahon Board.

Vyril Vella

Independent, Non-executive Director

Mr Vella has over 40 years' experience in the civil engineering, building, property and construction industries. During Mr Vella's 34 years with the Leighton Group (now CIMIC) he held various positions including General Manager NSW, Director of Leighton Contractors Pty Ltd, Founding Director of Welded Mesh Pty Ltd, Managing Director of Leighton Properties and Associate Director of Leighton Holdings.

Alex Ramlie

Non-executive Director

Mr Ramlie is a Director of AMNT. Prior to joining AMNT, Alex was the President Director and Chief Executive Officer of PT Borneo Lumbung Energi & Metal Tbk which operates a hard coking coal mine in Tuhup, Central Kalimantan. Between 2012 and 2015, Alex was also a Director of Bumi PLC, a Vice-President Commissioner/Vice-Chairman of PT Berau Coal Energy Tbk and its subsidiary, PT Berau Coal, and held Commissioner positions in PT Bumi Resources Tbk, PT Kaltim Prima Coal, and PT Arutmin Indonesia. Before entering the mining industry in 2011, Alex was a private equity professional and was Managing Director of Ancora Capital Management Pte. Ltd., an Indonesia-focused private equity fund.

Arief Sidarto

Non-executive Director

Mr Sidarto is the Chief Financial Officer of AMNT. His qualifications include an MBA from Harvard Business School and two bachelor degrees with summa cum laude from The Wharton School of Finance and The Engineering School of the University of Pennsylvania. Prior to joining AMNT in April 2017, Arief held the position of Managing Director and Member of the Board of PT Rajawali Corporation. He was also Managing Partner of Samuel Group from 2009 to 2015 and Managing Director of Wellspring Capital Partners from 2010 to 2014.

Mr Sidarto was previously with Goldman Sachs New York in 1991 in its Structured Finance Division; before relocating to Hong Kong and then Singapore to run investment banking and corporate finance as Chief Operating Officer.

EXECUTIVE MANAGEMENT TEAM

Michael Finnegan
Chief Executive Officer

Mr Finnegan holds a Bachelor of Science (Mining) with 24 years' experience in the mining industry. The last 15 years have primarily been spent in senior line management positions. Mr Finnegan has a strong commercial and technical background and has spent time in operations on the east and west coast of Australia as well as a number of countries throughout Asia.

José Martins
Chief Financial Officer

Mr Martins was appointed as Chief Financial Officer in December 2015. He has more than 30 years finance experience primarily within the resources sector. He holds a Bachelor of Accountancy (with Distinction) and is a Chartered Accountant. Prior to joining Macmahon, Mr Martins held the position of Chief Financial Officer for the Ausdrill Group.

Greg Gettingby
General Counsel and Company Secretary

Mr Gettingby holds a Bachelor of Arts and a Bachelor of Laws and has more than 16 years' experience in the contracting industry. Mr Gettingby joined Macmahon in 2002 and was appointed to the position of Group General Counsel/Company Secretary in 2011. He previously held commercial management and legal roles with the Company. Prior to joining Macmahon Mr Gettingby worked as a lawyer in private practice.

Russell Taylor
General Manager, Surface

Mr Russell Taylor holds a master's degree in Mining Engineering and was appointed General Manager, Surface Mining Australia for Macmahon in January 2017. Mr Taylor has 25 years' experience, commencing his career in technical positions, with the last 10 years in senior operational roles in Australia, Mongolia and India. He has worked for both major resource houses and international contracting firms, where he led international teams developing greenfield mines.

Warren Uyen
General Manager, Underground

Mr Uyen holds an MBA (Project Management) and Bachelor of Science in Mining along with a First Class Mine Managers Certificate. Mr Uyen has over 30 years mining industry experience working for both contractors and mining companies. He has spent the last 14 years in various senior management operational roles throughout Australia, Papua New Guinea and China.

Brett Maney
Manager, Mining Services

Mr Maney commenced with Macmahon in 2006 to assist with the growth and development of a newly formed underground drilling division and was appointed Manager of Mining Services in 2012. He has more than 30 years of experience as a miner and equipment operator working through to supervisory, tendering and safety and training roles.

Dan Peel

Manager, Surface Operations

Mr Peel holds a Bachelor of Engineering (Mining) and a Graduate Diploma of Applied Finance and has 15 years' experience in the mining industry. Prior to joining Macmahon in May 2017, Mr Peel was General Manager at RPM Global where he provided technical advice to mining companies and investors in Australia and internationally.

Grahame White

Manager, Qld Operations

Mr White is a construction and mining executive with extensive experience in engineering and resource business management, strategic and business planning, project technical and commercial analysis, and project development and operations management. Mr White has held numerous executive management positions with responsibility for strategic planning, business planning and operations with a requirement to develop teams with a values based culture to achieve business objectives.

Michael Fisher

President Director, PT Macmahon Mining Services

Mr Fisher has 20 years' experience in the mining industry, the last 8 years of which have primarily been spent in senior management positions. Mr Fisher holds a Graduate Diploma of Mine Engineering. He has a strong commercial and operational background, with experience in mineral and coal operations in the Northern Territory, east coast of Australia and several provinces across Indonesia.

Mark Hatfield

General Manager, Plant and Maintenance Services

Mr Hatfield has more than 16 years' experience within the mining and heavy equipment industry and has fulfilled numerous operational and senior leadership roles. Mr Hatfield has a strong technical background and has spent time in operations on the west coast of Australia as well as a number of countries throughout Asia.

David van den Berg

Chief Technology and Innovation Officer

Mr van den Berg was appointed as Chief Technology and Innovation Officer in August 2016. He brings an extensive technology and commercial background to Macmahon through his 23 years' experience across the mining, management consulting and technology sectors. Mr van den Berg commenced with Macmahon in 2008, as Chief Information Officer. Prior to Macmahon, Mr van den Berg held senior management and technology positions in both Australia and the UK, including BHP Billiton, PriceWaterhouseCoopers and CitiGroup.

Katherine Blacklock

Manager, Human Resources

Katherine Blacklock was appointed Manager – Human Resource in November 2016. She holds a Bachelor of Science (Psychology and Anatomy) and Grad. Dip. Bus (HRM) with 25 years in Human Resource management in the resources sectors. Prior to joining Macmahon, Mrs Blacklock was the Human Resources Manager – International Projects at Bis Industries and was the founding Director of HRwise, an HR consultancy providing hands-on HR support to resource sector clients both in Australia and internationally for 10 years.

Kale Ross

Manager, HSEQT

Kale Ross has more than 16 years' experience working across construction, underground and surface mining operations in numerous operational and senior leadership roles. Mr Ross has a strong operational and technical, safety and training background and has worked across multiple jurisdictions with Australia and more recently in Nigeria and South-East Asia.

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "Group" or the "consolidated entity") consisting of Macmahon Holdings Limited (referred to hereafter as the "parent entity" or "the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2017.

DIRECTORS

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

J A Walker (Chairman, Non-executive) (Executive Chairman for the period 22 January 2015 to 13 July 2015)

C R G Everist (Non-executive)

E D R Skira (Non-executive)

V A Vella (Non-executive)

S J van Dyk (Chief Executive Officer and Managing Director resigned 11 November 2016)

A Ramlie (Non-executive appointed 8 August 2017)

A W Sidarto (Non-executive appointed 8 August 2017)

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity consisted of the provision of contract mining services. There were no significant changes in the nature of the activities of the consolidated entity during the financial year under review.

DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial year.

REVIEW OF OPERATIONS

The loss for the consolidated entity after providing for income tax amounted to $5.5 million (June 2016: profit of $10.8 million) from continuing operations and $17.3 million loss (June 2016: loss of $9.1 million) from discontinued operations.

The loss for the year from continuing operations was due to the losses recorded on the Telfer project of $29.2 million.

A review of and information about the operations of the consolidated entity during the financial year and of the results of those operations is contained on pages 8 to 18, which forms part of this Directors' report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Unsuccessful Hostile Takeover Attempt by CIMIC

During the year CIMIC Group Investments Pty Ltd ("CIMIC") made an off–market takeover offer for all of the shares in Macmahon it did not already control. This takeover attempt was not supported by Macmahon and the offer closed on 9 March 2017 without CIMIC acquiring control.

Macmahon incurred costs of $3.4 million in responding to the takeover offer. These costs were all expensed during the year.

AMNT Transaction

During the year Macmahon entered agreements with PT Amman Mineral Nusa Tenggara ("AMNT") and various related parties. These agreements included arrangements for Macmahon to become the life–of–mine mining services contractor for AMNT's Batu Hijau mine in Indonesia, and for a related party of AMNT to be issued 954,064,924 new shares in Macmahon (the "AMNT Transaction"). Full details of the AMNT Transaction are set out in the Notice of General Meeting released by Macmahon on 13 June 2017.

The AMNT Transaction achieved completion in August 2017. The costs incurred by Macmahon in negotiating the transaction and progressing it to completion will be recognised as share issue costs in Macmahon's accounts for FY18.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

AMNT Transaction

The AMNT Transaction was approved by Macmahon shareholders at a General Meeting on 12 July 2017. Completion of the Transaction occurred on 8 August 2017. This involved:

a) the issue of 954,064,924 new Macmahon shares to a related party of AMNT, bringing the total number of Macmahon shares on issue to 2,154,985,818;
b) AMNT transferring mobile mining equipment assets valued at US$145.6 million to Macmahon Indonesia;
c) the mining services contract with AMNT becoming effective; and
d) two new Directors joining the Macmahon Board, Mr Alex Ramlie and Mr Arief Sidarto.

Following completion of the transaction AMNT's related party has an interest in 44.3% of Macmahon's total shares on issue.

For details of the AMNT Transaction please refer to the Notice of Meeting for the AMNT Transaction published on the ASX website on 13 June 2017.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations have been included generally within the financial report and on pages 1 to 23.

ENVIRONMENTAL REGULATION

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

INFORMATION ON DIRECTORS

Name: Mr James Walker

Title: Independent Non-executive Chairman (since 14 July 2015), Executive Chairman (22 January 2015 to 13 July 2015)

Qualifications: GAICD, FAIM

Experience and expertise:
Mr Walker joined the Board as a Non-executive Director in October 2013 and was appointed Chairman in March 2014. From January 2015 until July 2015 Mr Walker assumed the role of Executive Chairman while the Board sought a replacement Chief Executive Officer.

Mr Walker has over 40 years of experience in the resources sector, most recently as Managing Director and Chief Executive Officer of WesTrac Pty Ltd, where he led the company's rapid development in industrial and mining services locally and in China. Prior to this, Mr Walker held various roles with other Australian Caterpillar dealers. Mr Walker is a graduate member of the Australian Institute of Company Directors (AICD) and a member of the Australian Institute of Management (AIM WA), holding the position of President WA (2008–2010) and National President – Australia (2010–2013).

Other current directorships:
Mr Walker is currently Chairman of Austin Engineering Limited (appointed November 2016), and a Non-executive Director of Programmed Group Limited (appointed November 2013), Seeing Machines (appointed May 2014) and RACWA Holdings Pty Ltd (appointed November 2013). He also chairs the State Training Board WA and Wesley College WA, and is a trustee of the WA Motor Museum.

Former directorships (last 3 years):
Mr Walker was a director of Seven Group Holdings Ltd, National Hire Group Limited, Skilled Group Limited and Coates Group Holdings Pty Ltd.

Special responsibilities:
Mr Walker is currently a member of the Board's Audit & Risk Committee and the Board's Remuneration & Nomination Committee.

Interests in shares: 425,000

Interests in options: None

Name: Mr Giles Everist

Title: Independent Non-executive Director

Qualifications: BSc (Hons), CA, GAICD

Experience and expertise:
Mr Everist joined the Board as a Non-executive Director in June 2013. Mr Everist has a strong commercial background and extensive experience in the contracting and resources sectors at both the Board and executive management level. Mr Everist completed his Bachelor of Sciences (Honors) in Mechanical Engineering at the University of Edinburgh and is also a Chartered Accountant. He was previously the Chief Financial Officer and Company Secretary at Monadelphous Group and has also held senior roles at Fluor Australia, Hamersley Iron and Rio Tinto London.

Other current directorships:
Mr Everist is a director of Austal Group Ltd and Norwood Systems Limited.

Former directorships (last 3 years):
Decmil Group, APE Mobile Pty Ltd and LogiCamms Ltd

Special responsibilities:
Mr Everist is currently a member of the Board's Audit & Risk Committee and the Board's Remuneration & Nomination Committee.

Interests in shares: 100,000

Interests in options: None

Name: Ms Eva Skira

Title: Independent Non-executive Director

Qualifications: BA (Hons), MBA, SF Fin (Life Member Fin), FAICD, FAID, FGIA, FCIS

Experience and expertise:
Ms Skira joined the Board as a Non-executive Director in September 2011. Ms Skira has a background in banking, capital markets, stockbroking and financial markets, previously holding executive positions at Commonwealth Bank in the Corporate Banking/Capital Markets divisions and later with stockbroker Barclays de Zoete Wedd. She has served on a number of boards in business, government and the not–for–profit sectors across a range of industries. Ms Skira completed her BA (1st Class Honors, Economic History) at the University of New South Wales, and obtained her Masters of Business Administration (Dux and Distinction) at the IMD business school, Switzerland.

Other current directorships:
Ms Skira is currently the Chairman of the Trustee of St John of God Health Care Inc., and a director of RCR Tomlinson and the WA Parks Foundation.

Former directorships (last 3 years): None

Special responsibilities:
Ms Skira is currently the Chair of the Board's Audit & Risk Committee and a member of the Board's Remuneration & Nomination Committee.

Interests in shares: None

Interests in options: None

DIRECTORS' REPORT

Name: Mr Vyril Vella

Title: Non-independent Non-executive Director until 23 May 2017 when the Board assessed Mr Vella as an Independent Director

Qualifications: BSc, BE (Hons), M.Eng.Sc, FIEAust, FAICD

Experience and expertise:
Mr Vella joined the Board as a Non-independent Non-executive Director in November 2007. Mr Vella has over 40 years' experience in the civil engineering, building, property and construction industries. During Mr Vella's 34 years with the Leighton Group he held various positions including General Manager NSW, Director of Leighton Contractors Pty Ltd, Founding Director of Welded Mesh Pty Ltd, Managing Director of Leighton Properties and Associate Director of Leighton Holdings. Mr Vella was a consultant to Leighton Holdings, where he advised on investment in the residential market, general property issues and major construction and infrastructure projects.

Other current directorships: None

Former directorships (last 3 years):
Mr Vella was a Non-executive Director of Devine Limited from April 2007 until April 2014.

Special responsibilities:
Mr Vella is currently Chairman of the Board's Remuneration & Nomination Committee and a member of the Board's Audit & Risk Committee.

Interests in shares: 1,857,842

Interests in options: None

Name: Mr Alexander Ramlie

Title: Non-Executive Director (AMNT Nominee)
Non-Independent Non-executive Director
(appointed 8 August 2017)

Qualifications: Bachelor of Arts and a Master of Arts in Economics from Boston University.

Experience and expertise:
Mr Ramlie joined the Board as a Non-executive Director and nominee of AMNT in August 2017 after the successful completion of the AMNT Transaction.

Prior to becoming a director of AMNT, Alex was the President Director and Chief Executive Officer of PT Borneo Lumbung Energi & Metal Tbk from 2011 to 2015. Borneo operates a hard coking coal mine in Tuhup, Central Kalimantan, which is held by its wholly-owned subsidiary, PT Asmin Koalindo Tuhup.

Between 2012 and 2015, Alex was also a Director of Bumi PLC, a Vice-President Commissioner/Vice-Chairman of PT Berau Coal Energy Tbk and its subsidiary, PT Berau Coal, and held Commissioner positions in PT Bumi Resources Tbk, PT Kaltim Prima Coal, and PT Arutmin Indonesia.

Before entering the mining industry in 2011, Alex was a private equity professional and was Managing Director of Ancora Capital Management Pte. Ltd., an Indonesia-focused private equity fund.

Mr Ramlie began his career as an investment banker at Lazard Frères & Co and has a Bachelor of Arts and a Master of Arts in Economics from Boston University.

Other current directorships:
Mr Ramlie is currently President Director of PT Cakrawala Langit Sejahtera (an Indonesian entity) and a director of PT Amman Mineral Nusa Tenggara (an Indonesian entity), Amman Mineral Contractors (Singapore) Pte Ltd (a Singapore entity), Shwegen Asia Pte Ltd (a Singapore entity), Nusa Tenggara Mining Services Contractors Pte. Ltd (a Singapore entity), Amman Mineral Singapore Pte. Ltd. (a Singapore entity), Phase Seven Contractors Pte. Ltd. (a Singapore entity), Benete Mining Pte. Ltd. (a Singapore entity) and Benete International Trading FZE (a Dubai, UAE entity).

Former directorships (last 3 years):
- President Director PT Borneo Lumbung Energi & Metal Tbk from 2011 to 2015
- Director Bumi PLC, a Vice-President Commissioner/Vice-Chairman of PT Berau Coal Energy Tbk and its subsidiary, PT Berau Coal between 2012 and 2015

Special responsibilities: None

Interests in shares: None

Interests in options: None

Name: Mr Arief Widyawan Sidarto

Title: Non-Executive Director (AMNT Nominee)
Non-Independent Non-executive Director
(appointed 8 August 2017)

Qualifications: Mr Sidarto qualifications include an MBA from Harvard Business School and two bachelor degrees with summa cum laude from The Wharton School of Finance and The Engineering School of the University of Pennsylvania.

Experience and expertise:
Prior to joining AMNT in April 2017, Mr Sidarto has had the following roles:

Managing Director and Member of the Board of PT Rajawali Corporation, the holding company of a diversified business group with businesses, among others, palm plantation (IDX-listed), gold mining, coal mining (IDX-listed) and other mining assets, properties (St Regis, Four Seasons, Sheraton, etc.), transportation (IDX-listed), infrastructure (IDX-listed), and ad agency (IDX-listed); member of Finance and Investment Committee, Ethics Committee and Audit & Risk Management Committee.

Managing Partner of Samuel Group from 2009 to 2015. Concurrently, Managing Director of Wellspring Capital Partners from 2010 to 2014.

Previously with Goldman Sachs New York in 1991 in its Structured Finance Division; relocated to Hong Kong and subsequently to Singapore to run investment banking and corporate finance as Chief Operating Officer. Responsible for deal execution (M&As, LBOs, restructuring, debt and equity capital raisings), select client relationships and cross selling (commodities, asset-liability management products). Member of Goldman Sach's Commitments Committee.

Other current directorships:
Mr Sidarto is currently Director of Amman Mineral Contractors (Singapore) Pte Ltd (a Singapore entity), In-Sing Minerals Pte. Ltd. (a Singapore entity), Goodearth Universal Pte. Ltd. (a Singapore entity), Nusa Tenggara Mining Services Contractors Pte. Ltd. (a Singapore entity), Amman Mineral Singapore Pte. Ltd. (a Singapore entity), Phase Seven Contractors Pte. Ltd. (a Singapore entity) and Benete Mining Pte. Ltd.(a Singapore entity).

Former directorships (last 3 years):

Managing Director and Member of the Board of PT Rajawali Corporation.

Special responsibilities: None

Interests in shares: None

Interests in options: None

"Other current directorships" quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

"Former directorships (last 3 years)" quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

COMPANY SECRETARY

Mr Gettingby holds a Bachelor of Arts and a Bachelor or Laws and has more than 16 years' experience in the contracting industry.

Mr Gettingby joined Macmahon in 2002 and was appointed to the position of Group General Counsel/ Company Secretary in 2011. He previously held commercial management and legal roles with the Company.

Prior to joining Macmahon Mr Gettingby worked as a lawyer in private practice.

DIRECTORS' REPORT

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ("the Board") and of each Board committee held during the year ended 30 June 2017, and the number of meeting attended by each Director were:

	Full Board Meetings		Special Board Meetings[1]		Audit & Risk Committee Meetings		Remuneration & Nomination Committee Meetings		Other Meetings	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held
J A Walker	7	8	31	31	4	4	3	3	13	13
V A Vella[3]	6	8	29	31	4	4	3	3	2	2
E D R Skira	7	8	29	31	4	4	3	3	13	13
C R G Everist	7	8	29	31	4	4	3	3	13	13
S J van Dyk[2]	2	8	8	31	1	4	1	3	–	13

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

1. Special meetings were held on short notice during the financial year to deal with business matters.
2. S J van Dyk resigned from the position of CEO and Managing Director 11 November 2016.
3. Mr Vella was initially excluded from several meetings in relation to the CIMIC takeover bid given his historical association with that company.

REMUNERATION REPORT (AUDITED)

The audited remuneration report is set out on pages 31 to 39 and forms part of this Directors' report.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE PARENT ENTITY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the parent entity, or to intervene in any proceedings to which the parent entity is a party for the purpose of taking responsibility on behalf of the parent entity for all or part of those proceedings.

SECURITIES PURCHASED ON MARKET

The following securities were purchased on market during the financial year for the share buy back.

	Number of Shares Purchased	Average price paid per share
Ordinary Shares	9,566,980	11.66c

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 26 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 26 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the parent entity, acting as advocate for the parent entity or jointly sharing economic risks and rewards.

ROUNDING OF AMOUNTS

The consolidated entity is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to "rounding-off". Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 30.

AUDITOR

KPMG continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

J A Walker
Director

24 August 2017
Perth

Michael Finnegan
Chief Executive Officer

24 August 2017
Perth

AUDITOR'S INDEPENDENCE DECLARATION

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Macmahon Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Macmahon Holdings Limited for the financial year ended 30 June 2017 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Denise McComish
Partner

Perth

24 August 2017

REMUNERATION REPORT

INTRODUCTION FROM THE CHAIR OF THE REMUNERATION AND NOMINATION COMMITTEE

Dear Shareholder,

On behalf of the Board, I am pleased to present the Remuneration Report for the financial year ended 30 June 2017 ("FY17").

The past year was a busy one for the Company, with considerable effort devoted to defending the hostile takeover attempt by CIMIC and completing the subsequent transformational transaction with AMNT. Employee engagement was also a key focus area, with there being an ongoing need to control costs, but also a heightened need to retain and motivate key employees. This coincided with emerging signs of increased demand for workers in some markets. To remain competitive in these conditions required careful management of remuneration issues.

FY 17 REMUNERATION OUTCOMES

During FY17 the key developments or outcomes in senior executive remuneration were:

1. the Board welcomed the appointment of Mr Michael Finnegan as the CEO on 1 November 2016. The remuneration package awarded to Mr Finnegan involved a lower fixed salary than that paid to the previous CEO in exchange for an increased opportunity to earn variable incentive payments. Thus, from 1 July 2017, the three components of Mr Finnegan's remuneration package became evenly split between fixed salary, a short term incentive opportunity, and a long term incentive opportunity;
2. Macmahon did not pay any short term incentives; and
3. as foreshadowed in last year's Report, Macmahon issued performance rights to senior managers in FY17 which will vest into shares in 2019 if the Company achieves significant increases in total shareholder returns over a three year period. Experience to date suggests that this incentive structure has been an effective method to motivate employees and align the interests of management and shareholders.

REMUNERATION STRATEGY FOR FY18

FY18 will be an important growth year for Macmahon, with our people key to capturing the potential benefits ahead as the Company ramps up significant new work. We still need to control costs, but we will also need our people to continue to be dedicated and to work as a motivated and coordinated team in order to be successful.

Against this background, and to strike a balance between cost control, incentivising employees to outperform, and aligning employee and shareholder interests, the Board has implemented the following remuneration strategy for FY18:

1. the salaries of Australian based staff employees will not be subject to any inflation related increase in FY18;
2. however, all of these employees, including key managers overseas, are now participants in a simplified, short term incentive plan for the year. Under this plan, participants will receive a cash bonus if the Company meets or exceeds its EBIT target for FY18. The amount of this bonus will increase in line with any EBIT outperformance, up to a cap; and
3. an expanded list of management positions (project manager and above) will now participate in the Company's existing long term incentive plan. As described above, this plan provides for participants to receive performance rights that will vest into fully paid Macmahon shares in three years if the Company achieves significant increases in total shareholder returns over this period.

The Board believes that the incentive plans described above will be useful tools to focus staff on delivering positive returns for shareholders over the short and medium term, without increasing the Company's fixed cost base.

RESPONSE TO VOTE AGAINST 2016 REMUNERATION REPORT

At the 2016 Annual General Meeting, Macmahon received votes against the Remuneration Report representing greater than 25% of the votes cast by persons entitled to vote. In accordance with the Corporations Act 2001, this resulted in Macmahon receiving a "Second Strike" against its 2016 Remuneration Report. In these circumstances, the Act requires Macmahon to include in this year's Remuneration Report, an explanation of the Board's proposed action in response to that Second Strike or, alternatively, if the Board does not propose any action, the Board's reason for such inaction.

Macmahon does not propose any specific action in response to the Second Strike. The Second Strike was overwhelmingly due to the vote cast by CIMIC, which went on to make a hostile takeover bid for the Company in January 2017. As a result, Macmahon considers that CIMIC's vote is likely to have been motivated by its takeover strategy rather than any real issue with the Company's 2016 Remuneration Report. Also, shareholders other than CIMIC have mostly been supportive of the Company's remuneration practices. At the last AGM for example, a large majority of shareholders voted against the opportunity to hold a Board spill, which they could have done, after the Second Strike was received.

In closing, the Macmahon Board considers that the Company's remuneration settings in FY17 were entirely appropriate for the Company's circumstances, and that proper thought and attention continues to be exercised in this area. We therefore seek your support for this Report at the Company's Annual General Meeting in November 2017.

Vyril Vella
Chairman of the Remuneration & Nomination Committee

REMUNERATION REPORT

REMUNERATION REPORT – AUDITED

This Remuneration Report forms part of the Directors' Report for 2017 and has been audited by the Company's external auditor.

1. EXECUTIVE REMUNERATION

1.1 Overview

The Company's approach to remuneration is to compensate employees in a way that is cost effective and appropriate for current industry conditions, but also sufficient to attract, retain and incentivise the calibre of personnel needed to effectively manage the Company's business. To this end the remuneration packages offered to senior executives have three components:

- market competitive fixed remuneration;
- a short term incentive opportunity, or the opportunity to earn a cash bonus dependent on performance over an annual period; and
- a long term incentive opportunity, or the opportunity to earn Macmahon shares dependent on performance over a three year period.

The table below represents the current mix of these remuneration components for the CEO and CFO. The short term incentive is provided at the amount payable at the "Target" performance level, and the long term incentive amount is provided based on the value granted in the current year (where the value of the performance rights issued under the long term incentive plan is assumed to be the same as the volume weighted average share price at the start of the performance period):

		At risk	
	Fixed remuneration	**Short term incentive**	**Long term incentive**
CEO	33.3%	33.3%	33.3%
CFO	50%	25%	25%

1.2 Fixed remuneration

The fixed remuneration paid to senior executives is based on the size and scope of their role, knowledge and experience, and market benchmarks for that role. Fixed remuneration comprises base salary, any applicable role specific allowances, and superannuation.

Macmahon regularly reviews and benchmarks fixed remuneration to ensure that the remuneration is appropriate and competitive with its market and industry peers. Benchmarking was completed during FY17 using industry surveys and reports, however the Board determined that there should not be a general, inflationary increase to the fixed remuneration of Australian based staff employees.

1.3 Short term incentive

The short term incentive opportunity provided to senior executives has traditionally been linked to a range of performance criteria set each year according to the Company's priorities at the start of each annual period.

During FY17 Macmahon did not implement a short term incentive plan ("STI Plan"). However, for FY18 the Company has rolled out a simplified plan under which a much wider group of employees than in prior years will receive a cash bonus if the Company meets or exceeds its EBIT target for FY18. The amount of this bonus will increase in line with any EBIT outperformance, up to a cap. This performance condition was chosen to simplify administration of the plan, to ensure unity of purpose for all staff, to make the plan easier for employees to understand and monitor, and to focus staff attention on a key metric for investors in the Company.

Further details of the FY18 STI plan are set out below.

Participants

The participants in the plan will be all Australian based staff employees and key managers overseas who are not already covered by a project-specific incentive program, provided such individuals have been employed for more than 6 months during the plan period.

Deferral and clawback

The FY18 STI Plan includes a deferral arrangement for Executive Team members. Under this arrangement, the payment of 25% of any bonus due to an Executive Team member will be deferred for two years. If one of these individuals ceases to be an employee during this period, payment will be at the Board's discretion. The Plan also includes a "clawback" provision by which up to 30% of any bonus awarded to an Executive Team member may be claimed back by the Company at any time up to two years after the award if there is a restatement of the Company's financial results (other than a restatement caused by a change in applicable accounting rules or interpretations), the result of which is that any bonus awarded would have been a lower amount had it been calculated based on such restated results.

Potential bonus amounts

The table below shows the potential bonus amounts (as a percentage of total fixed remuneration) available to the CEO and CFO under the FY18 STI Plan.

Performance level	**Threshold (100% achievement of EBIT target)**	**Target (125% achievement of EBIT target)**	**Stretch (144% achievement of EBIT target)**
CEO	35% of TFR	100% of TFR	150% of TFR
CFO	17.5% of TFR	50% of TFR	75% of TFR

1.4 Long term incentive

The current long term incentive opportunity provided to senior executives involves the grant of performance rights which can vest into fully paid ordinary shares in Macmahon after three years for no consideration, dependent on performance over this three year period.

For FY17 the Board determined that the only performance condition that should apply to the Company's long term incentive plan ("LTI Plan") was absolute shareholder returns. This performance condition has also been used for the FY18 LTI Plan. The reasons for selecting this performance condition include that (a) it provides a straightforward measure of Company performance that is simple to communicate to employees and for them to continuously monitor; and (b) it is an important metric for investors in a company of Macmahon's size and risk profile, many of whom have indicated that they seek absolute returns, rather than returns relative to an index.

In most other areas, the framework for the Company's FY18 LTI Plan is the same as in FY17, with the key difference being that an expanded list of management positions (project manager and above) have been offered the opportunity to participate in FY18.

Further details of the current LTI Plan framework are set out below.

Performance condition – targets

The vesting of performance rights is dependent on the Company's absolute level of total shareholder returns (TSR) over the three year performance period. The portion of performance rights eligible to vest at various levels of increase in the Company's TSR (expressed as a compound annual growth rate or CAGR) is:

Macmahon's TSR performance over three year performance period	**Proportion of performance rights that are eligible to vest at the end of the performance period**
Less than 17% CAGR in TSR	0%
17% CAGR in TSR	50%
Between 17% and 25% CAGR in TSR	50% plus a straight line increase in % award until 25% TSR is achieved.
At 25% CAGR TSR growth and above	100%

Continued employment condition

Performance rights are immediately cancelled if a holder ceases employment before the rights vest, unless the Board in its absolute discretion determines otherwise. There is no vesting of performance rights based solely on continued employment.

Change of control

If a change of control occurs or if the Company is wound up or delisted, the Board may (in its absolute discretion) determine that all or a portion of the performance rights then on issue will vest, notwithstanding that time restrictions or performance conditions applicable to the performance rights have not been satisfied.

Testing of the performance condition

Performance rights are tested for vesting only once, at the end of the performance period. That is, there is no re-testing of performance rights.

Dividends and voting rights

Performance rights do not have dividend or voting rights. However, the shares allocated upon vesting of performance rights rank equally with other ordinary shares on issue.

Restriction on disposal of shares

The shares allocated to performance rights holders upon the vesting of those rights are initially held in a trust, and are subject to disposal restrictions in line with the Company's Trading in Shares Policy.

Number of performance rights granted to Plan participants

The number of performance rights granted to participants in the LTI Plan is sometimes specified by an individual's employment contract, but is generally at the discretion of the Board.

For FY18 the CEO and CFO were awarded the number of performance rights needed to provide a value consistent with the current target remuneration mix, where the value of each performance right was assumed to be the same as the 30 day volume weighted average share price at the start of the performance period.

1.5 Relationship between remuneration policy and company performance

As required by the *Corporations Act 2001*, the Company's financial performance across various indices over the past five years is set out below:

	FY17	FY16	FY15	FY14	FY13
Profit/(loss) after income tax expense from continuing operations	(5.5)	10.8	(220.6)	28.9	43.6
Reported basic earnings per share from continuing operations (EPS) (cents)	(0.47)	0.87	(17.55)	2.30	4.37
Dividends paid (cents)	–	–	–	–	–
Share price at 30 June (cents)	16.5	8.8	6.6	10.0	13.0
Total Shareholder Return (TSR) (%)	87.5	33.3	(34.0)	(20.6)	(70.0)

Given the Company's profit performance in recent years the FY18 STI Plan is designed to incentivise the achievement of a much improved EBIT target in that year. Similarly, the current LTI Plan is intended to drive growth in TSR, which will benefit shareholders through increases in the price of their shares and/or the payment of dividends.

1.6 Employment contracts

The Company's senior executives are engaged under employment contracts that are ongoing and have no fixed end date. However, these contracts may be terminated by notice from either party.

Key details of the employment contracts of the current CEO and CFO are set out below.

	Annual fixed remuneration	Other remuneration	Notice periods to terminate	Termination payments
CEO Michael Finnegan	$530,000 (including superannuation)	Short term and long term incentive opportunities as described above. In addition, a one off retention bonus of 20% of the executive's annual fixed remuneration is due on 15 October 2018 provided the individual has not resigned from employment with Macmahon prior to that time.	3 months' notice by either party or payment in lieu, except in certain circumstances such as misconduct where no notice period applies.	Statutory entitlements; *plus* if the executive is made redundant prior to 15 October 2018, or resigns prior to this time in certain circumstances following a change of control or delisting of Macmahon, payment of the retention bonus; *plus* if the executive is terminated or resigns in certain circumstances following a change of control or delisting of Macmahon, a payment equal to 6 months of annual fixed remuneration.
CFO José Martins	$458,000 (including superannuation)			

2. NON-EXECUTIVE DIRECTOR REMUNERATION

The structure of the remuneration provided to non-executive directors is distinct from that applicable to executives. Non-executive directors receive only fixed remuneration which is not linked to the financial performance of the Company.

The remuneration provided to non-executive directors in FY17 was the same as in FY16, and is set out below:

	Remuneration for FY17
Chairman	178,200
Other Non-executive Directors (per director)	97,605

The maximum aggregate amount that can be paid to Non-executive Directors (the fee pool) is currently $1,100,000 per annum, including superannuation. There has been no increase in the fee pool amount since its approval by shareholders at the 2008 Annual General Meeting.

3. REMUNERATION GOVERNANCE

The Board oversees the remuneration arrangements of the Company. In performing this function the Board is assisted by input and recommendations from the Remuneration & Nomination Committee ("Committee"), external consultants and internal advice. The Committee is responsible for the overview, and recommendation to the full Board, of remuneration arrangements for Directors, the CEO, and Executive Team members. The CEO, in consultation with the Board, sets remuneration arrangements for other executives. No employee is directly involved in deciding their own remuneration (including the CEO).

Further details of the role and function of the Committee are set out in the Charter for the Remuneration & Nomination Committee on the Company's website at http://www.macmahon.com.au

The Committee obtains advice and market remuneration data from external remuneration advisors as required. When advice and market remuneration data is obtained, the Committee follows protocols regarding the engagement and use of external remuneration consultants to ensure ongoing compliance with Executive remuneration legislation. These protocols ensure that any remuneration recommendation from an external consultant is free from undue influence by any member of the Company's Key Management Personnel ("KMP") to whom it relates.

During the 2017 financial year, no external consultants were engaged by the Committee, and no advice on remuneration recommendations as defined by Division 1 of Part 1.2 of Chapter 1 of the Corporations Act 2011 was obtained.

The protocols for any external consultant providing remuneration recommendations prohibit them from providing advice or recommendations to employees or directors before recommendations are given to the Committee. These arrangements were implemented to ensure that any external party will be able to carry out its work, including information capture and formation of its recommendations, free from undue influence by the individuals to whom they relate.

REMUNERATION REPORT

4. VALUE PROVIDED TO KMP

Details of the nature and value of each major element of remuneration provided to KMP or key management personnel of the Company (as defined by the Corporations Act 2001) during FY17 are set out in the table below. In this table the value of share based payments has been calculated in accordance with accounting standards.

		Short-term				
	Year	Salary $	Committee fees $	Non-monetary benefits $	Total short-term $	Leave Payout Payments $
J A Walker (Chairman)	2017	162,740	–	–	162,740	–
	2016	162,740	–	–	162,740	–
C R G Everist	2017	84,196	8,505	–	92,701	–
	2016	89,100	8,505	–	97,605	–
E D R Skira	2017	80,632	8,505	–	89,137	–
	2016	80,632	8,505	–	89,137	–
V A Vella	2017	80,632	8,505	–	89,137	–
	2016	80,632	8,505	–	89,137	–
Total compensation for Non-executive Directors	2017	408,200	25,515	–	433,715	–
	2016	413,104	25,515	–	438,619	–

		Short-term				
	Year	Salary $	Committee fees $	Non-monetary benefits $	Total short-term $	Leave Payout Payments $
M J Finnegan[1] Chief Executive Officer	2017	340,837	–	1,946	342,783	–
	2016	–	–	–	–	–
J E Martins Chief Financial Officer	2017	417,803	–	5,296	423,099	–
	2016	202,863	–	1,770	204,633	–
S J van Dyk[2] Chief Executive Officer	2017	202,272	–	2,878	205,150	59,582
	2016	556,770	–	4,668	561,438	–
Total compensation executive personnel	2017	960,912	–	10,120	971,032	59,582
	2016	759,633	–	6,438	766,071	–
Total compensation for Directors and Executives	2017	1,369,112	25,515	10,120	1,404,747	59,582
	2016	1,172,737	25,515	6,438	1,204,690	–

1. M J Finnegan was appointed CEO on 01 November 2016. Mr Finnegan's remuneration in the above table is from 1 November 2016.
2. S J Van Dyk was CEO until 11 November 2016.

Other long-term benefits $	Post employment: Super-annuation $	Post employment: Termination payments $	Share-based payment: Options and rights $	Performance related %	Non-Performance related %	Compensation consisting of options and rights %	Total compensation $
–	15,460	–	–	–	100	–	178,200
–	15,460	–	–	–	100	–	178,200
–	4,904	–	–	–	100	–	97,605
–	–	–	–	–	100	–	97,605
–	8,468	–	–	–	100	–	97,605
–	8,468	–	–	–	100	–	97,605
–	8,468	–	–	–	100	–	97,605
–	8,468	–	–	–	100	–	97,605
–	37,300	–	–	–	100	–	471,015
–	32,396	–	–	–	100	–	471,015

Other long-term benefits $	Post employment: Super-annuation $	Post employment: Termination payments $	Share-based payment: Options and rights $	Performance related %	Non-Performance related %	Compensation consisting of options and rights %	Total compensation $
20,096	13,113	–	54,611	13	87	13	430,603
–	–	–	–	–	–	–	–
36,907	25,000	–	61,165	11	89	11	546,172
18,783	18,290	–	–	–	100	–	241,706
(51,693)	12,860	–	(152,083)	–	100	–	73,816
51,971	30,417	–	76,042	11	89	11	719,868
5,310	50,973	–	(36,307)	–	100	–	1,050,591
70,754	48,707	–	76,042	8	92	8	961,574
5,310	88,274	–	(36,307)	–	100	–	1,521,606
70,754	81,103	–	76,042	5	95	5	1,432,589

5. ANALYSIS OF BONUSES INCLUDED IN REMUNERATION

No bonuses were paid to KMP during FY17.

6. EQUITY INSTRUMENTS

6.1 Rights over equity instruments granted as compensation

Details of performance rights over ordinary shares in the Company that were granted as compensation to KMP during the reporting period are as follows:

Name	Number of rights granted during FY17	Vesting condition	Effective date	Fair value at grant date ($)	Expiry date
M J Finnegan	2,456,731	Absolute TSR	1 July 2016	184,255	See explanation below
J E Martins	2,446,581	Absolute TSR	1 July 2016	183,494	See explanation below

Rights will expire on the earlier of the termination of the individual's employment, or the date after 1 July 2019 that they are tested by the Board against the vesting condition and found not to satisfy that condition. Rights are eligible to vest on 1 July 2019. In addition to a continuing performance condition, vesting is conditional on the extent to which the Company achieves increases in absolute TSR, as described on page 33.

6.2 Details of equity incentives affecting current and future remuneration

Details of the vesting profiles of the rights over ordinary shares in the Company held by KMP during FY17 are detailed below:

Name	Effective Date	Number Granted	Number vested in FY17	Number forfeited in FY17	Held at 30 June 2017	Financial year in which the grant vests, subject to performance
M J Finnegan	1 July 14	700,000	–	–	700,000	FY18
	1 July 16	2,456,731	–	–	2,456,731	FY20
J E Martins	1 July 16	2,446,581	–	–	2,446,581	FY20

All performance rights held at 30 June 2017 have not vested and are neither exercisable or unexercisable.

Mr Finnegan – on 1 July 2017, 254,100 performance rights became eligible to vest in relation to the 1 July 2014 plan for which shares will be granted. On 1 July 2017, Mr Finnegan was offered 3,333,333 performance rights as part of the company's FY18 LTI Plan.

Mr Martins – on 1 July 2017, Mr Martins was offered 1,440,252 performance rights as part of the company's FY18 LTI Plan.

6.3 Analysis of movements in equity instruments

The value of rights over ordinary shares in the Company granted and exercised by KMP during the reporting period is detailed below:

	Value granted in year ($)	Value of rights exercised in year ($)
M J Finnegan	184,255	–
J E Martins	183,494	–

The value of rights granted in the year is the fair value of the rights calculated at grant date. The total value of rights granted is included in the table above. This amount is allocated to remuneration over the performance period (i.e. in years 1 July 2016 to 1 July 2019).

The movement during the reporting period, by number of rights over ordinary shares in the Company held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Held at 1 July 2016	Granted as compen-sation	Exercised	Lapsed	Forfeited	Held at 30 June 2017	Vested during the year
M J Finnegan	700,000	2,456,731	–	–	–	3,156,731	–
J E Martins	–	2,446,581	–	–	–	2,446,581	–

6.3 Movements in shareholdings

The movement during the reporting period in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each KMP including their related parties, is as follows:

	Balance at the start of the year	Purchases	Sold	Balance at end of the year
Directors				
J A Walker	300,000	125,000 (purchased 29/06/2017)	–	425,000
C R G Everist	100,000	–		100,000
E D R Skira	–	–	–	–
V A Vella	1,357,842	500,000 (purchased 13/06/2017)	–	1,857,842
Executives				
M J Finnegan	300,000			300,000
J E Martins	–	–	–	–
S J van Dyk	1,400,000	Ceased to be a KMP on 11 November 2016.		
Total	**3,457,842**	**625,000**		**2,682,842**

FINANCIAL REPORT

FINANCIAL STATEMENTS

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GENERAL INFORMATION

The financial statements cover Macmahon Holdings Limited ("the company") as a consolidated entity (referred to hereafter as "the Group" or "the consolidated entity" consisting of Macmahon Holdings Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Macmahon Holdings Limited's functional and presentation currency.

Macmahon Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The Group is a for–profit entity.

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

15 Hudswell Road
PERTH AIRPORT
Western Australia, 6105

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 24 August 2017.

Where an accounting policy, critical accounting estimate, assumption or judgement, is specific to a note these are described within the note to which they relate.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2017

	Note	2017 $'000	Restated* 2016 $'000
Revenue from continuing operations		359,645	312,167
Other income	2	6,845	8,814
Expenses			
Materials and consumables used	3	(174,795)	(125,277)
Employee benefits expense	3	(134,212)	(118,463)
Subcontractor costs	3	(5,866)	(7,835)
Depreciation and amortisation expense	3	(33,476)	(28,799)
Equipment and office expenses under operating leases	3	(14,266)	(16,772)
Takeover defence costs		(3,408)	–
Other expenses		(8,061)	(10,694)
Net finance costs	3	(150)	(650)
Share of profit of equity–accounted investees, net of tax		2,524	609
		(5,220)	**13,100**
Onerous lease provisions raised	3	–	(2,058)
Profit/(Loss) before income tax expense from continuing operations		(5,220)	11,042
Income tax expense	4	(322)	(247)
Profit/(Loss) after income tax expense from continuing operations		(5,542)	10,795
Loss after income tax expense from discontinued operations	29	(17,264)	(9,069)
Profit/(Loss) after income tax expense for the year		**(22,806)**	**1,726**
Other comprehensive income/(loss)			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation		(5,212)	(9,272)
Reclassification of foreign currency reserve on closure of foreign operation		6,982	–
Cash flow hedges – reclassified to profit or loss	17	–	(251)
Other comprehensive (loss)/income for the year, net of tax		1,770	(9,523)
Total comprehensive loss for the year		**(21,036)**	**(7,797)**
Total comprehensive loss for the year is attributable to:			
Continuing operations		(3,772)	1,272
Discontinued operations		(17,264)	(9,069)
		(21,036)	**(7,797)**

* Prior year amounts have been restated to exclude discontinued operations.

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2017

	Notes	2017 Cents	*Restated 2016 Cents
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Macmahon Holdings Limited			
Basic earnings/(loss) per share	5	(0.47)	0.87
Diluted earnings/(loss) per share	5	(0.47)	0.87
Earnings per share for profit/(loss) from discontinued operations attributable to the owners of Macmahon Holdings Limited			
Basic earnings per share	5	(1.45)	(0.73)
Diluted earnings per share	5	(1.45)	(0.73)
Earnings per share for profit/(loss) attributable to the owners of Macmahon Holdings Limited			
Basic earnings/(loss) per share	5	(1.92)	0.14
Diluted earnings/(loss) per share	5	(1.92)	0.14

* Prior year amounts have been restated to exclude discontinued operations.

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Note	2017 $'000	2016 $'000
Assets			
Current assets			
Cash and cash equivalents	7	62,925	56,699
Trade and other receivables	8	53,423	59,578
Inventories	10	32,086	37,264
Income tax	4b	12,963	12,750
		161,397	166,291
Assets classified as held for sale	13	3,079	9,210
Total current assets		**164,476**	**175,501**
Non-current assets			
Investments accounted for using the equity method	22	6,891	6,294
Property, plant and equipment	13	122,679	117,653
Deferred tax	4c	917	617
Total non-current assets		**130,487**	**124,564**
Total assets		**294,963**	**300,065**
Liabilities			
Current liabilities			
Trade and other payables	9	73,990	61,352
Borrowings	15	1,939	204
Income tax	4b	–	193
Employee benefits	11a	12,111	11,589
Provisions	12	14,582	17,135
		102,622	90,473
Liabilities directly associated with assets classified as held for sale		–	1,834
Total current liabilities		**102,622**	**92,307**
Non-current liabilities			
Borrowings	15	6,909	–
Employee benefits	11b	441	383
Total non-current liabilities		**7,350**	**383**
Total liabilities		**109,972**	**92,690**
Net assets		**184,991**	**207,375**
Equity			
Issued capital	16	384,794	385,957
Reserves	17	(10,421)	(12,933)
Accumulated losses		(189,382)	(165,649)
Total equity		**184,991**	**207,375**

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017

Consolidated	Issued capital $'000	Reserves $'000	(Accumulated losses)/ Retained profits $'000	Total equity $'000
Balance at 1 July 2016	385,957	(12,933)	(165,649)	207,375
Profit/(loss) after income tax for the year	–	–	(22,806)	(22,806)
Other comprehensive income for the year, net of tax	–	1,770	–	1,770
Total comprehensive (loss)/income for the year	–	1,770	(22,806)	(21,036)
Transactions with owners in their capacity as owners:				
Treasury shares allocated on vesting of performance rights	–	742	(742)	–
Share-based payments (note 25)	–	–	(185)	(185)
Share buy-back (note 16)	(1,163)	–	–	(1,163)
Balance at 30 June 2017	**384,794**	**(10,421)**	**(189,382)**	**184,991**

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2015	391,390	(1,468)	(168,112)	221,810
Profit/(loss) after income tax expense for the year	–	–	1,726	1,726
Other comprehensive loss for the year, net of tax	–	(9,523)	–	(9,523)
Total comprehensive (loss)/income for the year	–	(9,523)	1,726	(7,797)
Transactions with owners in their capacity as owners:				
Derecognition of deferred tax asset (note 4)	–	(1,942)	–	(1,942)
Share-based payments (note 25)	–	–	737	737
Share buy-back (note 16)	(5,433)	–	–	(5,433)
Balance at 30 June 2016	**385,957**	**(12,933)**	**(165,649)**	**207,375**

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

STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

	Note	Consolidated 2017 $'000	2016 $'000
Cash flows from operating activities			
Receipts from customers		402,438	394,331
Payments to suppliers		(376,422)	(381,630)
Net receipts from joint venture entities		4,319	175
Interest received		402	1,263
Interest and other finance costs paid		(480)	(2,231)
Income taxes paid		(42)	(2,842)
Net cash from operating activities	6	30,215	9,066
Cash flows from investing activities			
Payments for property, plant and equipment	13	(34,917)	(23,532)
Proceeds from disposal of property, plant and equipment		12,579	17,568
Investment in joint venture		1,859	(5,622)
Net cash generated from/(used in) investing activities		(20,479)	(11,586)
Cash flows from financing activities			
Purchase of own shares		(1,163)	(5,433)
Repayment of borrowings		–	(159,000)
Repayment of hire purchase and finance lease liabilities		(1,432)	(3,402)
Settlement of derivatives		–	(9,204)
Net cash used in financing activities		(2,595)	(177,039)
Net increase/(decrease) in cash and cash equivalents		7,141	(179,559)
Cash and cash equivalents at the beginning of the financial year		56,699	236,892
Effects of exchange rate changes on cash and cash equivalents		(915)	(634)
Cash and cash equivalents at the end of the financial year	7	**62,925**	**56,699**

The above statement of cash flows should be read in conjunction with the accompanying notes.

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PART A – RESULTS

NOTE 1. SEGMENT INFORMATION

Identification of reportable operating segments

The consolidated entity has identified its reportable segments based on the internal reports that are reviewed and used by the Chief Executive Officer and Managing Director (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

Management have identified three operating segments; Surface Mining, Underground Mining and International Mining. These segments have been aggregated into "Mining" due to all segments exhibiting similar economic characteristics in terms of the nature of the products and services, production processes, type or class of customers, methods used to provide their services and regulatory environments which these services are provided in.

The following describes the operations of each reportable segment.

Mining

Provides a complete set of mining services for surface and underground operations – from mine development to materials delivery, including the full range of engineering services which include design, construction and on site services to deliver on client needs from the design phase right through to completion.

Joint Ventures

Revenue from joint venture entities is not recognised in the financial statements as these entities are equity accounted. For such entities, the share of net profits is recognised.

The consolidated entity's share of revenue from joint venture entities is excluded from the income statement in accordance with Accounting Standards.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports that are reviewed by the consolidated entity's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

For clarity and reconcilitation to the statement of profit and loss, discontinued operations relating to Nigeria are separately disclosed. The comparative segment information for the operating performance of Nigeria has been restated.

NOTE 1. SEGMENT INFORMATION CONTINUED

Operating segment information

Consolidated – 2017	Mining $'000	Nigeria Discontinued Operations $'000	Unallocated $'000	Total $'000
Revenue				
External revenues	359,645	6,595	303	366,543
Total revenue	359,645	6,595	303	366,543
Earnings before interest, tax, depreciation and amortisation (and other significant items)	35,199	(16,459)	(1,461)	17,279
Interest income	51	68	297	416
Finance costs	(494)	–	–	(494)
Depreciation and amortisation	(33,476)	(740)	–	(34,216)
Impairment of property, plant and equipment	–	(1,683)	–	(1,683)
Takeover defence cost	–	–	(3,408)	(3,408)
Profit/(loss) before income tax expense	1,280	(18,814)	(4,572)	(22,106)
Income tax expense				(700)
Loss after income tax expense				**(22,806)**
Assets				
Segment assets	217,774	150	77,039	294,963
Total assets				**294,963**
Liabilities				
Segment liabilities	101,713	1,368	6,891	109,972
Total liabilities				**109,972**
Capital Expenditure	**44,993**	**–**	**–**	**44,993**

Consolidated – 2016 Restated	Mining $'000	Nigeria Discontinued Operations $'000	Unallocated $'000	Total $'000
Revenue				
External revenues	313,167	34,233	1,588	348,988
Total revenue	313,167	34,233	1,588	348,988
Earnings before interest, tax, depreciation and amortisation (and other significant items)	53,901	(9,194)	(4,721)	39,986
Interest income	84	32	1,147	1,263
Finance costs	(5,496)	(1,795)	3,663	(3,628)
Depreciation and amortisation	(27,067)	(4,187)	(1,880)	(33,134)
Onerous lease provision	–	–	(2,058)	(2,058)
Profit/(loss) before income tax expense	21,422	(15,144)	(3,849)	2,429
Income tax expense				(703)
Loss after income tax expense				**1,726**
Assets				
Segment assets	212,344	19,389	68,332	300,065
Total assets				**300,065**
Liabilities				
Segment liabilities	73,280	7,960	11,450	92,690
Total liabilities				**92,690**
Capital Expenditure	**23,345**	**–**	**187**	**23,532**

Geographical information

	Sales to external customers		Geographical non-current assets	
	2017 $'000	2016* $'000	2017 $'000	2016 $'000
Australia	348,458	300,841	123,648	112,525
Nigeria – discontinued operations	6,595	34,233	–	7,748
Other	11,490	13,914	6,839	4,291
	366,543	**348,988**	**130,487**	**124,564**

* The operating performance of Nigeria, previously included in Other segment, has been separately disclosed as the operations have been discontinued.

The Mining segment operates in two principal geographical areas – Australia and Other. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Major customer

Approximately 55% (2016: 48%) of the consolidated entity's revenue is attributable to sale transactions with its largest customer.

NOTE 1. SEGMENT INFORMATION CONTINUED

Operating segments

An operating segment is a component of the consolidated entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the consolidated entity's other components. All operating segments' operating results are regularly reviewed by the consolidated entity's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

NOTE 2. OTHER INCOME

	Consolidated	
	2017 $'000	**2016 $'000**
Net gain on disposal of property, plant and equipment	2,268	5,294
Net foreign exchange gain	892	2,451
Other	3,685	1,069
Other income	**6,845**	**8,814**

Other income

Other income includes management fees from joint venture partners of $3.4 million (June 2016: $1.1 million). Refer to note 23.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised within other income/other expenses in profit or loss.

NOTE 3. EXPENSES

	Consolidated	
	2017 $'000	2016 $'000
Profit/(Loss)before income tax from continuing operations includes the following specific expenses:		
Depreciation from continuing operations		
Leasehold improvements	80	67
Plant and equipment	31,744	27,708
Plant and equipment under lease	1,652	756
Buildings	–	247
Total depreciation from continuing operations	**33,476**	**28,778**
Depreciation included in discontinued operations		
Plant and equipment	740	4,335
Total depreciation from discontinued operations	**740**	**4,335**
Total depreciation expense	**34,216**	**33,113**
Amortisation		
Software	–	21
Total depreciation and amortisation	**34,216**	**33,134**
Cost of Sales		
Materials and consumables used	174,795	125,277
Employee benefits expense	134,212	118,463
Subcontractor costs	5,866	7,835
Total cost of sales	**314,873**	**251,575**
Finance (income) and costs		
Interest income on financial assets (bank deposits)	(344)	(1,181)
Interest expense on financial liabilities carried at amortised cost	494	1,831
	150	**650**

NOTE 3. EXPENSES CONTINUED

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on short-term and long-term borrowings
- interest on finance leases.

	Consolidated	
	2017 $'000	**2016 $'000**
Rental expense relating to operating leases		
Onerous lease provisions raised*	–	2,058
Equipment and office expenses under operating leases	14,266	16,772
Total rental expense	**14,266**	**18,830**

* Onerous lease provisions raised.

During the 2015 financial year, the Company relocated all of the West Perth based employees to the Hudswell Road airport facilities. The Company has partially sublet the West Perth office to save on rental expenses. An onerous contract provision of $nil million (2016: $2.1 million) has been recognised in the year which is based on the present value of future outgoings (rental payments) net of estimated recoveries (from sub-letting).

Superannuation expense		
Defined contribution superannuation expense	9,248	8,611
Defined benefit superannuation expense	17	17
Total superannuation expense	**9,265**	**8,628**
Share-based payments (reversal)/expense		
Share-based payments (reversal)/expense	**(185)**	**737**

NOTE 4. TAX

a) Income tax expense

	Consolidated 2017 $'000	2016* $'000
Income tax expense		
Current tax	923	3,114
Adjustment recognised for prior periods	77	81
Deferred tax – origination and reversal of temporary differences	(300)	(2,492)
Aggregate income tax expense	**700**	**703**
Income tax expense/(benefit) is attributable to:		
Profit/(Loss) from continuing operations	322	247
Profit/(Loss) from discontinued operations	378	456
Aggregate income tax expense	**700**	**703**
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(Loss) before income tax expense from continuing operations	(5,220)	11,042
Profit/(Loss) before income tax expense from discontinued operations	(16,886)	(8,613)
	(22,106)	**2,429**
Numerical reconciliation of income tax expense and tax at the statutory rate	(22,106)	2,429
Tax at the statutory tax rate of 30%	(6,632)	729
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share–based payments	(55)	221
(Non-assessable income)/Non-deductible expenses	2,557	(178)
Foreign tax rate differential	(450)	(555)
Utilisation of foreign and domestic income tax losses not previously recognised	(21)	(121)
Other	(13)	(25)
Impairment for which no deferred tax asset was recognised	–	–
Current year temporary differences for which no deferred tax asset was recognised	2,886	551
Current year losses for which no deferred tax asset was recognised	2,351	–
	623	622
Adjustment recognised for prior periods	77	81
Income tax expense	**700**	**703**

* Prior year amounts have been restated to exclude discontinued operations.

NOTE 4. TAX CONTINUED

b) Current assets and liabilities – income tax

	Consolidated	
	2017 $'000	2016 $'000
Income tax refund due – Australian Operations	**12,963**	**12,750**
Income tax payable – overseas	**–**	**193**

c) Non-current assets – deferred tax

	Consolidated	
	2017 $'000	2016 $'000
Net Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Inventories	(301)	(1,307)
Property, plant and equipment	(19,288)	(11,155)
Unbilled work	(10,760)	(7,894)
Employee benefits	10,101	11,096
Other creditors and accruals	6,439	4,206
Other items	76	398
Tax loss carry forward	14,650	5,273
	917	**617**
Comprising of:		
Deferred tax asset	917	617
Deferred tax asset/(liability)	**917**	**617**
Amount recognised in equity during the year:		
Treasury shares expense/(benefit)	–	1,942
	–	1,942
Amount recognised in profit or loss during the year	**(300)**	**(2,492)**
Unrecognised deferred tax asset		
Australian impairment and other deductible differences (excluding inventory)	43,855	40,681
Allowances for inventory	8,198	10,140
Foreign deductible differences (excluding inventory)	6,189	4,248
Unrecognised temporary differences	**58,242**	**55,069**
Foreign tax losses	8,206	5,855
	66,448	**60,924**

Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised. The consolidated entity does not distribute non-cash assets as dividends to its Shareholders.

Tax consolidation

The Company and its wholly–owned Australian resident entities have formed a tax–consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax–consolidated group is Macmahon Holdings Limited.

Current income tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax–consolidated group are recognised in the separate financial statements of the members of the tax–consolidated group using the “separate taxpayer within group” approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax–consolidated group and are recognised as amounts payable to/(receivable from) other entities in the tax consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the consolidated entity as an equity contribution or distribution.

The consolidated entity recognises deferred tax assets arising from unused tax losses of the tax–consolidated group to the extent that it is probable that future taxable profits of the tax–consolidated group will be available against which the unused tax losses can be utilised. Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

NOTE 4. TAX CONTINUED

Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/(from) the head entity equal to the current tax asset/(liability) assumed by the head entity and any deferred tax loss asset assumed by the head entity, resulting in the head entity recognising an inter-entity payable/(receivable) equal in amount to the tax asset/(liability) assumed. The inter-entity payables/(receivables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgment is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTE 5: EARNINGS PER SHARE

	Consolidated	
	2017 $'000	**2016* $'000**
Earnings per share for profit/(loss) from continuing operations		
Profit/(loss) after income tax from continuing operations attributable to the owners of Macmahon Holdings Limited	(5,542)	10,795
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	1,189,689,643	1,247,929,728
Adjustments for calculation of diluted earnings per share:		
Effect of performance rights on issue	–	2,383,265
Weighted average number of ordinary shares used in calculating diluted earnings per share	**1,189,689,643**	**1,250,312,993**
	Cents	**Cents**
Basic earnings/(loss) per share	(0.47)	0.87
Diluted earnings/(loss) per share	(0.47)	0.87

* Prior year amounts have been restated to exclude discontinued operations.

	Consolidated	
	2017 $'000	**2016* $'000**
Earnings per share for loss from discontinued operations		
Loss after income tax from discontinued operations attributable to the owners of Macmahon Holdings Limited	**(17,264)**	**(9,069)**
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	1,189,689,643	1,247,929,728
Adjustments for calculation of diluted earnings per share:		
Effect of performance rights on issue	–	2,383,265
Weighted average number of ordinary shares used in calculating diluted earnings per share	**1,189,689,643**	**1,250,312,993**
	Cents	**Cents**
Basic loss per share	(1.45)	(0.73)
Diluted loss per share	(1.45)	(0.73)

*Prior year amounts have been restated to exclude discontinued operations.

	Consolidated	
	2017 $'000	**2016 $'000**
Earnings per share for profit/(loss)		
Profit/(Loss) after income tax attributable to the owners of Macmahon Holdings Limited	**(22,806)**	**1,726**
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	1,189,689,643	1,247,929,728
Adjustments for calculation of diluted earnings per share:		
Effect of performance rights on issue	–	2,383,265
Weighted average number of ordinary shares used in calculating diluted earnings per share	**1,189,689,643**	**1,250,312,993**
	Cents	**Cents**
Basic earnings/(loss) per share	(1.92)	0.14
Diluted earnings/(loss) per share	(1.92)	0.14

At 30 June 2017, Macmahon performance rights were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the (loss)/profit attributable to the owners of Macmahon Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2017

PART B: CASH FLOW INFORMATION

NOTE 6. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	Consolidated	
	2017 $'000	**2016 $'000**
Profit/(Loss) after income tax expense for the year from continuing operations	**(5,542)**	**10,795**
Adjustments for:		
Depreciation and amortisation	33,476	28,799
Cash flow hedges – reclassified from reserve	–	1,397
Net gain on disposal of property, plant and equipment and other	(2,268)	(6,348)
Share of profit – joint ventures	(2,524)	(609)
Share–based payments	(185)	737
Foreign exchange gains	(1,239)	(1,006)
Income tax expense/(benefit)	322	247
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(5,302)	6,943
Decrease/(increase) in inventories	850	12,329
Increase/(decrease) in trade and other payables	15,487	(31,454)
Decrease in income tax balances	(3)	(2,842)
Decrease in employee benefits	(2,062)	(7,857)
Net cash from operating activities – continuing operations	**31,010**	**11,131**
Net cash from operating activities – discontinued operations	(795)	(2,065)
Net cash from operating activities	**30,215**	**9,066**

PART C: WORKING CAPITAL

NOTE 7. CASH AND CASH EQUIVALENTS

	Consolidated	
	2017 $'000	2016 $'000
Cash on hand	8	16
Cash at bank	62,917	56,683
	62,925	**56,699**

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTE 8. TRADE AND OTHER RECEIVABLES

a) Current trade and other receivables

	Consolidated	
	2017 $'000	2016 $'000
Trade receivables	8,506	22,835
Less: allowance for doubtful debts	(216)	(1,260)
	8,290	**21,575**
Other receivables and prepayments	9,163	9,020
Accrued revenue	35,970	28,983
	53,423	**59,578**

Allowance for doubtful debts

The ageing of the doubtful receivables allowance are as follows:

	Consolidated	
	2017 $'000	2016 $'000
Over 3 months overdue	216	1,260
	216	**1,260**

Movements in the allowance for doubtful debts is as follows:

	Consolidated	
	2017 $'000	2016 $'000
Opening balance	1,260	1,512
Additional allowances (released)/recognised	(935)	(252)
Allowances recovered through sale of subsidiaries and settlement of dispute	(109)	-
Closing balance	**216**	**1,260**

NOTE 8: TRADE AND OTHER RECEIVABLES CONTINUED

Past due but not doubtful

There are no customers with balances past due but without any allowance for doubtful debts as at 30 June 2017 ($4.3 million as at 30 June 2016).

After reviewing credit terms of customers based on recent collection practices, the consolidated entity did not consider a credit risk on the aggregate balances.

The ageing of the past due but not doubtful debts are as follows:

	Consolidated	
	2017 $'000	**2016 $'000**
Past due 0–30 days	658	1,496
Past due 31+ days	–	3,589
	658	**5,085**

For information on credit risk refer to note 14.

Trade and other receivables

Trade and other receivables

Trade and other receivables are stated at cost less impairment losses. Due to the short-term nature of trade and other receivables, their carrying value is assumed to approximate their fair value.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for doubtful trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be doubtful. The amount of the doubtful allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Accrued revenue

Accrued revenue represents the unbilled amount at year end in respect of mining services provided.

Provision for doubtful receivables

The provision for doubtful receivables assessment requires a degree of estimation and judgment. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

NOTE 9. TRADE AND OTHER PAYABLES

	Consolidated	
	2017 $'000	**2016 $'000**
Trade payables	28,313	24,360
Accrued expenses	40,306	33,873
Other payables	5,371	3,119
	73,990	**61,352**

Refer to note 14 for further information on financial instruments.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTE 10. INVENTORIES

	Consolidated	
	2017 $'000	**2016 $'000**
Operating inventory at cost	30,630	30,846
Less: Allowance for obsolescence	(3,925)	(4,090)
	26,705	26,756
Inventory at Net Realisable Value	5,381	10,508
	32,086	**37,264**

The Company reviewed the value of items in inventory and reduced inventory to net realisable value based on an assessment of current market conditions with the assistance of external valuations provided by an independent valuer and internal assessments, where necessary. This did not result in any inventory writedowns in the current year (2016: nil).

Inventories
Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Allowances for obsolescence
The provision for impairment of inventories assessment requires a degree of estimation and judgment. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

NOTE 11. EMPLOYEE BENEFITS

a) Current liabilities – employee benefits

	Consolidated	
	2017 $'000	**2016 $'000**
Annual leave	8,885	8,275
Long service leave	3,226	3,314
	12,111	**11,589**

Accrued wages and salaries between the last pay date and 30 June 2017 of $2.0 million (2016: $1.4 million) are included within the accrued expenses balance as disclosed in note 9.

b) Non-current liabilities – employee benefits

	Consolidated	
	2017 $'000	**2016 $'000**
Long service leave	441	383
	441	**383**

NOTE 11. EMPLOYEE BENEFITS CONTINUED

c) Non-current liabilities – retirement benefit obligations

Superannuation plan

The Trust Company Ltd is the Trustee of the Macmahon Employees Superannuation Fund ("the Fund") and is responsible for all areas of compliance with regard to the Fund. All members of the now closed defined benefit section were previously invited to transfer their entitlement to the accumulation section of the Fund. At 30 June 2017, 1 member (2016: 1 member) remained in the defined benefit section.

Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields on national government bonds at the reporting date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

A defined contribution plan is a post–employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available. Contributions to a defined contribution plan which are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Defined benefit plans

The consolidated entity's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed every three years and in intervening periods calculated on actuarial estimates using the projected unit credit method. When the calculation results in a potential asset for the consolidated entity, the recognised asset is limited to the present value of the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Termination benefits

Termination benefits are recognised as an expense when the consolidated entity is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the consolidated entity has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Long service leave provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

NOTE 12. PROVISIONS

	Consolidated 2017 $'000	Consolidated 2016 $'000
Project closure	6,916	8,515
Warranties	429	459
Project bonus	141	66
Client plant maintenance	1,206	1,040
Onerous contracts	1,018	3,585
Other	4,872	3,470
	14,582	**17,135**

Movements in provisions

Movements in each class of provision during the current financial year, are set out below:

Consolidated – 2017	Project Closure $'000	Warranties $'000	Project Bonus $'000	Client Plant Maintenance $'000	Onerous Contracts $'000	Other $'000	Total $'000
Carrying amount at the start of the year	8,515	459	66	1,040	3,585	3,470	17,135
Additional provisions recognised	3,097	71	125	4,053	–	4,683	12,029
Provisions released during the year	(3,591)	–	–	–	–	(2,770)	(6,361)
Provisions utilised during the year	(1,105)	(101)	(50)	(3,887)	(2,567)	(511)	(8,221)
Carrying amount at the end of the year	**6,916**	**429**	**141**	**1,206**	**1,018**	**4,872**	**14,582**

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre–tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

The consolidated entity accrues for its contracted obligation to replace major components and tyres for client owned equipment, which it operates under its mining service contracts. The provision represents the wear and tear of components and tyres up to the balance date. As components and tyres are replaced, these items are charged against that provision. The provision is utilised completely by the end of the contract term.

NOTE 12. PROVISIONS CONTINUED

Provision for project closure

The provision for project closure requires a degree of estimation and judgement around contractual term, expected redundancy and demobilisation costs, and reimbursement from customers. The provision is assessed by taking into account past history of contract closures and likelihood of contract extensions.

Client plant maintenance provision

The provision for client plant maintenance requires a degree of estimation and judgment. The level of provision is assessed by taking into account actual and forecast utilisation of the fleet and current consumption rate and maintenance cost.

Other

Other provisions reflect miscellaneous contract related claim provisions and require a degree of estimation and judgement.

Onerous Contracts

Leases

In 2015 the Group exited certain premises for which they have a non-cancellable lease. The lease will expire in 2019. The facilities have been sub-let at rates lower than the lease rate. The obligation for the discounted future payments, net of expected rental income has been provided for.

Other operating contracts

The Telfer Mining Services contract has incurred significant losses to date recording an operating loss of $29.2 million for FY2017.

The Group has determined the contract is not considered onerous based on a positive cashflow forecast over the remaining contract term.

PART D: FIXED ASSETS

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2017 $'000	**2016 $'000**
Leasehold improvements – at cost	3,183	7,109
Less: Accumulated depreciation	(3,144)	(6,811)
	39	**298**
Plant and equipment – at cost	442,843	461,593
Less: Accumulated depreciation and impairment losses	(329,017)	(350,709)
	113,826	**110,884**
Equipment under finance lease	10,466	24,894
Less: Accumulated depreciation	(1,652)	(18,423)
	8,814	**6,471**
	122,679	**117,653**

Reconciliations

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

Consolidated	Buildings & freehold land $'000	Leasehold improvements $'000	Plant & equipment $'000	Equipment under finance lease $'000	Total $'000
Balance at 30 June 2015	432	367	131,046	9,634	141,479
Additions	4	–	23,528	–	23,532
Disposals	(20)	–	(10,856)	(310)	(11,186)
Exchange differences	(169)	–	(774)	(2,097)	(3,040)
Reclassification to and from assets classified as held for sale and transfers	–	(2)	(17)	–	(19)
Depreciation expense*	(247)	(67)	(32,043)	(756)	(33,113)
Balance at 30 June 2016	**–**	**298**	**110,884**	**6,471**	**117,653**
Additions	–	–	34,527	10,466	44,993
Disposals	–	–	(3,356)	–	(3,356)
Exchange differences	–	(661)	(2,929)	(412)	(4,002)
Reclassification to and from assets classified as held for sale and transfers	–	618	8,696	(6,024)	3,290
Impairment of assets (discontinued operations)	–	(106)	(1,577)	–	(1,683)
Depreciation expense*	–	(110)	(32,419)	(1,687)	(34,216)
Balance at 30 June 2017	**–**	**39**	**113,826**	**8,814**	**122,679**

*Includes depreciation from discontinued operations of $0.7 million (2016: $4.3 million).

Profit on disposal of property, plant and equipment from continuing operations was $2.3 million (2016: $5.3 million)

There was impairment of assets in discontinued operations during the current financial year of $1.7 million (2016: nil). Refer to note 29.

Included above is non-operating plant and equipment of $16.7 million (2016: $17 million) which is not allocated to operating sites or contracts at 30 June 2017.

Property, plant and equipment secured under finance leases

Refer to note 15 for further information on property, plant and equipment secured under finance leases.

Security

Freehold land, buildings, leasehold improvements and plant and equipment are subject to a registered charge to secure banking facilities (see note 15).

Assets classified as held for sale

Assets classified as held for sale include surplus mining plant and equipment which the company is actively marketing for sale amounting to $3.1 million (2016: $8.1 million). Discontinued operations comprise the remaining balance of the assets classified as held for sale amounting to nil (2016: $1.1 million).

NOTE 13. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges from foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged, on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation and amortisation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation on buildings, leasehold improvements and minor plant and equipment is calculated on a straight-line basis. Depreciation on major plant and equipment and components is calculated on machine hours worked over their estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the consolidated entity will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed on regular basis with annual reassessments for major items and adjusted if appropriate.

The expected useful lives for the current and comparative years are as follows:

- Buildings: 40 Years
- Leasehold improvements: Period of the lease
- Plant and equipment: 3–12 years

The carrying amounts of the consolidated entity's assets, other than inventories (see inventory accounting policy) and deferred tax assets (see income tax accounting policy), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see impairment of non-financial assets below).

For goodwill, the recoverable amount is estimated annually or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the consolidated entity, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day–to–day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value–in–use calculations, which incorporate a number of key estimates and assumptions; including the continued performance of contracted work, growth rates of the estimated future cash flows and discount rates based on the current cost of capital.

PART E: RISK

NOTE 14. FINANCIAL RISK MANAGEMENT

Consolidated – 2017	**Loans and Receivables $'000**	**At Amortised Cost $'000**	**Total $'000**
Financial Assets			
Cash and cash equivalents	62,925	–	62,925
Trade and other receivables[1]	46,762	–	46,762
Total financial assets	**109,687**	**–**	**109,687**
Financial liabilities			
Trade and other payables	–	73,990	73,990
Borrowings	–	8,848	8,848
Total financial liabilities	**–**	**82,838**	**82,838**

1. Trade and other receivables excludes prepayments of $3.8 million and contract closure reimbursement $2.9 million.

Consolidated – 2016	**Loans and Receivables $'000**	**At Amortised Cost $'000**	**Total $'000**
Financial Assets			
Cash and cash equivalents	56,699	–	56,699
Trade and other receivables[1]	53,281	–	53,281
Total financial assets	**109,980**	**–**	**109,980**
Financial liabilities			
Trade and other payables	–	61,352	61,352
Borrowings	–	204	204
Total financial liabilities	**–**	**61,556**	**61,556**

1. Trade and other receivables excludes prepayments of $3.8 million (2016: $3.5 million) and contract closure reimbursement $2.9 million (2016: $2.8 million).

There were no transfers between levels during the financial year.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Derivative financial instruments have been valued using market comparison technique. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

The fair values of financial assets and liabilities, together with their carrying amounts in the statement of financial position, for the consolidated entity are as follows:

Consolidated	2017 Carrying amount $'000	2017 Fair Value $'000	2016 Carrying amount $'000	2016 Fair Value $'000
Lease liability	(8,848)	(8,968)	(204)	(204)

All other assets and liabilities carrying amount is the same as the fair value.

Financial instruments not measured at fair value

Fair value of cash and cash equivalents, receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value of loans from banks and other financial liabilities, obligations under finance and hire purchase leases are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Financial risk management objectives

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. This framework is designed to identify, monitor and manage the material risks throughout the consolidated entity, to ensure risks remain within appropriate limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's activities. The consolidated entity, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the consolidated entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the consolidated entity. The Board of Directors is assisted in its oversight role by the Audit and Risk Committee, to which internal audit reports. Internal audit undertakes reviews of controls and procedures, the results of which are reported to the Audit and Risk Committee.

The consolidated entity has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Operational risk

This note presents qualitative and quantitative information about the consolidated entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

NOTE 14. FINANCIAL RISK MANAGEMENT CONTINUED

Currency risk

The consolidated entity is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than respective functional currencies of entities within the consolidated Group, which are primarily the Australian Dollar (AUD), but also the US Dollar (USD), New Zealand Dollar (NZD), Malaysian Ringgit (MYR), Nigerian Naira (NGN), Ghanaian Cedi (GHS), Indonesian Rupiah (IDR), Great British Pounds (GBP) and Mongolian Tugrik (MNT). The consolidated entity is also exposed to foreign currency risk on plant and equipment purchases that are denominated in a currency other than the AUD. The currencies giving rise to this risk are primarily US Dollar (USD) and European Euro (EUR).

The consolidated entity uses foreign exchange forward contracts to hedge its purchases of major items of plant and equipment that are denominated in a foreign currency when a firm commitment is made. As at 30 June 2017 there are no foreign exchange forward contracts in place.

In respect of other monetary assets and liabilities held in currencies other than the AUD, the consolidated entity ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The average exchange rates and reporting date exchange rates applied were as follows:

	Average exchange rates		Reporting date exchange rates	
Australian dollars	**2017**	**2016**	**2017**	**2016**
USD	0.7531	0.7283	0.7692	0.7426
NZD	1.0573	1.0908	1.0500	1.0489
MYR	3.2308	3.0031	3.3029	2.9905
NGN	288.94	145.76	281.91	209.78
MNT	1,775.21	1,456.06	1,801.49	1,472.02
IDR	9,999	9,953	10,252	9,790
GHS	3.12	2.83	3.35	3.33
GBP	0.59	0.49	0.59	0.55
SGD	1.0505	1.0121	1.0598	1.0027

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**
USD	7,104	4,254	–	–
SGD	48	–	–	–
MYR	1,365	1,567	–	–
IDR	3,728	4,793	(685)	(502)
NGN	113	2,169	–	–
GBP	4,935	–	–	–
MNT	–	1	–	–
GHS	162	202	–	–
NZD	120	712	–	–
	17,575	**13,698**	**(685)**	**(502)**

The following analysis demonstrates the increase/(decrease) to profit or loss and equity at the reporting date, assuming a 10 percent strengthening and a 10 percent weakening of the Australian dollar against the following currencies. This analysis also assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016.

	AUD strengthened			AUD weakened		
Consolidated – 2017	**% change**	**Effect on profit before tax $'000**	**Effect on equity $'000**	**% change**	**Effect on profit before tax $'000**	**Effect on equity $'000**
USD	10%	(646)	–	10%	789	–
SGD	10%	(4)	–	10%	5	–
MYR	10%	(124)	–	10%	152	–
IDR	10%	(277)	–	10%	338	–
NGN	10%	(10)	–	10%	13	–
GBP	10%	(449)	–	10%	548	–
MNT	10%	–	–	10%	–	–
GHS	10%	(15)	–	10%	18	–
NZD	10%	(11)	–	10%	13	–
		(1,536)	**–**		**1,876**	**–**

	AUD strengthened			AUD weakened		
Consolidated – 2016	**% change**	**Effect on profit before tax $'000**	**Effect on equity $'000**	**% change**	**Effect on profit before tax $'000**	**Effect on equity $'000**
USD	10%	(387)	–	0%	473	–
SGD	10%	–	–	0%	–	–
MYR	10%	(142)	–	0%	174	–
IDR	10%	(390)	–	0%	477	–
NGN	10%	(197)	–	0%	241	–
GBP	10%	–	–	0%	–	–
MNT	10%	–	–	0%	–	–
GHS	10%	(18)	–	0%	22	–
NZD	10%	(65)	–	0%	79	–
		(1,199)	**–**		**1,466**	**–**

Price risk

The consolidated entity is not exposed to any significant price risk.

NOTE 14. FINANCIAL RISK MANAGEMENT CONTINUED

Interest rate risk

Interest rate risk on variable rate borrowings is managed under the consolidated entity's approved Financial Risk Management Policy. Under this policy, interest rate exposures on committed capital finance borrowings can be hedged up to 75% (by volume). The hedging instruments approved by the Board of Directors for this purpose, are interest rate swaps and interest rate caps and floors.

As at the reporting date, the consolidated entity had the following variable rate exposed financial assets and liabilities:

Consolidated	2017 $'000	2016 $'000
Variable financial assets	62,925	56,699
Net exposure to cash flow interest rate risk (before hedging)	**62,925**	**56,699**

An analysis by remaining contractual maturities is shown in 'liquidity risk' section.

Fair value sensitivity analysis for fixed rate instruments

There are no fixed rate instruments at 30 June 2017.

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the increase/(decrease) to profit or loss and equity at the reporting date, assuming a change in interest rates of 100 basis points. This analysis also assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

	Basis points increase			Basis points decrease		
Consolidated – 2017	**Basis points change**	**Effect on profit before tax $'000**	**Effect on equity $'000**	**Basis points change**	**Effect on profit before tax $'000**	**Effect on equity $'000**
Variable rate instruments	100	629	–	100	(629)	–
		629	**–**		**(629)**	**–**

	Basis points increase			Basis points decrease		
Consolidated – 2016	**Basis points change**	**Effect on profit before tax $'000**	**Effect on equity $'000**	**Basis points change**	**Effect on profit before tax $'000**	**Effect on equity $'000**
Variable rate instruments	100	567	–	100	(567)	–
		567	**–**		**(567)**	**–**

Credit risk

Credit risk is the risk of financial loss to the consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the consolidated entity's receivables from customers and cash and cash equivalents.

Cash and cash equivalents

The consolidated entity limits its exposure to credit risk for cash and cash equivalents by only investing in liquid securities and with counterparties that have an acceptable credit rating where possible.

Trade and other receivables

The consolidated entity's exposure to credit risk is influenced mainly by the characteristics of each individual customer. The demographics of the consolidated entity's customer base, including the default risk of the industries and countries in which customers operate, has less influence on credit risk. Approximately 55% (2016: 48%) of the consolidated entity's revenue is attributable to sale transactions with a single customer. Geographically, the concentration of credit risk is in Australia.

Under the consolidated entity's systems and procedures, each new customer is analysed individually for creditworthiness before the consolidated entity's standard payment and delivery terms and conditions are offered. The exposure to credit risk is monitored on an ongoing basis. The consolidated entity's analysis includes external ratings, when available, and in some cases bank references. Credit risk is minimised by managing payment terms, receiving advance payments, receiving the benefit of a bank guarantee or by entering into credit insurance for customers considered to be at risk.

More than 61% (2016: 72%) of the consolidated entity's trade receivables exposed to credit risk are from customers who have been transacting with the consolidated entity for over three years.

The consolidated entity establishes an allowance for impairment that represents its estimate of expected/incurred losses in respect of trade and other receivables. At 30 June 2017 the consolidated entities collective impairment on its trade receivables was $0.2 million (2016: $1.3 million).

Guarantees

The consolidated entity's policy is to provide financial guarantees only to or for subsidiaries. Details of outstanding guarantees are provided in note 18.

Exposure to credit risk

The carrying amount of the consolidated entity's financial assets represents the maximum credit exposure. The consolidated entity's maximum exposure to credit risk at the reporting date was:

	Consolidated	
	2017 $'000	**2016 $'000**
Cash and cash equivalents	62,925	56,699
Receivables*	44,260	50,558
Total credit risk exposure	**107,185**	**107,257**

* Receivables are shown excluding work in progress and prepayments.

The consolidated entity's maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Consolidated	
	2017 $'000	**2016 $'000**
Mining customers	44,092	50,292
Other	168	266
Total credit risk exposure by customer	**44,260**	**50,558**

The consolidated entity's most significant trade receivable, a mining customer, accounts for $20.8 million of the trade receivables carrying amount at 30 June 2017 (2016: $16.1 million).

NOTE 14. FINANCIAL RISK MANAGEMENT CONTINUED

Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the consolidated entity's reputation.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Information about changes in term facilities during the year is disclosed in note 15. As at 30 June 2017, the undrawn amount on the term facility was $5.9 million (2016: $23.7 million). The facility was utilised for bank guarantees of $3.8 million (2016: $6.3 million). Outstanding individual lease agreements drawn under past facilities remain in place until their expiry date. In addition, the consolidated entity has a $20.0 million (2016: $71.3 million) insurance bond facility with $11.8 million (2016: $59.6 million) available at year end.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated – 2017	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade payables and accrued expenses	(68,619)	–	–	–	(68,619)
Other payables	(5,371)	–	–	–	(5,371)
Interest-bearing – variable					
Lease liability	(2,365)	(7,135)	–	–	(9,500)
Total non-derivatives	**(76,355)**	**(7,135)**	**–**	**–**	**(83,490)**

Consolidated – 2016	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade payables and accrued expenses	(58,233)	–	–	–	(58,233)
Other payables	(3,119)	–	–	–	(3,119)
Interest-bearing – variable					
Lease liability	(207)	–	–	–	(207)
Term facility	–	–	–	–	–
Total non-derivatives	**(61,559)**	**–**	**–**	**–**	**(61,559)**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above except in term facility payment.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the consolidated entity's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from the unexpected termination of contracts by customers, legal and regulatory requirements and generally accepted standards of corporate behaviour. This risk includes loss of major contract or non extension of current contracts. Operational risks arise from all of the consolidated entity's operations.

The consolidated entity's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the consolidated entity's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit (operating segments). This responsibility is supported by the development of overall consolidated entity's standards for the management of operational risk.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

PART F: DEBT AND EQUITY

NOTE 15. BORROWINGS

a) Current borrowings

	Consolidated 2017 $'000	Consolidated 2016 $'000
Lease liability	1,939	204
	1,939	**204**

Refer to note 14 for further information on financial instruments.

b) Non-current liabilities – borrowings

	Consolidated 2017 $'000	Consolidated 2016 $'000
Lease liability	6,909	–
	6,909	**–**

Refer to note 14 for further information on financial instruments.

Total secured liabilities

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

	Consolidated 2017 $'000	Consolidated 2016 $'000
Lease liability	8,848	204
	8,848	**204**

Details of currency, interest rate and year of maturity of borrowings are:

	Currency	Interest Rate Range	Calendar year of maturity	2017 $'000	2016 $'000
Finance lease liabilities	AUD	5.39%	2019	8,848	–
Finance lease liabilities	NGN	16.0%	2016	–	204
				8,848	**204**

Term facilities

In November 2016 the Company executed a $10 million multi–option financing facility (including a $0.3 million credit card facility). The facility has been extended to November 2017 can be used for general corporate purposes. $3.8 million of the facility is drawn at 30 June 2017 for bank guarantees.

Operating lease facility

As at 30 June 2017, the domestic operating lease facility was drawn by $39.9 million (2016: $37.3 million).

Assets pledged as security

The consolidated entity's hire purchase/finance lease liabilities are secured by the leased assets and in the event of default, the leased assets revert to the lessor. All remaining assets of the Group are pledged as security under the multi–option financing facility.

Finance lease liabilities are payable as follows:

	Minimum lease payments		Interest		Principal	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Finance lease liabilities						
Less than one year	2,365	207	426	3	1,939	204
Between one and 5 years	7,135	–	226	–	6,909	–
More than 5 years	–	–	–	–	–	–
	9,500	**207**	**652**	**3**	**8,848**	**204**

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

NOTE 16. EQUITY – ISSUED CAPITAL

	Consolidated			
	2017 Shares	2016 Shares	2017 $'000	2016 $'000
Ordinary shares – fully paid	1,200,920,894	1,210,487,874	390,575	392,480
Less: treasury shares	(13,042,548)	(14,716,948)	(5,781)	(6,523)
Ordinary shares	**1,187,878,346**	**1,195,770,926**	**384,794**	**385,957**

	The Company No. ordinary shares	
	2017	2016
On issue at 1 July	1,210,487,874	1,261,699,966
Repurchased and cancelled	(9,566,980)	(51,212,092)
On issue 30 June	**1,200,920,894**	**1,210,487,874**

NOTE 16. EQUITY – ISSUED CAPITAL CONTINUED

Ordinary shares

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

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

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The consolidated entity monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total equity. Net debt is calculated as 'total borrowings' less 'cash and cash equivalents' as shown in the statement of financial position. Total equity is as shown in the statement of financial position. At 30 June 2017 the consolidated entity was in a net cash position (Gearing ratio: nil).

Share buy–back

On 6 October 2015, the Company announced an on–market share buy–back of up to 10% over 12 months of its fully paid ordinary shares as part of a capital management plan. During the financial year, the Company acquired 9,566,980 shares (2016: 51,212,092 shares) at an average price of 11.1 cents per share (2016: 10.7 cents per share) for a total of $1,163,668 (2016; $5,432,691). The conclusion of the share buy back process taking the percentage of shares acquired for the 12 month period from October 2015 to 4.82%.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Shares purchased on market by the consolidated entity are recognised at fair value, less transaction costs and reduce issued capital.

NOTE 17. EQUITY – RESERVES

	Consolidated	
	2017 $'000	2016 $'000
Reserve for own shares (net of tax)	(5,781)	(6,523)
Foreign currency reserve (net of tax)	(4,640)	(6,410)
	(10,421)	**(12,933)**

Reserve for own shares

The reserve for the Company's own shares comprises the cost (net of tax) of the Company's shares held by the trustee of the consolidated entity's equity compensation plans which were purchased on-market in anticipation of vesting of share-based payment awards under the equity compensation plans. During the year no shares were purchased (2016: nil). As at 30 June 2017, there are 13,042,548 (2016: 14,716,948) unallocated Macmahon shares held in trust.

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on the net investments in foreign operations. The foreign currency translation reserve is reclassified to the profit and loss either on sale or cessation of the underlying foreign operation.

At 30 June 2017 $6,982,000 was reclassified to the profit and loss from the foreign currency translation reserve.

Hedging reserve – cash flow hedges

The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Reserve for own shares $'000	Foreign currency $'000	Hedging $'000	Total $'000
Balance at 30 June 2015	**(4,581)**	**2,862**	**251**	**(1,468)**
Foreign currency translation	–	(9,272)	–	(9,272)
Derecognition of deferred tax asset (note 4c)	(1,942)	–	–	(1,942)
Cash flow hedges – reclassified to profit or loss	–	–	(251)	(251)
Balance at 30 June 2016	**(6,523)**	**(6,410)**	**–**	**(12,933)**
Foreign currency translation	–	1,770	–	1,770
Treasury shares allocated on vesting performance rights	742	–	–	742
Balance at 30 June 2017	**(5,781)**	**(4,640)**	**–**	**(10,421)**

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year (2016: nil)

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

PART G: UNRECOGNISED ITEMS

NOTE 18. CONTINGENT LIABILITIES

The following identifiable contingencies exist at 30 June 2017:

	Consolidated	
	2017 $'000	**2016 $'000**
Bank guarantees	3,794	6,295
Insurance performance bonds	8,150	11,675
	11,944	**17,970**

Bank guarantees and insurance bonds are issued to contract counterparties in the normal course of business as security for the performance by Macmahon of various contractual obligations.

Other contingent liabilities

Bank guarantees and insurance bonds are issued to contract counterparties in the normal course of business as security for the performance by Macmahon of various contractual obligations. Macmahon is also called upon to give guarantees and indemnities direct to contract counterparties in relation to the performance of contractual and financial obligations. The value of these guarantees and indemnities is indeterminable.

Macmahon has the normal contractor's liability in relation to its current and completed mining and construction projects (for example, liability relating to design, workmanship and damage), as well as liability for personal injury and property damage during a project. Potential liability may arise from claims, disputes and/or litigation against Group companies and/or joint venture arrangements in which the Group has an interest. Macmahon is currently managing a number of claims, disputes and litigation processes in relation to its contracts, as well as in relation to personal injury and property damage arising from project delivery.

On 9 November 2015, Macmahon was served with a shareholder class action filed in the Federal Court of Australia by ACA Lawyers. The action was filed on behalf of shareholders who acquired Macmahon securities between 2 May 2012 and 19 September 2012 and relates to disclosures by Macmahon in 2012 regarding the now completed Hope Downs 4 contract. Macmahon denies any wrong doing and is defending the proceeding.

Macmahon does not consider there is a reasonable basis on which to assess or estimate any potential liability and, therefore, continues to treat the proceeding as an unquantified contingent liability.

NOTE 19. COMMITMENTS

	Consolidated	
	2017 $'000	**2016 $'000**
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	47,021	3,168
	47,021	**3,168**
Lease commitments – operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	15,086	9,287
One to five years	14,984	17,880
	30,070	**27,167**

Operating lease facility

The consolidated entity leases a number of offices and industrial workshop facilities. The leases typically run for a period of 10 years, with an option to renew the lease after that date. Some leases provide for additional payments that are based on changes in a local price index or CPI. The consolidated entity does not have an option to purchase the leased assets at the expiry of their lease period.

Operating leases – equipment

On 31 July 2013, the consolidated entity entered into a Master Operating Lease Agreement for plant and equipment. The leases typically run for a term of 3 to 5 years with the ability to extend for up to 3 years after that date. The consolidated entity has an option to purchase the assets at the expiry of their lease period. As at 30 June 2017, the total value of outstanding operating leases was $39.9 million (2016: $37.3 million).

Finance leases – equipment

Finance lease commitments in Note 15 include contracted amounts for various plant and equipment with a written down value of $8.8 million (2016: $5.3 million) under finance leases. Under the terms of the leases, the consolidated entity has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Major component expenditure on operating leased equipment is capitalised to plant and equipment and amortised over the shorter of the remaining lease term or the useful life of the component.

NOTE 20. EVENTS AFTER THE REPORTING PERIOD

AMNT Transaction

The AMNT transaction was approved by Macmahon shareholders at a General Meeting on 12 July 2017. Completion of the Transaction occurred on 8 August 2017. This involved:

a) the issue of 954,064,924 new Macmahon shares to a related party of AMNT, bringing the total number of Macmahon shares on issue to 2,154,985,818;
b) AMNT transferring mobile mining equipment assets valued at US$145.6 million to Macmahon Indonesia;
c) the mining services contract with AMNT becoming effective; and
d) two new Directors joining the Macmahon Board, Mr Alex Ramlie and Mr Arief Sidarto.

Following completion of the transaction AMNT's related party has an interest in 44.3% of Macmahon's total shares on issue.

For details of the AMNT transaction please refer to the Notice of Meeting for the AMNT Transaction published on the ASX website on 13 June 2017.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2017

PART H: OTHER INFORMATION/GROUP STRUCTURE

NOTE 21. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy:

Name	Principal place of business/Country of incorporation	Ownership interest 2017 %	2016 %
Incorporated subsidiaries			
Macmahon Contractors Pty Ltd	Australia	100.00%	100.00%
Macmahon Contractors (WA) Pty Ltd*	Australia	100.00%	100.00%
Macmahon (Southern) Pty Ltd*	Australia	100.00%	100.00%
Macmahon Mining Services Pty Ltd	Australia	100.00%	100.00%
Doorn-Djil Yoordaning Mining and Construction Pty Ltd	Australia	100.00%	100.00%
Macmahon Underground Pty Ltd	Australia	100.00%	100.00%
Macmahon Africa Pty Ltd*	Australia	100.00%	100.00%
Macmahon Malaysia Pty Ltd	Australia	100.00%	100.00%
Macmahon Rail Pty Ltd*	Australia	100.00%	100.00%
Macmahon Contractors (NZ) Ltd*	New Zealand	100.00%	100.00%
PT Macmahon Indonesia	Indonesia	100.00%	100.00%
PT Macmahon Mining Services	Indonesia	50.00%	50.00%
Macmahon Contractors Nigeria Ltd**	Nigeria	100.00%	100.00%
Macmahon Sdn Bhd	Malaysia	100.00%	100.00%
Macmahon Constructors Sdn Bhd*	Malaysia	100.00%	100.00%
Macmahon Contracting International Pte Ltd	Singapore	100.00%	100.00%
Macmahon Mongolia Holdings Pte Ltd*	Singapore	100.00%	100.00%
Macmahon Mongolia LLC*	Mongolia	100.00%	100.00%
Macmahon Contracting Ghana Limited	Ghana	100.00%	100.00%
Macmahon Rail Holdings Pty Ltd*	Australia	100.00%	100.00%
Macmahon Rail Investments Pty Ltd*	Australia	100.00%	100.00%
Macmahon Rail Operations Pty Ltd*	Australia	100.00%	100.00%
Thomco (No. 2020) Pty Ltd*	Australia	100.00%	100.00%
Thomco (No. 2021) Pty Ltd*	Australia	100.00%	100.00%
Thomco (No. 2022) Pty Ltd*	Australia	100.00%	100.00%
Macmahon Botswana (Pty) Ltd*	Botswana	100.00%	100.00%
Interest in trusts			
Macmahon Holdings Limited Employee Share Ownership Plan Trust	Australia	100.00%	100.00%
Macmahon Underground Unit Trust	Australia	100.00%	100.00%

*Entities were inactive during the year.

**Macmahon Contractors Nigeria Ltd ceased operations during the year. Refer to Note 29 for additional information.

NOTE 22. INTERESTS IN JOINT VENTURES

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the consolidated entity are set out below:

		Ownership interest	
Name	**Principal activities**	**2017 %**	**2016 %**
PT Macmahon Mining Services	Mining services	50.00%	50.00%
Macmahon/Adasa JV*	Non-active	50.00%	50.00%
Gooring Jimbila Contracting JV*	Non-active	50.00%	50.00%
Malana JV*	Non-active	50.00%	50.00%
Marapikurrinya JV*	Non-active	45.00%	45.00%
Karara Yamatji JV*	Non-active	50.00%	50.00%
Tonkin Highway JV*	Non-active	50.00%	50.00%
Roe Highway JV*	Non-active	50.00%	50.00%
Hale Street Link JV*	Non-active	33.33%	33.33%
Ross River Dam JV*	Non-active	50.00%	50.00%
Bell Bay Alliance JV*	Non-active	20.00%	20.00%
Rail Link JV*	Non-active	25.00%	25.00%
Eyre Peninsula JV*	Non-active	50.00%	50.00%

* Joint Ventures that were deregistered or not active during the year.

Investments accounted for using the equity method

	Consolidated	
	2017 $'000	**2016 $'000**
Loans to PT Macmahon Mining Services	–	2,145
Investment in PT Macmahon Mining Services at cost	3,662	3,515
Other investments	96	25
Share of profit of equity-accounted investees, net of tax	3,133	609
	6,891	**6,294**

PT Macmahon Mining Services is a joint venture in which the Group has joint control and a 50% ownership interest. The Company is involved in contract mining services in Indonesia and is not publicly listed.

PT Macmahon Mining Services is structured as a separate vehicle and the Group has a residual interest in the net assets of the entity. Accordingly, the Group has classified its interest in PT Macmahon Mining Services as a joint venture. In accordance with the agreement between the shareholders of PT Macmahon Mining Services, the Group and the other investor in the joint venture have agreed to ensure the joint venture has sufficient funds to perform its contract to provide mining services at the Martabe project. The commitment has not been recognised in these consolidated financial statements.

The following table summarises the financial information of the Group's joint ventures as included in their own financial statements, adjusted for fair value adjustments and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in joint ventures.

NOTE 22. INTERESTS IN JOINT VENTURES CONTINUED

Summary financial information for equity accounted investees, unadjusted for percentage ownership held by the consolidated entity (100%):

	2017 $'000	2016 $'000
Summarised statement of financial position		
Cash	4,680	10,649
Other current assets (excluding cash)	19,173	4,612
Total current assets	**23,853**	**15,261**
Total non-current assets	**15,228**	**19,452**
Total assets	**39,081**	**34,713**
Current payables	(11,165)	(1,698)
Current borrowings external	(1,268)	(3,819)
Total current liabilities	**(12,433)**	**(5,517)**
Non-current borrowings – external	(10,801)	(13,652)
Other non-current financial liabilities (shareholder loans)	(2,066)	(13,981)
Total non-current liabilities	**(12,867)**	**(27,633)**
Total liabilities	**(25,300)**	**(33,150)**
Net assets (100%)	**13,781**	**1,563**
Group's share of net assets (50%)	6,891	782
Group's share of other non-current financial liabilities	–	5,512
	6,891	**6,294**
Summarised statement of profit or loss and other comprehensive income		
Revenue	57,387	26,613
Finance Costs	(740)	(728)
Depreciation	(3,493)	(4,249)
Other Expenses	(46,844)	(20,015)
Profit before income tax	**6,310**	**1,621**
Tax	(1,262)	(403)
Net profit after tax (100%)	**5,048**	**1,218**
Share of profit of equity-accounted investees, net of tax (50%)	**2,524**	**609**
Dividends received by the Group	–	–

To support the activities of the joint venture, the consolidated entity and the other investors in the joint venture have agreed to make additional contribution in proportion to the interest to make up any losses, if required. The jointly controlled entities do not have any capital commitments.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income.

NOTE 23. RELATED PARTY TRANSACTIONS

Parent entity

Macmahon Holdings Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 21.

Joint ventures

Interests in joint ventures are set out in note 22.

Key management personnel

Disclosures relating to key management personnel are set out in note 24 and the remuneration report in the Directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2017 $	**2016 $**
Recharges	713	668
Management fee charged to Joint Venture	3,381	1,061

Receivable from and payable to related parties

	Consolidated	
	2017 $	**2016 $**
Receivable from Joint Venture	1,381	1,729

Loans to/from related parties

	Consolidated	
	2017 $	**2016 $**
Loan to Joint Venture	–	2,145

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 24. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2017 $	**2016 $**
Short-term employee benefits	1,404,747	1,204,690
Long-term employee benefits	5,310	70,754
Post-employment benefits	88,274	81,103
Leave benefits	59,582	–
Share-based payments	(36,307)	76,042
	1,521,606	**1,432,589**

NOTE 25. SHARE-BASED PAYMENTS

The consolidated entity has the following equity compensation plans in place to remunerate executives and employees of the Group:

- Macmahon Executive Equity Plan ("EEP" or "LTI Plan")

Macmahon EEP or LTI Plan

The LTI Plan provides Executives (including the CEO) and other senior personnel with the opportunity to receive fully paid shares in Macmahon for no consideration, subject to specified time restrictions, continuous employment and performance conditions being met. Each performance right will entitle participants to receive one fully paid ordinary share at the time of vesting. The LTI Plan is designed to assist with employee retention, and to incentivise employees to maximise returns and earnings for shareholders.

Participants are granted Performance Rights, which are contractual rights to receive fully paid shares in Macmahon, subject to the LTI Plan conditions being satisfied. The Board determines which Executives are eligible to participate and the number of rights granted. Each right will entitle the participant to receive one fully paid ordinary Macmahon share on vesting.

		Performance period	
Performance rights effective on 1 July 2012	**Time-based condition only ending 1/07/2015**	**3 years ending 1/07/2015**	**4 years ending 1/07/2016**
		Tranche 1	*Tranche 2*
Tranche and number of Performance Rights	1,597,000	1,597,000	4,791,000
Vesting performance condition			
TSR Ranking 75% or higher of the TSR of two peer groups (50% weighting to each peer group)		1,597,000	4,791,000
TSR Ranking 50%-75% of the TSR of two peer groups (50% weighting to each peer group)	–	798,500 plus 2% for each percentile above 50%	2,395,500 plus 2% for each percentile above 50%
TSR Ranking below 50% of the TSR of two peer groups (50% weighting to each peer group)	–	Nil	Nil

There were no remaining 2012 performance rights at 30 June 2017 as these rights lapsed.

Performance rights effective on 1 July 2013	Performance period 3 years ending 1/07/2016	 3 years ending 1/07/2016
	Tranche 1	*Tranche 2*
Tranche and number of Performance Rights	8,000,000	8,000,000
Vesting performance condition		
At or above 27% EPS CAGR	8,000,000	
EPS Between 6% EPS CAGR and 27% EPS CAGR	4,000,000 plus 2.38% for each additional EPS CAGR % above 6% CAGR	
Less than 6% EPS CAGR and 27% EPS CAGR	Nil	
TSR Ranking 75% or higher of the TSR of two peer groups		8,000,000
TSR Ranking 50%-75% of the TSR of two peer groups (50% weighting to each peer group)		4,000,000 plus 2% for each percentile above 50%
TSR Ranking below 50% of the TSR of two peer groups (50% weighting to each peer group)		Nil

On 1 July 2016, 1,674,400 performance rights vested. There were no remaining 2013 performance rights at 30 June 2017.

Performance rights effective on 1 July 2014	Performance period 3 years ending 1/07/2017	 3 years ending 1/07/2017
	Tranche 1	*Tranche 2*
Tranche and number of Performance Rights	10,550,000	10,550,000
Vesting performance condition		
At or above 12% EPS CAGR	10,550,000	
EPS Between 5% EPS CAGR and 12% EPS CAGR	5,275,000 plus 7.14% for each additional EPS CAGR % above 5% CAGR	
Less than 5% EPS CAGR and 12% EPS CAGR	Nil	
TSR Ranking 75% or higher of the TSR of two peer groups		10,550,000
TSR Ranking 50%-75% of the TSR of two peer groups (50% weighting to each peer group)		5,275,000 plus 2% for each percentile above 50%
TSR Ranking below 50%[1] of the TSR of two peer groups (50% weighting to each peer group)		Nil

At 30 June 2017 the amount of performance rights decreased to 3,700,000 as a result of redundancies and resignations.

NOTE 25. SHARE-BASED PAYMENTS CONTINUED

Performance rights effective on 1 July 2016	Performance period: 3 years ending 1/07/2019
	Tranche 1
Tranche and number of Performance Rights	12,659,501
Vesting performance condition	
Less than 17% CAGR in Absolute TSR	0%
17% CAGR in Absolute TSR	50%
25% or more CAGR in Absolute TSR	100%
Between 17% and 25% CAGR in Absolute TSR	Pro-rata between 50% and 100%

At 30 June 2017 the number of performance rights decreased to 8,418,502 as a result of redundancies and resignations.

The two comparator groups for the TSR calculation for plans up until and including 2012 are:

- ASX 200: the constituents of the ASX 200 index; and
- Peer group: a group of seven companies consisting of Ausdrill Limited, Downer EDI Limited, Leighton Holdings Limited (now Cimic Group Limited), Monadelphous Group Limited, NRW Holdings Limited, Transfield Services Limited and UGL Limited.

The two comparator groups for the TSR calculation for the 2013 plan onwards are:

- All companies in the S&P ASX 200 that are ranked 101 to 200 and have Global Industry Classification Standard ("GICS") classification of Materials and Industries as at the commencement of the performance period; and
- Peer group: a group of eight companies consisting of Ausdrill Limited, Decmil Group Limited, Downer EDI Limited, Leighton Holdings Limited (now Cimic Group Limited), MACA Limited, Monadelphous Group Limited, Emeco Holdings Limited and NRW Holdings Limited.

Information about performance rights and share options outstanding at year end

The following unvested unlisted Executive performance rights were outstanding at year end under the Macmahon EEP LTI Plan:

	Executive performance rights	
	2017	**2016**
Balance at start of the year	17,505,741	23,996,625
Granted during the year	12,659,501	–
Vested during the year	(1,674,400)	(404,997)
Expired during the year	(4,481,341)	(1,745,425)
Forfeited during the year	(11,890,999)	(4,340,462)
Balance at the end of year	**12,118,502**	**17,505,741**

Share-based payments recognised in employee benefits expense

The following amounts were recognised as employee benefits expense in profit or loss, in connection with the Company's equity compensation plans:

	Consolidated	
	2017 $'000	**2016 $'000**
Performance rights	(185)	737
Total (income)/expense recognised in employee benefits expense	**(185)**	**737**

Measurement of grant date fair values

The following inputs were used in the measure of the fair values at grant date of the 2017 share-based payment plans:

	Performance rights	
	Key management personnel	**Senior employees**
Fair value at grant date	$0.075	$0.075
Share price at grant date	$0.125	$0.125
Expected volatility (weighted average volatility)	55.00%	55.00%
Optional life (expected weighted average life)	2.9 years	2.9 years
Expected dividends	0%	0%
Risk-free interest rate (based on government bonds)	1.42%	1.42%

Expected volatility is estimated taking into account historic average share price volatility

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial, Black-Scholes or Monte Carlo model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Share-based payments

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial, Monte Carlo or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

NOTE 25. SHARE-BASED PAYMENTS CONTINUED

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

If any performance rights have been forfeited for failure to complete a service period, the costs of the performance rights costs are trued up i.e., amounts previously expensed are no longer incurred and accordingly reversed in the current year. This policy is applied irrespective of whether the employee resigns voluntarily or is dismissed by the Company.

NOTE 26. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the parent entity, and its international network firms:

	Consolidated	
	2017 $	**2016 $**
Audit services – KPMG		
Audit or review of the financial statements – Australia	294,000	214,300
Audit or review of the financial statements – Network firms	110,494	145,000
	404,494	**359,300**
Other services – KPMG		
Tax services – Australia	29,875	34,750
Tax services – Network firms	55,202	52,425
Other assurance services	151,523	7,038
	236,600	**94,213**
	641,094	**453,513**

NOTE 27. DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial statements, and Directors' report.

It is a condition of the Class Order that Macmahon Holdings Limited ("the Company") and each of the subsidiaries ("Extended Closed Group") below enter into a Deed of Cross Guarantee ("Deed"). The effect of the Deed is that the Company guarantees to each creditor, payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The following entities are party to a Deed of Cross Guarantee under which each company guarantees the debts of the others:

Macmahon Southern Pty Ltd

Macmahon Mining Services Pty Ltd

Macmahon Underground Pty Ltd

Macmahon Contractors Pty Ltd

Macmahon Rail Pty Ltd

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position, comprising the Company and its controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at the end of the financial year.

	Consolidated	
Statement of profit or loss and other comprehensive income	**2017 $'000**	**2016 $'000**
Revenue	328,078	247,540
Other income	4,343	5,887
Materials and consumables used	(159,288)	(109,580)
Employee benefits expense	(125,327)	(97,927)
Subcontractor costs	(5,888)	(6,663)
Depreciation and amortisation expense	(31,944)	(25,588)
Equipment and office expenses under operating leases	(14,178)	(18,643)
Net finance costs	(639)	70
Other expenses	(21,775)	22,704
(Loss)/profit before income tax expense	(26,618)	17,800
Income tax benefit	159	112
(Loss)/profit after income tax expense	(26,459)	17,912

	Consolidated	
Other comprehensive income	**2017 $'000**	**2016 $'000**
Cash flow hedges transferred to profit or loss, net of tax	–	(251)
Foreign currency translation	(930)	–
Other comprehensive income for the year, net of tax	**(930)**	**(251)**
Total comprehensive loss for the year	**(27,389)**	**17,661**

	Consolidated	
Equity – retained profits	**2017 $'000**	**2016 $'000**
Accumulated losses at the beginning of the financial year	(289,011)	(307,409)
Loss after income tax expense	(26,459)	17,661
Share-based payments	(927)	737
Accumulated losses at the end of the financial year	**(316,397)**	**(289,011)**

NOTE 27. DEED OF CROSS GUARANTEE CONTINUED

Statement of financial position	2017 $'000	2016 $'000
Current assets		
Cash and cash equivalents	57,452	45,083
Trade and other receivables	45,647	44,707
Inventories	25,672	22,316
Income tax	12,876	12,750
Assets of disposal groups classified as held for sale	3,079	9,210
	144,726	**134,066**
Non-current assets		
Receivables	31,663	49,446
Other financial assets	34,139	33,402
Property, plant and equipment	112,348	97,242
Intangibles	–	–
Deferred tax	164	86
	178,314	**180,176**
Total assets	**323,040**	**314,242**
Current liabilities		
Trade and other payables	69,037	47,105
Borrowings	1,939	–
Employee benefits	7,807	10,201
Provisions	11,171	16,242
Liabilities directly associated with assets classified as held for sale	–	1,834
	89,954	**75,382**
Non-current liabilities		
Payables	160,040	147,040
Borrowings	6,909	–
Deferred tax liabilities	–	–
Employee benefits	3,396	342
	170,345	**147,382**
Total liabilities	**260,299**	**222,764**
Net assets	**62,741**	**91,478**
Equity		
Issued capital	384,794	385,957
Reserves	(5,656)	(5,468)
Accumulated losses	(316,397)	(289,011)
Total equity	**62,741**	**91,478**

NOTE 28. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2017 $'000	**2016 $'000**
Profit/(Loss) after income tax	8,110	17,148
Total comprehensive profit/(loss)	**8,110**	**16,897**

Statement of financial position

	Parent	
	2017 $'000	**2016 $'000**
Total current assets	13,302	18,330
Total assets	**149,021**	**138,788**
Total current liabilities	(2,047)	(1,175)
Total liabilities	**(58,307)**	**(55,021)**
Equity		
Issued capital	384,794	385,957
Reserve for own shares	(5,781)	(6,523)
Accumulated losses	(288,299)	(295,667)
Total equity	**90,714**	**83,768**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of some of its subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed, are disclosed in note 27.

Contingent liabilities

Refer to note 18 for information in relation to the shareholder class action.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity.

NOTE 29. DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE

a) Discontinued operations

Nigeria

In October 2016 Macmahon ceased operations at the Calabar mine site in Nigeria. Operations ceased on 28 October 2016 and demobilisation commenced in November 2016. The contract was scheduled to conclude in 2018 but the operation had been underperforming due to ongoing low mining volumes linked to the client's production plant and high rental and maintenance costs.

A provision for project closure costs of $1.3 million was raised during the financial year.

At 30 June 2017 the cash balance in the Nigerian operations totalled $0.1 million. This balance is included in the Group cash balance however it is not readily available for repatriation at official exchange rates but is available over time through the government sanctioned parallel market.

Other

At 30 June 2017 Management made the decision not to return to seek additional opportunities in certain geographical locations. As a result the foreign currency translation reserve was released to the profit or loss and the 2016 discontinued operations has been restated.

b) Results of discontinued operations – Nigeria and Other

	2017 $'000	2016 $'000
Nigeria Discontinued Operations		
Revenue	6,595	34,233
Expenses	(12,251)	(44,386)
Results from operating activities	**(5,656)**	**(10,153)**
Profit on sale of assets	786	1
Foreign currency difference on closure of foreign operations reclassified to profit and loss	(9,656)	–
Impairment	(1,683)	–
Early termination fee	(1,352)	–
Closure costs	(1,284)	–
Foreign currency exchange differences	31	1,488
Inventory writedown	–	(6,480)
Results from operating activities	**(18,814)**	**(15,144)**
Income tax benefit	(422)	–
Loss after income tax expense – Nigeria	**(19,236)**	**(15,144)**
Other Discontinued Operations		
Foreign currency difference on closure of foreign operations reclassified to profit and loss	1,664	–
Other gain/(loss)	264	6,531
Profit before tax	**1,928**	**6,531**
Income tax expense	44	(456)
Total other discontinued operations	**1,972**	**6,075**
Total Nigeria and Other discontinued operations	**(17,264)**	**(9,069)**
Basic (loss)/earnings per share (cents)	(1.45)	(0.73)
Diluted earnings/(loss) per share (cents)	(1.45)	(0.73)

c) Cash flows from/(used in) discontinued operations – Nigeria

	2017 $'000	2016 $'000
Net cash flows from/(used in) operating activities	(795)	(2,065)
Net cash flows from/(used in) investing activities	3,700	(243)
Net cash flows (used in)/from financing activities	(4,675)	3,358
Exchange rate variations	(383)	(859)
Net cash flow for the year	**(2,153)**	**191**

d) Assets classified as held for sale – Australia

Assets classified as held for sale include surplus mining plant and equipment which the company is actively marketing for sale amounting to $3.1 million (30 June 2016: $8.1 million). Discontinued operations comprise the remaining balance of the assets classified as held for sale amounting to nil (30 June 2016: $1.1 million).

Significant accounting policies

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

NOTE 30. OTHER SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Changes in accounting policy

The accounting policies applied in these financial statements are the same as those applied in the consolidated entity's annual financial statements as at and for the year ended 30 June 2016, except for new and revised or amended Accounting Standards below.

New, revised or amended Accounting Standards and Interpretations adopted:

AASB 2015-2: Disclosure Initiative (AASB 101)

AASB 2014-3: Accounting for Acquisitions of Interests in Joint Operations

The above have had no significant impact to the financial statements.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Standards and interpretations

Certain new standards and interpretations have been published that are not effective for the 30 June 2017 reporting period. The Group's assessment of the impact of those new standards and interpretations considered relevant to the Group are set out below;

AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)

AASB 15 establishes a model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled when control of the goods or services passes to the customer. The Group plans to adopt the new standard during the 30 June 2019 reporting period.

NOTE 30. OTHER SIGNIFICANT ACCOUNTING POLICIES CONTINUED

AASB 16 leases (effective 1 January 2018)

AASB 16 will result in leases being recognised on the Balance Sheet and the distinction between operating and finance leases removed. The standard will primarily affect the accounting for the Group's operating leases which will require the present value of the leases captured by the standard being recognised as right to use assets and lease liabilities on the balance sheet. The Group plans to adopt the new standard during the 30 June 2019 reporting period.

AASB 9 Financial Instruments (effective 1 January 2018)

AASB 9 Financial Instruments – published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition for financial instruments from IAS 39. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 9.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, defined benefit plan assets and liabilities and derivative financial instruments which are stated at their fair value. Certain property, plant and equipment and inventory is recognised at fair value less costs to sell and net realisable value respectively.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are included in the respective notes to the financial statements.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 28.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Macmahon Holdings Limited ('parent entity' or 'parent entity') as at 30 June 2017 and the results of all subsidiaries for the year then ended. Macmahon Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Interest in equity accounted investees

The consolidated entity's interests in equity accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the consolidated entity has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the consolidated entity has joint control, whereby the consolidated entity has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in associates and the joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the consolidated entity's share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Macmahon Holdings Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, at the reporting date exchange rates, are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated to the functional currency at the exchange rate at that date. The income and expenses of foreign operations are translated into Australian dollars at the average exchange rates for the period. Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are recognised to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2017

NOTE 30. OTHER SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Revenue recognition

Revenue (including maintenance services) is recognised when the services are provided and is based on surveys of work performed where applicable. Revenues are based on volumes of work performed on a monthly basis and in certain contracts are performed throughout the first life of the underlying mine or continuously throughout the duration of the contract.

Revenue is recognised at the fair value of the consideration received or receivable, to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The consolidated entity is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes, and the remuneration report on pages 31 to 39 in the Directors' report, are in accordance with the Corporations Act 2001, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 30 and throughout the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date and comply with Australian Accounting Standards and the *Corporations Regulations 2001*;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee (pursuant to ASIC Class Order 98/1418) described in note 27 to the financial statements.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001.*

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001.*

On behalf of the Directors

J A Walker
Director

24 August 2017
Perth

Michael Finnegan
Chief Executive Officer

24 August 2017
Perth

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

To the shareholders of Macmahon Holdings Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Macmahon Holdings Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2017
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Recoverability of non-operating plant and equipment.
- Assessment of potential onerous contract – Telfer.

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Recoverability of non-operating plant and equipment ($ 16.7m)	
Refer to Note 13 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The Group has certain non-operating plant and equipment which is not allocated to operating sites or contracts at the present time. The recoverability of these assets is considered a key audit matter due to the significant value and the potential for negative impact on sales values given fluctuating market conditions and demand. These conditions increase the estimation uncertainty and the associated audit risk. The Group have determined the recoverable amount of these assets at year end based on a combination of external valuations obtained in prior years and internal assessments of current market conditions on the value of these assets, including recent sales prices obtained. The assets are carried at the lower of cost and the Group's assessment of recoverable amount.	Our procedures included: • Assessing the competency and objectivity of the external valuers. • Considering the appropriateness of the valuation methodology adopted for consistency with accounting standards, industry practice and Group policy. • Challenging the Group's assessments by checking, on a sample basis, the asset valuations included in valuers' reports taking into consideration recent sales prices achieved by the Group on similar assets and market information regarding selling prices for similar assets currently available in the market.

Assessment of potential onerous contract - Telfer	
Refer to Note 12 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The assessment of a potential onerous contract for the Telfer Mining Services Contract is considered a key audit matter due to the Telfer Contract incurring significant losses to date and the estimation uncertainty in forecasting cashflows leading to an increased audit risk. The Group's assessment as to whether the contract is onerous is based on whether forecast cashflows over the remaining contract term are positive. We focused on evaluating the Group's assessment of future cashflows, in particular the impact of various productivity initiatives including completion of the equipment rectification and anticipated improved financial and operational performance.	Our procedures included: In relation to losses incurred to date we assessed the Group's analysis of the actual costs incurred against the following sources, for consistency of application and performance: • Reading monthly management reports. • Obtaining and reading correspondence between the Group and Telfer for evidence of performance issues and concerns. • Discussing contract performance with operational management. In relation to the forecast cashflows over the remaining contract term we challenged their composition against the following sources, for feasibility and consistency: • Reading the terms of the contract including performance standards and conditions and variations.

KPMG

	• Comparing to past events resulting in losses from our testing outlined earlier.
	• Assessing future changes aimed to improve financial and operational performance.
	• Reading the following for evidence of issues or concerns relevant to the forecast period:
	  • correspondence between the Group and Telfer.
	  • minutes of the monthly management meetings between Telfer and the Group.
	  • the Group's monthly board minutes.
	• Inspecting updated mine plans and production schedules.

Other Information

Other Information is financial and non-financial information in Macmahon Holdings Limited annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Macmahon Holdings Limited for the year ended 30 June 2017, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 31 to 39 of the Directors' report for the year ended 30 June 2017.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Denise McComish
Partner

Perth

24 August 2017

SUMMARY OF CONSOLIDATED RESULTS

Profit and Loss ($m)	2017	2016	2015	2014	2013
Revenue from continuing operations	359.6	312.2	660.2	1,015.9	1,165.5
Underlying EBITDA	31.8	42.5	97.0	171.0	172.0
Depreciation and amortisation	(33.5)	(28.8)	(59.6)	(101.7)	(85.6)
Underlying EBIT	(1.7)	13.8	37.4	69.3	86.4
Significant and non-recurring items and impairment	(3.4)	(2.1)	(233.8)	(2.0)	(1.8)
Reported EBIT	(5.1)	11.7	(196.4)	67.3	84.6
Net interest	(0.1)	(0.7)	(23.7)	(18.8)	(18.3)
Reported operating profit/(loss) before tax	(5.2)	11.0	(220.1)	48.5	66.3
Tax (expense)/benefit	(0.3)	(0.2)	(0.5)	(19.6)	(22.7)
Reported NPAT from continuing operations	(5.5)	10.8	(220.6)	28.9	43.6
Minority interest ("MI")	–	–	–	–	–
Reported NPAT attibutable to Macmahon	**(5.5)**	**10.8**	**(220.6)**	**28.9**	**43.6**
Add: significant and non-recurring items (net of tax and MI)[1]	**3.4**	**2.1**	**233.8**	**2.0**	**1.3**
Underlying NPAT attributable to Macmahon	**(2.1)**	**12.9**	**13.2**	**30.9**	**44.9**
Balance Sheet ($m)					
Plant and equipment	122.7	117.7	141.5	442.9	471.1
Total assets	295.0	300.1	524.3	823.7	944.5
Net assets	185.0	207.4	221.8	432.2	401.2
Equity attributable to Macmahon	185.0	207.4	221.8	432.2	401.2
Net debt/(net cash)	(54.1)	(56.5)	(74.2)	55.9	61.7
Cash Flow ($m)					
Underlying EBITDA	31.8	42.5	100.8	172.9	67.5
Net interest paid	(0.1)	(1.0)	(10.8)	(15.9)	(18.8)
Income tax (paid)/refund	–	(2.8)	(1.9)	(8.7)	(9.6)
Working capital, provisions and other non cash items decrease/(increase)	(1.5)	(29.7)	(34.3)	(70.4)	69.5
Operating cash flow including JV	30.2	9.0	53.8	77.9	108.6
Investing and financing cash flows (net)	(23.1)	(188.6)	70.6	(122.3)	(91.6)
Effect of exchange rates on cash	(0.9)	(0.6)	3.1	0.3	1.5
Cash at beginning of financial year	56.7	236.9	109.4	153.5	134.9
Closing cash balance	**62.9**	**56.7**	**236.9**	**109.4**	**153.4**

1. Significant and non-recurring items in:
   - 2017 includes the takeover defence costs;
   - 2016 relates to onerous lease provisions;
   - 2015 relates to property, plant and equipment impairment, inventory write downs and onerous lease provisions; and
   - 2013 includes the Construction Business represented as a discontinued operation.

	2017	2016	2015	2014	2013
People and Safety					
Number of employees	1,659	1,529	1,295	2,467	3,495
LTIFR	0.4	1.1	0.9	0.9	0.9
TRIFR	5.7	4.5	5.4	8.5	7.7
Order Book					
Work in hand ($m)[1]	4,973	1,507	1,150	2,573	3,230
New contracts and extension ($m)[2]	3,889	624	68	387	1,846
Revenue growth (%)	15.2	(52.7)	(35.0)	(12.8)	(29.9)
Reported NPAT/Total revenue (%)	(1.5)	3.5	(33.4)	2.8	(3.7)
Underlying NPAT/Total revenue (%)[3]	(0.6)	4.1	2.0	3.0	(3.8)
EBIT interest cover (x)	(33.8)	18.0	(8.3)	3.6	(4.6)
Reported basic EPS from continuing operations (cents)	(0.47)	0.87	(17.5)	2.30	4.37
Underlying basic EPS from continuing operations (cents)[3]	(0.18)	1.03	1.05	2.46	4.50
Balance Sheet Ratios					
Gearing (Net debt or (Net cash))/Equity	(29.2)	(27.2)	(33.5)	12.9	15.4
Reported ROC (%)	(2.2)	3.5	(35.7)	9.3	11.9
Underlying ROC (%)[3]	(0.7)	4.1	6.8	9.6	12.2
Reported ROE (%)	(2.8)	5.0	(67.5)	6.9	11.5
Underlying ROE (%)[3]	(1.1)	6.0	4.0	7.4	11.8
Reported ROA (%)	(1.9)	2.6	(32.7)	3.3	4.5
Underlying ROA (%)[3]	(0.7)	3.1	2.0	3.5	4.6
NTA per share ($)	0.15	0.17	0.18	0.34	0.32
Cash Flow Ratios					
Operating cash flow per share (cents)	2.5	0.7	4.3	6.2	8.6
Shareholders					
Shares on issue (m) @ 30 June	1,200.9	1,210.5	1,261.7	1,261.7	1,261.7
Share price @ 30 June (cents)	16.5	8.8	6.6	10.0	13.0
Dividend declared (cents)	–	–	–	–	–
Percentage franked (%)	n/a	n/a	n/a	n/a	n/a
Market capitalisation ($m)	198.2	106.5	83.3	126.2	164.0
Enterprise value (EV)	144.1	50.0	9.1	182.1	225.7
Price/NTA (x)	**1.1**	**0.5**	**0.4**	**0.3**	**0.4**

1. The order book for 2017 includes the Batu Hijau contract. The order book for 2016 includes a proportional share of joint venture order books. Construction included in historical numbers.
2. New contracts and extensions for 2017 includes the Batu Hijau contract.
3. Adjusted for significant and non-recurring items:
   - 2017 includes the takeover defence costs;
   - 2016 relates to onerous lease provisions;
   - 2015 relates to property, plant and equipment impairment, inventory write downs and onerous lease provisions; and
   - 2013 includes the Construction Business represented as a discontinued operation.

ASX ADDITIONAL INFORMATION

as at 21 August 2017

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

SHAREHOLDING SUMMARY

The following details of Shareholders of Macmahon Holdings Limited have been taken from the share register on 21 August 2017.

a. The twenty largest Shareholders held 84.93% of the ordinary shares.

b. There were 7,189 ordinary Shareholders as follows:

1 – 1,000	684
1,001 – 5,000	2,059
5,001 – 10,000	1,104
10,001 – 100,000	2,738
100,001 Over	604
Total	**7,189**

TWENTY LARGEST SHAREHOLDERS AS AT 21 AUGUST 2017

See attached

Rank	Name	Units	% of Units
1.	PERPETUAL CORPORATE TRUST LIMITED <AMMAN MINERAL CONTRACTORS (SIN>	954,064,924	44.27
2.	J P MORGAN NOMINEES AUSTRALIA LIMITED	313,248,140	14.54
3.	HSBC CUSTODY NOMINEES <AUSTRALIA>	180,248,830	8.36
4.	CITICORP NOMINEES PTY LIMITED	130,565,590	6.06
5.	NATIONAL NOMINEES LIMITED	49,599,195	2.30
6.	BNP PARIBAS NOMS PTY LTD <DRP>	38,128,285	1.77
7.	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <VFA A/C>	26,242,532	1.22
8.	NATIONAL NOMINEES LIMITED <DB A/C>	23,374,475	1.08
9.	HSBC CUSTODY NOMINEES <AUSTRALIA>	21,908,873	1.02
10.	BOND STREET CUSTODIANS LIMITED <FORAGER WHOLESALE VALUE FD>	18,222,606	0.85
11.	ZERO NOMINEES PTY LTD	18,006,900	0.84
12.	CPU SHARE PLANS PTY LIMITED <MAH EEP UNALLOCATED A/C>	13,022,783	0.60
13.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	7,695,702	0.36
14.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	7,459,298	0.35
15.	BNP PARIBAS NOMS (NZ) LTD <DRP>	5,644,230	0.26
16.	MR PAULUS GERARDUS BROUWER + MR REMY PAULUS BROUWER <WINDY SPUR S/F ACCOUNT>	5,600,000	0.26
17.	ALKAT PTY LTD <BOWEN WELSH A/C>	4,779,420	0.22
18.	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	4,467,050	0.21
19.	BPM CAPITAL LIMITED	4,000,000	0.19
20.	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	3,893,704	0.18
Totals: Top 20 holders of ORDINARY SHARES (GROUPED)		**1,830,172,537**	**84.93**
Total Remaining Holders Balance		**324,813,281**	**15.07**

SUBSTANTIAL SHAREHOLDERS

As at 21 August 2017, the register of substantial shareholders disclosed the following information:

Holders giving notice	Number of ordinary shares in which interest is held
1. Perpetual Corporate Trust Limited <Amman Mineral Contractors (Singapore) Pte Ltd A/C>	954,064,924

VOTING RIGHTS

The voting rights attaching to ordinary shares are set out below:

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

FEEDBACK

Macmahon would appreciate your feedback on this report. Your input will assist us to improve as a business and develop our report to further suit your needs. To respond, please either:

email investors@macmahon.com.au, or

mail to: Investor Relations
PO Box 198
Cannington WA 6987

www.macmahon.com.au

CALENDAR OF EVENTS

Annual General Meeting November 2017

Release of half year results February 2018

Release of full year results August 2018

GLOSSARY

Term	Meaning
EBIT	Earnings before net interest expense and tax expense/benefit
EBITDA	Earnings before net interest expense, tax expense/benefit, depreciation and amortisation
EV	Enterprise value, being market capitalisation plus net debt less net cash
LTIFR	Lost time injury frequency rate
TRIFR	Total recordable injury frequency rate
NPAT	Net profit after tax
NTA	Net tangible assets
ROC	Return on capital – EBIT/Average Capital employed, where capital employed is total tangible assets less payables less bank overdraft.
ROE	Return on equity – NPAT/Average net assets
ROA	Return on assets – NPAT/Average assets at year end

CORPORATE DIRECTORY

DIRECTORS

J A Walker (Chairman, Non-executive)

C R G Everist (Non-executive)

E D R Skira (Non-executive)

V A Vella (Non-executive)

A Ramlie (Non-executive) appointed 8 August 2017

A Sidarto (Non-executive) appointed 8 August 2017

COMPANY SECRETARY

G Gettingby

PRINCIPAL REGISTERED OFFICE

15 Hudswell Road
Perth Airport, Western Australia 6105

Telephone: +61 (08) 9232 1000
Facsimile: +61 (08) 9232 1001

LOCATION OF SHARE REGISTRIES

Computershare Investor Services Pty Ltd

Level 11, 172 St Georges Terrace

Perth WA 6000

SECURITIES EXCHANGE

Macmahon is listed on the Australian Securities Exchange with an ASX code of "MAH"

AUDITOR

KPMG

235 St Georges Terrace
Perth Western Australia, 6000

OTHER INFORMATION

Macmahon Holdings Limited ACN 007 634 406, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

RM-17115

MACMAHON